

ALLERGAN INC  
Form 425  
May 28, 2014

The Valeant Approach  
An Enduring Engine for Growth  
May 28, 2014  
Filed by Valeant Pharmaceuticals International, Inc.  
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to Rule 14a-12 under the Securities Exchange Act of 1934

Subject Company: Allergan, Inc.

Commission File No.: 001-10269

The following is the presentation used during Valeant's  
Investor Presentation on May 28, 2014:

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Forward-looking Statements

Forward-looking Statements

This communication may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements regarding Valeant Pharmaceuticals International, Inc. (Valeant), Allergan, Inc. (Allergan), its financing of the proposed transaction, its expected future performance (including expected results of operations) and the combined company's future financial condition, operating results, strategy and plans. Forward-looking statements may include, but are not limited to, statements that anticipate,

expects,  
intends,  
plans,  
should,  
could,  
would,  
may,  
will,  
believes,  
estimates,  
potential,  
target,  
opportunity,  
tentative,  
positioning,  
designed,  
create,  
predict,  
project,  
seek,  
ongoing,  
upside,  
increases

or continue

and variations or similar expressions. These statements are based upon the current expectations and beliefs of management and are subject to numerous assumptions, risks and uncertainties that change and results to differ materially from those described in the forward-looking statements. These assumptions, risks and uncertainties are the same as the assumptions, risks and uncertainties discussed in the company's most recent annual or quarterly report filed with the Securities and Exchange Commission (the "SEC") and the Canadian Securities Administrators (the "CSA") and assumptions, risks and uncertainties relating to the proposed merger of Valeant's filings with the SEC and the CSA, which factors are incorporated herein by reference. Important factors that could affect the forward-looking statements we make in this communication are set forth in other reports or documents that we file

from  
time  
to  
time  
with  
the  
SEC  
and  
the

CSA, and include, but are not limited to:

The ultimate outcome of any possible transaction between Valeant and Allergan including the possibilities that Valeant will not pursue a transaction with Allergan and that Allergan will reject a transaction with Valeant;

If  
a  
transaction  
between  
Valeant  
and  
Allergan  
were  
to  
occur,  
the  
ultimate  
outcome  
and  
results  
of  
integrating  
the  
operations  
of  
Valeant  
and  
Allergan,  
the

ultimate outcome of Valeant's pricing and operating strategy applied to Allergan and the ultimate ability to realize synergies;

The  
effects  
of  
the  
business  
combination  
of  
Valeant  
and  
Allergan,  
including  
the

combined  
company's  
future  
financial  
condition,  
operating  
results,  
strategy  
and  
plans;

The effects of governmental regulation on our business or potential business combination transaction;

Ability

to  
obtain  
regulatory  
approvals  
and  
meet  
other  
closing  
conditions

to  
the  
transaction,  
including  
all  
necessary  
stockholder  
approvals,  
on  
a  
timely  
basis;

Our ability to sustain and grow revenues and cash flow from operations in our markets and to maintain and grow our customer

and the related capital expenditures and the unpredictable economic conditions in the United States and other markets;

The impact of competition from other market participants;

The development and commercialization of new products;

The availability and access, in general, of funds to meet our debt obligations prior to or when they become due and to fund our

capital expenditures, either through (i) cash on hand, (ii) free

cash flow, or (iii) access to the capital or credit markets;

Our ability to comply with all covenants in our indentures and credit facilities, any violation of which, if not cured in a timely manner,

our other obligations under cross-default provisions; and

The  
risks  
and  
uncertainties  
detailed

by  
Allergan  
with

respect  
to  
its  
business  
as  
described  
in  
its  
reports  
and  
documents  
filed  
with  
the  
SEC.

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by statement. Readers are cautioned not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the date hereof. Valeant undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this communication or to reflect actual outcomes

2  
More Information  
Additional Information  
ADDITIONAL  
INFORMATION  
This  
communication  
does



not  
constitute  
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offer  
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buy  
or  
solicitation  
of  
an  
offer  
to  
sell  
any  
securities.  
This  
communication  
relates  
to  
a  
proposal  
which  
Valeant  
Pharmaceuticals  
International,  
Inc.  
( Valeant )  
has  
made  
for  
a  
business  
combination  
transaction  
with  
Allergan,  
Inc.  
( Allergan ).  
In  
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proposal  
and  
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Valeant  
and

Pershing  
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INVESTORS  
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indicated  
above.  
Non-GAAP  
Information  
To  
supplement  
the  
financial  
measures  
prepared  
in  
accordance  
with  
generally  
accepted  
accounting  
principles  
(GAAP),  
the  
Company  
uses  
non-GAAP  
financial  
measures  
that  
exclude  
certain  
items.  
Management  
uses  
non-GAAP  
financial



measures internally for strategic decision making, forecasting future results and evaluating current performance.

By disclosing non-GAAP financial measures, management intends to provide investors with a meaningful, consistent comparison of the Company's core operating results and trends for the periods presented.

Non-GAAP financial measures are not prepared in accordance with GAAP;

therefore,  
the  
information  
is  
not  
necessarily  
comparable  
to  
other  
companies  
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be  
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supplement  
to,  
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share,  
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product  
growth  
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which  
are  
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Company  
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forward-looking  
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difficulty  
in  
forecasting  
and  
quantifying  
the  
exact  
amount  
of  
the  
items  
excluded  
from  
the  
non-GAAP  
financial  
measures  
that  
will

be  
included  
in  
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comparable  
GAAP  
financial  
measures.  
Reconciliations  
of  
historical  
non-GAAP  
financials  
can  
be  
found  
at  
[www.valeant.com](http://www.valeant.com).

Note 1: The guidance in this presentation is only effective as of the date given, May 28, 2014, and will not be updated or affirmed unless and until the Company publicly announces updated or affirmed guidance.

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What We Will Show Today

Our extremely talented, hard-working business leaders, working in a decentralized model, are relentlessly focused on and delivering organic growth

We have maintained / accelerated revenue growth for nearly every platform asset we have acquired

Bausch + Lomb's organic growth has accelerated from 4%

to 10%+ since acquisition, almost exclusively through volume growth. We remain on track to over-achieve our original cost synergy targets

Our output-driven R&D approach has delivered more launches than most competitors, as evidenced by 19 US launches in 2014

4

What We Will Show Today (continued)

We have a rich late-stage product pipeline. We will continue to augment this pipeline with late stage product in-licensing, partnerships and acquisitions to bring additional innovation to the marketplace

We would deliver on Allergan's post-approval requirements at lower cost and would also continue to invest in expansion of indications,

(e.g., Botox), but in a leaner R&D model

Our strong track record of smart and disciplined capital deployment has generated superior cash-on-cash returns on our acquisitions. In aggregate, we are significantly ahead of our original deal models in cash flow generation

Our operating model will substantially accelerate Allergan's growth in emerging markets



5  
30 Years Healthcare Experience

Pharma

Consumer

Medical devices

Payors

Strategy

Commercial

Organization

R&D

Operations

23+ years at McKinsey working with leading companies

Worked on a broad range of topics

Last 6+ years building Valeant

6

Observations on the Pharma Industry Looking Back

Industry of great people working to do good things for patients and doctors

Worked when R&D productivity was high, pricing was free, intellectual property was honored, managed care was weak, reimbursement challenges were limited as was regulatory oversight on promotional activities

Spend as much as company can afford on R&D; maximize shots on goal

(which worked when productivity was high)

Rely

on

intellectual

property

to

create

enduring

17

year

assets

Divest products as they near expiry (so they won't hit patent cliff )

Focus on largest therapeutic areas to create blockbusters drugs

Build centralized global functions (e.g., sales, marketing, operations,

R&D) to support blockbuster

strategy

Create global infrastructure (e.g., IT, systems, regulatory) to enable

all products to be sold in all markets

Most companies followed the same formula:

7

My Perspective on What Matters Going Forward

Eliminate bureaucracy and slow decision-making

Become superior allocators of capital

Drive R&D decisions on value of output, not on target spending levels

Take advantage of overcapacity in manufacturing and R&D by buying outside at variable cost

Challenge traditional bias that in-house resources are always superior and cheaper

Focus on small products with attractive margins

Deliver transformational, not marginal, cost reduction efforts

Recognize that the next generation of durable assets will not depend on patents, but will resemble consumer products

Like many industries (e.g., autos, steel, airlines) business model innovation must come from the outside

8

Valeant's Strategy and Operating Model

Committed to R&D, focused on outputs  
not inputs

Lean cost structure

Decentralized organization

International  
not global

Durable products

High-growth markets

Smaller assets

Therapeutic areas/geographies where physician relationships matter

Capital allocation decisions through shareholder filter

Great people who care about patients and doctors and also work  
hard and wear multiple hats

A different operating model:

Relentless focus on organic growth and creating shareholder value



9

Valeant's Approach to Capital Allocation

Deliver consistent shareholder returns over the medium and long term

Find durable assets (~85% of Valeant sales) -

e.g., OTCs,

branded generics -

and accelerate growth

Continue to buy shorter-lived assets where we can generate exceptional short-term financial returns, essentially risk free (~15% of Valeant sales) -

e.g., Targretin, Retin-A Micro, Elidel -

even though they may mask true underlying organic growth in some years

Take advantage of short term opportunities in pricing, but focus primarily on unit growth

Focus on products relevant to each local market

Require exceptional short-

and long-term returns for all deals

and recognize there is a walk away price no matter how strategic

10

Today's Meeting

You will hear directly from Valeant's management team

We are confident this will demonstrate our strategy and  
operating model

and reveal the excitement and commitment our people bring  
to serving patients and health professionals and as  
shareholders

11  
Our Presenters  
Today's  
speakers  
manage  
~85% of  
sales and  
will cover

75% of our  
business

Gaelle Waltinger

VP, Western Europe

John Connolly

VP, Russia and CIS,

General Manager Russia

Steve Sembler

President, OraPharma,

Sr. VP, Neuro / Other

Howard Schiller

Executive VP, CFO

Dr. Pavel Mirovsky

President and General

Manager, Europe

Theo Melas-Kyriazi

12 year Valeant Board Member

Member of Audit & Transaction

Committees

Joe Gordon

General Manager, Consumer

Health Care

Dr. Leszek Wojtowicz

VP and General Manager,

Poland

Tom Appio

VP, North Asia / Japan

Tracy Valorie

VP, Marketing Pharmaceutical

Ophthalmology

Dr. Tage Ramakrishna

Chief Medical Officer, Head

of R&D and Quality, U.S.

Deb Jorn

VP, Marketing Dermatology

12  
Agenda  
The First 3 Years  
Topic  
Update  
on  
Bausch  
+

Lomb  
Growth  
and  
Value  
Creation  
(Blueprint  
for  
Allergan)  
Developing New Market Platforms  
Creating Leadership Positions in Emerging Markets  
Unique Innovation Model and Future Pipeline  
Presenter  
Revised Bid for Allergan and Next Steps  
Track Record in Capital Allocation  
Our Response to Yesterday's Allergan Release  
Coria  
Dow  
Aton  
Biovail  
OraPharma  
Dermatology  
EMEA  
Poland  
Russia  
US B+L businesses: Rx, Lens, and Surgical  
US B+L Consumer  
B+L Western Europe  
B+L China  
Review of past deals  
Review Bausch + Lomb  
Mike Pearson  
Steve Sembler  
Deb Jorn  
Dr. Pavel Mirovsky  
Dr. Leszek Wojtowicz  
John Connolly  
Tracy Valorie  
Joe Gordon  
Gaelle Waltinger  
Tom Appio  
Dr.  
Tage  
Ramakrishna  
Howard Schiller  
Howard Schiller  
Mike Pearson

13  
Speakers  
The First Three Years



14  
Key Elements of Legacy Valeant Turnaround

Divested Western Europe, Asia, Argentina

Invested in Canada and Poland/CEE

Turned around Mexico and Australia

Eliminated internal fixed costs

Partnered out Retigabine and Taribavirin

Only maintained core R&D spend (e.g., pharmacovigilance)

Repurchased shares, converts, senior notes (~\$2.2B)

Began making acquisitions in priority businesses

Replaced the entire executive management team

In the US, de-emphasized Neurology, emphasized Dermatology

Refocused ex-US geographic footprint based on growth prospects and strength of management

Significantly reduced R&D spend

Redeployed cash to create shareholder value

What We Accomplished in My First Two Years

2007

2009

\$ 618M

Revenue

1

\$ 847M

68

Number of Countries

8

1%

Growth

20%

8%

Operating Margin %

28%

\$93M

Cashflow from Operations

\$226M

US: Retigabine, Taribavirin & Diastat NS

ROW: Minimal

Pipeline

US: Retigabine, Taribavirin, IDP 107,

108, 113 & 115

Canada & Australia: BEMA Fentanyl,

Sublinox, Ziana

Branded Generics Europe: >30 projects

Branded Generics Latam: >30 projects

\$718M

(Maturity 2010, 2011 & 2013)

Debt

\$601M

(Maturity 2010, 2013 & 2016)

\$309M (Dec 31, 2007)

Cash

\$68M (Dec 31, 2009)

94M (Dec 31, 2007)

Shares

84M (Dec 31, 2009)

~2,000

Number of SKU s

~1,000

1 Constant USD

15

16  
Early Acquisitions  
22  
21

15

14

27%

12%

33%

(0.6%)

Quarters owned

Organic Growth Since

Acquisition PY

through 2013

(CAGR)



Coria's Organic Growth Since Acquisition

23

2014E

62

2012

129

2010

2009

2011

44

79

2013

31

103

2008

(acquired

Oct 16)

24

2007

Coria products revenues<sup>1</sup>

USD Millions

Key growth drivers

CeraVe

Atralin

1 Excludes Cloderm sales

27% CAGR

26%

CAGR

Key products

Invested in CeraVe, promoting

OTC with Derm sales force

Promoted Atralin with an

increased Derm sales force of

~180

Increased CeraVe SKUs from

4 to 18 through internal

development

Beginning international

CeraVe expansion in Mexico,

Brazil, Canada, and China

Divested Cloderm for 6x sales



18

Dow Acquisition Provided an R&D Platform

x

US Peak sales

Products launched

Pipeline

\$300-800M

\$200-300M

IDP-118

Psoriasis

\$36M

\$50-75M

Extensions

Onexton

\$70M

R&D capabilities:

2014 expected launches

\$5-60M

IDP-120

Acne

\$20-30M

RAM .08%

Expertise / specialization: formulation development, analytical sciences, QA, RA, toxicology, and clinical development

Facilities and equipment: formulators and clean rooms

19

Aton Delivered New Platforms in Orphan Drugs  
and Ophthalmology

Aton sales performance pre-  
vs. post-acquisition

USD Million Revenues

Ophthalmology

Neurology

Accelerated growth by:

Direct promotional  
partners

Patient assistance  
programs

59

78

96

148

206

19

27

33

37

53

60

105

2012

259

185

2013

2014E

130

2011

2010

(acquired

in May)

78

2009

33% CAGR

37%

CAGR

Building infrastructure  
for orphan assets

Investing in

Ophthalmology sales

force, MSLS, and

reimbursement

services

20  
Overview of Biovail Merger  
Merged with Biovail on September 28  
th  
, 2010

Zovirax  
from \$146M in 2009 to ~\$251M in 2012

Wellbutrin XL

from \$162M in 2009 to \$173M in 2012

1 In constant USD

Global sales of ~\$820M in 2009

A US business of tail assets that have been managed for value until loss of exclusivity

A Canadian business that we have grown; ~\$87M

1

in

revenues in 2009 to ~\$118M

1

in 2013 (8% CAGR)

A new corporate structure (effective tax rate from 36% in 2009 to 3.1% in 2013)

21  
EBITA Generation and Tax Savings from Biovail Merger  
1 As of Q1 2014  
Valeant cash tax rate under new  
corporate structure  
Cash tax rate, Percent  
2,636  
2,429

2,503  
Cumulative EBITA  
1  
~5,000  
Cumulative  
returns  
Biovail value  
at merger  
announcement  
Purchase price and returns  
USD Millions  
3.1  
2013  
2009  
36.0  
Est. Corporate  
structure benefits



22  
Speakers  
Developing New Market Platforms

23

Speakers

Steven Sembler

President, OraPharma, Sr. VP Neurology / Other Products

24

Steven Sembler

President, OraPharma, Sr. VP Neurology / Other Products

Background

Chief Commercial Officer, OraPharma

Sr. VP, Chief Commercial Officer, Eisai

Sr. VP, Oncology and Hospital Businesses

VP, All Specialty Care Businesses

VP and Business Unit Head for Oncology

Executive management roles in Oncology and  
Hospital businesses

Education

30 years in Pharma and Healthcare industry

OraPharma

(2  
years)

Eisai

Pharmaceuticals

(2  
years)

Roche Laboratories

(5 years)

GlaxoSmithKline

(3  
years)

Bristol-Myers Squibb

(16 years)

B.A., Psychology and Sociology, University of Missouri

25

Why We Acquired a Dental Platform:

Dental is an attractive market that fits  
Valeant's focused investment criteria  
\$20B US market growing at ~6% per  
year

Primarily cash-pay

Doctor-dispensed

Relationship-driven physician model  
Big Pharma is not present  
Opportunity to expand this platform  
outside the US

26

How We Optimized the OraPharma Commercial Model

Increased specialty dental sales force from 100 to 150 reps in Q1 2014 (largest in industry)

Expanded Rx Access program

Developed relationships with specialty pharmacies

Established key relationships with Dental Group Practices

Continued investment in R&D to grow the pipeline

Aligned SG&A resources to support business needs

Eliminated Low Return on Investment  
initiatives for marketing  
spend

Rationalized OPEX spend to align revenue and profit growth  
objectives

Increased investment in commercial and customer facing  
activities

Streamlined costs



27  
Substantial Organic Growth Under Valeant Model  
120  
108  
42  
86  
85  
80

82  
54  
+11%  
+1%  
+9%  
-3%  
2014E  
2013  
2H 12  
96  
1H 12  
2011  
2010  
2009  
2008  
x  
CAGR  
J&J ownership  
PE ownership  
Valeant ownership  
OraPharma Arestin revenues  
USD Millions  
Strong sales growth  
primarily driven by  
increased volume  
(TRx up 10% from  
2012-2013)  
Increased operating  
margins from 28%  
to 49% from 2012-  
2013

28

Bone regeneration expansion

Oral hygiene care products

(e.g.,

oral products to treat

xerostomia / dry mouth)

Gum disease products to

supplement Arestin

Enamel strengthening products,  
specialized toothpaste / gels to  
help prevent cavities from  
occurring

Significant expansion  
opportunities outside of the US

Launches and re-launches

Significant business development &  
R&D opportunities

2016+

Titanium

Reinforced

2015

Peri-implantitis  
(two phase III  
trials underway)

Bone, Soft

2014

2013

Robust Future Pipeline and Growth Prospects

29

My Personal Reflections . . .

I joined Valeant through the OraPharma acquisition

I have found the independence provided to me as a business unit head via the decentralized approach allows me to set the strategies that will grow my businesses

I am able to determine the assets to be placed into my business portfolio and have responsibility for identifying and

negotiating terms for acquisition targets

Valeant has demonstrated a commitment and willingness to invest in business platforms (mine and others) that offer growth potential

There is no doubt in my mind that OraPharma is much further ahead today than where it would have been without Valeant's operating model in terms of its future growth prospects and continued expansion of the dental platform

30  
Speakers  
Deb Jorn  
Vice President Marketing Dermatology

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Deb Jorn

Vice President Marketing Dermatology

Background

VP for Women's Healthcare and Fertility

VP for Allergy, Respiratory, and Urology



VP for Internal Medicine

VP for Detrol / Detrusitol and Urology

Executive Director, Worldwide Human Health Marketing;  
Respiratory Products; senior marketing roles

Education

30+ years in Pharma industry

Bausch + Lomb;

VP and CMO (3 years)

Schering-Plough

(5+ years)

J&J

(2 years)

Pharmacia Corporation

(2 years)

Merck

(20 years)

M.B.A., NYU Stern Graduate School of Business

Administration

B.A., Rutgers University

32

Why We Continue to Invest in Medical Dermatology

Aesthetics:

Similar doctors and call-  
points

Consumer:

Physician detailing of  
CeraVe and other brands  
1 Excluding oral antibiotics, biologics and aesthetics  
Large, growing US market with \$7.1+B  
1  
in  
sales and a 6-7% growth rate  
Doctors drive decision-making and prefer  
trusted manufacturer brands  
Relationships with physicians critical to  
prescription choice  
Market is largely commercial and  
cash-pay  
Complementary to existing Valeant  
platforms

33

1 Excludes biologics and aesthetics

Source: PHAST Integrated Monthly Month Ending March, 2014

Valeant Is the Leader in the \$7.1 Billion US Medical

Dermatology Market

1

Dermatological, Ethical MAT Dollar Sales

USD Millions

34

Source: PHAST Integrated Monthly Month Ending March, 2014  
Valeant Is Ranked #1 in the Two Largest Sub-Classes of  
the Dermatology Category  
Sales Contribution of Dermatological Subclasses

35

Retin A Micro

Zovirax

Vanos

Benzaclin

In 2013, We Faced Challenges

4 of our top 10 products across all of Valeant lost

exclusivity in 2013; all in Medical Dermatology.

Field force disruption as a result of integrating multiple  
companies and re-structuring

Increased managed care pressure

36  
2014  
Return to Growth



37

We Turned Around Solodyn

It Continues as the

Leader in Oral Antibiotics and has Returned to Growth

Source: PHAST Prescription Weekly & AF Data

Solodyn Branded TRx Market Share Among Dermatologists

38

Acanya is the Market Leader in the Branded  
Clindamycin / BPO Segment Among Dermatologists  
Source: PHAST Prescription Weekly & AF Data  
Acanya Branded TRx Market Share Among Dermatologists

39

Elidel is Gaining Share in the TCI Market

Source: PHAST Prescription Weekly & AF Data

40

Onset Products Will Expand Valeant's Portfolio in  
Atopic Dermatitis and Acne (Pending FTC Approval)

Locoid is the #1 prescribed branded mid-potency steroid

Hylatopic is the #1 prescribed 510(k) product for dermatitis in the US

Aurstat is currently the #1 prescribed non-steroid / non-antihistamine anti-itch gel

Clindagel is the #1 prescribed topical branded clindamycin

41

Highlights of New Dermatology Launches

Brand (US peak sales)

Jublia

(\$300-800M)

New azole antifungal with low surface tension allowing for unsurpassed absorption into the nail bed for the treatment of Onychomycosis; pending FDA

approval

Luzu (\$50-75M)

Only topical azole antifungal approved to treat interdigital tinea pedis in 2 weeks with once-daily dosing and efficacy demonstrated at 4 weeks post-treatment

Onexton

(\$50-75M)

New topical clindamycin / BPO combination product for the treatment of acne; pending FDA approval

RAM 0.08%

(\$20-30M)

0.08% formulation, new topical option for acne with a new strength

Bensal HP

(\$25-75M)

Topical ointment indicated for inflammation and irritation associated with many common forms of dermatitis

42

Luzu Case Study:  
Unlocking the Potential  
Introducing Luzu; video animation  
of running man accompanied by  
music was inserted at this  
point of the presentation



Marketing Launch Strategy Focused On Differentiation  
vs. Competition  
Interdigital Tinea Pedis  
Tinea Cruris / Corporis  
43

44

LUZU Launch Campaign:  
Multi-Faceted Physician Surround Sound  
Visual Aid  
iBook  
Sales Aid  
Annotated PI  
Flashcard

Shelf Talker  
Waiting Room  
Brochure  
Patient  
Tear Sheet  
Pharmacy  
Sell Sheet

45

Professional Medical Education

Significant Booth Presence

Building Advocacy: Major Presence

at DERM & Podiatry Meetings

January

April

March

June  
June  
November

46

LuzuRx.com

Journal Ads

DermTube

Banner Ads

eBlasts

Targeted Non-Manpower Promotion

Supports Rapid Awareness and Prescribing

47

In Just 5 Weeks, LUZU Captured 5% Share of the  
Branded Topical Antifungal Market

Weekly TRx Weekly Market Share

Source: WK Pharmaceutical Audit

Luzu

5%

5%

4%

3%

2%

1%

0%

28-Mar

4-Apr

11-Apr

18-Apr

25-Apr

2-May



48

Large market: 35M patients in US  
suffer from onychomycosis  
3.5M prescriptions are written annually  
for these patients  
Derms and Podiatrists are the  
most productive specialties  
JUBLIA is designed to penetrate the

toenail and kill the fungus where it lives  
JUBLIA for Onychomycosis: Approved in Canada; US  
approval pending FDA Review (June 20  
th  
)

49

High Energy, Dynamic Organization

Strong Bent Toward Action

Relentless Pursuit of New, Innovative Approaches

Non-Hierarchical, Flat Organization

Rapid Decision Making

Autonomy with High Accountability

My Personal Perspective on Valeant Versus Other

Pharmaceutical Companies  
Based on 30+ Years in the Industry,  
Valeant is the Antithesis  
of Big Pharma

50  
Speakers  
Creating Leadership Positions in Emerging Markets

51  
Speakers  
Dr. Pavel Mirovsky  
President & General Manager, EMEA

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Dr. Pavel Mirovsky

President & General Manager, EMEA

20+ years in Pharma / Medical industry with international  
background

PharmaSwiss

(2

years)

CEO  
IMS  
Health  
(4  
years)

Vice President  
Polpharma  
(3  
years)

President and CEO  
Aventis  
(5  
years)

Regional GM Poland & Baltics, VP NE / ME  
RPR  
(5  
years)

Country Manager, GM, Country representative  
M.D., PhD, Faculty of Medicine at Charles University  
M.B.A.,  
The  
French-Czech  
Institute  
of  
Management  
(IFTG)  
Background  
Education



53  
EMEA Overview  
Developed  
EMEA  
42  
58  
Emerging  
EMEA

Revenue breakdown  
Percent, 2014 = \$2.2B  
1 Constant USD

Western Europe

Poland

Russia and CIS

Turkey and MENA

CEE, Baltics, Balkans and Adriatics

Poland, Turkey, Middle East  
and contact lenses

5 regions:

Prioritized strategic markets:

Russia,

Focused

on

branded

generics,

OTCs,

1

54  
394  
2007  
2006  
2010  
2009  
2008  
119

112  
2012  
101  
2011  
604  
1,263  
150  
172  
826  
2013  
2014E  
Revenues  
Constant USD Millions  
EMEA Emerging markets: 8% Organic Same Store  
Sales Growth  
Acquisitions  
Organic same store  
sales growth (08-13):  
+8%  
Organic same store  
sales growth (13-14E):  
+13%

55

Our Strategy in European Emerging Markets

Non-reimbursement dependent products and segments

Targeting high-growth markets:

ophthalmology, dermatology, aesthetic medicine,

OTC and branded RX generics (rich pipeline built for at least 5 years)

Very active BD:

tuck-in opportunities sourced by local line management

Maximizing returns by shifting resources in line with market trends

Investment increase in high growth markets (Turkey, Russia, CIS, Middle East)

The GM is king or queen

this allows speed, customer focus, and local product portfolios

Focus on durable businesses

Investment strategy (geographies)

Business development

Decentralization

56  
Current Level of Organic Growth Expected for the Next  
Decade  
Geo-expansion

~\$80M  
opportunity  
to

launch  
existing  
products  
into  
new  
markets leveraging in-house production  
Rich  
pipeline

~300  
new  
product  
launches  
each  
year  
across  
70+  
countries  
with peak 3-year turnover of ~\$150M  
In-house  
development

smart  
galenic  
formulations  
Growth  
of  
current  
portfolio

continue  
focused  
promotion  
to  
gain  
share  
and  
capture pricing upsides



57

EMEA doubled in size with the Bausch + Lomb  
integration; this also gave  
us a platform for Turkey, Middle East and Western Europe  
We . . .

- . . . integrated and simplified all the structures
- . . . kept and on-boarded the best people
- . . . grew our combined business

. . . delivered or exceeded sales and EBITA targets and expect to exceed synergy capture targets of \$198M (vs. \$178M planned). We captured a 40% run-rate by the end of 2013 and are ahead of plan to capture 97% by the end of Q3 2014

We

are

ready

for

another

M&A

including

Allergan

and

will

do

exactly

the same, perhaps more efficiently with the gained experience

Overview of the Bausch + Lomb EMEA Integration

58

My Personal Reflections . . .

We are running a highly profitable business, improving our gross margin and EBITA every year

We are achieving double digit organic growth in 2014 and keeping extremely lean through our decentralized structure with emphasis on entrepreneurship and the General Manager role

We have a clear and aligned strategic agenda in place for each region and each VP, and are on track to execute it  
We are learning from each acquisition, big and small, and are ready for the next challenge

59

Speakers

Dr. Leszek Wójtowicz

Vice President and General Manager, Poland

60

Dr. Leszek Wójtowicz  
Vice President and General Manager, Poland  
Background

GM, Poland

Sales and Marketing Director, Central Europe

Sales and Marketing Director, Poland  
various sales and marketing positions (10 years)

Education

20 years in Pharma industry

Valeant

(10

years)

Upjohn,

Pharmacia

&

Upjohn,

Pharmacia,

Pfizer

in

M.D., Medical University of Silesia

M.B.A., University of Minnesota

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Poland Overview

Market grew at ~4% between 2008 and 2013; Valeant grew at ~9% organic same stores sales growth

No. 2 BGx company in Poland

80% of products are non-government reimbursed (OTC and BGx)

Sustainable leading branded generic and OTC portfolio



Bisocard \$27M sales; #1 product in Poland (in volume)

In 2012, moved from government reimbursement list to cash-pay given strength of brand

14% growth in 2013

Other top products:

Corhydron (#1 in market)

Hydroxyzinum (#1)

Diosminex (#1)

Dexaven (#2)

62  
Poland: 9% Organic Same Store Sales Growth  
308  
13  
262  
12  
213  
11

174

10

128

09

119

08

90

07

83

06

75

2005

2014E

71

Revenues

Constant USD Millions

Organic same store sales

growth (08-13):

+9%

Organic same store sales

growth (13-14E):

+9%

63  
Poland: Key Product Launches  
Year of launch  
2008  
Adipine  
Finanorm  
Tamsunorm  
2009

Anastralan  
Donectil  
Maxibiotic  
Presartan  
Quentapil  
2010  
Letralan  
Ristidic  
Tetrix  
2011  
Citaxin  
Lacillus  
Momederm  
Taliximun  
2012  
Aneptinex  
Defibrotide  
Exbol  
Grypolek 24  
Halaven  
Moviprep  
Mycofenolate  
Prazolacid  
Relamax  
Sachol sol.  
Silectus  
Tasectan  
Trimepect  
Zanacodar  
Zopridoxin  
2014  
4Flex Silver  
Acelec  
Aspulmo  
Bimatoprost  
Chlorigardin  
Clarderin  
Diosminex max  
Eplerenon  
Esomeprazol  
Fastgrip  
Falvit Beauty  
Kefort  
Relamax Stres  
Venzel  
Vitaral junior  
2013  
Aqua slim  
Appetite Control  
Crosvovo

Escitalopram

Lamifortan

Levetiracetam

Lioven max

Neoxen

Ropinirol

Timolol

Vitalar cardio

40+ new launches between 2008 and 2013 and 15 new launches expected in 2014

Sales from new products expected to reach ~\$43M in 2014

64  
Robust Future Pipeline in Poland  
Ophthalmology  
portfolio  
Bimatoprost PFO3  
Dorzolamide PF  
Dorzolamide+Timolol PF  
Levocabastine PFMD

Brimonidine+ Timolol  
Cefuroxime  
Besivance  
Matoprost+Timolol  
Travoprost PF  
Travoprost+Timolol PF  
Dermatology  
portfolio  
FaceLine  
Tacrolimus  
Bodyline  
Tretinoin cream  
OTC portfolio  
Paracetamol/Pheniramine/Ascorbic acid  
Caphosol  
Utipro  
Other branded  
generics  
portfolio  
Aripiprazole  
Aripiprazole ODT  
Betamethasone inj.  
Bortezomib  
Rivastigmine patch  
Erwinase  
Kidrolase  
Oxycoden LF  
\$13.4M  
\$14.6M  
2016  
2015  
2017-2019  
Total peak sale  
revenues (estimate)  
1  
Additional  
products  
under  
negotiation,  
peak  
sales  
not  
included  
in  
current  
estimate  
for  
2017  
\$14.0M+



Vision Care /  
Surgical portfolio  
Biotrue ONEday  
OCD  
Zeus  
Lancement teneo  
Lancement nouvelle  
generation Victus 3.2  
Endolaser  
High speed vitreotome  
Victus extensions  
Ongoing negotiations in  
key  
categories:  
Ophthalmology  
Dermatology  
Aesthetics  
Podiatry  
OTC  
Allergy/ pulmonology  
1

65

Valeant is Investing in DTC for Core OTC Brands

Major OTC Products with on-going

DTC

Diosminex, Systemic antivaricose

Chlorchinaldin, Sore throat remedies

4Flex, Joint care

Falvit, Multivitamins

Others

2013 TV, radio, and  
other media spend

~\$ 1.8M

~\$ 1.5M

~\$ 1.3M

~\$ 0.9M

~\$ 3.8M

DTC spend is ~25%  
of listed products

revenues

Total

~\$ 9.3M

66  
Overview of Poland Organization  
General  
Manager  
Poland  
(1532 FTEs)  
R&D  
(57 FTEs)

Sales  
(411 FTEs)  
Marketing  
(32 FTEs)  
Regulatory /  
Supply chain  
(13 FTEs)  
G&A  
(21 FTEs)  
Manufactu-  
ring  
(997 FTEs)

67  
Built  
brand  
loyalty  
and  
market  
leading  
positions

(e.g.,  
4  
of  
top  
5  
brands  
are  
#1)  
and  
above  
market  
growth

Focused on building branded generics loyalty

Optimized customer coverage with ~400 sales reps (fifth largest in Poland)

Wide  
distribution  
channel  
coverage  
across  
Poland,  
e.g.,  
pharmacy  
chains, DTC distribution

Valeant  
is  
a  
well-recognized  
player  
in  
Poland  
Focus  
on  
building  
platforms  
independent  
from  
national  
payers

Invested in self-pay Rx and OTC portfolio, including small targeted acquisitions (e.g., Croma)

Highly  
experienced  
local  
management  
with  
backgrounds

in  
multinational  
companies

Confident

in

our

ability

to

maintain

/

accelerate

current

growth

trajectory

Valeant Has Achieved Sustainable Growth



68

Four separate BUs combined into one: Bausch + Lomb

Pharma, Bausch + Lomb

Vision Care, Bausch + Lomb

Surgery, Valeant Ophthalmology

Eliminated unnecessary layers

90% of field force successfully integrated in Valeant team

Achieved back-office synergies of 95%

Integration completed by September 2013, with full team in  
place and field force working together  
Overview of Poland Bausch + Lomb Integration

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My Personal Reflections . . .

We empower people in the Valeant way: best decisions made by local managers, fast implementation, energetic, powerful and highly competitive organization

We have a lean cost structure with high involvement of the local management; our fast paced and effective implementation of changes makes a difference in the market and makes Valeant

highly competitive vs. other pharma companies

Our entrepreneurial environment develops employees, empowers them and leads to the success of individuals and the Company

Our organic growth since 2008 has outgrown the market significantly. Profitability has grown even quicker (>30% a year

on

average since 2008)

70  
Speakers  
John Connolly  
Vice President, Russia and CIS; General Manager,  
Russia

71

John Connolly

Vice President, Russia and CIS, General Manager Russia

Background

23 years in Pharma industry

PharmaSwiss

(4 years)

Regional GM South East Europe  
Wyeth  
(5 years)

Commercial Director Central Eastern Europe

Country Manager Romania & Southern Balkans

Country Manager Russia  
Eli  
Lilly  
(11  
years)

BD Manager Central Eastern Europe

Area Manager Russia and CIS

Marketing Manager Russia and CIS

National Sales Manager Russia

Country Manager Kazakhstan, Central Asia, Ukraine  
Education  
B.Sc. (Mgmt.) Trinity College Dublin, Ireland  
M.B.A., Fuqua School of Business, Duke University

72

Since entry Valeant has consistently outgrown the market:

Market grew 5% from 2011-2013

Valeant grew 16% (same store organic growth) from 2011-2013

B+L business grew 14% YoY in first 6 months of Valeant ownership



85% of Valeant products have free pricing, 94% of Valeant sales are OTC or self-pay Rx products

Strong OTC, Ophthalmology, Cardio / Neuro, Derma platforms

Acquisitions of Sanitas, Natur Produkt, Gerot Lannach assets;

significant additional opportunities in tuck-in business development

Market leaders

2013 revenue growth

Thrombo ASS (Low dose aspirin)

13%

Neuromultivit (Multi-vitamin)

33%

ReNu (Lens solution)

5%

Naturino (Children's aspirin)

15%

Sage (Herbal throat remedy)

15%

Cholisal (Ulcerative gingivitis)

14%

Ocuvite (Eye vitamin)

26%

Antigrippin (Anti-flu)

17%

Valeant key brands

Russia Overview

73

Russia: 16% Organic Same Store Sales Growth

Acquisitions

Product Sales

Constant USD Millions

Organic same store sales

growth (13-14E):

+19%

2010

2011

2013

2012

2014E

329

76

194

0

9

Organic same store sales

growth (11-13):

+16%

74  
Overview of Russia Organization  
General  
Manager  
Russia, VP  
Russia and CIS  
(633 FTEs)  
Regulatory

Affairs  
(10 FTEs)  
Sales  
(517 FTEs)  
Marketing  
(29 FTEs)  
Supply  
chain  
(13 FTEs)  
G&A  
(62 FTEs)

75

My Reflections on the Current Russia Environment

Russia is the No. 9 pharmaceutical market globally. It will continue to grow and Valeant will seize the opportunities that are here. Locally, we are already working on

this

Russian

consumers

want

quality  
pharmaceutical  
brands.  
Brands  
are  
resilient  
and  
most  
consumers  
are  
happy  
to  
see  
Made  
in  
Austria,  
Germany,  
Poland  
on  
a  
pack.

Our  
brands are well known and trusted

What is happening in Russia has impacted us primarily through currency devaluation. However, we work in the non-reimbursed / non-premium segments of the market thus mitigating risk

There is a market slowdown, driven by macroeconomics. However, we will continue to grow by focusing on disciplined execution and leveraging our excellent umbrella brands such as Bausch + Lomb and Natur Produkt ( Brilliant at the Basics )

The Eurasian Customs Union and the planned (2015) Eurasian Economic Union should make doing business easier in the next few years in this Region. Our entire CIS business will benefit

76

July 2013:

Pre-integration meetings with Russia and CIS GMs and B+L Russia leadership team  
Developed detailed Plan for integration incl. communication and Town Hall meetings  
to begin execution from Day 1 (August 7  
)

September 2013:

Integrated sales conference with full attendance from B+L sales team



October 2013:

Physically moved B+L employees to the Valeant office

By end of December 2013:

Integrated B+L sales and marketing structures to Valeant model and transferred employees to Valeant legal entity Russia

92% of field force successfully integrated in Valeant team

Overall

Integrated Supply Chain, Finance, Regulatory from August to December 2013

Simultaneously integrating another acquisition (Natur Produkt), allowing us to go through organizational change once, with minimal business interruption

Tracked execution weekly initially, then bi-weekly; included elements in 2014 KPI s

Overview of Russia s Bausch + Lomb Integration

th

77

My Personal Reflections . . .

Valeant is a nuts and bolts

company, focusing on results and having the

best people in the right roles in the organization.

Trust is normally earned. This is earned through results at Valeant. Once you have that trust it makes work easier.

Our entrepreneurial culture and apprenticeship model creates career

opportunities and empowers people to take ownership of their business.

Building a business from the ground up is extremely challenging and personally rewarding. It is not for everybody but it is for me.

I have grown professionally and am a good example of the Valeant model

of empowerment. It is something I push downwards also. Personally, I am ready for the next challenge and so is my team.

In 2011 I was invited to a leadership meeting in the USA. We met with

Mike, other senior leaders and members of the Board of Directors. I was pleasantly surprised at Board members

involvement and this is what

makes Valeant different.

78

Speakers

Update on Bausch + Lomb Growth and Value Creation  
(Blueprint for Allergan)

79  
Speakers  
Tracy Valorie  
VP, Marketing Pharmaceutical Ophthalmology

80

Tracy Valorie

VP, Marketing Pharmaceutical Ophthalmology

Background

20+ years in Pharma industry

Bausch + Lomb

Vice President of Pharmaceutical Marketing

Former Global Head of Glaucoma  
Pfizer

Global Commercial Lead of Ophthalmology  
(Xalabrands and Macugen), mid-stage development  
portfolio, and long-range planning  
Experience in discovery, clinical development, commercial  
assessment, marketing and strategic planning  
Previous board membership The Glaucoma Foundation  
and ARVO Foundation for Eye Research (AFER)  
Education

M.B.A., Rensselaer Polytechnic Institute  
B.S. Molecular Biology, University of Connecticut

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Evolution of US Bausch + Lomb Professional Business

B+L Legacy: 3 Distinct Global BUs with  
siloed operating model

Siloed business units

Minimal communications

Inefficient resource allocation across  
businesses



Global

Rx

Global

Vision

Care

Global

Surgical

Valeant operating model: 3 Units rolling up  
into decentralized US Eye Care business

Greater communication across Units

Leverage institutional knowledge to  
support overall business

Improve operational efficiencies; share  
resources

Bausch + Lomb

US Eyecare

Global

Mktg

BU

Director

US Sales

Global

Mktg

BU

Director

US Sales

Global

Mktg

BU

Director

US

Sales

US Lens

US Surgical

US Rx

82

US Rx Pharma: Where We Started  
Strongest of the three US B+L businesses

Robust product line covering numerous  
therapeutic categories

Established relationships with Eye Care

Professionals and experienced Sales  
Professionals

Effective lifecycle management  
programs (e.g., Bromday  
Prolensa)  
Inefficiencies in operating model

Duplicative global and US marketing

Unfocused and fragmented marketing  
spend

Overstaffed central commercial  
operations support

83

US Rx Pharma: Continued Momentum Under  
Valeant Operating Model

Applied Valeant operating model:

Did not disrupt customer-facing organization

Removed duplicate marketing organizations

Leaned out commercial support functions

Eliminated management layers

Invested behind priority growth brands and promoted products

Executed Bausch + Lomb integration decisions

Separated US Rx business from OTC / Vitamins / Generics

Accelerated non-personal promotion for remaining portfolio

Continued focus on successful launches of Prolensa and Lotemax Gel

Maintained investment in late-stage pipeline (e.g., Latanoprostene bunod) and key lifecycle projects (e.g., next generation Lotemax Gel )

TRx Thousands

831

880

1Q 2014

1Q 2013

+6% p.a.

US Rx Pharma Prescription Trends

84

US Lens: Where We Started

Aging, non-competitive, declining, and unprofitable business

Despite inventing the category, Bausch + Lomb suffered sustained share loss due to lack of innovation and focus

Poor performance masked by combining results with profitable LensCare business

High management turnover; frequent changes in strategic direction  
Bloated cost structure

Duplicative global and regional management and marketing

Ineffective and competing channel strategies

Complex sales model with numerous (40+) and unaligned incentive plans

85

US Lens: Performance Turnaround  
Applied Valeant operating model and  
returned to profitability:

Replaced entire senior management team  
and removed two layers



Transferred LensCare to Consumer  
(natural owner), exposing under-  
performance of Lens business

Developed tailored channel and pricing  
strategies for independents and retail

Aligned incentive compensation to deliver  
short and long-term performance

Launched Ultra and PureVision 2 MF

Increased and accelerated investment in  
pipeline products (e.g., Ultra MF / Toric,  
Biotrue ONEday Toric)

Total US Lens Product Sales

USD Millions

2008

10

09

12

11

2014E

13

-5%

+15%

86

Our Launch Brands: Delivering Long-term Value

Ultra

Transformative SiHy FRP lens that provides  
unsurpassed comfort and vision all day

Novel launch strategy ensuring strong uptake  
by eye-care professionals

Biotrue ONEday

High water, mid oxygen, non-silicone  
hydrogel daily disposable lens  
Designed to work like the eyes to provide  
comfortable vision throughout the day  
PureVision 2 Multifocal  
Multi-focal product launched in Q3 2013  
Redesigned MF lens to address comfort  
issues  
Strongest pipeline in industry for the next decade

87

US Surgical: Where We Started  
Underperforming, marginally profitable  
surgical business losing share to major  
competitors

Ineffective senior management team

Dysfunctional selling model with multiple sales forces selling against each other

Complex customer contracting process and terms

Never integrated TPV after acquisition  
Bloated overhead structure

Multiple layers of leadership

Scattered commercial operations centers across the country

Unclear portfolio prioritization for commercial investments  
Stellaris

US Surgical: Performance Turnaround Under  
Valeant Operating Model  
Replaced top management team and  
removed unproductive costs  
Redesigned go-to-market approach

Simplified and standardized  
contracting and selling process

Realigned rep incentives

Prioritized marketing and sales spend  
behind growth products

Developed tailored channel strategies  
(e.g., ASCs, hospitals)

Invested in new products (e.g., Cirle  
navigation) and surgical platform  
extensions (e.g., StellarisPC)

Total US Surgical Product Sales

USD Millions

2014E

2013

88

89

Promising Surgical Late-stage Pipeline

Fragmentation Needle

StellarisPC Integrated Laser

Stellaris / StellarisPC Upgrades

Stellaris Advanced Cataract Procedures

Light Fibers

Circle 3D Surgical Navigation



StellarisPC Pack Enhancements  
Envista Toric  
New Vitreo-Retinal Devices

90

My Personal Reflections

Empowered to own / run the business

Empowered business development philosophy

Entrepreneurial business model (forward-thinking culture)

Accountable for both short and long-term numbers

Accessible executive leadership

Recognition of need to maintain visible customer-facing

investments in eye care space

91  
Speakers  
Joseph Gordon  
General Manager, Consumer Health Care

Joseph Gordon  
General Manager, Consumer Health Care  
27 years in OTC Health Care  
Bausch  
+  
Lomb  
(2.5  
years)

Worldwide Consumer

Wyeth

(19

years)

VP, Sales

VP, Marketing, Advil

GM, Nutritionals Business Unit

GSK

(5

years)

B.A. Economics, Rutgers University

92

Education

Background

Valeant Consumer: Healthcare Integration

Rolled out the integration as smoothly as possible, with minimal customer disruption (e.g., visited top customers within 2 weeks)

Combined 3 separate groups (Valeant skin care, B+L Lens Care, and B+L Vitamins / Drops) into one Consumer organization

Leveraged existing top talent

Leveraged our increased scale (across all brands) to accelerate top-line growth

Greatly improved selling model (e.g., professional sales force that details OTCs to medical professionals)

Improved retailer relationships (e.g., category management and logistics)

Increased ability to allocate funds to highest value opportunities

Maintained financial discipline and improved bottom line margin

Consolidated brokers / agencies and renegotiated rates

Achieved numerous cost of goods reductions

Consolidated distribution centers

93



Valeant Consumer HealthCare is a Top 15  
Health &  
Beauty Care Manufacturer in the US  
Lens solutions  
Top brands: BioTrue,  
Renu, Boston  
Segment growth: -1%  
Valeant growth: 8%

Vitamins/Eye drops

Top brands: Preservision,  
OcuVite, Opcon-A, Alaway

Segment growth: Flat

Valeant growth: 9%

Skin Care

Top brands: CeraVe,  
AcneFree, Ambi

Segment growth: 1%

Valeant growth: 10%

94

Year-to-date Consumption +25%

Overall category -1%

Biotrue Challenge

Consumer Engagement / Trial Program

Eye care physician share of  
recommendations

+9%

16% to 25% share vs. 1 year ago

Professional sales force detailing  
160 Eye health reps serving optometrists  
Biotrue's Growth has been Supported by Consistent  
Investment in Eye Care Physicians and Consumer  
Promotions  
95

96

CERAVE

®

is the Fastest Growing Skin Care Brand

Top 10 Manufacturers Latest 52 Weeks 3-23-14

\$ % Change vs prior year

Detailed by 153 Dermatology reps reaching ~5000

Dermatologists and skin care professionals

#1 Derm Recommended

Moisturizer Brand for:

-2.1%

JERGENS

NATURAL GLOW

GOLD BOND

ULTIMATE

CETAPHIL

JERGENS

VASELINE TOTAL

MOISTURE

AVEENO ACTIVE

NATURALS DAILY

MOISTURIZING

LUBRIDERM DAILY

MOISTURE

JERGENS ULTRA

HEALING

PRIVATE LABEL

23.0%

18.7%

17.1%

8.1%

6.7%

5.2%

4.8%

4.7%

-5.3%

96

Facial Moisturizer

Skincare for Eczema

Body Moisturizer

NOTE: Does not include all channels

Source: IRI Market Advantage; 52 WE 03/23/14

97

Eye Vitamins Strategy

Two Distinct Brands

People with Age-related Macular

Degeneration

AREDS Study 1 & 2

ECP & Patient

Adults 45+ to Help Protect

Eye Health

Consumer Focus

Growth vs. PY:

Category:

+10%

-2%

Growth vs. PY:

Category:

+13%

-2%

Market

leader

Market

leader



98  
3 of the 10 Top Selling SKUs in the Vitamins Aisle  
Rank  
Description  
\$ Sales  
(000s)  
1  
Mega Red Omega-3 60ct

\$32,941

2

Ocuvite Adult 50+ 50ct

\$30,487

3

Emergen-C 1000mg 30ct

\$29,485

4

Centrum Silver Ultra Women s 100ct

\$28,716

5

Align Probiotic 28ct

\$28,183

6

Align Probiotic 42ct

\$27,498

7

Airborne 10ct

\$26,646

8

PreserVision AREDS SG 120ct

\$25,401

9

PreserVision AREDS 2 120ct

\$25,331

10

VitaFusion MultiVites 150ct

\$25,046

Nielsen XAOC Calendar Year 2013

\$81,219

Total Valeant brands

Help Protect Your Eye Health

Ocuvite

®

360 Marketing Spend >\$20M in 2014

99

100  
Robust Future Pipeline in Consumer Products  
PeroxiClear  
CeraVe

Baby

Eye Cream

Foot Cream

Stretch

AcneFree formula  
upgrade / Body Spray  
/ Energizing

Soothe XP

2014

2015

2016+

Preservision AREDS 2  
line extensions

Ocuvite gummies

CeraVe

Cleansing bar

Hydrating cleanser  
(Shower)

Ambi natural line

AcneFree cleansing  
brush

Luminesse

Next gen multi-  
purpose solution

CeraVe Therapeutic  
(Rosacea, Psoriasis)

AcneFree Overnight  
strips

Valeant US Consumer: 10% Organic Growth  
Consumer Health products revenues  
USD Million  
590  
535  
2013  
2014E  
+10%



102

My Personal Reflections

The outside perception of Valeant is much harsher than the actual environment

The best people get the job. The best ideas get the funding

There is a true sense of empowerment and encouragement to lead

Own your business, invest like it is your own money



Gather facts, analyze, take action

Move very quickly

Unlike Big Pharma, we are not a powerpoint heavy company -  
marketers don't spend half their week creating presentations to  
management

Don't have to worry about the consequences of failing

all in it

together

attitude

103  
Speakers  
Gaelle Waltinger  
Vice President, Western Europe

104  
Gaelle Waltinger  
Vice President, Western Europe  
Background  
16 years in Pharma and Healthcare  
Bausch  
+  
Lomb

(5  
years)

General Manager Germany, Austria, and Switzerland

Novartis

Pharma

(6  
years)

Marketing and Sales management roles in France,  
Switzerland, and Hungary

PwC

(5 years)

Healthcare and pharma

Education

Master's Degree in International Law and Finance,

Master's Degree in Quality and Organizations

Management, ESCP Europe

105

Organic same  
store sales  
growth (13-14E):  
Organic same  
store sales  
growth (08-13):

Western Europe: Above-Market Sales Growth Post-

B+L Acquisition and Even Stronger EBITA Growth

+6%

Revenues

Constant USD Millions

+2%

891

804

784

751

735

744

753

2009

2008

2013

2014

2012

2011

2010

5% growth in Q1

YOY from 2013-

2014

Increased EBITA  
margin from 28% to  
42% through new  
Valeant operating  
structure

Strong post  
acquisition growth

Valeant's Western European Product Portfolio

8

OTC

24

14

Rx reimbursed

Gx reimbursed

3

RX free pricing

Vision Care

Surgical

25

1 In constant USD; excludes BD revenues and Solta

~85%

of

portfolio

is

not

subject

to

price

control,

reimbursement

or

patent

expiry

~60%

of

pharma

portfolio

is

free

pricing

and

growing

+10%

year-on-year

Percent of sales

100% = \$ 854M

1

26

106



U.K. and Ireland  
\$114M sales,  
+4% YoY  
~99 employees  
Nordics  
\$39M  
sales  
+14% YoY

~39 employees

DACH

\$231M sales,

+7% YoY

~247 employees

Italy

\$105M sales,

+11% YoY

~109 employees

Iberia

\$102M sales,

+16% YoY

~125 employees

France / Benelux

\$263M sales,

+7% YoY

~295 employees

R&D

Munich (surgical) 58

Berlin (pharma) 35

1 All sales in constant USD

Western Europe: Each Cluster Is Independent

107

1

OTC / Pharma  
Bold Moves, using Valeant's Mode of Operation  
Vision Care  
Surgical  
108  
Diversifying  
from  
eye

only  
into  
OTC,  
thus  
gaining  
more  
critical  
mass  
Geo  
Expansion:  
Investing  
in  
the  
Derma  
/  
Aesthetic  
field  
with  
Obagi  
and  
Solta:  
sales  
forecast  
\$20M  
in  
2015  
Local  
cross-promotion  
partnerships  
with  
global  
players  
Launching  
superior  
new  
products  
Biotrue  
ONEday  
and  
Purevision2HD  
winning in high growth segments  
Exploiting  
growing  
Private  
Label  
segment  
opportunities  
across  
all  
franchises, across Western Europe

Winning  
with  
Key  
Accounts:  
Optic  
2000,  
Fielmann,  
Specsavers  
Leveraging  
equipment  
share  
(25%)  
through  
portfolio  
selling  
approach  
Focusing  
on  
key  
drivers,  
align  
R&D  
and  
BD  
with  
customers  
expectations  
Acquiring  
new  
IOLs  
product  
ranges  
giving  
Valeant  
access  
to  
70%  
of  
the  
market we could not participate with B+L existing portfolio  
Simplified  
approval  
process  
for  
Equipment  
sales  
and  
clear  
guidance  
for

the field force on margins requirements

3

year

sales

est.:

\$19M

from

Valeant

portfolio,

\$11M

from

B+L

portfolio

70

launches

by

end

of

2014,

80

launches

in

2015-16

Robust Future Pipeline in Western Europe  
2014  
2016-2017+  
Ophthalmology  
portfolio  
Bimatoprost PFO3  
Conineff  
Dorzolamide PF

Dorzolamide+Timolol PF  
Levocabastine PFMD  
Timolol PF  
Eyefill C.  
Eyefill D.C.  
Eyefill H.D.  
Eyefill M.B.  
Eyefill S.C.  
Brimonidine+Timolol  
Moxifloxacin PF  
Netildex  
Ceforuxim (optha-  
use)  
Besivance  
Bimatoprost PF  
Bimatoprost+TimoIol  
Latanoprost PF  
Latanoprost+Timolol PF  
Travoprost  
Travoprost PF  
Travoprost+Timolol PF  
Dermatology  
portfolio  
Betamethasone/Salicylic  
Luliconazole  
Mupirocin ointment  
Tretinoin cream  
Obagi  
Vision Care /  
Surgical  
portfolio  
New Si-Hi Monthly  
Contact Lens  
Victus extension indication  
New Peroxide  
High speed  
vitreotome  
Biotrue ONEday  
Teneo  
Victus 3.2  
Stellaris PC endolaser  
Ambroxol syrup  
Paracetamol/Pheniramine  
Hemorrhoids  
cream  
CinqsurCinq  
Clens  
Cetirizine  
Ibuprofen/  
Pseudoephedrine



Pelargonium

OTC

portfolio

\$ 144M

\$ 117M+

Estimated peak sale

revenues

GEO-expansion

80 launches

70 launches

2015

\$ 59M

Ongoing

negotiations in key

categories

1

:

Over 300M

peak sales

Covers the

entire

spectrum of

selling

categories

High

likelihood to

be delivered

109

Pain/ ortho

OTC

Dermatology

Ophthalmology

1 Additional products under negotiation, peak sales not included in current estimate for 2016-2017+

110

The challenge for WE was to quickly apply the new model and thinking of Valeant as there were no Valeant people based in W Europe. What we did:

Decentralized structure:

we eliminated interference with corporate and adapted to local realities

Combined  
3  
B+L  
business  
units  
into  
one  
company  
with  
1  
GM  
holding  
the  
decision making power

Newly  
promoted  
management:  
investing  
in  
hungry  
talent  
and  
offer  
them  
an  
opportunity to demonstrate what they can do  
People: headcount  
reduction of 28%, shared G&A resources  
Costs reduced by \$67M (annualized run rate realized end 1Q14)

Fast  
execution  
of  
social  
plans  
in  
all  
countries  
completed  
by  
end  
of  
2013

COGS  
optimisation  
by  
bringing  
manufacturing

in  
house  
and  
/  
or  
in  
Europe  
for  
products manufactured by third-parties or in U.S. (e.g., Biotrue, Ocuville)

Margin  
improvement  
by  
taking  
back  
the  
Valeant  
business  
in  
Western  
Europe  
(~\$20M) previously managed by distributors  
HR and Finance get much more responsibilities and are real change agents,  
supporting the mindset turnaround  
Overview of Western Europe s Bausch + Lomb  
integration

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My Personal Reflections . . .

There aren't many healthcare companies where you find a 42 year old female running a \$1 billion business. That is possible at Valeant. We bet on management, not on science. We give more opportunities to our

people to demonstrate what they can

Rules are very clear: only your performance and ethics count.

Mistakes

are allowed, underperformance is not. This way you save a lot of time,

have sole focus on business while taking risks to try new things

It is scary from the outside because it is challenging all the conventions. It is THE exception in the healthcare world. But it makes

so much sense once you live it

You must like entrepreneurship, speed and autonomy+++. There is no one to tell you how to position your brand, no one to review your KPIs.

But we are all in it together and it s a lot of fun

112  
Speakers  
Thomas J. Appio  
Vice President, North Asia / Japan

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Thomas J. Appio

Vice President, North Asia / Japan

Background

27 years in Pharma/Healthcare (15 years in Asia Pacific)

Bausch

+

Lomb



(4  
years)

VP North Asia / Japan

Managing Director Greater China  
Schering-Plough  
(23 years)

General Manager Korea and Hong Kong

Global Integration Planning Lead

General Manager Hong Kong

Director New Zealand

Director of Operations and Administration Venezuela

Director of Operations Asia-Pacific and South Africa

Senior Auditor and Compliance

Education

B.S. Accounting, Arizona State University, W.P. Carey  
School of Business

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North Asia Overview

B+L creating platform for  
growth in fast growing markets

(e.g., China, Korea)

2014E Sales:

\$663M

2014E EBITA:

>30%

Strength across segments,  
lens, lens care, aesthetics,  
pharmaceuticals & surgical  
2 manufacturing sites in China;  
1 Distribution Center in Hong

Kong

2,051 colleagues

China

\$236M sales

2 manufacturing sites

(Pharma and vision care)

Hong Kong

\$35M sales

1 Distribution Center

Taiwan

\$41M sales

Japan

\$293 M sales

Korea

\$59M sales

\* 2014 estimated sales & EBITA in constant dollars

B+L Created Growth Platform for Valeant in China

Beijing

Shanghai

Jinan

1.3 billion people

Growing affluence & consumerism

Elevating interest in health & beauty

Developed

Developing  
Underdeveloped  
Not developed  
Valeant business status  
Sales force deployment  
Pharmacies  
Hospitals  
Optical stores  
Distributors / wholesalers  
Shanghai  
115

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Valeant China Market Snapshot  
Vision Care  
China vision care market \$481M in  
2013 with 13% growth  
Valeant growth of 19%  
with 24%  
market share; #2 in contact lenses

Broad  
portfolio  
addresses  
consumer  
vision care needs across segments  
& city tiers  
Strong distribution network  
Capitalizing on fast growing  
cosmetic lens segment  
Rich  
pipeline  
of  
future  
lens  
launches  
Best selling clear lens SKU in China  
Multiple offerings to meet different consumer needs  
Fashion trend with cosmetic lens  
#1 vision care brand in China & most recognized by Chinese consumers

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Launch Experience in China  
2014  
2013  
2012  
SofLens Daily  
Disposable Toric  
LACELLE Daily



LACELLE Color Daily  
NATURELLE Daily  
Black  
PureVision2  
NATURELLE Daily Brown  
RENU Fresh  
BIOTRUE  
LACELLE  
Half yearly & yearly  
LACELLE Color  
Half yearly & yearly  
PureVision  
Bandage Lens  
(Vision Care)

Valeant China Market Snapshot  
OTC/  
Pharmaceuticals  
Eye drop market \$500M in 2013 with 11% growth  
Valeant growth of 23%, with 16% market share  
#1 OTC eye drop  
brand -  
Mioclear &

Moisten

Iviz

Levsaxin -

Antibiotics

Future growth

through local

development

#1 Viscoelastic

Continue to gain

share in eye drop

steroid market

Lotemax

First China FDA

approved & #1

bandage lens

#1 eye drop company in China with strong pharmacy & hospital coverage

PureVision

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Valeant China Market Snapshot  
Medical Devices  
First China FDA  
approved femtosecond  
platform for Cataract &  
Refractive Procedure  
Cataract & Retinal

machine installed  
over 1,000 units

The fastest  
growing

monofocal IOL

Leverage existing  
infrastructure, network &  
knowledge entering into  
aesthetic market

Rich experience in medical device & grow consumables by equipment placement

Strong synergy between pharmaceutical & medical device team

Intraocular Lens IOL

Surgical market size \$200M in 2013 with 12% growth

Valeant market share 16%, beat market growth by 4%

Launch Experience in China  
2014  
2012  
CeraVe  
Single Dose  
Kids  
New  
size

HA  
single-dose  
Fraxel  
B+L brand  
Zylet  
enVista  
2013  
Crystalens  
OTC / Pharmaceuticals  
Stellaris PC  
120  
Medical Devices

Overview of Valeant China Team  
Head of  
China  
(1585 FTEs)  
R&D  
(43)  
Sales  
(602)



Marketing  
(26)  
Manufac-  
turing (730)  
G&A  
(76)  
Other  
Commercial  
(108)  
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China: Post-acquisition Valeant Growth

Accelerates to 21%

+2%

+21%

Vision

Care

2014E

Surgical

OTC/

Pharma

236

2013

194

2012

191

Total Revenues

Constant USD Millions

92

110

80

65

84

38

42

31

80

122

21% growth in Q4 YOY  
from 2012-2013

44% growth in Q1

YOY from 2013-2014

Increased EBITA by 50%

through new Valeant

operating structure

Strong post acquisition

growth

My Personal Reflections  
Ethics  
(Strong & Supportive  
Compliance Mindset)  
Results  
(Challenges Thinking &  
Status Quo)

Speed

(Drives Commitment &  
Conviction)

Candor

(Stimulates Thought & Reflection)

Entrepreneurship

(Generates Energy & Efficiency)

Trust

(Motivates &

Creates Ownership)

124  
Unique Innovation Model and Future Pipeline

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Speakers

Dr. Tage Ramakrishna

Chief Medical Officer; Head of R&D and Quality, U.S.

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Dr. Tage Ramakrishna  
Chief Medical Officer; Head of R&D and Quality, U.S.  
Background  
Progenics  
Pharmaceuticals  
(4  
years)



VP Clinical Research  
Nycomed  
(formerly  
Altana)  
(5  
years)

Corporate VP International Drug Safety  
Insmmed Inc.

Medical Director  
Degge Group

Pharmacovigilance Consultant  
Education  
B.A. in Biology, Rutgers University  
M.D., Karol Marcinkowski University of Medicine  
Medical College of Virginia

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1. Products developed in our labs
  2. Lifecycle management programs
  4. Late-stage product in-licensing
  5. Late-stage / pre-launch product acquisition
  3. Branded Generics development
- We Build a Robust Pipeline Drawn from Internal and

External Sources

Our output-driven R&D approach has delivered more launches than most competitors

Our approach to R&D is lower cost and lower risk without sacrificing quality or likelihood of approval

We have a robust internal pipeline, which is supplemented with aggressive business development

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Focusing on R&D Output Rather than Input

Traditional Big Pharma input-driven  
approach

Focus on shots on goal

Higher spend levels assumed to  
generate more new products

Incentives linked to investment levels

Valeant's output focused approach

Focus on productivity

outputs

measured against inputs

Lower risk projects

Decentralization helps ensure right

products for right markets

Focus on line extensions and new

indications

Portfolio prioritization via rigorous,

unbiased peer scientific review

With overall industry R&D

productivity steadily declining,

traditional bets on R&D are unlikely

to pay off

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We Leverage a Variable vs. Fixed Cost Model

Discovery

Pre-clinical

PK / PD

Formulation

Clinical /medical

strategy

Clinical operations

Regulatory

Safety /

pharmacovigilance

Very limited (e.g., Dow scientists)

Limited to 3 FTEs

Fully outsourced

In-house capabilities through Dow and Bausch + Lomb

4 FTEs for protocol design, trial design, etc.

Fully outsourced

Substantial outsourcing, small team focused on strategy

Largely outsourced, have roughly 25% as many FTEs as similar companies

Traditional R&D functions

Valeant approach

Big Pharma traditionally

staffs all functions with

hundreds of FTEs and

uses selective outsourcing

We staff only the high value-add functions

Our model

Is not focused on staffing for peak capacity

Allows maximum resource flexibility and efficiency

130  
Valeant Has Lean Decentralized R&D Capabilities Across  
the Globe  
Valeant presence  
Seoul  
Tokyo  
China  
Singapore



Berlin  
Munich  
Waterford  
Irvine  
Clearwater  
Rochester  
St. Louis  
Tampa  
Sydney  
Poland  
Brazil  
Mexico City  
Bridgewater  
Petaluma  
Bothell  
Long Beach  
Hong Kong  
Montreal  
Bothell  
Montreal  
St. Louis  
China

2014 expected launches  
Pipeline Products  
1. Products  
developed in  
our labs  
~60 launches,  
including:

Ambi Naturals Line (US)

AcneFree Drying Lotion (US)

Biotrue ONEday presbyopia (Canada)

CeraVe Restoring Serum and Cream (US)

CeraVe cream, lotion, cleanser, PM facial cream  
(China)

Jublia (Canada, US)

Obagi 360 range and hydrate luxe (Hong Kong)

Ocuvite + Lutein (Japan)

Pilexil anti-dandruff and new formulation (Brazil)

Preservision line extensions (US, Canada)

Regenica (Australia, Canada)

Soothe XP (US)

Trulign toric (Canada)

~60 projects,  
including:

Artelac Care (EU)

Biotrue ONEday multifocal and toric (US, Canada,  
Japan, Korea)

BLIS IOL inserter (US)

Envista Toric (US, Canada, Korea)

IDP-118 for Psoriasis (US)

Neoface and Neohair (Brazil)

Netildex (EU)

Obagi Clenziderm, Regenica, Gentle Rejuvenation  
ranges (Hong Kong)

Ocuvite gummy, 50+ and other extensions (US, EU)

Ultra multifocal and toric (US, Canada)

Victus 3.2 OCT (Canada)

2. Lifecycle  
management  
programs  
~5 launches,  
including:

Onexton (US)

RAM 0.08% (US)

Stellaris next generation (Australia)

~10 projects,  
including:

Arestin for peri-implantitis (US)

Lotemax next generation (US, Canada)

Thermage

Cheetah (US, Korea)

Diffiam line extensions (NZ)

3. Branded

Generics

development

~300 launches in 2014 across LatAM, Asia, EMEA,  
including:

Captopril (RU / CIS)

Levsaxin (China)

Yurelax (Mexico)

~150 projects, including:

Bortezomib (Poland)

Brinzolamide (Canada)

Latanoprost (Brazil, MENA, Western Europe, CEE,  
Korea)

Zolendronic acid (Mexico)

Overview of Efforts that Fuel Product Development (1/2)

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Overview of Efforts that Fuel Product Development (2/2)

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2014 expected launches

Pipeline Products

4. Late stage

product in-

licensing

~20

launches,  
including:  
~60  
projects,  
including:  
5. Late  
stage/pre-  
launch  
product  
acquisition  
~20  
launches,  
including:  
~20  
projects,  
including:

Emerade (US, ANZ)

Ideal Implants (US)

Lacelle line extensions (Hong Kong, China, Korea)

Lodalis (Canada)

Macugen (Japan)

Neotensil (Canada, Hong Kong, Australia)

Ortho K lens (China)

Recrexina (Brazil)

317 Eximer (Korea)

Cefuroxime (EU)

Circle 3D navigation (US)

Latanoprostene bunod (US, Canada)

MIM-D3 (US, Canada)

Ocular redness therapy (US, Canada)

Ossix plus (US)

Traser (US)

BV Metrogel (US)

Eyefill (Western Europe, MENA)

Peroxiclear (US, Canada)

Luzu (US)

Arucom (Brazil)

Besivance (EU)

Dexagel (CEE)

Peroxiclear (ANZ)

Prolensa (Canada)

133

Case Example: Jublia North America

PDUFA

date

June

20 ,

2014

Developed a NCE on a very limited development budget of



\$35M

1

1 Total cost since 2006 (Valeant acquired in 2008)

2 \$1.2B as per PhRMA profile 2013

Expected

peak sales of

\$300-800M in

2018

th

Substantially lower cost than typical estimates of drug development of approximately \$1.2B per NCE<sup>2</sup>

Utilized **distinctive development** expertise where it matters

Internal

team

focused

on

critical

activities

(e.g.,

study

design / management, regulatory interactions)

Leveraged DOW team for formulation expertise

All other activities via **vendors / CROs**

Made technical leads responsible for all functions related to

their

area

lean

startup

model

Lean project team of 7 FTEs

134

Allergan Claims the Proposed Valeant R&D Spend Would Only  
Cover the Cost of Post-Approval Requirements

Our lean and productive R&D model enables us to fulfill post-approval  
requirements at lower cost

Allergan originally asserted they expect to spend ~\$200M per year on post-  
approval requirements, now updated to be on post-approval requirements and  
maintenance

We estimate it would cost us ~\$100M per year to complete Allergan's current post-approval requirements and maintain products, based on 11 ongoing clinical trials posted by Allergan as of May 27<sup>th</sup>, 2014

135

Allergan Claims Valeant Would Not Have Invested in Products

Such as Botox to Grow the Market

Our R&D model delivers successful line extensions and new indications at lower cost

Allergan stated they spent ~\$2.2B on Botox, Alphagan / Combigan, and

Juvederm extensions

In preparation for our April 22

nd

presentation, we estimated it would cost us ~\$1B

to develop the full set of Allergan line extensions and new indications; we then

conservatively added another \$1B for a total of approximately \$2B

We believe we can fund the development of Allergan's late stage programs to the next milestone with our stated \$300M+ of R&D spend

136

Held a joint pipeline / portfolio meeting with R&D, Commercial, and Senior Management to review status and scientific / commercial rationale for all projects

Utilized a scientific peer review process for all projects

All essential staff were identified and retained to ensure knowledge of programs and relationships were maintained

Only projects deemed high risk, duplicative, and with low commercial value by the joint team were terminated

Most programs were kept and are currently ongoing, or they have achieved development milestones, such as Ultra Contact Lenses and brimonidine.

Transitioned to our lean R&D model, including strategic outsourcing and creating a flat organization

Overview of our Approach to Bausch + Lomb Integration

My Personal Reflections

Our lean and decentralized operating model works extremely well in R&D. It allows projects to be developed quicker due to the lack of multiple layers and unnecessary global obligations

The  
lack  
of  
multiple



layers  
of  
management,  
as  
seen  
in

Big  
Pharma,  
allows  
quick development decisions to be made

We work much harder than others

There are no politics between therapeutic areas, common in most pharma  
companies

The Valeant model allows me to offer our R&D staff development and scientific  
opportunities that they cannot find in any other company

I have grown professionally by having responsibility for R&D on such an  
intimate, hands on level, which would not be possible in the typical pharma  
model

137

138  
Track Record in Capital Allocation

139  
Speakers  
Howard Schiller  
Executive Vice President and Chief Financial Officer

Valeant Business Development  
Deal activity since 2008  
100+ acquisitions / licenses / co-promotes  
\$19B+ in capital deployed  
Disciplined approach and objectives  
IRRs of at least 20%  
Statutory tax rates  
Payback periods with 6 years or less

Deal types

7 Platform investments

Tuck-ins to supplement existing platforms

Declining assets at attractive prices generating superior returns

140

141  
Growth Achieved in Platform Deals  
Coria  
Dow  
Aton  
Pharmaswiss  
Sanitas  
OraPharma

Medicis

Bausch + Lomb

22

21

15

12

10

7

5

2

-4%

N/A

30%

1%

4%

3%

3%

4%

27%

12%

33%

5%

5%

9%

4%

10%

1 From first year of acquisition

2 From first year of acquisition to most recent forecast

1)

2)

3)

4a)

4b)

5)

6)

7)

Quarters

Owned

Growth Year

before Acquisition

Deal

Organic Growth Since

Acquisition PY to 2013

(CAGR)

1

2

Returns On All Deals From 2008-2013

Achieved

Deal Models

Achieved

Deal Models

Cumulative EBITA

USD Millions

Cumulative Net Income



USD Millions (includes corporate  
tax structure)

6,092

4,846

5,750

3,781

Four deals fully paid back to date: Coria, Aton,  
Elidel, Biovail (Dow expected in 2014)

142

+26%

+52%

143

An iconic company that had fallen on hard times

Stalled as a public company due to underinvestment and weak leadership

Began turnaround under Private Equity ownership

A stable of valuable assets in need of disciplined leadership

Strong brand recognition in a market where brand is important

Strong portfolio of durable products and rich late-stage pipeline

Significant presence in all major segments of eye health

Prescription drugs

Surgical products

Consumer / OTC products

Highly complementary with Valeant

Businesses with attractive fundamentals

Fast growing categories

Largely cash-pay and private insurance

Strong brands

Durable products

Strong combined portfolio in emerging markets

Offered an at-scale entry into China; introduction into Turkey and the Middle East

144  
Bausch + Lomb Was A More Complex Integration  
Than Allergan Would Be  
Number of  
employees  
13,000  
11,400  
Manufacturing

plants (primary)

14

6

Revenues in

North America

41%

66%

Revenues in

Emerging Markets

~25%

~17%

SKUs

200,000

Far fewer

145

How We Integrated Bausch + Lomb

Not one, but 50+ decentralized integrations

Targets built from the bottom-up, with disciplined cost  
synergy tracking

Fast, fair and best-of-the-best *team*

talent selection

Moved quickly to minimize disruption and course corrected

where needed

Folded into decentralized Valeant operating model

Maintained flexibility where necessary (e.g., global contact lens manufacturing)

Protected customer facing activities: no changes to US B+L sales force; minimal impact on ex-US B+L sales force

How We Integrated Bausch + Lomb (continued)  
Focus on stabilizing (and accelerating) acquired  
business assets first  
Reduced duplicative / oversized G&A functions  
Eliminated global BU and regional structures and  
overhead  
Rationalized regional facilities footprints, including US  
HQ in NJ



Switched to zero-based budgeting process

146

Most Reductions (40%) Were to B+L s Bloated G&A

B+L CEO

% Reduction

to B+L personnel

US Commercial

9%

Consolidated and leaned parallel commercial teams (Pharma, Surgical, Vision Care)

and large Commercial Operations staff (6%)

Reduced marketing management (3%)

Europe

19%

Consolidated commercial teams (10%)

Eliminated redundant regional HQ and country-level G&A (6%)

Consolidated country-level Ops and R&D (3%)

Latin America

33%

Consolidated commercial teams (14%)

Eliminated redundant G&A (10%)

Consolidated country-level functional leaders in Ops and R&D (9%)

Asia

6%

Eliminated redundant G&A

Canada

14%

Consolidated commercial teams (10%)

Eliminated duplicate G&A and functional leaders (4%)

Global Supply

Chain

3%

Eliminated

global

infrastructure

creating

one

size

fits

all

policies

and

pushing

all

products to all markets

Global R&D +

Quality

23%

Eliminated high-risk projects, increased use of outsourcing, and eliminated redundant leadership in 3 parallel R&D organizations (17%)

Consolidated country-level personnel (6%)

Corporate

Center

Leaned bloated Finance, IT, Legal, HR, Global Marketing and Corporate

Communications teams (60%)

Consolidated G&A from parallel global BUs (Pharma, Surgical, Vision Care) (6%)

66%

Actions taken

147

Bausch + Lomb 2014 Run Rate Savings  
Combined  
baseline  
Target  
synergies  
(% of  
baseline)

Q1 2014  
run-rate  
savings  
Team  
2014 exit run  
rate as a  
percent of  
target  
US Corporate  
US Commercial  
LatAm  
Canada  
Asia  
Europe  
Global R&D  
Quality  
Ops / Supply Chain  
Total  
339  
727  
187  
100  
352  
611  
309  
39  
2,226  
4,890  
159 (47%)  
155 (21%)  
51 (27%)  
21 (21%)  
81 (23%)  
178 (29%)  
178 (58%)  
5 (13%)  
30 (1%)  
857 (18%)  
125  
122  
42  
16  
62  
140  
126  
5  
20  
657  
91%  
99%

118%  
106%  
105%  
111%  
99%  
96%  
198%  
105%  
\$ Millions  
2014 exit  
run-rate  
savings  
145  
154  
60  
23  
85  
198  
176  
5  
59  
904  
148

Bausch + Lomb's Global Organic Growth Rates  
Bausch + Lomb  
businesses  
Growth since  
acquisition  
1  
US

14%  
ROW Developed markets  
4%  
Emerging markets  
16%  
Total  
10%  
1 Through Q1 2014  
Volume / mix: >9%  
Price: <1%  
Volume / mix: 13%  
Price: 1%  
149



150  
Valeant Has Increased Bausch + Lomb's Growth  
Global sales  
USD millions  
2012  
2014E  
2013  
+3%

+10%  
3,038  
3,130  
3,435

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Our Experience With Bausch + Lomb Provides

An Excellent Blueprint for Allergan

Significant performance improvement to be gained by  
decentralizing and eliminating global / regional leadership layers  
Valeant GMs are well versed in rapidly identifying and capturing  
synergies, while keeping the business growing

Complementary product portfolios can be leveraged by existing

sales forces from Day 1

Valeant R&D is very experienced bringing discipline to R&D teams that have grown up with Big Pharma thinking

Potential to improve capacity utilization (over time) across operational footprints, given product similarities

Untapped leadership potential often exists 2 or 3 layers below top management

152  
Revised Bid for Allergan and Next Steps

153  
Proposed Transaction Review -  
consideration  
Cash/Share  
1  
\$58.30  
+ Exchange Ratio  
0.83

Allergan Ownership

1

43%

Improved Proposal

Offers a substantial

premium to unaffected \$116.63 share

price as of April 10

th

, 2014 the day before Pershing Square

crossed the 5% Schedule 13D ownership level and

commenced its rapid accumulation program

DARPin CVR provides value of up to ~\$25.00 per share

2

1. Financing commitments for \$18.9B from Barclays, RBC Capital Markets, The Bank of Tokyo- Mitsubishi UJF, Ltd., Deutsche Bank AG, DNB Bank ASA, and HSBC. Based off of diluted shares of 310.9M.

2. Based on Allergan's assumptions in its May 12, 2014 presentation.

154

Value of an Allergan Share:

Key Assumptions

1. Source for analyst consensus: FactSet
2. Based on Allergan's assumptions in its May 12, 2014 presentation

2014 non-GAAP EPS Guidance: \$5.64 to \$5.73

Unaffected share price of \$116.63 as of April 10, 2014 the day before Pershing Square crossed the 5% Schedule 13D ownership level and commenced its rapid accumulation



program  
Unaffected

2014

P/E

multiple

of

21.3x

as

of

April

10,

2014

based

on

consensus

1

2014 Cash EPS Guidance: \$8.55 to \$8.80

Unaffected

2014

P/E

multiple

of

14.2x

as

of

April

10,

2014

based

on

consensus

1

Unaffected

2014

P/E

blended

multiple

of

16.8x

as

of

April

10,

2014

based

on

consensus

1

Assumes the transaction closed and full synergies realized on January 1, 2014

Cash EPS Accretion relative to standalone Valeant: 25% to 30%

CVR

provides

value

of

up

to

approximately

\$25.00

per

share

2

Allergan Standalone

Valeant Standalone

Weighted Average Blended Multiple for Valeant / Allergan

New Valeant Pro Forma Cash EPS

Pro Forma Cash EPS of \$10.90 to \$11.22 assuming 27.5% accretion (midpoint)

CVR

155

Proposed DARPIn CVR Structure

1 Based on Allergan's assumptions in its May 12, 2014 presentation.

Stand-alone entity

Current Allergan employees will continue to work on DARPIn

Five member independent advisory board will be established to oversee the clinical development and regulatory processes

Allergan will propose eight members, of which five will be

chosen by Valeant (combination of business people and scientists)

CVR

holders

are

entitled

to

40%

of

net

sales

for

10

years

1

in

excess of the \$400M

1

invested in R&D

Based

on

Allergan's

estimated

of

up

to

\$20B

1

in

net

sales

over

10 years

1

, the CVR provides value of up to approximately

\$25.00 per share

Valeant

will

invest

up

to

\$400M

1

to

develop

DARPin

Value of an Allergan Share:  
Allergan stand-alone vs. Valeant proposal  
Stand-alone Allergan  
\$120.13  
to  
\$122.05  
per

share  
based  
on  
21.3x  
2014  
P/E  
multiple  
to  
recently  
revised  
EPS  
guidance

Premium to unaffected price: 3.0% to 4.6%

Valeant Proposal

1. For Allergan shareholders to receive value of \$180 to \$200 per share (excludes CVR)

New Valeant would need to trade at a 2014 P/E multiple of 13.1-15.7x or \$146.63 to \$170.72 per share

Premium to unaffected price: 54.3% to 71.5% plus the value of the CVR

2. If New Valeant trades at a blended multiple of 16.8x

Total value per Allergan share of \$210.29 to \$214.75 (excludes CVR)

Premium to unaffected price: 80.3% to 84.1% plus the value of the CVR

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Value of an Allergan Share:

Allergan stand-alone vs. Valeant proposal

Stand-alone Allergan

\$120.13-\$122.05

P/E Multiple

Premium to

unaffected price

\$210.29-\$214.75

21.3x

16.8x

3.0-4.6%

Allergan shareholders

receive value of \$180-\$200

per share

\$180.00-\$200.00

13.7-15.7x

54.3%-71.5%

plus CVR value

Allergan share price

Total value per

Allergan share

Total value per

Allergan share

Valeant Proposal

New Valeant trades at a

blended multiple of 16.8x

Blended

Implied

80.3%-84.1%

plus CVR value



Our Response to Yesterday's Allergan Release  
158

Speakers  
J. Michael Pearson  
Chairman of the Board and Chief Executive Officer  
159

Yesterday, Allergan Published an Analysis of Valeant  
That Was Full of Errors

It is unfortunate that Allergan hasn't taken the time to understand our business

We have offered many times to sit down with Allergan management to:

Allergan management has refused these invitations

The numerous inaccuracies in Allergan's analysis call into question the quality of the analysis they, and their advisers, have done on the attractiveness of a deal

Our presentation so far has hopefully helped Allergan's management team, Board and stockholders better understand Valeant's robust business model

We remain confident that investors have a clear view of this deal's potential

160  
Explain our business

Explore value creation potential of a combination of our businesses

Assertions Made By Allergan

Valeant's pro-forma organic revenue growth is negative for fiscal year 2013 and Q1 2014

Bausch + Lomb's Rx Ophthalmology revenue growth is driven by unsustainable price increases

Our management has no experience running large, global brands

Medicis performance has rapidly eroded

Valeant has overstated the synergy potential of a Allergan/Valeant combination

Allergan has a significantly stronger market share position in the largest, fastest growing, emerging markets

Valeant's stated combined company tax rate is neither achievable nor sustainable

Valeant's adjusted cash-flow metric is misleading

Valeant is a second Tyco

Valeant's management lacks experience in pharmaceuticals and has experienced significant turnover

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Dissecting Organic Growth Rates

Allergan alleges:

Actuals:

8

1

N/A

-1.4

Organic Growth  
Including Generic  
Impact  
Pro-Forma Revenue  
Growth Ex-Generic  
Impact  
Pro-Forma Revenue  
Growth Including  
Generic Impact  
Organic Growth Ex-  
Generic Impact

Q1 2014  
Revenue  
Growth Rates  
FY 2013  
Revenue  
Growth Rates

0  
-0.5  
10  
N/A

7  
4  
1  
8  
Q1 2014

Growth  
Rates

1  
FY 2013  
Growth  
Rates

1  
7  
2  
0  
10

Allergan's analysis  
had several errors  
Included total  
revenues which  
include:

Valeant is very  
transparent about  
our adjustments  
1 Calculated using product sales  
Percent

162  
Allergan's  
calculations do



not adjust for the  
impact of:

Royalties

Milestones

Contract  
manufacturing  
revenue

Currency

Divestitures

Discontinu-  
ations

Our Actual Quarterly TRx Trends in US Prescription

Ophthalmology

2%

-17%

-11%

23%

28%

Lotemax

With 2 exceptions, our products  
have all experienced volume  
growth quarter-over-quarter

Allergan's analysis "cherry-  
picked" select products and  
excluded important products,  
e.g.,

Lotemax Gel

Bromday franchise (including  
impact of our Prolensa life-  
cycle management)

TRx Trends for Q4 2013 vs. Q4 2012

Bromfenac franchise  
(Prolensa/Bromday)

Allergan's view

Wolters Kluwer Data

Suspension,

Gel and

Ointment

-21%

-21%

-12%

N/A

12%

Alrex

Bepreve

Besivance

% of B&L US Rx

Business

80%

41%

Volume growth

7%

-19%

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Every One of Our Leaders Today has Worked on Billion-Dollar-Plus Global Brands

Tracy Valorie

Joe Gordon

Gaelle Waltinger

Dr. Tage Ramakrishna

Tom Appio

164

Steve Sembler

Deb Jorn

Dr. Pavel Mirovsky

Dr. Leszek Wojtowicz

John Connolly

President, OraPharma,

Sr. VP Neuro / Other

30 years in Pharma

and Healthcare

VP Marketing

Dermatology

34 years in Pharma

President and GM,

Europe

23 years in Pharma

and Medical

VP and GM Poland

20 years in Pharma

VP Russia and CIS,

GM Russia

23 years in Pharma

VP, North Asia / Japan

27 years in Pharma /

Healthcare

Chief Medical Officer;

Head of R&D and

Quality, U.S.

10 years in Pharma

VP, Marketing

Pharmaceutical

Ophthalmology

23 years in Pharma

General manager,

Consumer Health Care

27 years in OTC health

care

VP, Western Europe

16 years in Pharma

Medicis  
A Financially Compelling Transaction  
Purchase price  
\$703M  
\$1,240M  
\$1,025M  
\$2,968M

Proceeds from  
divestitures

1

Net investment  
in Medicis

Tax-affected  
cumulative EBITA  
through Q1 2014

NOTE: Includes Sculptra

1 Assumes 170M taxes on proceeds

~2x effective

multiple on

2014E sales of

~\$500M

(Including cost of  
restructuring and  
integration)

2014 launches:

Luzu and

Metrogel,

165

166  
Expected Savings Are In Line With Precedent Transactions  
Combined OpEx (\$M)  
Synergies (\$M)  
5,800  
Allergan  
2,625  
Medicis



Bausch  
+Lomb  
Biovail  
667  
1,099  
900  
2,700  
300  
350  
n/a  
36%  
73%  
49%  
Allergan's assertion  
Synergies / OpEx  
~52%  
~27%  
~47%  
~34%

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Emerging Markets Are a Clear Strength of Valeant  
Valeant 2014E  
Revenues

Allergan only looked at ophthalmic Rx,  
which represents **<5% of Valeant's**  
emerging market revenues

Valeant sales in the four markets  
Allergan isolated deliver **~75% of**  
Allergan's total sales in emerging  
markets  
(including Japan)

Valeant's aggregate growth in  
emerging markets from 2011-2013  
was  
49%,  
Allergan's  
was  
11%

Valeant has made a specific **decision**  
not  
to  
invest  
in  
India  
due  
to  
market's  
lack of IP protection and profitability  
potential

Valeant  
also  
has  
critical  
mass  
in  
other  
attractive  
markets,  
including:  
Valeant Growth  
2013-2014E  
Russia  
\$330M  
63%  
China  
\$230M  
154%  
Brazil  
\$210M  
35%  
India  
\$40M

185%

Vietnam

South Africa

Mexico

Southeast Asia

Turkey / Middle East

Sustainability of Valeant's Tax Rate  
Allergan's Assertions  
Actual  
Tax Deferral  
Structures and  
Audit Risk

Taxing authorities are likely to heavily scrutinize

Valeant's tax-deferral structures and transfer pricing

Valeant does not have multiple deferral structures

Valeant's tax structure is compliant with all applicable laws and undergoes the same scrutiny as any other public company

Allergan itself uses tax deferral structures to reduce its tax rate and which are subject to the same scrutiny

Undisclosed

Cash Tax Cost to

Achieve Tax

Synergies

The upfront cash tax cost of migrating IP could be substantial and take over a decade to recover

The cash tax cost could also have a significant impact on the cash flows of the combined company

Any costs are included in our estimated high single digit tax rate

Tax Treatment of

Transaction to

Shareholders

Legislators have recently proposed changes to current US tax law which could make the resulting Valeant/Allergan entity a US tax resident

The majority of shareholders are not taxpayers

We do not speculate on whether proposed legislation will be enacted

Significantly

Lower Tax Rate

vs. Re-domiciled

Pharma Peers

Valeant / Allergan tax rate expected to be high single-digit

Valeant is not a recently inverted company, so

comparisons to recently inverted companies is inappropriate

Valeant's tax structure is a well-documented advantage to shareholders

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Allergan and Valeant Make the Same Adjustments to  
Report Non-GAAP Earnings

Inventory step-up

Other amortization and non-cash charges



Stock-based compensation step-up

Stock Based comp (excluding step up)

Contingent Consideration (accretion, adjustments)

Restructuring and other costs

Acquired in-process research and development / Milestone Payments to Partners

Asset Impairment Charges

Acquisition-related costs

Legal settlements

Amortization of intangible assets

Amortization of deferred financing costs, debt discounts and ASC 470-20 (FSP APB 14-1) interest

Loss on early extinguishment of debt

(Gain) loss on investments, net

Milestone Revenue

Proceeds from Outlicensing Activities + Other Non-Recurring Revenue

Write-down of deferred financing costs

Deferred Income Taxes

Depreciation

Deferred Revenue

Excluded

Excluded

Excluded

Included

Excluded

Excluded

Excluded

Excluded

Excluded

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Excluded  
Excluded  
Excluded  
N/A  
Excluded  
Excluded  
Excluded  
N/A  
Excluded  
Included  
Included

Source: SEC Filings

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M&A Has Been An Important Part Of Many Leading  
Healthcare Companies  
Growth Strategies

Number of transactions with >\$50M deal value over the last 10 years

Source: Valeant actuals; all others Capital IQ

30

27

26  
22  
10  
21

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Both Allergan and Valeant Have Changed Segment  
Reporting Under Current CEOs

2 Segments:

Specialty pharmaceuticals

Medical Devices

1 Segment:  
4 Segments:

US

Europe

Asia/Pac

Other

2 Segments:

Developed markets

Emerging markets

4 Segments:

US Neuro/Other

US Derm

Canada/Australia

Emerging markets

5 Segments:

US Neuro/Other

US Derm

Canada/Australia

BGx Europe

BGx Latin America  
Source: SEC Filings

3 Segments:

Specialty

BGx Europe

BGx Latin America

2000-2002

(Rev: \$1.6B)

2002-2006

(Rev: \$1.4B)

2006-2014

(Rev: \$3.1B)

2008-2010

(Rev: \$0.7B)

2011

(Rev: \$2.4B)

2012

(Rev: \$3.5B)

2013-2014

(Rev: \$5.8B)

Specialty  
pharmaceuticals

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Valeant's senior management philosophy

Valeant's business has grown dramatically over the past 3 years and we have consistently looked to expand and upgrade our senior management talent

Management and the Board assess, on an annual basis, the talent in each key role, given the rapid growth of our company



We instituted the Company Group Chairman structure to bring on a broader and stronger senior management team. Our current team includes a combination of internal promotions, leaders retained in acquisitions and top-notch external hires. Many departed executives have retired or become CEOs of other companies.

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Assertions Made By Allergan

Valeant's pro-forma organic revenue growth is negative for fiscal year 2013 and Q1 2014

Bausch + Lomb's Rx Ophthalmology revenue growth is driven by unsustainable price increases

Our management has no experience running large, global brands

Medicis performance has rapidly eroded

Valeant has overstated the synergy potential of a Allergan/Valeant combination  
Allergan has a significantly stronger market share position in the largest, fastest growing, emerging markets

Valeant's stated combined company tax rate is neither achievable nor sustainable

Valeant's adjusted cash-flow metric is misleading

Valeant is a second Tyco

Valeant's management lacks experience in pharmaceuticals and has experienced significant turnover

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Closing Remarks

Our decentralized model has delivered strong organic growth over six years

We have maintained / accelerated revenue growth for nearly all platform assets acquired

Bausch + Lomb organic growth has accelerated from 4% to 10%+, almost exclusively through volume

We are committed to innovation through an output-driven R&D approach that has delivered more launches than most competitors

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Closing Remarks (continued)

We have a rich late-stage pipeline. We will continue to augment this pipeline with late stage product in-licensing, partnerships and acquisitions

We can deliver Allergan's post-approval requirements at a lower cost and continue to invest in expansion of indications within our leaner R&D model

We have generated consistent and superior cash-on-cash returns over a six year period. In aggregate we are significantly ahead of our original deal models  
We have a detailed bottoms-up understanding of Allergan synergies coupled with a decentralized integration approach that proves we will deliver (or exceed) our \$2.7B synergy estimate