

ALLERGAN INC
Form DEFC14A
November 06, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. 3)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Allergan, Inc.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

Edgar Filing: ALLERGAN INC - Form DEFC14A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 240.0-11 and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

2525 Dupont Drive, Irvine, California 92612

Dear Stockholder:

A special meeting of stockholders (the *Special Meeting*) of Allergan, Inc. (the *Company* or *Allergan*) will be held at 8:00 a.m., local time, on Thursday, December 18, 2014, at The Beckman Center, located at 100 Academy Drive, Irvine, California 92617, on the campus of the University of California, Irvine. Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Special Meeting and Proxy Statement. Allergan is calling the Special Meeting in response to requests from holders of more than the percentage of shares of our common stock required to call a special meeting under our Amended and Restated Bylaws. This Proxy Statement and accompanying proxy card are first being mailed to stockholders on or about November 7, 2014.

This Special Meeting is of particular importance to all Allergan stockholders because of the ongoing, unsolicited attempt by Valeant Pharmaceuticals International, Inc. (*Valeant*) to acquire Allergan. **The unanimous view of Allergan's Board of Directors (your Board) has been and continues to be that the unsolicited, conditional exchange offer by Valeant substantially undervalues Allergan, creates significant risks and uncertainties for the stockholders of Allergan and is not in the best interests of Allergan and its stockholders. Your Board strongly believes that the prudent course of action is for Allergan to focus on its operational excellence and extending its exemplary track record of substantial growth that your Board is confident will create significantly more value for stockholders than Valeant's unsolicited, conditional exchange offer.** Your Board has successfully pursued, and continues to pursue, a number of key initiatives to increase stockholder value. These include execution of our restructuring plan in the remainder of 2014 that we expect will deliver annual pre-tax savings of approximately \$475 million beginning in 2015, continuing to meet our increased guidance and projections, which include expected compounded annual non-GAAP diluted earnings per share growth of more than 20% and free cash flow of approximately \$18.0 billion, and consideration of acquisitions and strategic alternatives that increase stockholder value.

Pershing Square Capital Management, L.P. (collectively, with affiliated entities and persons, *Pershing Square*) and Valeant and certain of its officers and affiliates have filed a proxy statement with the Securities and Exchange Commission seeking your vote on proposals to (i) remove Deborah Dunsire, M.D., Michael R. Gallagher, Trevor M. Jones, Ph.D., Louis J. Lavigne, Jr., Russell T. Ray and Henri A. Termeer from your Board despite such directors having been duly elected by our stockholders at our last annual meeting of stockholders on May 6, 2014, (ii) request that your Board elect or appoint six persons who Pershing Square and Valeant request be appointed to serve on your Board (referred to herein and in the accompanying Proxy Statement as *nominees*), (iii) amend certain provisions of our Amended and Restated Bylaws and (iv) request that your Board engage with Valeant regarding its proposal to acquire Allergan. These proposals are referred to herein and in the accompanying Proxy Statement as *Pershing Square and Valeant's Proposals*.

In considering Pershing Square and Valeant's Proposals, it is important for you to recognize that Pershing Square and Valeant's officers and directors have a duty to act in the best interests of their respective stockholders, not Allergan's stockholders, unlike your Board, which has a duty to act in the best interests of all of Allergan's stockholders. Specifically, we believe the interests of Pershing Square, which has multiple arrangements with Valeant and is a self-proclaimed co-bidder in Valeant's unsolicited bid to acquire Allergan, are not aligned with the interests of all Allergan stockholders.

Edgar Filing: ALLERGAN INC - Form DEFC14A

We strongly urge you to reject Pershing Square and Valeant's efforts to replace the current, duly elected members of your Board, all of whom have substantial relevant industry experience. We believe strongly that Pershing Square and Valeant's nominees lack relevant industry experience and, though anyone ultimately elected as a member to your Board has a fiduciary duty to Allergan's stockholders, in our view, their nominees were selected by Pershing Square and Valeant solely to facilitate an acquisition of Allergan by Valeant in order

Table of Contents

to transfer Allergan's inherent and increasing value to Pershing Square and Valeant at a grossly inadequate price. We also believe that your current directors are significantly more qualified and able than Pershing Square and Valeant's nominees to manage Allergan's affairs and projected strong growth and, in doing so, act in the best interests of Allergan stockholders with respect to Valeant's conditional exchange offer.

Accordingly, your Board unanimously recommends that you vote AGAINST Pershing Square and Valeant's Proposals on the enclosed BLUE proxy card TODAY.

Your vote is important. Whether or not you plan to attend the Special Meeting, we hope you will submit your proxy as soon as possible. You may submit a proxy over the internet, by telephone or by signing, dating and returning the enclosed BLUE proxy card in the envelope provided. Information about each of these proxy submission methods is set forth in the accompanying Notice of Special Meeting and Proxy Statement.

We urge you NOT to sign or return any white proxy cards sent by Pershing Square or Valeant. If you have previously signed a white proxy card from Pershing Square or Valeant, you can revoke that earlier proxy and vote by proxy against Pershing Square and Valeant's Proposals by signing, dating and returning the enclosed BLUE proxy card in the postage-paid envelope provided, by voting by proxy over the internet using the internet address on the BLUE proxy card or by voting by proxy by telephone using the toll-free number on the BLUE proxy card.

Regardless of the number of shares of common stock of the Company that you own, your vote is important. Thank you for your consideration.

Sincerely yours,

David E.I. Pyott

Chairman of the Board

and Chief Executive Officer

Table of Contents

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

November 6, 2014

TO OUR STOCKHOLDERS:

A Special Meeting of the Stockholders of Allergan, Inc., a Delaware corporation (*Allergan* or the *Company*), will be held on Thursday, December 18, 2014, at 8:00 a.m., local time, at The Beckman Center, located at 100 Academy Drive, Irvine, California 92617, on the campus of the University of California, Irvine (the *Special Meeting*), for considering the following proposals from Pershing Square Capital Management, L.P. and certain affiliated entities and persons (collectively, *Pershing Square*) and Valeant Pharmaceuticals International, Inc. (*Valeant*) and certain of its officers and affiliates (collectively, *Pershing Square and Valeant s Proposals*):

1. to remove from Allergan s Board of Directors (the *Allergan Board*) Deborah Dunsire, M.D., Michael R. Gallagher, Trevor M. Jones, Ph.D., Louis J. Lavigne, Jr., Russell T. Ray and Henri A. Termeer, despite such directors having been duly elected by Allergan s stockholders at the recent annual meeting of stockholders on May 6, 2014 (the *2014 Annual Meeting*);
2. to request that the Allergan Board elect or appoint six of Pershing Square and Valeant s nominees to serve as directors for Allergan;
3. to amend Allergan s Amended and Restated Bylaws (the *Bylaws*) to modify the mechanics for calling a special meeting of the stockholders;
4. to amend the Bylaws to provide specific mechanics for calling a special meeting if no directors or less than a majority of directors are then in office;
5. to amend the Bylaws to modify the mechanics for nominating directors or proposing business at an annual meeting;
6. to amend the Bylaws to fix the authorized number of Allergan directors at nine, if the six proposed members of the Allergan Board are removed;
7. to repeal any amendment to the Bylaws adopted by the Allergan Board without stockholder approval after May 9, 2014 and prior to the effectiveness of the resolution effecting such repeal; and
8. to request that the Allergan Board engage with Valeant, with whom Pershing Square is a self-proclaimed co-bidder, regarding its proposal to acquire Allergan.

The Proxy Statement accompanying this Notice describes each of these proposals in more detail. **The Allergan Board recommends a vote AGAINST all of Pershing Square and Valeant s Proposals.**

The proposals stated above are the only proposals to be acted upon at the Special Meeting. Therefore, in accordance with Article II, Section 3(B) of our Bylaws and Section 222(a) of the Delaware General Corporation Law, no other business will be conducted. Stockholders of record at the close of business on October 30, 2014 are entitled to notice of, and to vote at, the Special Meeting and any adjournments or postponements thereof.

Edgar Filing: ALLERGAN INC - Form DEFC14A

All stockholders as of the close of business on October 30, 2014 are cordially invited to attend the Special Meeting in person, but whether or not you plan to attend, we urge you to review these materials carefully and to vote by proxy by internet, telephone or by submitting your **BLUE** proxy card as promptly as possible.

Please note that Pershing Square and Valeant have filed a proxy statement with the Securities and Exchange Commission in connection with the proposals stated above.

Table of Contents

THE ALLERGAN BOARD STRONGLY URGES YOU NOT TO SIGN OR RETURN ANY WHITE PROXY CARD SENT TO YOU BY PERSHING SQUARE OR VALEANT.

If you have previously signed a white proxy card sent to you by Pershing Square or Valeant, you can revoke that earlier proxy and vote by proxy against the matters to be voted on at the Special Meeting by signing, dating and returning the enclosed **BLUE** proxy card in the enclosed postage-paid envelope, by voting by proxy over the internet using the internet address on the **BLUE** proxy card or by voting by proxy by telephone using the toll-free number on the **BLUE** proxy card.

By Order of the Board of Directors,

Matthew J. Maletta

Vice President,

Associate General Counsel and Secretary

Irvine, California

November 6, 2014

Table of Contents

IMPORTANT

Your vote is extremely important. Whether or not you plan to attend the Special Meeting and regardless of the number of shares you own, we urge you to vote promptly by proxy AGAINST Pershing Square and Valeant's Proposals (as described on pages 22 to 34 of the Proxy Statement).

If you have any questions or need any assistance in voting your shares by proxy, please contact our proxy solicitor:

501 Madison Avenue, 20th Floor

New York, New York 10022

Stockholders may call toll-free: (877) 800-5187

Banks and brokers may call collect: (212) 750-5833

Table of Contents**TABLE OF CONTENTS**

<u>Notice of Special Meeting of Stockholders</u>	i
<u>Proxy Statement</u>	1
<u>Questions and Answers About the Special Meeting</u>	1
<u>Pershing Square and Valeant's Exchange Offer and Proxy Solicitation</u>	6
<u>Special Meeting Procedures</u>	17
<u>Pershing Square and Valeant's Proposals</u>	
<u>Proposal No. 1 Removal of Allergan Directors</u>	22
<u>Proposal No. 2 Request that the Allergan Board Elect or Appoint Pershing Square and Valeant's Nominees as Directors for Allergan</u>	27
<u>Proposal No. 3 Amendment to Our Bylaws to Modify Special Meeting Procedures</u>	29
<u>Proposal No. 4 Amendment to Our Bylaws to Add Special Meeting Procedures if No Directors or Less than a Majority of Directors Is in Office</u>	30
<u>Proposal No. 5 Amendment to Our Bylaws to Modify Procedures for Nominating Directors or Proposing Business at an Annual Meeting</u>	31
<u>Proposal No. 6 Amendment to Our Bylaws to Fix the Authorized Number of Directors</u>	32
<u>Proposal No. 7 Bylaws Amendment Repeal Proposal</u>	33
<u>Proposal No. 8 Request for Engagement in Discussions with Valeant</u>	34
<u>Other Information</u>	
<u>Other Business</u>	35
<u>Delivery of Documents to Stockholders Sharing an Address</u>	35
<u>Stockholder Proposals for Presentation at the 2015 Annual Meeting</u>	35
<u>Forward-Looking Statements</u>	36
<u>Where You Can Find More Information</u>	36
<u>Annex A Certain Additional Information</u>	A-1
<u>Annex B Certain Information Regarding Participants in this Proxy Statement</u>	B-1
<u>Annex C Recent Transaction History of Participants in this Proxy Statement</u>	C-1
<u>Annex D Pershing Square and Valeant's Proposed Amendments to Allergan's Bylaws</u>	D-1

Table of Contents

SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON DECEMBER 18, 2014

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies at the direction of the Board of Directors (our *Board* or the *Allergan Board*) of Allergan, Inc. (*Allergan*, the *Company*, *we*, *our* or *us*) for a Special Meeting of Stockholders (the *Special Meeting*) to be held on Thursday, December 18, 2014. This Proxy Statement and accompanying proxy card are first being mailed to stockholders on or about November 7, 2014.

Stockholders of record at the close of business on October 30, 2014 will be entitled to vote at the Special Meeting. At the close of business on October 30, 2014, 297,811,420 shares of our common stock, \$0.01 par value per share (the *Common Stock*), were outstanding and entitled to vote. Stockholders are entitled to one vote for each share of Common Stock held.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

Why am I receiving this Proxy Statement?

As you may be aware, Valeant Pharmaceuticals International, Inc. (*Valeant*) has commenced an unsolicited, conditional exchange offer to acquire all of our outstanding Common Stock (the *Exchange Offer*). In connection with the Exchange Offer, Pershing Square Capital Management, L.P. (collectively, with affiliated entities and persons, *Pershing Square*) and Valeant and certain of its officers and affiliates solicited proxies to request a special meeting of the Company's stockholders to consider and vote upon the proposals described in this Proxy Statement (*Pershing Square and Valeant's Proposals*). Allergan is calling the Special Meeting in response to requests from holders of more than the percentage of shares of our Common Stock required to call a special meeting under our Bylaws. Allergan has called this Special Meeting to be held on Thursday, December 18, 2014 for the purpose of considering and voting on Pershing Square and Valeant's Proposals.

You are receiving this Proxy Statement as a stockholder of Allergan as of October 30, 2014, the record date.

As further described below, we request that you promptly use the enclosed **BLUE** Proxy Card to vote, by internet, by telephone or by mail, in the event you desire to:

1. express your opposition to Pershing Square and Valeant's Proposals, even if you have not already submitted a proxy to Pershing Square or Valeant (or have no intention to do so); or

2. revoke any proxy that you may have delivered to Pershing Square or Valeant to vote on Pershing Square and Valeant's Proposals.

What proposals are to be presented at the Special Meeting?

The purpose of the Special Meeting is to consider and vote upon Pershing Square and Valeant's Proposals. Although the Allergan Board recommends voting **AGAINST** Pershing Square and Valeant's Proposals, at the Special Meeting our stockholders will be asked to consider proposals to remove Deborah Dunsire, M.D., Michael R. Gallagher, Trevor M. Jones, Ph.D., Louis J. Lavigne, Jr., Russell T. Ray and Henri A. Termeer from the Allergan Board, to request that the Allergan Board elect or appoint six of Pershing Square and Valeant's nominees to serve on the Allergan Board, to amend certain provisions of our Amended and Restated Bylaws (the ***Bylaws***) and to request that the Allergan Board engage with Valeant regarding its proposal to acquire Allergan.

Table of Contents

Pershing Square and Valeant have filed a proxy statement with the U.S. Securities and Exchange Commission (the *SEC*). You may receive proxy solicitation materials with a white proxy card from Pershing Square or Valeant. **OUR BOARD STRONGLY URGES YOU NOT TO SIGN OR RETURN ANY WHITE PROXY CARD SENT TO YOU BY PERSHING SQUARE OR VALEANT.**

When will the Special Meeting be held?

The Special Meeting is scheduled to be held on Thursday, December 18, 2014.

Who is soliciting my vote?

In this Proxy Statement, the Allergan Board of Directors is soliciting your vote.

Giving us your proxy means that you authorize the proxy holders identified on the **BLUE** proxy card Matthew J. Maletta and Arnold A. Pinkston to vote your shares at the Special Meeting in the manner you direct. You may also abstain from voting. If you sign and return the enclosed **BLUE** proxy card but do not specify how your shares are to be voted, your shares will be voted in accordance with the recommendations of the Allergan Board, including against Pershing Square and Valeant's Proposals (see below).

What does the Allergan Board recommend?

The Allergan Board unanimously recommends that you vote by proxy using the **BLUE** proxy card with respect to Pershing Square and Valeant's Proposals, as follows:

AGAINST the proposal to remove Deborah Dunsire, M.D., Michael R. Gallagher, Trevor M. Jones, Ph.D., Louis J. Lavigne, Jr., Russell T. Ray and Henri A. Termeer from the Allergan Board (see pages 22 to 26);

AGAINST the proposal to request that the Allergan Board elect or appoint six of Pershing Square and Valeant's nominees to serve as directors for Allergan (see pages 27 to 28);

AGAINST the proposal to amend our Bylaws to modify the mechanics for calling a special meeting of the stockholders (see page 29);

AGAINST the proposal to amend to our Bylaws to provide specific mechanics for calling a special meeting if no directors or less than a majority of directors are then in office (see page 30);

AGAINST the proposal to amend to our Bylaws to modify the mechanics for nominating directors or proposing business at an annual meeting (see page 31);

AGAINST the proposal to amend to our Bylaws to fix the authorized number of Allergan directors at nine directors, if the six members of the Allergan Board are removed under the first proposal (see page 32);

AGAINST the proposal to repeal any Bylaw amendment adopted by the Allergan Board without stockholder approval after May 9, 2014 and prior to the effectiveness of the resolution effecting such repeal (see page 33); and

AGAINST the proposal to request that the Allergan Board engage with Valeant regarding its proposal to acquire Allergan (see page 34).

Our Board urges you NOT to sign or return any white proxy card sent to you by Pershing Square or Valeant.

If you have previously signed a white proxy card sent to you by Pershing Square or Valeant you can revoke that earlier proxy and vote by proxy against the matters to be voted on at the Special Meeting by signing, dating and returning the enclosed **BLUE** proxy card in the postage-paid envelope provided, by voting by proxy over the internet using the internet address on the **BLUE** proxy card or by voting by proxy by telephone using the toll-free number on the **BLUE** proxy card.

Table of Contents

What is the position of the Allergan Board regarding the conditional Exchange Offer?

After careful consideration, including a thorough review of the terms and conditions of the conditional Exchange Offer with Allergan's financial and outside legal advisors, the Allergan Board, by unanimous vote of all of its directors at a meeting held on June 21, 2014, determined that the conditional Exchange Offer is grossly inadequate to Allergan stockholders and that the Exchange Offer is not in the best interests of Allergan or its stockholders. The Allergan Board believes that the conditional Exchange Offer substantially undervalues Allergan's business, does not adequately reflect the true value of Allergan's unique market position and business opportunities, and creates significant risks and uncertainties for the stockholders of Allergan, and that the interests of stockholders will be best served by Allergan continuing to pursue its strategic plan.

Since this unanimous determination by the Allergan Board, Allergan's value has further increased. In line with Allergan's raised projections, which include expected compounded annual non-GAAP diluted earnings per share (*Adjusted EPS*) growth of more than 20% and free cash flow of approximately \$18.0 billion, Allergan reported its strongest quarterly results ever, beating analysts' estimates for revenue and earnings and has announced a restructuring plan that is expected to result in approximately \$475 million in annual pre-tax savings beginning in 2015. Accordingly, our Board unanimously recommends that Allergan's stockholders reject the conditional Exchange Offer and not exchange their shares of Common Stock.

These Adjusted EPS expectations reflect current assumptions as to certain business and market conditions that are subject to change, including, but are not limited to: double-digit revenue growth estimated by management from 2014 to 2019; continued implementation of Allergan's restructuring plan; research and development spend to be approximately 13% of product net sales, as targeted by management over the next five years, resulting in additional sales associated with that spend and improved net earnings over that period of time, including 2015 and 2016; selling, general and administrative expenses to be as targeted by management over the next five years, resulting in improved net earnings over that period of time, including 2015 and 2016; retention of intellectual property rights that are important to the anticipated sales growth across Allergan's products; stable reimbursement of pharmaceutical and medical device products by federal and state government authorities, private health insurers and other organizations, including health maintenance and managed care organizations; preservation of Allergan's reputation among and relationships with physicians, patients and other customers; absence of unanticipated increases to Allergan's effective tax rate; and stable global economic conditions and absence of natural disasters and geo-political events that adversely affect our business in the United States or internationally.

These assumptions reflect the Allergan management's analysis of existing trends and information and represent their judgment only as of the date of this Proxy Statement, and are further subject to the following limitations, among others: changing competitive, market and regulatory conditions; Allergan's ability to obtain and maintain adequate protection for its intellectual property rights; the timing and uncertainty of the results of both the research and development and regulatory processes; domestic and foreign health care and cost containment reforms, including government pricing, tax and reimbursement policies; technological advances and patents obtained by competitors; the performance, including the approval, introduction, and consumer and physician acceptance of new products and the continuing acceptance of currently marketed products; the effectiveness of advertising and other promotional campaigns; the timely and successful implementation of strategic initiatives; the results of any pending or future litigation, investigations or claims; the uncertainty associated with the identification of and successful consummation and execution of external corporate development initiatives and strategic partnering transactions; and Allergan's ability to obtain and successfully maintain a sufficient supply of products to meet market demand in a timely manner. In addition, U.S. and international economic conditions, including higher unemployment, political instability, financial hardship, consumer confidence and debt levels, taxation, changes in interest and currency exchange rates, international relations, capital and credit availability, the status of financial markets and institutions, fluctuations or devaluations in

the value of sovereign government debt, as well as the general impact of continued economic volatility, can materially affect Allergan's results or Allergan's ability to achieve the Adjusted EPS.

Our Board's reasons and recommendations regarding the conditional Exchange Offer are highlighted on pages 6-8 of this Proxy Statement and a more detailed description is contained in Allergan's Solicitation/

Table of Contents

Recommendation Statement on Schedule 14D-9 filed with the SEC on June 23, 2014, as amended (the *Schedule 14D-9*), which is available on the SEC's website at www.sec.gov. We urge you to read the Schedule 14D-9 (including any amendments and supplements thereto) because these documents contain important information regarding the Exchange Offer.

A vote for any of Pershing Square and Valeant's Proposals will help support Valeant's conditional Exchange Offer.

Why is the Allergan Board recommending against Pershing Square and Valeant's Proposals?

Our Board strongly believes that Pershing Square and Valeant's Proposals are not in the best interests of Allergan or its stockholders. We believe that Pershing Square and Valeant's Proposals are solely designed to enable Pershing Square and Valeant's nominees to take control of our Board in order to facilitate Valeant's acquisition of Allergan pursuant to a proposal that our Board has determined is grossly inadequate to Allergan's stockholders and not in the best interests of Allergan and its stockholders.

Valeant's incentives for supporting these proposals are apparent, as Valeant seeks to facilitate an acquisition of Allergan at a price most favorable to Valeant. In addition, as a self-proclaimed co-bidder with Valeant, the interests of Pershing Square as a stockholder of Allergan are also not aligned with the interests of all of our stockholders. Pershing Square has announced a web of agreements with Valeant, including an agreement with Valeant under which Pershing Square would receive a fixed number of common shares of Valeant (*Valeant Common Shares*) if the conditional Exchange Offer were to close on its current terms and an agreement under which Pershing Square could purchase \$400 million of Valeant Common Shares at a 15% discount. With these arrangements in place, we believe Pershing Square is financially incentivized to help pursue a transaction with Valeant where Valeant would not pay more to other Allergan stockholders than it must to consummate the transaction. Furthermore, it has been widely reported that Pershing Square has already received inquiries about structuring additional transactions in the future that are similar to its current arrangement with Valeant. Therefore, we believe Pershing Square is incentivized to show that this business model provides a quick and cost-effective approach for future acquirors.

As described below under the caption *Legal Proceedings in Connection with the Exchange Offer*, Allergan has brought an action against Valeant, Pershing Square and its principal, William A. Ackman, for violations of federal securities laws. The complaint alleges that the defendants violated federal securities laws prohibiting insider trading, engaged in other fraudulent practices and failed to disclose legally required information. The complaint seeks, among other remedies, a declaration from the court that Pershing Square and Valeant violated insider trading and disclosure laws, and an order rescinding Pershing Square's purchase of the Allergan Shares that it acquired illegally. Allergan also seeks to enjoin PS Fund 1, LLC, an entity affiliated with Valeant and Pershing Square (*PS Fund 1*) from exercising any of the privileges of ownership attaching to its 9.7% stake in Allergan, including voting or acting at the Special Meeting, and to enjoin the defendants from voting any proxies solicited by them on the basis of disclosures that violated federal securities laws, unless and until corrective disclosures are made.

Our Board strongly believes that the more prudent course of action than that demanded by Valeant and Pershing Square (a stockholder with specific short-term interests that are not aligned with the interests of all of our stockholders) is for Allergan to focus on its operational excellence and to extend its track record of strong and increasing growth that our Board is confident will create significantly more value for stockholders than Pershing Square and Valeant's Proposals. Our Board had successfully pursued, and continues to pursue, a number of key initiatives to increase stockholder value. These include execution of our restructuring plan in the remainder of 2014 that we expect will deliver annual pre-tax savings of approximately \$475 million beginning in 2015, meeting our increased guidance and projections, which include expected compounded annual Adjusted EPS growth of more than 20% and free cash flow of approximately \$18.0 billion, and consideration of acquisitions and strategic alternatives

that increase stockholder value. For example, prior to the commencement of the tender offer and continuing during the pendency of the tender offer, we have engaged in discussions with a number of parties regarding potential transactions, one of which we announced in August 2014 (the acquisition

Table of Contents

of the LiRIS® program from TARIS Biomedical). In addition, we have been approached by another party regarding a potential merger transaction. Discussions between us and that party have continued and may lead to negotiations. We cannot provide assurance on the outcome of these discussions regarding transactions we have not announced. Our Board has determined that premature disclosure with respect to the possible terms of any transaction might jeopardize continuation of any discussions or negotiations, and accordingly our Board has instructed management not to disclose the possible terms or status of any such transactions or proposals, or the parties thereto, if an agreement in principle relating thereto has not been reached or, upon the advice of counsel, unless and until disclosure may otherwise be required by law.

If I have already voted by proxy in favor of Pershing Square and Valeant's Proposals, can I still change my mind?

Yes. To change your vote by proxy, simply sign, date and return the enclosed **BLUE** proxy card in the accompanying postage-paid envelope, or vote by proxy by telephone or via the internet in accordance with the instructions in the **BLUE** proxy card. We strongly urge you to revoke any proxy card you may have returned to Pershing Square or Valeant and to vote by proxy **AGAINST** Pershing Square and Valeant's Proposals. Only your latest dated proxy will count at the Special Meeting.

Will my shares be voted if I do nothing?

If your shares of our Common Stock are held in registered name, you must sign and return a proxy card in order for your shares to be voted, unless you attend the Special Meeting and vote in person. If your shares of our Common Stock are held in street name and you do not instruct your broker or other nominee how to vote your shares, then, because all of Pershing Square and Valeant's Proposals are non-routine matters, your broker or other nominee would not have discretionary authority to vote your shares on Pershing Square and Valeant's Proposals. If your shares of our Common Stock are held in street name, your broker, bank or nominee has enclosed a voting instruction form with this Proxy Statement. We strongly encourage you to authorize your broker or other nominee to vote your shares by following the instructions provided on the voting instruction card.

Please return your **BLUE** proxy card to your nominee and contact the person responsible for your account to ensure that a **BLUE** proxy card is voted on your behalf.

The way to support our Board is to vote AGAINST all of Pershing Square and Valeant's Proposals by signing, dating and returning the enclosed **BLUE proxy card today in the envelope provided.** You may also vote by proxy over the internet using the internet address on the **BLUE** proxy card or by telephone using the toll-free number on the **BLUE** proxy card. If your shares are held in street name, you should follow the instructions on your voting instruction form and provide specific instructions to your broker to vote as described above.

Whom should I call if I have questions about the Special Meeting?

If you have any questions or need any assistance in voting your shares by proxy, please contact our proxy solicitor:

501 Madison Avenue, 20th Floor

New York, New York 10022

Edgar Filing: ALLERGAN INC - Form DEFC14A

Stockholders may call toll-free: (877) 800-5187

Banks and brokers may call collect: (212) 750-5833

* * *

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting of Stockholders to be held on Thursday, December 18, 2014

Each of the Notice of Special Meeting and this Proxy Statement is available at <https://www.proxyvotenow.com/agn>.

Table of Contents

PERSHING SQUARE AND VALEANT S EXCHANGE OFFER AND PROXY SOLICITATION

The purpose of the conditional Exchange Offer as stated by Valeant is to acquire control of, and the entire equity interest in, Allergan. Valeant has also stated that it intends, as soon as practicable after the consummation of the Exchange Offer, to seek to consummate a merger of Valeant with Allergan. The Exchange Offer was initially scheduled to expire on August 15, 2014, but Valeant extended the expiration date to December 31, 2014 after announcing that only approximately 4.2% of our Common Stock had been validly tendered. For a more detailed description of the background of the Exchange Offer, please refer to the Schedule 14D-9, which is available on the SEC's website at www.sec.gov.

Reasons for Recommendation Against the Conditional Exchange Offer

After careful consideration, including a thorough review of the terms and conditions of the conditional Exchange Offer with Allergan's financial and legal advisors, our Board unanimously determined that the conditional Exchange Offer is grossly inadequate to holders of shares of Common Stock and that the Exchange Offer is not in the best interests of Allergan and its stockholders. Our Board believes that the conditional Exchange Offer substantially undervalues Allergan's business, does not adequately reflect the true value of Allergan's unique market position and business opportunities, and creates significant risks and uncertainties for the stockholders of Allergan, and that the interests of stockholders will be best served by Allergan continuing to pursue its strategic plan.

Since this unanimous determination by our Board, Allergan's value has further increased. In line with Allergan's raised projections, which include expected compounded annual Adjusted EPS growth of more than 20% and free cash flow of approximately \$18.0 billion, Allergan reported its strongest quarterly results ever, beating analysts' estimates for revenue and earnings and has announced a restructuring plan that is expected to result in approximately \$475 million in annual pre-tax savings beginning in 2015. In reaching its determination to reject the conditional Exchange Offer, our Board considered numerous factors in consultation with Allergan's management and financial and legal advisors, including, but not limited to, the following:

1. The Exchange Offer is Grossly Inadequate and Substantially Undervalues our Board's Assessment of Allergan's Industry-Leading Position, Financial Performance, Strong Balance Sheet, Exceptional Management and Accelerating Growth

Our Board believes that the conditional Exchange Offer is grossly inadequate and substantially undervalues Allergan because it does not reflect our Board's assessment of the underlying value of Allergan's assets, operations and prospects, including its industry-leading position and accelerating growth. Specifically, our Board believes the conditional Exchange Offer does not reflect Allergan's:

longstanding track record of innovation and operational excellence that has created strong and sustainable stockholder value over a substantial period of time;

promising outlook that should create significant near-term and long-term value for stockholders;

future prospects that are driven by a robust pipeline of new products and services arising from a longstanding and successful dedication to research and development (*R&D*);

previously announced restructuring that is expected to result in annual pre-tax savings of approximately \$475 million beginning in 2015 while preserving Allergan's robust R&D pipeline and commitment to innovation;

strong quarterly results after the announcement of the conditional Exchange Offer;

five-year strategic plan that our Board believes will generate compounded annual Adjusted EPS growth of more than 20%, which translates into \$10.25 per share of Adjusted EPS in 2016; and

strong balance sheet and ample leverage capacity that gives Allergan tremendous capacity to consider and engage in strategic alternatives in the future that increase stockholder value.

Table of Contents

2. We Believe Valeant's Business Model Creates Significant Risks and Uncertainties for Allergan's Stockholders

The conditional Exchange Offer is not an all-cash offer, and it is very likely that Allergan's stockholders will be required to accept Valeant Common Shares in the Exchange Offer. Our Board believes that Allergan's stockholders are exposed to significant risks and uncertainties on account of the substantial Valeant Common Share component of the conditional Exchange Offer. We believe these risks include:

the possibility that Valeant's acquisition-based revenue growth is unsustainable, and that Valeant's low organic growth is driven by price increases that will prove unsustainable;

the aggressive nature of Valeant's projected synergies claims;

a lack of investment by Valeant that would put Allergan's core business at risk under Valeant's ownership;

Valeant's financial statements, which we believe provide less disclosure with regard to (i) revenue by franchise, product group, therapeutic class, product and brand (ii) the contribution of individual products to variance and (iii) qualitative discussion of product- or brand-level results or consumer trends, in each case, as compared to Allergan and its industry peers;

Valeant's lack of R&D capabilities when compared to Allergan's track record of innovation and value creation;

Valeant's significant long-term debt, in excess of \$17.0 billion as of June 30, 2014, which would further dramatically increase if the conditional Exchange Offer were to be consummated and severely limit strategic flexibility on an ongoing basis (as compared to Allergan, which has tremendous capacity for future strategic options to increase stockholder value); and

Valeant's dramatic loss of market share of its filler and toxin assets when in head-to-head competition with Allergan's business. In its quarterly report on Form 10-Q for the quarter ended June 30, 2014, Valeant disclosed a decrease in product sales of \$33.7 million and \$57.2 million in the second quarter and first half of 2014, respectively, related to filler and toxin assets. Based on our analysis, Allergan's market share of the U.S. dermal facial fillers market increased from approximately 40% in the second quarter of 2013 to approximately 64% in the second quarter of 2014 while Valeant's market share fell from approximately 36% to approximately 17% over the same period.

3. Pershing Square and Valeant Have Used Highly Questionable Tactics in an Attempt to Facilitate a Series of Grossly Inadequate Proposals that we Believe Violated Insider Trading Laws

Valeant's self-proclaimed co-bidder, Pershing Square, only became a stockholder of Allergan in 2014, after a rapid and originally undisclosed accumulation of beneficial ownership of approximately 9.7% of our Common Stock. When Pershing Square acquired beneficial ownership of its shares of Common Stock, it knew but did not disclose to other

Allergan stockholders or those from whom it purchased such shares that Valeant was planning to announce an unsolicited proposal to acquire Allergan.

As described below under the caption Legal Proceedings in Connection with the Exchange Offer, Allergan has brought an action against Valeant, Pershing Square and its principal, William A. Ackman, for violations of federal securities laws. The complaint alleges that the defendants violated federal securities laws prohibiting insider trading, engaged in other fraudulent practices and failed to disclose legally required information. The complaint seeks, among other remedies, a declaration from the court that Pershing Square and Valeant violated insider trading and disclosure laws, and an order rescinding Pershing Square's purchase of the Allergan Shares that it acquired illegally.

4. We Believe the Quantity and Nature of the Exchange Offer's Conditions Create Significant Uncertainty and Risk

Our Board believes that the numerous conditions set forth in the Exchange Offer create significant uncertainty and risk as to whether the Exchange Offer can be completed and the timing for completion. As

Table of Contents

described in Item 2. Identity and Background of Filing Person Offer and in Annex A attached to the Schedule 14D-9, the Exchange Offer is subject to a litany of conditions, some of which are beyond the control of either Valeant or Allergan.

Our Board believes that the effect of these, and other numerous conditions, is that Allergan's stockholders cannot be assured that Valeant will be able to consummate the Exchange Offer. The conditions to the Exchange Offer are for the sole benefit of Valeant and may be asserted by Valeant regardless of the circumstances (including any action or inaction by Valeant) giving rise to any such conditions or may, to the extent permitted by law, be waived by Valeant in whole or in part at any time and from time to time in Valeant's sole discretion.

While certain conditions to the Exchange Offer, such as the condition relating to the redemption or inapplicability of the rights issued pursuant to the Rights Agreement (as defined below), are within the control of Allergan, the majority are beyond Allergan's control, and there are others that are not waivable by Valeant, including the antitrust condition, the Valeant shareholder approval condition, the stock exchange listing condition and the anti-takeover devices condition. Additionally, certain prongs of the anti-takeover devices condition are not capable of being satisfied, including, specifically, the condition relating to Article 15 of Allergan's Amended and Restated Certificate of Incorporation (the *Charter*) and the condition relating to Section 251(h) of the Delaware General Corporation Law. As for the condition relating to Article 15 of the Charter, it is Allergan's position that it would not be valid for a majority of the independent directors of Allergan to determine that Valeant is not an interested stockholder of Allergan under Article 15 of the Charter since Valeant and Pershing Square were joint filers of statements on Schedule 13D reporting beneficial ownership of 9.7% of the outstanding Common Stock of Allergan. As a result, under Article 15 of the Charter, Valeant's proposed second-step merger may not be effected without the affirmative vote of the holders of a majority of the outstanding shares of Common Stock then held by persons other than Valeant, Pershing Square and their respective affiliates and associates. With respect to the condition relating to Section 251(h) of the Delaware General Corporation Law, it is Allergan's position that it is not possible for Valeant's proposed second-step merger to be completed in the short-form manner permitted by Section 251(h) of the Delaware General Corporation Law since that statute only applies where the certificate of incorporation of the target corporation does not expressly require a vote of stockholders to effect the merger, and here, as explained in the previous two sentences, Allergan believes that Article 15 of the Charter expressly does require a vote of stockholders. Therefore, Valeant cannot accept for exchange any shares of Common Stock tendered in the Exchange Offer until all of these conditions are satisfied. None of these conditions is satisfied as of the date of this Proxy Statement and it is uncertain whether and when these conditions will be satisfied, if at all.

5. Allergan Has Received an Inadequacy Opinion From Each of its Financial Advisors

Our Board considered the fact that on June 21, 2014, each of Goldman, Sachs & Co. (*Goldman Sachs*) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (*BofA Merrill Lynch*) rendered an oral opinion to our Board, subsequently confirmed in writing, to the effect that, as of the date of such opinion and based upon and subject to the factors and assumptions set forth in its written opinion, the consideration proposed to be paid to the holders (other than AGMS Inc., Pershing Square and any of their respective affiliates) of shares of Common Stock pursuant to the Exchange Offer was inadequate from a financial point of view to such holders. The full texts of the written opinions of each of Goldman Sachs and BofA Merrill Lynch, each dated June 21, 2014, which set forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such opinion, are attached as Annexes B and C to the Schedule 14D-9, respectively. Each of Goldman Sachs and BofA Merrill Lynch provided its opinion for the information and assistance of our Board in connection with its consideration of the conditional Exchange Offer. The opinions of Goldman Sachs and BofA Merrill Lynch are not recommendations as to whether or not any holder of shares of Common Stock should tender such shares in connection with the conditional Exchange Offer or any other matter.

Table of Contents

Background of Pershing Square and Valeant's Solicitation

A more detailed description of the background of the conditional Exchange Offer and our Board's reasons and recommendations regarding the conditional Exchange Offer can be found in the Schedule 14D-9, which is available at the SEC's website at www.sec.gov. Free copies may be obtained by directing a request to Investor Relations, Allergan, Inc., 2525 Dupont Drive, Irvine, California 92612.

In September 2012, Michael Pearson, Chairman and Chief Executive Officer of Valeant, approached David Pyott, Allergan's Chairman of the Board and Chief Executive Officer, regarding a potential transaction between Valeant and Allergan. Mr. Pyott informed Mr. Pearson that Allergan was not interested at that time.

In February 2014, Mr. Pearson scheduled a meeting with Mr. Pyott, but subsequently cancelled it.

On April 21, 2014, Pershing Square and Valeant each filed a Schedule 13D with the SEC (the *Schedule 13Ds*) disclosing Pershing Square's holding of a 9.7% interest in our Common Stock. According to the Schedule 13Ds, Pershing Square acquired its shares of Common Stock in fulfillment of certain of its obligations pursuant to its contractual arrangement with Valeant, and acquired such shares with full knowledge of the material nonpublic information that Valeant intended to make a bid for Allergan.

On April 22, 2014, Mr. Pyott received an unsolicited proposal from Mr. Pearson to acquire all of the outstanding shares of our Common Stock in exchange for 0.83 shares of Valeant Common Shares and \$48.30 in cash per share of our Common Stock (the *Initial Proposal*). Prior to the Initial Proposal, our Board had not received any communication from either Valeant or Pershing Square regarding the Initial Proposal or any other proposed business combination between Allergan and both Valeant and Pershing Square.

On April 22, 2014, our Board held a special meeting to discuss, among other things, the Initial Proposal and Pershing Square's arrangements with Valeant as disclosed in the Schedule 13Ds. Representatives from Goldman Sachs and BofA Merrill Lynch, Allergan's independent financial advisors, and Latham & Watkins LLP (*Latham*), Allergan's legal advisor, and Richards, Layton & Finger, P.A., Allergan's Delaware counsel, were present at the meeting. At the meeting, our Board adopted a rights agreement, between Allergan and Wells Fargo Bank, N.A. (the *Rights Agreement*). The Rights Agreement was not intended to prevent an acquisition of the Company on terms that our Board considers favorable to, and in the best interests of, all Allergan stockholders. Rather, the Rights Agreement aimed to provide our Board with adequate time to fully assess and respond to any proposal.

On May 5, 2014, Michael Gallagher, the lead independent director of our Board, received a letter from Pershing Square in which it recommended that our Board begin discussions with Valeant in the very near future because, among other things, Valeant may reduce its offer under the Initial Proposal if Allergan did not engage.

On May 6, 2014, Allergan held the 2014 Annual Meeting. At the 2014 Annual Meeting, among other items, all of the members of our Board were re-elected, including Deborah Dunsire, M.D., Michael R. Gallagher, Trevor M. Jones, Ph.D., Louis J. Lavigne, Jr., Russell T. Ray and Henri A. Termeer, and Allergan's stockholders approved an amendment to the Charter allowing stockholders to act by written consent, subject to certain restrictions and limitations.

On May 10, 2014, our Board held a special meeting to continue its consideration of the Initial Proposal with its financial and legal advisors. At the meeting, our Board unanimously rejected the Initial Proposal, concluding after a comprehensive review, conducted in consultation with its financial and legal advisors, that the Initial Proposal substantially undervalued the Company, created significant risks and uncertainties for the stockholders, and was not in

the best interests of the Company and its stockholders.

On May 12, 2014, the Company sent a letter to Valeant and issued a press release announcing our Board's determination and filed an investor presentation with the SEC in which it updated guidance and highlighted the

Table of Contents

Company's market-leading positions, diversified product portfolio, operational excellence, consistent outperformance of peers in R&D innovation and strong growth prospects.

On May 27, 2014, the Company filed an investor presentation with the SEC detailing its initial concerns about the sustainability of Valeant's business model. The Company also noted that it had retained two nationally recognized financial consultants and forensic accountants, Alvarez & Marsal and FTI Consulting, to evaluate certain concerns about the inherent value of Valeant's business model and stock. The presentation raised a number of important issues about Valeant's business model and stock value of which our Board and management believed Allergan's stockholders needed to be aware. These included questions regarding what Allergan believes to be Valeant's: 1) low organic growth, 2) acquisition-driven top-line growth, 3) unsustainable price increases, 4) rapid erosion of the durable business acquired from Medicis Pharmaceutical Corporation within a short time, 5) lack of experience promoting products of Allergan's scale, 6) the instability of its management team, 7) the inability of Valeant to achieve its stated synergies without destroying Allergan's near-term and long-term value, 8) significantly weaker market share position compared to Allergan in important emerging markets, 9) unusual tax structure, 10) magnitude and regularity of non-GAAP adjustments compared with others in the industry, and 11) unsustainable business model, centered on a serial acquisition and cost cutting strategy.

On May 28, 2014, Valeant hosted an investor meeting and webcast and Mr. Pearson sent a letter to Mr. Pyott and our Board, revising the terms of its Initial Proposal, leaving the share consideration at 0.83 of Valeant Common Shares and raising the cash consideration to \$58.30 per share of Common Stock, with the possibility of a contingent value right (*CVR*) related to DARP[®] sales (the *Revised Proposal*).

On May 30, 2014, prior to any announcement by our Board regarding the Revised Proposal, Valeant and Pershing Square issued a press release and Mr. Pearson wrote a letter to Mr. Pyott and our Board making a re-revised proposal, leaving the share consideration at 0.83 Valeant Common Shares and raising the cash consideration to \$72.00 per share of Common Stock, with the possibility of a CVR related to DARP[®] sales (the *Re-Revised Proposal*).

On June 2, 2014, Pershing Square filed its first preliminary proxy statement with respect to soliciting Allergan stockholders to request a special meeting (the *Pershing Square/Valeant Special Meeting Solicitation*).

On June 6, 2014, Pershing Square sent a letter to Allergan seeking, among other things, confirmation that Allergan would not take the position that the solicitation and receipt of revocable proxies by Pershing Square in connection with its request to cause Allergan to call a special meeting of stockholders pursuant to the Charter and Bylaws would trigger the rights under the Rights Agreement.

On June 9, 2014, our Board held a meeting at which it continued its consideration of the Re-Revised Proposal. At the meeting and after a comprehensive review, our Board unanimously determined, after consultation with its financial and legal advisors, that the Re-Revised Proposal substantially undervalued the Company, created significant risks and uncertainties for the stockholders of Allergan, and was not in the best interests of the Company and its stockholders. On June 10, 2014, the Company sent a letter to Mr. Pearson setting forth our Board's conclusion regarding the Re-Revised Proposal and filed an updated investor presentation with the SEC with additional detail on the considerations behind our Board's rejection.

On, June 11, 2014, Allergan responded to Pershing Square's June 6, 2014 letter. In addition, Allergan offered in its June 11, 2014 letter to Pershing Square to arrange a conference call to discuss any specific interpretational questions about the Rights Agreement.

On June 12, 2014, without making any further contact with Allergan following Allergan's invitation in its June 11, 2014 letter to discuss any specific interpretational questions about the Rights Agreement, Pershing Square filed a complaint in the Delaware Court of Chancery, captioned *PS Fund I, LLC v. Allergan, Inc., C.A.*

Table of Contents

No. 9760 (Del. Ch.) (the *Delaware Rights Agreement Litigation*), seeking declarations that certain actions taken in connection with the stockholder-called special meeting request would not trigger the Rights Agreement as well as an injunction against Allergan taking any steps to enforce the relevant provisions of the Rights Agreement until the Court ruled on Pershing Square's requested relief.

On June 16, 2014, Allergan filed its preliminary revocation statement with respect to the Pershing Square/Valeant Special Meeting Solicitation.

On June 18, 2014, Valeant commenced the conditional Exchange Offer by filing a Schedule TO and a registration statement on Form S-4 with the SEC.

On June 21, 2014, our Board met to review the formal terms of the Exchange Offer with the assistance of Allergan's financial and legal advisors. At the meeting, each of Goldman Sachs and BofA Merrill Lynch rendered an oral opinion to our Board, subsequently confirmed in writing, to the effect that, as of June 21, 2014 and based upon and subject to the factors and assumptions set forth in its written opinion, the consideration proposed to be paid to the holders (other than Valeant, Pershing Square and any of their respective affiliates) of shares of Common Stock pursuant to the conditional Exchange Offer was inadequate from a financial point of view to such holders. The full texts of the written opinions of each of Goldman Sachs and BofA Merrill Lynch, each dated June 21, 2014, which set forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such opinion, are attached as Annexes B and C, respectively, to the Schedule 14D-9. After careful consideration, including a thorough review of the terms and conditions of the Exchange Offer with Allergan's financial and legal advisors, our Board, by unanimous vote of all of its directors, determined that the Exchange Offer is grossly inadequate, substantially undervalues Allergan, creates significant risks and uncertainties for Allergan and is not in the best interests of Allergan and its stockholders.

On June 23, 2014, Allergan filed the Schedule 14D-9.

On June 24, 2014, Valeant filed a preliminary proxy statement with respect to the calling of a special meeting of Valeant's stockholders to approve the issuance of Valeant Common Shares in connection with an acquisition of Allergan.

On June 27, 2014, Allergan and Pershing Square entered into a stipulation (the *Stipulation Agreement*) agreeing to dismiss the Delaware Rights Agreement Litigation. Before Pershing Square initiated the litigation, Allergan had invited Pershing Square by letter dated June 11, 2014 to discuss its concerns related to the Rights Agreement and the Bylaws.

On July 11, 2014, Pershing Square filed a definitive proxy statement with respect to the Pershing Square/Valeant Special Meeting Solicitation.

On July 21, 2014, Allergan issued its earnings release for the quarter ended June 30, 2014, reporting a 23.8% increase in Adjusted EPS attributable to stockholders and an increase in total product net sales of 15.9% compared to the quarter ended June 30, 2013. Allergan also announced a restructuring of its operations and processes as part of its efforts to increase stockholder value that it estimated would deliver annual pre-tax savings of approximately \$475 million beginning in calendar year 2015 as compared to previously communicated expectations for 2015. Allergan also raised its outlook for the full year of 2014, expecting total product net sales between \$6.9 billion and \$7.05 billion.

Edgar Filing: ALLERGAN INC - Form DEFC14A

On July 31, 2014, Valeant reported its financial results for the quarter ended June 30, 2014. In it, Valeant lowered its guidance for 2014 from \$8.3 - \$8.7 billion to \$8.0 - \$8.3 billion in revenues. Additionally, Valeant lowered its cash earnings per share guidance for 2014 from \$8.55 - \$8.80 to \$7.90 - \$8.10.

On August 1, 2014, Allergan filed a complaint in the United States District Court for the Central District of California against Valeant, Pershing Square, its principal William A. Ackman and certain of their affiliates,

Table of Contents

captioned *Allergan, Inc. v. Valeant Pharmaceuticals International, Inc., et. al.* (the ***Insider Trading Litigation***). The complaint alleges that Valeant, Pershing Square and Mr. Ackman violated federal securities laws prohibiting insider trading, engaged in other fraudulent practices and failed to disclose legally required information. The complaint seeks, among other remedies, a declaration from the court that Pershing Square and Valeant violated insider trading and disclosure laws and an order rescinding Pershing Square's purchase of the shares of Common Stock that it acquired illegally.

On August 8, 2014, Allergan filed with the SEC a definitive revocation solicitation statement related to the Pershing Square/Valeant Special Meeting Solicitation.

On August 15, 2014, Valeant extended the expiration of the Exchange Offer until 5:00 p.m., New York City time, on December 31, 2014, unless further extended.

On August 22, 2014, Pershing Square delivered written requests from Allergan stockholders in connection with Pershing Square's request to call the Special Meeting.

On August 22, 2014, without contacting Allergan to discuss the submitted special meeting requests, Pershing Square commenced an action in the Delaware Court of Chancery, captioned *PS Fund 1, LLC v. Allergan, Inc., C.A. No. 10057* (Del. Ch.) (the ***Special Meeting Request Litigation***) seeking declaratory and injunctive relief, including, among other things, a declaration that Pershing Square, Valeant and certain affiliates had validly requested a special meeting and that Article II, Section 3 of the Bylaws was facially invalid.

On August 26, 2014, in connection with the Insider Trading Litigation, Allergan announced that it requested the federal court to set an expedited schedule for discovery and a motion for a preliminary injunction against Valeant, Pershing Square and Mr. Ackman for violations of the federal securities laws. In addition, Allergan also announced that it would hold the Special Meeting on December 18, 2014, subject to confirmation that the meeting has been validly requested in compliance with the Bylaws.

On September 4, 2014, Pershing Square and Valeant filed with the SEC its first preliminary proxy statement seeking proxies from Allergan stockholders to vote for Pershing Square and Valeant's Proposals at the Special Meeting.

On September 12, 2014, Pershing Square delivered additional written requests from Allergan stockholders in connection with the Pershing Square/Valeant Special Meeting Solicitation. Pershing Square has announced that it has submitted written requests representing approximately 35.68% of outstanding Common Stock, though, because of the agreement that Allergan, Pershing Square and Valeant entered into on September 15, 2014 (as described below), Allergan has not verified the accuracy of that figure.

On September 15, 2014, Allergan announced that it reached an agreement with Pershing Square and Valeant, under which Allergan agreed to hold the Special Meeting on the originally scheduled date of December 18, 2014, and Pershing Square and Valeant agreed to dismiss the Special Meeting Request Litigation.

On September 16, 2014, the Special Meeting Request Litigation was settled and dismissed.

On September 24, 2014, Pershing Square and Valeant filed with the SEC a definitive proxy statement related to the Special Meeting.

On October 6, 2014, Allergan filed a preliminary proxy statement related to the Special Meeting.

On October 9, 2014, Allergan issued a press release in which it provided updates on Adjusted EPS and sales expectations for the third quarter of 2014 and full years 2014, 2015 and 2016. Among other updates, Allergan announced that it expects Adjusted EPS for 2014 to be between \$6.20 and \$6.25, representing an increase of between 30% and 31% compared to 2011, and expects product net sales for 2014 to increase between 14% and 15% compared to 2013. Allergan also announced that it expects Adjusted EPS to be approximately \$8.60 for 2015 and approximately \$10.25 for 2016, respectively.

Table of Contents

On October 23, 2014, Allergan filed an amendment to the preliminary proxy statement related to the Special Meeting.

On October 28, 2014, the United States District Court for the Central District of California heard the Preliminary Injunction Motion (as defined below).

On November 3, 2014, Allergan filed an amendment to the preliminary proxy statement related to the Special Meeting.

On November 4, 2014, the United States District Court for the Central District of California granted in part the Preliminary Injunction Motion.

On November 6, Allergan filed this Proxy Statement.

Legal Proceedings in Connection with the Exchange Offer

Action Against Valeant, Pershing Square and William A. Ackman for Violations of Federal Securities Laws

On August 1, 2014, Allergan filed a complaint in the United States District Court of the Central District of California against Valeant, Pershing Square, its principal William A. Ackman, PS Fund 1 and certain of their affiliates (collectively, the ***Defendants***), captioned *Allergan, Inc. v. Valeant Pharmaceuticals International, Inc., et. al.* The complaint alleges that the Defendants violated federal securities laws prohibiting insider trading, engaged in other fraudulent practices and failed to disclose legally required information. The complaint seeks, among other remedies, a declaration from the court that Pershing Square and Valeant violated insider trading and disclosure laws, and an order rescinding Pershing Square's purchase of the Allergan Shares that it acquired illegally. The foregoing description is qualified in its entirety by reference to the contents of the complaint, which is attached to the Schedule 14D-9 as Exhibit (a)(27). A press release issued by Allergan announcing the filing of the lawsuit is attached to the Schedule 14D-9 as Exhibit (a)(28).

On August 19, 2014, Valeant and Pershing Square answered the complaint and filed counterclaims against Allergan, asserting violations of federal securities laws prohibiting false and misleading disclosures. Allergan filed its answer on September 2, 2014.

Allergan is seeking to enjoin PS Fund 1 from exercising any of the privileges of ownership attaching to its 9.7% stake in Allergan, including voting or acting at the Special Meeting, and to enjoin the Defendants from voting any proxies solicited by them on the basis of disclosures that violated federal securities laws, unless and until corrective disclosures are made. The parties agreed to expedited discovery and a briefing schedule on a motion seeking a preliminary injunction against the Defendants (the ***Preliminary Injunction Motion***), which was heard by the court on October 28, 2014.