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ICN PHARMACEUTICALS INC
Form DEFA14A
May 15, 2001

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant To Section 14(a) Of
The Securities Exchange Act Of 1934

Filed by the Registrant ☒ [X]

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

☒ [X] Definitive Additional Materials

☐ [] Soliciting Material Pursuant to Section 240.14a-12

ICN Pharmaceuticals, Inc.

(Name of Registrant as Specified in its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):

☒ [X] No fee required.

☐ [] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

(4) Proposed maximum aggregate value of transaction:

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☐ [] Fee paid previously with preliminary materials.

☐ [] Check box if any part of the fee is offset as provided by Exchange Act
Rule 0-11(a)(2) and identify the filing for which the offsetting fee was
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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:

Following is the text of ICN's presentation to Institutional Shareholder
Services on May 15, 2001:

ICN

ICN PHARMACEUTICALS, INC.

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ISS PRESENTATION

MAY 2001

THE SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM
ACT OF 1995:

This presentation contains forward-looking statements that involve risks
and uncertainties, including but not limited to, projections of future
sales, operating income, returns on invested assets, regulatory approval
processes, and other risks detailed from time to time in the company's
securities and exchange commission filings.

Company Overview

Strategy

Innovative, global,
research-based
pharmaceutical company

ICN Pharmaceuticals, Inc.

Global Revenues Increased +7% in 2000

[PIE CHART OMITTED - RIBAVIRIN ROYALTIES - 155M (+42%) = 19%
ICN INTERNATIONAL - 338M (+3%) = 43%
ICN AMERICAS - 307M (0%) = 38%]

Financial Overview

ICN Achieves Record Revenues in 2000
1995-2000 CAGR +24%

[BAR GRAPH OMITTED - 1995 - \$273M
1996 - \$347M
1997 - \$527M
1998 - \$696M
1999 - \$747M
2000 - \$800M]

Financial Overview

2000 Operating Income*
1995-2000 CAGR +26%

[BAR GRAPH OMITTED - 1995 - \$47M
1996 - \$43M
1997 - \$64M
1998(*) - \$121M
1999 - \$199M
2000 - \$184M]

* Continuing Operations
(*) Excludes EE charges

Financial Overview

Improving Cash Flow

[BAR GRAPH OMITTED - EBITDA
1994(*) - \$65M
1995 - \$107M
1996 - \$152M
1997 - \$154M
1998 - \$258M
1999 - \$264M
2000 - \$259M]

(*) Excludes Charges and Reserves

Research & Development Pipeline

[TIMELINE BAR GRAPH OMITTED FOR RIBAVIRIN, ADENAZOLE, TIAZOLE,
LEVOVIRIN, VIRAMIDINE, PHOTODYNAMIC THERAPY
FROM DISCOVERY, PRE-CLINICAL, PHASE 1,
PHASE 2, PHASE 3, NDA, TO PROJ APPVL DATE]

* - Phase IV, Label Extension
** - Orphan Drug Status Application - Western Europe

Hepatitis C Treatment Market Opportunity

Royalties from Ribavarin
1997-2000 CAGR +225%

[BAR GRAPH OMITTED - 1997 - \$6M
1998 - \$37M (Rebetron (R) Approved

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in June 1998)

1999 - \$109M

2000 - \$155M]

ICN Pharmaceuticals, Inc.

ICN Proposed Restructuring

Americas

ICN Pharmaceuticals

International

Ribapharm

The ICN Restructuring Plan

The Goal: Unlock Shareholder Value

- o Three Separate Public Companies
 - o Transparency
 - o Investor focus
 - o Separate management
 - o Two Step Process Considers
 - o Raise significant cash on Ribapharm to pay debt
 - o Then, spin-off to shareholders
 - o Ribapharm
 - o Separate Board of Directors
-

ICN Restructuring - A Complex Task

- o 52 offices, plants and facilities
 - o 31 countries
 - o Product sales in 100 countries
 - o 60 registered subsidiaries
 - o 12,000 employees without Yugoslavia
 - o Consolidation of foreign subsidiaries
-

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Restructuring - A Complex Task

- o Valuations on all subsidiaries and assets
 - o Extensive due diligence
 - o Working capital reports
 - o Governmental/regulatory approvals required
 - o Significant tax planning to preserve benefits
 - o Complete internal reorganization
-

The ICN Restructuring Plan

- o Status of Restructuring
 - o Ribapharm IPO filed with SEC
 - o Amendment filed 5/14/01
 - o ICN International IPO filed March 3 with Budapest and London stock exchange for 40% sale
 - o Repurchased \$95 million debt
 - o Roche ownership exchange agreement
 - o Issues in Finalization
 - o Biotech market dead
 - o Need for sufficient cash for debt repayment
 - o Bond holders will not restructure
 - o Seeking optimum value for assets
-

Inconsistency in Dissident's Plan

1999:

- o Separation through spin-offs (Agreed with ICN plan)
- o Maintain IPO is illegal and will block it

October 2000:

- o IPOs for Ribapharm and ICN-International plus spin-offs (Agrees with)

January 2001:

- o A prompt sale of ICN shareholder proposal - new idea

March 2001:

- o Proposed sale of ICN withdrawn
 - o Reversed decision again and now agrees with ICN restructuring plan
-

The Dissident Slate

- o Burkhardt
 - o Ousted Chairman of Wisconsin Central
 - o Led unsuccessful proxy fight supported by Denton & Providence Capital
 - o Stock value during tenure decreased 70%
 - o Lee
 - o CEO of PolyMedica
 - o Poor track record
 - o Company under federal investigation
 - o Fogelman
 - o No relevant experience
-

The Dissident Slate in Summary

- o No pharmaceutical experience
 - o No known operational plan
 - o An inconsistent agenda
 - o No corporate governance
-

The ICN Slate

- o Independent
 - Current
 - o 11 Independent
 - o 3 Inside
 - Proposed
 - o 10 Independent
 - o 2 Inside
 - o Breadth, comprehensive, diverse, expertise
 - o Science, academia, business, law, financial, political, medical
-

ICN Independent Directors

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- o Dr. Roger Guillemin Noble Prize Winner - Medicine
- o Senator Birch Bayh, Esq. Former US Senator
- o Norman Barker, Jr. Former Chairman - First Interstate Bank
- o Jean-Francois Kurz International Banker
- o Alan F. Charles Former Vice Chancellor of UCLA
- o Stephen D. Moses Real estate development Former President of
Boise Cascade Subsidiary
- o Robert Smith Professor Emeritus Chemistry and
Biochemistry of UCLA
- o Rosemary Tomich Leading California Business Woman
- o Tom Lenagh Former Treasurer of Ford Foundation

The ICN Slate

- o Ray Irani Fortune 500 CEO
International Business Expertise
- o Kim Campbell Politics: Former Canadian Prime Minister
International Trade
Harvard lecturer
- o Charles Manatt Ambassador of Dominican Republic
Chairman National Democratic Committee
Co-founder major law firm
Founder of major bank

Accomplishments

- o Ribapharm re-filed with the SEC yesterday
- o ICN International IPO filed with London and Budapest exchanges
- o Repurchased \$95 million in public debt
- o Roche ownership exchange agreement

Summary

- o Tettamanti plan ignores market reality
- o Input from shareholders including SSP reflected in the restructuring

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plan

- o ICN has taken steps to move forward with restructuring
 - o ICN believes that SSP nominees are not qualified
-

Tettamanti & SSP

- o Who is Tettamanti?
 - o Who are his investors?
 - o Why puts and calls?
 - o See trading activity - SSP Proxy
 - o Short-term or long-term?
 - o What's Tettamanti's true goal?
 - o Why doesn't he understand the process, the issues?
 - o Why isn't he running for the board?
-

Herbert Denton

"A practice of trying to get fees and other payments from companies he targets for change."

WSJ
5/28/98

"There's a perception by the company and the shareholder community that it's a payoff to go away."

Nel Minow
Lens Fund

"And he counts four companies which, in the past couple of years, have reimbursed him for the cost of fighting them."

WSJ
5/28/98
