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ICN PHARMACEUTICALS INC
Form DEFA14A
May 24, 2002

SCHEDULE 14A INFORMATION

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

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 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):

- 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:

(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 0-11(a) (2) 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:

Following is information presented at an ICN Pharmaceuticals, Inc. analyst meeting on May 24, 2002.

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

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approval processes, market acceptance of and continuing demand for ICN Pharmaceuticals, Inc.'s products, and other risks detailed from time to time in the Company's Securities and Exchange Commission filings. It also assumes that the Company's operations are not adversely affected by any disruption that may be caused by the pending proxy contest.

We shall now provide our current pro forma estimate of year end results for specialty pharmaceuticals. We are presenting the estimate in two ways:

One is without ICN's ownership of 80% of Ribapharm "ICN Specialty Pharmaceuticals".

The other is with ICN ownership of 80% of Ribapharm.

Our estimate is as follows:

	Sales	GP%	EBITDA	EPS
Without Ribapharm:	\$800+ M	62%	\$200+ M	\$.80+
With Ribapharm no IPO:	\$1B	62%	\$400+M	\$2.05+
	With IPO		\$600+M	\$3.00+

As I mentioned, these projections do not include proxy expenses, one time charges, or IPO profits or expenses.

Consolidated Condensed Statement of Income
 Projected Year End December 2002
 Excludes one time charges*
 ICN Consolidated without IPO

	Year Ended December 2002		
	Low Range	Adjustments	High R
Total Revenues:	\$ 1,122		\$ 1,
Product Sales	810		
Royalties	312		
Cost of Product Sales	315	(11)	
Gross Profit	484	60%	
Selling, general and administrative	337	42%	(2)
Research and development costs	80		
Amortization of goodwill and intangibles	28		

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	446		
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Income from Operations	361	32%	
Interest, net	30		
Translation and exchange losses, net	3		
Income before provision for income taxes and minority interest	328		
Provision from income taxes	115	35%	5
Minority Interest	23		
Income	190		
Cumulative effect of change in accounting	(4)		
Net income	\$ 194		\$
Diluted EPS - Before Extraordinary Item	\$ 2.13		\$ 2
Diluted EPS	\$ 2.16		\$ 2
	-----		-----
Shares O/S	99.50		99

Consolidated Condensed Statement of Income
 Projected Year End December 2002
 Excludes one time charges*
 Specialty Pharmaceuticals

	Year Ended December 2002		
	Low Range	Adjustments	Hlgh Range
	-----	-----	-----
Total Revenues;	\$ 810		\$ 810
Product Sales	799		799
Services	11		11
Cost of Product Sales	315	(11)	304
Gross Profit	484	61%	495
Selling, general and administrative	325	40%	(2)
Research and development costs	18		18
Amortization of goodwill and intangibles	28		28
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	372			370
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Income from Operations	123	15%	13	136
Interest, net	30			30
Translation and exchange losses, net	3			3
Income before provision for income taxes and minority interest	90			103
Provision from income taxes	30	34%	5	35
Minority Interest	0			0
Net income	\$ 59			\$ 68
Diluted EPS	\$ 0.70			\$ 0.80
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Shares O/S	84.40			84.40
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Consolidated Condensed Statement of Income
 Projected Year End December 2002
 Excludes one time charges*
 ICN Consolidated without IPO

	Year Ended December 2002		
	-----		-----
	Low Range	Adjustments	High Range
	-----	-----	-----
Total Revenues:	\$ 1,122		\$ 1,122
Product Sales	810		810
Royalties	312		312
Cost of Product Sales	315	(11)	304
Gross Profit	484	60%	495
Selling, general and administrative	337	42%	(2)
Research and development costs	80		80
Amortization of goodwill and intangibles	28		28
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	446		443
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Income from Operations	361	32%	375
Net gain on IPO*	-203		(203)
Interest, net	30		30
Translation and exchange losses, net	3		3
Income before provision for Income taxes and minority interest	531		544
		13	
Provision from Income taxes	203	38%	208
Minority Interest	23		23
Income	306		314
Cumulative effect of change in accounting	26		26
Net income	\$ 278		\$ 288
Diluted EPS - Before Extraordinary Item	\$ 3.28		\$ 3.37
Diluted EPS	\$ 3.02		\$ 3.11
Shares O/S	99.50		99.50

*Note: Does not include the following expenses

- (a) Gain on IPO - \$257M gain, bonus of \$48.7M, \$1M other UBS expenses.
- (b) Extraordinary loss on redemption of 8 3/4% senior notes, net of tax.
- (c) Severance of \$4M, \$6M of proxy costs and additional legal fees of \$4M
- (d) Circe acquisition in process R&D of \$12M.
- (e) Taxes - \$91.4M on IPO, \$(3.2)M on legal fees, \$(760)k on Circe.
- (f) Stock comp expenses of \$3M, and \$2M of other non recurring expenses

ICN

International

ICN International Ltd.

Costa Mesa Report May 2002

Marketing & Sales

Marketing Activity Focus

	Trichovac (R) Urovac (R)	Skin Care OTC/ Kelo-Cote (R)	Selected countries in AAA
Global Product range policy		enter	Selected products local to global
Dermatological range & Unicare	build	[Graphic Omitted] expand	Antivirals,

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International Marketing organisation (incl. FF sizes)	defend	anticancer WE & AAA markets
Galenical life cycle management		
(e.g. Virazole(R) i.v., Mestinson(R) QS)	Selected local portfolios	Efudix(R) for Actinic Keratoses

COSTA MESA REPORT MAY 2002

ICN INTERNATIONAL LTD.
MARKETING & Sales

THERAPEUTIC AREA FOCUS
INTERNATIONAL PORTFOLIO

DERMATOLOGY/VENEREOLOGY

- Derm range
 - Glyderm(R)
 - Kinerase(R)
 - Kelo-Cote(R)
 - (Minocycline s.r.)
 - Solaquin(R) bleach cream
 - Nlite(R)
- Trichovac(R)
- (Combi Acyclovir/Ribavirine cream)

GYNAECOLOGY

- Trichovac(R)
- Urovac(R) suppos.
- (Norprolac(R))
- Derm range

ICU'S

- Virazole(R) i.v. aerosol (Aiolos)
- Ancotil(R)
- (Morphine range)

CNS (MG SPEC. ONLY)

- Mestinson(R) s.r. (quick-slow)

Following is the text of a letter sent by Senator Birch Bayh to Iridian Asset Management LLC and Franklin Mutual Advisors, LLC on May 23, 2002:

[Letterhead of Birch Bayh]

May 23, 2002

Iridian Asset Management LLC
276 Post Road West
Westport, CT 06880

Franklin Mutual Advisors, LLC
51 John F. Kennedy Parkway
Short Hills, NJ 07078

Dear Sirs:

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Your open letter to ICN stockholders dated May 22, 2002 is another example of the constant theme that you have used during the entire proxy contest - a personal attack on ICN CEO Milan Panic. I find it incredible to believe that the "burden" you described in your letter is the same man that has built ICN Pharmaceuticals into the multi-billion company it is today. Yes, it is easy to criticize and attack. You have become very good at it. It is not as easy to start with \$200 and develop one of the top selling pharmaceutical products in the world. I can attest to the fact that the success of ribavirin is attributable to the vision and perseverance of Milan Panic. When many argued that ICN should not expend any more funds on the development of ribavirin, Mr. Panic had the wisdom not to listen to them.

If I read your letter without any background about ICN, I would have thought from the tone of your remarks that ICN was a troubled company, on the brink of bankruptcy. But nothing could be further from the truth. 2001 was a banner year for ICN in which many record operating results were achieved. It was a year that our economy was in a recession and our country experienced one of the worst disasters of its history. Yet ICN was able to overcome these obstacles and provide increased value to its stockholders. ICN stock would be trading at a higher value today were it not for your constant, misleading and vitriolic attacks. I am convinced that our successes, both past and present, are attributable in large part to Mr. Panic.

ICN has, and is keeping, its promises. Mr. Panic had the foresight to decide to split the company into three separate businesses. It is difficult for a founder of a company to make that decision. But, Milan had the ability to take action in the best interests of all stockholders rather than to maintain the status quo. The decision was based upon outside advice that such action would increase shareholder value. But change takes time. We did not make the decision to change ICN for the sake of change. Therefore, our actions to implement the change must be done in a careful and sensible manner. We did not complete the initial public offering of Ribapharm until April of this year not because we dragged our feet, but because we waited until the markets permitted us to refinance our debt and sell the Ribapharm equity on acceptable terms, leading to the second largest initial public offering for a biotechnology company at a time when other biotechnology companies were virtually unable to go public.

I am proud to have served as a director of ICN and been able to help Mr. Panic achieve his dream that has benefited all stockholders. In my opinion, your ill defined plan simply to change proven leadership will not benefit shareholders, but will only lead to the erosion of shareholder value. In addition, you are well aware that the ICN Board has employed Corn-Ferry, a highly respected executive search company, to identify a candidate to succeed Mr. Panic.

Very truly yours,

/s/ Birch Bayh

Birch Bayh