

Allergan Raises Doubts Over Valeant's Transparency Policy as Takeover Battle Intensifies

After repeatedly questioning the sustainability of Valeant's business model, Allergan is casting doubt on the Canadian pharmaceutical company's transparency policy, specifically the financial statements of its top-selling products.

Valeant's Chief Executive, J. Michael Pearson, said in June that the company will improve financial and operational disclosures and will begin disclosing its top 10 or 15 products and their performance. According to Allergan, Valeant's responses thus far have not been "substantiated by supporting data." In its latest investor presentation, Allergan referred to Valeant's acquisition of Bausch + Lomb as an example of misguided transparency.

"Bausch + Lomb, which Valeant acquired in August 2013, appears to be losing market share in pharmaceuticals, [contact] lenses, and intraocular lenses," Allergan's statement read. "Valeant claims that the business is growing at a double-digit rate. Allergan looks forward to Valeant disclosing Bausch + Lomb's true business performance, as Valeant has stated it will do, including sales by segment, market share, price, and volume."

In early July, Allergan CEO David E. I. Pyott said he was looking at potential sizable acquisitions at the urging of his

shareholders, as he seeks to fight off the hostile takeover bid. In addition, a Bloomberg News report,¹ citing two people with knowledge of the matter, said Allergan will shelve unpromising pipeline drugs and overhaul management incentives in an attempt to boost profit in the coming months in order to convince shareholders that the company is better as a standalone investment. The broad restructuring plan set to be outlined during Allergan's earnings announcement in late July will also involve companywide cost cuts, including some legacy expenses, and management compensation will be more closely tied to achieving higher forecasts, according to the Bloomberg News report.

In June, Valeant announced that it had commenced an exchange offer for the common stock of Allergan, allowing Valeant to take the unsolicited bid directly to Allergan's shareholders. The exchange offer is scheduled to expire on August 15, unless the offer is extended. Allergan would be able to delay the meeting until November.

1. Jinks B, Welch D, Chen C. Allergan Planning Cost Cuts Amid Valeant Defense. Bloomberg. July 9, 2014. www.bloomberg.com. Accessed July 13, 2014.

Roclatan Achieves All Clinical Endpoints in Phase 2b Trial

On June 25, 2014, Aerie Pharmaceuticals reported the successful results of its phase 2b trial for quadruple-action Roclatan. The once-daily eye drop is a combination of the company's triple-action Rhopressa and latanoprost. Biochemically, Rhopressa inhibits both Rho kinase and nor-epinephrine transporter, according to Aerie.

"If approved, we believe that Roclatan would be the first glaucoma product to lower IOP through all known actions: (1) increasing fluid outflow through the trabecular meshwork or primary drain, (2) increasing fluid outflow through the uveoscleral pathway or secondary drain, (3) reducing fluid production in the eye, and (4) reducing episcleral venous pressure," Aerie stated in a press release.

In the phase 2b clinical trial involving 297 patients, Roclatan reportedly lowered mean diurnal IOP on day 29 by 34% from a baseline of 25.1 to 16.5 mm Hg. According to a press release from the company, the efficacy of Roclatan exceeded that of latanoprost by 1.6 to 3.2 mm Hg across each time point evaluated during the study, and these results were statistically significant at all time points. The

most common adverse event with Roclatan was hyperemia, which was reported in 40% of patients and scored as mild for most of them. ■

Online Survey Results May/June 2014

Have you performed the ICE procedure?

Yes	25%
No	75%

If not, do you plan to in the next 12 months?

Yes	54.55%
No	45.45%

Do your patients inquire about medical marijuana?

Yes	61.54%
No	38.46%

Do you discuss medical marijuana with your glaucoma patients?

Yes	38.46%
No	61.54%