

Edgar Filing: ICN PHARMACEUTICALS INC - Form DEFA14A

ICN PHARMACEUTICALS INC
Form DEFA14A
May 13, 2002

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:

(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 the text of additional presentation materials delivered to ICN Pharmaceuticals, Inc. stockholders on or about May 13, 2002:

[LOGO - ICN] ICN PHARMACEUTICALS, INC.

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MAY 2002

FORWARD LOOKING STATEMENTS

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

- o Except for the historical information herein, the matters discussed in this presentation include forward-looking statements that may involve a number of risks and uncertainties, including but not limited to, projections of future sales, operating income, returns on invested assets, obtaining and maintaining regulatory approval processes, market acceptance of, and continuing demand for ICN pharmaceuticals' products and other risks detailed from time to time in the Company's Securities and Exchange Commission filings

1

RESTRUCTURING RATIONAL

RESTRUCTURING HISTORY

- o The restructuring was ALWAYS ICN's and UBS's idea; no one else had it.
- o It was ALWAYS designed to unlock value for shareholders.
- o The restructuring is a complicated process that cannot be rushed.
- o The timing has been SOLELY impacted by market conditions.

3

RESTRUCTURING OVERVIEW

- o Initiatives to unlock significant shareholder value

| | Biotechnology | Ribapharm |
|---------------------|------------------------------------|--|
| | | - RNA listed on NYSE on April 12, 2002 |
| | | - IPO Completed |
| | | - tax-free spin-off in 2002 |
| ICN Pharmaceuticals | Specialty Pharmaceuticals Americas | ICN Americas |
| | Specialty | |

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Pharmaceuticals
Europe

ICN International

- o IPO Prospectus filed

4

GOVERNANCE

- o ICN has had a long history of dependable corporate governance.
- o Corporate governance provisions adopted that codify what ICN has practiced all along.
- o Nominating committee established that it is comprised solely of independent directors.
 - Membership
 - Process
- o CEO succession process established that will result in a timely and orderly change in leadership.

5

BOARD INDEPENDENCE

- o ICN's board has ALWAYS been comprised of independent directors.
- o Since ICN's founding, 39 out of 42 directors have been non-insiders.
- o As of May 29, 2002, five elected within the last year:
 - Three as shareholder candidates
 - Two as qualified by nominating committee
 - Roderick Hills
 - Barry Cohen
 - Gen. Ronald Fogleman
 - Ed Burkhardt
 - Steven Lee

6

COUNTERACT - SUBSTANTIAL RISK TO SHAREHOLDERS

- o There is ENORMOUS RISK to shareholders in siding with the opposition.
- o They have no track record, no experience and no strategy.
- o ICN management has CONSISTENTLY delivered on its promises.
- o A vote for the opposition places shareholders' investment in ICN at substantial risk

7

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FINANCIAL OVERVIEW

SPECIALTY PHARMACEUTICALS REVENUES 1.2.

1995 - 2001 CAGR: +18%

[BAR GRAPH OMITTED]

1995-273 \$mm
 1996-347 \$mm
 1997-527 \$mm
 1998-659 (2) \$mm
 1999-639 \$mm
 2000-645 \$mm
 2001-721 \$mm

1 Excluding Royalties

2 Excludes ICN Yugoslavia

2. Reflects effect of Major Russia Devaluation in Q3 1998 through 2001

9

SPECIALTY PHARMACEUTICALS OPERATING INCOME STATEMENT (1)

2001 VS. 2000 FULL YEAR

(000's)

| | NORTH AMERICA | | LATIN AMERICA | | WESTERN EUROPE | |
|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | ACTUAL 2001 | ACTUAL 2000 | ACTUAL 2001 | ACTUAL 2000 | ACTUAL 2001 | ACTUAL 2000 |
| Product Sales | 155,201 | 119,994 | 128,218 | 127,485 | 206,374 | 187,192 |
| Royalties | -- | -- | -- | -- | 2 | 14 |
| Services | 18,473 | 593 | -- | -- | -- | -- |
| Revenues | 173,674 | 120,587 | 128,218 | 127,485 | 206,376 | 187,206 |
| Cost of Sales | 23,576 | 13,692 | 34,745 | 35,662 | 106,597 | 96,021 |
| Gross Profit | 131,625 | 106,302 | 93,473 | 91,823 | 99,777 | 91,171 |

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| | | | | | | |
|---------------------|---------|--------|--------|--------|--------|--------|
| Gross Margin | 85% | 89% | 73% | 72% | 48% | 49% |
| Operating Expenses: | | | | | | |
| Selling | 42,276 | 22,606 | 26,996 | 26,831 | 39,505 | 35,654 |
| Advertising | 22,045 | 19,918 | 11,364 | 10,563 | 9,629 | 9,815 |
| Goodwill | 11,507 | 10,872 | 3,642 | 3,313 | 8,605 | 7,797 |
| R & D | 2,304 | 1,746 | 168 | 273 | 478 | 2,571 |
| G & A | 6,145 | 1,027 | 6,616 | 5,434 | 14,272 | 15,096 |
| Other | (2,408) | 2,795 | 3,880 | 3,459 | 863 | 3,848 |
| Total Op. Exp. | 81,869 | 58,964 | 52,666 | 49,873 | 73,352 | 74,781 |
| Operating Income | 68,229 | 47,931 | 40,807 | 41,950 | 26,427 | 16,404 |
| O.P. % | 39% | 40% | 32% | 33% | 13% | 9% |

| | AAA | | BIOMEDICAL | | SPECIALTY PHARMACEUTICALS | |
|---------------|----------------|----------------|----------------|----------------|---------------------------|----------------|
| | ACTUAL 2001 | ACTUAL 2000 | ACTUAL 2001 | ACTUAL 2000 | ACTUAL 2001 | ACTUAL 2000 |
| Product Sales | 49,826 | 45,133 | 59,955 | 58,522 | 702,640 | 644,590 |
| Royalties | -- | -- | -- | -- | 2 | 1 |
| Services | -- | -- | -- | -- | 18,473 | 59 |
| Revenues | 49,826 | 45,133 | 59,955 | 58,522 | 721,115 | 645,200 |

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| | | | | | | |
|---------------------|--------|--------|--------|--------|---------|--------|
| Cost of Sales | 25,174 | 25,420 | 27,949 | 28,013 | 284,095 | 263,45 |
| ----- | | | | | | |
| Gross Profit | 24,652 | 19,713 | 32,006 | 30,509 | 418,545 | 381,13 |
| ----- | | | | | | |
| Gross Margin | 49% | 44% | 53% | 52% | 60% | 5 |
| ----- | | | | | | |
| Operating Expenses: | | | | | | |
| ----- | | | | | | |
| Selling | 9,995 | 10,320 | 18,456 | 17,476 | 162,358 | 137,67 |
| ----- | | | | | | |
| Advertising | 3,126 | 2,479 | 2,317 | 3,469 | 53,974 | 49,72 |
| ----- | | | | | | |
| Goodwill | 4,156 | 4,562 | 2,089 | 1,657 | 28,022 | 26,28 |
| ----- | | | | | | |
| R & D | 161 | 175 | -- | -- | 3,218 | 5,54 |
| ----- | | | | | | |
| G & A | 1,879 | 2,571 | 3,500 | 3,178 | 40,414 | 37,77 |
| ----- | | | | | | |
| Other | 29 | 106 | 745 | 3,032 | 9,279 | 21,11 |
| ----- | | | | | | |
| Total Op. Exp. | 19,346 | 20,213 | 27,107 | 28,812 | 297,265 | 278,11 |
| ----- | | | | | | |
| Operating Income | 5,306 | (500) | 4,899 | 1,697 | 139,755 | 103,62 |
| ----- | | | | | | |
| O.P. % | 11% | (1%) | 8% | 3% | 19% | 1 |
| ----- | | | | | | |

* Before Corporate allocations

(1) EXCLUDING ROYALTIES

10

FINANCIAL POSITION

 SELECTED CONSOLIDATED BALANCE SHEET DATA

| (US\$mm) | DECEMBER 31, 2000 | DECEMBER 31, 2001 |
|--------------|----------------------|----------------------|
| ----- | | |
| Cash | 155.6 | 327.6 |
| Total Assets | 1,477.1 | 1,754.4 |

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| | | |
|---------------------------|-------|--------|
| Senior Debt | 496.9 | 191.2* |
| Convertible Debt | - | 525.0 |
| Total Debt | 510.8 | 740.7 |
| Total Stockholders Equity | 757.2 | 810.7 |

CREDIT STATISTICS

| | 2000 | 2001 |
|----------------------------|-------|-------|
| Total Debt/EBITDA | 1.86x | 2.80x |
| EBITDA/Interest | 4.56x | 4.73x |
| Total Debt/Total Book Cap. | 40% | 48% |

* paid off in April 2002 reflecting improvement of ratios

11

Q1 2002 CONSOLIDATED RESULTS FINANCIAL PERFORMANCE

| | Q1 02 | Q1 01 | %CHG. |
|-----------------------------|--------------|--------|-------|
| Revenues | \$246M R | \$199M | 23 |
| Royalties | 57M R | 28M | 103 |
| REVENUES - SPECIALTY PHARMA | 189M | 171M | 10 |
| Operating income | 66M R | 41M | 60 |
| Net Interest | 13M up \$2M | 11M | 22 |
| Income before tax and MI | 51M | 30M | |
| Translation | 2M | .4M | nm |
| Provision for income taxes | 20M up \$11M | 9M | 119 |
| Net Income (1) | 30M R | 21M | 43 |
| Cumulative effect | 4M | -- | nm |
| Net Income | 34M R | 21M | 62 |
| EPS (diluted)-income | 0.36 R | 0.26 | 38 |
| Cumulative effect | 0.04 | -- | |
| Net Income | 0.40 R | 0.26 | 54 |

(1) Before Cumulative Effect of Accounting Change
R = Record results

12

Q1 2002 - Continued Growth and Records

- o Record revenue

- o Record Gross Margin

- o Record royalties

-
- o Record Operating Income

 - o Record pre-tax income

 - o Record Earning per Share

13

SPECIALTY PHARMACEUTICALS

SPECIALTY PHARMA INVESTMENT HIGHLIGHTS

- o High margin specialty business in Americas
 - Record of historical growth in Latin America since 1970
 - Consistent new product flow in pharmaceuticals
 - New growth platform in vast cosmetic dermatology market
- o One of the largest specialty pharmaceutical businesses in Europe
 - 57% of international revenues from Western Europe
 - New product pipeline

15

SPECIALTY PHARMACEUTICALS REVENUES

SPECIALITY PHARMA REVENUES ANNUAL GROWTH 12% [BAR GRAPH OMITTED]

ICN International Annual Growth 6%

| | | |
|------|---------|---------------------------------|
| 2000 | \$338mm | 50% |
| 2001 | \$359mm | of specialty pharma revenues |

ICN Americas Annual Growth 18%

| | | |
|------|---------|---------------------------------|
| 2000 | \$307mm | 50% |
| 2001 | \$362mm | of specialty pharma revenues |
| 2000 | \$645mm | |
| 2001 | \$721mm | |

16

SPECIALTY PHARMACEUTICALS OPERATING INCOME*

SPECIALTY PHARMA OPERATING INCOME ANNUAL GROWTH 35% [BAR GRAPH OMITTED]

ICN International Annual Growth 114%

| | | |
|------|--------|---------------------------|
| 2000 | \$12mm | 22% |
| 2001 | \$26mm | of specialty pharma OI |

ICN Americas Annual Growth 24%

| | | |
|------|---------|---------------------------|
| 2000 | \$94mm | |
| 2001 | \$117mm | 78% |
| | | of specialty pharma OI |

| | |
|------|---------|
| 2000 | \$105mm |
| 2001 | \$142mm |

* Before corporate charges

17

SPECIALTY PHARMACEUTICALS EBITDA*

SPECIALTY PHARMA EBITDA ANNUAL GROWTH 26% [BAR GRAPH OMITTED]

ICN International Annual Growth 32%

| | | |
|------|--------|-------------------------------|
| 2000 | \$41mm | 30% |
| 2001 | \$54mm | of specialty pharma EBITDA |

ICN Americas Annual Growth 24%

| | | |
|------|---------|-------------------------------|
| 2000 | \$121mm | 70% |
| 2001 | \$150mm | of specialty pharma EBITDA |

| | |
|------|---------|
| 2000 | \$162mm |
| 2001 | \$204mm |

*Before corporate charges

18

SPECIALTY PHARMACEUTICALS
OPERATING INCOME STATEMENT (1)
Q4 2001 vs. Q4 2000

(000's)

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| | NORTH AMERICA | | LATIN AMERICA | | WESTERN EUROPE | |
|---------------------|----------------|----------------|----------------|----------------|----------------|-------------|
| | ACTUAL 2001 | ACTUAL 2000 | ACTUAL 2001 | ACTUAL 2000 | ACTUAL 2001 | ACT 2000 |
| Product Sales | 44,637 | 37,756 | 41,806 | 37,079 | 56,436 | 50, |
| Royalties | - | - | - | - | - | |
| Services | 3,601 | 593 | - | - | - | |
| Revenues | 48,238 | 38,349 | 41,806 | 37,079 | 56,436 | 50, |
| Cost of Sales | 8,231 | 5,296 | 11,009 | 10,469 | 29,087 | 28, |
| Gross Profit | 36,406 | 32,460 | 30,797 | 26,610 | 27,349 | 21, |
| Gross Margin | 82% | 86% | 74% | 72% | 48% | |
| Operating Expenses: | | | | | | |
| Selling | 10,103 | 6,030 | 7,441 | 7,114 | 10,479 | 9, |
| Advertising | 6,704 | 5,466 | 3,486 | 2,767 | 2,578 | 3, |
| Goodwill | 2,909 | 2,750 | 1,067 | 830 | 2,384 | 1, |
| R & D | 780 | 641 | 41 | 62 | 397 | |
| G & A | 1,577 | 4,662 | 1,713 | 1,464 | 3,990 | 5, |
| Other | (1,931) | 57 | 1,871 | 1,521 | (1,301) | 1, |
| Total Op. Exp. | 20,142 | 19,606 | 15,619 | 13,758 | 18,527 | 22, |
| Operating Income | 19,865 | 13,447 | 15,178 | 12,852 | 8,822 | (|
| O.P. % | 41% | 35% | 36% | 35% | 16% | |

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| | AAA | | BIOMEDICAL | | SPECIALTY PHARMA | |
|---------------------|----------------|----------------|----------------|----------------|------------------|---------|
| | ACTUAL 2001 | ACTUAL 2000 | ACTUAL 2001 | ACTUAL 2000 | ACTUAL 2001 | AC 2 |
| Product Sales | 13,658 | 8,685 | 15,363 | 13,692 | 204,702 | 178 |
| Royalties | - | - | - | - | - | |
| Services | - | - | - | - | 3,601 | |
| Revenues | 13,658 | 8,685 | 15,363 | 13,692 | 208,303 | 179 |
| Cost of Sales | 6,846 | 7,220 | 7,073 | 7,279 | 80,999 | 77 |
| Gross Profit | 6,812 | 1,465 | 8,290 | 6,413 | 123,703 | 101 |
| Gross Margin | 50% | 17% | 54% | 47% | 60% | |
| Operating Expenses: | | | | | | |
| Selling | 3,299 | 2,545 | 5,040 | 4,420 | 43,105 | 37 |
| Advertising | 646 | 668 | 650 | 808 | 15,831 | 14 |
| Goodwill | 1,056 | 1,131 | 522 | 423 | 7,450 | 6 |
| R & D | 22 | 42 | - | - | 1,221 | 1 |
| G & A | 558 | 499 | 1,014 | 796 | 10,555 | 15 |
| Other | 12 | 35 | 138 | 975 | 996 | 6 |
| Total Op. Exp. | 5,593 | 4,920 | 7,364 | 7,422 | 79,158 | 81 |
| Operating Income | 1,219 | (3,455) | 926 | (1,009) | 48,146 | 20 |
| O.P. % | 9% | (40%) | 6% | (7%) | 23% | |

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* Before Corporate allocations.

(1) EXCLUDING ROYALTIES

19

SPECIALTY PHARMACEUTICALS
OPERATING INCOME STATEMENT (1)
Q1 2002 VS. Q1 2001

(000's)

| | NORTH AMERICA | | LATIN AMERICA | | WESTERN EUROPE | |
|---------------------|---------------|-------------|---------------|-------------|----------------|-------------|
| | ACTUAL 2002 | ACTUAL 2001 | ACTUAL 2002 | ACTUAL 2001 | ACTUAL 2002 | ACTUAL 2001 |
| Product Sales | 44,077 | 37,112 | 29,487 | 26,092 | 54,854 | 52,500 |
| Royalties | - | - | - | - | - | - |
| Services | 2,862 | 5,171 | - | - | - | - |
| Revenues | 46,939 | 42,283 | 29,487 | 26,092 | 54,854 | 52,500 |
| Cost of Sales | 6,567 | 5,013 | 8,269 | 6,885 | 26,945 | 28,600 |
| Gross Profit | 37,510 | 32,099 | 21,198 | 19,207 | 27,909 | 23,900 |
| Gross Margin | 85% | 86% | 72% | 74% | 51% | 46% |
| Operating Expenses: | | | | | | |
| Selling | 10,421 | 11,212 | 6,296 | 5,782 | 10,072 | 9,200 |
| Advertising | 6,260 | 3,989 | 2,536 | 2,516 | 2,923 | 2,500 |
| Goodwill | 2,552 | 2,867 | 1,029 | 827 | 2,397 | 1,900 |
| R&D | 842 | 550 | 11 | 62 | 586 | 500 |
| G&A | 1,958 | 990 | 1,539 | 1,468 | 3,216 | 3,300 |
| Other | 1,747 | (648) | 740 | 397 | 121 | 2,400 |
| Total Op. Exp. | 23,780 | 18,960 | 12,151 | 11,052 | 19,315 | 19,500 |
| Operating Income | 16,592 | 18,310 | 9,047 | 8,155 | 8,594 | 4,400 |
| O.P.% | 35% | 43% | 31% | 31% | 16% | 8% |

| | AAA | | BIOMEDICAL | | SPECIALTY PHARMA | |
|---------------|-------------|-------------|-------------|-------------|------------------|-------------|
| | ACTUAL 2002 | ACTUAL 2001 | ACTUAL 2002 | ACTUAL 2001 | ACTUAL 2002 | ACTUAL 2001 |
| Product Sales | 11,820 | 10,638 | 15,785 | 15,474 | 185,799 | 166,000 |
| Royalties | - | - | - | - | - | - |
| Services | - | - | - | - | 2,862 | 5,000 |
| Revenues | 11,820 | 10,638 | 15,785 | 15,474 | 188,661 | 171,000 |
| Cost of Sales | 5,613 | 5,619 | 7,431 | 7,118 | 71,722 | 69,000 |
| Gross Profit | 6,207 | 5,019 | 8,354 | 8,356 | 114,077 | 96,000 |
| Gross Margin | 53% | 47% | 53% | 54% | 61% | 56% |

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| | | | | | | |
|--------------------|-------|-------|-------|-------|--------|-----|
| Operating Expenses | | | | | | |
| Selling | 2,533 | 1,548 | 4,577 | 4,200 | 39,955 | 37, |
| Advertising | 923 | 619 | 867 | 595 | 15,163 | 11, |
| Goodwill | 1,090 | 1,074 | 2 | 523 | 7,070 | 6, |
| R&D | 39 | 52 | - | - | 1,710 | |
| G&A | 684 | 487 | 891 | 783 | 10,444 | 9, |
| Other | (478) | (22) | 67 | 56 | 3,112 | 3, |
| Total Op. Exp. | 4,791 | 3,758 | 6,404 | 6,157 | 77,454 | 69, |
| Operating Income | 1,416 | 1,261 | 1,950 | 2,199 | 39,485 | 32, |
| O.P.% | 12% | 12% | 12% | 14% | 21% | |

* Before Corporate allocations

(1) EXCLUDING ROYALTIES

20

TOP TEN PRODUCTS ICN PHARMACEUTICALS

(\$ in Millions):

| | | | | |
|--------------------|----------------|-------|-------|--------|
| Efudex | Antimetabolit | 35.3 | 45.1 | 27.8 |
| Mestinon | Cholinesterase | 33.9 | 42.4 | 25.1 |
| Bedoyecta | vitamins | 25.6 | 25.3 | -1.2 |
| N-Lite | Derm. | 1.3 | 17.3 | 1230.8 |
| Bleaches | Derm. | 5.0 | 13.9 | 178.0 |
| Virazole | antivirals | 15.1 | 13.6 | -9.9 |
| Kinerase | Derm. | 13.2 | 13.2 | 0.0 |
| Nuclosina | Gastro | 10.9 | 12.7 | 16.5 |
| Oxsoralens | antipsor. | 6.5 | 9.4 | 44.6 |
| Pentalgin | NSAID | 8.3 | 9.2 | 10.8 |
| Sub-Total | | 155.1 | 202.1 | 30.3 |
| All Other products | | 490.1 | 519.1 | 5.9 |
| TOTAL SALES | | 645.2 | 721.2 | 11.8 |
| top ten % of total | | 26 | 31 | |

21

SPECIALTY PHARMACEUTICALS INTERNATIONAL

SPECIALTY PHARMACEUTICALS INTERNATIONAL - OVERVIEW

- o 466 ethical products
 - o 266 OTC products
 - o A broad product portfolio with
- 2001 Revenue: US\$359mm
2001 EBITDA: US\$54mm*

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increasing focus on:

- central nervous system
- anti-infective / anti-virals [PIE CHART OMITTED]
- dermatology Export (AAA)
- alimentary tract and metabolism 14%
- oncology Eastern Europe
- o 2,100+ sales and marketing staff 29%
- * before corporate allocations Western Europe 57%

23

SPECIALTY PHARMACEUTICALS INTERNATIONAL HIGHLIGHTS

ICN Western Europe
Sales Share per Market
[GRAPH OMITTED]

24

SPECIALITY PHARMACEUTICALS INTERNATIONAL HIGHLIGHTS

ICN Western Europe
Product Sales per Category
[GRAPH OMITTED]

25

SPECIALITY PHARMACEUTICALS INTERNATIONAL HIGHLIGHTS

ICN Western Europe

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Sales Performance

1998-2001 CAGR: +30%

[BAR GRAPH OMITTED]

1998-53\$mm
 1999-85\$mm
 2000-107\$mm
 2001-117\$mm

26

SPECIALITY PHARMACEUTICALS INTERNATIONAL HIGHLIGHTS

ICN Russia

'000 EUR Top Ten Products Q1 '01 vs Q2 '02

| PRODUCT/ TRADE NAME | Q1 '01 | Q1'02 | % of increase |
|------------------------|--------|-------|------------------|
| Pentalgin line | 2079 | 4427 | 113% |
| Inhalypt | 595 | 717 | 20% |
| Terpincode | 377 | 1013 | 169% |
| Oligovit | 1277 | 2094 | 64% |
| Codelac | 282 | 1183 | 320% |
| Asvitol | 395 | 1237 | 213% |
| Nitrocor Line | 1391 | 2321 | 67% |
| Solcoseril Line | 590 | 1563 | 165% |
| Renipril Line | 290 | 111 | -62% |
| Solcotrichovac Line | 0 | 192 | 0% |
| Sub-Total | 7276 | 14858 | 104% |
| All Other Products | 12540 | 11398 | -9% |
| TOTAL SALES | 19816 | 26256 | 32% |

27

SPECIALITY PHARMACEUTICALS INTERNATIONAL HIGHLIGHTS

ICN Russia Retail

Sales Performance

1998-2001 CAGR: +133%

[BAR GRAPH OMITTED]

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ICN Pharmacies in Russia

| 1998-2\$mm | City | Number of Pharmacies |
|------------------|----------------|----------------------|
| 1999-15\$mm | Moscow | 48 |
| | St. Petersburg | 19 |
| | Kursk | 3 |
| 2000-23 (1) \$mm | Orel | 10 |
| | Chelyabinsk | 4 |
| | Tomsk | 5 |
| 2001-25\$mm | Yoskar-Ola | 2 |
| | Krasnoyarsk | 1 |
| | Total | 92 |

(1) Closed polyclinics

28

SPECIALITY PHARMACEUTICALS INTERNATIONAL HIGHLIGHTS

[GRAPH OMITTED]

29

SPECIALTY PHARMACEUTICALS AMERICAS

SPECIALTY PHARMACEUTICALS AMERICAS - OVERVIEW

- o High-margined product portfolio 2001 Revenue: US\$362mm
- o Increasing investment in sales and marketing 2001 EBITDA: US\$150mm*

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- o Significant expansion in dermatology
- o consistent new product flow [PIE CHART OMITTED]
 - Latin America 35%
 - North America 65%

* before corporate allocations

31

SPECIALTY PHARMACEUTICALS AMERICAS -
GEOGRAPHIC SALES

YEAR ENDED DECEMBER 31, 2001 [PIE CHART OMITTED]

| | |
|---------------|---------|
| Brazil | \$6mm |
| Argentina | \$15mm |
| Mexico | \$107mm |
| Canada | \$24mm |
| United States | \$210mm |
| | \$362mm |

32

SPECIALTY PHARMACEUTICALS AMERICAS -
REVENUE MIX [PIE CHART OMITTED]

| 2000 | 2001 |
|---------------------------|---------------------------|
| ---- | ---- |
| Biomedical \$59mm | Biomedical \$60mm |
| Ethical Pharma \$248mm | Ethical Pharma \$269mm |
| \$307 | Photonics \$33mm |
| | \$362mm |

THERAPEUTIC MIX - NORTH AMERICA PRODUCT SALES*

YEAR ENDED DECEMBER 31, 2001 [PIE CHART OMITTED]

| | |
|-------------|---------|
| HRT | 8% |
| Neurology | 14% |
| Dermatology | 60% |
| Other | 18% |
| | \$155mm |

*Excluding Biomedicals

TOP TEN PRODUCTS - SALES SUMMARY*

| Product | Category | 2000 Sales (US\$mm) | 2001 Sales (US\$mm) | Gross Margin |
|-----------------------------|--------------------|------------------------|------------------------|-----------------|
| Efudex | Dermatologic | 32.4 | 41.4 | 93% |
| Bedoyecta | Vitamin | 25.5 | 25.3 | 71% |
| Mestinon | Myasthenia Gravis | 18.1 | 24.3 | 85% |
| NLite | Dermatologic Laser | na | 19.0 | 64% |
| Kinerase | Dermatologic | 12.6 | 12.1 | 86% |
| GlyQuin | Dermatologic | 1.7 | 9.8 | 84% |
| Virazole | Antiviral | 11.7 | 9.8 | 94% |
| Oxsoralen | Dermatologic | 6.6 | 9.3 | 90% |
| Testred | HRT | 5.2 | 7.9 | 93% |
| CES | HRT | 5.7 | 5.3 | 41% |
| | | 119.5 | 164.2 | 82% |
| Percentage of Total Revenue | | 48% | 54% | |

*Excluding Biomedicals

ICN NORTH AMERICA

MARKET LEADERSHIP IN PHYSICIAN SKIN CARE

36

DEMOGRAPHICS DRIVE DEMAND

- o 78 million Americans between 35-54

- o 22 million women with household income of \$56,000

- o Seek non-invasive products that will treat and prevent aging with minimal downtime

- o Growing importance of AK therapy as risk of skin cancer increases

[GRAPHIC OMITTED]

37

SKIN CARE STRATEGY

[GRAPHIC OMITTED]

| | | |
|-------------|-----|------------------------|
| DERMATOLOGY | --- | Rx |
| DERMATOLOGY | --- | Physician Dispensed |
| DERMATOLOGY | --- | Aesthetic Elective |

38

BROAD SKIN AGING PORTFOLIO

[GRAPHIC OMITTED]

39

Top Ten Products North America*

(*\$ in Millions)

| Product | 2001 Actual | 2000 Actual | Inc/ (Dec) | % | |
|-----------------|-------------|-------------|------------|----------|----------|
| | | | | 2001 GM% | 2001 GM% |
| Efudix/Efudex | \$ 39,854 | \$ 30,802 | 29.4% | 93.1% | 93.1% |
| Mestinon | 21,262 | 15,250 | 39.4% | 84.6% | 84.6% |
| N-Lite | 14,552 | 1,144 | 1172.0% | 61.5% | 61.5% |
| Kinerase | 11,716 | 12,365 | -5.2% | 85.6% | 85.6% |
| Bleaches | 9,827 | 1,735 | 466.4% | 84.3% | 84.3% |
| Oxsoralens | 9,212 | 6,478 | 42.2% | 90.3% | 90.3% |
| Androif/Testred | 7,962 | 5,168 | 54.1% | 92.6% | 92.6% |
| C.E.S. | 5,350 | 5,743 | -6.8% | 41.2% | 41.2% |
| Ancobon/Ancotil | 3,758 | 1,785 | 110.5% | 51.8% | 51.8% |
| Glyderm | 3,044 | 3,278 | -7.1% | 68.0% | 68.0% |
| Subtotal | \$ 126,537 | \$ 83,748 | 51.1% | | 83.0% |
| All Others | 47,137 | 36,839 | 28.0% | | 90.0% |
| Grand Total | \$ 173,674 | \$ 120,587 | 44.0% | | 85.0% |

40

Source: ICN North America

GLYQUIN TRx MARKET SHARE

52 WEEK TREND

[GRAPHIC OMITTED]

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Source: IMS Health National Prescription Audit

41

WRINKLE REDUCTION PROCEDURE MARKET

Number of Procedures (000s)

| | 1997 | 1998 | 1999 | 2000 | 2001 |
|----------------------|------|------|-------|-------|-------|
| BOTOX | 65 | 180 | 498 | 1,097 | 1,600 |
| ABLATIVE RESURFACING | 64 | 283 | 1,262 | 1,358 | 2,399 |
| COLLAGEN | 347 | 406 | 475 | 592 | 1,099 |
| NONABLATIVE LASER | -- | -- | -- | 50 | 150 |
| TOTAL | 476 | 869 | 2,235 | 3,097 | 5,248 |

Sources: ASAPS, ICN Estimate

42

GROWTH DRIVERS

NLITE

Laser Collagen Replenishment

- o GROWTH OF NON ABLATIVE PROCEDURES
- o CONTINUED PHYSICIAN ADOPTION FOR NON-ABLATIVE LASERS
- [GRAPHIC OMITTED]
- o COMBINATION THERAPY WITH BOTULINUM TOXIN FOR WRINKLES DUE TO COLLAGEN DEFICIENCY
- o MULTI APPLICATION SYSTEM
 - FDA approved: wrinkles

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- Current studies: acne scars, vascular, active acne
- o CONSUMER MARKETING
 - Drive patients directly to physicians

43

PHYSICIAN DIRECT

- o DISTRICT OFFICES - AESTHETIC ACCOUNT MANAGEMENT

[] AREAS SERVED

| | 2000 (ACTUAL) | 2001 (ACTUAL) |
|----------------------|------------------|------------------|
| | ----- | ----- |
| PROCEDURES PER MONTH | NA | 4200 |
| STATES SERVED | 47 | 50 |
| ----- | ----- | ----- |
| [GRAPHIC OMITTED] | | |
| DOCTORS SERVED | | |
| PLASTIC SURGEONS | 687 | 1,400 |
| Dermatologists | 518 | 2,977 |
| | --- | ----- |
| | 1,105 | 4,377 |
| OBGYN | NA | 1,055 |
| Podiatrists | NA | 0 |
| | -- | - |
| | 1,105 | 1,105 |
| | ----- | ----- |
| TOTAL | 2,720 | 5,432 |

44

R&D PIPELINE

PHOTOTHERAPY NEW INDICATION PIPELINE

DISCOVERY PRECLINICAL CLINICAL SUBMISSION CLEARANCE

PERIOULAR WRINKLE

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GENERAL WRINKLE

[BAR GRAPH OMITTED]

VASCULAR

ACNE SCAR

STRIAE

ACNE

46

ICN INTERNATIONAL PIPELINE

[GRAPH OMITTED]

Therapeutic Area Discovery Preclinical Phase I Phase II Phase III NDA

ICN INT 0001*
(extended release)

TRICHOVAC
(new indication)

ICN INT 0002
(new indication)

ICN INT 0003
(topical)

*Bioequivalence/kinetic-study required

47

ICN LATIN AMERICA PIPELINE

[GRAPH OMITTED]

Discovery Preclinical Phase I Phase II, Phase III NDA

BIOPROTECT
Antioxidant

ARGENTAFIL
Topical antibacterial

SINPEBAC
Skin infection

CLOBESOL
Anti-allergy &
anti-inflammatory

IVEXTERM
Intestinal parasites

YUREDOL
Muscle pain

EUVENT
Bronchial asthma

KETOPROFEN
Pain, fever, inflammation

48

THE VISION

- o Concentrate in the fast growing skin aging market
- o Cross sell Rx, light and cosmetic products.
- o Invest in product development, clinical proof and line extensions.
- o Accelerate consumer advertising.
- o Licensing, product and corporate acquisition consistent with the growth strategy.

49

ICN - FORMULA FOR SUCCESS

- o Record Operating Performance
- o Strong Drivers for Future Growth
- o Successful Completion of Ribapharm IPO
- o Final Stages of Restructuring on Target
- o Independent Board
- o Proven Management Team with Global Pharmaceutical Experience

50

Following is the text of a press release issued by ICN Pharmaceuticals, Inc. and appearing in the May 13, 2002 edition of the Wall Street Journal:

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[LOGO - ICN]

ICN PHARMACEUTICALS, INC.

BOARD INDEPENDENCE IS NOT AN ISSUE

The dissidents criticize your company for a lack of board independence. Frankly, we think the record speaks for itself:

- o If ICN's slate is elected, five out of nine directors will have been elected within the last year. None of these five directors had any prior affiliation with ICN, and are independent by anyone's definition.
- o Three of the five are shareholder nominated and elected directors.
 - Ronald R. Fogelman, General United States Air Force (Retired), President and Chief Executive Officer of Durango Aerospace, Inc.
 - Edward A. Burkhardt, President of Rail World, Inc.
 - Steven J. Lee, Chairman and Chief Executive Officer of Polymedica Corporation
- o Two directors were recently appointed only after first being qualified by the independent nominating committee.
 - Roderick M. Hills, Former Chairman of the Securities and Exchange Commission (S.E.C.)
 - Abraham (Barry) A. Cohen, Former President of Merck Sharp & Dohme International

HOW MUCH MORE INDEPENDENT CAN A BOARD BE?

"The establishment of sound corporate governance is a director's most important responsibility. At my first meeting as an ICN director, I found an independent and effective Board that dealt with issues in a frank and effective fashion. I am confident that the ICN Board as it is now constituted will effectively act in the best interests of all the company's shareholders. As a member of the succession planning committee, I am also confident that ICN will have a well-planned, orderly succession of management."

Roderick M. Hills, ICN Director and Former
Chairman of the Securities and Exchange
Commission (S.E.C.)

VOTE THE GOLD PROXY CARD

If you have any questions or need assistance voting your shares, please call:

MORROW & CO., INC.
Call 1-800-607-0088

Primar 1059 Morrow & Co., Inc. Independence Ad Draft 6 5/10/02

Following is the text of correspondence sent to ICN Shareholders on May 13, 2002:

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[LOGO - ICN]

ICN PHARMACEUTICALS

May 13, 2002

Dear Shareholder:

We have enclosed copies of two recent ads that explain the importance of your support for ICN's director nominees at the May 29th Annual Shareholders Meeting. We urge you to review them carefully and to sign and return the GOLD proxy card.

Thank you for your consideration and support.

Sincerely,
ICN PHARMACEUTICALS, INC.

/s/ Alan F. Charles

Alan F. Charles
Executive Vice President
Corporate Relations