



## **ALLERGAN PROMISE FOR INDEPENDENT CHAIRMAN FAILS TO PLEASE ACTIVIST**

WEDNESDAY, FEBRUARY 20, 2019

Pharmaceutical behemoth Allergan announced on Tuesday that it intends to introduce a new role of an independent board chair that will participate in the firm's next leadership transition.

Allergan's board also stated that former Celgene boss Robert Hugin has joined its board. Hugin served as executive chairman and CEO at rival biopharmaceutical firm Celgene and stepped down from all his positions a year ago, after a 19-year tenure.

Lead independent Director Chris Coughlin said that the Dublin-based company is making good on its pledge to refresh its board and improve its corporate governance "while preserving existing leadership arrangements, achieving a balance that we believe our shareholders will embrace."

Appaloosa Management pushed for a separation of the chairman and CEO roles earlier in February. The occasional activist voiced its concerns regarding Allergan's need for a "fresh approach to its business strategy and an unbiased review of its capabilities, opportunities, and way forward."

On Tuesday, Appaloosa said it was not satisfied with Allergan's "toothless resolution" to separate the lead roles at a "vague future date." The shareholder said in a letter to the board that Allergan's promise "falls short of improved governance and once again lays bare your reluctance to hold management accountable for its dismal performance."

Allergan responded by saying that it "strongly disagrees that an immediate separation of the CEO and chair positions is warranted."

"Allergan's board of directors firmly believes that the current combined chairman and CEO role, together with a strong lead independent director role, our slate of highly qualified independent directors and robust governance policies, provide effective oversight and best position Allergan for long-term success as the company executes its strategy," the company said in a statement.

Last June, Appaloosa's David Tepper asked the pharmaceutical company to replace its CEO or chairman with outside managers and oust at least two incumbent directors. Another Allergan shareholder, Senator Investment Group, joined Appaloosa and called for a reconsideration of the firm's acquisition strategy.

Later the same month, the drugmaker appointed former Abbott Laboratories executive, Thomas Freyman, to its board of directors.

Shares in Allergan are down 15% over the last 12 months and opened slightly lower on Tuesday at \$138.60 apiece.