

AVANIR PHARMACEUTICALS, INC.  
Form SC14D9C  
December 02, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14D-9**  
**Solicitation/Recommendation Statement**  
**Under Section 14(d)(4) of the Securities Exchange Act of 1934**

**AVANIR PHARMACEUTICALS, INC.**  
**(Name of Subject Company)**

**AVANIR PHARMACEUTICALS, INC.**  
**(Name of Person Filing Statement)**

**Common Stock, par value \$0.0001 per share**  
**(Title of Class of Securities)**

**05348P401**  
**(CUSIP Number of Class of Securities)**

**Keith Katkin**

**President and Chief Executive Officer**

**Avanir Pharmaceuticals, Inc.**

**30 Enterprise, Suite 400,**

**Aliso Viejo, California 92656**

**(949) 389-6700**

**(Name, address and telephone number of person authorized to receive  
notices and communications on behalf of the persons filing statement)**

*With copies to:*

**Charles K. Ruck**

**R. Scott Shean**

**David M. Wheeler**

**Latham & Watkins LLP**

**650 Town Center Drive, 20th Floor**

**Costa Mesa, CA 92626**

**(714) 540-1235**

- x Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

The New Global CNS  
Company  
December 2014

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Creation of a Global Leader in CNS

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Strategic Rationale

Increased resources

to continue our vision of  
developing into a leading CNS specialty pharmaceutical  
company

Remain an independent operating company ■

Avanir

Pharmaceuticals -

with the benefit of tapping into the  
resources of a large pharmaceutical company

(Johnson and Johnson operating model)  
Confidential and Proprietary

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Why Otsuka?

Maximize Share Value

Cultural

Alignment

Philosophical

Alignment

Business

Alignment

Confidential and Proprietary

Otsuka Desires to Build Capabilities

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Otsuka *people*

have built world class capabilities to  
develop and commercialize *innovative*  
products for people  
with *psychiatric*  
conditions

Avanir *people*

have built world class capabilities to develop  
and commercialize *innovative*  
products for people with



neurologic  
conditions

With

the added resources of Otsuka and the shared  
expertise of our people, *we will be able to accelerate the*  
development and commercialization of needed CNS drugs  
and unlock additional value in Avanir's business

Achieving Greatness

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Otsuka Philosophy

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Creating our own unique and innovative products

Improving health and well being

Contributing to the lives of people worldwide

These words embody our dedication to:

**"Always striving**  
to take the  
road less traveled  
For better health  
worldwide  
World-class  
or  
Not at All

#### Otsuka Overview

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Parent: Otsuka Holdings, Co., Ltd. (Tokyo, Japan)

Revenue/Net Income: \$14.1 Billion / \$1.5 Billion (FY2013)

Core Business Segments: Pharmaceuticals &  
Nutraceuticals

Capabilities: Discovery Research, Preclinical and Clinical  
Development, Manufacturing, Packaging, Distribution, and  
Global Commercialization (U.S., Europe, and Asia Pacific)

Pharmaceutical Focus: CNS, Oncology, and Cardiovascular

Hi-Z Tower  
Otsuka Pharmaceutical Co., Ltd.  
Tokushima, Japan  
Otsuka Pharmaceutical Co., Ltd  
Established  
August 10, 1964  
President  
Taro Iwamoto  
Employees  
5,733  
Sales (FY13)  
US \$7.5 Billion

+21.9%  
Operating  
income  
US \$2.0 Billion  
+48.1%  
Key U.S.  
Companies

Otsuka America Pharmaceuticals Inc

Otsuka Pharmaceutical Development  
& Commercialization, Inc.

Otsuka Maryland Medicinal  
Laboratories, Inc.

Astex Pharmaceuticals  
(as of March 31, 2014)  
Otsuka Pharmaceuticals

Flagship Products

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Otsuka CNS Pipeline  
Compound  
Class  
Indication (Formulation)  
Region  
Stage  
OPC-14597  
(Abilify )  
Aripiprazole  
Dopamine  
partial

agonist  
Autism (Oral)  
JP  
Phase 3  
Tourette disorder (Once-weekly tablet)  
US  
Filed  
OPC-14597  
(Abilify Maintena )  
Aripiprazole  
Depot injection  
Schizophrenia  
JP  
Filed  
Bipolar  
I disorder  
JP, US,  
& EU  
Phase 3  
levetiracetam  
(Keppra /E Keppra )  
(UCB partnership)  
Anti-epileptic  
drug  
Epilepsy-generalized onset seizures (Oral)  
JP  
Phase 3  
Epilepsy-partial  
onset  
seizures/mono  
therapy  
(Oral/injection)  
JP  
Filed  
OPC-34712  
Brexpiprazole  
Serotonin-  
Dopamine  
Activity  
Modulator  
(SDAM)  
Adjunctive therapy for major depressive disorder(Oral)  
US  
EU  
Filed  
Phase 3  
Schizophrenia (Oral)  
US  
JP, EU  
Filed

Phase 3

Agitation associated with Alzheimer's disease (Oral)

US, EU

Phase 3

Post-traumatic stress disorder

(Oral)

US, EU

Phase 3

Lu AE58054

(Lundbeck partnership)

5HT6

antagonist

Alzheimer's disease (Oral)

US, EU,

JP

Phase3

AF 20513

-amyloid

vaccine

Alzheimer's disease

US, EU

Phase 1

ASC-01

aripiprazole/sertraline

Dopamine

partial

agonist/ SSRI

Major depressive disorder(Oral)

JP, Asia

Phase3

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Implications for Avanir  
Business as usual  
goal  
is  
not  
to  
change  
how  
we  
operate  
as

a  
company!

No expected changes in headcount or cash compensation targets

The  
benefits  
of  
being  
a  
small  
biopharmaceutical  
company

with  
increased  
resources and protection of a large company  
Development and commercialization organization for Otsuka products focused  
on  
neurology  
and  
elderly  
more  
products  
to  
sell  
and  
more  
development  
programs to pursue

Sativex (Phase III data in 1H2015)

Multiple Alzheimer's Disease programs and brexpiprazole

Increased leverage  
when dealing with business issues  
Global  
approach  
to  
the  
business

US,  
Europe  
and  
Asia  
Confidential and Proprietary

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Implications for the Commercial Team

Business as usual

with access to more resources

No expected changes in headcount or cash compensation targets

300+ psychiatry representatives contributing to the Nuedexta sales effort

More noise, more adoption, more patients being helped!

Increased leverage

with wholesalers, managed care organizations and  
other customers

Commercialization arm for *Otsuka products for neurology and elderly*  
patients  
EU and ROW  
commercialization infrastructure  
Confidential and Proprietary

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Implications for the R&D Team

Business as usual

with access to more resources

No expected changes in headcount or cash compensation targets

Continue development of all of our programs

Development arm for *Otsuka neurology product candidates*

Leverage

Otsuka



relationships  
and  
infrastructure  
as  
needed  
Leverage  
Otsuka  
expertise  
in  
Psychiatry  
drug  
development  
Global presence  
to pursue worldwide development programs  
Confidential and Proprietary

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Financials

\$17 per share; \$3.5Bn offer value

Represents ~20x 2015 revenues; ~13.5x 2016 revenues

Significant take-out premium built into the pre-announcement stock price

Premiums

58% to the 90 trading day average trading price

47%

/  
32%  
premium  
to  
the  
60  
/  
30  
trading  
day  
average  
trading  
price,  
respectively

55% premium over September financing

14% to Friday (11/28) close; 13% to 52wk high closing price  
Confidential and Proprietary

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Summary  
Great  
outcome  
for  
employees,  
patients  
and  
shareholders  
Business  
as  
usual

goal  
is  
not  
to  
change  
how  
we  
operate!

No expected changes in headcount or cash compensation targets

The benefits of being a small biopharmaceutical company with *increased*  
resources and protection of a large company

Opportunity to meet and interact with Taro Iwamoto, Ph.D. the *President*  
of  
Otsuka  
this  
afternoon

Send questions to Jesus Varela via e-mail for this afternoon

Confidential and Proprietary

Impact on Our Customers,  
Researchers and Patients

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Impact on Customers

Great outcome for customers

More resources to develop the PBA market by raising awareness thereby increasing the number of patients to be helped

Increased investment in the business

Worldwide presence

Increased investment in Avanir pipeline focused on bringing innovative therapies to market for diseases with high unmet needs

Confidential and Proprietary

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Impact on Researchers

Great outcome for researchers

More resources to develop current and future Avanir products

Increased investment in Avanir pipeline focused on bringing innovative therapies to market for diseases with high unmet needs

Increased investment in the business

Worldwide presence

Confidential and Proprietary



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Impact on Patients

Great outcome for patients

More resources to develop the PBA market by raising awareness thereby increasing the number of patients to be helped

Increased investment in Avanir pipeline focused on bringing innovative therapies to market for diseases with high unmet needs

Worldwide presence

Confidential and Proprietary

#### Forward-Looking Statements

The statements included in this communication that are not a description of historical facts are forward-looking statements. Words such as believe,

may,  
could,  
will,  
estimate,  
continue,  
anticipate,  
intend,

seek,  
plan,  
expect,  
should,  
would

or similar

expressions are intended to identify forward-looking statements. These forward-looking statements include without limitation  
regarding the benefits and planned completion of the transactions contemplated by the Agreement and Plan of Merger dated as  
December 2,

2014

(the

Merger  
Agreement )

by

and

among

Avanir

Pharmaceuticals,

Inc.

(the

Company ),

Otsuka

Pharmaceutical

Co.,

Ltd.

( Parent ) and Bigrade Corporation, a wholly-owned subsidiary of Parent ( Acquisition Sub ). Risks and uncertainties that  
to differ from expectations include: uncertainties as to the timing of the tender offer and the merger; uncertainties as to the per

Company

stockholders

tendering

their

shares

in

the

tender

offer;

the

possibility

that

competing

offers

will

be

made;

the

possibility

that

various

closing

conditions

for  
the  
tender  
offer  
or  
the  
merger  
may  
not  
be  
satisfied  
or  
waived,  
including  
that  
a  
governmental  
entity  
may  
prohibit,  
delay  
or  
refuse  
to  
grant  
approval  
for  
the  
consummation  
of  
the  
merger;  
the  
effects  
of  
disruption  
caused  
by  
the  
transaction  
making  
it  
more  
difficult  
to

maintain relationships with employees, collaborators, vendors and other business partners; the risk that stockholder litigation in connection with the tender offer or the merger may result in significant costs of defense, indemnification and liability; and risks and uncertainties relating to the business of the Company, including the risks and uncertainties detailed in the Company's public periodic filings with the United States Securities and Exchange Commission (the "SEC"), as well as the tender offer materials to be filed by Parent and Acquisition Sub and the Solicitation/Recommendation

Statement  
to  
be  
filed  
by  
the  
Company  
in  
connection  
with  
the  
tender  
offer.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. All statements are qualified in their entirety by this cautionary statement and the Company undertakes no obligation to revise or up

to  
reflect  
events  
or  
circumstances  
after  
the  
date  
hereof,  
except  
as  
required  
by  
law.

This  
caution  
is  
made  
under  
the  
safe  
harbor  
provisions  
of

Section 21E of the Private Securities Litigation Reform Act of 1995.

Additional Information

The  
tender  
offer  
described  
above  
has  
not  
yet  
commenced.

This  
communication  
is  
not  
an  
offer  
to  
buy  
nor  
a  
solicitation  
of  
an  
offer  
to  
sell  
any  
securities  
of  
the  
Company.

The  
solicitation  
and  
the  
offer  
to  
buy  
shares  
of  
the  
Company's  
common  
stock  
will  
only  
be  
made  
pursuant  
to  
a  
tender

offer statement on Schedule TO, including an offer to purchase, a letter of transmittal and other related materials that Parent and Sub intend to file with the SEC. In addition, the Company will file with the SEC a Solicitation/Recommendation Statement on Schedule TO with respect to the tender offer. Once filed, investors will be able to obtain the tender offer statement on Schedule TO, the offer statement on Schedule TO, the Solicitation/Recommendation Statement of the Company.

on  
Schedule  
14D-9  
and  
related  
materials  
with  
respect  
to  
the  
tender  
offer  
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merger,  
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charge  
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website  
of  
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SEC  
at  
[www.sec.gov](http://www.sec.gov),  
and  
from  
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information  
agent  
named  
in  
the  
tender  
offer  
materials.  
Investors  
may  
also  
obtain,  
at  
no  
charge,  
any  
such  
documents  
filed  
with  
or

furnished  
to  
the  
SEC  
by  
the  
Company  
under  
the

Investors  
section

of  
the

Company's website at [www.avanir.com](http://www.avanir.com). INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THESE DOCUMENTS

THEY

BECOME

AVAILABLE,

INCLUDING

THE

SOLICITATION/RECOMMENDATION

STATEMENT

OF

THE

COMPANY

AND

ANY

AMENDMENTS

THERE TO,

AS

WELL

AS

ANY

OTHER

DOCUMENTS

RELATING

TO

THE

TENDER

OFFER

AND

THE

MERGER

THAT

ARE

FILED WITH THE SEC, CAREFULLY AND IN THEIR ENTIRETY PRIOR TO MAKING ANY DECISIONS WITH RESPECT TO

TENDER THEIR SHARES INTO THE TENDER OFFER BECAUSE THEY CONTAIN IMPORTANT INFORMATION, INCLUDING

AND CONDITIONS OF THE TENDER OFFER.

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