

INDEVUS PHARMACEUTICALS INC
Form S-4/A
March 12, 2007
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As filed with the Securities and Exchange Commission on March 12, 2007

Registration No. 333 - 140271

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to
Form S-4

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

Indevus Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of organization)

2834
(Primary standard industrial
classification code number)

04-3047911
(IRS employer
identification number)

33 Hayden Avenue

Lexington, MA 02421-7966

(781) 861-8444

(Address, including zip code, and telephone number, including area code, of registrants principal executive offices)

Glenn L. Cooper, M.D., Chief Executive Officer and Chairman

33 Hayden Avenue

Lexington, MA 02421-7966

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(781) 861-8444

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this Registration Statement and the effective time of the merger of Hayden Merger Sub, Inc., a direct, wholly-owned subsidiary of the Registrant, with and into Valera Pharmaceuticals, Inc. as described in the Agreement and Plan of Merger, dated as of December 11, 2006, included as *Annex A* to the joint proxy statement/prospectus forming a part of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary joint proxy statement/prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission, of which this preliminary joint proxy statement/prospectus is a part, is effective. This preliminary joint proxy statement/prospectus is not an offer to sell and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY COPY SUBJECT TO COMPLETION, DATED MARCH 12, 2007

A MERGER PROPOSAL YOUR VOTE IS IMPORTANT

To the Stockholders of Indevus Pharmaceuticals, Inc. and the Stockholders of Valera Pharmaceuticals, Inc.:

The boards of directors of Indevus Pharmaceuticals, Inc. and Valera Pharmaceuticals, Inc. have each unanimously approved a merger of the two companies, with Valera continuing as a wholly-owned subsidiary of Indevus. The companies believe that the merger will create a leading specialty pharmaceutical company focused on urology and endocrinology. Your vote is very important and we ask for your support in approving the merger and the issuance of Indevus common stock to Valera stockholders pursuant to the merger agreement.

If the merger is completed, Valera stockholders will have the right to receive Indevus common stock and contingent stock rights to receive additional shares of Indevus common stock. The number of shares of Indevus common stock that Valera stockholders will receive will be based on an exchange ratio determined prior to the Valera stockholders' meeting. This exchange ratio will be determined by dividing \$7.75 by the volume weighted average of the closing prices of Indevus common stock, which we refer to as the Indevus Common Stock Value, as reported by The Nasdaq Global Market during the 25 trading days ending five trading days prior to the date of the Valera stockholders' meeting. However, if the Indevus Common Stock Value is greater than \$8.05, then the exchange ratio will be fixed at 0.9626 of a share of Indevus common stock for each share of Valera common stock, and if the Indevus Common Stock Value is less than \$6.59, then the exchange ratio will be fixed at 1.1766 shares of Indevus common stock for each share of Valera common stock.

In addition, Valera stockholders will have the right to receive three contingent stock rights, which we refer to as CSRs, for each of their shares of Valera common stock. Each CSR relates to one of three Valera product candidates in development: Supprelin-LA, the ureteral stent and VP003 (Octreotide implant). Upon achievement of the applicable milestones' approval of the particular product by the U.S. Food and Drug Administration, or FDA, and, in the case of Supprelin-LA, Indevus possessing a specified amount of inventory of commercially saleable units, the CSRs relating to Supprelin-LA, the ureteral stent and VP003 (Octreotide implant) will become convertible into \$1.00, \$1.00 and \$1.50, respectively, worth of Indevus common stock calculated using the average of the per share closing sale prices of Indevus common stock as reported by The Nasdaq Global Market for the ten trading days ending three trading days prior to achieving the applicable milestone or milestones. The aggregate number of shares of Indevus common stock that may be issued in the event one or more CSRs become convertible into Indevus common stock is limited and may not exceed the number of shares of Indevus common stock issued as part of the merger consideration upon completion of the merger. If the applicable milestone or milestones are not achieved within three years of completing the merger in the case of Supprelin-LA and within five years of completing the merger in the case of the ureteral stent and VP003 (Octreotide implant), the respective CSRs will expire and no additional shares of Indevus common stock will be issued in connection with those CSRs.

(Continued on next page)

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER OR DETERMINED IF THIS JOINT PROXY STATEMENT/PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This joint proxy statement/prospectus is dated March 12, 2007 and is first being mailed to

stockholders of Indevus and Valera on or about March 14, 2007.

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We anticipate that upon completion of the merger, depending upon the exchange ratio, Valera's former stockholders will own between 21% and 25% of the then outstanding shares of Indevus common stock (not including any shares of Indevus common stock that may be issued upon cancellation of Valera options or conversion of CSRs). Indevus stockholders will continue to own their existing Indevus shares, which will not be affected by the merger. Indevus common stock is listed on The Nasdaq Global Market under the symbol IDEV, and Valera common stock is listed on The Nasdaq Global Market under the symbol VLRX.

Your vote is very important. The merger cannot be completed unless Valera stockholders adopt the merger agreement and Indevus stockholders approve the issuance of Indevus common stock and contingent stock rights pursuant to the merger agreement. Completion of the merger is also subject to other customary conditions.

In connection with the merger, Indevus entered into voting agreements with two Valera stockholders Sanders Morris Harris, Inc. (and affiliated entities) and Psilos Group Partners II-S, L.P. owning, in the aggregate, approximately 41.23% of the shares of Valera common stock. Pursuant to the voting agreements, these stockholders have agreed, subject to limited exceptions, to vote all their Valera shares in favor of adoption of the merger agreement.

We are each holding meetings of our stockholders to vote on the proposals necessary to complete the merger and, in the case of Indevus, to approve certain other matters unrelated to the merger. More information about these meetings, the merger and the other business to be considered by Indevus stockholders is contained in this joint proxy statement/prospectus. **We encourage you to read this joint proxy statement/prospectus carefully and in its entirety, including the section entitled Risk Factors beginning on page 34, before voting.**

Regardless of whether you plan to attend your respective company's meeting, please take the time to vote by telephone or via the Internet in accordance with the instructions on the enclosed proxy card or by completing and returning the proxy card in the enclosed envelope. If you are either a Valera or Indevus stockholder and you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote FOR the proposals to be voted on. If you are a Valera stockholder and you do not return your proxy card, or, if your shares are held in street name by a broker, and you fail to instruct your broker how to vote your shares, your failure to vote or instruct your broker will have the same effect as if you voted against the adoption of the merger agreement.

Indevus' board of directors unanimously recommends that Indevus stockholders vote FOR the proposal to approve the issuance of Indevus common stock and CSRs in the merger and FOR the other Indevus proposals described in this joint proxy statement/prospectus. Valera's board of directors unanimously recommends that Valera stockholders vote FOR the proposal to adopt the merger agreement.

We enthusiastically support this merger of our companies and join with our respective boards of directors in recommending that you vote in favor of the proposals described in this joint proxy statement/prospectus.

Very truly yours,

Glenn L. Cooper, M.D.,
Chief Executive Officer and Chairman

Indevus Pharmaceuticals, Inc.

James C. Gale
Chairman of the Board
Valera Pharmaceuticals, Inc.

David S. Tierney, M.D.
President and Chief Executive Officer

Valera Pharmaceuticals, Inc.

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Indevus Pharmaceuticals, Inc.

33 Hayden Avenue

Lexington, MA 02421-7966

(781) 861-8444

NOTICE OF ANNUAL AND SPECIAL MEETING OF STOCKHOLDERS

An annual and special meeting of stockholders of Indevus Pharmaceuticals, Inc. will be held at The Conference Center at Waltham Woods, 860 Winter Street, Waltham, MA 02451 on Tuesday, April 17, 2007 at 11:00 a.m., local time, to consider and vote on the proposals listed below and to transact such other business that may properly come before the annual and special meeting or any adjournment or postponement of the annual and special meeting:

1. To approve the issuance of Indevus common stock and the contingent stock rights in connection with the merger contemplated by the Agreement and Plan of Merger, dated as of December 11, 2006, by and among Indevus, Hayden Merger Sub, Inc. (which is a wholly-owned subsidiary of Indevus) and Valera Pharmaceuticals, Inc., a copy of which is included as *Annex A* to the joint proxy statement/prospectus accompanying this notice;
2. To elect eight members of Indevus board of directors to serve until the 2008 annual meeting of stockholders and until their successors are elected and qualified;
3. To approve an amendment to Indevus Restated Certificate of Incorporation to increase the number of authorized shares of Indevus common stock from 120 million to 200 million;
4. To approve an amendment to Indevus 2004 Equity Incentive Plan to increase the number of shares of Indevus common stock reserved for issuance under the plan from 6,000,000 to 9,000,000;
5. To approve an amendment to Indevus 2004 Equity Incentive Plan to remove the 20% limitation on the number of certain types of awards that can be made with respect to the additional 3,000,000 shares proposed to be added to the plan as set forth above;
6. To approve an amendment to Indevus 1995 Stock Purchase Plan to increase the number of shares of Indevus common stock available for purchase under the plan from 800,000 to 1,050,000; and
7. To ratify the appointment of PricewaterhouseCoopers LLP as Indevus independent registered public accounting firm.

The close of business on March 12, 2007 has been fixed as the record date for determining those Indevus stockholders entitled to vote at the annual and special meeting. Accordingly, only stockholders of record at the close of business on that date will receive this notice of, and be eligible to vote at, the Indevus annual and special meeting or any adjournments or postponements of the Indevus annual and special meeting. Each of the items of business listed above is more fully described in the joint proxy statement/prospectus that accompanies this notice.

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If Indevus stockholders wish to approve the merger, they must approve Proposal No. 1 relating to the issuance of Indevus common stock and contingent stock rights pursuant to the Agreement and Plan of Merger. The proposals to amend the Indevus Restated Certificate of Incorporation, the equity incentive plan and the stock purchase plan and to ratify the appointment of PricewaterhouseCoopers LLP as Indevus independent registered public accounting firm are not conditions to completion of the merger.

The proposals require different percentages of votes in order to approve them:

The issuance of Indevus common stock and contingent stock rights pursuant to the merger agreement, the amendments to Indevus 2004 Equity Incentive Plan, the amendment to Indevus 1995 Employee Stock Purchase Plan and the ratification of PricewaterhouseCoopers LLP as Indevus independent registered public accounting firm, require approval by the affirmative vote of a majority of the total number of votes cast on the particular proposal (with the Indevus common stock and preferred stock voting together as a single class);

The election of eight directors to Indevus board of directors requires the affirmative vote of a plurality of votes cast by the holders of Indevus common stock (with preferred stock not entitled to vote on this matter); and

Approval of the amendment to Indevus Restated Certificate of Incorporation requires the affirmative vote of both (i) a majority of the total number of votes of Indevus common stock and preferred stock outstanding and entitled to vote, voting together as a single class (regardless of whether such holders are present in person or represented by proxy at the annual and special meeting) and (ii) a majority of the outstanding shares of Indevus common stock, voting separately as a class.

Your vote is very important. Please read the joint proxy statement/prospectus and the instructions on the enclosed proxy card and then, whether or not you expect to attend the annual and special meeting in person, and no matter how many shares you own, please vote your shares as promptly as possible by telephone or via the Internet in accordance with the instructions on the enclosed proxy card, or by signing, dating and mailing the enclosed proxy card in the self-addressed, postage-paid envelope provided. Submitting a proxy now will help assure a quorum and avoid added proxy solicitation costs. It will not prevent you from voting in person at the annual and special meeting. You may revoke your proxy at any time before the vote is taken by following the procedures set forth in the section entitled The Indevus Annual and Special Meeting How to Change Your Vote beginning on page 73 of the joint proxy statement/prospectus that accompanies this notice.

The Indevus board of directors unanimously recommends that you vote FOR the issuance of Indevus common stock and contingent stock rights pursuant to the Agreement and Plan of Merger, FOR the election of the director nominees and FOR the approval of the other proposals listed above and described in the joint proxy statement/prospectus.

By Order of the Board of Directors,

Glenn L. Cooper, M.D.
Chief Executive Officer and Chairman

Lexington, Massachusetts

March 12, 2007

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Valera Pharmaceuticals, Inc.

7 Clarke Drive

Cranbury, NJ 08512

(609) 235-3000

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

A special meeting of stockholders of Valera Pharmaceuticals, Inc. will be held at Valera's offices at 7 Clarke Drive, Cranbury, NJ 08512 on April 17, 2007, at 10:00 a.m., local time, to consider and vote on the proposal listed below and to transact such other business that may properly come before the special meeting or any adjournment or postponement of the special meeting:

1. To adopt the Agreement and Plan of Merger, dated as of December 11, 2006, by and among Indevus Pharmaceuticals, Inc., Hayden Merger Sub, Inc. (which is a wholly-owned subsidiary of Indevus) and Valera, a copy of which is included as *Annex A* to the joint proxy statement/prospectus accompanying this notice.

The close of business on March 12, 2007 has been fixed as the record date for determining those Valera stockholders entitled to vote at the special meeting. Accordingly, only stockholders of record at the close of business on that date will receive this notice of, and be eligible to vote at, the Valera special meeting or any adjournments or postponements of the Valera special meeting. The merger and the Agreement and Plan of Merger are more fully described in the joint proxy statement/prospectus that accompanies this notice.

Adoption of the Agreement and Plan of Merger requires the affirmative vote of Valera stockholders representing a majority of the outstanding shares of Valera common stock entitled to vote at the special meeting. Pursuant to voting agreements entered into with Indevus, two Valera stockholders owning, in the aggregate, approximately 41.23% of the outstanding shares of Valera common stock have agreed, subject to limited exceptions, to vote all of their shares in favor of the adoption of the Agreement and Plan of Merger.

Under applicable provisions of Delaware law, Valera stockholders have the right to dissent from the merger and obtain payment in cash of the fair value of their shares of Valera common stock, as determined by the Delaware Chancery Court. In order to perfect these appraisal rights, stockholders must give written demand for appraisal of their shares before the taking of the vote on the merger at the special meeting and must not vote in favor of adoption of the Agreement and Plan of Merger. A copy of the applicable Delaware statutory provision is included as *Annex H* to the joint proxy statement/prospectus accompanying this notice and a summary of this provision can be found in the section entitled *Appraisal Rights for Valera Stockholders* beginning on page 108 of the joint proxy statement/prospectus.

Your vote is very important. Please read the joint proxy statement/prospectus and the instructions on the enclosed proxy card and then, whether or not you expect to attend the special meeting in person, and no matter how many shares you own, please vote your shares as promptly as possible by telephone or via the Internet in accordance with the instructions on the enclosed proxy card, or by signing, dating and mailing the enclosed proxy card in the self-addressed, postage-paid envelope provided. Submitting a proxy now will help assure a quorum and avoid added proxy solicitation costs. It will not prevent you from voting in person at the special meeting. You may revoke your proxy at any time before the vote is taken by following the procedures set forth in the section entitled *The Valera Special Meeting How to Change Your Vote* beginning on page 77 of the joint

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proxy statement/prospectus that accompanies this notice. **You should not send any certificates representing Valera common stock with your proxy card.**

Valera's board of directors unanimously recommends that you vote FOR the adoption of the merger agreement.

By Order of the Board of Directors,

**James C. Gale
Chairman of the Board**

Cranbury, New Jersey

March 12, 2007

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Indevus from other documents that it has filed with the SEC and that have not been included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference in this joint proxy statement/prospectus by requesting them in writing or by telephone from Indevus at:

Indevus Pharmaceuticals, Inc.

33 Hayden Avenue

Lexington, MA 02421-7966

(781) 861-8444

Attn: Investor Relations

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference in the documents or this joint proxy statement/prospectus.

Please see the section entitled "Where You Can Find More Information" beginning on page 257 for a more detailed description of the information incorporated by reference into this joint proxy statement/prospectus.

Some of the information incorporated in this joint proxy statement/prospectus is also available to investors on Indevus' website at www.indevus.com. None of the information included on Indevus' website is incorporated by reference in this joint proxy statement/prospectus.

If you would like to request documents, Indevus must receive your request no later than April 10, 2007, in order for you to receive timely delivery of the documents in advance of the stockholders' meeting. Documents will be distributed within one business day of receipt of such request.

In addition, Indevus stockholders that have questions about the Indevus annual and special meeting, the merger agreement or the proposed merger may contact:

The Altman Group

1200 Wall Street West

Lyndhurst, NJ 07071

800-926-4985

www.altmangroup.com

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QUESTIONS AND ANSWERS ABOUT THE MEETINGS AND THE MERGER

The following are some of the questions that you may have as a stockholder of Valera or as a stockholder of Indevus, and answers to those questions. These questions and answers are not meant to be a substitute for the information contained in the remainder of this document, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this document. We urge you to read this document and the additional documents incorporated by reference into this joint proxy statement/prospectus carefully and in their entirety prior to making any decision relating to the proposals at the stockholders' meetings.

THE MERGER

Q1: Why am I receiving this joint proxy statement/prospectus?

A1: Indevus and Valera have agreed to the acquisition of Valera by Indevus under the terms of a merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is included as *Annex A* to this joint proxy statement/prospectus. We are delivering this document to you because it serves as both a joint proxy statement of Indevus and Valera and a prospectus of Indevus. It is a joint proxy statement because it is being used by our boards of directors to solicit the proxies of Indevus stockholders and Valera stockholders. It is a prospectus because Indevus is offering Indevus common stock and contingent stock rights in exchange for Valera common stock if the merger is completed.

In order to complete the merger, among other things, Indevus stockholders must vote to approve the issuance of Indevus common stock and contingent stock rights in the merger and Valera stockholders must vote to adopt the merger agreement. Indevus and Valera will hold separate meetings to obtain these approvals and, in the case of Indevus, to approve certain other matters unrelated to the merger.

This joint proxy statement/prospectus, which you should read carefully, contains important information about the merger, the merger agreement and the meetings of stockholders of Indevus and Valera.

Q2: Why are the companies proposing the merger?

A2: Indevus and Valera both believe that a combination of the two companies will provide strategic and financial benefits by creating a leading specialty pharmaceutical company focused on urology and endocrinology with strengthened prospects for continued growth over the long-term. In addition, Valera also is proposing the merger to offer Valera stockholders the opportunity to participate in the growth and prospects of the combined company by receiving Indevus common stock and contingent stock rights in the merger. For a more complete description of the reasons for the merger, see the sections entitled *The Merger Indevus Reasons for the Merger* beginning on page 82 and *The Merger Valera's Reasons for the Merger* beginning on page 84.

Q3: Do the boards of directors of Indevus and Valera recommend approval of the merger proposals?

A3: Yes. The boards of directors of both companies have unanimously approved the merger and unanimously recommend approval of the applicable merger proposals by the stockholders of their respective companies. For a more complete description of the recommendations of the respective boards of directors, see the sections entitled *The Merger Indevus Reasons for the Merger* beginning on page 82 and *The Merger Valera's Reasons for the Merger* beginning on page 84.

Q4: Are there risks involved in undertaking the merger?

A4:

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Yes. In evaluating the merger, Indevus and Valera stockholders should carefully consider the factors disclosed in the section of this joint proxy statement/prospectus entitled "Risk Factors" beginning on

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page 34, and other information included in this joint proxy statement/prospectus and the documents incorporated by reference in this joint proxy statement/prospectus.

Q5: What will happen in the proposed merger?

A5: In the proposed merger, a wholly-owned subsidiary of Indevus will merge with and into Valera. After the merger, Valera will be a wholly-owned subsidiary of Indevus and will no longer be a public company. See the sections entitled *The Merger Agreement* *The Merger* beginning on page 112 and *The Merger Agreement* *Closing and Effectiveness of the Merger* beginning on page 113.

Q6: What will Valera stockholders receive if the merger occurs?

A6: In the proposed merger, Valera stockholders will have the right to receive Indevus common stock and three contingent stock rights to receive additional shares of Indevus common stock.

Valera stockholders will receive shares of Indevus common stock for their shares of Valera common stock based on an exchange ratio to be determined prior to the Valera stockholders' meeting. This exchange ratio will be determined by dividing \$7.75 by the volume weighted average of the closing prices of Indevus common stock, which we refer to as the Indevus Common Stock Value, as reported by The Nasdaq Global Market during the 25 trading days ending five trading days prior to the date of the Valera stockholders' meeting. However, if the Indevus Common Stock Value is greater than \$8.05, then the exchange ratio will be fixed at 0.9626 of a share of Indevus common stock for each share of Valera common stock, and if the Indevus Common Stock Value is less than \$6.59, then the exchange ratio will be fixed at 1.1766 shares of Indevus common stock for each share of Valera common stock. Cash will be paid to Valera stockholders in lieu of any fractional shares of Indevus common stock a Valera stockholder would otherwise be entitled to receive.

In addition, Valera stockholders will receive three contingent stock rights, which we refer to as CSRs, for each of their shares of Valera common stock. Each CSR relates to one of three Valera product candidates in development: Supprelin-LA, the ureteral stent and VP003 (Octreotide implant). Upon achievement of the applicable milestones: approval of the particular product by the U.S. Food and Drug Administration, or FDA, and, in the case of Supprelin-LA, Indevus possessing a specified amount of inventory of commercially saleable units, the CSRs relating to Supprelin-LA, the ureteral stent and VP003 (Octreotide implant) will become convertible into \$1.00, \$1.00 and \$1.50, respectively, worth of Indevus common stock calculated using the average of the per share closing sale prices of Indevus common stock as reported by The Nasdaq Global Market for the ten trading days ending three trading days prior to achieving the applicable milestone or milestones. The aggregate number of shares of Indevus common stock that may be issued in the event one or more CSRs become convertible into Indevus common stock is limited and may not exceed the number of shares of Indevus common stock issued as part of the merger consideration upon completion of the merger. If the applicable milestone or milestones are not achieved within three years of completing the merger in the case of Supprelin-LA and within five years of completing the merger in the case of the ureteral stent and VP003 (Octreotide implant), the respective CSRs will expire and no additional shares of Indevus common stock will be issued in connection with those CSRs.

See the section entitled *The Merger Agreement* *Merger Consideration* beginning on page 113.

Q7: What will Indevus stockholders receive if the merger occurs?

A7: Indevus stockholders will continue to own their existing Indevus shares. However, those shares will represent a smaller proportion of the outstanding shares of the combined company due to the issuance of Indevus common stock to Valera stockholders in connection with the merger. As a result of the merger, depending upon the exchange ratio, we estimate that current Indevus stockholders will own between approximately 75% and 79% of Indevus' common stock following the merger (which does not account for any shares of Indevus common stock that may be issued upon cancellation of Valera options or conversion of the CSRs).

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Q8: What will Valera option holders and Indevus option holders receive if the merger occurs?

A8: Valera option holders:

Upon the closing of the merger, each outstanding option to purchase shares of Valera common stock will be cancelled in exchange for the right to receive shares of Indevus common stock, the amount and timing of which will vary depending on whether holders of options to purchase shares of Valera common stock consent to the proposed treatment of such options. For a more detailed discussion of Valera stock options, please see the section entitled "The Merger Agreement Treatment of Valera Options" beginning on page 114.

Indevus option holders:

Each option to purchase shares of Indevus common stock outstanding upon the closing of the merger will remain outstanding following the closing of the merger and will be exercisable following the closing of the merger on the same terms as were applicable immediately prior to the merger.

Q9: How was the merger consideration determined?

A9: The merger consideration was determined in negotiations by the two companies and reflects the relative market prices of each company's common stock during the period preceding entering into the merger agreement and other factors that the boards of directors of each company considered relevant.

Q10: What vote is required to approve the merger?

A10: *Valera*: Valera stockholders must adopt the merger agreement by the affirmative vote of Valera stockholders representing a majority of the outstanding shares of Valera common stock entitled to vote at the special meeting. Pursuant to voting agreements entered into with Indevus, two Valera stockholders owning, in the aggregate, approximately 41.23% of the outstanding shares of Valera common stock have agreed, subject to limited exceptions, to vote their shares in favor of adoption of the merger agreement.

Because the affirmative vote required to adopt the merger agreement is based upon the total number of outstanding shares of Valera common stock, the failure to submit a proxy card (or to vote in person at the Valera special meeting) or the abstention from voting by a stockholder will have the same effect as a vote against adoption of the merger agreement. Brokers holding shares of Valera common stock as nominees will not have discretionary authority to vote those shares in the absence of specific voting instructions from the beneficial owners of those shares, so the failure to provide voting instructions to your broker, resulting in a broker non-vote, also will have the same effect as a vote against adoption of the merger agreement. See the section entitled "The Valera Special Meeting Vote Required" beginning on page 76.

Indevus: Indevus stockholders must approve the issuance of the Indevus common stock and CSRs pursuant to the merger agreement by the affirmative vote of the total number of votes cast on the proposal with Indevus common stock and preferred stock (voting on an as-if-converted basis) voting together as a single class. Abstentions and broker non-votes will have no effect on the outcome of the proposal. See the section entitled "The Indevus Annual and Special Meeting Required Votes" beginning on page 71.

Q11: When do you expect the merger to be completed?

A11: If the stockholders of both Indevus and Valera approve their respective proposals related to the merger, we expect to complete the merger shortly after the stockholders' meetings, subject to the satisfaction or waiver of the other conditions to the merger. However, neither Indevus nor Valera can assure you when or if the merger will occur.

Q12: What are the material U.S. federal income tax consequences of the merger to Indevus stockholders and to Valera stockholders?

A12: Indevus and Valera intend for the merger to be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. If the

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merger qualifies as a reorganization, Valera stockholders generally will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of shares of Valera common stock for shares of Indevus common stock and the CSRs. Valera stockholders, however, will have to recognize gain or loss for federal income tax purposes in connection with cash received in lieu of fractional shares of Indevus common stock. In addition, a portion of any additional shares of Indevus common stock issued pursuant to the CSRs may be treated as taxable interest income to the Valera stockholders at the time such shares are issued. Indevus stockholders will not exchange their Indevus common stock in the merger and accordingly will not recognize any taxable gain or loss as a result of the merger. We strongly urge you to consult with a tax advisor to determine the particular U.S. federal, state, local or foreign income or other tax consequences of the merger to you. For more information, please see the section entitled "The Merger - Material United States Federal Income Tax Consequences" beginning on page 104.

Q13: Should I send in my stock certificates now?

A13: No. If you are a Valera stockholder and the merger is completed, Indevus will send you written instructions about how to exchange your stock certificates for shares of Indevus common stock and contingent stock rights. Please do not send in your stock certificates with your proxy. See the section entitled "The Merger Agreement - Exchange of Valera Stock Certificates; No Further Rights as Valera Stockholders" beginning on page 115.

If you are an Indevus stockholder, you will not need to send in your stock certificates because your shares of Indevus common stock will remain outstanding after the merger.

Q14: Where will my shares of Indevus common stock be listed?

A14: After the merger, the shares of Indevus common stock will continue to be listed on The Nasdaq Global Market under the symbol IDEV.
THE STOCKHOLDERS' MEETINGS; VOTING YOUR SHARES

Q15: When and where are the stockholders' meetings?

A15: The Indevus annual and special meeting of stockholders will be held at The Conference Center at Waltham Woods, 860 Winter Street, Waltham, MA 02451 on Tuesday, April 17, 2007 at 11:00 a.m., local time.

The Valera special meeting of stockholders will be held at Valera's offices at 7 Clarke Drive, Cranbury, NJ 08512 on Tuesday, April 17, 2007, at 10:00 a.m., local time.

For additional information relating to the Indevus and Valera meetings please see the section entitled "The Indevus Annual and Special Meeting" beginning on page 69 and the section entitled "The Valera Special Meeting" beginning on page 75.

Q16: Who can vote at the meetings?

A16: Only holders of record of Indevus common stock and preferred stock as of the close of business on March 12, 2007, will be entitled to notice of and to vote at the Indevus annual and special meeting.

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Only holders of record of Valera common stock as of the close of business on March 12, 2007, will be entitled to notice of and to vote at the Valera special meeting.

Q17: As an Indevus stockholder, why am I electing directors and being asked to consider the other Indevus proposals unrelated to the merger when Valera stockholders are only being asked to consider a proposal relating to the merger?

A17: The timing of a special meeting to consider the merger would have occurred around the time Indevus would regularly hold its annual meeting. Indevus has determined to combine the two meetings in an effort

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to significantly reduce proxy statement printing and other meeting costs and administrative burdens on Indevus and to reduce the burden on Indevus stockholders who would otherwise receive two sets of proxy materials around the same time to consider and vote on two separate sets of stockholder voting matters. The election of Indevus directors, the proposals to amend the Indevus certificate of incorporation, equity incentive plan and stock purchase plan and the ratification of the appointment of PricewaterhouseCoopers LLP as Indevus independent registered public accounting firm are not conditions to the completion of the merge