

Valeant Pharmaceuticals Reports 2009 Fourth Quarter and Full Year Financial Results

February 22, 2010

- Fourth quarter revenue \$240.5 million; Full year 2009 revenue \$830.5 million - Fourth quarter GAAP EPS \$1.89, Adjusted Non-GAAP (Cash) EPS \$0.67; Full year 2009 GAAP EPS \$3.07, Adjusted Non-GAAP (Cash) EPS \$2.21 - Full year 2009 GAAP Cash Flow from Operations \$188 million, Adjusted Cash Flow from Operations \$226 million

ALISO VIEJO, Calif., Feb 22, 2010 /PRNewswire via COMTEX/ -- Valeant Pharmaceuticals International (NYSE: VRX) today announced fourth quarter and full year financial results for 2009. "Across the organization, Valeant delivered on its commitments in 2009," stated J. Michael Pearson, chairman and chief executive officer. "We intend to continue our strong performance in 2010, with a focus on growth through market-driven innovation, improvements in our operating leverage, and the progression of our pipeline products."

Fourth Quarter 2009 Discussion:

Total revenue was \$240.5 million in the fourth quarter of 2009 as compared to \$183.0 million in the fourth quarter of 2008, an increase of 31%.

Product sales in the Specialty Pharmaceuticals segment were \$119.3 million in the fourth quarter of 2009, as compared to \$89.2 million in the fourth quarter of 2008, an increase of 34%. At constant exchange rates, Specialty Pharmaceuticals product sales increased 27%. Within the Specialty Pharmaceuticals segment, alliance and service revenue was \$23.3 million in the fourth quarter of 2009 as compared to \$4.4 million in the fourth quarter of 2008. Since the company acquired Dow in December 2008 and the 1% clindamycin and 5% benzoyl peroxide product (IDP-111) was launched in August 2009, no service revenue or profit share income was recorded in the fourth quarter of 2008.

Product sales in Branded Generics - Latin America were \$47.2 million in the fourth quarter of 2009 as compared to \$36.9 million in the same period in 2008, an increase of 28%. At constant exchange rates, product sales in Latin America in the fourth quarter of 2009 increased 25% as compared to the fourth quarter of 2008.

Product sales in Branded Generics - Europe were \$42.0 million in the fourth quarter of 2009 as compared to \$35.9 million in the same period in 2008, an increase of 17%. At constant exchange rates, product sales in Europe in the fourth quarter of 2009 increased 14% as compared to the fourth quarter of 2008.

Ribavirin royalties were \$8.7 million in the fourth quarter of 2009 as compared to \$16.6 million in the fourth quarter of 2008, a decrease of 48%. This expected decrease is primarily attributable to the expiration of royalty terms in most European countries.

The company's cost of goods sold was 28% of product sales for the fourth quarter of 2009 as compared to 26% for the fourth quarter of 2008. This increase is primarily due to the impact of our Tecnofarma and EMO-FARM acquisitions.

Selling, general and administrative expenses were essentially flat in the fourth quarter of 2009 at \$65.5 million as compared to \$66.4 million in the fourth quarter of 2008.

Research and development costs increased 25% to \$14.8 million in the fourth quarter of 2009 as compared to \$11.9 million in the same period of 2008.

Net interest expense increased to \$12.4 million in the fourth quarter of 2009 as compared to \$4.5 million in the fourth quarter of 2008. The increase primarily reflects interest expense related to \$365 million aggregate principal amount of senior notes issued in June 2009.

Income tax in the fourth quarter of 2009 was a tax benefit of \$97.8 million as compared to a tax expense of \$1.0 million in the fourth quarter of 2008. The tax benefit amount is primarily related to the release of the valuation allowance recorded previously against the net deferred tax assets, primarily comprised of net operating losses in the U.S.

Income from continuing operations was \$156.2 million for the fourth quarter of 2009, or \$1.89 per diluted share, as compared to a loss from continuing operations of \$150.6 million, or a loss of \$1.82 per diluted share, for the fourth quarter of 2008. On an adjusted non-GAAP (Cash) EPS basis, adjusted income from continuing operations was \$55.4 million, or \$0.67 per diluted share, in the fourth quarter of 2009 as compared to adjusted income from continuing operations of \$43.2 million, or \$0.52 per diluted share, in the fourth quarter of 2008.

GAAP cash flow from operations for the fourth quarter of 2009 was \$52 million, which includes the effect of the accreted discount on convertible debt from the newly implemented accounting requirements and acquisition transaction fees. Adjusted cash flow from operations for the fourth quarter of 2009 was \$55 million. Interest on our senior notes is paid in June and December. GAAP cash flow from operations and adjusted cash flow from operations for the fourth quarter included \$15.8 million of interest expense related to our senior notes, an expense that we did not have prior to the fourth quarter.

Full Year 2009 Discussion:

Total revenue in 2009 was \$830.5 million as compared to \$657.0 million in 2008, an increase of 26%.

Product sales in the Specialty Pharmaceuticals segment were \$403.9 million in 2009, as compared to \$303.7 million in 2008, an increase of 33%. At constant exchange rates, Specialty Pharmaceuticals product sales increased 35%.

Product sales in Branded Generics - Latin America were \$155.2 million in 2009 as compared to \$136.6 million in 2008, an increase of 14%. At constant exchange rates, product sales in Latin America in 2009 increased 34% as compared to those in 2008.

Product sales in Branded Generics - Europe were \$151.7 million in 2009 as compared to \$152.8 million in 2008, a decrease of 1%. At constant exchange rates, product sales in Europe in 2009 increased 25% as compared to those in 2008.

Ribavirin royalties were \$46.7 million in 2009 as compared to \$59.4 million in 2008, a decrease of 21%. This expected decrease is primarily attributable to the expiration of royalty terms of most European countries on the ten-year anniversary of product launches in the respective countries.

The company's cost of goods sold was 27% of product sales for 2009 as compared to 28% for 2008.

Selling, general and administrative expenses were \$255.8 million in 2009 as compared to \$278.0 million in 2008, a decrease of 8%.

Research and development costs decreased 49% to \$44.0 million in 2009 as compared to \$87.0 million in 2008.

Net interest expense increased to \$39.3 million in 2009 as compared to \$28.3 million in 2008, primarily reflecting additional interest expense related to \$365 million aggregate principal amount of senior notes issued in June 2009.

Income tax for 2009 was a tax benefit of \$58.3 million compared to a tax expense of \$34.7 million for 2008. The 2009 tax benefit amount is primarily related to the release of the valuation allowance recorded as of December 31, 2008 against our net deferred tax assets, primarily comprised of net operating losses in the U.S.

Income from continuing operations was \$257.6 million for 2009, or \$3.07 per diluted share, as compared to a loss from continuing operations of \$207.4 million, or a loss of \$2.37 per diluted share, for 2008. On an adjusted non-GAAP (Cash) EPS basis, adjusted income from continuing operations was \$185.2 million, or \$2.21 per diluted share, in 2009 as compared to adjusted income from continuing operations of \$71.7 million, or \$0.81 per diluted share, in 2008.

GAAP cash flow from operations for 2009 was \$186 million, which includes the effect of accreted discount on convertible debt from the newly implemented accounting requirements and acquisition transaction fees. Adjusted cash flow from operations for 2009 was \$226 million.

2010 Guidance

The company reaffirms its adjusted non-GAAP (Cash) EPS guidance of \$2.45 - \$2.70 in 2010.

Conference Call and Webcast Information:

Valeant will host a conference call and a live Internet webcast along with a slide presentation today at 10:00 a.m. EST (7:00 a.m. PST) to discuss its fourth quarter and full year financial results for 2009. The dial-in number to participate on this call is (877) 295-5743, confirmation code 53708100. International callers should dial (973) 200-3961, confirmation code 53708100. A replay will be available approximately two hours following the conclusion of the conference call through March 1, 2010 and can be accessed by dialing (800) 642-1687, or (706) 645-9291, confirmation code 53708100. The live webcast of the conference call may be accessed through the investor relations section of Valeant's corporate Web site at www.valeant.com

About Valeant:

Valeant Pharmaceuticals International (NYSE:VRX) is a multinational specialty pharmaceutical company that develops and markets a broad range of pharmaceutical products primarily in the areas of neurology and dermatology. More information about Valeant can be found at www.valeant.com

Forward-looking Statements

This press release may contain forward-looking statements, including, but not limited to, statements regarding our ability to continue our performance and growth in 2010 and guidance with respect to expected adjusted non-GAAP (cash) earnings per share. Forward-looking

statements may be identified by the use of the words "anticipates," "expects," "intends," "plans," "should," "could," "would," "may," "will," "believes," "estimates," "potential," or "continue" and variations or similar expressions. These statements are based upon the current expectations and beliefs of management and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, but are not limited to, risks and uncertainties discussed in the company's most recent annual or quarterly report filed with the Securities and Exchange Commission, which factors are incorporated herein by reference. Readers are cautioned not to place undue reliance on any of these forward-looking statements. Valeant undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect actual outcomes.

Non-GAAP Information:

To supplement the consolidated financial results prepared in accordance with generally accepted accounting principles (GAAP), the company uses non-GAAP financial measures that exclude certain items, such as acquisition transaction fees, special charges and credits including acquired IPR&D, restructuring, asset impairments and dispositions, amortization expense, gain on early extinguishment of debt, the new non-cash accounting charge for interest on the convertible debt related to ASC 470-20 (FSP APB 14-1), which the company adopted on January 1, 2009, and the non-GAAP tax effect of such charges. Management does not consider the excluded items part of day-to-day business or reflective of the core operational activities of the company as they result from transactions outside the ordinary course of business. Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. By disclosing non-GAAP financial measures, management intends to provide investors with a more meaningful, consistent comparison of the company's core operating results and trends for the periods presented. Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. A reconciliation of GAAP to non-GAAP measures can be found in the tables below. The company has provided guidance with respect to cash earnings per share, which is a non-GAAP financial measure that represents earnings per share, excluding certain items, such as acquisition transaction fees included within SG&A, special charges and credits including acquired IPR&D, restructuring, asset impairments and dispositions, amortization expense, gain on early extinguishment of debt, the non-cash accounting charge for interest on the company's convertible debt related to ASC 470-20 (FSP APB 14-1) and the tax effect of such charges. The company has not provided a reconciliation of this forward-looking non-GAAP financial measure due to the difficulty in forecasting and quantifying the exact amount of the items excluded from the non-GAAP financial measure that will be included in the comparable GAAP financial measure.

Financial Tables, including a reconciliation of GAAP to non-GAAP financial measures, follow.

Contact:

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Valeant Pharmaceuticals International
Statement of Income
For the Three and Twelve Months Ended December 31, 2009 and 2008

Table 1

Three Months Ended

Twelve Months Ended

(In thousands, except per share data)	December 31,		% Change	December 31,		% Change
	2009	2008		2009	2008	
Product sales	\$208,534	\$162,023	29%	\$710,761	\$593,165	20%
Service revenue	5,010	-		22,389	-	
Alliance revenue	26,978	20,991	29%	97,311	63,812	52%
Total revenues	240,522	183,014	31%	830,461	656,977	26%
Cost of goods sold	58,232	41,589	40%	192,974	167,916	15%
Cost of services	4,126	-		17,836	-	
Selling, general and administrative ("SG&A")	65,542	66,350	-1%	255,782	278,019	-8%
Research and development costs, net	14,801	11,867	25%	43,977	86,967	-49%
Special charges and credits including acquired in- process research and development	4,377	186,300		6,351	186,300	
Restructuring, asset impairments, dispositions and acquisition- related costs	3,115	17,001		10,068	21,295	
Amortization expense	18,915	12,357	53%	70,640	49,973	41%
	169,108	335,464	-50%	597,628	790,470	-24%
Income (loss) from operations	71,414	(152,450)		232,833	(133,493)	
Interest expense, net	(12,403)	(4,520)		(39,250)	(28,256)	
Gain (loss) on early extinguishment of debt	-	1,888		7,221	(12,994)	
Other income (expense), net including translation and exchange	(672)	5,445		(1,458)	2,056	
Income (loss) from continuing operations before income taxes	58,339	(149,637)		199,346	(172,687)	
Provision (benefit) for income taxes	(97,811)	962		(58,270)	34,688	
Income (loss) from continuing operations	156,150	(150,599)		257,616	(207,375)	
Income (loss) from						

discontinued operations, net	6,256	(20,586)	6,125	166,548
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Net income (loss)	\$162,406	\$(171,185)	\$263,741	\$(40,827)
	=====	=====	=====	=====

Earnings per share:

Basic:

Income (loss) from continuing operations	\$1.95	\$(1.82)	\$3.15	\$(2.37)
Discontinued operations	0.08	(0.25)	0.07	1.90
	----	-----	----	----
Basic earnings (loss) per share	\$2.03	\$(2.07)	\$3.22	\$(0.47)
	=====	=====	=====	=====
Shares used in per share computation	79,925	82,585	81,781	87,480
	=====	=====	=====	=====

Diluted:

Income (loss) from continuing operations	\$1.89	\$(1.82)	\$3.07	\$(2.37)
Discontinued operations	0.07	(0.25)	0.07	1.90
	----	-----	----	----
Diluted earnings (loss) per share	\$1.96	\$(2.07)	\$3.14	\$(0.47)
	=====	=====	=====	=====
Shares used in per share computation	82,729	82,585	83,970	87,480
	=====	=====	=====	=====

Valeant Pharmaceuticals International Table 2
Reconciliation of GAAP EPS to Cash EPS
For the Three and Twelve Months Ended December 31, 2009 and 2008

	Three Months Ended December 31,		Twelve Months Ended December 31,	
(In thousands, except per share data)	2009	2008	2009	2008
	----	----	----	----
Income (loss) from continuing operations	\$156,150	\$(150,599)	\$257,616	\$(207,375)
Non-GAAP adjustments (a):				
Special charges and credits including acquired in-process research and development (b)	4,377	186,300	6,351	186,300
Restructuring, asset				

impairments, dispositions and acquisition-related costs (c)	3,115	17,001	10,068	21,295
Amortization expense	18,915	12,357	70,640	49,973
	-----	-----	-----	-----
	26,407	215,658	87,059	257,568
ASC 470-20 (FSP APB 14-1) interest	1,892	3,723	10,242	14,899
(Gain) loss on early extinguishment of debt	-	(1,888)	(7,221)	12,994
Tax	(129,000)	(23,738)	(162,463)	(6,362)
	-----	-----	-----	-----
Total adjustments	(100,701)	193,755	(72,383)	279,099
Adjusted income from continuing operations	\$55,449	\$43,156	\$185,233	\$71,724
	=====	=====	=====	=====
GAAP earnings (loss) per share - diluted	\$1.89	\$(1.82)	\$3.07	\$(2.37)
	=====	=====	=====	=====
Cash earnings per share - diluted	\$0.67	\$0.52	\$2.21	\$0.81
	=====	=====	=====	=====
Shares used in diluted per share calculation - GAAP earnings (loss) per share	82,729	82,585	83,970	87,480
	=====	=====	=====	=====
Shares used in adjusted diluted per share calculation - Cash earnings per share	82,729	83,738	83,970	88,467
	=====	=====	=====	=====

(a) To supplement the financial measures prepared in accordance with generally accepted accounting principles (GAAP), the company uses non-GAAP financial measures that exclude certain items, such as special charges and credits including acquired in-process research and development, restructuring, asset impairments and dispositions and acquisition-related costs, amortization expense, ASC 470-20 (FSP APB 14-1) interest, gain (loss) on early extinguishment of debt and the non-GAAP tax effect of such charges. Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. By disclosing non-GAAP financial measures, management intends to provide investors with a more meaningful, consistent comparison of the company's core operating results and trends for the periods presented. Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

(b) Special charges and credits including acquired in-process research and development of \$4.4 million and \$6.4 million for the three and twelve

months ended December 31, 2009 relates to \$4.4 million and \$4.4 million primarily related to settlements involving Spear Pharmaceuticals, Inc. and \$0 and \$2.0 million for the acquisition of product rights to market Opana in Canada, Australia and New Zealand, respectively. In the three and twelve months ended December 31, 2008 the \$186.3 million relates to acquired in-process research and development from the Dow Pharmaceuticals acquisition.

(c) Restructuring, asset impairments, dispositions and acquisition-related costs for the three and twelve months ended December 31, 2009 include acquisition-related costs of \$2.7 million and \$6.5 million and restructuring costs of \$ 0.4 million and \$3.6 million, respectively. In the three and twelve months ended December 31, 2008, restructuring, asset dispositions and acquisition-related costs include \$16.5 million and \$55.8 million related to restructuring and \$0.5 million and (\$34.5) million related to the sale of our operations in Asia, respectively.

This table includes Cash Earnings Per Share, which is a non-GAAP financial measure that represents earnings per share, excluding special charges and credits including acquired in-process research and development, restructuring, asset impairments and dispositions and acquisition-related costs, amortization expense, ASC 470-20 (FSP APB 14-1) interest, gain (loss) on early extinguishment of debt and the non-GAAP tax effect of such charges.

Valeant Pharmaceuticals International Table 3
Statement of Revenue - by Segment
For the Three and Twelve Months Ended December 31, 2009 and 2008

(In thousands)

3.1 Revenue	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2009	2008	% Change	2009	2008	% Change
Specialty pharmaceuticals U.S.						
Dermatology	\$35,827	\$31,599	13%	\$123,475	\$91,708	35%
Neurology & Other	49,453	39,854	24%	175,467	127,641	37%
Total U.S.	85,280	71,453	19%	298,942	219,349	36%
Canada	18,711	14,161	32%	64,861	56,988	14%
Australia	15,312	3,558	330%	40,062	21,602	85%
	119,303	89,172	34%	403,865	297,939	36%
Divested business	-	-		-	5,784	
Specialty pharmaceuticals product sales	119,303	89,172	34%	403,865	303,723	33%
Alliance	18,288	4,374		50,639	4,374	
Service	5,010	-		22,389	-	
Total specialty pharmaceuticals revenue	142,601	93,546	52%	476,893	308,097	55%

Branded generics - Latin America product sales	47,185	36,930	28%	155,246	136,638	14%
Branded generics - Europe product sales	42,046	35,921	17%	151,650	152,804	-1%
Alliances (ribavirin royalties only)	8,690	16,617	-48%	46,672	59,438	-21%
	-----	-----		-----	-----	
Total revenue	\$240,522	\$183,014	31%	\$830,461	\$656,977	26%
	=====	=====		=====	=====	
Total product sales included above	\$208,534	\$162,023	29%	\$710,761	\$593,165	20%

3.2 Currency impact and revenue excluding currency impact (a)(b)

		Three Months Ended December 31, ----- 2009			
	2009 currency impact -----	excluding currency impact -----	2008 ----	% Change -----	
Specialty pharmaceuticals					
U.S.	\$(40)	\$85,240	\$71,453	19%	
Canada	(2,344)	16,367	14,161	16%	
Australia	(3,939)	11,373	3,558	220%	
	-----	-----	-----		
	(6,323)	112,980	89,172	27%	
Divested business	-	-	-		
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Specialty pharmaceuticals product sales	(6,323)	112,980	89,172	27%	
Alliance Service	-	18,288	4,374		
	(240)	4,770	-		
Total specialty pharmaceuticals revenue	(6,563)	136,038	93,546	45%	
Branded generics - Latin America product sales	(1,127)	46,058	36,930	25%	
Branded generics - Europe product sales	(1,199)	40,847	35,921	14%	
Alliances (ribavirin royalties only)	-	8,690	16,617	-48%	
	---	-----	-----		
Total revenue	\$(8,889)	\$231,633	\$183,014	27%	
	=====	=====	=====		
Total product sales					

included above \$(8,649) \$199,885 \$162,023 23%

	Twelve Months Ended December 31,			
	2009 currency impact	2009 excluding currency impact	2008	% Change
Specialty pharmaceuticals				
U.S.	\$(40)	\$298,902	\$219,349	36%
Canada	4,536	69,397	56,988	22%
Australia	827	40,889	21,602	89%
	---	-----	-----	
	5,323	409,188	297,939	37%
Divested business	-	-	5,784	
	---	---	-----	
Specialty pharmaceuticals product sales	5,323	409,188	303,723	35%
Alliance Service	-	50,639	4,374	
	395	22,784	-	
Total specialty pharmaceuticals revenue	5,718	482,611	308,097	57%
Branded generics - Latin America product sales	28,341	183,587	136,638	34%
Branded generics - Europe product sales	39,838	191,488	152,804	25%
Alliances (ribavirin royalties only)	-	46,672	59,438	-21%
	---	-----	-----	
Total revenue	\$73,897	\$904,358	\$656,977	38%
	=====	=====	=====	
Total product sales included above	\$73,502	\$784,263	\$593,165	32%

3.3 Alliance Revenue	Segment	Three Months Ended December 31,		Twelve Months Ended December 31,	
		2009	2008	2009	2008
		-----	-----	-----	-----
Ribavirin royalty	Alliances	\$8,690	\$16,617	\$46,672	\$59,438
1% clindamycin and 5% benzoyl peroxide (IDP 111) profit share	Specialty	9,538	-	18,073	-
Other royalties	Specialty	3,310	-	11,230	-
License payments	Specialty	817	-	6,817	-
GSK collaboration	Specialty	4,623	4,374	14,519	4,374

Total alliance revenue	\$26,978	\$20,991	\$97,311	\$63,812
	=====	=====	=====	=====

(a) Note: Currency effect for constant currency sales is determined by comparing 2009 reported amounts adjusted to exclude currency impact, calculated using 2008 monthly average exchange rates, to the actual 2008 reported amounts. Constant currency sales is not a GAAP-defined measure of revenue growth. Constant currency sales as defined and presented by us may not be comparable to similar measures reported by other companies.

(b) See footnote (a) to Table 2.

Valeant Pharmaceuticals International Table 4
Statement of Cost of Goods Sold and Non-GAAP Operating Income - by Segment
For the Three and Twelve Months Ended December 31, 2009 and 2008
(In thousands)

4.1 Cost of goods sold	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2009	% of product sales	2008	% of product sales	2009	% of product sales	2008	% of product sales
	----	-----	----	-----	----	-----	----	-----
Specialty pharmaceuticals	\$23,068	19%	\$18,442	21%	\$78,858	20%	\$64,027	21%
Branded generics - Latin America	15,549	33%	9,193	25%	46,186	30%	46,338	34%
Branded generics - Europe	19,545	46%	13,919	39%	67,798	45%	58,408	38%
Corporate	70		35		132		(857)	
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	\$58,232	28%	\$41,589	26%	\$192,974	27%	\$167,916	28%
	=====		=====		=====		=====	

4.2 Non-GAAP operating income excluding currency impact (a)(b)

	Three Months Ended December 31,							
	2009	% of revenue	2009 excluding currency impact	2009 excluding currency impact	% of revenue	2008	% of revenue	
	----	-----	-----	-----	-----	----	-----	
Specialty pharmaceuticals	\$72,172	51%	\$(558)	\$71,614	53%	\$39,143	42%	
Branded generics - Latin America	18,236	39%	3,161	21,397	46%	13,623	37%	
Branded generics - Europe	10,574	25%	3,692	14,266	35%	10,641	30%	

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	100,982	44%	6,295	107,277	48%	63,407	38%
Alliances & Corporate	(3,161)		-	(3,161)		(199)	
	-----		---	-----		----	
	\$97,821	41%	\$6,295	\$104,116	45%	\$63,208	35%
	=====		=====	=====		=====	

Twelve Months Ended
December 31,

2009

	2009	% of revenue	2009 excluding currency impact	2009	% of revenue	2008	% of revenue
	-----	-----	-----	-----	-----	-----	-----
Specialty pharmaceuticals	\$230,705	48%	\$3,378	\$234,083	49%	\$48,674	16%
Branded generics - Latin America	58,928	38%	11,427	70,355	38%	29,670	22%
Branded generics - Europe	39,877	26%	10,213	50,090	26%	46,420	30%
	-----		-----	-----		-----	
	329,510	42%	25,018	354,528	41%	124,764	21%
Alliances & Corporate	(9,618)		-	(9,618)		(689)	
	-----		---	-----		----	
	\$319,892	39%	\$25,018	\$344,910	38%	\$124,075	19%
	=====		=====	=====		=====	

(a) See footnote (a) to Table 2 and footnote (b) to Table 3.

(b) Non-GAAP operating income of \$97.8 million and \$319.9 million for the three and twelve months ended December 30, 2009 excludes the following GAAP items from GAAP operating income of \$71.4 million and \$232.8 million: special charges and credits including acquired in-process research and development of \$4.4 million and \$6.4 million, restructuring, asset impairments, dispositions and acquisition-related costs of \$3.1 million and \$10.1 million and amortization expense of \$18.9 million and \$70.6 million, respectively. Non-GAAP operating income of \$63.2 million and \$124.1 million for the three and twelve months ended December 30, 2008 excludes the following GAAP items from GAAP operating income of (\$152.5) million and (\$133.5) million: special charges and credits including acquired in-process research and development of \$186.3 million and \$186.3 million, restructuring, asset impairments, dispositions and acquisition-related costs of \$17.0 million and \$21.3 million and amortization expense of \$12.4 million and \$50.0 million, respectively.

(In thousands)

	As of	
	December 31,	2008
5.1 Cash	2009	2008
	----	----
Cash and cash equivalents	\$68,080	\$199,582
Marketable securities	13,785	19,193
	-----	-----
Total cash and marketable securities	\$81,865	\$218,775
	=====	=====

5.2 Summary of Cashflow Statement

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	-----	-----	-----	-----
	2009	2008	2009	2008
	----	----	----	----
Cash flow provided by (used in):				
Operating activities, continuing operations (GAAP)	\$52,458	\$142,009	\$186,321	\$200,655
Effect of ASC 470-20 (FSP APB 14-1) (a)(b)	-	6,115	35,338	6,115
Acquisition transaction fees (a)(b)	2,866	-	4,593	-
	-----	---	-----	---
Operating activities, continuing operations (Non-GAAP) (a)(b)	55,324	148,124	226,252	206,770
Operating activities, discontinued operations	92	127	(2,768)	9,759
Investing activities (GAAP) (c)	(106,729)	(342,366)	(342,480)	169,918
Acquisition transaction fees (a)(b)	(2,866)	-	(4,593)	-
	-----	---	-----	---
Investing activities (Non-GAAP) (a)(b)(c)	(109,595)	(342,366)	(347,073)	169,918
Financing activities (GAAP) (c)	(141,465)	(95,426)	29,909	(468,889)
Effect of ASC 470-20 (FSP APB 14-1) (a)(b)	-	(6,115)	(35,338)	(6,115)
	---	-----	-----	-----
Financing activities (Non-GAAP) (a)(b)(c)	(141,465)	(101,541)	(5,429)	(475,004)
Effect of exchange rate changes on cash and cash equivalents (c)	2,165	(26,025)	(2,484)	(21,226)
	-----	-----	-----	-----
Net decrease in cash and cash equivalents (c)	(193,479)	(321,681)	(131,502)	(109,783)
Net decrease in				

marketable securities (c)	(110,565)	(30,556)	(5,408)	(32,929)
	-----	-----	-----	-----

Net decrease in cash and marketable securities (c)	\$(304,044)	\$(352,237)	\$(136,910)	\$(142,712)
	=====	=====	=====	=====

(a) See footnote (a) to Table 2.

(b) Cash flow for the three and twelve months ended December 31, 2009 includes \$0 and \$35.3 million relating to payments of accreted interest on long-term debt and notes payable made during these periods as determined by and pursuant to ASC 470-20 (FSP APB 14-1), \$0 and \$0.9 million for acquisition transaction fees related to the purchase of Emo-Farm in Poland, \$0.3 million and \$1.0 million for acquisition fees related to the purchase of Tecnofarma in Mexico, \$1.7 million and \$1.7 million for acquisition fees related to the purchase of Dow in the U.S. and \$0.9 million and \$1.0 million for acquisition fees related to the purchase of PFI in Australia, respectively.

(c) Includes results from discontinued operations.

5.3 GSK Collaboration - Retagibine	Three Months Ended December 31, 2009 -----
Valeant SG&A	\$14
Valeant R&D	10,311

	10,325
GSK incurred cost	10,543

	\$20,868
	=====
Equalization (difference between individual partner costs and 50% of total)	\$(109)
	=====

	Three Months Ended December 31, 2009 -----			
	Balance sheet	Alliance revenue	SG&A	R&D
	-----	-----	-----	---
Accounting impact				
Upfront payment from GSK	\$125,000	\$-	\$-	\$-
Release from upfront payment in prior quarters	(43,000)	-	-	-
Incurring cost in current quarter	-	-	14	10,311
Release from upfront payment in current quarter	(15,058)	(4,624)	(582)	(9,852)

Remaining upfront				

payment from GSK	\$66,942	-	-	-
	=====			
Equalization payable to GSK	\$(109)	-	568	(459)
	=====	---	---	----
		\$(4,624)	\$-	\$-
		=====	===	===

Valeant Pharmaceuticals International Supplemental Table
Reconciliation of Product Sales Excluding Acquisitions, Divestitures,
Estimated Wholesaler Inventory Reductions and Currency Impact
For the Three and Twelve Months Ended December 31, 2009 and 2008
(In thousands)

	Three Months Ended December 31, 2009 -----			
	2009 as reported -----	2009 acquisition impact at 2009 rates (a) -----	2009 currency impact -----	2009 excluding currency & acquisition impact -----
Specialty pharmaceuticals				
U.S.	85,280	\$(2,396)	\$-	\$82,884
Canada	18,711	(230)	(2,311)	16,170
Australia	15,312	(9,964)	(1,398)	3,950
	-----	-----	-----	-----
Specialty pharmaceuticals product sales	119,303	(12,590)	(3,709)	103,004
Branded generics - Latin America product sales	47,185	(7,469)	(1,130)	38,586
Branded generics - Europe product sales	42,046	(2,090)	(1,175)	38,781
	-----	-----	-----	-----
Total product sales	\$208,534	\$(22,149)	\$(6,014)	\$180,371
	=====	=====	=====	=====

Three Months Ended
December 31, 2008

2008	2008	2008	Q4 2009
wholesaler	excluding	excluding	growth at
&	divestiture	divestiture	constant
	&	&	currency,

	2008 as reported	2008 divestitures	inventory reductions	wholesaler impact	net of acquisitions
	-----	-----	-----	-----	-----
Specialty pharmaceuticals					
U.S.	\$71,453	\$-	\$-	\$71,453	16%
Canada	14,161	-	-	14,161	14%
Australia	3,558	-	-	3,558	11%
	-----	---	---	-----	
Specialty pharmaceuticals product sales	89,172	-	-	89,172	16%
Branded generics - Latin America product sales	36,930	-	-	36,930	4%
Branded generics - Europe product sales	35,921	-	-	35,921	8%
	-----	---	---	-----	
Total product sales	\$162,023	\$-	\$-	\$162,023	11%
	=====	===	===	=====	

Twelve Months Ended
December 31, 2009

	2009 as reported	2009 acquisition impact at 2009 rates (a)	2009 currency impact	2009 excluding currency & acquisition impact
	-----	-----	-----	-----
Specialty pharmaceuticals				
U.S.	\$298,942	\$(32,351)	\$-	\$266,591
Canada	64,861	(230)	4,569	69,200
Australia	40,062	(19,010)	1,933	22,985
	-----	-----	-----	-----
	403,865	(51,591)	6,502	358,776
Divested business	-	-	-	-
	---	---	---	---
Specialty pharmaceuticals product sales	403,865	(51,591)	6,502	358,776
Branded generics - Latin America product sales	155,246	(12,142)	27,063	170,167
Branded generics - Europe product sales	151,650	(7,659)	37,661	181,652
	-----	-----	-----	-----



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