

Valeant Pharmaceuticals Reports 2010 Second Quarter Financial Results

August 02, 2010

- Revenue increased 33% to \$255.6 million; Product Sales increased 32%**
- Each business segment grew over 20% from previous year**
- GAAP EPS flat at \$0.39; Adjusted Non-GAAP (Cash) EPS increased 33% to \$0.69**
- GAAP Cash Flow from Operations was \$60 million; Adjusted Non-GAAP Cash Flow from Operations \$62 million**
- 2010 Guidance increased to \$2.80 - \$3.05 Adjusted Non-GAAP (Cash) EPS**

ALISO VIEJO, Calif., Aug 02, 2010 /PRNewswire via COMTEX/ --

Valeant Pharmaceuticals International (NYSE: VRX) today announced second quarter financial results for 2010.

"The team at Valeant accomplished a great deal this quarter, both operationally and strategically," stated J. Michael Pearson, chairman and chief executive officer. "We completed five acquisitions in the quarter and grew our top and bottom line over 30% over 2009. We also embarked upon an exciting new strategic opportunity with our announcement of the proposed merger between Biovail and Valeant, which we hope to complete before the end of the year. These activities continue the transformation of Valeant into a diversified, specialty pharmaceutical company focused on growth and cash flow generation."

Revenues

Total revenue was \$255.6 million in the second quarter of 2010 as compared to \$191.7 million in the second quarter of 2009, an increase of 33%.

Product sales in the Specialty Pharmaceuticals segment were \$126.9 million in the second quarter of 2010, as compared to \$96.6 million in the second quarter of 2009, an increase of 31%. At constant exchange rates, Specialty Pharmaceuticals product sales increased 27%. Within the Specialty Pharmaceuticals segment, alliance and service revenue was \$30.1 million in the second quarter of 2010 as compared to \$12.2 million in the year-ago quarter, which included an \$11.2 million profit share related to the 1% clindamycin and 5% benzoyl peroxide product (IDP-111) that was launched by Mylan in August 2009.

Product sales in Branded Generics - Latin America were \$51.8 million in the second quarter of 2010 as compared to \$36.2 million in the same period in 2009, an increase of 43%. At constant exchange rates, product sales in Latin America increased 33%.

Product sales in Branded Generics - Europe were \$40.8 million in the second quarter of 2010 as compared to \$34.0 million in the same period in 2009, an increase of 20%. At constant exchange rates, product sales in Europe increased 17%.

Ribavirin royalties were \$6.0 million in the second quarter of 2010 as compared to \$12.6 million in the second quarter of 2009, a decrease of 53%. This expected decrease is primarily attributable to the expiration of royalty terms in most European countries.

Organic Growth

Organic growth for total product sales in the second quarter of 2010 was 6% as compared to the second quarter of 2009. This included the Specialty Pharmaceutical organic growth rate of 7%; Branded Generics - Latin America organic growth rate of 1% and Branded Generics - Europe organic growth rate of 9%. Organic growth for the first six months of 2010 was 9% as compared to the first six months of 2009. This included the Specialty Pharmaceutical organic growth rate of 15%; Branded Generics - Latin America organic growth rate of 2% and Branded Generics - Europe organic growth rate of 0%.

Income and Cash Flow

Income from continuing operations was \$32.2 million for the second quarter of 2010, or \$0.39 per diluted share, as compared to \$33.0 million, or \$0.39 per diluted share, for the second quarter of 2009. On an adjusted non-GAAP (Cash) EPS basis, adjusted income from continuing operations was \$57.1 million, or \$0.69 per diluted share, in the second quarter of 2010 as compared to adjusted income from continuing operations of \$43.2 million, or \$0.52 per diluted share, in the second quarter of 2009, an increase of 33%.

GAAP cash flow from operations, which includes acquisition transaction fees, for the second quarter of 2010 was \$59.9 million as compared to \$44.5 million for the second quarter of 2009. Adjusted non-GAAP cash flow from operations for the second quarter of 2010 was \$61.7 million as compared to \$55.0 million for the second quarter of 2009.

Merger With Biovail Corporation

On June 20, 2010, Valeant and Biovail entered into a definitive merger agreement providing for a business combination whereby Valeant will merge with a wholly owned subsidiary of Biovail and the name of the combined company will be changed to Valeant Pharmaceuticals International, Inc. Valeant and Biovail currently expect to complete the merger before the end of 2010, subject to the receipt of required shareholder and regulatory approvals and the satisfaction or waiver of the financing and other conditions to the merger described in the merger agreement. On July 22, 2010, the Federal Trade Commission granted early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to the proposed merger.

2010 Guidance

The company is updating its previous adjusted non-GAAP (Cash) EPS target and is now targeting adjusted non-GAAP (cash) EPS between \$2.80 - \$3.05 in 2010, up from prior guidance of \$2.65 to \$2.90. This guidance does not assume the completion of any business-development transactions not completed as of August 2, 2010 and excludes the potential effect of certain costs incurred and expected to be incurred in connection with the pending Biovail merger.

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. EDT (7:00 a.m. PDT) to discuss its second quarter financial results for 2010. The dial-in number to participate on this call is (877) 295-5743, confirmation code 87267374. International callers should dial (973) 200-3961, confirmation code 87267374. A replay will be available approximately two hours following the conclusion of the conference call through August 9, 2010 and can be accessed by dialing (800) 642-1687, or (706) 645-9291, confirmation code 87267374. 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 performance and growth in 2010 and guidance with respect to expected adjusted non-GAAP (cash) earnings per share, the transformation of Valeant, and the expected timing and consummation of the proposed merger with Biovail. 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 ("SEC") and risks and uncertainties relating to the proposed merger, as detailed from time to time in Valeant's and Biovail's filings with the SEC and, in Biovail's case, the Canadian Securities Administrators ("CSA"), 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 financial measures prepared in accordance with generally accepted accounting principles (GAAP), the company uses non-GAAP financial measures that exclude certain items. 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 adjusted non-GAAP (cash) earnings per share, which is a non-GAAP financial measure that represents earnings per share, excluding special charges and credits, restructuring and acquisition-related costs, amortization expense, ASC 470-20 (FSP APB 14-1) interest, gain on early extinguishment of debt and the non-GAAP 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.

Note on Guidance

The guidance contained in this press release is only effective as of the date given, August 3, 2010, and will not be updated or confirmed until the Company publicly announces updated or

affirmed guidance.

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

Additional Information

In connection with the proposed merger, Biovail has filed with the SEC a Registration Statement on Form S-4 that includes a preliminary joint proxy statement of Valeant and Biovail that also constitutes a prospectus of Biovail. Valeant and Biovail will mail the definitive joint proxy statement/prospectus to their respective shareholders. INVESTORS ARE URGED TO READ THE PRELIMINARY JOINT PROXY STATEMENT/PROSPECTUS AND THE DEFINITIVE VERSION THEREOF WHEN IT BECOMES AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors may obtain the preliminary joint proxy statement/prospectus and the definitive version thereof when it becomes available, as well as other filings containing information about Valeant and Biovail, free of charge, at the website maintained by the SEC at

www.sec.gov

and, in Biovail's case, on SEDAR at

www.sedar.com

. Investors may also obtain these documents, free of charge, from Valeant's website (

www.valeant.com

) under the tab "Investor Relations" and then under the heading "SEC Filings," or by directing a request to Valeant, One Enterprise, Aliso Viejo, California, 92656, Attention: Corporate Secretary.

Investors may also obtain these documents, free of charge, from Biovail's website (

www.biovail.com

) under the tab "Investor Relations" and then under the heading "Regulatory Filings" and then under the item "Current SEC Filings," or by directing a request to Biovail, 7150 Mississauga Road, Mississauga, Ontario, Canada, L5N 8M5, Attention: Corporate Secretary.

The respective directors and executive officers of Valeant and Biovail and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding Valeant's directors and executive officers is available in its Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed with the SEC on February 24, 2010, and in its definitive proxy statement filed with the SEC by Valeant on March 25, 2010. Information regarding Biovail's directors and executive officers is available in its Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed with the SEC on February 26, 2010, and in its definitive proxy statement filed with the SEC and CSA by Biovail on April 21, 2010. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, is contained in the preliminary joint proxy statement/prospectus filed with the SEC. These documents can be obtained free of charge from the sources indicated above. Other information regarding the interests of the participants in the proxy solicitation will be included in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC and the CSA when they become available. This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Contact: Laurie W. Little Valeant Pharmaceuticals 949-461-6002

laurie.little@valeant.com

Valeant Pharmaceuticals International Table 1 Statement of Income For the Three and Six Months Ended June 30, 2010 and 2009

Three Months Ended June 30, ----- % (In thousands, except per share data) 2010 2009
Change ---- ----- Product sales \$219,458 \$166,865 32% Service revenue 4,396 5,606
-22% Alliance revenue 31,720 19,227 65% ----- ----- Total revenues 255,574 191,698 33% -
----- ----- Cost of goods sold 60,638 42,750 42% Cost of services 3,279 5,337 -39%
Selling, general and administrative ("SG&A") 73,485 61,626 19% Research and development
costs, net 11,951 9,146 31% Special charges and credits 1,012 1,974 Restructuring and
acquisition-related costs 10,706 2,603 Amortization expense 22,335 17,105 31% ----- -----
- 183,406 140,541 30% ----- ----- Income from operations 72,168 51,157 Interest
expense, net (20,171) (7,825) Gain on early extinguishment of debt - 2,777 Other income
(expense), net including translation and exchange (1,413) (647) ----- ----- Income from
continuing operations before income taxes 50,584 45,462 Provision for income taxes 18,348
12,427 ----- ----- Income from continuing operations 32,236 33,035 Income (loss) from
discontinued operations, net 17 (175) --- ---- Net income \$32,253 \$32,860 =====
Earnings per share: Basic: Income from continuing operations \$0.42 \$0.40 Discontinued
operations - - - - - Basic earnings per share \$0.42 \$0.40 ===== Shares used in per
share computation 77,136 82,794 ===== Diluted: Income from continuing operations
\$0.39 \$0.39 Discontinued operations - - - - - Diluted earnings per share \$0.39 \$0.39
===== Shares used in per share computation 82,638 83,673 =====

Six Months Ended June 30, ----- % (In thousands, except per share data) 2010 2009
Change ---- ----- Product sales \$423,965 \$319,698 33% Service revenue 9,356 12,344
-24% Alliance revenue 54,244 37,579 44% ----- ----- Total revenues 487,565 369,621 32% -
----- ----- Cost of goods sold 114,841 82,447 39% Cost of services 6,445 9,663 -33%
Selling, general and administrative ("SG&A") 144,026 125,842 14% Research and development
costs, net 22,353 17,880 25% Special charges and credits 1,550 1,974 Restructuring and
acquisition-related costs 11,730 3,814 Amortization expense 41,665 34,109 22% ----- -----
- 342,610 275,729 24% ----- ----- Income from operations 144,955 93,892 Interest
expense, net (32,802) (14,004) Gain on early extinguishment of debt - 7,376 Other income
(expense), net including translation and exchange (1,938) 564 ----- --- Income from
continuing operations before income taxes 110,215 87,828 Provision for income taxes 42,378
23,996 ----- ----- Income from continuing operations 67,837 63,832 Income (loss) from
discontinued operations, net 432 223 --- --- Net income \$68,269 \$64,055 =====
Earnings per share: Basic: Income from continuing operations \$0.87 \$0.77 Discontinued
operations 0.01 - - - - - Basic earnings per share \$0.88 \$0.77 ===== Shares used in
per share computation 77,797 82,733 ===== Diluted: Income from continuing
operations \$0.82 \$0.76 Discontinued operations 0.01 0.01 ----- ----- Diluted earnings per
share \$0.83 \$0.77 ===== Shares used in per share computation 82,355 83,566 =====
=====

Valeant Pharmaceuticals International Table 2 Reconciliation of GAAP EPS to Adjusted Non-GAAP (Cash) EPS For the Three and Six Months Ended June 30, 2010 and 2009

Three Months Ended June 30, ----- (In thousands, except per share data) 2010 2009 ----
---- Income from continuing operations \$32,236 \$33,035 Non-GAAP adjustments (a)(b):
Inventory step-up (c) 2,500 - Special charges and credits 1,012 1,974 Restructuring and
acquisition-related costs (d) 10,706 2,603 Amortization expense 22,335 17,105 ----- -----
- 36,553 21,682 ASC 470-20 (FSP APB 14-1) interest 2,037 2,695 Gain on early
extinguishment of debt - (2,778) Tax (13,755) (11,388) ----- ----- Total adjustments
24,835 10,211 Adjusted income from continuing operations \$57,071 \$43,246 =====
GAAP earnings per share - diluted \$0.39 \$0.39 ===== Adjusted Non-GAAP (Cash)
earnings per share - diluted \$0.69 \$0.52 ===== Shares used in diluted per share
calculation - GAAP earnings per share 82,638 83,673 ===== Shares used in diluted
per share calculation - Adjusted Non-GAAP (Cash) earnings per share 82,638 83,673 =====
=====

Six Months Ended June 30, ----- (In thousands, except per share data) 2010 2009 ---- -
 --- Income from continuing operations \$67,837 \$63,832 Non-GAAP adjustments (a)(b):
 Inventory step-up (c) 2,500 - Special charges and credits 1,550 1,974 Restructuring and
 acquisition-related costs (d) 11,730 3,814 Amortization expense 41,665 34,109 -----
 - 57,445 39,897 ASC 470-20 (FSP APB 14-1) interest 4,034 6,174 Gain on early
 extinguishment of debt - (7,376) Tax (19,432) (21,225) ----- ----- Total adjustments
 42,047 17,470 Adjusted income from continuing operations \$109,884 \$81,302 =====
 GAAP earnings per share - diluted \$0.82 \$0.76 ===== Adjusted Non-GAAP (Cash)
 earnings per share - diluted \$1.33 \$0.97 ===== Shares used in diluted per share
 calculation - GAAP earnings per share 82,355 83,566 ===== Shares used in diluted
 per share calculation - Adjusted Non-GAAP (Cash) earnings per share 82,355 83,566 =====
 =====

(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 amortization of inventory step-up, special charges and credits, restructuring and acquisition-related costs, amortization expense, ASC 470-20 (FSP APB 14-1) interest, gain 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) This table includes Adjusted Non-GAAP (Cash) Earnings Per Share, which is a non-GAAP financial measure that represents earnings per share, excluding amortization of inventory step-up, special charges and credits, restructuring and acquisition-related costs, amortization expense, ASC 470-20 (FSP APB 14-1) interest, gain on early extinguishment of debt and the non-GAAP tax effect of such charges. (c) ASC 805, accounting for business combinations requires an inventory fair value step-up. The impact of the amortization of this step-up is included in cost of goods sold. For the three and six months ended June 30, 2010 the impact is \$0.6 million for Instituto Terapeutico Delta, \$0.8 million for another acquired company in Brazil and \$1.1 million for our acquisition of Aton Pharma, Inc. (d) Restructuring and acquisition-related costs for the three and six months ended June 30, 2010 include \$4.8 million of expenses related to the merger with Biovail, \$3.2 million related to the acquisition and integration of Aton Pharma, Inc. in the U.S., \$0.2 million related to the acquisition and integration of Dr. Renaud and Vital Sciences in Canada, as well as \$1.8 million and \$2.2 million related to the acquisition and integration of Instituto Terapeutico Delta and another acquired company in Brazil, \$0.6 million and \$0.8 million related to the acquisition and integration of PFI in Australia, and \$0.1 million and \$0.4 million related to the acquisition and integration of Tecnofarma S.A. de C.V. in Mexico. Restructuring charges in the six months ended June 30, 2010 were \$0.2 million.

Valeant Pharmaceuticals International Table 3 Statement of Revenue - by Segment For the Three and Six Months Ended June 30, 2010 and 2009 (In thousands)

Three Months Ended June 30, ----- Revenue (a)(b) 2010 2009 % ---- ---- Change -----
 Specialty pharmaceuticals U.S. Dermatology \$35,694 \$29,486 21% Neurology & Other 54,727
 41,842 31% ----- ----- Total U.S. 90,421 71,328 27% Canada 22,817 15,831 44% Australia
 13,663 9,475 44% ----- ----- Specialty pharmaceuticals product sales 126,901 96,634 31%
 Services and alliance revenue 30,143 12,196 NM ----- ----- Total specialty
 pharmaceuticals revenue 157,044 108,830 44% Branded generics -Latin America product sales
 51,772 36,199 43% Branded generics -Europe product sales 40,785 34,032 20% Alliances
 (ribavirin royalties only) 5,973 12,637 -53% ----- ----- Total revenue \$255,574 \$191,698
 33% ===== ===== Total product sales included above \$219,458 \$166,865 32%

Three Months Ended June 30, ----- Revenue (a)(b) 2010 2010 % currency excluding Change impact currency ----- impact ----- Specialty pharmaceuticals U.S. Dermatology \$(17) \$35,677 21% Neurology & Other - 54,727 31% --- ----- Total U.S. (17) 90,404 27% Canada (2,674) 20,143 27% Australia (1,936) 11,727 24% ----- Specialty pharmaceuticals product sales (4,627) 122,274 27% Services and alliance revenue 13 30,156 NM --- ----- Total specialty pharmaceuticals revenue (4,614) 152,430 40% Branded generics -Latin America product sales (3,464) 48,308 33% Branded generics -Europe product sales (979) 39,806 17% Alliances (ribavirin royalties only) - 5,973 -53% --- ----- Total revenue \$(9,057) \$246,517 29% ===== Total product sales included above \$(9,070) \$210,388 26%

Three Months Ended June 30, ----- Revenue (a)(b) 2010 2010 Q2 2010 acquisition excluding growth at impact at currency & constant 2009 currency, rates acquisition net --- -- impact of ----- acquisitions ----- Specialty pharmaceuticals U.S. Dermatology \$(3,668) \$32,009 9% Neurology & Other (7,822) 46,905 12% ----- Total U.S. (11,490) 78,914 11% Canada (3,543) 16,600 5% Australia (3,936) 7,791 -18% ----- Specialty pharmaceuticals product sales (18,969) 103,305 7% Services and alliance revenue - 30,156 NM --- ----- Total specialty pharmaceuticals revenue (18,969) 133,461 23% Branded generics - Latin America product sales (11,837) 36,471 1% Branded generics - Europe product sales (2,713) 37,093 9% Alliances (ribavirin royalties only) - 5,973 NM --- ----- Total revenue \$(33,519) \$212,998 11% ===== Total product sales included above \$(33,519) \$176,869 6%

Six Months Ended June 30, -----

Revenue (a)(b) 2010 2009 % ----- Change ----- Specialty pharmaceuticals U.S. Dermatology \$70,219 \$60,454 16% Neurology & Other 106,480 77,853 37% ----- Total U.S. 176,699 138,307 28% Canada 44,640 30,319 47% Australia 26,304 14,321 84% ----- Specialty pharmaceuticals product sales 247,643 182,947 35% Services and alliance revenue 52,666 24,101 NM ----- Total specialty pharmaceuticals revenue 300,309 207,048 45% Branded generics -Latin America 93,829 67,381 39% product sales Branded generics - Europe 82,493 69,370 19% product sales Alliances (ribavirin royalties only) 10,934 25,822 -58% ----- Total revenue \$487,565 \$369,621 32% ===== Total product sales included above \$423,965 \$319,698 33%

Revenue (a)(b) 2010 2010 % currency excluding Change impact currency ----- impact ----- Specialty pharmaceuticals U.S. Dermatology \$(37) \$70,182 16% Neurology & Other - 106,480 37% --- ----- Total U.S. (37) 176,662 28% Canada (6,219) 38,421 27% Australia (5,282) 21,022 47% ----- Specialty pharmaceuticals product sales (11,538) 236,105 29% Services and alliance revenue (113) 52,553 NM ----- Total specialty pharmaceuticals revenue (11,651) 288,658 39% Branded generics -Latin America (9,037) 84,792 26% product sales Branded generics - Europe (7,909) 74,584 8% product sales Alliances (ribavirin royalties only) - 10,934 -58% --- ----- Total revenue \$(28,597) \$458,968 24% ===== Total product sales included above \$(28,484) \$395,481 24%

Revenue (a)(b) 2010 2010 Jun Ytd 2010 acquisition excluding growth at impact at currency & constant 2009 rates acquisition currency, net ----- impact of ----- acquisitions ----- Specialty pharmaceuticals U.S. Dermatology \$(4,634) \$65,548 8% Neurology & Other (7,822) 98,658 27% ----- Total U.S. (12,456) 164,206 19% Canada (5,572) 32,849 8% Australia (8,408) 12,614 -12% ----- Specialty pharmaceuticals product sales (26,436) 209,669 15% Services and alliance revenue - 52,553 NM --- ----- Total specialty pharmaceuticals revenue (26,436) 262,222 27% Branded generics -Latin America (15,976) 68,816 2% product sales Branded generics - Europe (4,983) 69,601 0% product sales Alliances (ribavirin royalties only) - 10,934 NM --- ----- Total revenue \$(47,395) \$411,573 11% ===== Total product sales included above \$(47,395) \$348,086 9%

Three Months Ended June 30, ----- 2010 2009 ---- ---- Alliance Revenue Segment -----
 ----- Ribavirin royalty Alliances \$5,973 \$12,637 1% clindamycin and 5% benzoyl
 peroxide (IDP 111) profit share Specialty 11,232 - Other royalties Specialty 4,160 3,790
 License payments Specialty 765 - GSK collaboration Specialty 9,590 2,800 ----- ----- Total
 alliance revenue \$31,720 \$19,227 ===== =====

Six Months Ended June 30, ----- 2010 2009 ---- ---- Alliance Revenue Segment -----
 ----- Ribavirin royalty Alliances \$10,934 \$25,822 1% clindamycin and 5% benzoyl
 peroxide (IDP 111) profit share Specialty 20,530 - Other royalties Specialty 7,585 5,639
 License payments Specialty 1,466 - GSK collaboration Specialty 13,729 6,118 ----- -----
 Total alliance revenue \$54,244 \$37,579 ===== =====

(a) Note: Currency effect for constant currency sales is determined by comparing 2010 reported amounts adjusted to exclude currency impact, calculated using 2009 monthly average exchange rates, to the actual 2009 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 Six Months Ended June 30, 2010 and 2009 (In thousands) 4.1 Cost of goods sold

Three Months Ended June 30, ----- % of % of product product 2010 sales 2009 sales ----
 ----- Specialty pharmaceuticals \$22,120 17% \$18,181 19% Branded generics -
 Latin America 20,656 40% 9,598 27% Branded generics - Europe 17,638 43% 14,984 44%
 Corporate 224 (13) --- --- \$60,638 28% \$42,750 26% ===== =====

Six Months Ended June 30, ----- % of % of product product 2010 sales 2009 sales ----
 ----- Specialty pharmaceuticals \$45,123 18% \$33,544 18% Branded generics -
 Latin America 33,621 36% 17,496 26% Branded generics - Europe 35,770 43% 31,401 45%
 Corporate 327 6 --- --- \$114,841 27% \$82,447 26% ===== =====

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

Three Months Ended June 30, ----- 2010 % of 2010 ---- revenue currency ----- impact
 ----- Specialty pharmaceuticals \$88,853 57% \$(1,516) Branded generics - Latin America
 15,097 29% (844) Branded generics - Europe 10,830 27% (342) ----- ----- 114,780 46%
 (2,702) Alliances & Corporate (6,059) - ----- --- \$108,721 43% \$(2,702) ===== =====

Three Months Ended June 30, ----- 2010 % of 2009 % of excluding revenue ---- revenue
 currency ----- impact ----- Specialty pharmaceuticals \$87,337 56% \$49,842 46%
 Branded generics - Latin America 14,253 28% 14,628 40% Branded generics - Europe 10,488
 26% 8,196 24% ----- ----- 112,078 45% 72,666 41% Alliances & Corporate (6,059) 174 -----
 --- \$106,019 41% \$72,840 38% ===== =====

Six Months Ended June 30, -----

2010 % of 2010 ---- revenue currency ----- impact ----- Specialty pharmaceuticals
 \$167,520 56% \$(3,574) Branded generics - Latin America 29,623 32% (2,909) Branded generics
 - Europe 22,530 27% (2,481) ----- ----- 219,673 46% (8,964) Alliances & Corporate
 (17,273) - ----- --- \$202,400 42% \$(8,964) ===== =====

2010 % of 2009 % of excluding revenue ---- revenue currency ----- impact -----
 Specialty pharmaceuticals \$163,946 55% \$94,083 45% Branded generics - Latin America 26,714
 28% 27,615 41% Branded generics - Europe 20,049 24% 17,294 25% ----- 210,709 44%
 138,992 40% Alliances & Corporate (17,273) (5,203) ----- \$193,436 40% \$133,789
 36% =====

(a) See footnote (a) to Table 2 (b) Non-GAAP operating income of \$108.7 million and \$202.4 million for the three and six months ended June 30, 2010 excludes the following GAAP items from GAAP operating income of \$72.2 million and \$145.0 million: amortization of inventory step-up of \$2.5 million and \$2.5 million, special charges and credits of \$1.0 million and \$1.5 million, restructuring and acquisition-related costs of \$10.7 million and \$11.7 million and amortization expense of \$22.3 million and \$41.7 million respectively. Non-GAAP operating income of \$72.8 million and \$133.8 million for the three and six months ended June 30, 2009 excludes the following GAAP items from GAAP operating income of \$51.2 million and \$93.9 million: special charges and credits of \$2.0 million and \$2.0 million, restructuring and acquisition-related costs of \$2.6 million and \$3.8 million and amortization expense of \$17.0 million and \$34.1 million respectively.

Valeant Pharmaceuticals International Table 5 Consolidated Balance Sheet and Other Data
 (In thousands)

As of As of June 30, December 31, 5.1 Cash 2010 2009 ---- Cash and cash equivalents
 \$75,383 \$68,080 Marketable securities - 13,785 --- ----- Total cash and marketable
 securities \$75,383 \$81,865 =====

5.2 Summary of Cash Flow Statement Three Months Ended June 30, ----- 2010 2009 ---- --
 -- Cash flow provided by (used in): Operating activities, continuing operations (GAAP)
 \$59,881 \$44,461 Effect of ASC 470-20 (FSP APB 14-1) (a)(b) - 9,710 Acquisition transaction
 fees (a)(b) 1,814 866 ----- --- Operating activities, continuing operations (Non-GAAP) (a)
 (b) 61,695 55,037 Operating activities, discontinued operations 30 (285) Investing
 activities (GAAP) (c) (448,972) (151,028) Acquisition transaction fees (a)(b) (1,814)
 (866) ----- ---- Investing activities (Non-GAAP) (a)(b)(c) (450,786) (151,894) Financing
 activities (GAAP) 319,108 305,512 Effect of ASC 470-20 (FSP APB 14-1) (a)(b) - (9,710) ---
 ----- Financing activities (Non-GAAP) (a)(b) 319,108 295,802 Effect of exchange rate
 changes on cash and cash equivalents (1,967) 7,051 ----- ----- Net increase (decrease) in
 cash and cash equivalents (c) (71,920) 205,711 Net decrease in marketable securities
 (7,979) 101,429 ----- ----- Net increase (decrease) in cash and marketable securities
 (c) \$(79,899) \$307,140 =====

5.2 Summary of Cash Flow Statement Six Months Ended June 30, ----- 2010 2009 ---- ----
 Cash flow provided by (used in): Operating activities, continuing operations (GAAP)
 \$128,071 \$82,283 Effect of ASC 470-20 (FSP APB 14-1) (a)(b) - 22,987 Acquisition
 transaction fees (a)(b) 2,774 866 ----- --- Operating activities, continuing operations
 (Non-GAAP) (a)(b) 130,845 106,136 Operating activities, discontinued operations (11)
 (2,434) Investing activities (GAAP) (c) (461,200) (187,594) Acquisition transaction fees
 (a)(b) (2,774) (866) ----- ---- Investing activities (Non-GAAP) (a)(b)(c) (463,974)
 (188,460) Financing activities (GAAP) 341,155 261,775 Effect of ASC 470-20 (FSP APB 14-1)
 (a)(b) - (22,987) --- ----- Financing activities (Non-GAAP) (a)(b) 341,155 238,788
 Effect of exchange rate changes on cash and cash equivalents (712) (7,992) ---- ----- Net
 increase (decrease) in cash and cash equivalents (c) 7,303 146,038 Net decrease in
 marketable securities (13,785) 88,166 ----- ----- Net increase (decrease) in cash and
 marketable securities (c) \$(6,482) \$234,204 =====

(a) See footnote (a) to Table 2. (b) Cash flow for the three and six months ended June 30, 2010 includes \$1.3 million and \$1.5 million for acquisition fees related to the purchase of Delta and another acquired company in Brazil, \$0.2 million and \$0.4 million

for acquisition fees related to the purchase of Dr. Renaud and Vital Science in Canada, \$0.2 million and \$0.2 million for acquisition fees related to the purchase of Aton in the US, \$0.1 million and \$0.1 million for acquisition fees related to the merger with Biovail in Canada and \$0.0 million and \$0.6 million for acquisition fees related to the purchase of PFI in Australia, respectively. Cash flow for the three and six months ended June 30, 2009 includes \$9.7 million and \$23.0 million, respectively relating to payments of accreted interest on long-term debt and notes payable made during these periods as determined by and pursuant to FSP APB 14-1, as well as \$0.9 million in both the three and six months ended June 30, 2009 for acquisition fees related to the purchase of Emo-Farm in Poland. (c) Includes results from discontinued operations.

Three Months Ended 5.3 GSK Collaboration - Retigabine June 30, 2010 ----- Valeant
 SG&A \$54 Valeant R&D 3,673 ----- 3,727 GSK incurred cost 9,009 ----- \$12,736 =====
 Equalization (difference between individual partner costs and 50% of total) \$(2,641)
 =====

Three Months Ended June 30, 2010 ----- Balance sheet Alliance
 SG&A R&D ----- revenue ---- --- ----- Accounting impact Upfront payment from GSK
 \$125,000 \$- \$- \$- Release from upfront payment in prior quarters (67,835) - - - Incurred
 cost in current quarter - - 54 3,673 Release from upfront payment in current quarter
 (15,958) (9,590) (661) (5,707) ----- Remaining upfront payment from GSK \$41,207 - - -
 ===== Equalization payable to GSK \$(2,641) - 607 2,034 ===== --- --- ----- \$(9,590) \$-
 \$- ===== === ===



Investor Inquiries

ir@bauschhealth.com
 877-281-6642
 514-856-3855 (Canada)

Media inquiries

Corporate.communications@bauschhealth.com
 908-569-3692

[LEGAL NOTICE](#)

[PRIVACY POLICY](#)

[EMAIL ALERTS](#)

[EMAIL PAGE](#)

[RSS FEED](#)

Use of this site signifies your agreement to the Legal Notice and Privacy Policy.
 ©2026 Bausch Health Companies Inc. All rights reserved. MTB.0230.USA.18 V2.0

CALIFORNIA RESIDENTS: DO NOT SELL MY PERSONAL INFORMATION

