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# Salix Provides Notice of Fundamental Changes, Make-Whole Fundamental Changes and Merger Event Relating to Its 2.75% Convertible Senior Notes Due 2015

April 01, 2015

LAVAL, Quebec, April 1, 2015 /PRNewswire/ -- Salix Pharmaceuticals, Ltd. (the "Company" or "Salix"), a wholly owned subsidiary of Valeant Pharmaceuticals International, Inc. (NYSE: VRX) (TSX:VRX), today announced that it today provided a Notice of Fundamental Changes, Make-Whole Fundamental Changes and Merger Event, Fundamental Change Company Notice, Notice of Execution of Supplemental Indenture and Offer to Purchase (the "Notice") to holders of its 2.75% Convertible Senior Notes due 2015 (the "Notes"), pursuant to the Indenture, dated as of June 3, 2010 (the "Indenture"), by and between the Company and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms used herein, unless otherwise defined herein, shall have the meanings given to such terms in the Indenture.

The consummation of the tender offer (the "Offer") and the consummation of the merger (the "Merger"), in each case on April 1, 2015, contemplated by the Agreement and Plan of Merger, dated as of February 20, 2015 and as amended as of March 16, 2015 (as amended, the "Merger Agreement"), by and among the Company, Valeant Pharmaceuticals International ("VPI"), Sun Merger Sub, Inc. and Valeant Pharmaceuticals International, Inc. ("Valeant"), each constitute a Fundamental Change and a Make-Whole Fundamental Change, and the consummation of the Merger constitutes a Merger Event. The delisting of the Common Stock from the NASDAQ Global Select Market also constitutes a Fundamental Change. The Effective Date of each Fundamental Change, each Make-Whole Fundamental Change and the Merger Event is April 1, 2015, the date of the consummation of the Offer and the Merger.

Pursuant to Section 16.04(a) of the Indenture, subject to certain conditions, each Noteholder has the right (the "Fundamental Change Repurchase Right"), at such Noteholder's option, to require the Company to repurchase all of such Noteholder's Notes, or any portion thereof that is an integral multiple of $1,000 principal amount, on April 30, 2015 (the "Fundamental Change Repurchase Date"). The Company will repurchase Notes validly surrendered by Noteholders for repurchase and not validly withdrawn at a price (the "Fundamental Change Repurchase Price") equal to 100% of the principal amount thereof, *plus* any accrued and unpaid interest thereon to, but excluding, the Fundamental Change Repurchase Date. The Fundamental Change Repurchase Price, including accrued interest, is $1,012.60 per $1,000 principal amount of Notes validly surrendered for repurchase and not validly withdrawn.

Noteholders may exercise the right to require the Company to repurchase a Noteholder's Notes by (i) delivering to the Paying Agent, at or prior to 5:00 p.m. (New York City time) on the Business Day immediately preceding the Fundamental Change Repurchase Date (such time, the "Expiration Time" and such Business Day, the "Expiration Date"), a duly completed notice (the "Fundamental Change Repurchase Notice"), a form of which is attached as Exhibit A to the Notice (*provided* that, if the Notes are not in certificated form, the Fundamental Change Repurchase Notice must comply with the appropriate procedures of The Depository Trust Company (the "Depositary," and such procedures, the "Applicable Procedures")) and (ii) delivering such Notes, if

such Notes are in certificated form, to the Paying Agent (together with all necessary endorsements), or delivering such Notes, if such Notes are held as beneficial interests in a Global Note, by book-entry transfer to the Paying Agent in compliance with the Applicable Procedures, in each case at any time after delivery of the Fundamental Change Repurchase Notice but at or prior to the Expiration Time, as further described under "Repurchase Procedure" in the Notice.

Any Noteholder may withdraw, in whole or in part, its submission of a Fundamental Change Repurchase Notice by means of a written notice of withdrawal (a "Withdrawal Notice") delivered to the Corporate Trust Office of the Paying Agent at any time prior to the Expiration Time, specifying: (i) the certificate number, if any, of the Note in respect of which such Withdrawal Notice is being submitted, (ii) the principal amount of the Note with respect to which such Withdrawal Notice is being submitted and (iii) the principal amount, if any, of such Note that remains subject to the original Fundamental Change Repurchase Notice, which portion must be an integral multiple of $1,000 (*provided* that, if the Notes are not in certificated form, the Withdrawal Notice must comply with the Applicable Procedures).

The Maturity Date of the Notes is May 15, 2015, unless earlier converted or repurchased pursuant to the terms of the Indenture. If a Noteholder fails to exercise such holder's repurchase right or its conversion right as described in the Notice, such Noteholder's Notes will be redeemed on the Maturity Date for a sum equal to 100% of the principal amount of the Notes, plus any accrued and unpaid interest thereon.

In connection with the completion of the Merger, the Company and the Trustee entered into a supplemental indenture (the "Supplemental Indenture") to the Indenture on April 1, 2015, providing that, at and after the effective time of the Merger Event, the right to convert each $1,000 principal amount of any Notes into cash, shares of Common Stock or a combination of cash and shares of Common Stock at the Company's election, as set forth in Section 15.02 of the Indenture, has been changed to a right to convert each $1,000 principal amount of such Notes into the Reference Property (which consists solely of cash).

Pursuant to the terms and conditions of the Indenture, the Notes are currently convertible at the option of the Noteholders. A Noteholder may surrender its Notes for conversion in accordance with and subject to the terms and conditions set forth in the Indenture (including the expiration of the Noteholders' conversion right under the Indenture at 5:00 p.m. (New York City time) on the second Scheduled Trading Day immediately preceding the Maturity Date). However, notwithstanding the occurrence of the Make-Whole Fundamental Changes due to the consummation of the Offer and the consummation of the Merger, pursuant to Section 15.03 of the Indenture, as the Offer Price (as defined in the Merger Agreement) exceeds $160 per share of Common Stock, the Conversion Rate applicable to each Note that is surrendered for conversion in accordance with Article 15 of the Indenture will not be increased, and there will be no Make-Whole Conversion Rate Adjustment, as a result of these Make-Whole Fundamental Changes. As of April 1, 2015, the Conversion Rate under the Indenture is 21.5592 shares of Common Stock per $1,000 principal amount of Notes.

Noteholders surrendering their Notes for conversion in accordance with and subject to the terms and conditions set forth in the Indenture after 5:00 p.m. (New York City time) on May 1, 2015, which is an Interest Record Date, will receive accrued interest payable on such Notes on May 15, 2015, which is the corresponding Interest Payment Date, while Noteholders surrendering their Notes for conversion in accordance with and subject to the terms and conditions set forth in the Indenture at or prior to 5:00 p.m. (New York City time) on May 1, 2015 will not receive any payment of interest on their Notes so converted.

In addition, pursuant to the Indenture, the Noteholders' conversion right will expire at 5:00 p.m. (New York City time) on the second Scheduled Trading Day immediately preceding the Maturity Date. Therefore, any Noteholder that fails to properly convert its Notes in accordance with the

Indenture at or prior to 5:00 p.m. (New York City time) on May 13, 2015 will no longer be permitted to convert any such Note under the Indenture and will only be entitled to a payment of the principal amount of such Notes, plus any accrued and unpaid interest thereon, on the Maturity Date.

A Noteholder may not convert any Notes with respect to which it has already delivered a Fundamental Change Repurchase Notice unless it has validly withdrawn such Fundamental Change Repurchase Notice in accordance with the procedures described under "Notice of Withdrawal" in the Notice. Notes properly surrendered for conversion may not be withdrawn.

Noteholders should review the Notice, the Indenture and the Supplemental Indenture carefully for additional information relating to their Fundamental Change Repurchase Right and their conversion right and consult with their own financial and tax advisors. None of the Company, VPI, Valeant, the Trustee, the Paying Agent, the Conversion Agent or any of their respective affiliates is making any representation or recommendation to any Noteholder as to whether such Noteholder should elect to require the Company to repurchase its Notes or convert its Notes or whether such Noteholder should continue to hold its Notes through the Maturity Date.

The Trustee, U.S. Bank National Association, also serves as the Paying Agent and the Conversion Agent under the Indenture. The address of the Paying Agent and the Conversion Agent is U.S. Bank National Association, Hearst Tower – 214 N. Tryon Street, 27th Floor, Charlotte, North Carolina 28202, Attention: Corporate Trust Department.

**About Valeant**

Valeant Pharmaceuticals International, Inc. (NYSE/TSX: VRX) is a multinational specialty pharmaceutical company that develops, manufactures and markets a broad range of pharmaceutical products primarily in the areas of dermatology, eye health, neurology, and branded generics. More information about Valeant Pharmaceuticals International, Inc. can be found at
www.valeant.com
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**Caution regarding Forward-Looking Statements and "Safe Harbor" Statement**

This press release may contain forward-looking statements. Forward-looking statements may generally be identified by the use of the words "anticipates," "expects," "intends," "plans," "should," "could," "would," "may," "will," "believes," "estimates," "potential," "target," 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 Salix's and Valeant's most recent annual or quarterly reports and detailed from time to time in Salix's and Valeant's other filings with the Securities and Exchange Commission and the Canadian Securities Administrators, which factors are incorporated herein by reference. Readers are cautioned not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the date of this press release. We undertake 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, except as required by law.

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