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Salix Provides Notice of Fundamental Changes, Make-Whole Fundamental Changes and Merger Event Relating to Its 1.5% Convertible Senior Notes Due 2019

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 1.5% Convertible Senior Notes due 2019 (the "Notes"), pursuant to the Indenture, dated as of March 16, 2012 (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 (the "Effective Date").

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 The Company will repurchase Notes validly surrendered by Noteholders for repurchase and not validly withdrawn at a price (the "Fundamental Change Repurchase Price") equal to 100% of the principal amount thereof, *plus* any accrued and unpaid interest thereon to, but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 $1,001.88 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 March 15, 2019, 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. However, although the Notes are convertible, Notes surrendered for conversion will not be eligible for the Make-Whole Conversion Rate Adjustment unless properly surrendered during the Make-Whole Fundamental Change Period as described below.

As of April 1, 2015, the Conversion Rate under the Indenture is 15.1947 shares of Common Stock per $1,000 principal amount of Notes. Pursuant to the terms and conditions of the Indenture, if any Noteholder elects to convert its Notes at any time from, and including, April 1, 2015, which is the Effective Date, until, and including, 5:00 p.m. (New York City time) on April 29, 2015, which is the Business Day immediately preceding the Fundamental Change Repurchase Date (such period, the "Make-Whole Fundamental Change Period"), the applicable Conversion Rate will be increased by an additional 0.2053 shares of Common Stock (the "Make-Whole Conversion Rate Adjustment") for each $1,000 principal amount of the Notes properly converted during the Make-Whole Fundamental Change Period, resulting in an adjusted Conversion Rate of 15.4000 shares of Common Stock (the "Make-Whole Conversion Rate") for each $1,000 principal amount of the Notes properly converted during the Make-Whole Fundamental Change Period.

Notes surrendered for conversion during the period from the close of business on any Interest Record Date to the opening of business on the corresponding Interest Payment Date must be accompanied by payment of an amount equal to the interest payable on the Notes so converted; *provided*, *however*, that no such payment shall be required (1) if the Company has specified a Fundamental Change Repurchase Date that is after an Interest Record Date but on or prior to the corresponding Interest Payment Date, (2) to the extent of any Defaulted Interest, if any, existing

at the time of conversion with respect to such Note or (3) if the Notes are surrendered for conversion after the close of business on the Interest Record Date immediately preceding the Maturity Date. Therefore, pursuant to the Indenture, no payment or adjustment will be made for accrued and unpaid interest on any Notes converted during the Make-Whole Fundamental Change Period.

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 the second Scheduled Trading Day immediately preceding the Maturity Date 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.

Contact Information:

Laurie W. Little
949-461-6002
laurie.little@valeant.com

Media:
Renee E. Soto / Meghan Gavigan
Sard Verbinnen & Co.
212-687-8080
rsoto@sardverb.com
/
mgavigan@sardverb.com

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SOURCE Valeant Pharmaceuticals International, Inc.

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

Media inquiries
Corporate.communications@bauschhealth.com
848-264-0934

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