

## MATERIAL CHANGE REPORT

### Item 1 Name and Address of Company

Valeant Pharmaceuticals International, Inc. (the “Company”)  
2150 St. Elzéar Blvd. West  
Laval, Québec, Canada  
H7L 4A8

### Item 2 Date of Material Change

November 13, 2017

### Item 3 News Release

News releases with respect to the material change summarized in this material change report were issued by the Company on November 13, 2017 and on November 21, 2017 through the facilities of PRNewswire and filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”). A copy of each news release is attached as Schedule “A” and Schedule “B” and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Item 4 Summary of Material Change

On November 13, 2017, the Company announced that it had launched an offering of \$750 million aggregate principal amount of 5.500% senior secured notes due 2025.

On November 21, 2017, the Company completed its previously announced offering.

### Item 5 Full Description of Material Change

#### *Senior Secured Notes Offering*

On November 13, 2017, the Company announced that it had launched an offering of \$750 million aggregate principal amount of 5.500% senior secured notes due 2025 (the “**notes**”).

On November 21, 2017, the Company completed its previously announced offering (the “**notes offering**”). The notes will be additional notes and form part of the same series as the Company’s existing 5.500% senior secured notes due 2025.

The notes were offered in the United States and sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “**Securities Act**”), and outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act. The notes have not been and will not be registered under the Securities Act or any state securities law and may not be

offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

The net proceeds of the notes offering, along with cash on hand, were used to prepay (on a pro rata basis) a portion of the Company's Series F Tranche B Term Loan Facility due 2022, and to pay related fees and expenses.

#### *The Senior Secured Notes Indenture*

The notes were issued pursuant to the indenture, dated as of October 17, 2017 (the "**notes indenture**"), between the Company, the guarantors named therein, The Bank of New York Mellon, as trustee and the notes collateral agents party thereto.

#### Interest and Maturity

Pursuant to the notes indenture, the 5.500% senior secured notes will mature on November 1, 2025. Interest on the notes will be payable semi-annually in arrears on each May 1 and November 1, beginning on May 1, 2018. Interest on the notes will accrue from and including October 17, 2017 or else the most recent interest payment date to which interest had been paid or duly provided for to, but excluding, the date on which such interest is paid.

#### Guarantees and Collateral

The notes will be guaranteed by each of the Company's subsidiaries that are guarantors under the Company's existing credit agreement (the "**Credit Agreement**"), existing senior unsecured notes (the "**Existing Senior Unsecured Notes**") and existing senior secured notes (the "**Existing Senior Secured Notes**") (together, the "**Note Guarantors**"). The notes and the guarantees will be senior obligations and will be secured, subject to permitted liens and certain other exceptions, by the same first priority liens that secure the Company's obligations under the Credit Agreement.

#### Ranking

The notes and the guarantees will rank equally in right of payment with all of the Company's and the Note Guarantors' respective existing and future unsubordinated indebtedness and senior to the Company's and the Note Guarantors' respective future subordinated indebtedness. The notes and the guarantees will be effectively *pari passu* with the Company's and the Note Guarantors' respective existing and future indebtedness secured by a first priority lien on the collateral securing the notes (including the Credit Agreement and the Existing Senior Secured Notes) and effectively senior to the Company's and the Note Guarantors' respective existing and future indebtedness that is unsecured, including the Existing Senior Unsecured Notes, or that is secured by junior liens, in each case to the extent of the value of the collateral. In addition, the notes will be structurally subordinated to (x) all liabilities of any of the Company's subsidiaries that do not guarantee the notes and (y) any of the Company's debt that is secured by assets that are not collateral.

### Redemption

The notes will be redeemable at the option of the Company, in whole or in part, at any time on or after November 1, 2020, at the redemption prices as set forth in the notes indenture.

In addition, the Company may redeem some or all of the notes prior to November 1, 2020 at a price equal to 100% of the principal amount thereof plus a “make-whole” premium. Prior to November 1, 2020, the Company may redeem up to 40% of the aggregate principal amount of the notes using the proceeds of certain equity offerings at the redemption price set forth in the notes indenture.

Upon the occurrence of a change of control (as defined in the notes indenture), unless the Company has exercised its right to redeem all of the notes of a series as described above, holders of the notes of such series may require the Company to repurchase such holder’s notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to, but excluding, the purchase date applicable to such notes.

### Certain Covenants

The notes indenture contains covenants that limit the ability of the Company and any of its restricted subsidiaries (as such term is defined in the notes indenture) to, among other things:

- incur or guarantee additional indebtedness;
- make certain investments and other restricted payments;
- create liens;
- enter into transactions with affiliates;
- engage in mergers, consolidations or amalgamations; and
- transfer and sell assets.

### Events of Default

The notes indenture also provides for customary events of default.

The foregoing summary of the notes indenture is not complete and is qualified in its entirety by reference to the full and complete text of the notes indenture, a copy of which is attached as Exhibit 4.1 to the Current Report on Form 8-K filed November 21, 2017 on SEDAR.

### *Credit Agreement Amendment*

Following the completion of the notes offering and the related prepayment of the Company’s Series F Tranche B Term Loan Facility due 2022, on November 21, 2017, the Company completed an amendment to its Third Amended and Restated Credit and Guaranty Agreement, dated as of February 13, 2012 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”, and such amendment, the “**Repricing amendment**”).

The Repricing amendment effectuates a refinancing of the Company's Series F Tranche B Term Loans into a new Series F-4 Tranche B Term Loan (the "**Series F-4 Loans**"). The Series F-4 Loans have the same principal amount outstanding of approximately \$3,821 million and continue to have a maturity date of April 1, 2022, but have a lower applicable interest rate than the prior existing Series F Tranche B Term Loans. The Repricing amendment decreased the interest rate applicable to the Series F-4 Loans to 350 basis points over the Adjusted Eurodollar Rate or 250 basis points over the Base Rate (each as defined in the Credit Agreement).

Prepayments or amendments of the Series F-4 Loans that constitute "Repricing Transactions" (as defined in the Credit Agreement) will be subject to a premium of 1.00% of the Series F-4 Loans if so prepaid or amended on or prior to May 21, 2018.

Pursuant to the terms of the Credit Agreement, the Company is required to pay a prepayment penalty of approximately \$38 million in connection with the repricing transaction. As a result of the repricing, the Company expects to reduce annual cash interest payments by approximately \$48 million assuming a constant principal balance.

The Repricing amendment also increases the letter of credit facility sublimit under the Credit Agreement to \$300 million and makes certain other amendments to provide the Company with additional flexibility to enter into certain cash management transactions.

The foregoing summary of the Repricing amendment is not complete and is qualified in its entirety by reference to the full and complete text of the Repricing amendment, a copy of which is attached as Exhibit 10.1 to the Current Report on Form 8-K filed November 21, 2017 on SEDAR.

**Item 6            Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7            Omitted Information**

None.

**Item 8            Executive Officer**

For further information, contact Christina Ackermann, Executive Vice President and General Counsel at (908) 927-1400.

**Item 9            Date of Report**

November 23, 2017

**Schedule "A"**

# Valeant Announces Launch of Private Offering of Add-On Secured Notes

November 13, 2017

LAVAL, QUEBEC, Nov. 13, 2017 /PRNewswire/ -- Valeant Pharmaceuticals International, Inc. (NYSE: VRX) (TSX: VRX) ("Valeant" or the "Company") announced today that it has launched an offering of \$750,000,000 aggregate principal amount of 5.500% senior secured notes due 2025 (the "Notes"). The Notes will be additional notes and form part of the same series as Valeant's existing 5.500% Senior Secured Notes due 2025. Valeant intends to use the net proceeds from the offering of the Notes, along with cash on hand, to repay (on a pro rata basis) a portion of its outstanding Series F Tranche B Term Loan Facilities due 2022, and to pay related fees and expenses.

The Notes will be guaranteed by each of the Company's subsidiaries that are guarantors under the Company's credit agreement and the Company's existing senior notes, and will be secured on a first priority basis by liens on the assets that secure the Company's credit agreement and existing senior secured notes. Consummation of the offering of the Notes is subject to market and other conditions, and there can be no assurance that the Company will be able to successfully complete this transaction on the terms described above, or at all.

The Notes will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities law and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the Securities Act and applicable state securities laws. The Notes will be offered in the United States only to qualified institutional buyers pursuant to Rule 144A under the Securities Act and outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act. The Notes have not been and will not be qualified for sale to the public by prospectus under applicable Canadian securities laws and, accordingly, any offer and sale of the securities in Canada will be made on a basis which is exempt from the prospectus requirements of such securities laws.

This news release is being issued pursuant to Rule 135C under the Securities Act and 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.

## 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, gastrointestinal disorders, eye health, neurology and branded generics.

## Forward-looking Statements

This news release may contain forward-looking statements, including, but not limited to, our financing plans, including the offering of Notes and the details thereof, including the proposed use of proceeds therefrom, and other expected effects of the offering of Notes. 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 our most recent annual and quarterly reports and detailed from time to time in our other filings with the Securities and Exchange Commission and the Canadian Securities Administrators, which risks and uncertainties 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 hereof. We undertake no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this news release or to reflect actual outcomes, except as required by law.

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**Schedule "B"**

# Valeant Announces Closing Of Add-On Secured Notes And Credit Agreement Amendment

November 21, 2017

LAVAL, Quebec, Nov. 21, 2017 /PRNewswire/ -- Valeant Pharmaceuticals International, Inc. (NYSE: VRX) (TSX: VRX) ("Valeant" or the "Company") announced today that it has closed its previously announced offering (the "Offering") of \$750,000,000 aggregate principal amount of its 5.500% senior secured notes due 2025 (the "Notes"). The Notes are additional notes and form part of the same series as Valeant's existing 5.500% senior secured notes due 2025. Valeant used the net proceeds from the offering of the Notes, along with cash on hand, to prepay (on a pro rata basis) a portion of its outstanding Series F Tranche B Term Loans due 2022 and to pay related fees and expenses.

Subsequent to the closing of the Offering and the related prepayment, the Company successfully completed the repricing of its Series F Tranche B Term Loans. The amendment reduces the annual interest rate on the Series F Tranche B Term Loans by 1.25% and makes certain other changes.

## 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, gastrointestinal disorders, eye health, neurology and branded generics.

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