



Valeant Pharmaceuticals International, Inc.

**First Quarter 2016 Conference Call
June 7, 2016**

Forward-looking Statements

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Certain statements made in this presentation may constitute forward-looking statements, including, but not limited to, statements regarding expected future performance of Valeant Pharmaceuticals International, Inc. (“Valeant” or the “Company”), including guidance with respect to total revenue, Adjusted EPS and Adjusted EBITDA and the assumptions used in connection with such guidance, revenue expectations and expected revenue growth, debt reduction, expected investments in key functions, future acquisitions and divestitures, anticipated restructuring of certain businesses, SG&A cost reductions, expectations with respect to compliance with certain financial maintenance covenants under our Credit Agreement, planned improvements to U.S. market access, business strategy, and stabilization, action and acceleration plans. 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 the Company’s most recent annual or quarterly report and detailed from time to time in 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 hereof. Valeant undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect actual outcomes, except as required by law.

Note 1: The guidance in this presentation is only effective as of the date given, June 7, 2016, and will not be updated or affirmed unless and until the Company publicly announces updated or affirmed guidance.

Non-GAAP Information

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses certain non-GAAP financial measures including (i) Adjusted earnings per share (“EPS”), (ii) Adjusted EBITDA, (iii) Cash flow available for debt repayment and other purposes (non-GAAP), (v) Adjusted cost of goods sold (non-GAAP), (vi) Adjusted selling, general and administrative expenses (non-GAAP), (vii) Adjusted total revenue, (viii) Adjusted gross margin, (ix) Adjusted operating income and (x) EBITA.

The reconciliations of these historic non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP can be found in this presentation and/or the tables to the Company’s press release dated June 7, 2016 (the “press release”), a copy of which can be found on the Company’s website at www.valeant.com, and as a result, this presentation should be read in conjunction with the press release. Other than with respect to total revenue, the Company only provides guidance on a non-GAAP basis and does not provide reconciliations of such forward-looking non-GAAP measures to GAAP, due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments that could be made for restructuring, integration and acquisition-related expenses, share-based compensation amounts, adjustments to inventory and other charges reflected in our reconciliation of historic numbers, the amount of which, based on historical experience, could be significant.

Management uses these non-GAAP measures as key metrics in the evaluation of Company performance and the consolidated financial results and, in part, in the determination of cash bonuses for its executive officers. The Company believes these non-GAAP measures are useful to investors in their assessment of our operating performance and the valuation of our Company. In addition, these non-GAAP measures address questions the Company routinely receives from analysts and investors and, in order to assure that all investors have access to similar data, the Company has determined that it is appropriate to make this data available to all investors. However, non-GAAP financial measures are not prepared in accordance with GAAP, as they exclude certain items as described herein. 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. GAAP net income and earnings per share are significantly less than Adjusted net income (non-GAAP) and Adjusted EPS (non-GAAP).

Please see the Appendix to this presentation for a more detailed description of each non-GAAP financial measure used by the Company herein, including the adjustments reflected in each non-GAAP measure.

Today's Topics

- **Q1 2016 Financial Results**

- **Stabilizing Valeant in 2016**
 - State of the Business
 - 2016 Guidance Update
 - Liquidity, Capital Structure and Cash Flow Update

- **Areas of Improvement and Opportunity**
 - Dermatology
 - Salix

- **Valeant has a Strong Future**
 - Diversified Portfolio with Strong Global Brands
 - U.S. Market Access
 - Investment in R&D

Q1 2016 Summary

	Q1 2016 Results	Q1 2016 Guidance
Total GAAP Revenue	\$2.37B	\$2.3 - \$2.4B
GAAP EPS (diluted)	\$(1.08)	N/A
Adjusted EPS (non-GAAP)¹	\$1.27	\$1.18 – \$1.43
GAAP Cash Flow from Operations	\$558M	N/A
Adjusted EBITDA (non-GAAP)²	\$1.0B	N/A

1 See slide 2 for note on non-GAAP information and the press release for reconciliations.

2 See slide 2 for note on non-GAAP information and the Appendix and the press release for reconciliations.

Financial Summary – GAAP Presentation

	Q1 2015 (restated)	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Total Revenue	\$2,170M	\$2,732M	\$2,787M	\$2,757M	\$2,372M
Cost of Goods Sold (% of product sales)	24%	25%	23%	26%	27%
SG&A (% of total revenue)	26%	25%	25%	27%	34%
R&D Investment	\$56M	\$81M	\$102M	\$96M	\$103M
GAAP EPS (diluted)	\$0.28	(\$0.15)	\$0.14	(\$1.12)	(\$1.08)
GAAP Cash Flow from Operations	\$491M	\$411M	\$737M	\$562M	\$558M
Diluted Share Count	343M	344M	351M	345M	345M

Financial Summary – Adjusted (non-GAAP) Presentation¹

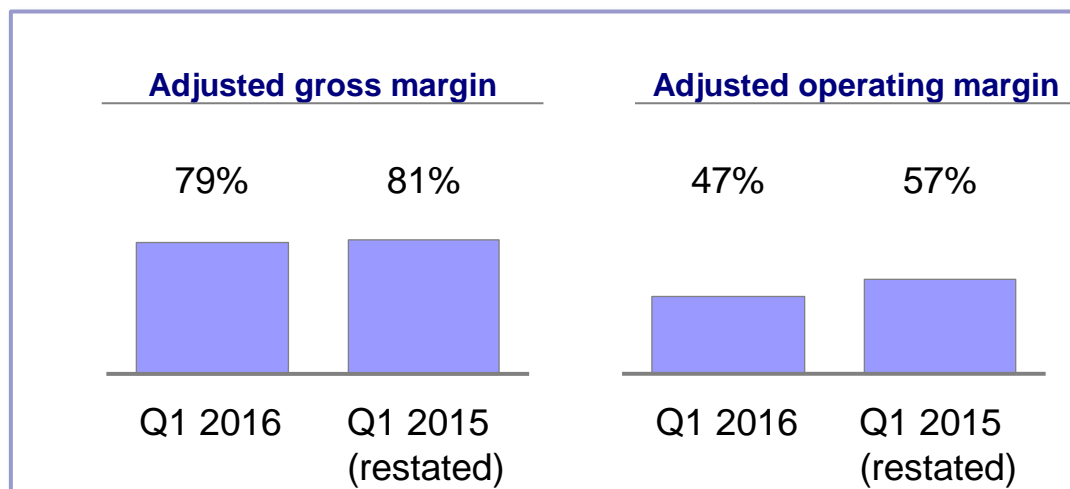
	Q1 2015 (restated)	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Total Revenue	\$2,170M	\$2,732M	\$2,787M	\$2,753M²	\$2,370M²
Adjusted Cost of Goods Sold (% of product sales)	22%	23%	22%	24%	25%
Adjusted SG&A (% of total revenue)	26%	25%	24%	25%	31%
R&D Investment (GAAP)	\$56M	\$81M	\$102M	\$96M	\$103M
Adjusted Operating Margin (% of total revenue) (excluding amortization)	49%	49%	50%	47%	39%
Adjusted EPS (Non-GAAP)	\$2.05	\$2.14	\$2.41	\$1.55	\$1.27
Diluted Share Count	343M	351M	351M	350M	350M

¹ See slide 2 for note on non-GAAP information and the Appendix and the press release for reconciliations.

² Excludes product sales of Philidor Rx Services, LLC through the wind-down period as of November 1, 2015 through January 31, 2016.

Developed Markets Segment (non-GAAP)¹

	Q1 2016	Q1 2015 (restated)	% change
Adjusted total revenue (\$M)	\$1,928	\$1,744	11%
Adjusted gross margin (\$M)	\$1,531	\$1,420	8%
Adjusted gross margin (%)	79%	81%	...
Adjusted operating income (\$M) (Excluding amortization)	\$912	\$991	(8%)
Adjusted operating margin (%)	47%	57%	...



Segment Highlights

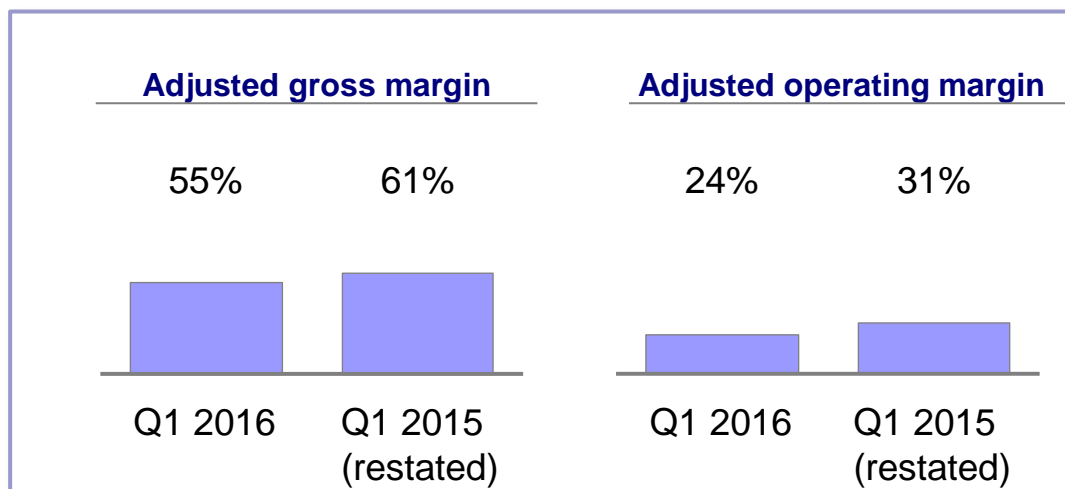
- Same store organic growth decline primarily driven by US dermatology
- Price (5%); Volume (13%)
- **U.S.**
 - **Dermatology:** Channel disruption impacted TRx volume and ASP
 - **Salix:** Continued growth - Xifaxan TRx's² increased ~32% Y/Y
 - **Vision Care:** up 9% vs. 1% market Y/Y
 - Ultra up 58% Y/Y
 - **Surgical:** Exclusive agreement to distribute Hoya IOL line in US
 - **Consumer:** Walmart Supplier of the Year award
- **Rest of World Developed**
 - **Western Europe:** Strong organic growth in France and UK
 - **Canada:** Jublia achieving 60% market share

¹ See slide 2 for note on non-GAAP information and the Appendix and the press release for reconciliations.

² Symphony IDV: Retail TRx.

Emerging Markets Segment (non-GAAP)¹

	Q1 2016	Q1 2015 (restated)	% change
Total GAAP revenue (\$M)	\$442	\$427	4%
Adjusted gross margin (\$M)	\$243	\$262	(7%)
Adjusted gross margin (%)	55%	61%	...
Adjusted operating income (\$M) (Excluding amortization)	\$105	\$132	(20%)
Adjusted operating margin (%)	24%	31%	...



Segment Highlights

- When normalized for inventory reduction, same store sales grew ~10%
- Wholesaler inventory 3.5 months in Russia and Poland combined (down from 4-5 months in 2015)
- Increase in revenues from base business performance and Amoun acquisition offset by negative F/X impact of \$44 M
- Strong same store organic growth driven by Mexico 8% and China 19%
- Middle East business continues to grow

¹ See slide 2 for note on non-GAAP information and the Appendix and the press release for reconciliations.

Current State of the Business

- We have the leading portfolio of dermatology brands and the strongest new product pipeline
- Great global platforms (Bausch + Lomb)
- Highly diversified product portfolio
- Durable consumer, ophthalmic, and branded generic businesses
- Strong cash flow generation

But.....

- Distracted organization
- Significant challenges in Dermatology, primarily related to profitability
 - Speed bumps in Walgreens program start-up
- Salix below original expectations despite strong Y/Y growth and unmet medical need
- Negative publicity that has impacted reputation with patients, physicians, payors and shareholders

Business Unit 2016 Performance to Date

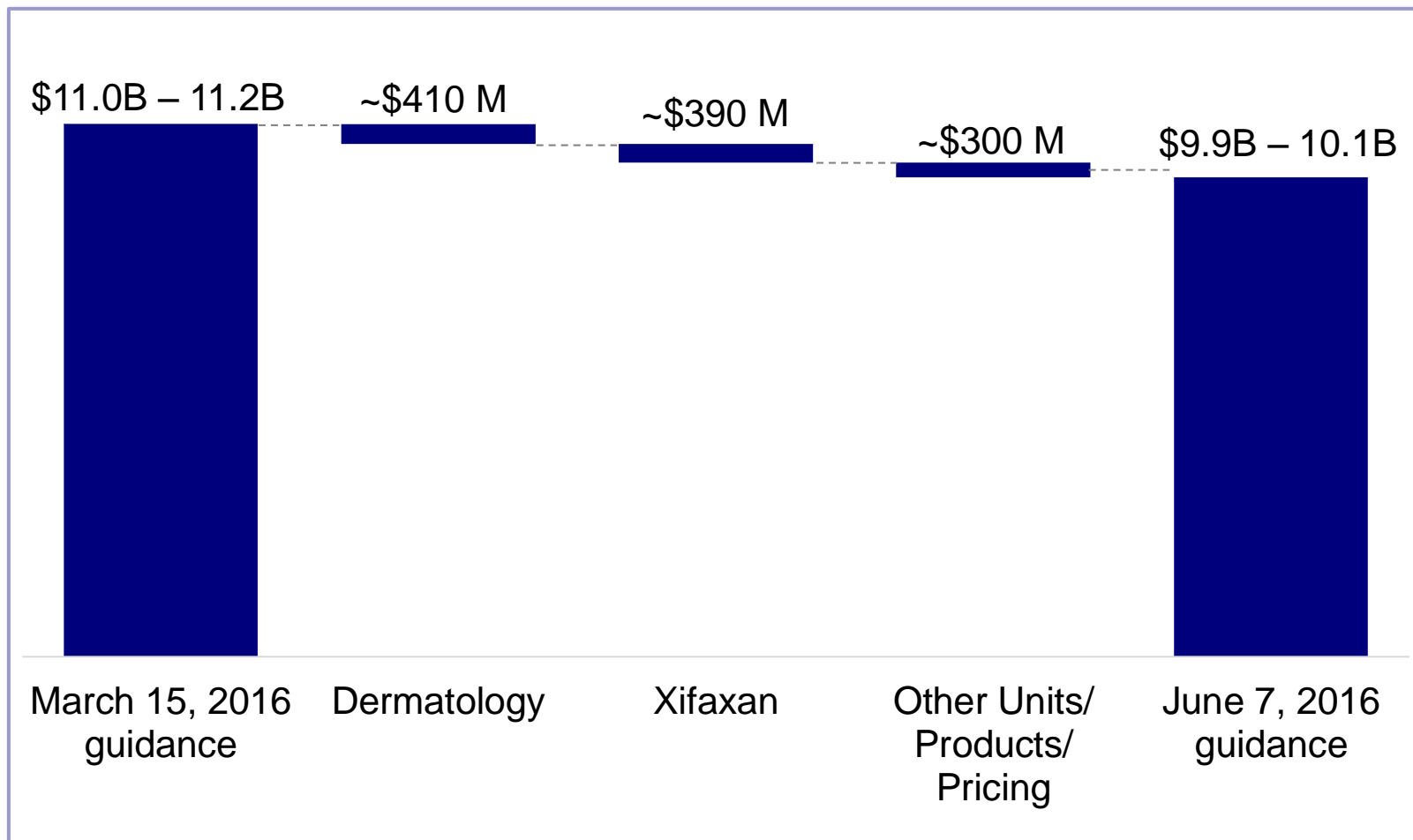
	<u>Within our expectations</u>	<u>Below our expectations</u>
Dermatology		✓ (new channel dynamics)
Consumer	✓	
Ophthalmology Rx		✓
Contact Lens	✓	
Surgical	✓	
Neuro & Other / Generics		✓
Dental	✓	
Oncology / Urology	✓	
GI		✓ (additional opportunity)
ROW Developed	✓	
Emerging Markets – EMEA	✓	
Emerging Markets – Latam	✓	
Emerging Markets - Asia	✓	

Full Year 2016 Revised Guidance

	<u>Guidance as of June 7, 2016</u>	<u>Guidance as of March 15, 2016</u>
Total GAAP Revenue	\$9.9 - \$10.1B	\$11.0 - \$11.2B
Adjusted EPS (non-GAAP)¹	\$6.60 - \$7.00	\$8.50 - \$9.50
Adjusted EBITDA (non-GAAP)¹	\$4.80 - \$4.95B	\$5.60 - 5.80B

¹ See slide 2 for note on non-GAAP information.

Revenue Bridge to June 7, 2016 Guidance



What Drives the Ramp to Mid-Point Guidance

Q1 2016 Adjusted EPS (non-GAAP)¹	\$1.27
Assumed Q1 run-rate performance in Q2, Q3, Q4	\$3.81
Historical Seasonality / 2H ramp	~\$1.25
Fix Dermatology / 2H growth acceleration in Salix	~\$0.50
Other Markets Growth (e.g., Emerging Markets)	~\$0.17
Generic Erosion/Other (e.g., pricing)	~(\$0.20)
2016 Adjusted EPS (non-GAAP) Mid-Point Guidance¹	~\$6.80

¹ See slide 2 for note on non-GAAP information and the press release for reconciliations.

Liquidity and Capital Structure Update

- **Solid current and forecasted liquidity position**
 - \$1.3B cash as of March 31, 2016
- **\$730M permanent debt repayment year-to-date**
 - Repaid in Q1
 - \$145M scheduled amortization
 - \$260M term loan maturities
 - Repaid in Q2
 - \$125M for excess cash flow payment
 - \$137M scheduled amortization
 - \$62M from asset sale proceeds
- **Remaining 2016 scheduled payments \$273M (~\$137M in Q3 and Q4)**
- **Minimal amortization in 2017 - \$620M term loans**

Based on guidance, we expect to remain in compliance with our Credit Agreement financial maintenance covenants throughout 2016

Cash Flow Available for Debt Repayment and Other Purposes (non-GAAP)¹

\$M

2016 Adjusted EBITDA (non-GAAP)¹ (midpoint of guidance)		~\$4,875
Less:	Cash Interest Expense	~\$1,700
	Taxes (net of NOL benefit) ²	~\$180
	Change in Working Capital	~\$0
	Cash Restructuring	~\$150
	Contingent Consideration/Milestones	~\$400
	Sprout Payment (January 2016)	~\$500
	Capital Expenditures	~\$275
Plus:	Net Asset Sale Proceeds (year-to-date)	~\$60
Cash flow available for debt repayment and other purposes^{1,3}		~\$1,730

¹ See slide 2 for note on non-GAAP information and the Appendix and the press release for reconciliations.

² Taxes represents current taxes payable, which includes the effect of tax attributes and timing differences.

³ Excludes future net asset sale proceeds.

Valeant's Stabilization Plan

1. Drive Engagement

- Re-recruit Valeant employees
- Add new outside talent
- Invest in relationships with patients, prescribers, payors and investors

2. Reallocate Strategic Resources

- Fix Dermatology business
- Accelerate Salix growth
- Focus R&D investment in growth/core businesses
 - Ophthalmic, Dermatology, GI, Consumer
- Manage Neuro & Other for cash generation to repay debt

3. Execute on Priorities

- Improve patient access and address pricing issues
- Execute on non-core asset sales to reduce complexity
- Focus on debt reduction
- Cooperate with all on-going government inquiries and seek expedited resolution

Dermatology: Action Plan

1. Repair corporate reputation and trust

- CEO actions:
 - Prescriber/KOL engagement
 - Overall Valeant pricing and access strategy
 - Engage frontline sales management
- R&D/Corporate investment in Dermatology and Podiatry specialties

2. Enhance access and profitability with Walgreens and beyond

- Continue working with Walgreens to improve patient and prescriber experience
- Launch coupon for independent pharmacies (June)
- Implement prior authorization (PA) support via qualified third parties (June)
- Fix unintended ASP consequences of dermatology access program

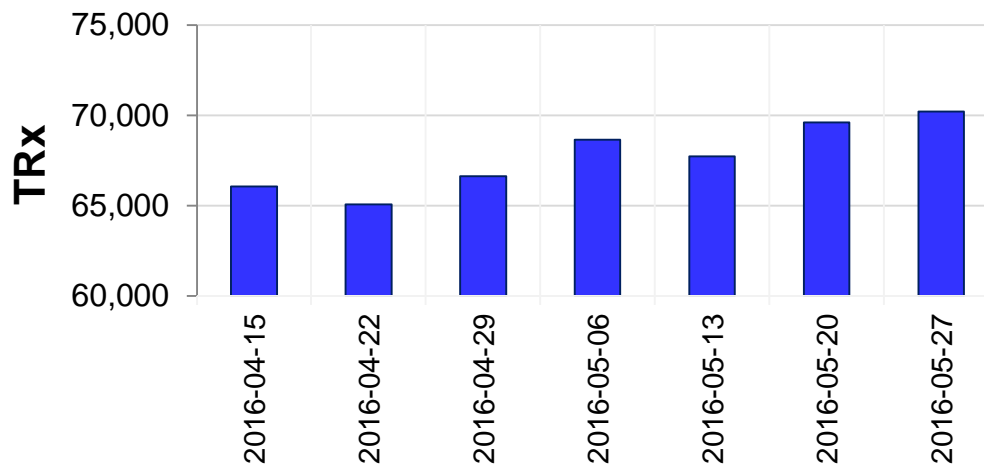
3. Continue to advance the new product pipeline

- Prepare for brodalumab Advisory Committee (July)

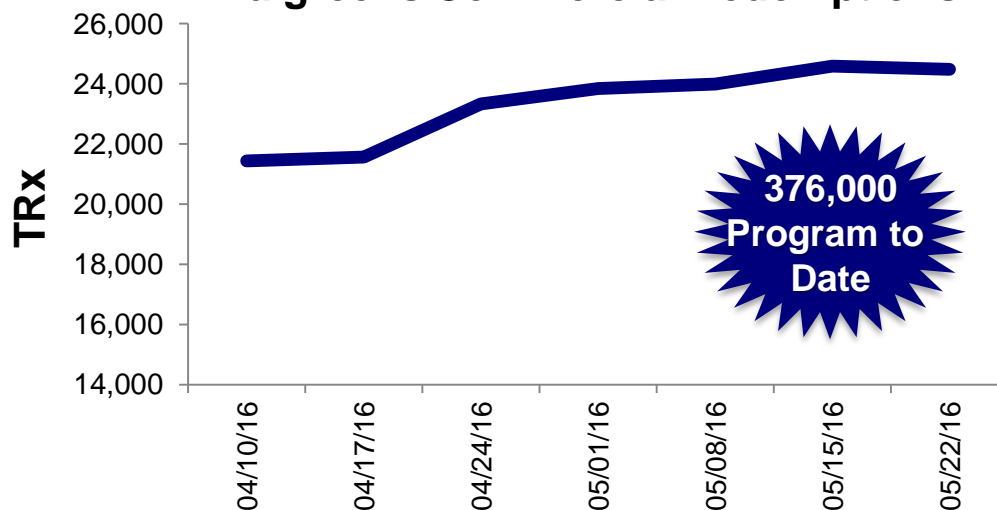
Dermatology: Early Indications of Recovery

- Weekly TRx levels improving
- Access program enhancements planned for June:
 - Inclusion of independent pharmacies
 - Implementing PA reimbursement solution

Derm Weekly TRx Performance



Walgreens Commercial Redemptions



Source: Symphony IDV; Derm portfolio includes all promoted products through Walgreens.

Salix Acceleration Plan

1. Sales/Leadership engagement
 - Appointed new leader to stabilize the organization and accelerate growth (April)
 - New sales force team promoting Xifaxan fully deployed (April), plus 106 professionals = 67% incremental for HE
2. Focus on Xifaxan unmet medical need
 - Launched education program covering 12 major teaching institutions (April)
 - Launched new HE education and sales materials to doctors and patients (May)
 - Strong presence at Digestive Disease Week (May)
3. Improve market/patient access
 - Streamlining patient access and adherence through the optimization of reimbursement hub and other patient support programs

Focus on Xifaxan Unmet Medical Need

Significant unmet need remains with hepatic encephalopathy (HE) & IBS-D patients

HE Opportunity (>\$5B)

- Experts estimate that 5.5 million people in the US have cirrhosis¹
- One of the primary complications of cirrhosis is hepatic encephalopathy (HE)¹
- Estimated 1.7M- 2.2M patients at risk to develop Overt HE²
- As of 2013, there were ~600K patients discharged from the hospital with HE³

IBS-D Opportunity

- 10-15% of the U.S. adult population suffers from IBS, many of which are undiagnosed⁴⁻⁶
 - ~65% of IBS Patients Have a Diarrheal Component to Their Symptoms⁷
- Only ~5 million of IBS patients are currently treated with prescription medicines⁸

1. Liu. A Advances in Cirrhosis. World Journal of Hepatology, Dec 2015.
2. AASLD 2014 Practice Guideline
3. All listed diagnoses at discharge included ICD-9 codes 291.2 , 348.30 , and 572.2.
<http://hcupnet.ahrq.gov/HCUPnet.jsp>
4. Saito YA. *Am J Gastroenterol.* 2002;97(8):1910-1915.

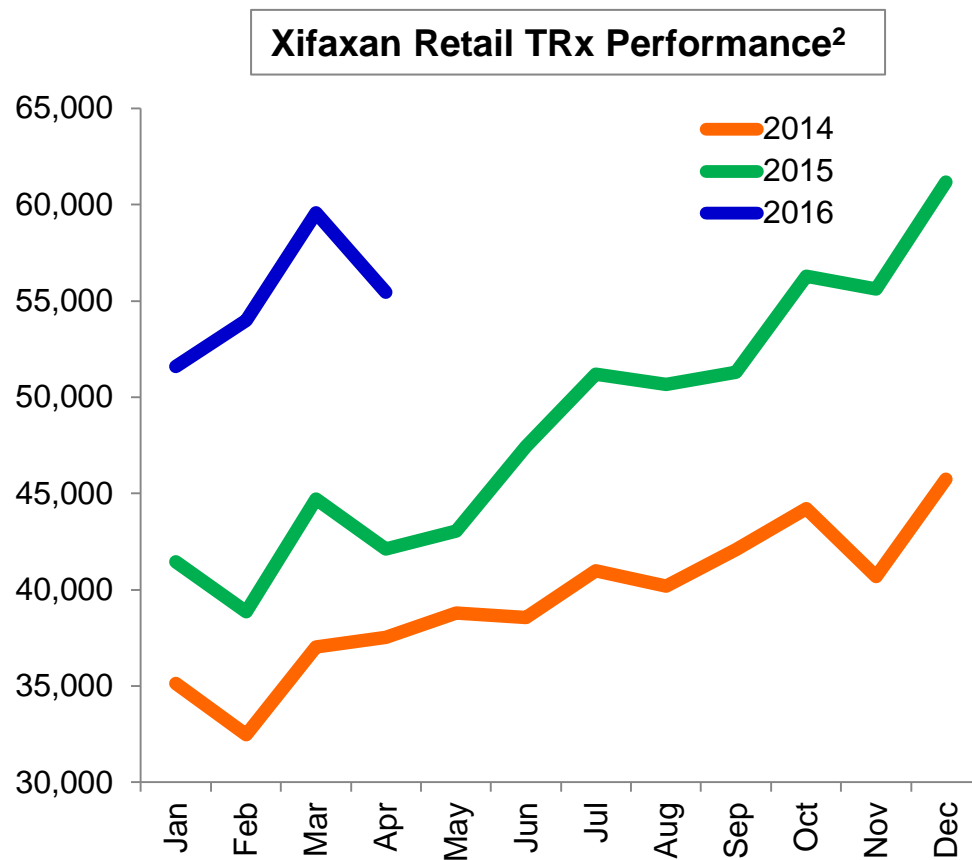
5. Hungin AP, et al. *Aliment Pharmacol Ther.* 2005;21(11):1365-1375.
6. United States Census Bureau. Countries and Areas Ranked by Population: 2016.
<https://www.census.gov/population/international/data/countryrank/rank.php>. Accessed April 4, 2016.
7. Lovell RM, et al. *Clin Gastroenterol Hepatol.* 2012;(10):712-721.
8. Symphony Patient Transactional Data (April 2015-March 2016). www.symphonyhealth.com

Salix: Growth Well Under Way

- Continued growth in Xifaxan monthly TRx
- Managed care access for Xifaxan is very strong across both the Commercial and Medicare Part-D segments with a total number of covered lives greater than 98% and 94%, respectively
- Performance of new sales team continues to strengthen (e.g., reach and frequency metrics)
- Other major brands continue to show growth¹ Y/Y (Uceris +9%, Apriso +4%, Relistor +14%)
- Continuing to invest in pipeline opportunities to sustain longer-term growth (e.g., Oral Relistor)

¹ Symphony IDV: Unit adjusted TRx.

² Symphony IDV: Retail TRx.



Valeant Has a Strong Future

- Strong global portfolio of brands
- Durable emerging markets business/branded generics/OTC
- Durable consumer business (OTC, Contact lens, Vitamins, Ophthalmic solutions)
- Improved U.S. market access (managed care)
- Plan to fix dermatology TRx profitability and drive momentum in Salix
- Attractive R&D new product pipeline
- Strong cash flow generation

Strong Global Brands

U.S. Gastrointestinal



U.S. Dermatology (1)



U.S. Ophthalmology and Eye Care (B+L)



U.S. Consumer



Emerging markets (2)



Ex-U.S. developed markets (2)



U.S. Oncology, Dentistry, Women's Health, Neuro/Other

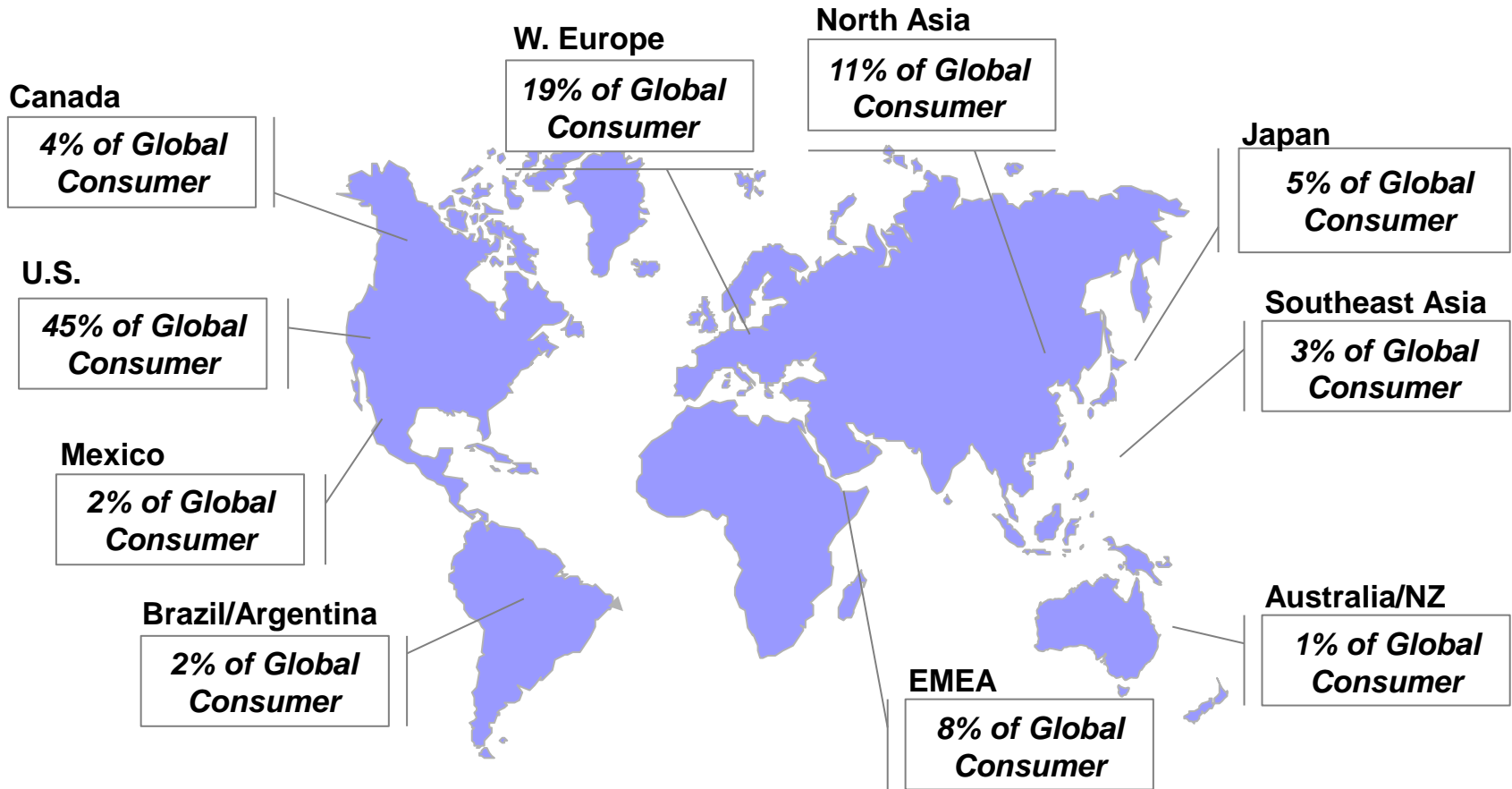


(1) Including Solta and Obagi.

(2) Including Ophthalmology, Dermatology, and GI sales.

Valeant's Global ~\$3.5B¹ Consumer-Oriented Business

(includes Bausch+Lomb², Skin Care, Other OTC)



- EBITA Margin ~37%
- LTM growth 4% (constant currency)

1 LTM through March 31, 2016.

2 Bausch + Lomb includes contact lens, oph Rx and surgical devices.

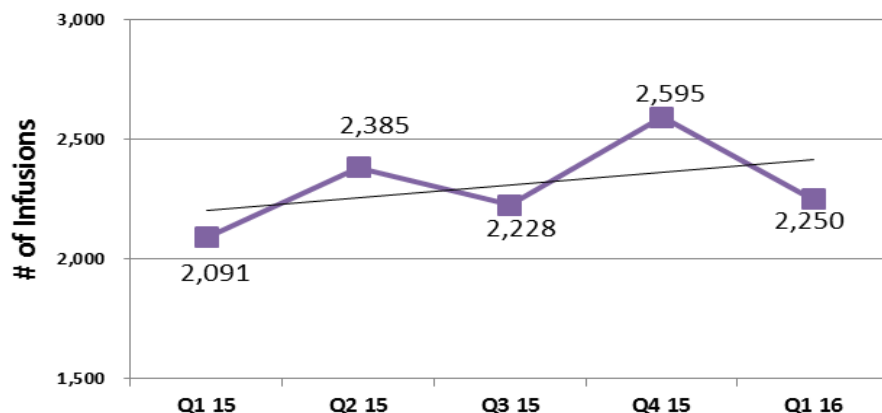
Dendreon, Targeting Cancer, Transforming Lives

Q1 2016 Q1 2015 proforma* % change

Revenue (\$M)	\$72	\$65	10%
Gross margin (\$M)	\$46	-- **	
Gross margin (%)	64%	--**	

* Q1 15 proforma period (Jan – Feb 21st) under Dendreon ownership

**Proforma Gross Margin is not available for Q1 15



Segment Highlights

- Enrollments grew 10% Y/Y & infusions grew 7%
- Strategic shift to focus on urologists is working
 - ~49% of business today
 - ~grew 22% Y/Y with enrollments
- Building stronger support in the Prostate Cancer KOL community for Provenge
- Achieved Synergy savings ahead of schedule and increased gross margin from the low 50% range

Improved U.S. Market Access for Promoted Pharmaceutical Portfolio in 2016

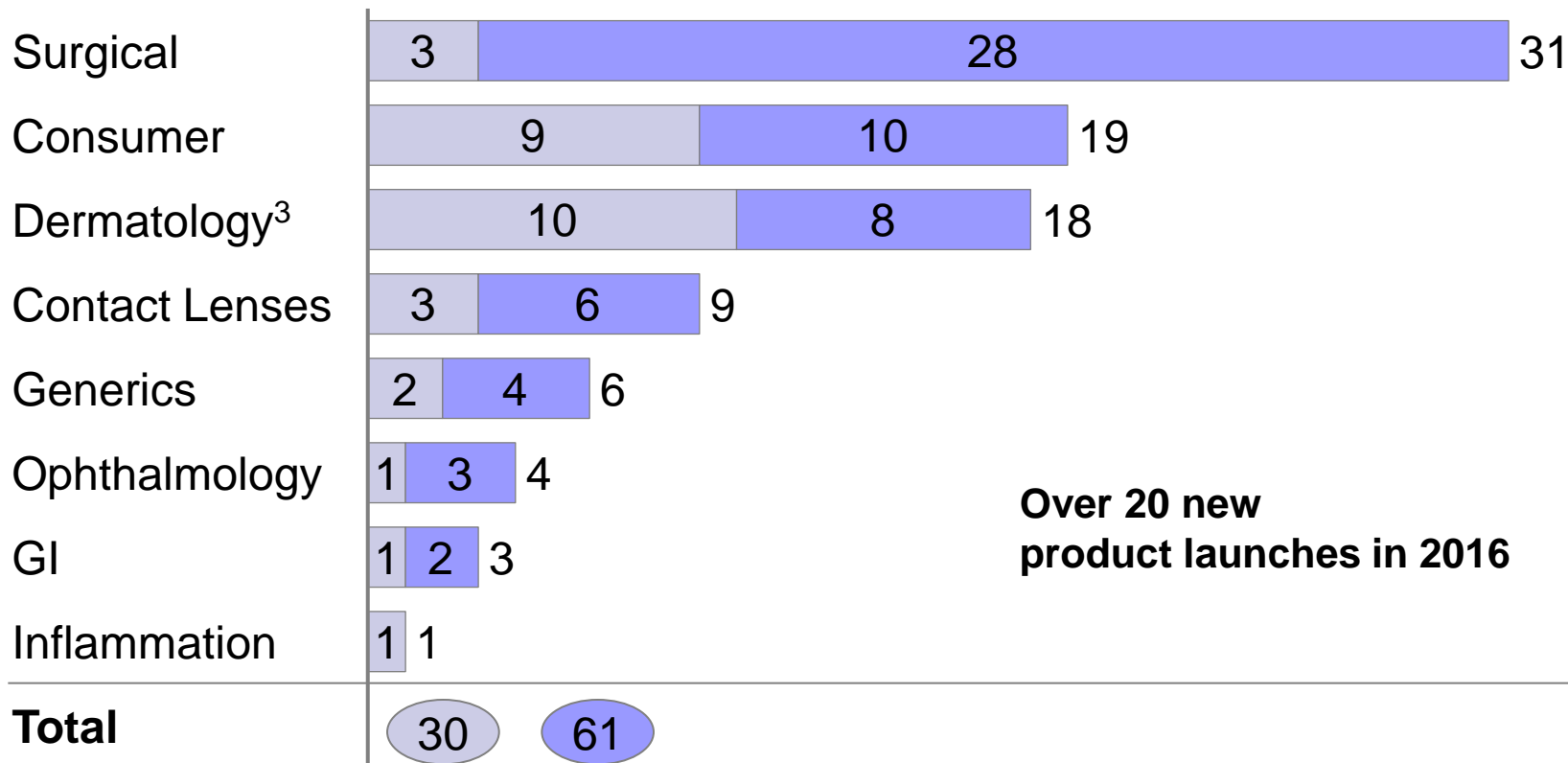
- Improved our **Commercial Access** for key brands in 1st half 2016
 - Jublia >89% covered lives
 - Xifaxan >98% covered lives
 - Ophthalmology brands unrestricted access in >82% commercial lives
- Expanded our **Medicare Part D Access** for 2nd half 2016
 - **Jublia** covered without PA on AARP formulary June 1st
 - **Lotemax** family moved to Preferred Brand on Aetna Medicare Saver Rx June 1st
 - **Xifaxan** PA criteria updates to include both HE & IBS-D indication across several formularies
- **Productive discussions underway to expand product access**
 - Prepare for launch products
 - Improve Jublia & Xifaxan 2017 access in Part D

Well positioned for 2017 and beyond

R&D Highlights for 2016

Early Stage¹
 Late Stage²

Significant active U.S. programs as of May 31, 2016



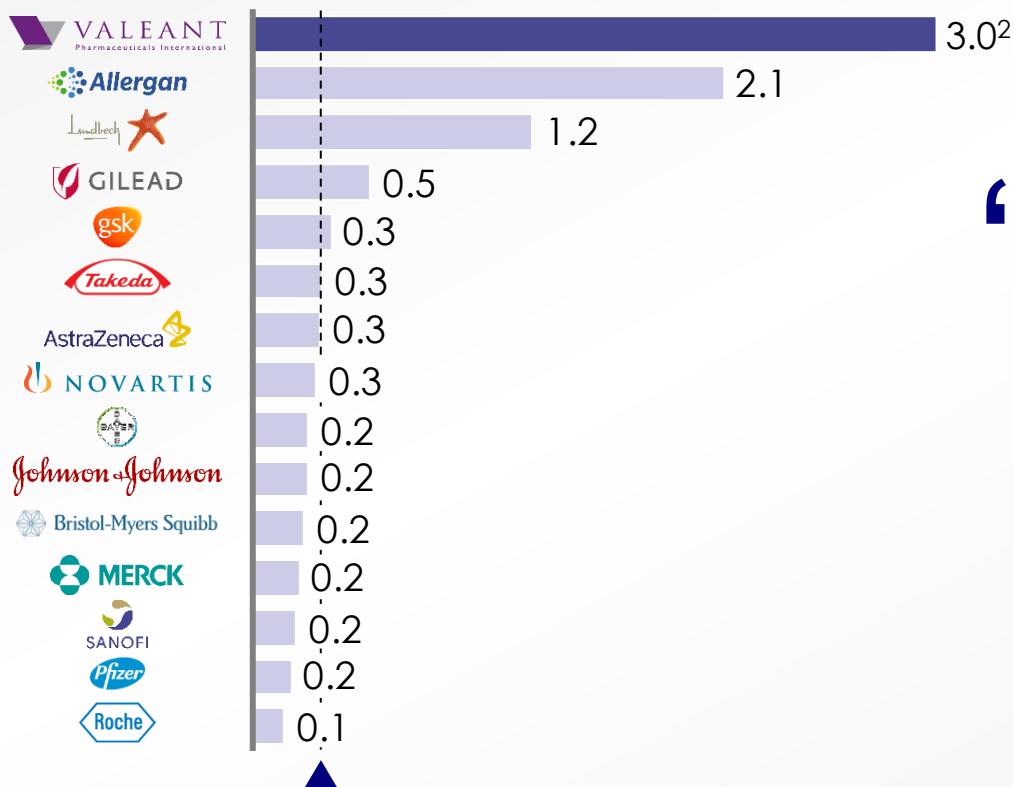
1 Prior to Phase III for Pharma, 2018+ expected launch date for others.

2 Includes Phase III and FDA submitted products.

3 Includes aesthetics (Solta/Obagi).

Our Productivity is Higher Than Peers

R&D Productivity for 15 PharmaCos with most approvals - 2009-'14
 # of NMEs/BLAs¹ per \$B R&D spend



▲ Top 15 average

“ Innovation has nothing to do with how many R&D dollars you have. When Apple came up with the Mac, IBM was spending at least 100 times more on R&D. It's not about money. It's about the people you have, how you're led, and how much you get it. ”

- Steve Jobs

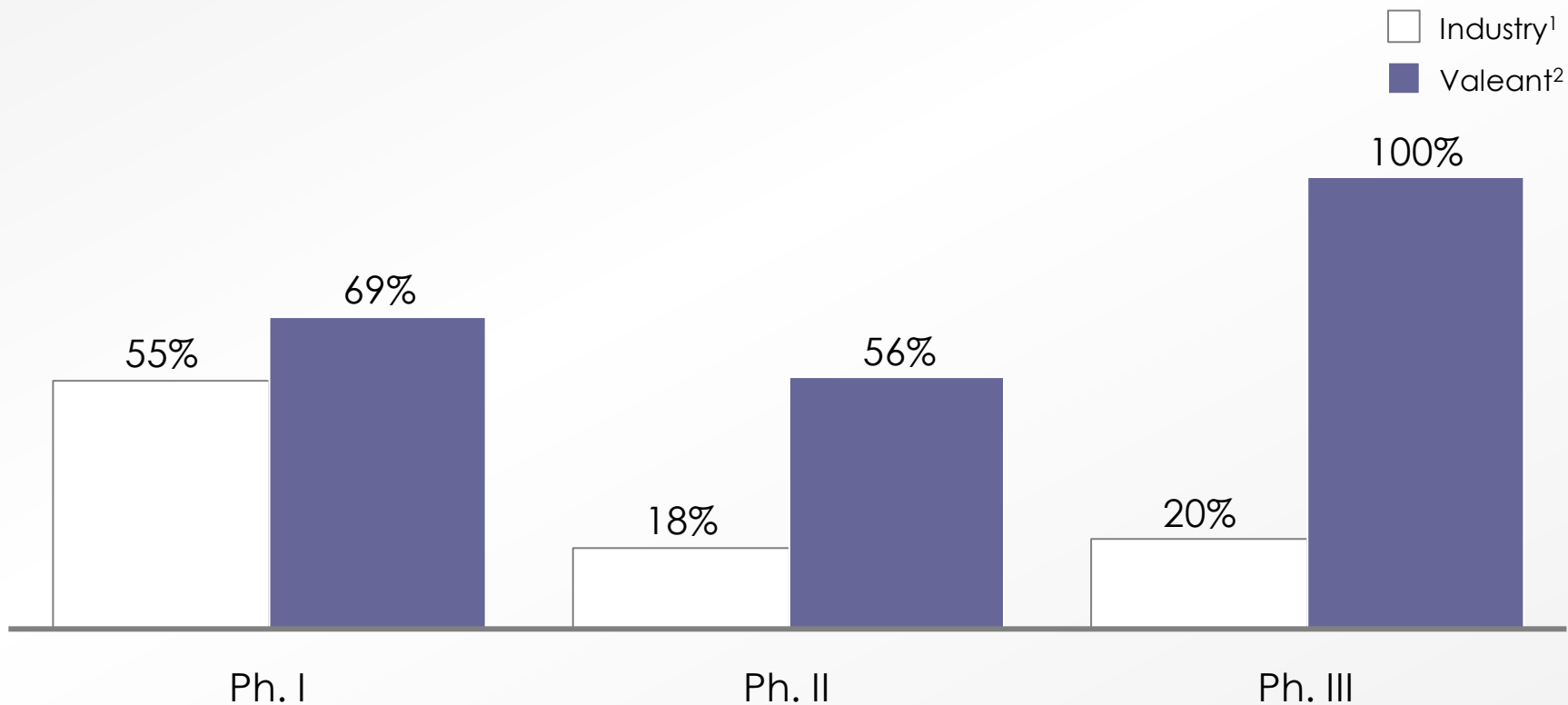
1 Refers to New Molecular Entity and Biologic License Application.

2 Does not include Contact lenses and surgical devices. Does not include B+L and Salix approved products (Fulyzaq, Bepreve and Besivance) that were not developed under the Valeant model; all other companies include acquired brands, which overstates their productivity.

Source: Evaluate Pharma, FDA, Capital IQ, Annual reports, Press search.

We Believe We are Significantly More Successful at Developing Products Than the Industry

Success rates in dermatology



1 Average of all competitors from 2010-2014.

2 2011-2015.

Source: Pharmaprojects 2014, Management Estimates.

Programs Currently at the FDA

Program	Indication	Submission	PDUFA Date
Relistor Oral	Proposed: "For the treatment of opioid-induced constipation in adult patients with chronic non-cancer pain and for the treatment of opioid-induced constipation in adult patients with advanced illness who are receiving palliative care, when response to laxative therapy has not been sufficient"	NDA	July 19, 2016
Latanoprostene bunod	Proposed: "For the reduction of elevated intraocular pressure in patients with open-angle glaucoma or ocular hypertension"	NDA	July 21, 2016
Brodalumab	Proposed: "For the treatment of moderate to severe plaque psoriasis for patients who are candidates for systemic therapy or phototherapy"	BLA	November 16, 2016

What To Expect In Next 60 Days

- **Execute on Stabilization Plan**
 - Drive engagement, strategic resource allocation, and execute on priorities
 - Add additional talent
- **Prepare for important FDA milestones/catalysts**
- **Add new capacity for BioTrue and Ultra contact lens**
- **Improve dermatology access program for growth and profitability**
- **Generate strong cash flow**
- **Meet with shareholders and debtholders**



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Appendix

Q1 2016 Top 30 Brands (\$M)

Rank	Product	Primary Business Unit	Patent Durability	% Sold outside US	Q1 2016	Q1 2015 (restated)	Y/Y%
1)	Xifaxan	GI	2019-2029	0%	208	-	NM
2)	Provenge	Oncology/Urology	2018	0%	72	30	140%
3)	SofLens	Lens	NM	85%	70	81	(14%)
4)	Wellbutrin	Neuro & Other	Expired	4%	70	68	3%
5)	Isuprel	Neuro & Other	Expired	0%	66	72	(8%)
6)	Nitropress	Neuro & Other	None	0%	58	62	(7%)
7)	Ocuvite / Preservision	Consumer	OTC	29%	56	60	(7%)
8)	Xenazine	Neuro & Other	Expired	7%	50	57	(12%)
9)	ReNu	Consumer	OTC	78%	49	53	(8%)
10)	Zegerid AG (Omeprazole)	Generics	AG	0%	48	-	NM

**Top 30 Brands Represent 54% of Total Company First Quarter Revenue
Products with sales outside the U.S. impacted by F/X changes**

Q1 2016 Top 30 Brands (\$M)

Rank	Product	Primary Business Unit	Patent Durability	% Sold outside US	Q1 2016	Q1 2015 (restated)	Y/Y%
11)	PureVision	Lens	NM	67%	39	44	(11%)
12)	Jublia	Dermatology	2030	21%	38	60	(37%)
13)	CeraVe	Consumer	OTC	6%	38	30	27%
14)	Uceris Tablets	GI	2031	0%	35	-	NM
15)	Arestin	Dental	2022	0%	34	32	6%
16)	Apriso	GI	2030	0%	33	-	NM
17)	Lotemax	Ophthalmology	2017	11%	32	43	(26%)
18)	Cuprimine	Neuro & Other	None	0%	27	8	238%
19)	Biotrue MPS	Consumer	OTC	37%	27	28	(4%)
20)	Syprine	Neuro & Other	None	1%	23	18	28%

Top 30 Brands Represent 54% of Total Company First Quarter Revenue
Products with sales outside the U.S. impacted by F/X changes

Q1 2016 Top 30 Brands (\$M)

Rank	Product	Primary Business Unit	Patent Durability	% Sold outside US	Q1 2016	Q1 2015 (restated)	Y/Y%
21)	Solodyn	Dermatology	2018	0%	23	49	(53%)
22)	BioTrue (OneDay)	Consumer	OTC	58%	22	17	29%
23)	Elidel	Dermatology	2018	8%	21	25	(16%)
24)	Virazole	Neuro & Other	2017	1%	20	33	(39%)
25)	Anterior Disposables	Surgical	NM	78%	20	20	-
26)	Artelac	Ophthalmology	2026	100%	20	19	5%
27)	Akreos	Surgical	2031	83%	19	20	(5%)
28)	Boston Solutions	Consumer	OTC	58%	18	18	-
29)	Relistor	GI	2031	5%	17	-	NM
30)	Mephyton	Neuro & Other	None	0%	16	14	14%

Top 30 Brands Represent 54% of Total Company First Quarter Revenue
Products with sales outside the U.S. impacted by F/X changes

Q1 2016 Organic Growth¹

Same Store Sales – Y/Y growth rates for businesses that have been owned for one year or more

	<u>Q1 2016</u>
Total U.S.	(22%)
Total Developed	(18%)
Total Emerging Markets	2%
Total Company	(14%)

Pro Forma – Y/Y growth rates for entire business, including businesses that have been acquired within the last year

	<u>Q1 2016</u>
Total U.S.	13%
Total Developed	10%
Total Emerging Markets	3%
Total Company	8%

¹ See slide 2 for note on non-GAAP information and the press release for reconciliations.

Key Assumptions for June 7, 2016 Guidance¹

- Exchange rates based on June 1st spot rates
- No further acquisitions or divestitures
- Adjusted COGS¹: ~25%
- Adjusted SG&A¹: ~26%, including ~\$100M² in retention expenses
- R&D spend: ~\$400 M
- Cash Interest expense: ~\$1.7 B
- Depreciation: ~\$200 M
- Capital expenditure: ~\$275M
- Share-based compensation: ~\$165 M
- Non-GAAP effective tax rate¹: ~15%

1. See slide 2 for note on non-GAAP information.

2. SG&A includes share-based compensation.

2016 R&D Events

Congress	Posters	Date
American Optometric Association	3 accepted	June 2016
American Society of Clinical Oncology	6 accepted	June 2016
National Association of Nurse Practitioners in Woman's Health	1 accepted	September 2016
North American Menopause Society	1 planned	October 2016
Fall Clinical Dermatology	15 planned	October 2016
American College of Gastroenterology	6 planned	October 2016
American Association for the Study of Liver Diseases	6 planned	November 2016
American Academy of Ophthalmology	16 planned	November 2016

Therapy Area	Journal	Publication Date
Vision Care/Surgical	Clinical Ophthalmology	June 2016
Dermatology	Journal of Drugs in Dermatology	June 2016
Dermatology	Clinics in Podiatric Medicine and Surgery	July 2016
Gastrointestinal	Journal American Association Nurse Practitioners	June 2016
Ophthalmology	American Journal of Ophthalmology	June 2016

Over 80 submissions to peer reviewed journals are planned for 2016

Financial Summary – Adjusted (non-GAAP) Presentation Reconciliation

	Dollars						%					
	Total Revenue	Cost of Goods Sold	SG&A	R&D Expense	Operating Margin (excl Amortization)	Net Income	Total Revenue	Cost of Goods Sold	SG&A	R&D Expense	Operating Margin (excl Amortization)	EPS
Qtr 2 2015 GAAP Presentation	\$ 2,732.4	\$ 669.9	\$ 685.5	\$ 81.1	\$ 926.9	\$ (53.0)	NA	24.9%	25.1%	NA	33.9%	\$ (0.15)
Amortization of inventory step-up		(46.0)			46.0	46.0		-2.2%			1.7%	0.13
Integration related technology transfers		(2.9)			2.9	2.9		-0.1%			0.1%	0.01
Depreciation expense from PP&E Step up			(2.5)		2.5	2.5		0.0%			0.1%	0.01
SBC reversal of unvested equity awards			6.9		(6.9)	(6.9)			0.3%		-0.3%	(0.02)
Post-combination expense related to the acceleration of unvested restricted stock for Salix employees					168.4	168.4					6.2%	0.48
Loss on sale of divested assets					3.8	3.8					0.1%	0.01
Restructuring, integration, acquisition and other costs					152.9	152.9					5.6%	0.44
Acquisition-related contingent consideration					11.7	11.7					0.4%	0.03
Other smaller non-GAAP addbacks		(5.8)		(0.4)	10.9	10.9					0.4%	0.03
In-process research and development impairments and other charges					12.3	12.3					0.5%	0.04
Amortization and impairments of finite-lived intangibles						585.4						1.67
Non-cash interest expense						20.7						0.06
Foreign currency gain/loss on intercompany financing						(10.4)						(0.03)
Tax effect on non-GAAP adjustments						(196.4)						(0.56)
Qtr 2 2015 Non-GAAP Presentation	\$ 2,732.4	\$ 615.2	\$ 689.9	\$ 80.7	\$ 1,331.4	\$ 750.8	NA	22.8%	25.2%	NA	48.7%	\$ 2.14

	Dollars						%					
	Total Revenue	Cost of Goods Sold	SG&A	R&D Expense	Operating Margin (excl Amortization)	Net Income	Total Revenue	Cost of Goods Sold	SG&A	R&D Expense	Operating Margin (excl Amortization)	EPS
Qtr 3 2015 GAAP Presentation	\$ 2,786.8	\$ 634.6	\$ 697.6	\$ 101.6	\$ 1,127.0	\$ 49.5	NA	23.1%	25.0%	NA	40.4%	\$ 0.14
Amortization of inventory step-up		(27.2)			27.2	27.2		-1.3%			1.0%	0.08
Integration related technology transfers		(4.0)			4.0	4.0		-0.2%			0.1%	0.01
Depreciation expense from PP&E Step up		(5.1)	(1.0)		1.0	1.0		-0.2%			0.0%	0.00
SBC related to equity awards			(15.5)		15.5	15.5			-0.7%		0.6%	0.04
Legal settlements and related fees					30.2	30.2					1.1%	0.09
Restructuring, integration, acquisition and other costs					82.6	82.6					3.0%	0.24
Acquisition-related contingent consideration					3.8	3.8					0.1%	0.01
Other smaller non-GAAP addbacks		(0.1)	(7.4)	(0.4)	12.6	12.6					0.5%	0.04
In-process research and development impairments and other charges					95.8	95.8					3.5%	0.27
Amortization and impairments of finite-lived intangibles						679.2						1.94
Non-cash interest expense						20.3						0.06
Foreign currency gain/loss on intercompany financing						31.0						0.09
Tax effect on non-GAAP adjustments						(208.1)						(0.59)
Qtr 3 2015 Non-GAAP Presentation	\$ 2,786.8	\$ 598.2	\$ 673.7	\$ 101.2	\$ 1,399.7	\$ 844.6	NA	21.8%	24.2%	NA	50.2%	\$ 2.41

Financial Summary – Adjusted (non-GAAP) Presentation Reconciliation

	Dollars						%					
	Total Revenue	Cost of Goods Sold	SG&A	R&D Expense	Operating Margin (excl Amortization)	Net Income	Total Revenue	Cost of Goods Sold	SG&A	R&D Expense	Operating Margin (excl Amortization)	EPS
Qtr 4 2015 GAAP Presentation	\$ 2,757.2	\$ 719.2	\$ 742.9	\$ 95.9	\$ 955.6	\$ (385.9)	NA	26.4%	26.9%	NA	34.7%	\$ (1.12)
Philidor Revenue during wind-down period	(4.6)		(64.5)		4.6	4.6					0.2%	0.01
Amortization of inventory step-up		(36.0)			36.0	36.0		-1.7%			1.3%	0.10
Integration related technology transfers		(12.0)			12.0	12.0		-0.6%			0.4%	0.03
Depreciation expense from PP&E Step up		(6.2)			-	-		-0.3%			0.0%	-
SBC reflecting the impact of previously accelerated vesting of certain stock-based equity instruments			5.6		(5.6)	(5.6)			0.3%		-0.2%	(0.02)
Legal settlements and related fees					1.0	1.0					0.0%	0.00
Termination of supply and distribution agreements					20.6	20.6					0.8%	0.06
Post-combination expense related to cash bonuses paid to Amoun Pharmaceutical Company S.A.E employees					11.7	11.7					0.4%	0.03
Restructuring, Integration, acquisition and other costs					76.0	76.0					2.8%	0.22
Acquisition-related contingent consideration					45.6	45.6					1.7%	0.13
Other smaller non-GAAP addbacks		(2.1)	(2.2)	(0.4)	4.7	4.7					0.2%	0.01
In-process research and development impairments and other charges					140.3	140.3					5.1%	0.40
Amortization and impairments of finite-lived intangibles						788.5						2.25
Non-cash interest expense						27.7						0.08
Foreign currency gain/loss on intercompany financing						(1.4)						(0.00)
Tax effect on non-GAAP adjustments						(234.6)						(0.67)
Qtr 4 2015 Non-GAAP Presentation	\$ 2,752.6	\$ 662.9	\$ 681.8	\$ 95.5	\$ 1,302.5	\$ 541.2	NA	24.3%	24.8%	NA	47.3%	\$ 1.55

Developed Markets – (non-GAAP) Reconciliation

Developed Markets			
	Revenue	Gross Margin	Operating Income (excluding Amortization)
Q1 16 GAAP	1,930	1,502	842
Philidor Rx Services, LLC Product Sales	(2)	(2)	(2)
Amortization of Inventory Step-up	-	27	27
Philidor Rx Services, LLC Operating Expense	-	-	5
Accelerated Depreciation Expense	-	-	7
Restructuring, Integration, acquisition and other costs	-	-	11
Other (Income)/Loss (primarily loss on Philidor Rx Services, LLC deconsolidation)	-	-	21
Acquisition-related contingent consideration	-	-	(5)
Other	-	4	6
Q1 16 non-GAAP	1,928	1,531	912
	Revenue	Gross Margin	Operating Income (excluding Amortization)
Q1 15 GAAP	1,744	1,388	935
Amortization of Inventory Step-up	-	25	25
Depreciation Expense resulting from PP& E Step-up	-	6	6
Restructuring, Integration, acquisition and other costs	-	-	9
Other (Income)/Loss	-	-	7
Acquisition-related contingent consideration	-	-	7
Other	-	1	2
Q1 15 non-GAAP	1,744	1,420	991

Emerging Markets – (non-GAAP) Reconciliation

Emerging Markets			
	Revenue	Gross Margin	Operating Income (excluding Amortization)
Q1 16 GAAP	442	241	93
Amortization of Inventory Step-up	-	2	2
Restructuring, Integration, acquisition and other costs	-	-	1
Other (Income)/Loss	-	-	2
Acquisition-related contingent consideration	-	-	7
Q1 16 non-GAAP	442	243	105
	Revenue	Gross Margin	Operating Income (excluding Amortization)
Q1 15 GAAP	427	261	127
Restructuring, Integration, acquisition and other costs	-	-	5
Other (Income)/Loss	-	-	(1)
Other	-	1	1
Q1 15 non-GAAP	427	262	132

Reconciliation of reported Net Income (Loss) to EBITDA and Adjusted EBITDA

\$M

	Three Months Ended		Year Ended
	March 31,		December 31,
	2016	2015 (restated)	2015
Net income (loss) attributable to Valeant Pharmaceuticals International, Inc.	\$ (373.7)	\$ 97.7	\$ (291.7)
Interest expense, net	425.7	296.9	1,559.9
(Recovery of) Provision for income taxes	7.2	84.5	132.5
Depreciation and amortization, including impairments of finite-lived intangible assets	746.8	407.0	2,627.5
EBITDA	\$ 806.0	\$ 886.1	\$ 4,028.2
Adjustments:			
Restructuring, integration, acquisition-related and other costs, net of depreciation	39.8	68.9	398.9
In-process research and development impairments and other charges (a)	0.5	-	248.4
Share-based compensation	63.5	35.0	140.1
Inventory step-up (b)	28.9	24.5	133.7
Acquisition-related contingent consideration	2.4	7.1	(23.0)
Loss on extinguishment of debt	-	20.0	20.0
Foreign exchange and other (c)	(1.5)	76.0	95.2
Other (income)/expense (d)	22.6	6.1	256.1
Other non-GAAP charges (e)	45.4	3.3	68.6
Adjusted EBITDA (f)	\$ 1,007.6	\$ 1,127.0	\$ 5,366.2

- (a) In-process research and development impairments and other charges for the twelve months ended December 31, 2015 (restated) of \$248.4 million is primarily related to the \$100.0 million upfront payment in connection with the license of brodalumab, a \$90.2 million impairment related to the Rifaximin SSD developmental program, a \$28.2 million impairment related to Emerade® in the fourth quarter, a \$12.3 million impairment related to Arestin® Peri-Implantitis developmental program and other smaller impairments.
- (b) ASC 805, Business Combinations, requires inventory to be recorded at fair value, resulting in an inventory step-up whose total impact for the three months ended March 31, 2016 is \$28.9 million, primarily due to the acquisitions of Salix Pharmaceuticals, Ltd. on April 1, 2015 and Amoun Pharmaceutical Company S.A.E. on October 19, 2015. For the three months ended March 31, 2015 (restated), the impact of inventory fair value step-up is \$24.5 million, primarily due to the acquisition of certain assets from Marathon Pharmaceuticals, LLC on February 10, 2015. For the twelve months ended December 31, 2015 (restated), the impact of inventory fair value step-up is \$133.7 million, primarily due to the acquisitions of Salix Pharmaceuticals, Ltd. on April 1, 2015 and certain assets from Marathon Pharmaceuticals, LLC on February 10, 2015.
- (c) Foreign exchange loss/(gain) on intercompany financing arrangements for the three months ended March 31, 2016 and 2015 (restated) and for the twelve months ended December 31, 2015 (restated), is (\$1.5) million, \$49.4 million and \$68.6 million respectively. The three months ended March 31, 2015 (restated) and twelve months ended December 31, 2015 (restated) also include an unrealized foreign exchange loss of \$26.6 million relating to a foreign currency forward-exchange contract.
- (d) For the three months ended March 31, 2016, other (income)/expense of \$22.6 million primarily relates to an \$18.4 million loss recognized upon the deconsolidation of Philidor Rx Services, LLC as of January 31, 2016, \$1.9 million loss on sale of fixed assets and \$1.6 million related to legal settlements and related fees. For the three months ended March 31, 2015 (restated), other (income)/expense of \$6.1 million relates to additional expenses for the divestiture of filler and toxin assets and legal settlements and related fees. For the twelve months ended December 31, 2015 (restated), other (income)/expense of \$256.1 million primarily relates to post-combination expense of \$168.3 million related to the acceleration of unvested restricted stock for Salix Pharmaceuticals, Ltd., legal related charges associated with the AntiGrippin® litigation of \$25.4 million, costs resulting from the termination of supply and distribution agreements of \$20.6 million, legal settlements and related fees of \$19.3 million including costs of legal proceedings, investigations and inquiries respecting certain of our distribution, marketing, pricing, disclosure and accounting practices, including our former relationship with Philidor Rx Services, LLC, a post-combination expense of \$11.7 million related to cash bonuses paid to Amoun Pharmaceutical Company S.A.E. employees in connection with the acquisition and a \$6.4 million loss on sale of divested assets.
- (e) For the three months ended March 31, 2016 and 2015 (restated), other non-GAAP charges includes \$3.3 million and \$3.3 million, respectively, of costs associated with integration related technology transfers. For the three months ended March 31, 2016, other non-GAAP charges include \$29.0 million of legal and other professional fees incurred in connection with recent legal and governmental proceedings, investigations and information requests relating to, among other matters, our distribution, marketing, pricing, disclosure and accounting practices, \$9.7 million of contractual CEO cash severance payment, and Philidor Rx Services, LLC operating expenses of \$5.3 million through the deconsolidation as of January 31, 2016, offset by Philidor Rx Services, LLC product sales of \$1.9 million through the deconsolidation as of January 31, 2016. For the twelve months ended December 31, 2015 (restated), other non-GAAP charges includes \$22.0 million of costs associated with integration related technology transfers, Philidor Rx Services, LLC wind-down costs of \$38.7 million which includes \$26.9 million of bad debt reserve, \$2.1 million of costs of goods and \$14.3 million of operating expenses offset by product sales of \$4.6 million during the wind-down period November 1, 2015 through December 31, 2015, and a \$7.9 million loss on disposal of assets.
- (f) To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses certain non-GAAP financial measures. For additional information about the Company's use of such non-GAAP financial measures, please refer to the non-GAAP Appendix.

Non-GAAP Appendix (1/4)

Description of Non-GAAP Financial Measures

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses certain non-GAAP financial measures, as follows. Other companies may use similarly titled non-GAAP financial measures that are calculated differently from the way we calculate such measures. Accordingly, our non-GAAP financial measures may not be comparable to similar non-GAAP measures. We caution investors not to place undue reliance on such non-GAAP measures, but instead to consider them with the most directly comparable GAAP measures. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation. They should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. GAAP net income and GAAP EPS are significantly less than Adjusted net income (non-GAAP) and Adjusted EPS (non-GAAP).

Adjusted EPS

Management uses Adjusted net income attributable to Valeant Pharmaceuticals International, Inc. and Adjusted EPS for strategic decision making, forecasting future results and evaluating current performance. In addition, cash bonuses for the Company's executive officers are based, in part, on the achievement of certain Adjusted EPS targets. Such non-GAAP measures exclude the impact of certain items (as further described below) that may obscure trends in the Company's underlying performance. By disclosing these non-GAAP measures, management intends to provide investors with a meaningful, consistent comparison of the Company's operating results and trends for the periods presented. Management believes these measures are also useful to investors as such measures allow investors to evaluate the Company's performance using the same tools that management uses to evaluate past performance and prospects for future performance. However, GAAP net income attributable to Valeant Pharmaceuticals International, Inc. and GAAP EPS are significantly less than Adjusted net income attributable to Valeant Pharmaceuticals International, Inc. (non-GAAP) and Adjusted EPS (non-GAAP).

Adjusted net income and Adjusted EPS reflect adjustments based on the following items:

Inventory step-up and property, plant and equipment (PP&E) step-up/down: The Company has excluded the impact of fair value step-up/down adjustments to inventory and PP&E in connection with business combinations as such adjustments represent non-cash items in the current quarter, and the amount and frequency is not consistent and is significantly impacted by the timing and size of our acquisitions.

Share-based compensation: The Company has excluded the impact of previously accelerated vesting of certain share-based equity instruments as such impact is not reflective of the ongoing and planned pattern of recognition for such expense.

Acquisition-related contingent consideration: The Company has excluded the impact of acquisition-related contingent consideration non-cash adjustments due to the inherent uncertainty and volatility associated with such amounts based on changes in assumptions with respect to fair value estimates, and the amount and frequency of such adjustments is not consistent and is significantly impacted by the timing and size of our acquisitions, as well as the nature of the agreed-upon consideration.

In-Process research and development impairments and other charges: The Company has excluded expenses associated with acquired in-process research and development impairments and other charges, as these amounts are inconsistent in amount and frequency and are significantly impacted by the timing, size and nature of acquisitions. Although expenses associated with acquired in-process research and development impairments and other charges are generally not recurring with respect to past acquisitions, the Company may incur these expenses in connection with any future acquisitions.

Other income/(expense): The Company has excluded certain other expenses that are the result of other, non-comparable events to measure operating performance, primarily including costs associated with the termination of certain supply and distribution agreements, legal settlements and related fees, post-combination expenses associated with business combinations for the acceleration of employee stock awards and/or cash bonuses, loss upon deconsolidation of Philidor (as defined below) and gains/losses from the sale of assets and businesses. These events arise outside of the ordinary course of continuing operations. The Company believes the exclusion of such amounts allows management and the users of the financial statements to better understand the financial results of the Company.

Non-GAAP Appendix (2/4)

Restructuring, integration, acquisition-related expenses and other costs: In recent years, the Company completed a number of acquisitions, which resulted in operating expenses which would not otherwise have been incurred. The Company has excluded certain restructuring, integration and other acquisition-related expense items resulting from acquisitions (including legal and due diligence costs) to allow more comparable comparisons of the financial results to historical operations and forward-looking guidance. Such costs are generally not relevant to assessing or estimating the long-term performance of the acquired assets as part of the Company, and are not factored into management's evaluation of potential acquisitions or its performance after completion of acquisitions. In addition, the frequency and amount of such charges vary significantly based on the size and timing of the acquisitions and the maturities of the businesses being acquired. Also, the size, complexity and/or volume of past acquisitions, which often drives the magnitude of such expenses, may not be indicative of the size, complexity and/or volume of any future acquisitions. By excluding the above referenced expenses from our non-GAAP measures, management is better able to evaluate the Company's ability to utilize its existing assets and estimate the long-term value that acquired assets will generate for the Company. Furthermore, the Company believes that the adjustments of these items more closely correlate with the sustainability of the Company's operating performance.

Amortization and impairments of finite-lived intangible assets: The Company has excluded the impact of amortization and impairments of finite-lived intangible assets, as such non-cash amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. The Company believes that the adjustments of these items more closely correlate with the sustainability of the Company's operating performance. Although the Company excludes amortization of intangible assets from its non-GAAP expenses, the Company believes that it is important for investors to understand that such intangible assets contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in the amortization of additional intangible assets and potential impairment charges.

Other Non-GAAP Charges: The Company has excluded certain costs associated with the wind-down of the arrangements with Philidor Rx Services, LLC ("Philidor"), costs of legal proceedings, investigations and inquiries respecting certain of our distribution, marketing, pricing, disclosure and accounting practices, including our former relationship with Philidor, CEO termination benefits, and certain accelerated depreciation expenses. In the first quarter of 2016, the Company also excluded revenue related to Philidor for January 2016. The Company believes that the exclusion of such amounts allows management and the users of the financial statements to better understand the financial results of the Company.

Amortization of deferred financing costs and debt discounts: The Company has excluded amortization of deferred financing costs and debt discounts as this represents a non-cash component of interest expense.

Loss on extinguishment of debt: The Company has excluded loss on extinguishment of debt as this represents a non-cash charge, and the amount and frequency of such charges is not consistent and is significantly impacted by the timing and size of debt financing transactions.

Foreign exchange and other: The Company has excluded the impact of foreign currency fluctuations primarily related to intercompany financing arrangements in evaluating company performance.

Tax: The Company has included the tax impact of the non-GAAP adjustments using an annualized effective tax rate.

Adjusted EBITDA

Adjusted EBITDA is net income (its most directly comparable GAAP financial measure) adjusted for certain items, as further described below. Management uses this non-GAAP measure as part of its guidance and to forecast future results. Management also believes Adjusted EBITDA is a useful measure to evaluate current performance. Adjusted EBITDA is intended to show our unleveraged, pre-tax operating results and therefore reflects our financial performance based on operational factors, excluding anticipated non-operational, non-cash or non-recurring losses or gains.

Non-GAAP Appendix (3/4)

Adjusted EBITDA reflects, as applicable, the adjustments reflected in Adjusted EPS (see disclosure above). In addition, the Company excludes the impact of costs relating to share-based compensation. Due to subjective assumptions and a variety of award types, the Company believes that the exclusion of share-based compensation expense, which is typically non-cash, allows for more meaningful comparisons of operating results to peer companies. Share-based compensation expense can vary significantly based on the timing, size and nature of awards granted. Finally, to the extent not already adjusted for, Adjusted EBITDA reflects adjustments for interest, taxes, depreciation and amortization (EBITDA represents earnings before interest, taxes, depreciation and amortization).

EBITDA

EBITDA represents earnings before interest, taxes, depreciation and amortization.

EBITA

EBITDA represents earnings before interest, taxes and amortization.

Cash Flow Available for Debt Repayment and Other Purposes

Cash Flow Available for Debt Repayment and Other Purposes reflects certain adjustments, as further described below, to Adjusted EBITDA. Management uses this non-GAAP measure in analyzing the Company's ability to service and repay debt in the future and to forecast future periods. Cash Flow Available for Debt Repayment and Other Purposes reflects adjustments for, as applicable, cash interest expense, taxes, increase in working capital, cash restructuring, contingent consideration/milestones, a deferred payment in connection with the acquisition of Sprout Pharmaceuticals, Inc., certain capital expenditures and net asset sale proceeds year-to-date.

Adjusted Cost of Goods Sold

Adjusted Cost of Goods Sold excludes, as applicable, certain costs primarily relating to fair value step-up adjustments to inventory and property, plant and equipment and integration-related inventory charges and technology transfers.

Adjusted Selling, General and Administrative Expenses

Adjusted Selling, General and Administrative Expenses excludes, as applicable, certain costs primarily related to share-based compensation for the impact of modifications to equity awards and accelerations of certain equity instruments and fair value step-up adjustments, impairments to property, plant and equipment, costs of legal proceedings, investigations and inquiries respecting certain of our distribution, marketing, pricing, disclosure and accounting practices, including our former relationship with Philidor, CEO termination benefits, accelerated depreciation expense related to fixed assets acquired in the Salix Pharmaceuticals, Ltd. Acquisition, and certain costs associated with the wind-down of the arrangements with Philidor.

Adjusted Gross Margin:

Management uses this non-GAAP measure to assess performance of its business units, and the Company in total, without the impact of foreign currency exchange fluctuations, fair value adjustments to inventory and PP&E in connection with business combinations and integration related inventory charges and technology transfer costs. In the first quarter of 2016, the Company also excluded revenue related to Philidor for January 2016. Such measure is useful to investors as it allows for a more consistent period-to-period comparison.

Non-GAAP Appendix (4/4)

Adjusted Operating Income

Management uses this non-GAAP measure to assess performance of its business units, and the Company in total, without the impact of foreign currency exchange fluctuations, fair value adjustments to inventory and PP&E in connection with business combinations and integration related inventory charges and technology transfer costs. In the first quarter of 2016, the Company also excluded revenue related to Philidor for January 2016. Such measure is useful to investors as it allows for a more consistent period-to-period comparison. In addition, it excludes certain Share-based compensation, CEO termination benefits, certain accelerated depreciation expense, Acquisition related contingent consideration, In-process research and development impairments and other charges, restructuring, integration and acquisition-related expenses, amortization and impairments of finite-lived intangible assets, other non-GAAP charges for wind down operating costs, costs of legal proceedings, investigations and inquiries respecting certain of our distribution, marketing, pricing, disclosure and accounting practices, including our former relationship with Philidor and loss upon deconsolidation of Philidor. The Company believes the exclusion of such amounts allows management and the users of the financial statements to better understand the financial results of the Company.

Adjusted Total Revenue

Management uses this non-GAAP measure to calculate organic growth and assess performance of its business units, and the Company in total, without the impact of foreign currency exchange fluctuations. In the fourth quarter of 2015, the Company also excluded revenue related to Philidor for November and December of 2015. Such measure is useful to investors as it allows for a more consistent period-to-period comparison of our revenue.