

J. Michael Pearson  
Chairman & Chief Executive Officer

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November 2, 2015

Dear Dermatologist, Podiatrist and Other Health Care Professionals:

I am writing to you about our decision to terminate Valeant's relationship with Philidor.

Our first priority as a company is to provide safe, reliable, and affordable access to our medicines for the patients who depend on them and the doctors, like yourself, who prescribe them. Our Valeant Access Program was designed to provide affordable dermatology prescription drug options for your patients. It was executed to ensure that the medicines you believed were most appropriate for your patients would be filled by licensed pharmacies and delivered in a compliant way to your patients.

Our goal in working with Philidor was to develop an innovative solution to a problem we often hear from practitioners: that their patients are not receiving the medicines they prescribed. By working with a specialty pharmacy and filling prescriptions immediately, before adjudication, we took a risk: we only received payment for those prescriptions that were reimbursed by insurance companies. Valeant also provided a cash pay option at varying cash prices ranging from \$50 to \$125. Because of the number of products we ultimately supplied at a reduced cost relative to prices in traditional channels, medicines provided through Philidor proved less profitable to Valeant than those we sold through retail channels. We did this to ensure patients' access to affordable medications that doctors chose to prescribe.

We know many doctors and patients were concerned about the recent allegations surrounding Philidor's business practices, and so were we. Given those questions, we decided it was appropriate to terminate our relationship with Philidor. Over the weekend, we developed an interim program to help provide an orderly transition, in anticipation of the wind down of Philidor's operations.

The interim transition program reflects our highest priority: to ensure patients receive the medicines they have been prescribed and to minimize disruption for doctors and their offices.

**FROM TODAY UNTIL NOVEMBER 8, 2015:**

- All prescriptions submitted to Philidor until November 8, 2015, will be filled wherever possible at no cost to patients (patients with commercial insurance whether covered or uncovered).
- All auto refills currently at Philidor and due to be filled this week will be filled wherever possible at no cost to patients.
- No insurance claims will be made by Philidor moving forward. Valeant will pay for the cost of our products through November 8, 2015.

- This interim program is only available to patients who are cash pay or have commercial insurance – PATIENTS WITH GOVERNMENT COVERAGE ARE NOT ELIGIBLE.

**FROM NOVEMBER 9, 2015 GOING FORWARD:**

- We are developing a program which we plan to make available through major pharmacy chains as well as independent pharmacies. Patients with commercial insurance will get access to Valeant's promoted dermatology products for zero dollar copay if covered.
- During this transition period, if a patient with commercial insurance cannot get their prescription for zero dollars at the local pharmacy, Valeant will offer a cash pay option for all of Valeant's promoted dermatology products for \$35 through Philidor wherever possible. We plan to replace Philidor over the next few weeks with one or more other specialty pharmacies to ensure continuity of this cash pay program.
- This program is only available to patients who are cash pay or have commercial insurance—PATIENTS WITH GOVERNMENT COVERAGE ARE NOT ELIGIBLE.
- Patients who have opted into the auto-refill program and have one or more remaining refills on their prescription will be contacted by Philidor. The patient will be asked to choose the pharmacy to which they would like the script transferred.
- Over the next few months we will work to develop a new, more comprehensive program to ensure your patients can continue to have access to Valeant's products at affordable prices.

Let me close by reiterating my personal commitment and the commitment of our dermatology team to continue to provide affordable access to your patients, as well as our ongoing commitment to work with distribution partners who operate in a legal and compliant manner. Over the coming months we will be working hard to develop a new and affordable Valeant Access Program for your patients through a network of established pharmacies. We apologize for any inconvenience recent events are causing you and your patients. If you have any questions, please do not hesitate to contact me or your local Valeant representative.

Sincerely,



J. Michael Pearson