2017 ANNUAL REPORT

Delivering on Our Commitments

BAUSCH + LOMB

Ortho | Dermatologics

Salix Pharmaceuticals

VALEANT
Pharmaceuticals International, Inc.

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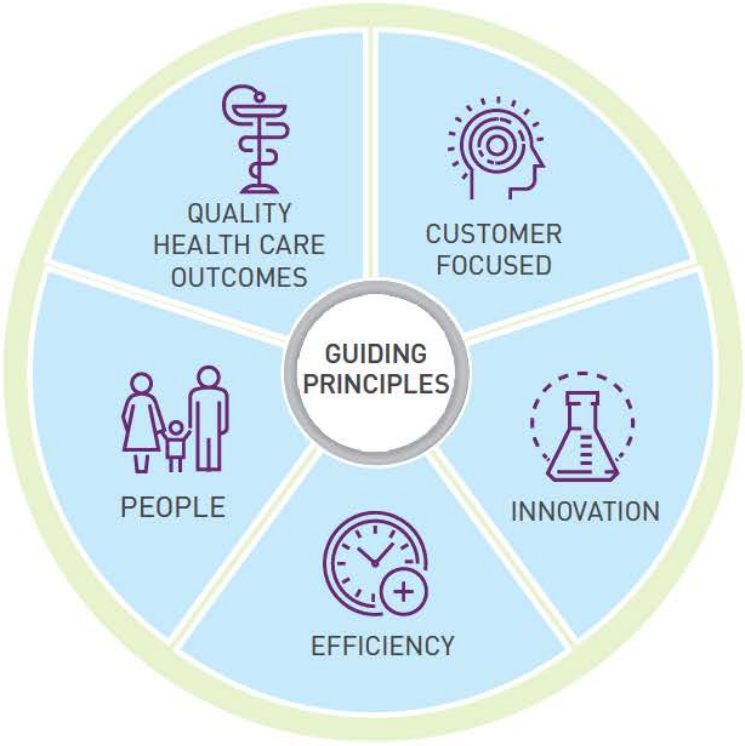
VALEANT
Pharmaceuticals International, Inc.

COMPANY OVERVIEW

Valeant Pharmaceuticals International, Inc. is a global company whose mission is to improve people's lives with our health care products. We develop, manufacture and market a range of pharmaceutical, medical device and over-the-counter products, primarily in the therapeutic areas of eye health, gastroenterology and dermatology. We are delivering on our commitments as we build an innovative company dedicated to advancing global health. More information can be found at www.valeant.com.

OUR VISION

To Be Your Trusted Health Care Partner



CORE VALUES

• Accountability • Agility • Courage • Integrity • Teamwork • Results Orientation

OUR MISSION

Improving People's Lives With Our Health Care Products

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VALEANT'S REPORTABLE BUSINESS SEGMENTS

Valeant's Portfolio of Products Falls into Three Reportable Segments:

Segments as a percentage of 2017 Total Company Revenue

~56%	~28%	~16%
DURABLE GROWTH	GROWTH	CASH GENERATING

BAUSCH + LOMB / INTERNATIONAL

- Global Vision Care
- Global Surgical
- Global Consumer
- Global Ophthalmology Rx
- International

This segment consists of: (i) sales in the U.S. of pharmaceutical products, OTC products and medical device products, primarily comprised of Bausch + Lomb products, with a focus on the Vision Care, Surgical, Consumer and Ophthalmology Rx products and (ii) sales in Canada, Europe, Asia, Australia and New Zealand, Latin America, Africa and the Middle East of branded pharmaceutical products, branded generic pharmaceutical products, OTC products, medical device products and Bausch + Lomb products.

BRANDED Rx

- Salix
- Ortho Dermatologics
- Dentistry
- Oncology
- Women's Health

The Branded Rx segment consists of sales in the U.S. of: (i) Salix products (gastrointestinal ("GI") products), (ii) Ortho Dermatologics (dermatological products) and (iii) oncology (or Dendreon), dentistry and women's health products (or Sprout). As a result of the divestiture of the Company's equity interest in Dendreon Pharmaceuticals LLC ("Dendreon") on June 28, 2017 and Sprout Pharmaceuticals, Inc. ("Sprout") on December 20, 2017, the Company has exited the oncology and women's health business, respectively.

U.S. DIVERSIFIED PRODUCTS

- Neurology and Other
- U.S. Solta
- Authorized Generics
- U.S. Obagi

The U.S. Diversified Products segment consists of sales in the U.S. of: (i) pharmaceutical products, OTC products and medical device products in the areas of neurology and certain other therapeutic classes, including aesthetics which includes the Solta business and the Obagi business (the Obagi sale was completed on November 9, 2017) and (ii) generic products.

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FELLOW SHAREHOLDERS,

When I wrote to you a year ago, we were at the early stages of a multi-year plan to transform Valeant. The first phase of that plan, stabilizing the company and laying the foundation for the future, is complete. Today, we are making remarkable progress in our turnaround phase, and I'd like to outline the steps we are taking to ensure we will be successful in our transformation.

While many factors are contributing to our turnaround, there are several areas we are primarily focused on:

- Investing in our core franchises with attractive growth,
- Launching new products with meaningful opportunities, and
- Resolving legacy issues and de-risking our balance sheet.

Investing in core franchises with attractive growth

We currently have strong competitive positions in three attractive markets: eye health (Bausch + Lomb), gastroenterology (Salix) and dermatology (Ortho Dermatologics). Each of these markets affords us with opportunities for growth, and each represents a therapeutic area where the collective knowledge, experience and expertise of our employees can make the greatest impact on improving people's lives.

Within the eye health category, we maintain a large global footprint with a significant presence in rapidly growing markets, including China where Bausch + Lomb is the number one eye care brand. In the United States, we have experienced steady gains in market share for soft contact lenses, and the Biotrue® (multi-purpose lens solution) and PreserVision® (eye vitamins) brands remained the top products in their categories.

Growth in our Salix business was driven by several key brands. Investments in XIFAXAN®, most notably building and launching a primary care sales team in early 2017, have resulted in strong increases in both total prescriptions and new prescriptions for the brand. We are also investing for the future through the initiation of studies for new indications and formulations for XIFAXAN®, which is currently indicated to treat traveler's diarrhea and IBS-D and to reduce the risk of overt hepatic encephalopathy recurrence.

The RELISTOR® franchise of products that treat opioid-induced constipation saw steady gains in total prescriptions in 2017 due to uptake in the oral formulation, based on a shift in physician and patient preferences. The U.S. Food and Drug Administration (FDA) also accepted the New Drug Application (NDA) for PLENVU®, an investigational bowel-cleansing preparation for patients prior to a colonoscopy. Our Prescription Drug User Fee Act (PDUFA) action date for PLENVU® is May 13, 2018.

Last year, we rebranded our dermatology business as Ortho Dermatologics and took a number of actions to stabilize the business and prepare for new product launches, which included recruiting an experienced leadership team and strenghtening our relationships with dermatologists.

Our expectation is that new, innovative products will drive the turnaround of Ortho Dermatologics. We launched the first of these new products, SILIQ™ which is an injectable biologic for the treatment of moderate-to-severe psoriasis, in mid-2017. SILIQ™ has thus far shown positive patient adherence data and a modest, but consistent increase in patients on the medicine.

A growing demand for effective psoriasis treatments has led us to make a number of key investments. The FDA has accepted the NDA for DUOBRII™[1], an investigational topical treatment for moderate-to-severe plaque psoriasis that has a PDUFA action date of June 18, 2018. Another promising psoriasis treatment, JEMDEL™[1], has a PDUFA action date of October 5, 2018. We also have entered into an exclusive license agreement with Kaken Pharmaceutical Co. to develop and commercialize products containing a new chemical entity KP-470, an investigational compound for the treatment of psoriasis.

Along with the new strength of RETIN-A® MICRO, which we launched in January 2018, and the late-stage acne treatment ALTRENO™[1], which has a PDUFA action date of August 27, 2018, collectively we believe that these products greatly improve our prospects for doubling this business over the next five years. To support these new product launches, we increased the size of

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the dermatology sales force by more than 25% in January 2018.

Launching new products with meaningful opportunities

Quality, innovation and new product launches remain critical to our future. Our investment in R&D reflects our commitment to drive growth through the internal development of new products. In the United States alone, we have 71 projects in our R&D pipeline focused on our core businesses, and we anticipate submitting more than 60% of those projects for FDA approval in 2018 and 2019. We also anticipate increasing R&D spend by more than 15 percent in 2018 as compared to 2017.

Among the products with the potential to be important catalysts for our future—what we are collectively calling "The Significant Seven"—include:

- VYZULTA™, which we launched in December 2017 and is approved for the reduction of intraocular pressure in patients with open-angle glaucoma or ocular hypertension;
- LUMIFY™, an over-the-counter eye drop for the treatment of ocular redness, which is expected to launch in the second quarter of 2018;
- Bausch + Lomb ULTRA® product lines; and
- SILIQ™, DUOBRII™[1], JEMDEL™[1] and RELISTOR™, which were described in more detail above.

Resolving legacy issues and de-risking our balance sheet

We have reduced our total debt by more than $6.7 billion since the end of the first quarter of 2016. As part of a concerted effort to streamline operations we have completed 13 divestitures—including sales of certain skincare brands, Dendreon Pharmaceuticals, iNova Pharmaceuticals, Obagi Medical Products and Sprout Pharmaceuticals—which in total generated gross proceeds of approximately $3.8 billion (including future expected milestones).

In addition to dramatically reducing the amount of our debt, we also improved our flexibility under our financial covenants, eliminated all mandatory amortization requirements and, importantly, eliminated all long-term debt maturities until 2020. This stability enables us to focus on driving the fundamentals of our core businesses.

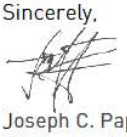
Quality, innovation and new product launches remain critical to our future. Our investment in R&D reflects our commitment to drive growth through the internal development of new products.

Our legal team has done an outstanding job reducing the volume of legacy legal liabilities facing the company. From the beginning of 2017, we achieved dismissals, settlements or other positive outcomes in more than 80 litigations and investigations, all of which related to historical matters. Importantly, we settled the Allergan securities litigation, which is subject to court approval.

In closing, this past year was one of steady, measurable progress as we continue to focus on improvements that will lead us to organizational transformation and create shareholder value. Critical to that progress is our global team of more than 20,000 talented and dedicated employees who remain committed to our mission of improving people's lives with our health care products.

As we look forward to the coming year of opportunities, on behalf of the entire management team and all Valeant employees, thank you for your confidence and support.

Sincerely,



Joseph C. Papa
Chairman of the Board and Chief Executive Officer

[1]Provisional name

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