

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement (“Agreement”) is entered into effective May 1, 2018, by and among Valeant Pharmaceuticals, Inc. (“Valeant”) and the State of California by and through the California Insurance Commissioner (“Commissioner”), head of the California Department of Insurance, hereinafter collectively referred to as “the Parties.”

RECITALS

- A. Valeant is a pharmaceutical manufacturer headquartered in Canada, with its principal place of business in New Jersey. At all relevant times, Valeant distributed, sold, and marketed pharmaceutical products, including dermatological products, in the state of California.
- B. On May 15, 2017, the Parties entered into a tolling agreement. The tolling agreement has been extended by the Parties by mutual agreement and the current tolling agreement is set to expire on May 1, 2019.
- C. On September 16, 2016, the Commissioner served an investigative subpoena on Valeant’s counsel of record captioned *In the Matter of Investigation No. IH-2016-00008; and Related Issues*.
- D. The Commissioner alleges that the State of California has certain civil causes of action against Valeant related to and/or arising from Valeant’s relationship with Philidor Rx Services LLC (“Philidor”) including, without limitation, civil causes of action pursuant to the California Insurance Frauds Prevention Act, Cal. Ins. Code § 1871, *et seq.* (“CIFPA”) concerning claims for reimbursement or payment for Valeant products submitted by Philidor in the State of California between January 2012 and December 2016 (hereinafter referred to as the “Covered Conduct”).

E. Valeant denies any and all allegations asserted by the State of California and denies that it has any liability relating to the Covered Conduct, but nevertheless wishes to compromise, settle, resolve, and conclude any alleged causes of action.

TERMS AND CONDITIONS

1. Valeant agrees to pay the sum of \$1,875,000 (the "Settlement Amount"), to be distributed by electronic funds transfer within ten (10) business days of the Effective Date of this Agreement pursuant to written instructions to be provided by the California Department of Insurance.

2. In consideration of Valeant's payment in full of the Settlement Amount, the Commissioner acting for the State of California, and for its agencies, employees, servants, and agents, hereby fully and finally releases, acquits, covenants not to sue, and forever discharges: Valeant; its current and former direct and indirect parent corporations and limited liability companies ("Parents"); its and Parents' affiliates, direct and indirect subsidiaries, brother and sister corporations, and divisions; its and Parents' respective current and former corporate owners; the predecessors, successors, transferees, and assigns of Valeant, Parents, or any of the foregoing entities; and Valeant's past, present and future owners, shareholders, officers, directors, supervisors, members, managers, employees, agents, attorneys and representatives (collectively, the "Valeant Released Parties") for all time and to the fullest extent allowed by law, from any and all suits, arbitrations, claims, demands, investigations, actions, rights, obligations, limitations, claims for relief, charges, causes of actions, and damages, penalties and judgments of any kind, character, or nature whatsoever that the Commissioner has standing to bring, or may now have or claim to have, against the Valeant Released Parties, arising in any way out of or connected in any way with the facts, claims and circumstances alleged in, arising

under, or arising from the allegations in the Covered Conduct, whether known or unknown, suspected or unsuspected, fixed or contingent, matured or not matured, whether or not concealed or hidden, without regard to the subsequent discovery or existence of different or additional facts, in law or in equity, or in contract or tort, including but not limited to any and all penalties, fines, assessments, trebling, disgorgements, overcharges, costs, fees, expenses, or general or special damages of any kind or nature (the "Released Claims"). For the avoidance of doubt, the Released Claims expressly include, but are not limited to, any claims that could be brought by any party under the CIFPA arising in any way out of or connected in any way with the facts, claims and circumstances alleged in, arising under, or arising from the allegations in the Covered Conduct. This release excludes any claims related to the potential breach of this Agreement.

3. Valeant fully and finally releases, waives and discharges the State of California from any and all suits, claims, demands, actions, rights, obligations, limitations, claims for relief, causes of actions and damages of any kind that Valeant has standing to bring or may now have or claim to have against the State of California arising in any way out of or connected with the Commissioner's investigation of the Covered Conduct. This release excludes any claims related to the potential breach of this Agreement.

4. This Agreement is made in compromise and settlement of disputed claims. This Agreement is neither an admission of facts or liability by the Valeant Released Parties nor a concession by the Commissioner that their claims are not well founded. Valeant expressly denies the allegations as described in the Covered Conduct and denies any engagement in any wrongful conduct. Neither this agreement, its execution, nor the performance of any obligation under it, including any payment, nor the fact of settlement, is intended to be, or shall be understood as, an

admission of liability or wrongdoing, or other expression reflecting upon the merits of the dispute by the Valeant Released Parties.

5. The releases in Paragraphs 2 and 3 above are referred to herein as the “Parties’ Released Claims.” The Parties have conducted their own due diligence regarding their respective Released Claims and all matters relating to their respective Released Claims. This Agreement is expressly intended to release known and unknown claims, including all past, present and future rights of action arising out of the Parties’ Released Claims, and to the extent it applies, the Parties expressly waive application of Section 1542 of the Civil Code of the State of California, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

6. The Parties agree that the Settlement Amount is inclusive of any and all attorneys’ fees, costs and/or expenses recoverable by the State of California or the Commissioner pursuant to California Insurance Code section 1871.7 or any other rule, regulation, or statute.

7. All settlement negotiations and discussions, including but not limited to, all negotiations, discussions, communications, and correspondence between the Parties relating to the Settlement Amount and the methodology used to reach the Settlement amount shall remain confidential and protected by Federal Rule of Evidence section 408 and California Evidence Code section 1152. For the avoidance of doubt, the State and Valeant may publicly communicate the fact of the Settlement Agreement, the Parties involved, the Settlement Amount, and the essential terms of the Settlement Agreement as expressly set forth herein.

8. For purposes of this Agreement, "Valeant products" shall refer to any product distributed, sold, or marketed by any Valeant Released Party and for which Philidor submitted claims in the state of California.

9. Each Party to this Agreement warrants, represents and agrees that such Party has the full right, authority and capacity, and is legally competent, to execute this Agreement and to bind each Party to the representations, terms, conditions and covenants set forth herein.

10. This Agreement constitutes the entire agreement of the Parties as to any claims arising out of the Covered Conduct and the Parties' Released Claims. This Agreement may not be modified or amended except by a written agreement signed by all of the Parties hereto.

11. This Agreement shall be deemed to have been drafted equally by the Parties hereto. Accordingly, the Parties agree that any and all rules of construction to the effect that any ambiguity is to be construed against the drafting party shall be inapplicable in any dispute concerning the terms, meaning or interpretation of this Agreement.

12. If any portion of this Agreement is for any reason held to be invalid, void or unenforceable, the remainder of this Agreement shall remain in effect, and be valid and fully enforceable.

13. This Agreement shall be binding and is binding upon each Party's respective successors, assigns, parent and subsidiary companies, agents, attorneys, and representatives to the extent allowable by law.

14. Copies of signatures transmitted by facsimile or electronically shall constitute acceptable, binding signatures for purposes of this Agreement.

15. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same agreement. This Agreement is effective on

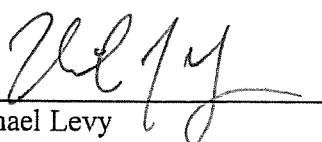
the date of signature and transmittal to the other Party of the last signatory to the Agreement (“The Effective Date of Agreement”).

16. This Agreement is governed by the laws of the State of California.

17. This Agreement may be enforced in any California Superior Court of competent jurisdiction.


IN WITNESS THEREOF, the Parties hereto each have executed this Agreement as of the Effective Date.

STATE OF CALIFORNIA
California Department of Insurance

By:  Date: 5/1/18

Michael Levy
Deputy General Counsel for Litigation
Counsel for Dave Jones, in his capacity as California Insurance Commissioner and the State of California

Valeant Pharmaceuticals, Inc.

By:  Date: 5-1-18

Jason Marks
Senior Vice President, Head of Legal Branded Rx and
Global Litigation & Government Investigations

 Date: 5/1/2018

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