

EXECUTION COPY

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

IN RE VALEANT PHARMACEUTICALS
INTERNATIONAL, INC. THIRD-PARTY
PAYOR LITIGATION

Civil Action No. 16-3087-(MAS)(LHG)

STIPULATION AND AGREEMENT OF SETTLEMENT
WITH VALEANT PHARMACEUTICALS INTERNATIONAL, INC.

This Stipulation and Agreement of Settlement, dated as of August 4, 2021 (the “Stipulation”) is entered into between (a) AirConditioning and Refrigeration Industry Health and Welfare Trust Fund, Fire and Police Health Care Fund, San Antonio, Plumbers Local Union No. 1 Welfare Fund, New York Hotel Trades Council & Hotel Association of New York City, Inc. Health Benefits Fund, and the Detectives Endowment Association of New York City (collectively, “Plaintiffs”), on behalf of themselves and the Settlement Class (defined below); and (b) defendant Valeant Pharmaceuticals International, Inc. (now known as Bausch Health Companies Inc.) (“Valeant”) (with Plaintiffs, the “Settling Parties”), and embodies the terms and conditions of the settlement of the claims against Valeant brought in above-captioned action (the “Action”).¹ Subject to the approval of the Court and the terms and conditions expressly provided herein, this Stipulation is intended to fully, finally and forever compromise, settle, release, resolve, and dismiss with prejudice all Released Plaintiffs’ Claims (defined below) against Valeant.

¹ All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in ¶ 1 herein.

WHEREAS:

A. On May 27, 2016, a putative class action complaint pursuant to the Racketeer Influenced and Corrupt Organizations (“RICO”) Act was filed in the United States District Court for the District of New Jersey (the “Court”), styled *AirConditioning and Refrigeration Industry Health and Welfare Trust Fund v. Valeant Pharms. Int’l, Inc. et al.*, Case No. 3:16-cv-03087, brought on behalf of certain Third-Party Payors (“TPPs”).

B. On June 24, 2016, a putative class action complaint pursuant to the RICO Act was filed in the Court, styled *Plumbers Local Union No. 1 Welfare Fund v. Valeant Pharms. Int’l, Inc. et al.*, Case No. 3:16-cv-03885, brought on behalf of certain TPPs.

C. On August 29, 2016, a putative class action complaint pursuant to the RICO Act was filed in the United States District Court for the Southern District of New York, styled *N.Y. Hotel Trades Council & Hotel Ass’n of N.Y.C., Inc. Health Benefits Fund v. Valeant Pharms. Int’l, Inc. et al.*, Case No. 1:16-cv-06779 (the “New York Action”), brought on behalf of certain TPPs.

D. On August 30, 2016, AirConditioning and Refrigeration Industry Health and Welfare Trust Fund (“ACR Trust”), Police and Fire Health Care Fund, San Antonio (“San Antonio”), and Plumbers Local Union No. 1 Welfare Fund (“NY Plumbers”) moved to consolidate their actions and appoint Bernstein Litowitz Berger & Grossmann LLP (“Bernstein Litowitz”) and Carella, Byrne, Cecchi, Olstein, Brody & Agnello, P.C. (“Carella Bryne”) as interim class counsel.

E. On September 15, 2016, New York Hotel Trades Council & Hotel Association of New York City, Inc. Health Benefits Fund (“Hotel Trades”) and Detectives Endowment Association of New York City (“DEA”) voluntarily dismissed the New York Action.

F. On October 20, 2016, ACR Trust, San Antonio, NY Plumbers, Hotel Trades, and DEA (collectively, “Plaintiffs”) moved to consolidate their actions and appoint Bernstein Litowitz

and Carella Byrne as interim class counsel. The Plaintiffs also requested the Court's approval for an Executive Committee consisting of Bernstein Litowitz, Carella Bryne, Barrack, Rodos & Bacine ("Barrack Rodos"), and Cohen Milstein Sellers & Toll PLLC ("Cohen Milstein").

G. By Order dated November 30, 2016, the Honorable Michael A. Shipp appointed Carella Bryne and Bernstein Litowitz as lead counsel and interim class counsel, and approved the creation of the Executive Committee.

H. On December 14, 2016, Plaintiffs filed and served their Consolidated Class Action Complaint and Demand for Jury Trial (ECF No. 27) (the "Complaint"). The Complaint asserted claims under RICO for racketeering under 18 U.S.C. § 1962(c) and racketeering conspiracy under 18 U.S.C. § 1962(d) against Valeant, Philidor, Andrew Davenport, and Matthew Davenport. The Complaint alleged that all four Defendants violated RICO by causing Plaintiffs and other TPPs to pay for Valeant drugs that should never have been delivered and to pay artificially inflated prices for Valeant drugs through Valeant's secret captive pharmacy network, which Philidor controlled. The Complaint alleged that Valeant concealed its effective ownership and control of Philidor after purchasing the right to purchase Philidor in December 2014, with all the money paid upfront. The Complaint alleged that Defendants designed the Philidor pharmacy network to avoid generic substitution rules to increase the amount of profit Valeant earned from its branded drugs, mostly in dermatology.

I. On January 27, 2017, the United States Attorney for the Southern District of New York filed an indictment against Andrew Davenport and former Valeant executive Gary Tanner ("Tanner"), Case No. 1:17-cr-00061-LAP-1 ("Criminal Case"). The indictment alleged that Andrew Davenport and Tanner conspired to induce Valeant to buy an option to purchase Philidor.

The indictment alleged that Davenport and Tanner benefitted financially from this option to Valeant's detriment.

J. On February 13, 2017, Valeant filed and served a motion to dismiss the Complaint in this Action. On February 14, 2017, Philidor and Andrew Davenport filed a joint motion to dismiss the Complaint, and Matthew Davenport also filed a motion to dismiss the Complaint.

K. On March 14, 2017, Philidor and Andrew Davenport filed a motion to stay the proceedings in this Action, pending the outcome of the Criminal Case.

L. On March 24, 2017, Matthew Davenport filed a motion to stay the proceedings in this Action, pending the outcome of the Criminal Case.

M. On April 3, 2017, Valeant informed the Court that it did not oppose the relief sought in the motions to stay filed by the other Defendants. That same day, Plaintiffs filed an omnibus opposition to the motions to stay. Philidor, Andrew Davenport, and Matthew Davenport filed replies in further support of their motions to stay on April 10, 2017.

N. On April 3, 2017, Plaintiffs filed their omnibus opposition to Defendants' motions to dismiss. On May 15, 2017, Andrew Davenport and Philidor filed their joint reply brief in further support of their motion to dismiss. On May 17, 2017, Valeant filed its reply brief in further support of its motion to dismiss and Matthew Davenport filed his reply brief in further support of his motion to dismiss that same day.

O. On August 9, 2017, the Court granted the motions to stay the proceedings until the conclusion of the Criminal Case or until the Court lifted the stay. In the order granting the motions to stay, the Court terminated the pending motions to dismiss.

P. On May 1, 2018, a suggestion of death was filed with the Court regarding the passing of Matthew Davenport.

Q. On May 2, 2018, the Criminal Case trial began. On May 22, 2018, the jury returned a verdict of guilty on all counts against Andrew Davenport and Tanner.

R. On September 28, 2018, the Court instructed the parties to file any motion seeking to continue the stay of this Action by October 12, 2018. On October 12, 2018, Andrew Davenport and Philidor filed a motion to continue the stay. Also on October 12, 2018, Plaintiffs filed a notice in favor of lifting the stay and informed the Court of their intent to file an Amended Complaint once the stay was lifted. On October 22, 2018, Plaintiffs filed an opposition to Andrew Davenport's and Philidor's motion to continue the stay. That same day, Valeant filed a letter with the Court taking no position on lifting the stay. On October 29, 2018, Andrew Davenport and Philidor filed a reply brief in further support of their motion to continue the stay.

S. On October 30, 2018, Andrew Davenport and Tanner were sentenced in the Criminal Case to serve one year and one day in prison each and to pay approximately \$9.7 million.

T. On February 15, 2019, the Court directed the parties to file correspondence addressing each party's consent or opposition to the appointment of a special master to adjudicate the claims in this Action.

U. On April 12, 2019, the Court denied Andrew Davenport's and Philidor's motion to stay the proceedings.

V. On June 21, 2019, Plaintiffs filed a motion for leave to amend the Complaint. This motion also included a motion to substitute the Estate of Matthew S. Davenport (the "Estate") for Matthew Davenport as a defendant.

W. On July 10, 2019, the Court issued a notice that it was considering appointing the Hon. Dennis M. Cavanaugh, USDJ (Ret.) to serve as special master for this Action.

X. On July 22, 2019, Andrew Davenport and Philidor filed a cross-motion to dismiss and opposition to Plaintiffs' motion for leave to amend the Complaint.

Y. On July 22, 2019, Valeant filed a letter with the Court stating that it did not oppose Plaintiffs' motion for leave to amend the Complaint.

Z. On July 25, 2019, the parties filed a stipulation and proposed order regarding the schedule for Plaintiffs to file their Amended Consolidated Class Action Complaint ("Amended Complaint") and Defendants' responsive pleadings thereto. On July 26, 2019, the Court entered an order directing Plaintiffs to file their Amended Complaint within two business days and setting forth a briefing schedule for Defendants' pleadings responding thereto.

AA. On July 30, 2019, Plaintiffs filed their Amended Complaint. Like the Complaint, the Amended Complaint asserted claims under RICO for racketeering under 18 U.S.C. § 1962(c) and racketeering conspiracy under 18 U.S.C. § 1962(d) against Valeant, Philidor, Andrew Davenport, and the newly substituted Estate.

BB. On August 28, 2019, Andrew Davenport and Philidor filed and served a joint motion to dismiss, Valeant filed and served a motion to dismiss, and the Estate filed and served a motion to dismiss.

CC. On September 10, 2019, the Court referred the case to Hon. Dennis M. Cavanaugh, USDJ (Ret.) (the "Special Master"), for all aspects prior to trial.

DD. On October 7, 2019, Plaintiffs filed and served an omnibus memorandum in opposition to the motions to dismiss. On October 25, 2019, Valeant filed a reply in further support of its motion to dismiss.

EE. On August 24, 2020, Judge Cavanaugh issued a Report and Recommendation granting in part and denying in part Valeant's motion to dismiss. With respect to the portion of

Valeant's motion to dismiss that was granted, Judge Cavanaugh dismissed Plaintiffs' Travel Act claims while all other claims pursuant to RICO survived.

FF. On September 14, 2020, Valeant filed an objection to Judge Cavanaugh's Report and Recommendation on its motion to dismiss. On September 28, 2020, Plaintiffs filed a response to Valeant's Objection. On October 5, 2020, Valeant filed a reply in further support of its Objection. This objection remained pending before the Court as of the date the Settling Parties reached their agreement in principle to settle the Action.

GG. Before the motions to dismiss were fully briefed and Judge Cavanaugh issued his Report and Recommendation, the parties began discovery. On October 22, 2019, Plaintiffs served their First Set of Requests for the Production of Documents on Defendants. Beginning in the fall of 2019, the parties engaged in multiple rounds of negotiations over various discovery-related matters, including several hundred electronic search terms and the specific individuals whose custodial files were to be searched for responsive documents.

HH. Over the course of discovery, Defendants and multiple third parties (including Valeant's outside auditors) ultimately produced more than 4 million pages of documents to Plaintiffs, and Plaintiffs produced nearly 1,800 pages of documents to Defendants. The parties also exchanged initial disclosures and exchanged numerous letters and emails concerning various disputed discovery issues. The parties also served and responded to multiple sets of interrogatories.

II. Thirty-nine depositions have been conducted in the Action as of the date of this Stipulation, including depositions of Valeant's former Board members, Chief Executive Officer, Chief Financial Officer, and a Rule 30(b)(6) representative of Valeant, as well as Defendant Andrew Davenport and Tanner. In addition, the depositions of various current Valeant employees

(as well as of several third parties) had been noticed at the time the Settling Parties reached their agreement in principle to settle the Action.

JJ. In 2021, the Settling Parties began settlement discussions.

KK. Plaintiffs and Valeant ultimately agreed to mediate under the auspices of Jed Melnick (the “Mediator”) of JAMS, a nationally recognized alternative dispute resolution firm with significant experience in mediating complex litigation. In connection with this mediation process, both Plaintiffs and Valeant prepared and exchanged comprehensive mediation statements. Plaintiffs presented information regarding analyses performed by their damages experts.

LL. Plaintiffs and Valeant held an initial mediation session, via Zoom, with the Mediator on April 2, 2021. At the April 2, 2021 mediation session, the parties to the mediation engaged in vigorous settlement negotiations under the auspices of the Mediator, but were unable to reach an agreement. Over the next several weeks, Plaintiffs and Valeant engaged in additional discussions and negotiations, including Plaintiffs’ attention to specific questions from Valeant regarding their damages model, and also agreed to hold a second mediation session on June 23, 2021. Throughout this period, the parties continued to actively litigate the Action, serving additional discovery (including the production of documents and privilege logs), continuing their review and analysis of documents, preparing for and attending depositions, drafting and filing materials with the Court, and consulting with their retained experts.

MM. On June 25, 2021, the Settling Parties agreed to a settlement of this matter in principle for a cash payment of \$23,000,000 to be paid by Valeant.

NN. Plaintiffs then negotiated and executed a term sheet with Valeant (the “Valeant Term Sheet”) as of July 13, 2021, which memorialized the material terms (subject to judicial approval) of the settlement between Plaintiffs and Valeant. In particular, the Valeant Term Sheet

set forth, among other things, Plaintiffs' and Valeant's binding agreement to settle and release all of the Settlement Class's claims against Valeant in exchange for a cash payment of \$23,000,000 for the benefit of the Settlement Class, subject to certain terms and conditions to be more fully set forth in a customary "long form" stipulation and agreement of settlement.

OO. This Stipulation (together with the exhibits hereto) reflects the final and binding agreement between the Settling Parties and supersedes the Valeant Term Sheet. This Stipulation constitutes a compromise of all matters that are in dispute between the Settling Parties.

PP. Based upon their investigation, prosecution, and mediation of the case, Plaintiffs and Class Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable and adequate to Plaintiffs and the other members of the Settlement Class, and in their best interests. Based on Plaintiffs' direct oversight of the prosecution of this matter and with the advice of their counsel, each Plaintiff has agreed to settle and release the Released Plaintiffs' Claims pursuant to the terms and provisions of this Stipulation, after considering, among other things: (a) the financial benefit that Plaintiffs and the other members of the Settlement Class will receive under the proposed Settlement; and (b) the significant risks and costs of continued litigation and trial.

QQ. Valeant has entered into this Stipulation solely to eliminate the uncertainty, burden, and expense of further protracted litigation. Valeant denies any wrongdoing, and this Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of Valeant with respect to any claim or allegation of any liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that Valeant has, or could have, asserted. Valeant expressly denies that Plaintiffs have asserted any valid claims as to it, and expressly denies any and all allegations of fault, liability, wrongdoing, or damages. Similarly, this Stipulation shall in

no event be construed or deemed to be evidence of or an admission or concession on the part of Plaintiffs of any infirmity in any of the claims asserted against Valeant in the Action, or an admission or concession that any of Valeant's asserted defenses to liability had any merit.

NOW THEREFORE, it is hereby STIPULATED AND AGREED, by and among Plaintiffs (individually and on behalf of all other members of the Settlement Class) and Valeant, by and through their respective undersigned attorneys and subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, that, in consideration of the benefits flowing to the Settling Parties from the Settlement, all Released Plaintiffs' Claims as against the Settling Defendant's Releasees and all Released Defendant's Claims as against the Plaintiffs' Releasees shall be settled and released, upon and subject to the terms and conditions set forth below.

DEFINITIONS

1. As used in this Stipulation and any exhibits attached hereto and made a part hereof, the following capitalized terms shall have the following meanings:

(a) "Action" means the consolidated class action in the matter styled *In re Valeant Pharmaceuticals International, Inc. Third-Party Payor Litigation*, Civil Action No. 16-3087-(MAS)(LHG), and includes all actions consolidated therein.

(b) "Alternate Judgment" means a form of final judgment that may be entered by the Court herein but in a form other than the form of Judgment provided for in this Stipulation.

(c) "Amended Complaint" means the Amended Consolidated Class Action Complaint filed by Plaintiffs in the Action on July 30, 2019.

(d) "Authorized Claimant" means a Settlement Class Member who submits a Claim to the Claims Administrator that is approved by the Court for payment from the Net Settlement Fund.

(e) “Claim” means a paper claim submitted on a Proof of Claim Form or an electronic claim that is submitted to the Claims Administrator.

(f) “Claim Form” or “Proof of Claim Form” means the form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, that a Claimant must complete and submit should that Claimant seek to share in a distribution of the Net Settlement Fund or of the net proceeds of any settlement reached with the Philidor Defendants in the Action.

(g) “Claimant” means a person or entity who or which submits a Claim to the Claims Administrator seeking to be eligible to share in the proceeds of the Net Settlement Fund.

(h) “Claims Administrator” means the firm retained by Class Counsel, subject to approval of the Court, to provide all notices approved by the Court to potential Settlement Class Members and to administer the Settlement, as well as any other settlement achieved in the Action, including administering the claims process, arranging for Court-ordered dissemination of required notices, and distributing the settlement proceeds pursuant to a Court-approved plan of allocation.

(i) “Class Counsel” means the law firms of Bernstein Litowitz Berger & Grossmann LLP and Carella, Byrne, Cecchi, Olstein, Brody & Agnello, P.C.

(j) “Class Distribution Order” means an order entered by the Court authorizing and directing that the Net Settlement Fund be distributed, in whole or in part, to Authorized Claimants.

(k) “Class Period” means the period from January 2, 2013 through November 9, 2015, inclusive.

(l) “Complaint” means the Consolidated Class Action Complaint filed by Plaintiffs in the Action on December 14, 2016.

(m) “Court” means the United States District Court for the District of New Jersey.

(n) “Defendants” means Valeant and the Philidor Defendants.

(o) “Effective Date” with respect to the Settlement means the first date by which all of the events and conditions specified in ¶ 32 of this Stipulation have been met and have occurred or have been waived.

(p) “Escrow Account” means an account maintained at Citibank, N.A. wherein the Settlement Amount shall be deposited and held in escrow under the control of Class Counsel.

(q) “Escrow Agent” means Citibank, N.A.

(r) “Escrow Agreement” means the agreement between Class Counsel and the Escrow Agent setting forth the terms under which the Escrow Agent shall maintain the Escrow Account.

(s) “Final,” with respect to the Judgment or, if applicable, the Alternate Judgment, or any other court order, means: (i) if no appeal is filed, the expiration date of the time provided for filing or noticing any appeal under the Federal Rules of Appellate Procedure, *i.e.*, thirty (30) calendar days after entry of the judgment or order; or (ii) if there is an appeal from the judgment or order, (a) the date of final dismissal of all such appeals, or the final dismissal of any proceeding on *certiorari* or otherwise, or (b) the date the judgment or order is finally affirmed on an appeal, the expiration of the time to file a petition for a writ of *certiorari* or other form of review, or the denial of a writ of *certiorari* or other form of review, and, if *certiorari* or other form of review is granted, the date of final affirmance following review pursuant to that grant. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to (i) attorneys’ fees, costs or expenses, or (ii) the plan of allocation of Settlement

proceeds (as submitted or subsequently modified), shall not in any way delay or preclude a judgment from becoming Final.

(t) “Immediate Family” means children, stepchildren, parents, stepparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law. As used in this paragraph, “spouse” shall mean a husband, a wife, or a partner in a state-recognized domestic relationship or civil union.

(u) “Judgment” or “Valeant Judgment” means the final judgment, substantially in the form attached hereto as Exhibit B, to be entered by the Court approving the Settlement.

(v) “Litigation Expenses” means costs and expenses incurred in connection with commencing, prosecuting and settling the Action, for which Class Counsel intend to apply to the Court for payment or reimbursement from the Settlement Fund, which may include a request for service awards to Plaintiffs, including for reimbursement of costs and expenses related to their representation of the Settlement Class.

(w) “Net Settlement Fund” or “Valeant Net Settlement Fund” means the Settlement Fund less: (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; (iv) any attorneys’ fees awarded by the Court; and (v) any other costs or fees approved by the Court.

(x) “Notice” means the Notice of (I) Pendency of Class Action and Proposed Settlements; (II) Settlement Hearing; and (III) Motion for an Award of Attorneys’ Fees and Litigation Expenses, substantially in the form attached hereto as Exhibit 1 to Exhibit A, which is to be mailed to Settlement Class Members.

(y) “Notice and Administration Costs” means the costs, fees, and expenses that are incurred by the Claims Administrator and/or Class Counsel in connection with: (i) providing

notices to the Settlement Class; and (ii) administering the Settlement, including but not limited to the Claims process, as well as the costs, fees, and expenses incurred in connection with the Escrow Account.

(z) “Officer” means any officer as that term is defined in Securities and Exchange Commission Rule 16a-1(f).

(aa) “Pharmacy Benefit Managers” means pharmacy benefit managers and comparable entities such as third-party administrators and administrative service organizations that contract with Third-Party Payors to perform administrative and/or management services in connection with the Third-Party Payors’ purchases of prescription drugs.

(bb) “Philidor” means Philidor Rx Services, LLC.

(cc) “Philidor Defendants” means Philidor, Andrew Davenport, and the Estate of Matthew S. Davenport.

(dd) “Philidor Network Pharmacy” means any of Philidor, Cambria Pharmacy, D&A Pharmacy, Heritage Compounding Pharmacy, Orbit Pharmacy, Parkwest Pharmacy, Prescription Shoppe, R&O Pharmacy, Safe Rx Pharmacy, and/or West Wilshire Pharmacy.

(ee) “Plaintiffs” means AirConditioning and Refrigeration Industry Health and Welfare Trust Fund, Fire and Police Health Care Fund, San Antonio, Plumbers Local Union No. 1 Welfare Fund, New York Hotel Trades Council & Hotel Association of New York City, Inc. Health Benefits Fund, and the Detectives Endowment Association of New York City.

(ff) “Plaintiffs’ Counsel” means Class Counsel; Barrack, Rodos & Bacine; and Cohen Milstein Sellers & Toll PLLC.

(gg) “Plaintiffs’ Releasees” means Plaintiffs, all other plaintiffs in the Action, and all other Settlement Class Members, and their respective Related Parties.

(hh) “Plan of Allocation” means the proposed plan of allocation of the Net Settlement Fund set forth in the Notice.

(ii) “Preliminary Approval Order” means the order, substantially in the form attached hereto as Exhibit A, to be entered by the Court preliminarily approving the Settlement and directing that notice of the Settlement be provided to the Settlement Class.

(jj) “Related Parties” means present and former parents, subsidiaries, divisions, controlling persons, associates, entities and affiliates and each and all of their respective present and former employees, members, partners, principals, officers, directors, controlling shareholders, agents, attorneys, advisors (including financial or investment advisors), consultants, underwriters, investment bankers, commercial bankers, general or limited partners or partnerships, limited liability companies, members, joint ventures and insurers and reinsurers of each of them; as well as the predecessors, successors, estates, immediate family members, spouses, heirs, executors, trusts, trustees, administrators, agents, legal or personal representatives, assigns, and assignees of each of them, in their capacity as such.

(kk) “Released Claims” means all Released Defendant’s Claims and all Released Plaintiffs’ Claims.

(ll) “Released Defendant’s Claims” means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action against Valeant. Released Defendant’s Claims do not include: (i) any claims relating to the enforcement of the Settlement; or (ii) any claims against any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

(mm) “Released Plaintiffs’ Claims” means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that Plaintiffs or any other member of the Settlement Class: (i) asserted in the Action, or (ii) could assert or could have asserted against Valeant in this or any other forum, whether known or unknown that arise out of, are based upon, or relate to any alleged payment by Plaintiffs for Valeant-branded drugs or costs incurred for Valeant-branded drugs during the Class Period. For the avoidance of doubt, Released Plaintiffs’ Claims do not include: (i) any claims asserted or that may be asserted against the Philidor Defendants; (ii) any claims relating to the enforcement of the Settlement; (iii) any claims by any governmental entity that arise out of any governmental investigation of Valeant relating to the wrongful conduct alleged in the Action; and (iv) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court.

(nn) “Releasee(s)” means each and any of the Settling Defendant’s Releasees and each and any of the Plaintiffs’ Releasees.

(oo) “Releases” means the releases set forth in ¶¶ 5-6 of this Stipulation.

(pp) “Settlement” or “Valeant Settlement” means the settlement between Plaintiffs and Valeant on the terms and conditions set forth in this Stipulation.

(qq) “Settlement Amount” or “Valeant Settlement Amount” means \$23,000,000.00 USD in cash.

(rr) “Settlement Class” means all health insurance companies, health maintenance organizations, self-funded health and welfare benefit plans, other Third-Party Payors, and any other health benefit provider in the United States of America or its territories, that paid or incurred costs for Valeant’s branded drug products in connection with a claim submitted by

Philidor, a claim submitted by any pharmacy in which Philidor had a direct or indirect ownership interest, or a claim by any pharmacy for which the amount sought for reimbursement was alleged to be inflated as a result of Defendants' allegedly fraudulent scheme, during the Class Period, and allegedly suffered damages thereby. Excluded from the Settlement Class are Pharmacy Benefit Managers, Defendants, Defendants' successors and assigns, and any entity in which any Defendant has or had a controlling interest. Also excluded from the Settlement Class are any persons or entities who submit a request for exclusion from the Settlement Class that is approved by the Court.

(ss) "Settlement Class Member" means each person and entity who or which is a member of the Settlement Class.

(tt) "Settlement Fund" or "Valeant Settlement Fund" means the Settlement Amount plus any and all interest earned thereon.

(uu) "Settlement Hearing" means the hearing set by the Court under Rule 23(e)(2) of the Federal Rules of Civil Procedure to consider final approval of the Settlement.

(vv) "Settling Defendant's Releasees" means Valeant and its current and former Related Parties.

(ww) "Settling Parties" means Plaintiffs, on behalf of themselves and the Settlement Class, and Valeant.

(xx) "Stipulation" or "Valeant Stipulation" means this Stipulation and Agreement of Settlement entered into between Valeant and Plaintiffs, on behalf of themselves and the Settlement Class.

(yy) "Summary Notice" means the Summary Notice of (I) Pendency of Class Action and Proposed Settlements; (II) Settlement Hearing; and (III) Motion for an Award of

Attorneys' Fees and Litigation Expenses, substantially in the form attached hereto as Exhibit 3 to Exhibit A, to be published as set forth in the Preliminary Approval Order.

(zz) "Taxes" means: (i) all federal, state and/or local taxes of any kind (including any interest or penalties thereon) on any income earned by the Settlement Fund including any taxes or tax detriments that may be imposed upon the Releasees or their counsel with respect to any income earned by the Settlement Fund for any period after the deposit of the Settlement Amount in the Escrow Account during which the Settlement Fund does not qualify as a "qualified settlement fund" for federal or state income tax purposes; and (ii) the expenses and costs incurred by Class Counsel in connection with determining the amount of, and paying, any taxes owed by the Settlement Fund (including, without limitation, expenses of tax attorneys and accountants).

(aaa) "Third-Party Payors" or "TPPs" means entities in the United States of America or its territories that were (i) a party to a contract, issuer of a policy, or sponsor of a plan; and (ii) at risk, under such contract, policy, or plan, to pay or reimburse all or part of the cost of prescription drugs dispensed to covered natural persons. TPPs include insurance companies, union health and welfare benefit plans, and self-insured employers. Entities with self-funded plans that contract with a health insurance company or other entity to serve as a third-party claims administrator to administer their prescription drug benefits qualify as TPPs. Private plans that cover government employees and/or retirees are also included.

(bbb) "Unknown Claims" means any Released Plaintiffs' Claims which any of the Plaintiffs or any other Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, and any of Released Defendant's Claims which Valeant does not know or suspect to exist in its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her, or its decision(s) with respect to

this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and Valeant shall expressly waive, and each of the other Settlement Class Members shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

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

The Settling Parties acknowledge that they may hereafter discover facts in addition to or different from those which they or their counsel now knows or believes to be true with respect to the subject matter of the Released Claims, but, upon the Effective Date, Plaintiffs and Valeant shall expressly settle and release, and each of the other Settlement Class Members shall be deemed to have, and by operation of the Judgment or the Alternate Judgment, if applicable, shall have, settled and released, any and all Released Claims without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and Valeant acknowledge, and each of the other Settlement Class Members shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

(ccc) “Valeant” or the “Company” means Valeant Pharmaceuticals International, Inc. (now known as Bausch Health Companies Inc.).

(ddd) “Valeant’s Counsel” means Simpson Thacher & Bartlett LLP.

CLASS CERTIFICATION

2. Solely for purposes of the Settlement and for no other purpose, Valeant stipulates and agrees to: (a) certification of the Action as a class action pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of the Settlement Class; (b) certification of Plaintiffs as Class Representatives for the Settlement Class; and (c) appointment of Carella, Byrne, Cecchi, Olstein, Brody & Agnello, P.C. and Bernstein Litowitz Berger & Grossmann LLP as Class Counsel for the Settlement Class pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

PRELIMINARY APPROVAL OF SETTLEMENT

3. Within five (5) business days of execution of this Stipulation, Plaintiffs will move for preliminary approval of the Settlement, authorization to provide notice of the Settlement to the Settlement Class, and the scheduling of a hearing for consideration of final approval of the Settlement, which motion shall be unopposed by Valeant. Concurrently with the motion for preliminary approval, Plaintiffs shall apply to the Court for, and Valeant shall agree to, entry of the Preliminary Approval Order, substantially in the form attached hereto as Exhibit A.

RELEASE OF CLAIMS

4. The obligations incurred pursuant to this Stipulation are in consideration of: (a) the full and final disposition of the Action as against Valeant; and (b) the Releases provided for herein.

5. Pursuant to the Judgment, or the Alternate Judgment, if applicable, without further action by anyone, upon the Effective Date of the Settlement, Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, trusts, trustees, estates, beneficiaries, legatees, insurers, reinsurers, predecessors, successors, and assigns (and assignees of the foregoing), in their capacities as such, shall be deemed to have, and by operation of law and of the Judgment shall have, fully, finally, and forever

compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Plaintiffs' Claim against Valeant and the Settling Defendant's Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Settling Defendant's Releasees.

6. Pursuant to the Judgment, or the Alternate Judgment, if applicable, without further action by anyone, upon the Effective Date of the Settlement, Valeant, on behalf of itself, and its heirs, executors, administrators, trusts, trustees, estates, beneficiaries, legatees, insurers, reinsurers, predecessors, successors, and assigns (and assignees of each of the foregoing), in their capacities as such, shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every of the Released Defendant's Claims against Plaintiffs and the other Plaintiffs' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Defendant's Claims against any of the Plaintiffs' Releasees. This release shall not apply to any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

7. Notwithstanding ¶¶ 5-6 above, nothing in the Judgment, or the Alternate Judgment, if applicable, shall bar any action by any of the Settling Parties to enforce or effectuate the terms of this Stipulation or the Judgment, or Alternate Judgment, if applicable, or limit Valeant's ability to pursue insurance recoveries against its insurers.

THE SETTLEMENT CONSIDERATION

8. In consideration of the settlement of the Released Plaintiffs' Claims against Valeant and the other Settling Defendant's Releasees, (a) Valeant shall pay or cause to be paid the Settlement Amount into the Escrow Account by no later than thirty (30) calendar days after the

later of: (a) the date of an order from the District Court (including an order adopting a report and recommendation by the Special Master) preliminarily approving this Settlement; or (b) Valeant's Counsel's receipt from Class Counsel of the information necessary to effectuate a transfer of funds to the Escrow Account, including wiring instructions on the recipient's letterhead that include the bank name and ABA routing number, account name and number, a completed Bausch Health supplier form, and a signed Form W-9 reflecting a valid taxpayer identification number for the qualified settlement fund in which the Settlement Amount is to be deposited.

USE OF SETTLEMENT FUND

9. The Settlement Fund shall be used to pay: (a) any Taxes; (b) any Notice and Administration Costs; (c) any Litigation Expenses awarded by the Court; (d) any attorneys' fees awarded by the Court; and (e) any other costs and fees approved by the Court. The balance remaining in the Settlement Fund, that is, the Net Settlement Fund, shall be distributed to Authorized Claimants as provided in ¶¶ 18-30 below. Under no circumstances will Valeant or any of the other Settling Defendant's Releasees be required to make any payment to Plaintiffs or the Settlement Class in connection with Settlement, other than the payment Valeant shall pay or cause to be paid pursuant to paragraph 8 above, *provided, however*, that Valeant will bear the costs of providing CAFA Notice (as provided in paragraph 20).

10. Except as provided herein or pursuant to orders of the Court, the Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held by the Escrow Agent shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned pursuant to the terms of this Stipulation and/or further order of the Court. The Escrow Agent shall invest any funds in the Escrow Account exclusively in United States Treasury Bills (or a mutual fund invested solely in

such instruments) and shall collect and reinvest all interest accrued thereon, except that any residual cash balances up to the amount that is insured by the FDIC may be deposited in any account that is fully insured by the FDIC. In the event that the yield on United States Treasury Bills is negative, in lieu of purchasing such Treasury Bills, all or any portion of the funds held by the Escrow Agent may be deposited in any account that is fully insured by the FDIC or invested in instruments backed by the full faith and credit of the United States. Additionally, if short-term placement of the funds is necessary, all or any portion of the funds held by the Escrow Agent may be deposited in any account that is fully insured by the FDIC or invested in instruments backed by the full faith and credit of the United States.

11. The Settling Parties agree that the Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that Class Counsel, as administrators of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall be solely responsible for filing or causing to be filed all informational and other tax returns as may be necessary or appropriate (including, without limitation, the returns described in Treasury Regulation § 1.468B-2(k)) for the Settlement Fund. Class Counsel shall also be responsible for causing payment to be made from the Settlement Fund of any Taxes owed with respect to the Settlement Fund. The Settling Defendant's Releasees shall not have any liability or responsibility for any such Taxes. Upon written request, Valeant will provide to Class Counsel the statement described in Treasury Regulation § 1.468B-3(e). Class Counsel, as administrators of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall timely make such elections as are necessary or advisable to carry out this paragraph, including, as necessary, making a "relation back election," as described in Treasury Regulation § 1.468B-1(j), to cause the Qualified Settlement Fund to come into existence at the earliest allowable date, and

shall take or cause to be taken all actions as may be necessary or appropriate in connection therewith. Class Counsel shall cooperate with reasonable written requests of Valeant related to Taxes that may be owed with respect to the Settlement Fund.

12. All Taxes shall be paid out of the Settlement Fund, and shall be timely paid, or caused to be paid, by Class Counsel and without further order of the Court. Any tax returns prepared for the Settlement Fund (as well as the election set forth therein) shall be consistent with the previous paragraph and in all events shall reflect that all Taxes on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided herein. The Settling Defendant's Releasees shall have no responsibility or liability for the acts or omissions of Class Counsel or its agents with respect to the payment of Taxes, as described herein.

13. The Settlement is not a claims-made settlement. Upon the occurrence of the Effective Date, neither Valeant, nor any Settling Defendant's Releasee, nor any other person or entity who or which paid any portion of the Settlement Amount shall have any right to the return of the Settlement Fund or any portion thereof for any reason whatsoever, including without limitation, the number of Claims submitted, the collective amount of Recognized Claims of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund.

14. Notwithstanding the fact that the Effective Date of the Settlement has not yet occurred, Class Counsel may pay from the Settlement Fund, without further approval from Valeant or further order of the Court, all Notice and Administration Costs actually incurred and paid or payable. Such costs and expenses shall include, without limitation, the actual costs of printing and mailing the Notice, publishing the Summary Notice, reimbursements to nominee owners for forwarding the Notice to their beneficial owners, the administrative expenses incurred and fees

charged by the Claims Administrator in connection with providing notice and administering the Settlement (including processing the submitted Claims), and the fees, if any, of the Escrow Agent. In the event that the Settlement is terminated pursuant to the terms of this Stipulation, all Notice and Administration Costs paid or incurred, including any related fees, shall not be returned or repaid to Valeant, any of the Settling Defendant's Releasees, or any other person or entity who or which paid any portion of the Settlement Amount.

ATTORNEYS' FEES AND LITIGATION EXPENSES

15. Class Counsel will apply to the Court for a collective award of attorneys' fees to Plaintiffs' Counsel to be paid solely from (and out of) the Settlement Fund. Class Counsel also will apply to the Court for payment or reimbursement of Litigation Expenses, which may include a request for service awards to Plaintiffs, including for reimbursement of costs and expenses related to their representation of the Settlement Class, to be paid solely from (and out of) the Settlement Fund. Class Counsel's application for an award of attorneys' fees and/or Litigation Expenses is not the subject of any agreement between Valeant and Plaintiffs other than what is set forth in this Stipulation.

16. Any attorneys' fees and Litigation Expenses that are awarded by the Court shall be paid to Class Counsel immediately upon award, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof, subject to Plaintiffs' Counsel's obligation to make appropriate refunds or repayments to the Settlement Fund, plus accrued interest at the same net rate as is earned by the Settlement Fund, if the Settlement is terminated pursuant to the terms of this Stipulation or if, as a result of any appeal or further proceedings on remand, or successful collateral attack, the award of attorneys' fees and/or Litigation Expenses is reduced or reversed and such order reducing or

reversing the award has become Final. Plaintiffs' Counsel shall make the appropriate refund or repayment in full no later than thirty (30) days after: (a) receiving from Valeant's Counsel notice of the termination of the Settlement, if such termination is in accordance with this Stipulation; or (b) any order reducing or reversing the award of attorneys' fees and/or Litigation Expenses has become Final. An award of attorneys' fees and/or Litigation Expenses is not a necessary term of this Stipulation and is not a condition of the Settlement embodied herein. Neither Plaintiffs nor Plaintiffs' Counsel may cancel or terminate the Settlement based on this Court's or any appellate court's ruling with respect to attorneys' fees and/or Litigation Expenses, and any appeal from any order awarding attorneys' fees and/or Litigation Expenses or any reversal or modification of any such order shall not affect or delay the finality of the Judgment. Any refunds required shall be the several obligation of Plaintiffs' Counsel, including their law partners and/or shareholders, to make appropriate refunds or repayments to the Settlement Fund. Each such Plaintiffs' Counsel receiving an award of fees and expenses, as a condition of receiving such fees or expenses on behalf of itself and each partner and/or shareholder of it, agrees that: (a) such Person and its partners, shareholders, and/or members are subject to the jurisdiction of the Court for the purpose of enforcing the provisions of this paragraph; and (b) are severally liable for the full amount of any fees, expenses and/or costs paid to them from the Settlement Fund together with the interest earned thereon. Without limitation, Plaintiffs' Counsel and Plaintiffs and their partners, shareholders, and/or members agree that the Court may, upon application of Defendant and notice to Plaintiffs' Counsel, issue orders in this action, including, but not limited to, judgments and attachment orders, and may make appropriate findings of or sanctions for contempt, should any such law firm or any partner, shareholder, or member thereof fail to timely repay fees, interest and expenses pursuant to this paragraph.

17. Class Counsel shall allocate the attorneys' fees awarded amongst Plaintiffs' Counsel in a manner which they, in good faith, believe reflects the contributions of such counsel to the institution, prosecution, and settlement of the Action. The Settling Defendant's Releasees shall have no responsibility for or liability whatsoever with respect to the allocation or award of attorneys' fees or Litigation Expenses. The attorneys' fees and Litigation Expenses that are awarded to Plaintiffs' Counsel shall be payable solely from the Escrow Account. With the sole exception of Valeant's obligation to cause the Settlement Amount to be paid into the Escrow Account, Settling Defendant's Releasees shall have no responsibility for, and no liability whatsoever with respect to, any payment of attorneys' fees and/or Litigation Expenses to Plaintiffs' Counsel pursuant to this Stipulation, or for any other attorneys' fees and/or Litigation Expenses incurred by or on behalf of any other Settlement Class Member in connection with this Action or the Settlement.

NOTICE AND SETTLEMENT ADMINISTRATION

18. As part of the Preliminary Approval Order, Class Counsel shall seek appointment of a Claims Administrator. The Claims Administrator shall administer the Settlement, including but not limited to the process of receiving, reviewing, and approving or denying Claims, under Class Counsel's supervision and subject to the jurisdiction of the Court. To the extent feasible, the Claims Administrator will attempt to coordinate notice of the Settlement and administration of Claims for this Settlement with any other settlements reached in the Action, including through the use of a joint Notice, Summary Notice, and Claim Form. Neither Valeant, nor any of the Settling Defendant's Releasees, shall have any involvement in or any responsibility, authority, or liability whatsoever for the selection of the Claims Administrator, the Plan of Allocation, the administration of the Settlement, the Claims process, or disbursement of the Net Settlement Fund, and shall have

no liability whatsoever to any person or entity, including, but not limited to, Plaintiffs, any other Settlement Class Members, or Class Counsel in connection with the foregoing. Valeant's Counsel shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms.

19. In accordance with the terms of the Preliminary Approval Order to be entered by the Court, Class Counsel shall cause the Claims Administrator to mail the Notice and Proof of Claim Form to those members of the Settlement Class as may be identified through reasonable effort. Class Counsel shall also cause the Claims Administrator to have the Summary Notice published in accordance with the terms of the Preliminary Approval Order to be entered by the Court.

20. No later than ten (10) calendar days following the filing of this Stipulation with the Court, Valeant shall serve the notice required under the Class Action Fairness Act, 28 U.S.C. § 1715 *et seq.* ("CAFA"). Valeant is solely responsible for the costs of the CAFA notice and administering the CAFA notice. At least seven (7) calendar days before the Settlement Hearing, Valeant shall cause to be served on Class Counsel and filed with the Court proof, by affidavit or declaration, regarding compliance with CAFA § 1715(b). The Settling Parties agree that any delay by Valeant in timely serving the CAFA notice will not provide grounds for delay of the Settlement Hearing or entry of the Judgment.

21. The Claims Administrator shall receive Claims and determine first, whether the Claim is a valid Claim, in whole or part, and second, each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim compared to the total Recognized Claims of all Authorized Claimants (as set forth in the Plan of Allocation

set forth in the Notice attached hereto as Exhibit 1 to Exhibit A, or in such other plan of allocation as the Court approves).

22. The Plan of Allocation proposed in the Notice is not a necessary term of the Settlement or of this Stipulation and it is not a condition of the Settlement or of this Stipulation that any particular plan of allocation be approved by the Court. Plaintiffs and Plaintiffs' Counsel may not cancel or terminate the Settlement (or this Stipulation) based on this Court's or any appellate court's ruling with respect to the Plan of Allocation or any other plan of allocation in this Action. Valeant and the Settling Defendant's Releasees shall not object in any way to the Plan of Allocation or any other plan of allocation in this Action. Neither Valeant, nor any of the Settling Defendant's Releasees, shall have any involvement with or liability, obligation or responsibility whatsoever for the application of the Court-approved plan of allocation.

23. Any Settlement Class Member who does not submit a valid Claim will not be entitled to receive any distribution from the Net Settlement Fund, but will otherwise be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or the Alternate Judgment, if applicable, to be entered in the Action and the Releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against the Settling Defendant's Releasees with respect to the Released Plaintiffs' Claims in the event that the Effective Date occurs with respect to the Settlement.

24. Class Counsel shall be responsible for supervising the administration of the Settlement and the disbursement of the Net Settlement Fund subject to Court approval. Neither Valeant, nor any of the Settling Defendant's Releasees, shall be permitted to review, contest, or object to any Claim, or any decision of the Claims Administrator or Class Counsel with respect to accepting or rejecting any Claim for payment, nor shall Valeant or any of the Settling Defendant's

Releasees have any responsibility for, interest in, or liability with respect to any such decision. Class Counsel shall have the right, but not the obligation, to waive what it deems to be formal or technical defects in any Claims submitted in the interests of achieving substantial justice.

25. For purposes of determining the extent, if any, to which a Settlement Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

(a) Each Claimant shall be required to submit a Claim in paper form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, or in electronic form, in accordance with the instructions for the submission of such Claims, and supported by such documents as are designated therein, including proof of the Claimant's loss, or such other documents or proof as the Claims Administrator or Class Counsel, in their discretion, may deem acceptable;

(b) All Claims must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice. Any Settlement Class Member who fails to submit a Claim by such date shall be forever barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation (unless by Order of the Court such Settlement Class Member's Claim is accepted), but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternate Judgment, if applicable, and the Releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against any Settling Defendant's Releasees with respect to any Released Plaintiffs' Claim. Provided that it is mailed by the claim-submission deadline, a Claim Form shall be deemed to be submitted when postmarked, if received with a postmark indicated on the envelope and if mailed by first-class mail

and addressed in accordance with the instructions thereon. In all other cases, the Claim Form shall be deemed to have been submitted on the date when actually received by the Claims Administrator;

(c) Each Claim shall be submitted to and reviewed by the Claims Administrator who shall determine in accordance with this Stipulation and the plan of allocation the extent, if any, to which each Claim shall be allowed, subject to review by the Court pursuant to subparagraph (e) below as necessary;

(d) Claims that do not meet the submission requirements may be rejected. Prior to rejecting a Claim in whole or in part, the Claims Administrator shall communicate with the Claimant in writing, to give the Claimant the chance to remedy any curable deficiencies in the Claim submitted. The Claims Administrator shall notify, in a timely fashion and in writing, all Claimants whose Claim the Claims Administrator proposes to reject in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the Claimant whose Claim is to be rejected has the right to a review by the Court if the Claimant so desires and complies with the requirements of subparagraph (e) below; and

(e) If any Claimant whose Claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of the notice required in subparagraph (d) above or a lesser time period if the Claim was untimely, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Claim cannot be otherwise resolved, Class Counsel shall thereafter present the request for review to the Court.

26. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's Claim, and the Claim will be subject to investigation and discovery

under the Federal Rules of Civil Procedure, provided, however, that such investigation and discovery shall be limited to that Claimant's status as a Settlement Class Member and the validity and amount of the Claimant's Claim. No discovery shall be allowed on the merits of this Action or of the Settlement in connection with the processing of Claims.

27. Class Counsel will apply to the Court, on notice to Valeant's Counsel, for a Class Distribution Order: (a) approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the Claims submitted; (b) approving payment of any Notice and Administration Costs associated with the administration of the Settlement from the Escrow Account; and (c) if the Effective Date has occurred, directing payment of the Net Settlement Fund to Authorized Claimants from the Escrow Account.

28. Payment pursuant to the Class Distribution Order shall be final and conclusive against all Claimants. All Settlement Class Members whose Claims are not approved by the Court for payment shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternate Judgment, if applicable, to be entered in this Action and the Releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action against any and all of the Settling Defendant's Releasees with respect to any and all of the Released Plaintiffs' Claims.

29. No person or entity shall have any claim against Plaintiffs, Plaintiffs' Counsel, the Claims Administrator, or any other agent designated by Class Counsel, or the Settling Defendant's Releasees and/or their respective counsel, arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or any order of the Court. Plaintiffs and Valeant and their respective counsel, and all other Releasees shall have no

liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any claim or nonperformance of the Claims Administrator, the payment or withholding of taxes (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection therewith.

30. All proceedings with respect to the administration, processing, and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the Court. All Settlement Class Members, other Claimants, and parties to this Settlement expressly waive trial by jury (to the extent any such right may exist) and any right of appeal or review with respect to such determinations.

TERMS OF THE JUDGMENT

31. If the Settlement contemplated by this Stipulation is approved by the Court, Class Counsel and Valeant's Counsel shall request that the Court enter a Judgment, substantially in the form attached hereto as Exhibit B.

CONDITIONS OF SETTLEMENT AND EFFECT OF DISAPPROVAL, CANCELLATION OR TERMINATION

32. The Effective Date of the Settlement shall be deemed to occur on the occurrence or waiver of all of the following events:

(a) the Court has entered the Preliminary Approval Order, substantially in the form set forth in Exhibit A attached hereto, as required by ¶ 3 above;

(b) the Settlement Amount has been deposited into the Escrow Account in accordance with the provisions of ¶ 8 above;

(c) Valeant has not exercised its option to terminate the Settlement pursuant to the provisions of this Stipulation;

(d) Plaintiffs have not exercised their option to terminate the Settlement pursuant to the provisions of this Stipulation; and

(e) the Court has approved the Settlement as described herein, following notice to the Settlement Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure, and entered the Judgment and the Judgment has become Final, or the Court has entered an Alternate Judgment and none of the Settling Parties seek to terminate the Settlement and the Alternate Judgment has become Final.

33. Upon the occurrence of all of the events referenced in ¶ 32 above, any and all remaining interest or right of Valeant in or to the Settlement Fund, if any, shall be absolutely and forever extinguished and the Releases herein shall be effective.

34. If (i) Valeant exercises its right to terminate the Settlement as provided in this Stipulation; (ii) Plaintiffs exercise their right to terminate the Settlement as provided in this Stipulation; (iii) the Court disapproves the Settlement; or (iv) the Effective Date as to the Settlement otherwise fails to occur, then:

(a) The Settlement and the relevant portions of this Stipulation shall be canceled and terminated.

(b) Plaintiffs and Valeant shall revert to their respective positions in the Action as of July 13, 2021.

(c) The terms and provisions of this Stipulation, with the exception of this ¶ 34 and ¶¶ 14, 16, 38 and 59, shall have no further force and effect with respect to the Settling Parties and shall not be used in the Action or in any other proceeding for any purpose, and any Judgment,

or Alternate Judgment, if applicable, or order entered by the Court in accordance with the terms of this Stipulation shall be treated as vacated, *nunc pro tunc*.

(d) Within five (5) business days after joint written notification of termination is sent by Valeant's Counsel and Class Counsel to the Escrow Agent, the Settlement Fund (including accrued interest thereon, and change in value as a result of the investment of the Settlement Fund, and any funds received by Class Counsel consistent with ¶ 16 above), less any Notice and Administration Costs actually incurred, paid or payable and less any Taxes paid, due or owing shall be refunded by the Escrow Agent to Valeant (or such other persons or entities as Valeant may direct). In the event that the funds received by Class Counsel consistent with ¶ 16 above have not been refunded to the Settlement Fund within the five (5) business days specified in this paragraph, those funds shall be refunded by the Escrow Agent to Valeant (or such other persons or entities as Valeant may direct) immediately upon their deposit into the Escrow Account consistent with ¶ 16 above.

35. It is further stipulated and agreed that Valeant and Plaintiffs shall each have the right to terminate the Settlement and this Stipulation, by providing written notice of their election to do so ("Termination Notice") to the other parties to this Stipulation within thirty (30) days of: (a) the Court's final refusal to enter the Preliminary Approval Order in any material respect; (b) the Court's final refusal to approve the Settlement or any material part thereof; (c) the Court's final refusal to enter the Judgment in any material respect as to the Settlement; (d) the date upon which the Judgment is modified or reversed in any material respect by the United States Court of Appeals for the Third Circuit or the United States Supreme Court; or (e) the date upon which an Alternate Judgment is modified or reversed in any material respect by the United States Court of Appeals for the Third Circuit or the United States Supreme Court, and the provisions of ¶ 34 above shall

apply. However, any decision or proceeding, whether in this Court or any appellate court, with respect to an application for attorneys' fees or Litigation Expenses or with respect to any plan of allocation shall not be considered material to the Settlement, shall not affect the finality of any Judgment or Alternate Judgment, if applicable, and shall not be grounds for termination of the Settlement.

36. In addition to the grounds set forth in ¶ 35 above, Valeant shall have the unilateral right exercisable in its sole discretion to terminate the Settlement in the event that Settlement Class Members timely and validly requesting exclusion from the Settlement Class meet the conditions set forth in Valeant's confidential supplemental agreement with Plaintiffs (the "Supplemental Agreement"), in accordance with the terms of that agreement. The Supplemental Agreement, which is being executed concurrently herewith, shall not be filed with the Court and its terms shall not be disclosed in any other manner (other than the statements herein and in the Notice, to the extent necessary, or as otherwise provided in the Supplemental Agreement) unless the Court otherwise directs or a dispute arises between Plaintiffs and Valeant concerning its interpretation or application, in which event the Settling Parties shall submit the Supplemental Agreement to the Court *in camera* and request that the Court afford it confidential treatment.

37. In addition to the grounds set forth in ¶ 35 above, Plaintiffs shall also have (a) the right to terminate the Settlement in the event that the Settlement Amount has not been paid as provided for in ¶ 8 above, by providing written notice of the election to terminate to Valeant's Counsel.

NO ADMISSION OF WRONGDOING

38. Neither the Term Sheet, this Stipulation (whether or not consummated), including the exhibits hereto and the Plan of Allocation contained therein (or any other plan of allocation

that may be approved by the Court), nor the negotiations leading to the execution of the Term Sheet and this Stipulation, nor any proceedings taken pursuant to or in connection with the Term Sheet, this Stipulation, and/or approval of the Settlement (including any arguments proffered in connection therewith):

(a) shall be offered against any of the Settling Defendant's Releasees as evidence of, or construed as or deemed to be evidence of, any presumption, concession, or admission by any of the Settling Defendant's Releasees with respect to the truth of any fact alleged by Plaintiffs or the validity of any claim that was or could have been asserted or the deficiency of any defense that has been or could have been asserted in this Action or in any other litigation, or of any liability, negligence, fault, or other wrongdoing of any kind of any of the Settling Defendant's Releasees, or in any way referred to for any other reason as against any of the Settling Defendant's Releasees, in any arbitration proceeding or other civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation;

(b) shall be offered against any of the Plaintiffs' Releasees, as evidence of, or construed as or deemed to be evidence of, any presumption, concession, or admission by any of the Plaintiffs' Releasees that any of their claims are without merit, that any of the Settling Defendant's Releasees had meritorious defenses, or that damages recoverable under the Amended Complaint would not have exceeded the Settlement Amount, or of any liability, negligence, fault, or other wrongdoing of any kind of any of the Plaintiffs' Releasees, or in any way referred to for any other reason as against any of the Plaintiffs' Releasees, in any arbitration proceeding or other civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; or

(c) shall be construed against any of the Releasees as an admission, concession, or presumption that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial;

provided, however, that if this Stipulation is approved by the Court, the Settling Parties and the Releasees and their respective counsel may refer to or file this Stipulation and/or the Judgment in this or any other action or proceeding in order to effectuate the protections from liability granted hereunder, to enforce any right under any applicable insurance policy, or otherwise to enforce the terms of the Settlement.

MISCELLANEOUS PROVISIONS

39. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein. Notwithstanding the foregoing, in the event that there exists a conflict or inconsistency between the terms of this Stipulation and the terms of any exhibit attached hereto, the terms of the Stipulation shall prevail.

40. The Settling Parties and their counsel shall take no action and shall not make or publish any statement relating to the subject matter of the Action that is intended or would be reasonably expected to disparage or harm any of the Settling Parties, their reputation and/or business.

41. Valeant warrants that, as to the payments made or to be made on behalf of it at the time of entering into this Stipulation and at the time of such payment Valeant was not insolvent, nor will the payment required to be made by or on behalf of Valeant render it insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including §§ 101 and 547 thereof. This representation is made by Valeant and not by its counsel.

42. In the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money for payment of the Settlement Amount or any portion thereof by or on behalf of Valeant to be a preference, voidable transfer, fraudulent transfer or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited into the Settlement Fund by others, then, at the election of Plaintiffs, Plaintiffs and Valeant shall jointly move the Court to vacate and set aside the Releases given and the Judgment or Alternate Judgment, if applicable, entered in favor of Valeant and its Related Parties pursuant to this Stipulation, in which event the Releases and Judgment, or Alternate Judgment, if applicable, shall be null and void as to Valeant and its Related Parties, and Plaintiffs and Valeant shall be restored to their respective positions in the litigation as provided in ¶ 34 above. Plaintiffs' Counsel shall promptly return any attorneys' fees and Litigation Expenses, plus accrued interest at the same net rate as is earned by the Settlement Fund, and the Settlement Amount (less any Taxes paid, due or owing with respect to the Settlement Fund and less any Notice and Administration Costs actually incurred, paid or payable from such amounts) shall be returned as provided in ¶ 34.

43. The Settling Parties agree that, other than disclosures required by law, any public comments from the Settling Parties regarding this resolution will not substantially deviate from words to the effect that the Settling Parties have reached a mutually acceptable resolution, and that both sides are satisfied with this resolution.

44. The Settling Parties intend this Stipulation and the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by Plaintiffs and any other Settlement Class Members against the Settling Defendant's Releasees with respect to the Released Plaintiffs' Claims. No Settling Party shall assert any claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the institution, prosecution, defense, or settlement of

this Action. The Settling Parties agree that the amounts paid and the other terms of the Settlement were negotiated at arm's length and in good faith by the Settling Parties, and reflect the Settlement that was reached voluntarily after extensive negotiations and consultation with experienced legal counsel, who were fully competent to assess the strengths and weaknesses of their respective clients' claims or defenses.

45. While retaining their right to deny that the claims asserted in the Action were meritorious, Valeant and its counsel, in any statement made to any media representative (whether or not for attribution) will not assert that the Action was commenced or prosecuted in bad faith, nor will they deny that the Action was commenced and prosecuted in good faith and is being settled voluntarily after consultation with competent legal counsel. In all events, Plaintiffs and their counsel and Valeant and its counsel shall not make any accusations of wrongful or actionable conduct by either Party concerning the prosecution, defense, and resolution of the Action, and shall not otherwise suggest that the Settlement constitutes an admission of any claim or defense alleged.

46. The terms of the Settlement, as reflected in this Stipulation, may not be modified or amended, nor may any of its provisions be waived except by a writing signed on behalf of both Plaintiffs and Valeant (or their successors-in-interest).

47. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

48. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and Litigation Expenses to Plaintiffs' Counsel and enforcing the terms of this Stipulation, including the Plan of Allocation (or

such other plan of allocation as may be approved by the Court) and the distribution of the Net Settlement Fund to Settlement Class Members.

49. The waiver by one Settling Party of any breach of this Stipulation by any other Settling Party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

50. This Stipulation and its exhibits and the Supplemental Agreement constitute the entire agreement among Plaintiffs and Valeant concerning the Settlement and this Stipulation and its exhibits. All Settling Parties acknowledge that no other agreements, representations, warranties, or inducements have been made by any Settling Party hereto concerning this Stipulation, its exhibits or the Supplemental Agreement other than those contained and memorialized in such documents.

51. This Stipulation may be executed in one or more counterparts, including by signature transmitted via facsimile, or by a .pdf/.tif image of the signature transmitted via email. All executed counterparts and each of them shall be deemed to be one and the same instrument.

52. This Stipulation shall be binding upon and inure to the benefit of the successors and assigns of the Settling Parties, including any and all Releasees and any corporation, partnership, or other entity into or with which any Settling Party hereto may merge, consolidate, or reorganize.

53. The construction, interpretation, operation, effect and validity of this Stipulation, the Supplemental Agreement and all documents necessary to effectuate it shall be governed by the internal laws of the State of New York without regard to any state's principles, policies, or rules governing choice of law, except to the extent that federal law requires that federal law govern.

54. Any action arising under or to enforce this Stipulation or any portion thereof, shall be commenced and maintained only in the Court.

55. This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Settling Parties, it being recognized that it is the result of arm's-length negotiations between the Settling Parties and all Settling Parties have contributed substantially and materially to the preparation of this Stipulation.

56. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have the full authority to do so and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

57. Class Counsel and Valeant's Counsel agree to cooperate fully with one another in seeking Court approval of the Preliminary Approval Order and the Settlement, as embodied in this Stipulation, and to use best efforts to promptly agree upon and execute all such other documentation as may be reasonably required to obtain final approval by the Court of the Settlement.

58. If any Party is required to give notice to another Party under this Stipulation, such notice shall be in writing and shall be deemed to have been duly given upon receipt of hand delivery or facsimile or email transmission, with confirmation of receipt. Notice shall be provided as follows:

If to Plaintiffs or Class Counsel:

Bernstein Litowitz Berger & Grossmann LLP
Attn: James A. Harrod, Esq.
1251 Avenue of the Americas
New York, NY 10020
Telephone: (212) 554-1400
Facsimile: (212) 554-1444
Email: jim.harrod@blbglaw.com

-and-

Carella, Byrne, Cecchi, Olstein, Brody &
Agnello, P.C.
Attn: James E. Cecchi, Esq.
5 Becker Farm Road
Roseland, NJ 07068
Telephone: (973) 994-1700
Facsimile: (973) 994-1744
Email: JCecchi@carellabyrne.com

If to Valeant or Valeant's Counsel:

Simpson Thacher & Bartlett LLP
Attn: Paul C. Curnin
Craig S. Waldman
425 Lexington Avenue
New York, NY 10017
Telephone: (212) 455-200
Facsimile: (212) 455-2502
Email: pcurnin@stblaw.com
Email: cwaldman@stblaw.com

59. Except as otherwise provided herein, each Party shall bear its own costs.

60. Whether or not the Stipulation is approved by the Court and whether or not the Stipulation is consummated, or the Effective Date occurs, the Settling Parties and their counsel shall use their best efforts to keep all negotiations, discussions, acts performed, agreements, drafts, documents signed, and proceedings in connection with the Stipulation confidential.

61. The Settling Parties shall stay all litigation activities as to each other, except for those related to the negotiation and implementation of this Settlement.

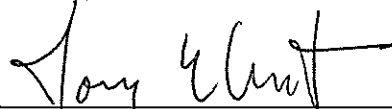
62. All agreements made and orders entered during the course of this Action relating to the confidentiality of information shall survive this Settlement.

63. No opinion or advice concerning the tax consequences of the proposed Settlement to individual Settlement Class Members is being given or will be given by the Settling Parties or their counsel; nor is any representation or warranty in this regard made by virtue of this Stipulation. Each Settlement Class Member's tax obligations, and the determination thereof, are the sole

responsibility of the Settlement Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Settlement Class Member.

IN WITNESS WHEREOF, the Settling Parties hereto have caused this Stipulation to be executed, by their duly authorized attorneys, as of August 4, 2021.

**CARELLA, BYRNE, CECCHI,
OLSTEIN, BRODY & AGNELLO, P.C.**

By: 

James E. Cecchi
5 Becker Farm Road
Roseland, NJ 07068
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Welfare Trust Fund, Fire and Police Health
Care Fund, San Antonio, and Plumbers
Local Union No. 1 Welfare Fund*

**BERNSTEIN LITOWITZ BERGER &
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*Lead Counsel, Interim Class Counsel, and
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Refrigeration Industry Health and Welfare
Trust Fund, Fire and Police Health Care
Fund, San Antonio, and Plumbers Local*

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Welfare Trust Fund, Fire and Police Health
Care Fund, San Antonio, and Plumbers
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Trust Fund, Fire and Police Health Care
Fund, San Antonio, and Plumbers Local*

Union No. 1 Welfare Fund

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*Counsel for Plaintiff New York Hotel Trades
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City, Inc. Health Benefits Fund*

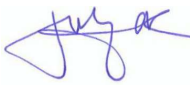
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Endowment Association of New York City*

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New York, NY 10017
Telephone: (212) 455-200
Facsimile: (212) 455-2502

*Counsel for Defendant Valeant
Pharmaceuticals International, Inc. (now
known as Bausch Health Companies Inc.)*