

CV-19-54059300CP

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

JOYCE KOWALYSHYN

Plaintiff

- and -



**VALEANT PHARMACEUTICALS INTERNATIONAL, INC.,
J. MICHAEL PEARSON, ROBERT L. ROSIELLO, HOWARD B. SCHILLER
and LAIZER D. KORNWASSER**

Defendants

Proceeding under the *Class Proceedings Act, 1992*

NOTICE OF ACTION

TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the statement of claim served with this notice of action.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this notice of action is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

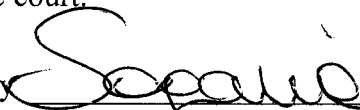
Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$10,000 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$400.00 for costs and have the costs assessed by the court.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date: November 16, 2015

Issued by  **M. Sagaria**
Local registrar **Registrar**

Address of court office 361 University Ave.
Toronto, ON
M5G 1T3

TO: **VALEANT PHARMACEUTICALS INTERNATIONAL, INC.**
2150 St. Elzéar Blvd. West
Laval, Quebec H7L 4A8
Canada

AND TO: **J. MICHAEL PEARSON**
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AND TO: **ROBERT L. ROSIELLO**
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AND TO: **HOWARD B. SCHILLER**
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AND TO: **LAIZER D. KORNWASSER**

1. In this document, the capitalized terms have the following meanings:
 - (a) "**CJA**" means the *Courts of Justice Act*, R.S.O 1990, c. C43, as amended;
 - (b) "**Class**" and "**Class Members**" means all persons, except for Excluded Persons, who purchased or otherwise acquired securities of Valeant during the Class Period;
 - (c) "**Class Period**" means the period from January 1, 2013 to November 16, 2015 or such other period as determined by the court;
 - (d) "**CPA**" means the *Class Proceedings Act, 1992*, S.O. 1992, c. 6;
 - (e) "**Excluded Persons**" means Valeant or its subsidiaries, affiliates, officers, directors, senior employees, legal representatives, heirs, predecessors, successors and assigns, the individual defendants and any member of their families and any entity in which any of them has or had during the Class Period any legal or de facto controlling interest;
 - (f) "**NYSE**" means the New York Stock Exchange;
 - (g) "**OSA**" means the Ontario *Securities Act*, R.S.O. 1990, c. S.5;
 - (h) "**Philidor**" means Philidor Rx Services LLC;
 - (i) "**Securities Legislation**" means the *Securities Act*, RSA 2000, c S-4, as amended; the *Securities Act*, RSBC 1996, c 418, as amended; the *Securities Act*, CCSM c S50, as amended; the *Securities Act*, SNB 2004, c S-5.5, as amended; the *Securities Act*, RSNL 1990, c S-13, as amended; the *Securities Act*, SNWT 2008, c 10, as amended; the *Securities Act*, RSNS 1989, c 418, as amended; the *Securities Act*, S Nu 2008, c 12, as amended; the *Securities Act*, RSPEI 1988, c S-3.1, as amended; the *Securities Act*, RSQ c V-1.1, as amended; the *Securities Act, 1988*, SS 1988-89, c S-42.2, as amended; and the *Securities Act*, SY 2007, c 16, as amended;
 - (j) "**TSX**" means the Toronto Stock Exchange;
 - (k) "**Valeant**" means Valeant Pharmaceuticals International, Inc.

2. The plaintiff, on her own behalf and on behalf of the Class Members, claims:
- (a) an order pursuant to the *CPA* certifying this action as a class proceeding and appointing the plaintiff as the representative plaintiff of the Class;
 - (b) a declaration that the defendants misrepresented or failed to disclose Valeant's relationship with Philidor;
 - (c) an order granting leave to proceed with the statutory claim for misrepresentation under Part XXIII.1 of the *OSA* or alternatively the corresponding provisions of the Securities Legislation;
 - (d) on behalf of the Class Members who purchased Valeant securities in the primary market, damages for negligent misrepresentation, and pursuant to sections 130 and 130.1 of the *OSA* (or alternatively the corresponding provisions of the Securities Legislation);
 - (e) on behalf of the Class Members who purchased Valeant securities in the secondary market, damages for negligent misrepresentation and, if leave is granted, pursuant to section 138.3 of the *OSA* (or, alternatively, the corresponding provisions of the Securities Legislation);
 - (f) a declaration that Valeant is vicariously liable for the acts and omissions of its officers, directors and employees and for the acts and omissions of Philidor and its officers, directors and employees;
 - (g) punitive damages in an amount that this court finds appropriate at the trial of the common issues or at a reference or references;
 - (h) an order directing a reference or giving such other directions as may be necessary to determine issues not determined in the trial of the common issues;
 - (i) prejudgment interest and postjudgment interest, pursuant to sections 128 and 129 of the *CJA*;
 - (j) costs of this action on a full indemnity basis, or in an amount that provides substantial indemnity, plus pursuant to s. 26(9) of the *CPA*, the costs of notices and of administering the plan of distribution of the recovery in this action; and
 - (k) such further and other relief as to this Honourable Court seems just.

3. Joyce Kowalyshyn resides in Vancouver, British Columbia. She purchased Valeant shares during the Class Period.
4. Valeant, a corporation domiciled in the Province of British Columbia and headquartered in Laval, Québec, is a pharmaceutical and medical device company. Its common shares trade on the TSX and the NYSE.
5. The individual defendants are or were at all material times officers and/or directors of Valeant.
6. In or about January 2013, Valeant negotiated and purchased an option to purchase Philidor, a mail order pharmacy, and ultimately consolidated Philidor's financials with those of Valeant.
7. Valeant did not publicly disclose its relationship with Philidor until on or about October 19, 2015, when it confirmed that it did have a contractual relationship with Philidor and that it had consolidated Philidor's financials and revenue in Valeant's financial statements. Following the disclosure of this information, the price of Valeant securities dropped considerably.
8. By failing to disclose this information and various other material facts regarding Valeant and Philidor's business practices, the defendants are liable to the Class in damages.

9. This action has a real and substantial connection with Ontario because, among other things:

- (a) Valeant is a reporting issuer in Ontario;
- (b) Class Members resident in Ontario acquired Valeant securities and suffered damage and loss; and
- (c) the securities of Valeant trade on the TSX, which is located in Ontario.

10. The plaintiff pleads and relies on the *CJA*, the *CPA*, the *OSA*, and the Securities Legislation.

16 November 2015

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CV-15-540593 00 CP

Joyce Kowalyszyn Plaintiff
And
Valeant Pharmaceuticals International, Inc. et al Defendants

Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

NOTICE OF ACTION

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