

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

)	
IN RE SALIX PHARMACEUTICALS, LTD.		)	Case No. 14 Civ. 8925 (KMW)
		)	CLASS ACTION
)	
)	

STIPULATION AND AGREEMENT OF SETTLEMENT

This Stipulation and Agreement of Settlement, dated as of March 24, 2017 (the “Stipulation”) is entered into between (a) Lead Plaintiff the Pentwater Funds, consisting of five related private investment funds: PWCM Master Fund Ltd., Pentwater Equity Opportunities Master Fund Ltd., Oceana Master Fund Ltd., Pentwater Merger Arbitrage Master Fund Ltd., and LMA SPC for and on behalf of the MAP98 Segregated Portfolio (collectively, “Lead Plaintiff” or the “Pentwater Funds”), on behalf of itself and the other members of the Settlement Class (including the City of Fort Lauderdale General Employees’ Retirement System (“Fort Lauderdale”)); and (b) Defendant Salix Pharmaceuticals, Ltd. (“Salix”), and Defendants Carolyn J. Logan and Adam C. Derbyshire (collectively, the “Individual Defendants,” and together with Salix, the “Defendants,” and together with Lead Plaintiff, the “Parties”), and embodies the terms and conditions of the settlement of the 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 the Action and all claims asserted therein against Defendants.

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

WHEREAS:

A. Beginning on November 7, 2014, two class action complaints were filed in the United States District Court for the Southern District of New York (the “Court”), styled *Woburn Retirement System v. Salix Pharmaceuticals, Ltd.*, 14-CV-8925 and *Bruyn v. Salix Pharmaceuticals, Ltd.*, 14-CV-9226.

B. By Order dated March 23, 2015, the Court ordered that the cases be consolidated and recaptioned as *In re Salix Pharmaceuticals, Ltd.*, Case No. 14 Civ. 8925 (KMW); appointed the Pentwater Funds as Lead Plaintiff for the consolidated action; and approved Lead Plaintiff’s selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel for the class.

C. On May 8, 2015, Lead Plaintiff filed and served its Consolidated Class Action Complaint (the “Complaint”) asserting claims against all Defendants under Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. The Complaint included Fort Lauderdale as an additional named plaintiff. Among other things, the Complaint alleged that Defendants made materially false and misleading statements about Salix’s “wholesale inventory levels.” The Complaint alleged that the price of Salix common stock was artificially inflated during the Class Period as a result of Defendants’ allegedly false and misleading statements, and declined significantly when the alleged truth was revealed. The Complaint alleged that the prices of publicly traded options on Salix common stock were also distorted as the result of the artificially inflated price of Salix common stock, and that investors who purchased publicly traded call options on Salix common stock or sold publicly traded put options on Salix common stock during the Class Period were damaged when the truth was revealed.

D. On June 12, 2015, Defendants served and filed their motions to dismiss the Complaint. On July 17, 2015, Lead Plaintiff served and filed its memorandum in opposition to the motions and, on August 3, 2015, Defendants served their reply papers. On March 31, 2016, the Court entered an Order denying Defendants' motions to dismiss in their entirety and, on April 22, 2016, entered a more detailed Opinion and Order setting forth the reasons for its denial of the motions.

E. On May 31, 2016, Defendants filed and served their answers to the Complaint.

F. Discovery in the Action commenced in April 2016. Defendants and third parties produced more than 2.7 million pages of documents to Lead Plaintiff. Lead Plaintiff produced over 60,000 pages of documents to Defendants. Thirteen depositions were taken in the Action, including depositions of representatives of Lead Plaintiff and Fort Lauderdale, the deposition of Lead Plaintiff's expert witness taken in connection with the motion for class certification, and ten depositions of fact witnesses. Lead Plaintiff also served interrogatories and requests for admission on Defendants and exchanged numerous letters with Defendants concerning discovery issues.

G. On October 10, 2016, Lead Plaintiff filed and served its motion for class certification. On January 4, 2017, Salix filed and served its opposition to that motion, as well as a motion to exclude the expert report and testimony of Lead Plaintiff's market efficiency expert, and the Individual Defendants joined in that opposition and motion. On January 17, 2017, Lead Plaintiff served and filed its reply papers in further support of class certification and its opposition to Defendants' motion to exclude expert testimony. Defendants served and filed reply papers in further support of that motion on January 24, 2017.

H. In early February 2017, the Parties engaged in discussions concerning the possibility of resolving the Action through settlement. Following these settlement negotiations,

the Parties reached an agreement in principle to settle the Action that was memorialized in a term sheet (the “Term Sheet”) executed on February 8, 2017. The Term Sheet sets forth, among other things, the Parties’ agreement to settle and release all claims, whether known or unknown, whether arising under federal, state, common or foreign law, that Lead Plaintiff or any other member of the Settlement Class (a) asserted in the operative Complaint, or (b) could have asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Consolidated Class Action Complaint filed May 8, 2015 (the “Complaint”) and that relate to the purchase or acquisition of publicly traded Salix common stock or publicly traded call options on Salix common stock during the Class Period, or the sale of publicly traded put options on Salix common stock during the Class Period, in return for a cash payment by Salix of \$210,000,000 for the benefit of the Settlement Class, subject to certain terms and conditions and the execution of a customary “long form” stipulation and agreement of settlement and related papers.

I. This Stipulation (together with the exhibits hereto) reflects the final and binding agreement between the Parties.

J. Based upon their investigation and prosecution of the case, Lead Plaintiff, Fort Lauderdale, and Lead Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable and adequate to Lead Plaintiff and the other members of the Settlement Class, and in their best interests. Based on Lead Plaintiff’s direct oversight of the prosecution of this matter and with the advice of its counsel, Lead Plaintiff has agreed to settle and release the claims raised in the Action pursuant to the terms and provisions of this Stipulation, after considering, among other things: (a) the substantial financial benefit that Lead Plaintiff, Fort Lauderdale 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.

K. This Stipulation constitutes a compromise of matters that are in dispute between the Parties. Defendants are entering into this Stipulation solely to eliminate the uncertainty, burden and expense of further protracted litigation. Each of the Defendants denies any wrongdoing, and, whether or not it becomes effective, this Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any of the Defendants with respect to any claim or allegation of any fault or liability or wrongdoing or illegal activity or having violated any law or regulation or damage whatsoever, or any infirmity in the defenses that the Defendants have, or could have, asserted. The Defendants expressly deny that Lead Plaintiff has asserted any valid claims as to any of them, and expressly deny any and all allegations of fault, liability, wrongdoing or damages whatsoever. Similarly, whether or not it becomes effective, this Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of Lead Plaintiff of any infirmity in any of the claims asserted in the Action, or an admission or concession that any of the Defendants' defenses to liability had any merit. Each of the Parties recognizes and acknowledges, however, that the Action has been initiated, filed and prosecuted by Lead Plaintiff in good faith and defended by Defendants in good faith, that the Action is being voluntarily settled with the advice of counsel, and that the terms of the Settlement are fair, adequate and reasonable.

L. The Court has made no finding that the Defendants engaged in any wrongdoing or wrongful conduct or otherwise acted improperly in violation of any law or regulation in any respect.

NOW THEREFORE, it is hereby STIPULATED AND AGREED, by and among Lead Plaintiff (individually and on behalf of all other members of the Settlement Class) and Defendants, 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 Parties from the Settlement, all Released Plaintiffs' Claims as against the Defendants' Releasees and all Released Defendants' Claims as against the Plaintiffs' Releasees shall be settled and released, now and forever, 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 securities class action in the matter styled *In re Salix Pharmaceuticals, Ltd.*, Case No. 14 Civ. 8925 (KMW), 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) "Authorized Claimant" means a Settlement Class Member who submits a Proof of Claim Form to the Claims Administrator that is approved by the Court for payment from the Net Settlement Fund.

(d) "Claim" means a Proof of Claim Form submitted to the Claims Administrator.

(e) "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 or Settlement Class Member

must complete and submit should that Claimant or Settlement Class Member seek to share in a distribution of the Net Settlement Fund.

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

(g) “Claims Administrator” means the firm retained by Lead Plaintiff and Lead 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.

(h) “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.

(i) “Class Period” means the period from November 8, 2013 through November 6, 2014, inclusive.

(j) “Complaint” means the Consolidated Class Action Complaint filed by Lead Plaintiff in the Action on May 8, 2015.

(k) “Court” means the United States District Court for the Southern District of New York.

(l) “Defendants” means Salix and the Individual Defendants.

(m) “Defendants’ Counsel” means Cahill Gordon & Rendel LLP, Cadwalader, Wickersham & Taft LLP, Williams & Connolly LLP, and Buckley Sandler LLP.

(n) “Defendants’ Releasees” means Defendants and their current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, heirs, executors, assigns, assignees, employees, and attorneys, in their capacities as such.

(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 a branch of Citibank, N.A. located in the Southern District of New York wherein the Settlement Amount shall be deposited and held in escrow under the control of Lead Counsel.

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

(r) “Escrow Agreement” means the agreement between Lead 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; 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), but not affecting the finality of the approval of the Settlement as to the Settlement Class, 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) “Individual Defendants” means Carolyn J. Logan and Adam C. Derbyshire.

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

(w) “Lead Counsel” means the law firm of Bernstein Litowitz Berger & Grossmann LLP.

(x) “Lead Plaintiff” or the “Pentwater Funds” means PWCM Master Fund Ltd., Pentwater Equity Opportunities Master Fund Ltd., Oceana Master Fund Ltd., Pentwater Merger Arbitrage Master Fund Ltd., and LMA SPC for and on behalf of the MAP98 Segregated Portfolio, collectively.

(y) “Litigation Expenses” means costs and expenses incurred in connection with commencing, prosecuting and settling the Action (which may include the costs and expenses of Plaintiffs directly related to their representation of the Settlement Class), for which Lead Counsel intends to apply to the Court for reimbursement from the Settlement Fund.

(z) “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; and (iv) any attorneys’ fees awarded by the Court.

(aa) “Notice” means the Notice of (i) Pendency of Class Action and Proposed Settlement; (ii) Settlement Fairness Hearing; and (iii) Motion for an Award of Attorneys’ Fees and

Reimbursement of Litigation Expenses, substantially in the form attached hereto as Exhibit 1 to Exhibit A, which is to be mailed to Settlement Class Members.

(bb) “Notice and Administration Costs” means the costs, fees and expenses that are incurred by the Claims Administrator and/or Lead 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.

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

(dd) “Parties” means Defendants and Lead Plaintiff, on behalf of itself and the Settlement Class.

(ee) “Plaintiffs” means Lead Plaintiff and additional named plaintiff City of Fort Lauderdale General Employees’ Retirement System.

(ff) “Plaintiffs’ Counsel” means Lead Counsel and all other legal counsel who, at the direction and under the supervision of Lead Counsel, performed services on behalf of the Settlement Class in the Action.

(gg) “Plaintiffs’ Releasees” means Plaintiffs, all other plaintiffs in the Action, their respective attorneys, and all other Settlement Class Members, and their respective current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, in their capacities as such.

(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) “PSLRA” means the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, as amended.

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

(ll) “Released Defendants’ 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 the Defendants. Released Defendants’ Claims do not include any claims relating to the enforcement of the Settlement or 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, demands, rights, liabilities and causes of action of every nature and description, whether known claims or Unknown Claims, against any person, party or entity, whether arising under federal, state, common or foreign law, that Lead Plaintiff or any other member of the Settlement Class (a) asserted in the Complaint, or (b) could have asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that relate to the purchase or acquisition of publicly traded Salix common stock or publicly traded call options on Salix common stock during the Class Period, or the sale of publicly traded put options on Salix common stock during the Class Period. Released

Plaintiffs' Claims do not include: (i) any claims relating to the enforcement of the Settlement; (ii) any claims asserted in *Salix Pharmaceuticals, Ltd. Stockholders Litigation*, Consolidated C.A. No. 10721-CB (Del. Ch.); and (iii) 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 Defendants' Releasees and each and any of the Plaintiffs' Releasees.

(oo) "Releases" means the releases set forth in ¶¶ 5-7 of this Stipulation.

(pp) "Salix" means Salix Pharmaceuticals, Ltd.

(qq) "Settlement" means the settlement between Lead Plaintiff and Defendants on the terms and conditions set forth in this Stipulation.

(rr) "Settlement Amount" means \$210,000,000.00 in cash.

(ss) "Settlement Class" means all persons or entities who purchased or otherwise acquired publicly traded Salix common stock or publicly traded call options on Salix common stock, or sold publicly traded put options on Salix common stock, during the period from November 8, 2013 through November 6, 2014, inclusive (the "Class Period"), and were damaged thereby. Excluded from the Settlement Class are Defendants; Salix's parents, affiliates and subsidiaries (including Valeant Pharmaceuticals International, Inc.); the Officers and directors of Salix and its parents, subsidiaries and affiliates currently or during the Class Period; members of the Immediate Family of any excluded person; any entity in which any excluded person has a controlling interest or had a controlling interest during the Class Period; and the heirs, successors, and assigns of any excluded person or entity. Also excluded from the Settlement Class are any persons and entities who or which exclude themselves by submitting a request for exclusion that is accepted by the Court.

(tt) “Settlement Class Member” means each person and entity who or which is a member of the Settlement Class.

(uu) “Settlement Fund” means the Settlement Amount plus any and all interest earned thereon.

(vv) “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.

(ww) “Summary Notice” means the Summary Notice of (i) Pendency of Class Action and Proposed Settlement; (ii) Settlement Fairness Hearing; and (iii) Motion for an Award of Attorneys’ Fees and Reimbursement of 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.

(xx) “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; (ii) the expenses and costs incurred by Lead 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); and (iii) all taxes imposed on payments by the Settlement Fund, including withholding taxes.

(yy) “Unknown Claims” means any Released Plaintiffs’ Claims which Lead Plaintiff, Fort Lauderdale, 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 Released Defendants’ Claims which any Defendant does not know or suspect to exist in his, her, or 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 Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiff and Defendants

shall expressly and irrevocably waive, and each of the other Settlement Class Members (including Fort Lauderdale) shall be deemed to have irrevocably 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 which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff and Defendants acknowledge, and each of the other Settlement Class Members (including Fort Lauderdale) 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.

CLASS CERTIFICATION

2. Solely for purposes of the Settlement and for no other purpose, Defendants stipulate and agree 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 Lead Counsel as Class Counsel for the Settlement Class pursuant to Rule 23(g) of the Federal Rules of Civil Procedure. If the Settlement does not become effective for any reason, the stipulations provided for in this paragraph shall be null and void and shall not be referred to or used in any way in this Action or in any litigation, and the position of the Parties with respect to class action certification will be restored to that set forth in Paragraph G on page 3, *supra*.

PRELIMINARY APPROVAL OF SETTLEMENT

3. Promptly upon execution of this Stipulation, Lead Plaintiff will move for preliminary approval of the Settlement, certification of the Settlement Class for settlement purposes only, and the scheduling of a hearing for consideration of final approval of the Settlement, which motion shall be unopposed by Defendants. Concurrently with the motion for preliminary approval, Lead Plaintiff shall apply to the Court for, and Defendants 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: (i) the full and final disposition of the Action as against Defendants; and (ii) 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, Lead Plaintiff and each of the other Settlement Class Members (including Fort Lauderdale), on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns 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 the Defendants and the other Defendants' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendants' Releasees.

6. Pursuant to the Judgment, or the Alternate Judgment, if applicable, without further action by anyone, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns 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 Defendants' Claim against Lead Plaintiff, Fort Lauderdale, and the other Plaintiffs' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees. This release shall not apply to 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.

7. Under no circumstances shall Lead Plaintiff object to the Settlement, or exclude itself or any affiliated person or entity from the Settlement Class. Fort Lauderdale has reviewed and approved the Settlement and will not object to the Settlement or request exclusion from the Settlement Class for itself or any affiliated person or entity.

8. Notwithstanding ¶¶ 5-7 above, nothing in the Judgment, or the Alternate Judgment, if applicable, shall bar any action by any of the Parties to enforce or effectuate the terms of this Stipulation or the Judgment, or Alternate Judgment, if applicable.

THE SETTLEMENT CONSIDERATION

9. In consideration of the settlement of the Released Plaintiffs' Claims against Defendants and the other Defendants' Releasees, Salix, on behalf of all Defendants, shall pay or cause to be paid the Settlement Amount into the Escrow Account as follows: (a) fifty percent (50%) of the Settlement Amount to be deposited into the Escrow Account no later than ten (10) business days after the date of entry by the Court of an order preliminarily approving the Settlement; and (b) the remaining fifty percent (50%) of the Settlement Amount to be so deposited no later than sixty (60) days after the date that the initial payment was due.

USE OF SETTLEMENT FUND

10. 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; and (d) any attorneys' fees awarded 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 ¶¶ 19-30 below.

11. Except as provided herein or pursuant to orders of the Court on notice to Defendants' Counsel, 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 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 backed by the full faith and credit of the United States.

12. The 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 Lead Counsel, as administrator 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. Lead 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. Defendants' Releasees shall not have any liability or responsibility for the filing of any tax returns or the payment of any such Taxes. Upon written request, Defendants will provide to Lead Counsel the statement described in Treasury Regulation § 1.468B-3(e). Lead Counsel, as administrator 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.

13. All Taxes shall be paid out of the Settlement Fund, and shall be timely paid by the Escrow Agent pursuant to the disbursement instructions to be set forth in the Escrow Agreement, 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. Defendants' Releasees shall have no responsibility or liability for the acts or omissions of Lead Counsel or its agents with respect to tax filings or the payment of Taxes, as described herein.

14. The Settlement is not a claims-made settlement. Upon the occurrence of the Effective Date, no Defendant, Defendants' Releasee, or 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 Claim Forms 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.

15. Notwithstanding the fact that the Effective Date of the Settlement has not yet occurred, Lead Counsel may pay from the Settlement Fund the actual costs of Court-approved notice and settlement administration. 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, 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 Court-approved Notice and Administration Costs paid or incurred shall not be returned or repaid to Defendants, any of the other Defendants' Releasees, or any other person or entity who or which paid any portion of the Settlement Amount.

ATTORNEYS' FEES AND LITIGATION EXPENSES

16. Lead Counsel will apply to the Court for a collective award of attorneys' fees to Plaintiffs' Counsel to be paid from (and out of) the Settlement Fund. Lead Counsel also will apply to the Court for reimbursement of Litigation Expenses, which may include a request for reimbursement of Plaintiffs' costs and expenses directly related to their representation of the Settlement Class, to be paid from (and out of) the Settlement Fund. Lead Counsel's application

for an award of attorneys' fees and/or Litigation Expenses is not the subject of any agreement between Defendants and Lead Plaintiff other than what is set forth in this Stipulation.

17. Any attorneys' fees and Litigation Expenses that are awarded by the Court shall be paid to Lead Counsel upon award and the Court's entry of the Judgment or Alternate Judgment, notwithstanding the existence of any timely filed objections thereto, or any appeal or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof, subject to Lead 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. Lead Counsel shall make the appropriate refund or repayment in full no later than seven (7) days after: (a) receiving from Defendants' Counsel notice of the termination of the Settlement; 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 Lead Plaintiff nor Lead 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.

18. Lead Counsel shall allocate the attorneys' fees awarded amongst Plaintiffs' Counsel in a manner which it, in good faith, believes reflects the contributions of such counsel to the institution, prosecution and settlement of the Action. Defendants' 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.

NOTICE AND SETTLEMENT ADMINISTRATION

19. As part of the Preliminary Approval Order, Lead Plaintiff 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 Lead Counsel's supervision and subject to the jurisdiction of the Court. Other than Salix's obligation to provide its securities holders records as provided in ¶ 20 below, none of the Defendants, nor any other Defendants' 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, Lead Plaintiff, any other Settlement Class Members or Lead Counsel in connection with the foregoing. Defendants' Counsel shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms.

20. In accordance with the terms of the Preliminary Approval Order to be entered by the Court, Lead 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. Lead 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. For the purposes of identifying and providing notice to the Settlement Class, within ten (10) business days of the date of entry of the Preliminary Approval Order, Salix shall provide or cause to be provided to the Claims Administrator in electronic format (at no cost to the Settlement

Fund, Lead Counsel or the Claims Administrator) its shareholder lists (consisting of names and addresses) of the holders of Salix common stock during the Class Period that it is able to identify through a reasonably diligent search.

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. Lead Plaintiff and Lead 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. Defendants and the other Defendants' Releasees shall not object in any way to the Plan of Allocation or any other plan of allocation in this Action. No Defendant, nor any other Defendants' Releasees, shall have any involvement with or liability, obligation or responsibility whatsoever for the application and implementation of the Court-approved plan of allocation.

23. Any Settlement Class Member who does not submit a valid Claim Form 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 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 Defendants and the Defendants' Releasees with respect to the Released Plaintiffs' Claims in the event that the Effective Date occurs with respect to the Settlement.

24. Lead Counsel shall be responsible for supervising the administration of the Settlement and the disbursement of the Net Settlement Fund subject to Court approval. No Defendant, or any other Defendants' Releasees, shall be permitted to review, contest or object to any Claim Form, or any decision of the Claims Administrator or Lead Counsel with respect to accepting or rejecting any Claim for payment by a Settlement Class Member. Lead Counsel shall have the right, but not the obligation, to waive what it deems to be formal or technical defects in any Claim Forms 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 Settlement Class Member shall be required to submit a Claim Form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, 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 Lead Counsel, in their discretion, may deem acceptable;

(b) All Claim Forms 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 Form 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 Form 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 Defendants' 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 Form 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) Claim Forms 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 Form 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, 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, Lead 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 Claim Forms.

27. Lead Counsel will apply to the Court, on notice to Defendants' 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 administration fees and expenses 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 Settlement Class Members. 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 Defendants and the Defendants' Releasees with respect to any and all of the Released Plaintiffs' Claims.

29. No person or entity shall have any claim against Lead Plaintiff, Lead Counsel, the Claims Administrator or any other agent designated by Lead Counsel, or the Defendants' 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. Lead Plaintiff and Defendants, and their respective counsel, and Lead Plaintiff's damages expert, 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 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, Lead Counsel and Defendants' 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; and

(b) the Settlement Amount has been deposited into the Escrow Account in accordance with the provisions of ¶ 9 above; and

(c) Salix has not exercised its option to terminate the Settlement pursuant to the provisions of this Stipulation (including the Supplemental Agreement described in ¶ 36 below);

(d) Lead Plaintiff has not exercised its 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 Parties seek to terminate the Settlement and the Alternate Judgment has become Final; and

(f) the time for the filing of any appeal from approval of the Settlement and entry of the Judgment has expired, or if an appeal has been filed that the Judgment or the Alternative Judgment approving the Settlement is upheld on appeal and the time for any further judicial review has expired.

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

34. If (i) Salix exercise its right to terminate the Settlement as provided in this Stipulation; (ii) Lead Plaintiff exercises its 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; and

(b) Lead Plaintiff and Defendants shall revert to their respective positions in the Action as of February 8, 2017; and

(c) The terms and provisions of this Stipulation, with the exception of this ¶ 34 and ¶¶ 15, 17, 37 and 57, shall have no further force and effect with respect to the 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*; and

(d) Within seven (7) days after joint written notification of termination is sent by Defendants' Counsel and Lead Counsel to the Escrow Agent, the Settlement Fund (including accrued interest thereon and any funds received by Lead Counsel consistent with ¶ 17 above), less any Court-approved 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 Defendants (or such other persons or entities as Defendants may direct). In the event that the funds received by Lead Counsel consistent with ¶ 17 above have not been refunded to the Settlement Fund within the seven (7) days specified in this paragraph, those funds shall be refunded by the Escrow Agent to Defendants (or such other persons or entities as Defendants may direct) immediately upon their deposit into the Escrow Account consistent with ¶ 17 above.

35. It is further stipulated and agreed that Lead Plaintiff and Salix 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 Second 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 Second 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 reimbursement of 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, Salix shall have the unilateral right 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 Salix’s confidential supplemental agreement with Lead Plaintiff (the “Supplemental Agreement”), in accordance with the terms of that agreement. All requests for exclusion shall be promptly provided to counsel for Salix and such requests and any other written communications received from Settlement Class Members concerning exclusion from the Settlement Class shall, subject to the rules of privilege, be available at all reasonable times for inspection by Salix’s counsel. 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 and until the Court otherwise directs or a dispute arises between Lead Plaintiff and Salix concerning its interpretation or application, in which event the Parties shall submit the Supplemental Agreement to the Court in camera and request that the Court afford it confidential treatment.

NO ADMISSION OF WRONGDOING

37. Neither the Term Sheet, this Stipulation (whether or not it is signed or becomes effective), including the exhibits hereto and the Plan of Allocation contained therein (or any other plan of allocation that may be approved by the Court), 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 Defendants and the Defendants' Releasees as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of the Defendants and the Defendants' Releasees with respect to the truth of any fact alleged by Lead Plaintiff or the merit of any claim, act, matter or proposition 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, action, or proceeding, or of any liability, negligence, fault, or other wrongdoing of any kind of any of the Defendants and the Defendants' Releasees or in any way referred to for any other reason as against any of the Defendants and the Defendants' Releasees, in any current or future civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to enforce the provisions of this Stipulation;

(b) shall be offered against any of the Plaintiffs and 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 and the Plaintiffs' Releasees that any of their claims are without merit, that any of the Defendants had meritorious defenses, or that damages recoverable under the Complaint would not have exceeded the Settlement Amount or with respect to any liability, negligence, fault or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Plaintiffs and the Plaintiffs' Releasees, in any 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 Parties or 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 Parties and the Releasees and their respective counsel may refer to it to effectuate the protections from liability granted hereunder or otherwise to enforce the terms of the Settlement.

MISCELLANEOUS PROVISIONS

38. 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.

39. Defendants warrant that, as to the payments made or to be made by or on behalf of them, at the time of entering into this Stipulation and at the time of such payment they, or to their knowledge any persons or entities contributing to the payment of the Settlement Amount, were not

insolvent, nor will the payment required to be made by or on behalf of them render them 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 each of the Defendants and not by their counsel.

40. In the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof by or on behalf of Defendants 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 Lead Plaintiff, Lead Plaintiff and Defendants 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 Defendants and the other Releasees pursuant to this Stipulation, in which event the releases and Judgment, or Alternate Judgment, if applicable, shall be null and void, and the Parties shall be restored to their respective positions in the litigation as provided in ¶ 34 above and any cash amounts in the Settlement Fund (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) shall be returned as provided in ¶ 34.

41. The Parties intend this Stipulation and the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by Lead Plaintiff and any other Settlement Class Members (including Fort Lauderdale) against the Defendants' Releasees with respect to the Released Plaintiffs' Claims. Accordingly, Lead Plaintiff and its counsel, and Defendants and their counsel agree not to assert in any forum that this Action was brought by Lead Plaintiff or defended by Defendants in bad faith or without a reasonable basis. No 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 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 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.

42. While retaining their right to deny that the claims asserted in the Action were meritorious, Defendants and their 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, Lead Plaintiff and its counsel and Defendants and their counsel shall not make any accusations of wrongful or actionable conduct by any 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.

43. 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 Lead Plaintiff and Defendants (or their successors-in-interest).

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

45. 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.

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

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

48. 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.

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

50. 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 conflicts of laws, except to the extent that federal law requires that federal law govern.

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

52. 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 Parties, it being recognized that it is the result of arm's-length negotiations between the Parties and all Parties have contributed substantially and materially to the preparation of this Stipulation.

53. 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.

54. Lead Counsel and Defendants' 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.

55. 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 Lead Plaintiff or Lead Counsel: Bernstein Litowitz Berger & Grossmann LLP
Attn: Salvatore J. Graziano, Esq.
1251 Avenue of the Americas
New York, New York 10020
Telephone: (212) 554-1400
Facsimile: (212) 554-1444
Email: salvatore@blbglaw.com

If to Defendant Salix: Cahill Gordon & Reindel LLP
Attn: Charles A. Gilman
80 Pine Street
New York, NY 10005
Telephone: (212) 701-3000
Facsimile: (212) 269-5420
Email: cgilman@cahill.com

If to Defendant Carolyn J. Logan: Williams & Connolly LLP
Attn: F. Whitten Peters
725 12th Street, NW
Washington, DC 20005
Telephone: (202) 434-5000
Facsimile: (202) 434-5029
Email: wpeters@wc.com

If to Defendant Adam C. Derbyshire: Buckley Sandler LLP
Attn: Caitlin M. Kasmar
1250 24th Street, NW, Suite 700
Washington, DC 20037
Telephone: (202) 349-8000
Facsimile: (202) 349-8080
Email: ckasmar@buckleysandler.com

56. Except as otherwise provided herein, and with the exception of any agreement between or among Defendants regarding defense costs, each Party shall bear its own costs.

57. Whether or not the Stipulation is approved by the Court and whether or not the Stipulation is consummated, or the Effective Date occurs, the 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.

58. All agreements made and orders entered during the course of this Action relating to the confidentiality of information exchanged in discovery shall survive this Settlement. Salix is permitted to disclose the fact and terms of this Settlement as it believes prudent or necessary in compliance with law.

59. 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 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 Parties hereto have caused this Stipulation to be executed, by their duly authorized attorneys, as of March 24, 2017.

**BERNSTEIN LITOWITZ BERGER &
GROSSMANN LLP**

By: _____


Salvatore J. Graziano

1251 Avenue of the Americas
New York, NY 10020
Telephone: (212) 554-1400
Facsimile: (212) 554-1444

*Lead Counsel for Lead Plaintiff
and the Settlement Class*

CAHILL GORDON & REINDEL LLP

By: _____

Charles A. Gilman

Bradley J. Bondi

80 Pine Street
New York, NY 10005
Telephone: (212) 701-3000
Facsimile: (212) 269-5420

*Counsel for Defendant Salix
Pharmaceuticals, Ltd.*

59. 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 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 Parties hereto have caused this Stipulation to be executed, by their duly authorized attorneys, as of March 24, 2017.

**BERNSTEIN LITOWITZ BERGER &
GROSSMANN LLP**

By: _____
Salvatore J. Graziano
1251 Avenue of the Americas
New York, NY 10020
Telephone: (212) 554-1400
Facsimile: (212) 554-1444

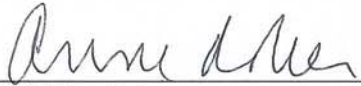
*Lead Counsel for Lead Plaintiff
and the Settlement Class*

CAHILL GORDON & REINDEL LLP

By: Charles A. Gilman / *CG*
Charles A. Gilman
Bradley J. Bondi
80 Pine Street
New York, NY 10005
Telephone: (212) 701-3000
Facsimile: (212) 269-5420

*Counsel for Defendant Salix
Pharmaceuticals, Ltd.*

WILLIAMS & CONNOLLY LLP

By: 

F. Whitten Peters
725 12th Street, NW
Washington, DC 20005
Telephone: (202) 434-5000
Facsimile: (202) 434-5029

Counsel for Defendant Carolyn J. Logan

BUCKLEY SANDLER LLP

By: _____

Andrew Sandler
Caitlin M. Kasmar
Stephen M. LeBlanc
1250 24th Street, NW, Suite 700
Washington, DC 20037
Telephone: (202) 349-8000
Facsimile: (202) 349-8080

Counsel for Defendant Adam C. Derbyshire

WILLIAMS & CONNOLLY LLP

By: _____

F. Whitten Peters
725 12th Street, NW
Washington, DC 20005
Telephone: (202) 434-5000
Facsimile: (202) 434-5029

Counsel for Defendant Carolyn J. Logan

BUCKLEY SANDLER LLP

By:  _____

Andrew Sandler
Caitlin M. Kasmar
Stephen M. LeBlanc
1250 24th Street, NW, Suite 700
Washington, DC 20037
Telephone: (202) 349-8000
Facsimile: (202) 349-8080

Counsel for Defendant Adam C. Derbyshire

Exhibit A

Exhibit A

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

)	
IN RE SALIX PHARMACEUTICALS, LTD.	)	Case No. 14 Civ. 8925 (KMW)
	)	CLASS ACTION
)	

**[PROPOSED] ORDER PRELIMINARILY APPROVING
SETTLEMENT AND PROVIDING FOR NOTICE**

WHEREAS, a consolidated class action is pending in this Court entitled *In re Salix Pharmaceuticals, Ltd.*, Case No. 14 Civ. 8925 (KMW) (the “Action”);

WHEREAS, (a) Lead Plaintiff PWCM Master Fund Ltd., Pentwater Equity Opportunities Master Fund Ltd., Oceana Master Fund Ltd., Pentwater Merger Arbitrage Master Fund Ltd., and LMA SPC for and on behalf of the MAP98 Segregated Portfolio (collectively, “Lead Plaintiff”), on behalf of itself and the Settlement Class (defined below), and (b) Defendant Salix Pharmaceuticals, Ltd. (“Salix”), and Defendants Carolyn J. Logan and Adam C. Derbyshire (collectively, the “Individual Defendants,” and together with Salix, the “Defendants,” and together with Lead Plaintiff, the “Parties”) have determined to settle all claims asserted against Defendants in this Action with prejudice on the terms and conditions set forth in the Stipulation and Agreement of Settlement dated March 24, 2017 (the “Stipulation”) subject to approval of this Court (the “Settlement”);

WHEREAS, Lead Plaintiff has made an application, pursuant to Rule 23 of the Federal Rules of Civil Procedure, for an order preliminarily approving the Settlement in accordance with the Stipulation, certifying the Settlement Class for purposes of the Settlement only, and allowing notice to Settlement Class Members as more fully described herein;

WHEREAS, the Court has read and considered: (a) Lead Plaintiff's motion for preliminary approval of the Settlement, and the papers filed and arguments made in connection therewith; and (b) the Stipulation and the exhibits attached thereto; and

WHEREAS, unless otherwise defined herein, all capitalized words contained herein shall have the same meanings as they have in the Stipulation;

NOW THEREFORE, IT IS HEREBY ORDERED:

1. **Class Certification for Settlement Purposes** – Pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure, the Court certifies, solely for purposes of effectuating the proposed Settlement and for no other purpose, a Settlement Class consisting of all persons or entities who purchased or otherwise acquired publicly traded Salix common stock or publicly traded call options on Salix common stock, or sold publicly traded put options on Salix common stock, during the period from November 8, 2013 through November 6, 2014, inclusive (the "Class Period"), and were damaged thereby. Excluded from the Settlement Class are Defendants; Salix's parents, affiliates and subsidiaries (including Valeant Pharmaceuticals International, Inc.); the Officers and directors of Salix and its parents, subsidiaries and affiliates currently or during the Class Period; members of the Immediate Family of any excluded person; any entity in which any excluded person has a controlling interest or had a controlling interest during the Class Period; and the heirs, successors, and assigns of any excluded person or entity. Also excluded from the Settlement Class are any persons or entities who or which exclude themselves by submitting a request for exclusion that is accepted by the Court.

2. **Class Findings** – Solely for purposes of the proposed Settlement of this Action, and for no other purpose, the Court finds that each element required for certification of the Settlement Class pursuant to Rule 23 of the Federal Rules of Civil Procedure has been met: (a)

the members of the Settlement Class are so numerous that their joinder in the Action would be impracticable; (b) there are questions of law and fact common to the Settlement Class which predominate over any individual questions; (c) the claims of Lead Plaintiff and additional named plaintiff City of Fort Lauderdale General Employees' Retirement System (collectively, "Plaintiffs") in the Action are typical of the claims of the Settlement Class; (d) Plaintiffs and Lead Counsel have and will fairly and adequately represent and protect the interests of the Settlement Class; and (e) a class action is superior to other available methods for the fair and efficient adjudication of the Action.

3. The Court hereby finds and concludes that pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, and for no other purpose, Plaintiffs are adequate class representatives and certifies them as Class Representatives for the Settlement Class. The Court also appoints Lead Counsel as Class Counsel for the Settlement Class, pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

4. **Preliminary Approval of the Settlement** – The Court hereby preliminarily approves the Settlement, as embodied in the Stipulation, as being fair, reasonable and adequate to the Settlement Class, subject to further consideration at the Settlement Hearing to be conducted as described below.

5. **Settlement Hearing** – The Court will hold a settlement hearing (the "Settlement Hearing") on _____, 2017 at __:__ .m. in Courtroom 18B of the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007-1312, for the following purposes: (a) to determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable and adequate to the Settlement Class, and should be approved by the Court; (b) to determine whether a Judgment substantially

in the form attached as Exhibit B to the Stipulation should be entered dismissing the Action with prejudice against Defendants; (c) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved; (d) to determine whether the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses should be approved; and (e) to consider any other matters that may properly be brought before the Court in connection with the Settlement. Notice of the Settlement and the Settlement Hearing shall be given to Settlement Class Members as set forth in paragraph 7 of this Order.

6. The Court may adjourn the Settlement Hearing without further notice to the Settlement Class, and may approve the proposed Settlement with such modifications as the Parties may agree to, if appropriate, without further notice to the Settlement Class.

7. **Retention of Claims Administrator and Manner of Giving Notice** – Lead Counsel is hereby authorized to retain Epiq Systems, Inc. (the “Claims Administrator”) to supervise and administer the notice procedure in connection with the proposed Settlement as well as the processing of Claims as more fully set forth below. Notice of the Settlement and the Settlement Hearing shall be given by Lead Counsel as follows:

(a) within ten (10) business days of the date of entry of this Order, Salix shall provide or cause to be provided to the Claims Administrator in electronic format (at no cost to the Settlement Fund, Lead Counsel or the Claims Administrator) its shareholder lists (consisting of names and addresses) of the holders of Salix common stock during the Class Period that it is able to identify through a reasonably diligent search;

(b) not later than twenty-five (25) calendar days after the date of entry of this Order (the “Notice Date”), the Claims Administrator shall cause a copy of the Notice and the

Claim Form, substantially in the forms attached hereto as Exhibits 1 and 2, respectively (the “Notice Packet”), to be mailed by first-class mail to potential Settlement Class Members at the addresses set forth in the records provided by Salix or in the records which Salix caused to be provided, or who otherwise may be identified through further reasonable effort;

(c) contemporaneously with the mailing of the Notice Packet, the Claims Administrator shall cause copies of the Notice and the Claim Form to be posted on a website to be developed for the Settlement, from which copies of the Notice and Claim Form can be downloaded;

(d) not later than ten (10) business days after the Notice Date, the Claims Administrator shall cause the Summary Notice, substantially in the form attached hereto as Exhibit 3, to be published once in *The Wall Street Journal* and to be transmitted once over the *PR Newswire*; and

(e) not later than seven (7) calendar days prior to the Settlement Hearing, Lead Counsel shall serve on Defendants’ Counsel and file with the Court proof, by affidavit or declaration, of such mailing and publication.

8. **Approval of Form and Content of Notice** – The Court (a) approves, as to form and content, the Notice, the Claim Form, and the Summary Notice, attached hereto as Exhibits 1, 2, and 3, respectively, and (b) finds that the mailing and distribution of the Notice and Claim Form and the publication of the Summary Notice in the manner and form set forth in paragraph 7 of this Order (i) is the best notice practicable under the circumstances; (ii) constitutes notice that is reasonably calculated, under the circumstances, to apprise Settlement Class Members of the pendency of the Action, of the effect of the proposed Settlement (including the Releases to be provided thereunder), of Lead Counsel’s motion for an award of attorneys’ fees and

reimbursement of Litigation Expenses, of their right to object to the Settlement, the Plan of Allocation and/or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses, of their right to exclude themselves from the Settlement Class, and of their right to appear at the Settlement Hearing; (iii) constitutes due, adequate and sufficient notice to all persons and entities entitled to receive notice of the proposed Settlement; and (iv) satisfies the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, as amended, and all other applicable law and rules. The date and time of the Settlement Hearing shall be included in the Notice and Summary Notice before they are mailed and published, respectively.

9. **Nominee Procedures** – Brokers and other nominees who purchased or otherwise acquired Salix common stock or publicly traded call options on Salix common stock, or sold publicly traded put options on Salix common stock, during the Class Period for the benefit of another person or entity shall (a) within seven (7) calendar days of receipt of the Notice, request from the Claims Administrator sufficient copies of the Notice Packet to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of the Notice, send a list of the names and addresses of all such beneficial owners to the Claims Administrator in which event the Claims Administrator shall promptly mail the Notice Packet to such beneficial owners. Upon full compliance with this Order, such nominees may seek reimbursement of their reasonable expenses actually incurred in complying with this Order by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Such properly documented expenses incurred by nominees in compliance with the terms

of this Order shall be paid from the Settlement Fund, with any disputes as to the reasonableness or documentation of expenses incurred subject to review by the Court.

10. **Participation in the Settlement** – Settlement Class Members who wish to participate in the Settlement and to be eligible to receive a distribution from the Net Settlement Fund must complete and submit a Claim Form in accordance with the instructions contained therein. Unless the Court orders otherwise, all Claim Forms must be postmarked no later than one hundred (100) calendar days after the Notice Date. Notwithstanding the foregoing, Lead Counsel may, at its discretion, accept for processing late Claims provided such acceptance does not delay the distribution of the Net Settlement Fund to the Settlement Class. By submitting a Claim, a person or entity shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim and the subject matter of the Settlement.

11. Each Claim Form submitted must satisfy the following conditions: (a) it must be properly completed, signed and submitted in a timely manner in accordance with the provisions of the preceding paragraph; (b) it must be accompanied by adequate supporting documentation for the transactions and holdings reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional and holding information found in a broker confirmation slip or account statement, or such other documentation as is deemed adequate by Lead Counsel or the Claims Administrator; (c) if the person executing the Claim Form is acting in a representative capacity, a certification of his, her or its current authority to act on behalf of the Settlement Class Member must be included in the Claim Form to the satisfaction of Lead Counsel or the Claims Administrator; and (d) the Claim Form must be complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury. The Claims

Administrator, under the supervision of Lead Counsel, will use reasonable efforts to assist Claimants in curing deficiencies in the Claims submitted.

12. Any Settlement Class Member that does not timely and validly submit a Claim Form or whose Claim is not otherwise approved by the Court: (a) shall be deemed to have waived his, her or its right to share in the Net Settlement Fund; (b) shall be forever barred from participating in any distributions therefrom; (c) shall be bound by the provisions of the Stipulation and the Settlement and all proceedings, determinations, orders and judgments in the Action relating thereto, including, without limitation, the Judgment or Alternate Judgment, if applicable, and the Releases provided for therein, whether favorable or unfavorable to the Settlement Class; and (d) will be barred from commencing, maintaining or prosecuting any of the Released Plaintiffs' Claims against each and all of the Defendants' Releasees, as more fully described in the Stipulation and Notice. Notwithstanding the foregoing, late Claim Forms may be accepted for processing as set forth in paragraph 10 above.

13. **Exclusion From the Settlement Class** – Any member of the Settlement Class who wishes to exclude himself, herself or itself from the Settlement Class must request exclusion in writing within the time and in the manner set forth in the Notice, which shall provide that: (a) any such request for exclusion from the Settlement Class must be mailed or delivered such that it is received no later than twenty-one (21) calendar days prior to the Settlement Hearing, to: *In re Salix Pharmaceuticals, Ltd.*, EXCLUSIONS, c/o Epiq Systems, P.O. Box 3656, Portland, OR 97208-3656, and (b) each request for exclusion must (i) state the name, address, and telephone number of the person or entity requesting exclusion, and in the case of entities, the name and telephone number of the appropriate contact person; (ii) state that such person or entity “requests exclusion from the Settlement Class in *In re Salix Pharmaceuticals, Ltd.*, Case No. 14

Civ. 8925 (KMW)”; (iii) state the number of shares of Salix common stock, and publicly traded call or put options on Salix common stock that the person or entity requesting exclusion purchased, acquired and sold during the Class Period, as well as the dates and prices of each such purchase/acquisition and sale; and (iv) be signed by the person or entity requesting exclusion or an authorized representative. A request for exclusion shall not be effective unless it provides all the required information and is received within the time stated above, or is otherwise accepted by the Court.

14. Any person or entity who or which timely and validly requests exclusion in compliance with the terms stated in this Order and is excluded from the Settlement Class shall not be a Settlement Class Member, shall not be bound by the terms of the Settlement or any orders or judgments in the Action and shall not receive any payment out of the Net Settlement Fund. Plaintiffs may not object to the Settlement, or exclude themselves or any affiliated persons or entities from the Settlement Class.

15. Any Settlement Class Member who or which does not timely and validly request exclusion from the Settlement Class in the manner stated in this Order: (a) shall be deemed to have waived his, her or its right to be excluded from the Settlement Class; (b) shall be forever barred from requesting exclusion from the Settlement Class in this or any other proceeding; (c) shall be bound by the provisions of the Stipulation and Settlement and all proceedings, determinations, orders and judgments in the Action, including, but not limited to, the Judgment or Alternate Judgment, if applicable, and the Releases provided for therein, whether favorable or unfavorable to the Settlement Class; and (d) will be barred from commencing, maintaining or prosecuting any of the Released Plaintiffs’ Claims against any of the Defendants’ Releasees, as more fully described in the Stipulation and Notice.

16. **Appearance and Objections at Settlement Hearing** – Any Settlement Class Member who does not request exclusion from the Settlement Class may enter an appearance in the Action, at his, her or its own expense, individually or through counsel of his, her or its own choice, by filing with the Clerk of Court and delivering a notice of appearance to both Lead Counsel and Salix’s Counsel, at the addresses set forth in paragraph 17 below, such that it is received no later than twenty-one (21) calendar days prior to the Settlement Hearing, or as the Court may otherwise direct. Any Settlement Class Member who does not enter an appearance will be represented by Lead Counsel.

17. Any Settlement Class Member who does not request exclusion from the Settlement Class (other than Plaintiffs) may file a written objection to the proposed Settlement, the proposed Plan of Allocation, and/or Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of Litigation Expenses and appear and show cause, if he, she or it has any cause, why the proposed Settlement, the proposed Plan of Allocation and/or Lead Counsel’s motion for attorneys’ fees and reimbursement of Litigation Expenses should not be approved; *provided, however*, that no Settlement Class Member shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement, the proposed Plan of Allocation and/or the motion for attorneys’ fees and reimbursement of Litigation Expenses unless that person or entity has filed a written objection with the Court and served copies of such objection on Lead Counsel and Salix’s Counsel at the addresses set forth below such that they are received no later than twenty-one (21) calendar days prior to the Settlement Hearing.

Lead Counsel

Bernstein Litowitz Berger & Grossmann LLP
Salvatore J. Graziano, Esq.
1251 Avenue of the Americas, 44th Floor
New York, NY 10020

Salix’s Counsel

Cahill Gordon & Reindel LLP
Charles A. Gilman, Esq.
80 Pine Street
New York, NY 10005

18. Any objections, filings and other submissions by the objecting Settlement Class Member: (a) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (c) must include documents sufficient to prove membership in the Settlement Class, including the number of each number of shares of Salix common stock, and publicly traded call or put options on Salix common stock that the person or entity requesting exclusion purchased, acquired and sold during the Class Period, as well as the dates and prices of each such purchase/acquisition and sale. Objectors who enter an appearance and desire to present evidence at the Settlement Hearing in support of their objection must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and any exhibits they intend to introduce into evidence at the hearing.

19. Any Settlement Class Member who or which does not make his, her or its objection in the manner provided herein shall be deemed to have waived his, her or its right to object to any aspect of the proposed Settlement, the proposed Plan of Allocation, and Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses and shall be forever barred and foreclosed from objecting to the fairness, reasonableness or adequacy of the Settlement, the Plan of Allocation or the requested attorneys' fees and Litigation Expenses, or from otherwise being heard concerning the Settlement, the Plan of Allocation or the requested attorneys' fees and Litigation Expenses in this or any other proceeding.

20. **Stay and Temporary Injunction** – Until otherwise ordered by the Court, the Court stays all proceedings in the Action other than proceedings necessary to carry out or

enforce the terms and conditions of the Stipulation. Pending final determination of whether the Settlement should be approved, the Court bars and enjoins Plaintiffs, and all other members of the Settlement Class, from commencing or prosecuting any and all of the Released Plaintiffs' Claims against each and all of the Defendants' Releasees.

21. **Settlement Administration Fees and Expenses** – All reasonable costs incurred in identifying Settlement Class Members and notifying them of the Settlement as well as in administering the Settlement shall be paid as set forth in the Stipulation without further order of the Court.

22. **Settlement Fund** – The contents of the Settlement Fund held by Citibank, N.A. (which the Court approves as the Escrow Agent), shall be deemed and considered to be *in custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as they shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

23. **Taxes** – Lead Counsel is authorized and directed to prepare any tax returns and any other tax reporting form for or in respect to the Settlement Fund, to pay from the Settlement Fund any Taxes owed with respect to the Settlement Fund, and to otherwise perform all obligations with respect to Taxes and any reporting or filings in respect thereof without further order of the Court in a manner consistent with the provisions of the Stipulation. Defendants and their counsel shall have no responsibility therefore.

24. **Termination of Settlement** – If the Settlement is terminated as provided in the Stipulation, the Settlement is not approved, or the Effective Date of the Settlement otherwise fails to occur, this Order shall be vacated, rendered null and void *nunc pro tunc* and be of no further force and effect, except as otherwise provided by the Stipulation, and this Order shall be without prejudice to the rights of Lead Plaintiff, the other Settlement Class Members and

Defendants, and the Parties shall revert to their respective positions in the Action as of February 8, 2017, as provided in the Stipulation.

25. **Use of this Order; No Admission** – Neither this Order, the Term Sheet, the Stipulation (whether or not it is signed or becomes effective), including the exhibits thereto and the Plan of Allocation contained therein (or any other plan of allocation that may be approved by the Court), the negotiations leading to the execution of the Term Sheet and the Stipulation, nor any proceedings taken pursuant to or in connection with the Term Sheet, the Stipulation and/or approval of the Settlement (including any arguments proffered in connection therewith): (a) shall be offered against any of the Defendants and the Defendants' Releasees as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of the Defendants and the Defendants' Releasees with respect to the truth of any fact alleged by Lead Plaintiff or the merit of any claim, act, matter or proposition 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, action, or proceeding, or of any liability, negligence, fault, or other wrongdoing of any kind of any of the Defendants and the Defendants' Releasees or in any way referred to for any other reason as against any of the Defendants and the Defendants' Releasees, in any current or future civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to enforce the provisions of the Stipulation; (b) shall be offered against any of the Plaintiffs and 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 and the Plaintiffs' Releasees that any of their claims are without merit, that any of the Defendants had meritorious defenses, or that damages recoverable under the Complaint would not have exceeded the Settlement Amount or with respect to any liability, negligence, fault or wrongdoing

of any kind, or in any way referred to for any other reason as against any of the Plaintiffs and the Plaintiffs' Releasees, in any civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation; or (c) shall be construed against any of the Parties or Releasees as an admission, concession, or presumption that the consideration to be given under the Settlement represents the amount which could be or would have been recovered after trial; *provided, however*, that if the Stipulation is approved by the Court, the Parties and the Releasees and their respective counsel may refer to it to effectuate the protections from liability granted thereunder or otherwise to enforce the terms of the Settlement.

26. **Supporting Papers** – Lead Counsel shall file and serve the opening papers in support of the proposed Settlement, the Plan of Allocation, and Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses no later than thirty-five (35) calendar days prior to the Settlement Hearing; and reply papers, if any, shall be filed and served no later than seven (7) calendar days prior to the Settlement Hearing.

27. The Court retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement.

SO ORDERED this _____ day of _____, 2017.

The Honorable Kimba M. Wood
United States District Judge

#1060704

Exhibit A-1

Exhibit A-1

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

)	
IN RE SALIX PHARMACEUTICALS, LTD.	)	Case No. 14 Civ. 8925 (KMW)
	)	CLASS ACTION
)	
)	

**NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT;
(II) SETTLEMENT FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF
ATTORNEYS’ FEES AND REIMBURSEMENT OF LITIGATION EXPENSES**

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action (the “Action”) pending in the United States District Court for the Southern District of New York (the “Court”), if, during the period between November 8, 2013 and November 6, 2014, inclusive (the “Class Period”), you purchased or otherwise acquired publicly traded common stock of Salix Pharmaceuticals, Ltd. (“Salix”) or publicly traded call options on Salix common stock, or sold publicly traded put options on Salix common stock, and were damaged thereby.¹

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiff the Pentwater Funds, consisting of five related private investment funds: PWCM Master Fund Ltd., Pentwater Equity Opportunities Master Fund Ltd., Oceana Master Fund Ltd., Pentwater Merger Arbitrage Master Fund Ltd., and LMA SPC for and on behalf of the MAP98 Segregated Portfolio (collectively, “Lead Plaintiff” or the “Pentwater Funds”), on behalf of itself and the Settlement Class (as defined in ¶ 21 below), has reached a proposed settlement of the Action for \$210,000,000 in cash that, if approved, will fully, finally and completely resolve all claims in the Action (the “Settlement”).

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact Salix, any other Defendants in the

¹ All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated March 24, 2017 (the “Stipulation”), which is available at www.SalixSecuritiesLitigation.com. Publicly traded call option contracts on Salix common stock (“Salix Call Options”) and publicly traded put option contracts on Salix common stock (“Salix Put Options”) are collectively referred to herein as “Salix Options,” and Salix Options and Salix common stock are collectively referred to as the “Salix Securities.”

Action, or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (see ¶ 92 below).

1. **Description of the Action and the Settlement Class:** This Notice relates to a proposed Settlement of claims in a pending securities class action brought by investors alleging, among other things, that defendant Salix Pharmaceuticals, Ltd. (“Salix”), and defendants Carolyn J. Logan and Adam C. Derbyshire (the “Individual Defendants” and, collectively with Salix, “Defendants”) violated the federal securities laws by making false and misleading statements regarding Salix’s wholesale inventory levels during the Class Period. A more detailed description of the Action is set forth in paragraphs 11-20 below. The proposed Settlement, if approved by the Court, will settle claims of the Settlement Class, as defined in paragraph 21 below.

2. **Statement of the Settlement Class’s Recovery:** Subject to Court approval, Lead Plaintiff, on behalf of itself and the Settlement Class, has agreed to settle the Action in exchange for a settlement payment of \$210,000,000 in cash (the “Settlement Amount”) to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the “Settlement Fund”) less (a) any Taxes, (b) any Notice and Administration Costs, (c) any Litigation Expenses awarded by the Court, and (d) any attorneys’ fees awarded by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation (the “Plan of Allocation”) is set forth on pages __-__ below.

3. **Estimate of Average Amount of Recovery Per Share or Option:** Lead Plaintiff’s damages expert estimates that the conduct at issue in the Action affected approximately 45.9 million shares of Salix common stock and 5.6 million Salix Call Options purchased, and 3.2 million Salix Put Options written or sold, during the Class Period. If all eligible Settlement Class Members elect to participate in the Settlement, the estimated average recovery would be approximately \$4.39 per affected share of common stock, \$0.24 per affected Salix Call Option, and \$2.22 per affected Salix Put Option, before the deduction of any Court-approved fees, expenses and costs as described in this Notice.² Settlement Class Members should note, however, that the foregoing average recovery per share or option is only an estimate. Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors, which Salix Securities they purchased, when and at what prices they purchased/acquired or sold their Salix Securities, and the total number of valid Claim Forms submitted. Distributions to Settlement Class Members will be made based on the Plan of Allocation set forth herein (*see* pages __-__ below) or such other plan of allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share or Option:** The Parties do not agree on the average amount of damages per share or option that would be recoverable if Lead Plaintiff were to prevail in the Action. Among other things, Defendants do not agree with the assertion that they violated the federal securities laws or that any damages were suffered by any members of the Settlement Class as a result of their conduct.

² All option-related amounts in this paragraph are per share of the underlying security (*i.e.*, 1/100th of a contract).

5. **Attorneys’ Fees and Expenses Sought:** Plaintiffs’ Counsel, which have been prosecuting the Action on a wholly contingent basis since its inception, have not received any payment of attorneys’ fees for their representation of the Settlement Class and have advanced the funds to pay expenses necessarily incurred to prosecute this Action. Court-appointed Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP, will apply to the Court for an award of attorneys’ fees for all Plaintiffs’ Counsel in an amount not to exceed 22% of the Settlement Fund. In addition, Lead Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the institution, prosecution and resolution of the claims against the Defendants, in an amount not to exceed \$2.5 million, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. If the Court approves Lead Counsel’s fee and expense application, the estimated average amount of fees and expenses, assuming claims are filed for all affected Salix Securities, will be approximately \$1.02 per affected share of common stock, \$0.05 per affected Salix Call Option, and \$0.51 per affected Salix Put Option.

6. **Identification of Attorneys’ Representatives:** Lead Plaintiff and the Settlement Class are represented by Salvatore J. Graziano, Esq. of Bernstein Litowitz Berger & Grossmann LLP, 1251 Avenue of the Americas, 44th Floor, New York, NY 10020, (800) 380-8496, blbg@blbglaw.com.

7. **Reasons for the Settlement:** Lead Plaintiff’s principal reason for entering into the Settlement is the substantial immediate cash benefit for the Settlement Class without the risk or the delays inherent in further litigation. Moreover, the substantial cash benefit provided under the Settlement must be considered against the significant risk that a smaller recovery – or indeed no recovery at all – might be achieved after contested motions, a trial of the Action and the likely appeals that would follow a trial. This process could be expected to last several years. Defendants, who deny all allegations of wrongdoing or liability whatsoever, are entering into the Settlement solely to eliminate the uncertainty, burden and expense of further protracted litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN _____, 2017.	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs’ Claims (defined in ¶ 30 below) that you have against Defendants and the other Defendants’ Releasees (defined in ¶ 31 below), so it is in your interest to submit a Claim Form.

<p>EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN _____, 2017.</p>	<p>If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants or the other Defendants’ Releasees concerning the Released Plaintiffs’ Claims.</p>
<p>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN _____, 2017.</p>	<p>If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys’ fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation or the fee and expense request unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.</p>
<p>GO TO A HEARING ON _____, 2017 AT ____:____.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN _____, 2017.</p>	<p>Filing a written objection and notice of intention to appear by _____, 2017 allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys’ fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.</p>
<p>DO NOTHING.</p>	<p>If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.</p>

WHAT THIS NOTICE CONTAINS

Why Did I Get This Notice?	Page ___
What Is This Case About?	Page ___
How Do I Know If I Am Affected By The Settlement?	
Who Is Included In The Settlement Class?	Page ___
What Are Lead Plaintiff’s Reasons For The Settlement?	Page ___
What Might Happen If There Were No Settlement?	Page ___
How Are Settlement Class Members Affected By The Action	
And The Settlement?	Page ___
How Do I Participate In The Settlement? What Do I Need To Do?	Page ___
How Much Will My Payment Be?	Page ___
What Payment Are The Attorneys For The Settlement Class Seeking?	

How Will The Lawyers Be Paid?	Page ___
What If I Do Not Want To Be A Member Of The Settlement Class?	
How Do I Exclude Myself?	Page ___
When And Where Will The Court Decide Whether To Approve The Settlement?	
Do I Have To Come To The Hearing? May I Speak At The Hearing If I Don't Like The Settlement?	Page ___
What If I Bought Shares or Options On Someone Else's Behalf?	Page ___
Can I See The Court File? Whom Should I Contact If I Have Questions?	Page ___

WHY DID I GET THIS NOTICE?

8. The Court directed that this Notice be mailed to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired Salix common stock or call options on Salix common stock, or written or sold put options on Salix common stock, during the Class Period. The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, and the Plan of Allocation (or some other plan of allocation), the claims administrator selected by Lead Plaintiff and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class if you wish to do so. This Notice is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing"). See paragraph 83 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

WHAT IS THIS CASE ABOUT?

11. Beginning on November 7, 2014, two class action complaints were filed in the United States District Court for the Southern District of New York (the "Court"), styled *Woburn Retirement System v. Salix Pharmaceuticals, Ltd.*, 14-CV-8925 and *Bruyn v. Salix Pharmaceuticals, Ltd.*, 14-CV-9226.

12. By Order dated March 23, 2015, the Court ordered that the cases be consolidated and recaptioned as *In re Salix Pharmaceuticals, Ltd.*, Case No. 14 Civ. 8925 (KMW); appointed the Pentwater Funds as Lead Plaintiff for the consolidated action; and approved Lead Plaintiff's selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel for the class.

13. On May 8, 2015, Lead Plaintiff filed and served its Consolidated Class Action Complaint (the “Complaint”) asserting claims against all Defendants under Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. The Complaint included the City of Fort Lauderdale General Employees’ Retirement System (“Fort Lauderdale”) as an additional named plaintiff. Among other things, the Complaint alleged that Defendants made materially false and misleading statements about Salix’s “wholesale inventory levels.” The Complaint alleged that the price of Salix common stock was artificially inflated during the Class Period as a result of Defendants’ allegedly false and misleading statements, and declined significantly when the truth was revealed. The Complaint alleged that the prices of Salix Options were also distorted as the result of the artificially inflated price of Salix common stock, and that investors who purchased Salix Call Options or sold Salix Put Options during the Class Period were damaged when the truth was revealed.

14. On June 12, 2015, Defendants served and filed their motions to dismiss the Complaint. On July 17, 2015, Lead Plaintiff served and filed its memorandum in opposition to the motions and, on August 3, 2015, Defendants served their reply papers. On March 31, 2016, the Court entered an Order denying Defendants’ motions to dismiss in their entirety and, on April 22, 2016, entered a more detailed Opinion and Order setting forth the reasons for its denial of the motions.

15. On May 31, 2016, Defendants filed and served their answers to the Complaint.

16. Discovery in the Action commenced in April 2016. Defendants and third parties produced more than 2.7 million pages of documents to Lead Plaintiff. Lead Plaintiff produced over 60,000 pages of documents to Defendants. Thirteen depositions were taken in the Action, including depositions of representatives of Lead Plaintiff and Fort Lauderdale, the deposition of Lead Plaintiff’s expert witness taken in connection with the motion for class certification, and ten depositions of fact witnesses. Lead Plaintiff also served interrogatories and requests for admission on Defendants and exchanged numerous letters with Defendants concerning discovery issues.

17. On October 10, 2016, Lead Plaintiff filed and served its motion for class certification. On January 4, 2017, Salix filed and served its opposition to that motion, as well as a motion to exclude the expert report and testimony of Lead Plaintiff’s market efficiency expert, and the Individual Defendants joined in that opposition and motion. On January 17, 2017, Lead Plaintiff served and filed its reply papers in further support of class certification and its opposition to Defendants’ motion to exclude expert testimony. Defendants served and filed reply papers in further support of that motion on January 24, 2017.

18. In early February 2017, the Parties engaged in discussions concerning the possibility of resolving the Action through settlement. Following these settlement negotiations, the Parties reached an agreement in principle to settle the Action that was memorialized in a term sheet (the “Term Sheet”) executed on February 8, 2017. The Term Sheet sets forth, among other things, the Parties’ agreement to settle and release all claims asserted against Defendants in the Action in return for a cash payment by or on behalf of Defendants of \$210,000,000 for the benefit of the Settlement Class, subject to certain terms and conditions and the execution of a customary “long form” stipulation and agreement of settlement and related papers

19. On March 24, 2017, the parties entered into a Stipulation and Agreement of Settlement (the “Stipulation”), which sets forth the terms and conditions of the Settlement. The Stipulation can be viewed at www.SalixSecuritiesLitigation.com.

20. On _____, 2017, the Court preliminarily approved the Settlement, authorized this Notice to be disseminated to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

**HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?
WHO IS INCLUDED IN THE SETTLEMENT CLASS?**

21. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Class consists of:

all persons or entities who purchased or otherwise acquired publicly traded Salix common stock or publicly traded call options on Salix common stock, or sold publicly traded put options on Salix common stock, during the period from November 8, 2013 through November 6, 2014, inclusive (the “Class Period”), and were damaged thereby.

Excluded from the Settlement Class are Defendants; Salix’s parents, affiliates and subsidiaries (including Valeant Pharmaceuticals International, Inc.); the Officers and directors of Salix and its parents, subsidiaries and affiliates currently or during the Class Period; members of the Immediate Family of any excluded person; any entity in which any excluded person has a controlling interest or had a controlling interest during the Class Period; and the heirs, successors, and assigns of any excluded person or entity. Also excluded from the Settlement Class are any persons or entities who or which exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice. *See* “What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself,” on page [] below.

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT.

IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN _____, 2017.

WHAT ARE LEAD PLAINTIFF’S REASONS FOR THE SETTLEMENT?

22. Lead Plaintiff and Lead Counsel believe that the claims asserted against Defendants are meritorious. They recognize, however, the expense and length of continued proceedings necessary to pursue the claims against Defendants through trial and appeals, as well as the very substantial risks that Plaintiffs would face in establishing liability and damages. To defeat summary judgment and succeed at trial, Lead Plaintiff would be required to prove not only that

Defendants' statements about Salix's wholesale inventory levels were false, but that the Individual Defendants knew that the statements were false when they were made or were reckless in making the alleged misstatements. Defendants would have contended that they made no actionable false statements, as their alleged misstatements were vague, general and aspirational. Further, proving intent to defraud (or *scienter*) would have been difficult here because the Individual Defendants would contend that the calculation of wholesale inventory levels was imprecise, based on uncertain estimates, and, thus, any errors were unintended. Even if the hurdles to establishing liability were overcome, Defendants would also have continued to oppose certification of the class and the calculation of damages. Defendants strenuously argued – would have continued to contend – that the Action was not suitable for class treatment. Defendants would also have contested the amount of damages that could be attributed to the revelation of allegedly false statements, as opposed to new information about Salix that was unrelated to the alleged fraud. Moreover, Defendants would have argued that class members were not harmed because the price of Salix common stock quickly rebounded from its price following the corrective disclosure, and because the Company was acquired relatively shortly after the revelation of the fraud at \$173 per share, which significantly exceeded the share price at the end of the Class Period. Finally, Plaintiffs would have to prevail at several stages – at class certification, motions for summary judgment and at trial, and if they prevailed on those, on the appeals that were likely to follow. Thus, there were significant risks attendant to the continued prosecution of the Action.

23. In light of these risks, the amount of the Settlement and the immediacy of recovery to the Settlement Class, Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Settlement Class. Lead Plaintiff and Lead Counsel believe that the Settlement provides a substantial benefit to the Settlement Class, namely \$210,000,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller, or no recovery after summary judgment, trial and appeals, possibly years in the future.

24. Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. Defendants have agreed to the Settlement solely to eliminate the burden and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by Defendants.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

25. If there were no Settlement and Lead Plaintiff failed to establish any essential legal or factual element of their claims against Defendants, neither Lead Plaintiff nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, either at summary judgment, at trial or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

**HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED
BY THE ACTION AND THE SETTLEMENT?**

26. As a Settlement Class Member, you are represented by Lead Plaintiff and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, “When And Where Will The Court Decide Whether To Approve The Settlement?,” below.

27. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, “What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?,” below.

28. If you are a Settlement Class Member and you wish to object to the Settlement, the Plan of Allocation, or Lead Counsel’s application for attorneys’ fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, “When And Where Will The Court Decide Whether To Approve The Settlement?,” below.

29. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the “Judgment”). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Lead Plaintiff and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, will have fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiffs’ Claim (as defined in ¶ 30 below) against the Defendants and the other Defendants’ Releasees (as defined in ¶ 31 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs’ Claims against any of the Defendants’ Releasees.

30. “Released Plaintiffs’ Claims” means all claims, demands, rights, liabilities and causes of action of every nature and description, whether known claims or Unknown Claims, against any person, party or entity, whether arising under federal, state, common or foreign law, that Lead Plaintiff or any other member of the Settlement Class (a) asserted in the Complaint, or (b) could have asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that relate to the purchase or acquisition of publicly traded Salix common stock or publicly traded call options on Salix common stock during the Class Period, or the sale of publicly traded put options on Salix common stock during the Class Period. Released Plaintiffs’ Claims do not include: (i) any claims relating to the enforcement of the Settlement; (ii) any claims asserted in *Salix Pharmaceuticals, Ltd. Stockholders Litigation*, Consolidated C.A. No. 10721-CB (Del. Ch.); and (iii) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court.

31. “Defendants’ Releasees” means Defendants and their current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, heirs, executors, assigns, assignees, employees, and attorneys, in their capacities as such.

32. “Unknown Claims” means any Released Plaintiffs’ Claims which Lead Plaintiff, Fort Lauderdale, 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 Released Defendants’ Claims which any Defendant does not know or suspect to exist in his, her, or 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 Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiff and Defendants shall expressly and irrevocably waive, and each of the other Settlement Class Members (including Fort Lauderdale) shall be deemed to have irrevocably 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 which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff and Defendants acknowledge, and each of the other Settlement Class Members (including Fort Lauderdale) 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.

33. The Judgment will also provide that, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, will have fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendants’ Claim (as defined in ¶ 34 below) against Lead Plaintiff and the other Plaintiffs’ Releasees (as defined in ¶ 35 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants’ Claims against any of the Plaintiffs’ Releasees.

34. “Released Defendants’ 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 against the Defendants. Released Defendants’ Claims do not include any claims relating to the enforcement of the Settlement or 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.

35. “Plaintiffs’ Releasees” means Lead Plaintiff, all other plaintiffs in the Action, and any other Settlement Class Member, and their respective current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, in their capacities as such.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

36. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation **postmarked no later than _____, 2017**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, www.SalixSecuritiesLitigation.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-844-308-6864. Please retain all records of your ownership of and transactions in Salix Securities, as they may be needed to document your Claim. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE?

37. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

38. Pursuant to the Settlement, Salix, on behalf of all Defendants, has agreed to pay or cause to be paid two hundred ten million dollars (\$210,000,000) in cash. The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the "Net Settlement Fund" (that is, the Settlement Fund less (a) all federal, state and/or local taxes on any income earned by the Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing notice to Settlement Class Members and administering the Settlement on behalf of Settlement Class Members; and (c) any attorneys' fees and Litigation Expenses awarded by the Court) will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

39. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

40. Neither Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. Defendants shall not have any liability, obligation or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund or the plan of allocation.

41. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

42. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked on or before _____, 2017 shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms

of any Judgment entered and the releases given. This means that each Settlement Class Member releases the Released Plaintiffs' Claims (as defined in ¶ 30 above) against the Defendants' Releasees (as defined in ¶ 31 above) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Plaintiffs' Claims against any of the Defendants' Releasees whether or not such Settlement Class Member submits a Claim Form.

43. Participants in and beneficiaries of a plan covered by ERISA ("ERISA Plan") should NOT include any information relating to their transactions in Salix Securities held through the ERISA Plan in any Claim Form that they may submit in this Action. They should include ONLY those shares or options that they purchased, acquired or sold outside of the ERISA Plan. Claims based on any ERISA Plan's purchases or acquisitions of Salix common stock or Salix Call Options (or sales of Salix Put Options) during the Class Period may be made by the plan's trustees. To the extent any of the Defendants or any of the other persons or entities excluded from the Settlement Class are participants in the ERISA Plan, such persons or entities shall not receive, either directly or indirectly, any portion of the recovery that may be obtained from the Settlement by the ERISA Plan.

44. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Settlement Class Member.

45. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim Form.

46. Only Settlement Class Members will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class pursuant to request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

PROPOSED PLAN OF ALLOCATION

47. The objective of the Plan of Allocation is to distribute the Settlement proceeds equitably among those Settlement Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. The Plan of Allocation is not a damage analysis, and the calculations made in accordance with the Plan of Allocation are not intended to be estimates of, or indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations in accordance with the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants under the Settlement. The computations under the Plan of Allocation are only a method to weigh, in a fair and equitable manner, the claims of Authorized Claimants against one another for the purpose of making *pro rata* allocations of the Net Settlement Fund.

48. The eligible securities under the Plan of Allocation are Salix common stock, publicly traded call option contracts on Salix common stock ("Salix Call Options") and publicly traded put option contracts on Salix common stock ("Salix Put Options"). Salix Call Options and Salix Put Options are collectively referred to as "Salix Options" and Salix Options and Salix common stock are collectively referred to as the "Salix Securities."

49. In developing the Plan of Allocation, Lead Plaintiff consulted with its damages expert who had reviewed publicly available information regarding Salix and performed statistical analyses of the price movements of the Salix Securities and the price performance of relevant

market and industry indices during the Class Period. The damages expert eliminated losses attributable to market and industry factors.

50. For losses to be compensable damages under the federal securities laws, the disclosure of the allegedly misrepresented information must be the cause of the decline in the price or value of the security. In this case, Lead Plaintiff alleges that Defendants made false statements and omitted material facts during the period from November 8, 2013 through and including November 6, 2014, which had the effect of artificially inflating the prices of Salix common stock and Salix Call Options (and artificially deflating the price of Salix Put Options). Lead Plaintiff further alleges that corrective information was released to the market after the close of trading on November 6, 2014, which removed the artificial inflation from the price of Salix common stock and Salix Call Options and removed artificial deflation from the price of Salix Put Options.

51. Recognized Loss Amounts for transactions in Salix Securities are calculated under the Plan of Allocation based primarily on the difference in the amount of alleged artificial inflation (or deflation in the case of put options) in the respective prices of the Salix Securities at the time of purchase or acquisition and at the time of sale or the difference between the actual purchase price and sale price. In order to have a Recognized Loss Amount, a Settlement Class Member who purchased or acquired Salix common stock or Salix Call options (or wrote Salix Put Options) during the Class Period (November 8, 2013 through November 6, 2014, inclusive) must have held those Salix Securities through at least the end of the Class Period (the close of trading on November 6, 2014).

CALCULATION OF RECOGNIZED LOSS AMOUNTS

52. Based on the formula set forth below, a “Recognized Loss Amount” shall be calculated for each purchase or acquisition of Salix common stock and a Salix Call Option and each sale or writing of a Salix Put Option from November 8, 2013 through and including November 6, 2014, that is listed in the Claim Form and for which adequate documentation is provided. To the extent that a calculation of a Recognized Loss Amount results in zero or a negative number, that number shall be set to zero.

Common Stock

53. For each share of Salix common stock purchased or otherwise acquired during the period from November 8, 2013 through 4:30 p.m. Eastern time on November 6, 2014, and:

(a) sold before 4:30 p.m. Eastern time on November 6, 2014, the Recognized Loss Amount will be \$0.00;

(b) sold after 4:30 p.m. Eastern time on November 6, 2014 through and including the close of trading on February 4, 2015, the Recognized Loss Amount will be ***the least of***: (i) \$46.05; (ii) the purchase/acquisition price *minus* the sale price; or (iii) the purchase/acquisition price *minus* the average closing price between November 7, 2014 and the date of sale as stated in Table A at the end of this Notice; and

(c) held as of the close of trading on February 4, 2015, the Recognized Loss Amount will be fifty percent (50%) of ***the lesser of***: (i) \$46.05; or (ii) the

purchase/acquisition price *minus* \$113.36, the average closing price for Salix common stock between November 7, 2014 and February 4, 2015 (the last entry on Table A).³

54. For each share of Salix common stock purchased or otherwise acquired after 4:30 p.m. Eastern time on November 6, 2014, the Recognized Loss Amount will be \$0.00.

Call and Put Option Calculations

55. Exchange-traded options are traded in units called “contracts” which entitle the holder to buy (in the case of a call) or sell (in the case of a put) 100 shares of the underlying security, which in this case is Salix common stock. Throughout this Plan of Allocation, all price quotations are *per share of the underlying security* (*i.e.*, 1/100 of a contract).

56. Each option contract specifies a strike price and an expiration date. Contracts with the same strike price and expiration date are referred to as a “series” and each series represents a different security that trades in the market and has its own market price (and thus artificial inflation or deflation). Under the Plan of Allocation, the dollar amount of artificial inflation per share (*i.e.*, 1/100 of a contract) for each series of Salix Call Options and the dollar amount of artificial deflation per share (*i.e.*, 1/100 of a contract) for each series of Salix Put Options has been calculated by Lead Plaintiff’s damages expert. Tables available at www.SalixSecuritiesLitigation.com/options set forth the dollar amount of artificial inflation per share in Salix Call Options during the Class Period and the dollar amount of artificial deflation per share in Salix Put Options during the Class Period for each option series, as well as the closing price and average closing price for each option series during the period from November 7, 2014 through February 4, 2015. Those tables list only exchange-traded Salix options that expired after November 6, 2014 – the last day of the Class Period and the date of the alleged corrective disclosure. Transactions in Salix Call Options or Salix Put Options that expired on or before November 6, 2014 have a Recognized Loss Amount of zero under the Plan of Allocation.

57. For each Salix Call Option purchased or acquired from November 8, 2013, through and including the close of trading on November 6, 2014, and:

(a) closed (through sale, exercise or expiration) before the close of trading on November 6, 2014, the Recognized Loss Amount for each such option will be \$0.00;

³ Under Section 21(D)(e)(1) of the Exchange Act, “in any private action arising under this Act in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market.” Consistent with the requirements of the statute, Recognized Loss Amounts for shares sold during that 90-day period or held to the end of that period are reduced to an appropriate extent by taking into account the closing prices of Salix common stock during the 90-day look-back period. As set forth above, Recognized Loss Amounts calculated for shares held through the end of the 90-day look-back period at the close of trading on February 4, 2015 are discounted by fifty percent (50%) to account for the increase in the price of Salix common stock by and after that date, through Salix’s acquisition by another publicly traded company at a substantial premium to its trading price.

(b) closed (through sale) during the period from November 7, 2014 through and including the close of trading on February 4, 2015, the Recognized Loss Amount for each such option will be **the least of**: (i) the Artificial Inflation for that option on the date of purchase/acquisition as set forth at www.SalixSecuritiesLitigation.com/options; (ii) the purchase/acquisition price *minus* the sale price; or (iii) the purchase/acquisition price *minus* the average closing price for that option series between November 7, 2014 and the date of sale, as stated at www.SalixSecuritiesLitigation.com/options; and

(c) closed (through exercise or expiration) during the period from November 7, 2014 through and including the close of trading on February 4, 2015, the Recognized Loss Amount for each such option will be **the least of**: (i) the Artificial Inflation for that option on the date of purchase/acquisition as set forth at www.SalixSecuritiesLitigation.com/options; (ii) the purchase/acquisition price *minus* the value per option on the date of exercise or expiration⁴; or (iii) the purchase/acquisition price *minus* the average closing price for that option series between November 7, 2014 and the date of exercise or expiration, as stated at www.SalixSecuritiesLitigation.com/options; and

(d) open as of the close of trading on February 4, 2015, the Recognized Loss Amount for each such option will be fifty percent (50%) of **the lesser of**: (i) the Artificial Inflation for that option on the date of purchase/acquisition as set forth at www.SalixSecuritiesLitigation.com/options; or (ii) the purchase/acquisition price *minus* the average closing price for that option series between November 7, 2014 and February 4, 2015, as stated at www.SalixSecuritiesLitigation.com/options.

58. For each Salix Put Option sold (written) from November 8, 2013, through and including the close of trading on November 6, 2014, and:

(a) closed (through purchase, exercise or expiration) before the close of trading on November 6, 2014, the Recognized Loss Amount for each such option will be \$0.00;

(b) closed (through purchase) during the period from November 7, 2014 through and including the close of trading on February 4, 2015, the Recognized Loss Amount for each such option will be **the least of**: (i) the Artificial Deflation for that option on the date of sale as set forth at www.SalixSecuritiesLitigation.com/options; (ii) the purchase price *minus* the sales price; or (iii) the average closing price for that option between November 7, 2014 and the date of sale, as stated at www.SalixSecuritiesLitigation.com/options *minus* the sale price; and

(c) closed (through exercise or expiration) during the period from November 7, 2014 through and including the close of trading on February 4, 2015, the Recognized Loss Amount for each such option will be **the least of**: (i) the Artificial Deflation for that option on the date of sale as set forth at www.SalixSecuritiesLitigation.com/options; (ii)

⁴ The “value” of the call option on the date of exercise or expiration shall be the closing price of Salix common stock on the date of exercise or expiration minus the strike price of the option. If this number is less than zero, the value of the call option is zero.

the value per option on the date of exercise or expiration⁵ *minus* the sale price; or (iii) the average closing price for that option series between November 7, 2014 and the date of exercise or expiration, as stated at www.SalixSecuritiesLitigation.com/options, *minus* the sale price; and

(d) open as of the close of trading on February 4, 2015, the Recognized Loss Amount for each such option will be fifty percent (50%) of *the lesser of*: (i) the Artificial Deflation for that option on the date of sale as set forth at www.SalixSecuritiesLitigation.com/options; or (ii) the average closing price for that option series between November 7, 2014 and February 4, 2015, as stated at www.SalixSecuritiesLitigation.com/options *minus* the sale price.

59. **Maximum Recovery for Options:** The Settlement proceeds available for Salix Options shall be limited to an amount equal to four percent (4%) of the Net Settlement Fund.

ADDITIONAL PROVISIONS

60. **FIFO Matching:** If a Settlement Class Member made more than one purchase/acquisition or sale of any Salix Security during the Class Period, all purchases/acquisitions and sales of the like security shall be matched on a First In, First Out (“FIFO”) basis. With respect to Salix common stock and Salix Call Options, Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period. For Salix Put Options, Class Period purchases will be matched first to close out positions open at the beginning of the Class Period, and then against Salix Put Options sold (written) during the Class Period in chronological order.

61. **“Purchase/Sale” Dates:** Purchases or acquisitions and sales of Salix Securities shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift, inheritance or operation of law of Salix Securities during the Class Period shall not be deemed a purchase, acquisition or sale of these Salix Securities for the calculation of a Claimant’s Recognized Loss Amounts, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such Salix Securities unless (i) the donor or decedent purchased or otherwise acquired such Salix Securities during the Class Period; (ii) the instrument of gift or assignment specifically provides that it is intended to transfer such rights; and (iii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Salix Securities.

62. **Short Sales:** With respect to Salix common stock, the date of covering a “short sale” is deemed to be the date of purchase or acquisition of the common stock. The date of a “short sale” is deemed to be the date of sale of the Salix common stock. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on “short sales” is zero.

63. In the event that a Claimant has an opening short position in Salix common stock, the earliest purchases or acquisitions during the Settlement Class Period shall be matched against

⁵ The “value” of the put option on the date of exercise or expiration shall be the strike price of the option minus the closing price of Salix common stock on the date of exercise or expiration. If this number is less than zero, the value of the put option is zero.

such opening short position, and not be entitled to a recovery, until that short position is fully covered.

64. If a Settlement Class Member has “written” Salix Call Options, thereby having a short position in the call options, the date of covering such a written position is deemed to be the date of purchase or acquisition of the call option. The date on which the call option was written is deemed to be the date of sale of the call option. In accordance with the Plan of Allocation, however, the Recognized Loss and Gain Amounts on “written” call options is zero. In the event that a Claimant has an opening written position in call options, the earliest purchases or acquisitions of like call options during the Settlement Class Period shall be matched against such opening written position, and not be entitled to a recovery, until that written position is fully covered.

65. If a Settlement Class Member has purchased or acquired put options, thereby having a long position in the put options, the date of purchase/acquisition is deemed to be the date of purchase/acquisition of the put option. The date on which the put option was sold, exercised, or expired is deemed to be the date of sale of the put option. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on purchased/acquired put options is zero. In the event that a Claimant has an opening long position in put options, the earliest sales or dispositions of like put options during the Class Period shall be matched against such opening position, and not be entitled to a recovery, until that long position is fully covered.

66. **Common Stock Acquired/Sold Through the Exercise of Options:** With respect to Salix common stock purchased or sold through the exercise of an option, the purchase/sale date of the common stock is the exercise date of the option and the purchase/sale price is the exercise price of the option.

67. **Netting of Market Gains and Market Losses.** As set forth in more detail in paragraphs 68 and 69 below, the amount of a Claimant’s recognized claim under the Plan of Allocation with respect to (i) his, her or its transactions in Salix common stock and (ii) his, her or its transactions in Salix Options, will be limited by his her, her or its market loss on transactions during the Class Period in each of these two types of securities (and the Claimant will have no recognized claim for that type of security if he, she or it had an overall market gain in transactions in that type of security during the Class Period). However, market gains in common stock transactions during the Class Period will not be netted against market losses or recognized claims relating to Salix Options, and market gains in transactions in Salix Options will not be netted against market losses or recognized claims relating to common stock.

68. **Calculation of “Recognized Common Stock Claim”:** For purposes of determining whether a Claimant had a market gain with respect to his, her, or its overall transactions in Salix common stock during the Class Period or suffered a market loss, the Claims Administrator will determine the difference between (i) the Total Purchase Amount⁶ and (ii) the sum of the Total Sales Proceeds⁷ and Holding Value⁸ for all shares of Salix common stock purchased during the

⁶ The “Total Purchase Amount” is the total amount the Claimant paid (excluding commissions and other charges) for Salix common stock purchased during the Class Period.

⁷ The Claims Administrator will match any sales of Salix common stock during the Class Period first against the Claimant’s opening position (the proceeds of those sales will not be considered for purposes

Class Period. This difference will be deemed a Claimant's "Common Stock Market Loss;" if this number is a negative number or zero, the Claimant's Common Stock Market Loss shall be zero. The Claimant's "Recognized Common Stock Claim" shall be *the lesser of*: (i) the sum of the Recognized Loss Amounts for all of the Claimant's Class Period purchases of Salix common stock as calculated under paragraph 53 above, or (ii) his, her or its Common Stock Market Loss.

69. Calculation of "Recognized Options Claim":

(a) For Salix call options, the Claims Administrator will determine the difference between (i) the Claimant's Call Option Purchase Amount⁹ and (ii) the sum of the Claimant's Call Option Sales Proceeds¹⁰ and Call Option Holding Value.¹¹ If this is a positive number, that number will be the Claimant's Call Option Market Loss; if the number is a negative number or zero, that number will be the Claimant's Call Option Market Gain.

(b) With respect to Salix put options, the Claims Administrator shall determine the difference between (i) the sum of the Claimant's Put Option Purchase Amount¹² and Put Option Holding Value;¹³ and (ii) the Claimant's Put Option Sale

of calculating market gains or losses). The total amount received (excluding commissions and other charges) for the remaining sales of Salix common stock sold during the Class Period will be the "Total Sales Proceeds."

⁸ The Claims Administrator will ascribe a value of \$91.47 per share for Salix common stock purchased during the Class Period and still held as of the close of trading on November 6, 2014 (the "Holding Value"). The Holding Value is based on the closing price of Salix common stock on November 7, 2014, the day after the last day of the Class Period.

⁹ The "Call Option Purchase Amount" is the total amount the Claimant paid (excluding commissions and other charges) for Salix Call Options purchased during the Class Period.

¹⁰ The Claims Administrator will match any sales of Salix Call Options during the Class Period first against the Claimant's opening position in like Call Options (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received (excluding commissions and other charges) for the remaining sales of Salix Call Options sold during the Class Period will be the "Call Option Sales Proceeds."

¹¹ For each Salix Call Option purchased or acquired during the Class Period that was still held as of the close of trading on November 6, 2014, the Claims Administrator shall ascribe a "Holding Value" for that option series which shall be the Holding Price as of that option as of November 7, 2014, as set forth in the table for that option series available at www.SalixSecuritiesLitigation/options.

¹² For Salix Put Options, the Claims Administrator shall match any purchases during the Class Period to close out positions in Salix Put Options first against the Claimant's opening position in like put options (the total amount paid with respect to those purchases will not be considered for purposes of calculating market gains or losses). The total amount paid for the remaining purchases during the Class Period to close out positions in Salix Put Options is the "Put Option Purchase Amount."

¹³ For each Salix Put Option sold (written) during the Class Period that was still outstanding as of the close of trading on November 6, 2014, the Claims Administrator shall ascribe a "Holding Value" for that option series which shall be the Holding Price as of that option as of November 7, 2014, as set forth in the table for that option series available at www.SalixSecuritiesLitigation/options.

Proceeds.¹⁴ If this is a positive number, that number will be the Claimant's Put Option Market Loss; if the number is a negative number or zero, that number will be the Claimant's Put Option Market Gain.

(c) The sum of a Claimant's Call Option Market Loss and Put Option Market Loss *less* the sum of a Claimant's Call Option Market Gain and Put Option Market Gain shall be the Claimant's "Overall Options Market Loss." If this number is a negative number or zero, the Claimant's Overall Options Market Loss shall be zero

(d) The Claimant's "Recognized Options Claim" shall be the lesser of (i) the sum of the Recognized Loss Amounts for all of the Claimant's Class Period transactions in Salix Options as calculated under paragraphs 57 and 58 above, or (ii) his, her or its Overall Options Market Loss.

70. Calculation of Claimant's "Recognized Claim": A Claimant's "Recognized Claim" will be the sum of (a) his, her or its Recognized Common Stock Claim and (b) his, her or its Recognized Options Claim.

71. Determination of Distribution Amount: If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

72. If the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

73. The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is \$10.00 or greater. If the prorated payment to any Authorized Claimant calculates to less than \$10.00, it will not be included in the calculation (*i.e.*, the Recognized Claim will be deemed to be zero) and no distribution will be made to that Authorized Claimant. Any prorated amounts of less than \$10.00 will be included in the pool distributed to those whose prorated payments are \$10.00 or greater.

74. After the initial distribution of the Net Settlement Fund, the Claims Administrator will make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the Net Settlement Fund nine (9) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator will conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would

¹⁴ For Salix Put Options, the total amount received for put options sold (written) during the Class Period is the "Put Option Sales Proceeds."

receive at least \$10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed to non-sectarian, not-for-profit organization(s), to be recommended by Lead Counsel and approved by the Court.

75. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Plaintiffs' Counsel, Lead Plaintiff's damages expert, Defendants, Defendants' Counsel, or any of the other Plaintiffs' Releasees or Defendants' Releasees, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further Orders of the Court. Lead Plaintiff, Defendants and their respective counsel, and all other Defendants' Releasees, shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund; the plan of allocation; the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator; the payment or withholding of Taxes; or any losses incurred in connection therewith.

76. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Lead Plaintiff after consultation with its damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the settlement website, www.SalixSecuritiesLitigation.com.

**WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING?
HOW WILL THE LAWYERS BE PAID?**

77. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against the Defendants on behalf of the Settlement Class, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP, 1251 Avenue of the Americas, 44th Floor, New York, NY 10020, will apply to the Court for an award of attorneys' fees, on behalf of all Plaintiffs' Counsel, in an amount not to exceed 22% of the Settlement Fund. Lead Counsel has fee-sharing agreements with the other Plaintiffs' Counsel firms, Robbins Geller Rudman & Dowd LLP and Hach Rose Schirripa & Cheverie, LLP, which provide that Lead Counsel will compensate these firms from the attorneys' fees that Lead Counsel receives in this Action in amounts commensurate with those firms' efforts in this litigation. At the same time, Lead Counsel also intends to apply to the Court for reimbursement of Litigation Expenses in an amount not to exceed \$2.5 million, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. The Court will determine the amount of any award of attorneys' fees or reimbursement of Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

**WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS?
HOW DO I EXCLUDE MYSELF?**

78. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Settlement Class, addressed to *In re Salix Pharmaceuticals, Ltd.*, EXCLUSIONS, c/o Epiq Systems, P.O. Box 3656, Portland, OR 97208-3656. The exclusion request must be **received no later than _____, 2017**. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must (a) state the name, address and telephone number of the person or entity requesting exclusion, and in the case of entities the name and telephone number of the appropriate contact person; (b) state that such person or entity “requests exclusion from the Settlement Class in *In re Salix Pharmaceuticals, Ltd.*, Case No. 14 Civ. 8925 (KMW)”; (c) state the number of shares of Salix common stock, and publicly traded call or put options on Salix common stock that the person or entity requesting exclusion purchased, acquired and sold during the Class Period (*i.e.*, November 8, 2013 through November 6, 2014, inclusive), as well as the dates and prices of each such purchase/acquisition and sale; and (d) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

79. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs’ Claim against any of the Defendants’ Releasees.

80. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

81. Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Lead Plaintiff and Salix.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE
SETTLEMENT? DO I HAVE TO COME TO THE HEARING?
MAY I SPEAK AT THE HEARING IF I DON’T LIKE THE SETTLEMENT?**

82. Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing.

83. The Settlement Hearing will be held on _____, 2017 at __: __ .m., before the Honorable Kimba M. Wood at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, Courtroom 18B, 500 Pearl Street, New York, NY 10007-1312. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of Litigation Expenses and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

84. Any Settlement Class Member who or which does not request exclusion may object to the Settlement, the proposed Plan of Allocation or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Southern District of New York at the address set forth below on or before _____, 2017. You must also serve the papers on Lead Counsel and on Salix's Counsel at the addresses set forth below so that the papers are *received on or before* _____, 2017.

Clerk's Office

Lead Counsel

Salix's Counsel

United States District Court
Southern District of New York
Clerk of the Court
Daniel Patrick Moynihan
United States Courthouse
500 Pearl Street
New York, NY 10007-1312

**Bernstein Litowitz Berger &
Grossmann LLP**
Salvatore J. Graziano, Esq.
1251 Avenue of the Americas,
44th Floor
New York, NY 10020

Cahill Gordon & Reindel LLP
Charles A. Gilman, Esq.
80 Pine Street
New York, NY 10005

85. Any objection (a) must state the name, address and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (c) must include documents sufficient to prove membership in the Settlement Class, including the number of each number of shares of Salix common stock, and publicly traded call or put options on Salix common stock that the person or entity requesting exclusion purchased, acquired and sold during the Class Period (from November 8, 2013 through November 6, 2014, inclusive), as well as the dates and prices of each such purchase/acquisition and sale. You may not object to the Settlement, the Plan of Allocation or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

86. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first file and serve a written objection in accordance with the procedures described above, unless the Court orders otherwise.

87. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you timely file and serve a written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and Salix's Counsel at the addresses set forth above so that it is *received on or before* _____, 2017. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

88. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Salix's Counsel at the addresses set forth in ¶ 83 above so that the notice is **received on or _____, 2017.**

89. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Class. If you plan to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

90. Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

WHAT IF I BOUGHT SHARES OR OPTIONS ON SOMEONE ELSE'S BEHALF?

91. If you purchased or otherwise acquired Salix common stock or publicly traded call options on Salix common stock, or sold publicly traded put options on Salix common stock, during the Class Period (November 8, 2013 through November 6, 2014, inclusive) for the beneficial interest of persons or organizations other than yourself, you must either (a) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to *In re Salix Pharmaceuticals, Ltd.*, c/o Epiq Systems, P.O. Box 3656, Portland, OR 97208-3656. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Claim Form to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the website maintained by the Claims Administrator, www.SalixSecuritiesLitigation.com, or by calling the Claims Administrator toll-free at 1-844-308-3656.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

92. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007-1312. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, www.SalixSecuritiesLitigation.com.

All inquiries concerning this Notice and the Claim Form should be directed to:

In re Salix Pharmaceuticals, Ltd.
c/o Epiq Systems
P.O. Box 3656
Portland, OR 97208-3656
(844) 308-6864
www.SalixSecuritiesLitigation.com

and/or

Salvatore J. Graziano, Esq.
BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
1251 Avenue of the Americas, 44th Floor
New York, NY 10020
(800) 380-8496
blbg@blbglaw.com

**DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE
CLERK OF THE COURT, DEFENDANTS OR THEIR COUNSEL
REGARDING THIS NOTICE.**

Dated: _____, 2017

By Order of the Court
United States District Court
Southern District of New York

#1060709

TABLE A

**Salix Common Stock Closing Price and Average Closing Price
November 7, 2014 – February 4, 2015**

Date	Closing Price	Average Closing Price Between November 7, 2014 and Date Shown	Date	Closing Price	Average Closing Price Between November 7, 2014 and Date Shown
11/7/2014	\$91.47	\$91.47	12/22/2014	\$117.46	\$104.40
11/10/2014	\$93.87	\$92.67	12/23/2014	\$116.10	\$104.76
11/11/2014	\$99.01	\$94.78	12/24/2014	\$114.92	\$105.07
11/12/2014	\$95.55	\$94.98	12/26/2014	\$118.09	\$105.45
11/13/2014	\$96.99	\$95.38	12/29/2014	\$118.02	\$105.81
11/14/2014	\$102.32	\$96.54	12/30/2014	\$116.20	\$106.10
11/17/2014	\$101.21	\$97.20	12/31/2014	\$114.94	\$106.34
11/18/2014	\$105.39	\$98.23	1/2/2015	\$114.74	\$106.56
11/19/2014	\$103.63	\$98.83	1/5/2015	\$112.84	\$106.72
11/20/2014	\$100.43	\$98.99	1/6/2015	\$115.99	\$106.95
11/21/2014	\$102.90	\$99.34	1/7/2015	\$120.21	\$107.28
11/24/2014	\$102.91	\$99.64	1/8/2015	\$118.93	\$107.55
11/25/2014	\$102.34	\$99.85	1/9/2015	\$118.09	\$107.80
11/26/2014	\$103.25	\$100.09	1/12/2015	\$119.87	\$108.07
11/28/2014	\$102.69	\$100.26	1/13/2015	\$119.80	\$108.33
12/1/2014	\$101.59	\$100.35	1/14/2015	\$120.21	\$108.59
12/2/2014	\$103.27	\$100.52	1/15/2015	\$119.11	\$108.82
12/3/2014	\$104.05	\$100.72	1/16/2015	\$120.19	\$109.05
12/4/2014	\$105.88	\$100.99	1/20/2015	\$125.83	\$109.40
12/5/2014	\$105.62	\$101.22	1/21/2015	\$124.49	\$109.70
12/8/2014	\$108.00	\$101.54	1/22/2015	\$125.99	\$110.02
12/9/2014	\$107.98	\$101.83	1/23/2015	\$125.92	\$110.32
12/10/2014	\$105.68	\$102.00	1/26/2015	\$127.00	\$110.64
12/11/2014	\$106.15	\$102.17	1/27/2015	\$126.30	\$110.93
12/12/2014	\$103.36	\$102.22	1/28/2015	\$127.89	\$111.24
12/15/2014	\$103.03	\$102.25	1/29/2015	\$135.14	\$111.66
12/16/2014	\$110.11	\$102.54	1/30/2015	\$134.67	\$112.07
12/17/2014	\$114.49	\$102.97	2/2/2015	\$133.65	\$112.44
12/18/2014	\$118.45	\$103.50	2/3/2015	\$140.47	\$112.91
12/19/2014	\$117.20	\$103.96	2/4/2015	\$139.78	\$113.36

Exhibit A-2

In re Salix Pharmaceuticals, Ltd.
c/o Epiq Systems
P.O. Box 3656
Portland, OR 97208-3656
Toll-Free Number: (844) 308-6864
Email: info@SalixSecuritiesLitigation.com
Settlement Website: www.SalixSecuritiesLitigation.com

PROOF OF CLAIM AND RELEASE FORM

To be eligible to receive a share of the Net Settlement Fund in connection with the Settlement of this Action, you must complete and sign this Proof of Claim and Release Form (“Claim Form”) and mail it by first-class mail to the above address, **postmarked no later than _____, 2017.**

Failure to submit your Claim Form by the date specified will subject your claim to rejection and may preclude you from being eligible to receive any money in connection with the Settlement.

Do not mail or deliver your Claim Form to the Court, the parties to the Action, or their counsel. Submit your Claim Form only to the Claims Administrator at the address set forth above.

<u>TABLE OF CONTENTS</u>	<u>PAGE #</u>
PART I – CLAIMANT INFORMATION	—
PART II – GENERAL INSTRUCTIONS	—
PART III – SCHEDULE OF TRANSACTIONS IN SALIX COMMON STOCK	—
PART III – SCHEDULE OF TRANSACTIONS IN SALIX CALL OPTIONS	—
PART III – SCHEDULE OF TRANSACTIONS IN SALIX PUT OPTIONS	—
PART IV – RELEASE OF CLAIMS AND SIGNATURE	—

PART I – CLAIMANT INFORMATION

The Claims Administrator will use this information for all communications regarding this Claim Form. If this information changes, you **MUST** notify the Claims Administrator in writing at the address above.

Beneficial Owner’s First Name

Beneficial Owner’s Last Name

Co-Beneficial Owner’s First Name

Co-Beneficial Owner’s Last Name

Entity Name (if Beneficial Owner is not an individual)

Representative or Custodian Name (if different from Beneficial Owner(s) listed above)

Address1 (street name and number)

Address2 (apartment, unit or box number)

City

State

Zip Code

Country

Last four digits of Social Security Number or Taxpayer Identification Number

Telephone Number (home)

Telephone Number (work)

Email address (E-mail address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim.):

Account Number (where securities were traded)¹:

Claimant Account Type (check appropriate box):

- | | | |
|---|---|--------------------------------|
| <input type="checkbox"/> Individual (includes joint owner accounts) | <input type="checkbox"/> Pension Plan | <input type="checkbox"/> Trust |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Estate | |
| <input type="checkbox"/> IRA/401K | <input type="checkbox"/> Other _____ (please specify) | |

¹ If the account number is unknown, you may leave blank. If filing for more than one account for the same legal entity you may write “multiple.” Please see paragraph 8 below for more information on when to file separate Claim Forms for multiple accounts.

PART II – GENERAL INSTRUCTIONS

1. It is important that you completely read and understand the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice") that accompanies this Claim Form, including the Plan of Allocation of the Net Settlement Fund set forth in the Notice. The Notice describes the proposed Settlement, how Settlement Class Members are affected by the Settlement, and the manner in which the Net Settlement Fund will be distributed if the Settlement and Plan of Allocation are approved by the Court. The Notice also contains the definitions of many of the defined terms (which are indicated by initial capital letters) used in this Claim Form. By signing and submitting this Claim Form, you will be certifying that you have read and that you understand the Notice, including the terms of the releases described therein and provided for herein.

2. This Claim Form is directed to all persons and entities that purchased or acquired publicly traded Salix common stock or publicly traded call options on Salix common stock ("Salix Call Options"), or sold publicly traded put options on Salix common stock ("Salix Put Options"), during the period from November 8, 2013 through November 6, 2014, inclusive (the "Class Period"), and were damaged thereby (the "Settlement Class"). Certain persons and entities are excluded from the Settlement Class by definition as set forth in paragraph 21 of the Notice. Salix common stock, Salix Call Options and Salix Put Options are referred to collectively as the "Salix Securities."

3. By submitting this Claim Form, you will be making a request to share in the proceeds of the Settlement described in the Notice. **IF YOU ARE NOT A SETTLEMENT CLASS MEMBER** (see the definition of the Settlement Class on page __ of the Notice, which sets forth who is included in and who is excluded from the Settlement Class), **OR IF YOU, OR SOMEONE ACTING ON YOUR BEHALF, SUBMITTED A REQUEST FOR EXCLUSION FROM THE SETTLEMENT CLASS, DO NOT SUBMIT A CLAIM FORM. YOU MAY NOT, DIRECTLY OR INDIRECTLY, PARTICIPATE IN THE SETTLEMENT IF YOU ARE NOT A SETTLEMENT CLASS MEMBER.** **THUS, IF YOU ARE EXCLUDED FROM THE SETTLEMENT CLASS, ANY CLAIM FORM THAT YOU SUBMIT, OR THAT MAY BE SUBMITTED ON YOUR BEHALF, WILL NOT BE ACCEPTED.**

4. **Submission of this Claim Form does not guarantee that you will share in the proceeds of the Settlement. The distribution of the Net Settlement Fund will be governed by the Plan of Allocation set forth in the Notice, if it is approved by the Court, or by such other plan of allocation as the Court approves.**

5. Use the Schedules of Transactions in Parts III to V of this Claim Form to supply all required details of your transaction(s) (including free transfers and deliveries) in and holdings of the applicable Salix Securities. On these schedules, please provide all of the requested information with respect to your holdings, purchases, acquisitions, and sales of the applicable Salix Securities, whether such transactions resulted in a profit or a loss. **Failure to report all transaction and holding information during the requested time period may result in the rejection of your claim.**

6. Please note: Only Salix common stock and Salix Call Options purchased or otherwise acquired, and Salix Put Options sold, during the Class Period (*i.e.*, from November 8, 2013 through November 6, 2014, inclusive) are eligible under the Settlement. However, under the "90-day look-back period" (described in the Plan of Allocation set forth in the Notice), your sales of Salix common stock and Salix Call Options contracts

and purchases of Salix Put Options during the period from November 7, 2014 through February 4, 2015, inclusive, will be used for purposes of calculating your claim under the Plan of Allocation. Therefore, in order for the Claims Administrator to be able to balance your claim, the requested purchase/acquisition information for Salix common stock and Salix Call Options and sales information for Salix Put Options during this period must also be provided.

7. You are required to submit genuine and sufficient documentation for all of your transactions in and holdings of the applicable Salix Securities set forth in the Schedules of Transactions in Part III to V of this Claim Form. Documentation may consist of copies of brokerage confirmation slips or monthly brokerage account statements, or an authorized statement from your broker containing the transactional and holding information found in a broker confirmation slip or account statement. The Parties, including Salix, and the Claims Administrator do not independently have information about your investments in Salix common stock. **IF SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN COPIES OF THE DOCUMENTS OR EQUIVALENT DOCUMENTS FROM YOUR BROKER. FAILURE TO SUPPLY THIS DOCUMENTATION MAY RESULT IN THE REJECTION OF YOUR CLAIM. DO NOT SEND ORIGINAL DOCUMENTS. Please keep a copy of all documents that you send to the Claims Administrator. Also, please do not highlight any portion of the Claim Form or any supporting documents.**

8. Separate Claim Forms should be submitted for each separate legal entity (*e.g.*, a claim from joint owners should not include separate transactions of just one of the joint owners, and an individual should not combine his or her IRA transactions with transactions made solely in the individual's name). Conversely, a single Claim Form should be submitted on behalf of one legal entity including all transactions made by that entity on one Claim Form, no matter how many separate accounts that entity has (*e.g.*, a corporation with multiple brokerage accounts should include all transactions made in all accounts on one Claim Form).

9. All joint beneficial owners must each sign this Claim Form and their names must appear as "Claimants" in Part I of this Claim Form. If you purchased or otherwise acquired Salix common stock or Salix Call Options, or sold Salix Put Options, during the Class Period and held the securities in your name, you are the beneficial owner as well as the record owner and you must sign this Claim Form to participate in the Settlement. If, however, you purchased or otherwise acquired Salix common stock or Salix Call Options, or sold Salix Put Options, during the Class Period and the securities were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial owner of these shares, but the third party is the record owner. The beneficial owner, not the record owner, must sign this Claim Form.

10. Agents, executors, administrators, guardians, and trustees must complete and sign the Claim Form on behalf of persons represented by them, and they must:

- (a) expressly state the capacity in which they are acting;
- (b) identify the name, account number, Social Security Number (or taxpayer identification number), address and telephone number of the beneficial owner of (or other person or entity on whose behalf they are acting with respect to) the Salix Securities; and
- (c) furnish herewith evidence of their authority to bind to the Claim Form the person or entity on whose behalf they are acting. (Authority to complete and sign a Claim Form cannot be established by stockbrokers demonstrating only that they have discretionary authority to trade securities in another person's accounts.)

11. By submitting a signed Claim Form, you will be swearing that you:

- (a) owned the Salix Securities you have listed in the Claim Form; or
- (b) are expressly authorized to act on behalf of the owner thereof.

12. By submitting a signed Claim Form, you will be swearing to the truth of the statements contained therein and the genuineness of the documents attached thereto, subject to penalties of perjury under the laws of the United States of America. The making of false statements, or the submission of forged or fraudulent documentation, will result in the rejection of your claim and may subject you to civil liability or criminal prosecution.

13. If the Court approves the Settlement, payments to eligible Authorized Claimants pursuant to the Plan of Allocation (or such other plan of allocation as the Court approves) will be made after any appeals are resolved, and after the completion of all claims processing. The claims process will take substantial time to complete fully and fairly. Please be patient.

14. **PLEASE NOTE:** As set forth in the Plan of Allocation, each Authorized Claimant shall receive his, her or its *pro rata* share of the Net Settlement Fund. If the prorated payment to any Authorized Claimant calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

15. If you have questions concerning the Claim Form, or need additional copies of the Claim Form or the Notice, you may contact the Claims Administrator, Epiq Systems, at the above address, by email at info@SalixSecuritiesLitigation.com, or by toll-free phone at (844) 308-6864, or you can visit the Settlement website, www.SalixSecuritiesLitigation.com, where copies of the Claim Form and Notice are available for downloading.

16. **NOTICE REGARDING ELECTRONIC FILES:** Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. To obtain the mandatory electronic filing requirements and file layout, you may visit the settlement website at www.SalixSecuritiesLitigation.com or you may email the Claims Administrator's electronic filing department at info@SalixSecuritiesLitigation.com. Any file not in accordance with the required electronic filing format will be subject to rejection. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues an email to that effect after processing your file with your claim numbers and respective account information. **Do not assume that your file has been received or processed until you receive this email. If you do not receive such an email within 10 days of your submission, you should contact the electronic filing department at info@SalixSecuritiesLitigation.com to inquire about your file and confirm it was received and acceptable.**

IMPORTANT: PLEASE NOTE

YOUR CLAIM IS NOT DEEMED FILED UNTIL YOU RECEIVE AN ACKNOWLEDGEMENT POSTCARD. THE CLAIMS ADMINISTRATOR WILL ACKNOWLEDGE RECEIPT OF YOUR CLAIM FORM BY MAIL, WITHIN 60 DAYS. IF YOU DO NOT RECEIVE AN ACKNOWLEDGEMENT POSTCARD WITHIN 60 DAYS, PLEASE CALL THE CLAIMS ADMINISTRATOR TOLL FREE AT (844) 308-6864.

PART III – SCHEDULE OF TRANSACTIONS IN SALIX COMMON STOCK

Complete this Part III if and only if you purchased or acquired Salix common stock during the period from November 8, 2013 through and including November 6, 2014. Please be sure to include proper documentation with your Claim Form as described in detail in Part II – General Instructions, Paragraph 7, above. Do not include information regarding securities other than Salix common stock in this section.

1. HOLDINGS AS OF NOVEMBER 8, 2013 – State the total number of shares of Salix common stock held as of the opening of trading on November 8, 2013. (Must be documented.) If none, write “zero” or “0.” _____				Confirm Proof of Position Enclosed <input type="radio"/>
2. PURCHASES/ACQUISITIONS FROM NOVEMBER 8, 2013 THROUGH NOVEMBER 6, 2014 – Separately list each and every purchase/acquisition (including free receipts) of Salix common stock from after the opening of trading on November 8, 2013 through and including November 6, 2014. (Must be documented.)				
Date of Purchase/ Acquisition (List Chronologically) (Month/Day/Year)	Number of Shares Purchased/Acquired	Purchase/Acquisition Price Per Share	Total Purchase/ Acquisition Price (excluding taxes, commissions, and fees)	Confirm Proof of Purchase Enclosed
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
3. PURCHASES/ACQUISITIONS FROM NOVEMBER 7, 2014 THROUGH FEBRUARY 4, 2015 – State the total number of shares of Salix common stock purchased/acquired (including free receipts) from November 7, 2014 through and including the close of trading on February 4, 2015. If none, write “zero” or “0.” ² _____				
4. SALES FROM NOVEMBER 8, 2013 THROUGH FEBRUARY 4, 2015 – Separately list each and every sale/disposition (including free deliveries) of Salix common stock from after the opening of trading on November 8, 2013 through and including the close of trading on February 4, 2015. (Must be documented.)				IF NONE, CHECK HERE <input type="radio"/>
Date of Sale (List Chronologically) (Month/Day/Year)	Number of Shares Sold	Sale Price Per Share	Total Sale Price (excluding taxes, commissions, and fees)	Confirm Proof of Sale Enclosed
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>

² **Please note:** Information requested with respect to your purchases/acquisitions of Salix common stock from November 7, 2014 through and including February 4, 2015 is needed in order to balance your claim; purchases during this period, however, are not eligible under the Settlement and will not be used for purposes of calculating your Recognized Claim pursuant to the Plan of Allocation.

/ /		\$	\$	○
5. HOLDINGS AS OF FEBRUARY 4, 2015 – State the total number of shares of Salix common stock held as of the close of trading on February 4, 2015. (Must be documented.) If none, write “zero” or “0.” _____				Confirm Proof of Position Enclosed ○

IF YOU REQUIRE ADDITIONAL SPACE FOR THE SCHEDULE ABOVE, ATTACH EXTRA SCHEDULES IN THE SAME FORMAT. PRINT THE BENEFICIAL OWNER’S FULL NAME AND LAST FOUR DIGITS OF SOCIAL SECURITY/TAXPAYER IDENTIFICATION NUMBER ON EACH ADDITIONAL PAGE. IF YOU DO ATTACH EXTRA SCHEDULES, CHECK THIS BOX

PART IV– SCHEDULE OF TRANSACTIONS IN SALIX CALL OPTIONS

Complete this Part IV if and only if you purchased or acquired publicly traded call options on Salix common stock (“Salix Call Options”) during the period from November 8, 2013 through and including November 6, 2014. Please include proper documentation with your Claim Form as described in detail in Part II – General Instructions, Paragraph 7, above. Do not include information regarding securities other than Salix Call Options in this section.

1. HOLDINGS AS OF NOVEMBER 8, 2013 – Separately list all positions in Salix Call Option contracts in which you had an open interest as of the opening of trading on November 8, 2013. (Must be documented.)	IF NONE, CHECK HERE <input type="radio"/>
--	---

Strike Price of Call Option Contract	Expiration Date of Call Option Contract (Month/Day/Year)	Number of Call Option Contracts in Which You Had an Open Interest
\$	/ /	
\$	/ /	
\$	/ /	
\$	/ /	

2. PURCHASES/ACQUISITIONS FROM NOVEMBER 8, 2013 THROUGH NOVEMBER 6, 2014 – Separately list each and every purchase and acquisition (including free receipts) of Salix Call Options contracts from after the opening of trading on November 8, 2013, through and including the close of trading on November 6, 2014 in chronological order. (Must be documented.)

Date of Purchase/ Acquisition (Month/Day/Year)	Strike Price of Call Option Contract	Expiration Date of Call Option Contract (Month/Day/Year)	Number of Call Option Contracts Purchased/ Acquired	Purchase/ Acquisition Price Per Call Option Contract	Total Purchase/ Acquisition Price (excluding taxes, commissions, and fees)	Insert an “E” if Exercised Insert an “X” if Expired	Exercise Date (Month/Day/Year)
/ /	\$	/ /		\$	\$		/ /
/ /	\$	/ /		\$	\$		/ /
/ /	\$	/ /		\$	\$		/ /
/ /	\$	/ /		\$	\$		/ /

3. PURCHASES/ACQUISITIONS FROM NOVEMBER 7, 2014 THROUGH FEBRUARY 4, 2015 – State the total number of each series of Salix Call Options that you purchased or acquired (including free receipts) from after the opening of trading on November 7, 2014 through and including the close of trading on February 4, 2015. ³					IF NONE, CHECK HERE <input type="radio"/>
Strike Price of Call Option Contract	Expiration Date of Call Option Contract (Month/Day/Year)			Number of Call Option Contracts You Purchased/Acquired from Nov. 7, 2014 through Feb. 4, 2015	
\$	/ /				
\$	/ /				
\$	/ /				
\$	/ /				
4. SALES FROM NOVEMBER 8, 2013 THROUGH FEBRUARY 4, 2015 – Separately list each and every sale or disposition (including free deliveries) of Salix Call Options from after the opening of trading on November 8, 2013, through and including the close of trading on February 4, 2015 in chronological order. (Must be documented.)					IF NONE, CHECK HERE <input type="radio"/>
Date of Sale (Month/Day/Year)	Strike Price of Call Option Contract	Expiration Date of Call Option Contract (Month/Day/Year)	Number of Call Option Contracts Sold	Sale Price Per Call Option Contract	Total Sale Price (excluding taxes, commissions, and fees)
/ /	\$	/ /		\$	\$
/ /	\$	/ /		\$	\$
/ /	\$	/ /		\$	\$
/ /	\$	/ /		\$	\$

³ **Please note:** Information requested with respect to your purchases/acquisitions of Salix Call Options contracts from November 7, 2014 through and including February 4, 2015 is needed in order to balance your claim; purchases during this period, however, are not eligible under the Settlement and will not be used for purposes of calculating your Recognized Claim pursuant to the Plan of Allocation.

5. HOLDINGS AS OF FEBRUARY 4, 2015 – Separately list all positions in Salix Call Option contracts in which you had an open interest as on February 4, 2015. (Must be documented.)		IF NONE, CHECK HERE ○
Strike Price of Call Option Contract	Expiration Date of Call Option Contract (Month/Day/Year)	Number of Call Option Contracts in Which You Had an Open Interest
\$	/ /	
\$	/ /	
\$	/ /	
\$	/ /	

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS/HOLDINGS YOU MUST PHOTOCOPY THIS PAGE AND CHECK THIS BOX
IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED

PART V – SCHEDULE OF TRANSACTIONS IN SALIX PUT OPTIONS

Complete this Part V if and only if you sold (wrote) publicly traded put options on Salix common stock (“Salix Put Options”) during the period from November 8, 2013 through and including November 6, 2014. Please include proper documentation with your Claim Form as described in detail in Part II – General Instructions, Paragraph 7, above. Do not include information regarding securities other than Salix Put Options in this section.

1. HOLDINGS AS OF NOVEMBER 8, 2013 – Separately list all positions in Salix Put Option contracts in which you had an open interest as of the opening of trading on November 8, 2013. (Must be documented.)						IF NONE, CHECK HERE <input type="radio"/>	
Strike Price of Put Option Contract		Expiration Date of Put Option Contract (Month/Day/Year)		Number of Put Option Contracts in Which You Had an Open Interest			
\$		/ /					
\$		/ /					
\$		/ /					
\$		/ /					
2. SALES (WRITING) FROM NOVEMBER 8, 2013 THROUGH NOVEMBER 6, 2014 – Separately list each and every sale (writing) (including free deliveries) of Salix Put Options contracts from after the opening of trading on November 8, 2013, through and including the close of trading on November 6, 2014 in chronological order. (Must be documented.)							
Date of Sale (Writing) (Month/Day/Year)	Strike Price of Put Option Contract	Expiration Date of Put Option Contract (Month/Day/Year)	Number of Put Option Contracts Sold (Written)	Sale Price Per Put Option Contract	Total Sale Price (excluding taxes, commissions, and fees)	Insert an “E” if Exercised Insert an “X” if Expired	Exercise Date (Month/Day/Year)
/ /	\$	/ /		\$	\$		/ /
/ /	\$	/ /		\$	\$		/ /
/ /	\$	/ /		\$	\$		/ /
/ /	\$	/ /		\$	\$		/ /

3. SALES (WRITING) FROM NOVEMBER 7, 2014 THROUGH FEBRUARY 4, 2015 – State the total number of each series of Salix Put Options that you sold (wrote) (including free deliveries) from after the opening of trading on November 7, 2014 through and including the close of trading on February 4, 2015. ⁴					IF NONE, CHECK HERE <input type="radio"/>
Strike Price of Put Option Contract	Expiration Date of Put Option Contract (Month/Day/Year)			Number of Put Option Contracts You Sold (Wrote) from Nov. 7, 2014 through Feb. 4, 2015	
\$	/ /				
\$	/ /				
\$	/ /				
\$	/ /				
4. PURCHASES/ACQUISITIONS FROM NOVEMBER 8, 2013 THROUGH FEBRUARY 4, 2015 – Separately list each and every purchase and acquisition (including free receipts) of Salix Put Options contracts from after the opening of trading on November 8, 2013, through and including the close of trading on February 4, 2015 in chronological order. (Must be documented.)					IF NONE, CHECK HERE <input type="radio"/>
Date of Purchase/Acquisition (Month/Day/Year)	Strike Price of Put Option Contract	Expiration Date of Put Option Contract (Month/Day/Year)	Number of Put Option Contracts Purchased/Acquired	Purchase/Acquisition Price Per Put Option Contract	Total Purchase/Acquisition Price (excluding taxes, commissions, and fees)
/ /	\$	/ /		\$	\$
/ /	\$	/ /		\$	\$
/ /	\$	/ /		\$	\$
/ /	\$	/ /		\$	\$

⁴ **Please note:** Information requested with respect to your sales (writing) of Salix Put Options contracts from November 7, 2014 through and including February 4, 2015 is needed in order to balance your claim; sales during this period, however, are not eligible under the Settlement and will not be used for purposes of calculating your Recognized Claim pursuant to the Plan of Allocation.

5. HOLDINGS AS OF FEBRUARY 4, 2015 – Separately list all positions in Salix Put Option contracts in which you had an open interest as on February 4, 2015. (Must be documented.)		IF NONE, CHECK HERE ○
Strike Price of Put Option Contract	Expiration Date of Put Option Contract (Month/Day/Year)	Number of Put Option Contracts in Which You Had an Open Interest
\$	/ /	
\$	/ /	
\$	/ /	
\$	/ /	

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS/HOLDINGS YOU MUST PHOTOCOPY THIS PAGE AND CHECK THIS BOX
IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED

PART VI - RELEASE OF CLAIMS AND SIGNATURE

YOU MUST ALSO READ THE RELEASE AND CERTIFICATION BELOW AND SIGN ON PAGE ___ OF THIS CLAIM FORM.

I (we) hereby acknowledge that, pursuant to the terms set forth in the Stipulation, without further action by anyone, upon the Effective Date of the Settlement, I (we), on behalf of myself (ourselves) and my (our) heirs, executors, administrators, attorneys, agents, partners, predecessors, successors, beneficiaries, and assigns, 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 Plaintiff's Claim (including, without limitation, any Unknown Claims) against the Defendants and the other Defendants' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiff's Claims against any of the Defendants' Releasees.

CERTIFICATION

By signing and submitting this Claim Form, the claimant(s) or the person(s) who represent(s) the claimant(s) agree(s) to the release above and certifies (certify) as follows:

1. that I (we) have read and understand the contents of the Notice and this Claim Form, including the releases provided for in the Settlement and the terms of the Plan of Allocation;
2. that the claimant(s) is a (are) Settlement Class Member(s), as defined in the Notice, and is (are) not excluded by definition from the Settlement Class as set forth in the Notice;
3. that the claimant has **not** submitted a request for exclusion from the Settlement Class;
4. that I (we) owned the Salix Securities identified in the Claim Form and have not assigned the claim against any of the Defendants or any of the other Defendants' Releasees to another, or that, in signing and submitting this Claim Form, I (we) have the authority to act on behalf of the owner(s) thereof;
5. that the claimant(s) has (have) not submitted any other claim covering the same purchases or sales of Salix Securities and knows (know) of no other person having done so on the claimant's (claimants') behalf;
6. that the claimant(s) submit(s) to the jurisdiction of the Court with respect to claimant's (claimants') claim and for purposes of enforcing the releases set forth herein;
7. that I (we) agree to furnish such additional information with respect to this Claim Form as Lead Counsel, the Claims Administrator or the Court may require;
8. that the claimant(s) waive(s) the right to trial by jury, to the extent it exists, and agree(s) to the Court's summary disposition of the determination of the validity or amount of the claim made by this Claim Form;
9. that I (we) acknowledge that the claimant(s) will be bound by and subject to the terms of any judgment(s) that may be entered in the Action; and

10. that the claimant(s) is (are) NOT subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code because (a) the claimant(s) is (are) exempt from backup withholding or (b) the claimant(s) has (have) not been notified by the IRS that he/she/it is subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified the claimant(s) that he/she/it is no longer subject to backup withholding. **If the IRS has notified the claimant(s) that he/she/it is subject to backup withholding, please strike out the language in the preceding sentence indicating that the claim is not subject to backup withholding in the certification above.**

UNDER THE PENALTIES OF PERJURY, I (WE) CERTIFY THAT ALL OF THE INFORMATION PROVIDED BY ME (US) ON THIS CLAIM FORM IS TRUE, CORRECT, AND COMPLETE, AND THAT THE DOCUMENTS SUBMITTED HEREWITH ARE TRUE AND CORRECT COPIES OF WHAT THEY PURPORT TO BE.

Signature of claimant Date

Print your name here

Signature of joint claimant, if any Date

Print your name here

If the claimant is other than an individual, or is not the person completing this form, the following also must be provided:

Signature of person signing on behalf of claimant Date

Print your name here

Capacity of person signing on behalf of claimant, if other than an individual, e.g., executor, president, trustee, custodian, etc. (Must provide evidence of authority to act on behalf of claimant – see paragraph 10 on page ___ of this Claim Form.)

REMINDER CHECKLIST:

1. Please sign the above release and certification. If this Claim Form is being made on behalf of joint claimants, then both must sign.
2. Remember to attach only **copies** of acceptable supporting documentation as these documents will not be returned to you.
3. Please do not highlight any portion of the Claim Form or any supporting documents.
4. Keep copies of the completed Claim Form and documentation for your own records.
5. The Claims Administrator will acknowledge receipt of your Claim Form by mail, within 60 days. Your claim is not deemed filed until you receive an acknowledgement postcard. **If you do not receive an acknowledgement postcard within 60 days, please call the Claims Administrator toll free at (844) 308-6864.**
6. If your address changes in the future, or if this Claim Form was sent to an old or incorrect address, please send the Claims Administrator written notification of your new address. If you change your name, please inform the Claims Administrator.
7. If you have any questions or concerns regarding your claim, please contact the Claims Administrator at the address below, by email at info@SalixSecuritiesLitigation.com, or by toll-free phone at (844) 308-6864, or you may visit www.SalixSecuritiesLitigation.com. Please DO NOT call Salix or any of the other Defendants or their counsel with questions regarding your claim.

THIS CLAIM FORM MUST BE MAILED TO THE CLAIMS ADMINISTRATOR BY FIRST-CLASS MAIL, **POSTMARKED NO LATER THAN _____, 2017**, ADDRESSED AS FOLLOWS:

In re Salix Pharmaceuticals, Ltd.
c/o Epiq Systems
P.O. Box 3656
Portland, OR 97208-3656
(844) 308-6864
www.SalixSecuritiesLitigation.com

A Claim Form received by the Claims Administrator shall be deemed to have been submitted when posted, if a postmark date on or before _____, 2017 is indicated on the envelope and it is mailed First Class, and addressed in accordance with the above instructions. In all other cases, a Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to fully process all of the Claim Forms. Please be patient and notify the Claims Administrator of any change of address.

Exhibit A-3

Exhibit A-3

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

)	
IN RE SALIX PHARMACEUTICALS, LTD.	)	Case No. 14 Civ. 8925 (KMW)
	)	CLASS ACTION
)	
)	

**SUMMARY NOTICE OF (I) PENDENCY OF CLASS ACTION AND
PROPOSED SETTLEMENT; (II) SETTLEMENT FAIRNESS HEARING;
AND (III) MOTION FOR AN AWARD OF ATTORNEYS’ FEES
AND REIMBURSEMENT OF LITIGATION EXPENSES**

TO: All persons or entities who purchased or otherwise acquired publicly traded common stock of Salix Pharmaceuticals, Ltd. (“Salix”) or publicly traded call options on Salix common stock, or sold publicly traded put options on Salix common stock, during the period from November 8, 2013 through November 6, 2014, inclusive (the “Class Period”), and were damaged thereby (the “Settlement Class”):

PLEASE READ THIS NOTICE CAREFULLY, YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York, that the above-captioned litigation (the “Action”) has been certified for settlement purposes only as a class action on behalf of the Settlement Class, except for certain persons and entities who are excluded from the Settlement Class by definition as set forth in the full printed Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys’ Fees and Reimbursement of Litigation Expenses (the “Notice”).

YOU ARE ALSO NOTIFIED that Lead Plaintiffs in the Action have reached a proposed settlement of the Action for \$210,000,000 in cash (the “Settlement”), that, if approved, will fully, finally, and completely resolve all claims in the Action.

A hearing will be held on _____, 2017 at __:___.m., before the Honorable Kimba M. Wood at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, Courtroom 18B, 500 Pearl Street, New York, NY 10007-1312, to determine (i) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (ii) whether the Action should be dismissed with prejudice against Defendants, and the Releases specified and described in the Stipulation and Agreement of Settlement dated March 24, 2017 (and in the Notice) should be granted; (iii) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (iv) whether Lead

Counsel's application for an award of attorneys' fees and reimbursement of expenses should be approved.

If you are a member of the Settlement Class, your rights will be affected by the pending Action and the Settlement, and you may be entitled to share in the Settlement Fund. If you have not yet received the Notice and Claim Form, you may obtain copies of these documents by contacting the Claims Administrator at *In re Salix Pharmaceuticals, Ltd.*, c/o Epiq Systems, P.O. Box 3656, Portland, OR 97208-3656, 1-844-308-6864. Copies of the Notice and Claim Form can also be downloaded from the website maintained by the Claims Administrator, <http://www.SalixSecuritiesLitigation.com>.

If you are a member of the Settlement Class, in order to be eligible to receive a payment under the proposed Settlement, you must submit a Claim Form *postmarked* no later than _____, 2017. If you are a Settlement Class Member and do not submit a proper Claim Form, you will not be eligible to share in the distribution of the net proceeds of the Settlement but you will nevertheless be bound by any judgments or orders entered by the Court in the Action.

If you are a member of the Settlement Class and wish to exclude yourself from the Settlement Class, you must submit a request for exclusion such that it is *received* no later than _____, 2017, in accordance with the instructions set forth in the Notice. If you properly exclude yourself from the Settlement Class, you will not be bound by any judgments or orders entered by the Court in the Action and you will not be eligible to share in the proceeds of the Settlement.

Any objections to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of expenses, must be filed with the Court and delivered to Lead Counsel and Salix's Counsel such that they are *received* no later than _____, 2017, in accordance with the instructions set forth in the Notice.

Please do not contact the Court, the Clerk's office, Salix, or its counsel regarding this notice. All questions about this notice, the proposed Settlement, or your eligibility to participate in the Settlement should be directed to Lead Counsel or the Claims Administrator.

Inquiries, other than requests for the Notice and Claim Form, should be made to Lead Counsel:

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
Salvatore J. Graziano, Esq.
1251 Avenue of the Americas, 44th Floor
New York, NY 10020
(800) 380-8496
blbg@blbglaw.com

Requests for the Notice and Claim Form should be made to:

In re Salix Pharmaceuticals, Ltd.,
c/o Epiq Systems
P.O. Box 3656
Portland, OR 97208-3656
(844) 308-6864
www.SalixSecuritiesLitigation.com

By Order of the Court

Exhibit B

Exhibit B

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
	)	Case No. 14 Civ. 8925 (KMW)
IN RE SALIX PHARMACEUTICALS, LTD.	)	CLASS ACTION
)	
_____)	

JUDGMENT APPROVING CLASS ACTION SETTLEMENT

WHEREAS, a consolidated class action is pending in this Court entitled *In re Salix Pharmaceuticals, Ltd.*, Case No. 14 Civ. 8925 (KMW) (the “Action”);

WHEREAS, (a) Lead Plaintiff PWCM Master Fund Ltd., Pentwater Equity Opportunities Master Fund Ltd., Oceana Master Fund Ltd., Pentwater Merger Arbitrage Master Fund Ltd., and LMA SPC for and on behalf of the MAP98 Segregated Portfolio (collectively, “Lead Plaintiff”), on behalf of itself and the Settlement Class (including City of Fort Lauderdale General Employees’ Retirement System and further defined below), and (b) Defendant Salix Pharmaceuticals, Ltd. (“Salix”), and Defendants Carolyn J. Logan and Adam C. Derbyshire (collectively, the “Individual Defendants,” and together with Salix, the “Defendants,” and together with Lead Plaintiff, the “Parties”) have entered into a Stipulation and Agreement of Settlement dated March 24, 2017 (the “Stipulation”), that provides for a full, final, and complete dismissal with prejudice of the claims asserted against Defendants in the Action on the terms and conditions set forth in the Stipulation, subject to the approval of this Court (the “Settlement”);

WHEREAS, unless otherwise defined in this Judgment, the capitalized terms herein shall have the same meaning as they have in the Stipulation;

WHEREAS, by Order dated _____, 2017 (the “Preliminary Approval Order”), this Court: (a) preliminarily approved the Settlement; (b) certified the Settlement Class solely for

purposes of effectuating the Settlement and for no other purpose; (c) ordered that notice of the proposed Settlement be provided to potential Settlement Class Members; (d) provided Settlement Class Members with the opportunity either to exclude themselves from the Settlement Class or to object to the proposed Settlement; and (e) scheduled a hearing regarding final approval of the Settlement;

WHEREAS, due and adequate notice has been given to the Settlement Class;

WHEREAS, the Court conducted a hearing on _____, 2017 (the “Settlement Hearing”) to consider, among other things, (a) whether the terms and conditions of the Settlement are fair, reasonable and adequate to the Settlement Class, and should therefore be approved; and (b) whether a judgment should be entered dismissing the Action with prejudice as against the Defendants; and

WHEREAS, the Court having reviewed and considered the Stipulation, all papers filed and proceedings held herein in connection with the Settlement, all oral and written comments received regarding the Settlement, and the record in the Action, and good cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. **Jurisdiction** – The Court has jurisdiction over the subject matter of the Action, and all matters relating to the Settlement, as well as personal jurisdiction over all of the Parties and each of the Settlement Class Members.

2. **Incorporation of Settlement Documents** – This Judgment incorporates and makes a part hereof: (a) the Stipulation filed with the Court on _____, 2017; and (b) the Notice and the Summary Notice, both of which were filed with the Court on _____, 2017.

3. **Class Certification for Settlement Purposes** – The Court hereby affirms its determinations in the Preliminary Approval Order certifying, for the purposes of the Settlement

only, the Action as a class action pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Settlement Class consisting of all persons or entities who purchased or otherwise acquired publicly traded Salix common stock or publicly traded call options on Salix common stock, or sold publicly traded put options on Salix common stock, during the period from November 8, 2013 through November 6, 2014, inclusive (the “Class Period”), and were damaged thereby. Excluded from the Settlement Class are Defendants; Salix’s parents, affiliates and subsidiaries (including Valeant Pharmaceuticals International, Inc.); the Officers and directors of Salix and its parents, subsidiaries and affiliates currently or during the Class Period; members of the Immediate Family of any excluded person; any entity in which any excluded person has a controlling interest or had a controlling interest during the Class Period; and the heirs, successors, and assigns of any excluded person or entity. [Also excluded from the Settlement Class are the persons and entities listed on Exhibit 1 hereto who or which are excluded from the Settlement Class pursuant to request.]

4. **Adequacy of Representation** – Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, the Court hereby affirms its determinations in the Preliminary Approval Order certifying Lead Plaintiff and additional named plaintiff City of Fort Lauderdale General Employees’ Retirement System (collectively, “Plaintiffs”) as Class Representatives for the Settlement Class and appointing Lead Counsel as Class Counsel for the Settlement Class. Plaintiffs and Lead Counsel have fairly and adequately represented the Settlement Class both in terms of litigating the Action and for purposes of entering into and implementing the Settlement and have satisfied the requirements of Federal Rules of Civil Procedure 23(a)(4) and 23(g), respectively.

5. **Notice** – The Court finds that the dissemination of the Notice and the publication of the Summary Notice: (a) were implemented in accordance with the Preliminary Approval Order; (b) constituted the best notice practicable under the circumstances; (c) constituted notice that was reasonably calculated, under the circumstances, to apprise Settlement Class Members of (i) the pendency of the Action; (ii) the effect of the proposed Settlement (including the Releases to be provided thereunder); (iii) Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of Litigation Expenses; (iv) their right to object to any aspect of the Settlement, the Plan of Allocation and/or Lead Counsel’s motion for attorneys’ fees and reimbursement of Litigation Expenses; (v) their right to exclude themselves from the Settlement Class; and (vi) their right to appear at the Settlement Hearing; (d) constituted due, adequate, and sufficient notice to all persons and entities entitled to receive notice of the proposed Settlement; and (e) satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, as amended, and all other applicable law and rules.

6. **Final Settlement Approval and Dismissal of Claims** – Pursuant to, and in accordance with, Rule 23 of the Federal Rules of Civil Procedure, this Court hereby fully and finally approves the Settlement set forth in the Stipulation in all respects (including, without limitation: the amount of the Settlement; the Releases provided for therein; and the dismissal with prejudice of the claims asserted against Defendants in the Action), and finds that the Settlement is, in all respects, fair, reasonable and adequate to the Settlement Class. The Parties are directed to implement, perform and consummate the Settlement in accordance with the terms and provisions contained in the Stipulation.

7. The Action and all of the claims asserted against Defendants in the Action by Lead Plaintiff and the other Settlement Class Members are hereby dismissed with prejudice. The Parties shall bear their own costs and expenses, except as otherwise expressly provided in the Stipulation.

8. **Binding Effect** – The terms of the Stipulation and of this Judgment shall be forever binding on Defendants, Lead Plaintiff and all other Settlement Class Members (regardless of whether or not any individual Settlement Class Member submits a Claim Form or seeks or obtains a distribution from the Net Settlement Fund), as well as their respective successors and assigns. [The persons and entities listed on Exhibit 1 hereto are excluded from the Settlement Class pursuant to request and are not bound by the terms of the Stipulation or this Judgment.]

9. **Releases** – The Releases set forth in paragraphs 5 and 6 of the Stipulation, together with the definitions contained in paragraph 1 of the Stipulation relating thereto, are expressly incorporated herein in all respects. The Releases are effective as of the Effective Date. Accordingly, this Court orders that:

(a) Without further action by anyone, and subject to paragraph 10 below, upon the Effective Date of the Settlement, Lead Plaintiff and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, shall be deemed to have, and by operation of law and of this Judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiffs' Claim against the Defendants and the other Defendants' Releasees, and shall forever be enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendants' Releasees.

(b) Without further action by anyone, and subject to paragraph 10 below, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective

heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, shall be deemed to have, and by operation of law and of this Judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendants' Claim against Lead Plaintiff and the other Plaintiffs' Releasees, and shall forever be enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees. [This Release shall not apply to any person or entity listed on Exhibit 1 hereto.]

10. Notwithstanding paragraphs 9(a) – (b) above, nothing in this Judgment shall bar any action by any of the Parties to enforce or effectuate the terms of the Stipulation or this Judgment.

11. **Rule 11 Findings** – The Court finds and concludes that the Parties and their respective counsel have complied in all respects with the requirements of Rule 11 of the Federal Rules of Civil Procedure in connection with the institution, prosecution, defense, and settlement of the Action.

12. **No Admissions** – Neither this Judgment, the Term Sheet, the Stipulation (whether or not it becomes effective), including the exhibits thereto and the Plan of Allocation contained therein (or any other plan of allocation that may be approved by the Court), the negotiations leading to the execution of the Term Sheet and the Stipulation, nor any proceedings taken pursuant to or in connection with the Term Sheet, the Stipulation and/or approval of the Settlement (including any arguments proffered in connection therewith):

(a) shall be offered against any of the Defendants and the Defendants' Releasees as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of the Defendants and the Defendants' Releasees with respect to

the truth of any fact alleged by Lead Plaintiff or the merit of any claim, act, matter or proposition 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 Defendants and the Defendants' Releasees or in any way referred to for any other reason as against any of the Defendants and the Defendants' Releasees, in any current or future civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to enforce the provisions of the Stipulation;

(b) shall be offered against any of the Plaintiffs and 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 and the Plaintiffs' Releasees that any of their claims are without merit, that any of the Defendants had meritorious defenses, or that damages recoverable under the Complaint would not have exceeded the Settlement Amount or with respect to any liability, negligence, fault or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Plaintiffs and the Plaintiffs' Releasees, in any civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation; or

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

provided, however, that the Parties and the Releasees and their respective counsel may refer to this Judgment and the Stipulation to effectuate the protections from liability granted hereunder and thereunder or otherwise to enforce the terms of the Settlement.

13. **Retention of Jurisdiction** – Without affecting the finality of this Judgment in any way, this Court retains continuing and exclusive jurisdiction over: (a) the Parties for purposes of the administration, interpretation, implementation and enforcement of the Settlement; (b) the disposition of the Settlement Fund; (c) any motion for an award of attorneys’ fees and/or Litigation Expenses by Lead Counsel in the Action that will be paid from the Settlement Fund; (d) any motion to approve the Plan of Allocation; (e) any motion to approve the Class Distribution Order; and (f) the Settlement Class Members for all matters relating to the Action.

14. Separate orders shall be entered regarding approval of a plan of allocation and the motion of Lead Counsel for an award of attorneys’ fees and reimbursement of Litigation Expenses. Such orders shall in no way affect or delay the finality of this Judgment and shall not affect or delay the Effective Date of the Settlement.

15. **Modification of the Agreement of Settlement** – Without further approval from the Court, Lead Plaintiff and Defendants are hereby authorized to agree to and adopt such amendments or modifications of the Stipulation or any exhibits attached thereto to effectuate the Settlement that: (a) are not materially inconsistent with this Judgment; and (b) do not materially limit the rights of Settlement Class Members in connection with the Settlement. Without further order of the Court, Lead Plaintiff and Defendants may agree to reasonable extensions of time to carry out any provisions of the Settlement.

16. **Termination of Settlement** – If the Settlement is terminated as provided in the Stipulation or the Effective Date of the Settlement otherwise fails to occur, this Judgment shall be vacated, rendered null and void *nun pro tunc* and be of no further force and effect, except as otherwise provided by the Stipulation, and this Judgment shall be without prejudice to the rights

of Lead Plaintiff, the other Settlement Class Members and Defendants, and the Parties shall revert to their respective positions in the Action as of February 8, 2017, as provided in the Stipulation.

17. **Entry of Final Judgment** – There is no just reason to delay the entry of this Judgment as a final judgment in this Action. Accordingly, the Clerk of the Court is expressly directed to immediately enter this final judgment in this Action.

SO ORDERED this _____ day of _____, 2017.

The Honorable Kimba M. Wood
United States District Judge

Exhibit 1

[List of Persons and Entities Excluded from the Settlement Class Pursuant to Request]