

Edgar Filing: Valeant Pharmaceuticals International, Inc. - Form SC 13D/A

Valeant Pharmaceuticals International, Inc.
Form SC 13D/A
May 08, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 13D
Under the Securities and Exchange Act of 1934

Amendment No. 5

Valeant Pharmaceuticals International, Inc.

(Name of Issuer)

Common Stock, no par value

(Title of Class of Securities)

91911K102

(CUSIP Number)

Allison Bennington, Esq.
ValueAct Capital
435 Pacific Avenue, Fourth Floor
San Francisco, CA 94133
(415) 362-3700

(Name, address and telephone number of Person
Authorized to Receive Notices and Communications)

May 5, 2014

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box [].

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 240.13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

This information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP NO. 91911K102

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1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only)

ValueAct Capital Master Fund, L.P.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) (b)

3. SEC USE ONLY

4. SOURCE OF FUNDS (See Instructions)*

WC*

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

British Virgin Islands

	7. SOLE VOTING POWER
	0
NUMBER OF	8. SHARED VOTING POWER
SHARES	17,575,958**
BENEFICIALLY	
OWNED BY EACH	9. SOLE DISPOSITIVE POWER
PERSON WITH	0
	10. SHARED DISPOSITIVE POWER
	17,575,958**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

17,575,958**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.3%

14. TYPE OF REPORTING PERSON

PN

*See Item 3

**See Items 2 and 5

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1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only)

ValueAct Co-Invest Master Fund, L.P.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) (b)

3. SEC USE ONLY

4. SOURCE OF FUNDS (See Instructions)*

WC*

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

British Virgin Islands

7. SOLE VOTING POWER
 0

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH PERSON WITH

8. SHARED VOTING POWER
 1,352,941**

9. SOLE DISPOSITIVE POWER
 0

10. SHARED DISPOSITIVE POWER
 1,352,941**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,352,941**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.4%

14. TYPE OF REPORTING PERSON

PN

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1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE
PERSON (entities only)

VA Partners I, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [X]
(b) []

3. SEC USE ONLY

4. SOURCE OF FUNDS*

00*

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER
0

NUMBER OF	-----
SHARES	-----
BENEFICIALLY	8. SHARED VOTING POWER
OWNED BY EACH	18,928,899**
PERSON WITH	-----
	9. SOLE DISPOSITIVE POWER
	0

	10. SHARED DISPOSITIVE POWER
	18,928,899**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

18,928,899**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES []

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.7%

14. TYPE OF REPORTING PERSON

00 (LLC)

*See Item 3

**See Items 2 and 5

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1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only)

ValueAct Capital Management, L.P.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) (b)

3. SEC USE ONLY

4. SOURCE OF FUNDS*

00*

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

	7. SOLE VOTING POWER
	0
NUMBER OF	8. SHARED VOTING POWER
SHARES	18,928,899**
BENEFICIALLY	
OWNED BY EACH	9. SOLE DISPOSITIVE POWER
PERSON WITH	0
	10. SHARED DISPOSITIVE POWER
	18,928,899**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

18,928,899**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.7%

14. TYPE OF REPORTING PERSON

PN

*See Item 3

**See Items 2 and 5

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CUSIP NO. 91911K102

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1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only)

ValueAct Capital Management, LLC

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2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS*

00*

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

	7. SOLE VOTING POWER	0
NUMBER OF	8. SHARED VOTING POWER	18,928,899**
SHARES		
BENEFICIALLY	9. SOLE DISPOSITIVE POWER	0
OWNED BY EACH		
PERSON WITH	10. SHARED DISPOSITIVE POWER	18,928,899**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

18,928,899**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.7%

14. TYPE OF REPORTING PERSON

00 (LLC)

*See Item 3

**See Items 2 and 5

SCHEDULE 13D

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1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE
PERSON (entities only)

ValueAct Holdings, L.P.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3. SEC USE ONLY

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4. SOURCE OF FUNDS*

00*

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER
0

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY EACH
PERSON WITH

8. SHARED VOTING POWER
18,928,899**

9. SOLE DISPOSITIVE POWER
0

10. SHARED DISPOSITIVE POWER
18,928,899**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

18,928,899**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES []

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.7%

14. TYPE OF REPORTING PERSON

PN

*See Item 3

**See Items 2 and 5

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1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE
PERSON (entities only)

ValueAct Holdings GP, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [X]
(b) []

3. SEC USE ONLY

4. SOURCE OF FUNDS*

00*

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5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER
0

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY EACH
PERSON WITH

8. SHARED VOTING POWER
18,928,899**

9. SOLE DISPOSITIVE POWER
0

10. SHARED DISPOSITIVE POWER
18,928,899**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

18,928,899**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES []

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.7%

14. TYPE OF REPORTING PERSON

00 (LLC)

*See Item 3

**See Items 2 and 5

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THE PURPOSE OF THIS AMENDMENT NO. 5 TO SCHEDULE 13D IS TO AMEND THE OWNERSHIP REPORTS OF THE REPORTING PERSONS AND TO AMEND ITEM 2 (IDENTITY AND BACKGROUND), ITEM 4 (PURPOSE OF TRANSACTION), ITEM 6 (CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER) AND ITEM 7 (MATERIAL TO BE FILED AS EXHIBITS). THE INFORMATION BELOW SUPPLEMENTS THE INFORMATION PREVIOUSLY PROVIDED.

Item 1. Security and Issuer

This Schedule 13D relates to the Common Stock, no par value (the "Common Stock"), of Valeant Pharmaceuticals International, Inc. a Canadian corporation (the "Issuer"). The address of the principal executive offices of the Issuer is 2150 St. Elzear Blvd. West Laval, Quebec, Canada, H7L 4A8B.

Item 2. Identity and Background

This statement is filed jointly by (a) ValueAct Capital Master Fund, L.P. ("ValueAct Master Fund"), (b) ValueAct Co-Invest Master Fund, L.P.

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("ValueAct Co-Invest"), (c) VA Partners I, LLC ("VA Partners I"), (d) ValueAct Capital Management, L.P. ("ValueAct Management L.P."), (e) ValueAct Capital Management, LLC ("ValueAct Management LLC"), (f) ValueAct Holdings, L.P. ("ValueAct Holdings") and (g) ValueAct Holdings GP, LLC ("ValueAct Holdings GP") (collectively, the "Reporting Persons").

ValueAct Master Fund is a limited partnership organized under the laws of the British Virgin Islands. It has a principal business address of 435 Pacific Avenue, Fourth Floor, San Francisco, CA 94133.

ValueAct Co-Invest is a limited partnership organized under the laws of the British Virgin Islands. It has a principal business address of 435 Pacific Avenue, Fourth Floor, San Francisco, CA 94133.

VA Partners I is a Delaware limited liability company, the principal business of which is to serve as the General Partner to ValueAct Master Fund and ValueAct Co-Invest. It has a principal business address of 435 Pacific Avenue, Fourth Floor, San Francisco, CA 94133.

ValueAct Management L.P. is a Delaware limited partnership which renders management services to ValueAct Master Fund and ValueAct Co-Invest. ValueAct Management LLC is a Delaware limited liability company, the principal business of which is to serve as the General Partner to ValueAct Management L.P. Each has a principal business address of 435 Pacific Avenue, Fourth Floor, San Francisco, CA 94133.

ValueAct Holdings is a Delaware limited partnership and is the sole owner of the limited partnership interests of ValueAct Management L.P. and the membership interests of ValueAct Management LLC and is the majority owner of the membership interests of VA Partners I. ValueAct Holdings GP is a Delaware limited liability company, the principal business of which is to serve as the General Partner to ValueAct Holdings. Each has a principal business address of 435 Pacific Avenue, Fourth Floor, San Francisco, CA 94133.

(d) and (e). None of the entities or persons identified in this Item 2 has during the past five years been convicted of any criminal proceeding (excluding traffic violations or similar misdemeanors), nor been a party to a

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civil proceeding of a judicial or administrative body of competent judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

Not applicable.

Item 4. Purpose of Transaction

The Reporting Persons have acquired the Issuer's Common Stock for investment purposes, and such purchases have been made in the Reporting Persons' ordinary course of business.

In pursuing such investment purposes, the Reporting Persons may further purchase, hold, vote, trade, dispose or otherwise deal in the Common Stock at times, and in such manner, as they deem advisable to benefit from changes in market prices of such Common Stock, changes in the Issuer's operations, business strategy or prospects, or from sale or merger of the Issuer. To

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evaluate such alternatives, the Reporting Persons will routinely monitor the Issuer's operations, prospects, business development, management, competitive and strategic matters, capital structure, and prevailing market conditions, as well as alternative investment opportunities, liquidity requirements of the Reporting Persons and other investment considerations. Consistent with its investment research methods and evaluation criteria, the Reporting Persons may discuss such matters with management or directors of the Issuer, other shareholders, industry analysts, existing or potential strategic partners or competitors, investment and financing professionals, sources of credit and other investors. Such factors and discussions may materially affect, and result in, the Reporting Persons' modifying their ownership of Common Stock, exchanging information with the Issuer pursuant to appropriate confidentiality or similar agreements, proposing changes in the Issuer's operations, governance or capitalization, or in proposing one or more of the other actions described in subsections (a) through (j) of Item 4 of Schedule 13D.

The Reporting Persons reserve the right to formulate other plans and/or make other proposals, and take such actions with respect to their investment in the Issuer, including any or all of the actions set forth in paragraphs (a) through (j) of Item 4 of Schedule 13D, or acquire additional Common Stock or dispose of all the Common Stock beneficially owned by them, in the public market or privately negotiated transactions. The Reporting Persons may at any time reconsider and change their plans or proposals relating to the foregoing.

Additionally, on May 5, 2014 G. Mason Morfit tendered his resignation as a member of the board of directors of the Issuer. The information set forth in this Item 4 is qualified in its entirety by reference to the Resignation Letter, which is attached hereto as Exhibit 2 and incorporated by reference herein in its entirety.

Item 5. Interest in Securities of the Issuer

(a) and (b). Set forth below is the beneficial ownership of shares of Common Stock of the Issuer for each person named in Item 2. Shares reported

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as beneficially owned by ValueAct Master Fund or ValueAct Co-Invest are also reported as beneficially owned by (i) ValueAct Management L.P. as the manager of each such investment partnership, (ii) ValueAct Management LLC, as General Partner of ValueAct Management L.P., (iii) ValueAct Holdings, as the sole owner of the limited partnership interests of ValueAct Management L.P. and the membership interests of ValueAct Management LLC and as the majority owner of the membership interests of VA Partners I and (iv) ValueAct Holdings GP, as General Partner of ValueAct Holdings. Shares reported as beneficially owned by ValueAct Master Fund or ValueAct Co-Invest are also reported as beneficially owned by VA Partners I, as General Partner of ValueAct Master Fund and ValueAct Co-Invest. VA Partners I, ValueAct Management L.P., ValueAct Management LLC, ValueAct Holdings and ValueAct Holdings GP also, directly or indirectly, may own interests in one or more than one of the partnerships from time to time. Unless otherwise indicated below, by reason of such relationships ValueAct Master Fund and ValueAct Co-Invest are reported as having shared power to vote or to direct the vote, and shared power to dispose or direct the disposition of, such shares of Common Stock, with VA Partners I (only with respect to ValueAct Master Fund and ValueAct Co-Invest), ValueAct Management L.P., ValueAct Management LLC, ValueAct Holdings and ValueAct Holdings GP.

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Shares reported as beneficially owned by ValueAct Master Fund include 5,022 Restricted Stock Units obtained directly from the Issuer as compensation for service on the Issuer's Board of Directors and held by principals of ValueAct Master Fund who served on the Issuer's Board of Directors. In accordance with the policies of ValueAct Master Fund those individuals hold such shares for the benefit of ValueAct Master Fund and disclaim beneficial ownership of the shares.

As of the date hereof, the Reporting Persons beneficially own 18,928,899 shares of the Issuer's Common Stock, representing approximately 5.7% of the issued and outstanding shares of the Issuer's Common Stock. This percentage is based on 333,530,793 shares of the Issuer's Common Stock issued and outstanding as of April 8, 2014, as reported by the Issuer in its Proxy statement filed with the Securities and Exchange Commission April 22, 2014.

(c) (d) and (e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

The information set forth in Item 4 above is hereby incorporated by reference into this Item 6. The information in this Item 6 is qualified in its entirety by reference to the Resignation Letter, attached hereto as Exhibit 2, and is incorporated by reference herein.

Other than as described elsewhere in this Report and as previously reported, the Reporting Persons have no understandings, arrangements, relationships or contracts relating to the Issuer's Common Stock which are required to be described hereunder.

Item 7. Material to Be Filed as Exhibits

- (1) Joint Filing Agreement
- (2) Resignation Letter

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SIGNATURE

After reasonable inquiry and to the best of his knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below on this Schedule 13D hereby constitutes and appoints Jeffrey W. Ubben, George F. Hamel, Jr., G. Mason Morfit and Allison Bennington, and each of them, with full power to act without the other, his or its true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or it and in his or its name, place and stead, in any and all capacities (until revoked in writing) to sign any and all amendments to this Schedule 13D, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary fully to all intents and purposes as he or it might or could do in person, thereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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ValueAct Capital Master Fund L.P., by
VA Partners I, LLC, its General Partner

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

ValueAct Co-Invest Master Fund L.P., by
VA Partners I, LLC, its General Partner

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

VA Partners I, LLC

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

ValueAct Capital Management, L.P., by
ValueAct Capital Management, LLC its
General Partner

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

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ValueAct Capital Management, LLC

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

ValueAct Holdings, L.P., by
ValueAct Holdings GP, LLC, its
General Partner

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

ValueAct Holdings GP, LLC

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

Exhibit 1

JOINT FILING UNDERTAKING

The undersigned parties hereby agree that the Schedule 13D filed herewith (and any amendments thereto) relating to the Common Stock of Valeant Pharmaceuticals International, Inc. is being filed jointly on behalf of each of them with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended.

ValueAct Capital Master Fund L.P., by
VA Partners I, LLC, its General Partner

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

ValueAct Co-Invest Master Fund L.P., by
VA Partners I, LLC, its General Partner

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

VA Partners I, LLC

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

ValueAct Capital Management, L.P., by
ValueAct Capital Management, LLC its
General Partner

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

ValueAct Capital Management, LLC

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

ValueAct Holdings, L.P., by
ValueAct Holdings GP, LLC, its
General Partner

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

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ValueAct Holdings GP, LLC

By: /s/ George F. Hamel, Jr.

Dated: May 8, 2014

George F. Hamel, Jr., Chief Operating Officer

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Exhibit 2

RESIGNATION LETTER

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May 5, 2014

J. Michael Pearson
Valeant Pharmaceuticals
700 Route 202/206 North
Bridgewater, NJ 08807

Dear Mike,

I am hereby resigning effective today as a director of Valeant Pharmaceuticals International.

As you know, ValueAct Capital has been a shareholder of Valeant Pharmaceuticals since 2006 and I have been a member of the board of directors since 2007. My team and I are proud to have worked with you and to have been a part of tremendous value creation for all shareholders. As I have told you, after seven years on the board of directors, and with my new position on the board of directors of Microsoft, the time has come for me to reallocate my time to other board work. The company is in an extremely strong position and I feel good about the future of Valeant.

Due to the company's strategy, there have been very long periods during which we have not been able to buy and sell shares. Most recently, ValueAct Capital has been restricted from selling any shares in Valeant since June 2013, during which time the stock has risen from \$85 to \$135. Beginning in February 2014, I expressed to you and the board my desire to manage down this position in our fund (currently approximately \$2.5 billion out of our \$14 billion in assets under management). By resigning today, with the Allergan transaction in the public domain and with Valeant's earnings report later this week, this will create an opportunity for ValueAct Capital to sell if we choose (of course depending on stock price) later this year. Serving out the remaining term of my board service, could potentially create additional delays and complications, particularly if Allergan enters into negotiations with Valeant.

To reiterate, we are making a portfolio management decision, not a decision about Valeant's fundamental business, future performance or the merits of the Allergan deal. ValueAct Capital has a practice of reducing portfolio weightings in companies where we no longer serve on the board of directors. We have done this consistently since our inception in 2000. That being said, after my resignation we still plan to be large Valeant shareholders for some time. We currently plan to hold more than \$1 billion in shares and Valeant should remain one of our top positions. I wish you, your team and my board colleagues all the best and look forward to many more years of extraordinary performance.

Sincerely,

/s/ G. Mason Morfit