

As previously stated, allegations regarding heightened inventory levels at Valeant are unfounded. Valeant has set targeted distribution channel (wholesale and retail) inventory levels for emerging markets at 2-4 months, depending upon the market and product. These inventory levels can fluctuate from period to period even if there is no change in the absolute value of inventory due to fluctuations in market demand and other economic factors. At the end of November 2015, inventory levels for Poland were approximately 3 months. All inventory in our warehouses is included on our balance sheet and is not recorded as sales until it is sold to a customer.