

**CIRCULAR OF THE MANDATORY NON-COMPETITIVE TENDER OFFER
TO BUY THE REMAINING VOTING SHARES IN AB SANITAS
19 August 2011, Vilnius**

1. Terms of the tender offer:

After closing of the transaction according to Share Sale and Purchase Agreement of 23 May 2011 Valeant Pharmaceuticals International, Inc. (the "Offeror") acquired shares in AB "SANITAS" (the "Company" or the "Offeree Company") that entitle Offeror to more than 1/3 of votes in the general meeting of shareholders of the Company.

Following provisions of Article 31 of the Law of the Republic of Lithuania on Securities the Offeror submits and implements the tender offer to buy the remaining voting ordinary registered shares of the Company LTL 1 (one litas) par value each.

The Offeror submits the tender offer regarding remaining 2,480,895 (two million four hundred eighty thousand eight hundred ninety five) shares of the Company.

The tender offer price is EUR 10.06 (ten euro and six eurocents) for 1 (one) share (the equivalent in litas is LTL 34.74).

The payment for the purchased shares of the Company shall be effected in euros.

2. Name, legal form, legal entity code, address of the registered office, telephone and fax numbers, e-mail address, website address of the Offeree Company:

Name of the Company: AB "SANITAS";
Legal form: public limited liability company;
Legal entity code: 134136296;
Address of the registered office: Veiverių st. 134B, LT-46352 Kaunas, Lithuania;
Tel.: (+370 37) 22 67 25;
Fax: (+370 37) 22 36 96;
E-mail address: sanitas@sanitasgroup.com;
Website address: www.sanitasgroup.lt.

3. Particulars of the Offeror:

3.1. first name, last name, residence address, telephone and fax numbers of the Offeror (where the Offeror is a natural person):

Not applicable.

3.2. name, legal form, legal entity code, address of the registered office, telephone and fax numbers, e-mail address, website address of the Offeror (where the Offeror is a legal entity):

Valeant Pharmaceuticals International, Inc., a company incorporated and existing under the laws of Canada, having its office at 7150 Mississauga Road, Mississauga, Ontario, Canada L5N 8M5, tel.: 905 286 3000, fax: 905 286 3050, e-mail address: Robert.Chaionn@valeant.com, website address: www.valeant.com.

3.3. first name, last name, address, telephone and fax numbers of the Offeror's representative (where the Offeror's representative is a natural person):

Robert R. Chai-Onn, address 7545 Irvine Center Drive, Suite 100, Irvine, California 92618, USA, tel.: 949 461 6039, fax: 949 271 3796.

3.4. name, address of the registered office, legal entity code, telephone and fax numbers of the Offeror's representative (where the Offeror's representative is a legal entity):

Not applicable.

4. Consultant of the Offeror (company name, first name, last name, address of the registered office, telephone and fax numbers of the consultant):

Law firm Tark, Grunte, Sutkienė ir partneriai TARK GRUNTE SUTKIENE, registered office at Didžioji st. 23, Vilnius, tel.: (+370 5) 2514444, fax: (+370 5) 2514455. The consultant's representative is attorney-at-law Marius Matonis.

5. The implementation term of the tender offer (in days):

14 (forteen) calendar days.

6. Number of the outstanding shares of the Offeree Company according to type and class, ISIN code, their par value and the number of treasury shares held:

On the date of signature of this circular, the Company has outstanding 31,105,920 (thirty one million one hundred five thousand nine hundred twenty) ordinary registered shares LTL 1 (one litas) par value each (ISIN code LT0000106171), with the total par value of LTL 31,105,920 (thirty one million one hundred five thousand nine hundred twenty litas).

On the date of signature of this circular, the Company holds no treasury shares issued by it.

7. Information about admission of securities issued by the Offeree Company to trading on a regulated market:

The ordinary registered shares of the Company (ISIN code LT0000106171) are admitted to the Main List of AB NASDAQ OMX Vilnius.

8. Minimum and maximum number of the Offeree Company's securities intended to be purchased by type and class, ISIN code; if the owners of the securities issued by the Offeree Company do not sell the number of securities intended to be purchased, the tender offer is deemed failed (to be reported in case of a voluntary tender offer):

Not applicable.

9. Number of the outstanding securities of the Offeree Company according to type, class and ISIN code, specifying the number of votes (%) attaching to such securities, which:

9.1. were (are) held by the Offeror by the right of ownership at the time the threshold of 1/3 of votes at the general meeting of shareholders of the Offeree Company was exceeded and on the day of signing this circular (to be reported in case of a mandatory tender offer); are held by the Offeror by the right of ownership on the day of signing this circular (to be reported in case of a voluntary tender offer):

| At the time the threshold of 1/3 of votes at the general meeting was exceeded (19-08-2011) | | On the day of signing this circular | |
|---|-----------------|--|-----------------|
| Number of shares | Votes, % | Number of shares | Votes, % |
| 28,625,025 | 92.02 | 28,625,025 | 92.02 |

9.2. were (are) held by each of the persons acting in concert by the right of ownership at the time the threshold of 1/3 of votes at the general meeting of shareholders of the Offeree Company was exceeded and on the day of signing this circular (to be reported in

case of a mandatory tender offer); are held by each of the persons acting in concert by the right of ownership on the day of signing this circular (to be reported in case of a voluntary tender offer):

Not applicable.

9.3. may be acquired by persons referred to in items 9.1 - 9.2 hereof, who have the right to acquire securities of the Offeree Company on their own initiative according to an effective agreement:

Not applicable.

9.4. are deposited by third persons with persons referred to in items 9.1 - 9.2 hereof, who have the right to exercise the voting rights attaching to these securities at their own discretion:

Not applicable.

10. Type, class and ISIN code (if any) and the number of the securities issued by the Offeror and held by the Offeree Company by the right of ownership, also the number of votes at the general meeting of shareholders of the Offeror held by the Offeree Company:

The Company does not hold either any securities issued by the Offeror or any votes at the general meetings of shareholders of the Offeror.

11. Manner of settlement for the Offeree Company's securities being purchased (cash, securities or a combination of cash and securities):

Shares purchased in the implementation of this tender offer shall be paid in cash. The payment for the shares purchased in the implementation of this tender offer shall be effected in euros.

12. Price (the exchange rate in case the settlement is effected in securities or a combination of cash and securities, i.e. the whole number of cash and securities offered for exchange per one security of the Offeree Company being purchased), at which the Offeree Company's securities will be purchased (tender offer price). In case of a voluntary tender offer, where the settlement is effected in securities, the price must also be indicated in cash:

The tender offer price is EUR 10.06 (ten euro and six eurocents) for 1 (one) share (the equivalent in litas is LTL 34.74).

13. Methods of pricing the Offeree Company's securities being purchased, substantiation of the price:

Paragraph 1 of Article 34 of the Law of the Republic of Lithuania on Securities establishes that the price of the mandatory tender offer must be not less than the highest price paid for the securities acquired by the offeror within 12 months before the date of exceeding the threshold of 1/3 of votes and not less than the average weighted market price on a regulated market within 6 months before the indicated date of exceeding the threshold of votes when the securities are traded on a regulated market.

The Offeror exceeded the threshold of 1/3 of votes at the general meeting of shareholders of the Company on 19 August 2011 after closing the transaction according to the Share Sale-Purchase Agreement of 23 May 2011.

Within 12 (twelve) months before the date of exceeding the threshold, the following transactions for acquisition of shares of the Company were conducted by the Offeror:

- the Share Sale-Purchase Agreement of 23 May 2011, according to which 1 (one) ordinary registered share of the Company was acquired for EUR 10.06 (ten euro and six eurocents);

- number of transactions executed on the regulated market (AB NASDAQ OMX Vilnius), the maximum price of one share according to which was EUR 10 (ten euro) (the summary on these transactions is attached as annex No. 7 to the application to approve the circular of the tender offer).

The average weighted market price of the shares within 6 (six) months before 19 August 2011 (this date exclusive) is EUR 8.45 (eight euro and forty five eurocents) (the calculation of the average weighted market price of the shares is attached as annex No. 6 to the application for approval of the tender offer circular).

The Offeror, acting in compliance of the Law of the Republic of Lithuania on Securities, decided to set the price for the shares of the Company to be purchased equal to EUR 10.06 (ten euro and six eurocents) for 1 (one) share (the equivalent in litas is LTL 34.74).

14. Information about securities offered in exchange:

14.1. name, legal form, legal entity code, address of the registered office, website address of the issuer of the securities:

Not applicable.

14.2. characteristics of the securities (type, class, ISIN code, par value, etc.):

Not applicable.

14.3. the number of securities offered in exchange held by the Offeror:

Not applicable.

14.4. regulated markets of the European Union Member States at which the securities in question are traded:

Not applicable.

14.5. the place at which the prospectus of and other information about the securities offered can be accessed:

Not applicable.

15. Information about the sources of financing the tender offer (whether own funds or borrowed funds will be used for the implementation of the tender offer; the manner of securing repayment of borrowed funds: guarantee, suretyship or pledge/mortgage of assets, indicating the lender, guarantor, surety, pledgee/mortgagee (mortgage creditor), etc.):

The Offeror will use borrowed funds to pay for the shares. The borrowed funds for payment for the shares will be lent by Goldman Sachs Lending Partners LLC, registered office located at 30 Hudson Street 38 th Floor, Jersey City, NJ 07302, USA, which has given a confirmation letter regarding the provision of credit *inter alia* for performance of obligations of the Offeror under this tender offer securing payment for the shares of the Company to be bought-up by the Offeror in the implementation of this tender offer.

Repayment of funds borrowed by the Offeror is secured by the assets of Offeror and its subsidiaries and the borrowed funds will be repaid from funds of or available to the Offeror.

16. Compensation offered for all losses of right holders arising from the satisfaction of the requirements of paragraphs 1 – 5 of Article 36 of the Law (compensation establishment method, manner of payment):

Not applicable.

17. Circumstances which do not directly depend on the Offeror but which cause the tender offer to take place:

The tender offer will be considered as having taken place no matter whether or not there are any holders of shares accepting the offer.

18. The Offeror's plans and intentions with regard to the Offeree Company if the tender offer is implemented:

18.1. continuity of the Offeree Company's business lines:

The Offeror has no intention of changing business lines of the Company.

18.2. restructuring (change of the management structure), transformation, reorganisation or liquidation:

The Offeror has not taken any decisions on restructuring, transformation, reorganisation and/or liquidation of the Company.

18.3. personnel policy:

The Offeror does not expect to change the personnel policy in the near future.

18.4. policy with regard to management staff:

The Offeror does not expect to change the policy with regard to management staff in the near future.

18.5. fundraising policy:

The Offeror does not expect to change the existing fundraising policy of the Company in the near future.

18.6. dividend policy:

The Offeror does not expect to change the dividend policy in the near future.

18.7. planned amendments to the Articles of Association of the Offeree Company:

The Offeror is not planning to amend the Articles of Association of the Offeree in the near future.

18.8. special bonuses, incentive schemes, etc. for the managers of the Offeree Company:

No special bonuses are going to be paid to the managers of the Company; the incentive schemes, as currently in place, are not going to be changed as a result of the outcome of this tender offer.

19. A written agreement providing for the rights and mutual obligations of persons acting in concert, as well as their liability for default on obligations in compliance with the Rules for Preparation, Approval of the Tender Offer Circular and Implementation of the Tender Offer:

Not applicable.

20. Written agreements with other persons concerning voting at the general meeting of shareholders of the Offeree Company:

There are no written agreements concluded by the Offeror with other persons concerning voting at the general meeting of shareholders of the Offeree Company.

21. The law that will govern the agreements concluded between the Offeror and owners of the securities issued by the Offeree Company receiving the tender offer in relation to the tender offer, as well as competent courts:

Agreements entered into by owners of the securities in relation to the tender offer will be governed by the law of the Republic of Lithuania and Lithuanian courts will be competent to settle any related disputes.

22. Data about the Offeror:

22.1. whether or not the Offeror (a natural person) has been, in the course of the last five years, subject to administrative penalties for violations of legislative acts applicable to the securities market:

Not applicable.

22.2. whether or not the Offeror (a natural person) still has previous conviction for property crimes, business crimes, financial crimes:

Not applicable.

23. Information about pending proceedings in court and arbitration that have or may have a substantial effect on the business and financial situation of the Offeror:

There are no pending proceedings in court and arbitration that have or may have a substantial effect on the business and financial situation of the Offeror.

24. The media where the Offeror is going to publish information on the tender offer and its implementation:

The Offeror is going to publish information on the tender offer and its implementation in the daily *Verslo žinios* indicated in the Articles of Association of the Company as the daily for making official notices by the Company, also through the information system of AB NASDAQ OMX Vilnius.

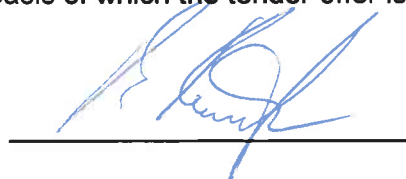
25. Other data at the Offeror's discretion:

None.

26. Confirmation of the persons who prepared the tender offer circular and are responsible for the correctness of information in the circular, that the information presented in this circular is correct and that no material information which might have an impact on the securities owners' opinion on the tender offer has been omitted:

A representative of the Offeror consultants that prepared the circular – law firm Tark, Grunte, Sutkienė ir partneriai TARK GRUNTE SUTKIENE – signs in confirmation that they duly, following the requirements of legal acts, disclosed information referring to the material presented by the Offeror, on the basis of which the tender offer is submitted.

Attorney-at-law Marius Matonis



The Offeror signs in confirmation that the information presented in this circular is correct and that no material information which might have an impact on the securities owners' opinion on the tender offer has been omitted.

Robert R. Chai-Onn, acting on behalf of the Offeror Valeant Pharmaceuticals International, Inc.:

First name, last name Robert Chai-Onn

Signature 