

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
No.: 500- 06 -000834 - 161

SUPERIOR COURT
(Class Action)

ROBERT LANDRY, residing and domiciled
at 1508-2818 boul. Laurier T3, in the city of
Québec, province of Québec, G1V 0E2

Representative Plaintiff

v.

CONCORDIA INTERNATIONAL CORP., a
moral person incorporated pursuant to the
laws of Ontario, having its principal place of
business at 302-277 Lakeshore Road, in
the city of Oakville, province of Ontario, L6J
1H9 .

-and-

MARK THOMPSON, dba at 302-277
Lakeshore Road, in the city of Oakville,
province of Ontario, L6J 1H9

-and-

ADRIAN DE SALDANHA, dba at 302-277
Lakeshore Road, in the city of Oakville,
province of Ontario, L6J 1H9

-and-

EDWARD BORKOWSKI, dba at 302-277
Lakeshore Road, in the city of Oakville,
province of Ontario, L6J 1H9

-and-

JORDAN KUPINSKI, dba at 302-277
Lakeshore Road, in the city of Oakville,
province of Ontario, L6J 1H9

-and-

WAYNE KREPPNER, dba at 302-277
Lakeshore Road, in the city of Oakville,
province of Ontario, L6J 1H9

-and-

ROCHELLE FUHRMANN, dba at 302-277
Lakeshore Road, in the city of Oakville,

province of Ontario, L6J 1H9

-and-

DOUG DEETH, dba at 302-277 Lakeshore Road, in the city of Oakville, province of Ontario, L6J 1H9

-and-

PATRICK VINK, dba at 302-277 Lakeshore Road, in the city of Oakville, province of Ontario, L6J 1H9

-and-

PRICEWATERHOUSECOOPERS LLP, dba 1250 René-Lévesque Boulevard West, Suite 2500, in the city of Montreal, province of Quebec, H3B 4Y1

Defendants

MOTION FOR AUTHORIZATION OF A CLASS ACTION AND FOR AUTHORIZATION TO BRING AN ACTION PURSUANT TO SECTION 225.4 OF THE QUEBEC SECURITIES ACT

IN SUPPORT OF ITS MOTION FOR AUTHORIZATION, THE REPRESENTATIVE PLAINTIFF RESPECTFULLY SUBMITS AS FOLLOWS:

I - DEFINITIONS

1. In this document, in addition to the terms that are defined elsewhere herein and within the *Securities Act*, the following terms have the following meanings:
 - a. "**AIF**" means Annual Information Form. Here, the term **AIF** refers to **Concordia's** 2015 Annual Information Form issued during the Class Period;
 - b. "**Board**" means the board of directors of **Concordia**;
 - c. "**Class**" and "**Class Members**" are comprised of the following, other than the **Excluded Persons**:

All Quebec-based persons and entities who, during the Class Period, acquired Concordia's securities and held some or all such securities as of August 12, 2016.

- d. "**Class Period**" means the period from November 12, 2015 to August 11, 2016, inclusively;
- e. "**Class Period Documents**" refers collectively to the **Core Documents** identified below as well as the following news releases:
 - i) the news release entitled "Concordia Healthcare Announces Third Quarter 2015 Results," published on November 12, 2015, communicated herewith as **Exhibit P-1**;
 - ii) the news release entitled "Concordia Healthcare Announces Fourth Quarter and Fiscal 2015 Results and Board Appointment", published on March 23, 2016, communicated herewith as **Exhibit P-2**;
 - iii) the news release entitled "Concordia Healthcare Corrects Inaccurate Report", published on March 29, 2016, communicated herewith as **Exhibit P-3**;
 - iv) the news release entitled "Concordia Healthcare Announces First Quarter 2016 Results and Acquisition of Four Products with Global Rights", published on May 13, 2016, communicated herewith as **Exhibit P-4**;
- f. "**CCP**" means the *Code of Civil Procedure*, CQLR c C-25.01;
- g. "**CCQ**" means the *Civil Code of Quebec*, CQLR c CCQ-1991;
- h. "**CLI**" means Concordia Laboratories Inc. S.à.r.l. a wholly owned subsidiary of **Concordia**, existing under the laws of Luxembourg which conducts business by way of its Barbados branch;
- i. "**Codes**" means Concordia's written codes of conduct adopted on July 7, 2014 and April 19, 2016;
- j. "**Company**" means **Concordia**;
- k. "**Concordia**" means the Defendant, Concordia International Corp., known as Concordia Healthcare Corp. prior to June 27, 2016 and, as the context may require, includes its subsidiaries and affiliates;
- l. "**Concordia Defendants**" means **Concordia** and the **Individual Defendants**, collectively;
- m. "**Core Documents**" (each being a "Core Document") refers to the documents published on SEDAR by Concordia and includes, collectively:
 - v) the unaudited condensed interim consolidated financial statements of Concordia for September 30, 2015, filed on November 12, 2015, communicated herewith as **Exhibit P5**;
 - vi) the MD&A for the three and nine months ended on September 30, 2015, filed on November 12, 2015, communicated herewith as **Exhibit P-6**;

- vii) the Forms 52-109F2, *Certification of Interim Filings Full Certificate*, signed by Mark Thompson and Adrian de Saldanha and filed on November 12, 2015, communicated herewith *en liasse* as **Exhibit P-7**;
 - viii) the AIF, filed on March 23 2016, communicated herewith as **Exhibit P-8**;
 - ix) the MD&A filed on March 23, 2016, communicated herewith as **Exhibit P-9**;
 - x) the consolidated financial statements of Concordia for the years ended December 31, 2015 and 2014, filed on March 23, 2016, communicated herewith as **Exhibit P-10**;
 - xi) the Forms 52-109F1, *Certification of Annual Filings Full Certificate*, signed by Mark Thompson and Adrian de Saldanha and filed on March 23, 2016, communicated *en liasse* herewith as **Exhibit P-11**;
 - xii) the Form 40-F of the United States Securities and Exchange Commission, signed by Mark Thompson and filed on March 23, 2016, communicated herewith as **Exhibit P-12**;
 - xiii) Certifications produced as Exhibits 99.1, 99.2, 99.3 and 99.4 of Form 40-F, filed on March 23, 2016, communicated *en liasse* herewith as **Exhibit P-13**;
 - xiv) Consent of Independent Auditor produced as Exhibits 99.8 of Form 40-F, filed on March 23, 2016, communicated herewith as **Exhibit P-14**;
 - xv) the notice of meeting and management information circular and form of proxy for the general and special meeting of shareholders dated April 7, 2016, filed on March 24, 2016, communicated herewith *en liasse* as **Exhibit P-15**;
 - xvi) the MD&A for the three months ended March 31, 2016, filed on May 13, 2016, communicated herewith as **Exhibit P-16**;
 - xvii) the unaudited condensed interim consolidated financial statements of Concordia for March 31, 2016, filed on May 13, 2016, communicated herewith as **Exhibit P-17**;
 - xviii) the Forms 52-109F2, *Certification of Interim Filings Full Certificate*, signed by Mark Thompson and Adrian de Saldanha and filed on May 13, 2016, communicated herewith *en liasse* as **Exhibit P-18**;
- n. **"Corrective Disclosure"** means Concordia's news release titled "Concordia International Announces Second Quarter 2016 Results" filed on August 12, 2016, communicated herewith as **Exhibit P-19**;
- o. **"CPI"** means Concordia Pharmaceuticals Inc. S.à.r.l., a wholly owned subsidiary of **Concordia**, existing under the laws of Luxembourg which conducts business by way of its Barbados branch;
- p. **"Defendants"** means **Concordia**, the **Individual Defendants**, and Defendant **PwC**;

- q. **"Earnings Guidance"** means **Concordia's** earnings guidance for the 2016 fiscal year as issued for the first time in **Concordia's** November 12, 2015 news release;
- r. **"EDGAR"** means the Electronic Data Gathering, Analysis, and Retrieval system;
- s. **"EBITDA"** means Earnings Before Interest, Taxes, Depreciation and Amortization;
- t. **"Excluded Persons"** means the **Defendants**, members of the immediate families of the **Individual Defendants**, and the directors, officers, subsidiaries, and affiliates of **Concordia**;
- u. **"GAAP"** means United States generally accepted accounting principles;
- v. **"IFRS"** means International Financial Reporting Standards as issued by the International Accounting Standards Board;
- w. **"Individual Defendants"** (each being an "Individual Defendant") means Mark Thompson, Adrian de Saldanha, Edward Borkowski Jordan Kupinski, Rochelle Fuhrmann, Doug Deeth, Patrick Vink, Wayne Kreppner, Francesco Tallarico, Bryan Jacobs, John Beighton, Adeel Ahmad, Arijit Mookerjee
- x. **"MD&A"** means Management's Discussion and Analysis;
- y. **"Plaintiff"** and **"Representative Plaintiff"** means Robert Landry ;
- z. **"PwC"** means PricewaterhouseCoopers LLP;
- aa. **"QSA"** means the *Quebec Securities Act*, CQLR C V-1.1;
- bb. **"Securities Legislation"** means, collectively, the QSA; the *Securities Act*, RSO 1990, c S.5, as amended; the *Securities Act*, RSA 2000, c S-4, as amended; the *Securities Act*, RSBC 1996, c 418, as amended; the *Securities Act*, CCSM c S50, as amended; the *Securities Act*, SNB 2004, c S-5.5, as amended; the *Securities Act*, RSNL 1990, c S-13, as amended; the *Securities Act*, SNWT 2008, c 10, as amended; the *Securities Act*, RSNS 1989, c 418, as amended; the *Securities Act*, S Nu 2008, c 12, as amended; the *Securities Act*, RSPEI 1988, c S-3.1, as amended; the *Securities Act*, 1988, SS 1988-89, c S-42.2, as amended; and the *Securities Act*, SY 2007, c 16, as amended; and
- cc. **"SEDAR"** means the system for electronic document analysis and retrieval of the Canadian Securities Administrators;

II - INTRODUCTION

A. Overview of Proposed Action

2. This securities class action arises out of the Defendants' failure to make timely disclosure of material changes about Concordia's business, operations and prospects as well as their materially false and misleading statements regarding material facts from November 12, 2015 to August 11, 2016 with regards to:

- i) Concordia's organic growth;
 - ii) Concordia's Earnings Guidance; and
 - iii) the Individual Defendants' compliance with Concordia's Codes;
3. The significant damages suffered by the Plaintiffs and Class Members were directly caused by the facts particularized herein;
4. Concordia is an international pharmaceutical company comprised of numerous wholly owned subsidiaries;
5. Concordia's business strategy involves acquiring products and maximizing their value by optimizing sales and marketing strategies, supply chain, technical and regulatory affairs, the Company's corporate structure as well as identifying authorized generic opportunities and exploring targeted promotion opportunities;
6. Concordia operates its business through four (4) segments:
 - i) Concordia International ("CI");
 - ii) Concordia North America ("CNA")
 - iii) Concordia Orphan Drugs ("COD"); and
 - iv) Concordia's cost center;
7. CI, CNA and COD focus on legacy pharmaceutical products which are drugs that have lost their market exclusivity and have entered into the final stage of their product lifecycle and orphan drugs which are drugs that are specifically developed to treat rare medical conditions;
8. Often referred to as Valeant Pharmaceuticals International Inc.'s smaller brother, Concordia has adopted a similar growth-by-acquisition business strategy which led to the Company spending approximately US \$5 billion on the following acquisitions:
 - i) Kapvay, Orapred ODT and Ulesfia from Shionogi in May 2013;
 - ii) Complete Medical Homecare Inc. from Global in October 2013;
 - iii) Photofrin from Pinnacle in December 2013;
 - iv) Donnatal from PBM Pharmaceuticals in May 2014;
 - v) Zonegran from Eisai in September 2014;
 - vi) Covis Portfolio from Covis Pharma S.à.r.l, Covis Injectables S.à.r.l and Covis Pharma Holdings S.à.r.l, (collectively "Covis") in April 2015; and
 - vii) Amdipharm Mercury's ("AMCo") from Cinven in October 2015;

as appears from Exhibit P-8;

9. During the Class Period, Concordia's management and board of directors were comprised of:
 - i) Mark Thompson ("Thompson"), Founder, Chairman of the Board, Chief Executive Officer ("CEO") and Director;
 - ii) Adrian de Saldanha ("de Saldanha"), Chief Executive Officer ("CFO");
 - iii) Wayne Kreppner ("Kreppner"), Chief Operating Officer ("COO") and President;
 - iv) Edward Borkowski ("Borkowski"), Executive Vice-President ("VP"), member of the Board and Audit Committee;
 - v) Jordan Kupinsky ("Kupinsky"), member of the Board and Audit Committee;
 - vi) Rochelle Fuhrmann ("Fuhrmann"), member of the Board and Audit Committee;
 - vii) Douglas Deeth ("Deeth"), member of the Board and Audit Committee;
 - viii) Patrick Vink ("Vink"), member of the Board and Audit Committee;
10. PwC has acted as Concordia's external auditor since its appointment on June 25, 2015;
11. As a result of the acquisitions referred to above, Concordia became an international specialty pharmaceutical company that owned a broad portfolio of branded and generic prescription products;
12. Specialty pharmaceutical companies deliver and offer comprehensive support in the distribution of specialty drugs which are defined as highly expensive and complex drugs used to treat rare and complex diseases;
13. Concordia's shares have gone from trading at \$7.90 on the TSX on January 7, 2014 to an all-time high of \$117.15 on September 8, 2015;
14. The revenues generated by Concordia's North American segment went from \$94,300,000 in 2014 to \$268,300,000 in 2015, whereas Concordia's international segment generated revenues of \$115,700,000;
15. As Concordia's growth was mainly driven by acquisitions, it was imperative for the Concordia Defendants to demonstrate that Concordia was not simply a conglomerate of pharmaceutical companies, but rather a unified entity whose units demonstrated "organic growth" under Concordia's management as a fully integrated company;
16. In light of the above and throughout the entire Class Period, Concordia has reported significant increases in "organic growth", a non-IFRS measure used by the Company to tout its seemingly stratospheric expansion;
17. Concordia's alleged accomplishments namely include revenue growth of \$289 million or an increase of 276% from 2014 to 2015 as well as an adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of \$206 million or an increase of 347%;

18. Unbeknownst to Class Members, and contrary to Concordia's contentions, its purported organic growth was not in fact organic at all; rather, it, was the product of the Company's aggressive pricing increases;
19. Accordingly, Concordia falsely and misleadingly led investors to believe it was experiencing stratospheric organic growth during the Class Period;
20. On August 12, 2016, Concordia issued its Corrective Disclosure in which Thompson, Concordia's Founder, Chairman and now former Chief Executive Officer, announced that the Company had corrected its Earnings Guidance ("Revised Earnings Guidance") to reflect the impact of competition on several products in its North America segment and foreign exchange rates, as appears from Exhibit P-19;
21. As a result, Concordia reduced its 2016 projected revenues from 1,020/1,060 million to 859/888 million and reduced its adjusted EBITDA from 610/640 million to 510/540 million, as appears in the Corrective Disclosure, as appears from Exhibit P-19;
22. In the aftermath of the Corrective Disclosure, Concordia's stock price as listed on the TSX fell CDN \$8.31 per share from its closing price of CAD \$21.26 on August 11, 2016, to close at CDN \$12.96 per share on August 12, 2016, on unusually heavy trading volume, as appears in from the Historical Data published on Yahoo Finance, communicated herewith as **Exhibit P-20**;
23. Likewise, Concordia's performance on the NASDAQ plummeted as its stock price dropped US \$6.23 to close at US \$10.13 following the Corrective Disclosure, as appears in from the Historical Data published on Yahoo Finance, communicated herewith as **Exhibit P-21**;
24. By August 26, 2016, which was 10 trading days after the Corrective Disclosure, Concordia's stock closed at CAD \$11.51, or roughly 54.1% below its closing price on August 11, 2016;
25. These significant drops in Concordia's share price have caused significant damages to the Class Members and are a direct result of the Defendants' misrepresentations;
26. The Corrective Disclosure also informed the public that Adrian de Saldanha ("de Saldanha"), Concordia's Chief Financial Officer, was stepping down and that Concordia's Board unanimously agreed to suspend its \$0.075 quarterly common share dividend;
27. In addition, the Corrective Disclosure disclosed, for the first time, that Donnatal, an adjunctive therapy in the treatment of irritable bowel syndrome and acute enterocolitis, as well as some of Concordia's other drugs, were facing a substantial increase in market competition which negatively impacted the Company's financial results and forecasts;
28. Concordia's significant internal controls weaknesses existed at all material times during the Class Period and contributed to Concordia's false, misleading and improper financial reporting as well as the misrepresentations made in the Class Period Documents;
29. The Defendants made false and misleading statements in its Class Period Documents regarding market competition and its impact on the Company's financial results. As such, the Defendants breached their legal obligations and duties to disclose of all of Concordia's material information;

30. As a result of the Defendants' false or misleading representations about Concordia's business, operations, and prospects, the price of Concordia's stock was artificially inflated at all material times during the Class Period and the Class Members therefore acquired Concordia shares at artificially inflated prices;

B. The parties

1) The Plaintiff and the Class He Seeks to Represent

31. The proposed Class is defined under paragraph 1(d);
32. The Plaintiff resides in Quebec;
33. The Plaintiff entered into the following transactions regarding Concordia shares and continues to hold these shares:
 - 33.1. On April 27, 2016, the Plaintiff purchased four thousand (4000) shares of Concordia at \$39.70 per share for a total of \$158,800.00;
 - 33.2. On June 3, 2016, the Plaintiff purchased four thousand (4000) shares of Concordia at \$41.40 per share for a total of \$165,600.00;
 - 33.3. On July 6, 2016, the Plaintiff purchased eight thousand (8000) shares of Concordia at \$27.40 per share for a total of \$219,200.00;
34. The Plaintiff Representative seeks the status of representative of the Class as well as the authorization to bring an action pursuant to s. 225.4 QSA and, if necessary, pursuant to the corresponding provisions in the Securities Legislation;

2) Concordia

35. Prior to founding Concordia, Thompson was employed by Biovail Corporation where he held the title of Associate General Counsel prior to becoming Vice-President, Business Development and was actively involved in M&A transactions;
36. On March 24, 2008, the U.S. Securities and Exchange Commission charged Biovail, its CEO, former CFO and two (2) senior executives with a number of accounting fraud charges, as well as misleading analysts and investors;
37. Biovail paid \$10 million to settle the matter, and in 2010 it subsequently merged with Valeant;
38. On or about January 20, 2010, Thompson founded Mercari Acquisition Corp. pursuant to the *Ontario Business Corporations Act*;
39. On or about May 6, 2010, Mercari Acquisition Corp. completed its initial public offering and was listed on the TSX-V;
40. On or about December 18, 2013, Mercari Acquisition Corp changed its name to Concordia Healthcare Corp.;

41. Following a reverse takeover of Concordia by the shareholders of Concordia Private Co., Concordia's common Shares were listed for trading on the TSX for the first time under the symbol "CXR" on or about December 24, 2013;
42. On or about June 29, 2015, Concordia Healthcare Corp.'s common shares started trading on the NASDAQ under the symbol "CXRX" and subsequently traded on the NASDAQ Biotechnology Index;
43. On or about June 27, 2016, Concordia Healthcare Corp.'s changed its name to Concordia International Corp., the whole as appears from the Articles of Amendment, communicated herewith as **Exhibit P-22**;
44. During the entire Class Period, Concordia was an international specialty pharmaceutical company that owned a broad portfolio of branded and generic prescription products which it sold to wholesalers, hospitals and pharmacies throughout the world;
45. As stated above, Concordia has four (4) operating segments:
 - 45.1. Concordia International ("CI") which is comprised of the AMCo group of companies and conducts its operations through AMCo as an international specialty pharmaceutical company. CI focuses on end-of-life pharmaceutical products for which the market has stabilized in terms of competitive landscaping, pricing and volume;
 - 45.2. Concordia North America ("CNA") which represents Concordia's former Legacy Pharmaceuticals Division and mainly focuses on the US pharmaceutical market. CNA's operations are conducted through the Barbados branch of CPI. CNA has a diversified portfolio of branded and generic products which are all owned by CPI. That being said, over 75% of CNA's revenues are derived from five (5) products including Donnatal; and
 - 45.3. Concordia's Orphan Drugs ("COD") segment which provides growth opportunities relating to acquired orphan drugs. COD's operations are conducted through the Barbados branch of CLI. Photofrin, which is owned by CLI, is the main focus of the Orphan Drugs segment;
 - 45.4. Corporate Cost Center which represents centralized costs those associated with Concordia's head office and those associated with being a public reporting entity;
46. Concordia's domicile and international headquarters is in Oakville, Ontario;
47. On October 21, 2016, Concordia announced that Thompson was stepping down as the Company's CEO and Chairman of the Board, the whole as appears from the news release dated October 21, 2016 communicated herewith as **Exhibit P-23**;
48. On November 2, 2016, Concordia announced that the Company's Board had appointed Allan Oberman as its new CEO and Jordan Kupinsky as Chairman of the Board. These appointments came into effect as of November 14, 2016, the whole as appears from the news release dated November 2, 2016, communicated herewith as **Exhibit P-24**;

3) The Individual Defendants

49. The individual Defendants were Concordia's directors and officers and as such were involved in Concordia's business, operations, financial reporting and disclosures;
50. Thompson was Concordia's Founder, Chairman of the Board, CEO and Director. At all relevant times during the Class Period, Thompson was a director and/or officer of Concordia within the meaning of the Securities Legislation. In his capacity as CEO, Thompson reviewed the interim financial reports, annual financial statements, interim and annual MD&A, the AIF and all documents and information incorporated by reference in the AIF ("Filings") and certified that the Filings did not contain any untrue statements of material facts or omitted to state a material fact, the whole as appears from the Forms 52-109F1 and 52-109F2, as appears from Exhibits P-7, P-11 and P-18;
51. Thompson left Concordia and ceased his functions in October, 2016;
52. de Saldanha was Concordia's CFO. At all relevant times during the Class Period, de Saldanha was an officer of Concordia within the meaning of the Securities Legislation. In his capacity as Concordia's CFO, de Saldanha reviewed the Filings and certified that they did not contain any untrue statements of material facts or omitted to state a material fact, the whole as appears from the Forms 52-109F1 and 52-109F2, as appears from Exhibits P-7, P-11 and P-18;
53. de Saldanha left Concordia and ceased his functions as CFO in August, 2016;
54. Kreppner is Concordia's COO and President. At all relevant times during the Class Period, Kreppner was tasked with the day-to-day administration, operations and business plans of the Company. As such, Kreppner knew or should have known that the Class Period Documents contained false and misleading information;
55. Borkowski is a member of Concordia's Board and was appointed VP in February, 2016. At all relevant times during the Class Period, Borkowski was a director and/or officer of Concordia within the meaning of the Securities Legislation. In his capacity as board member, Borkowski approved and authorized for issue all unaudited interim and audited financial statements published by Concordia during the Class Period as signed for by Fuhrmann;
56. Following de Saldanha's departure, Borkowski was appointed CFO;
57. Fuhrmann is a member of Concordia's Board. At all relevant times during the Class Period, Fuhrmann was a director of Concordia within the meaning of the Securities Legislation. In her capacity as such, Fuhrmann signed, approved and authorized for issue all unaudited interim and audited financial statements published by Concordia during the Class Period;
58. Kupinsky is the Lead Independent Director of Concordia. At all relevant times during the Class Period, Kupinsky was a director of Concordia within the meaning of the Securities Legislation. In his capacity as such, Kupinsky approved and authorized for issue all unaudited interim and audited financial statements published by Concordia during the Class Period as signed for by Fuhrmann;

59. Following Thompson's departure, Kupinsky was appointed Chairman of the Board;
60. Deeth is a member of Concordia's Board. At all relevant times during the Class Period, Deeth was a director of Concordia within the meaning of the Securities Legislation. In his capacity as such, Deeth approved and authorized for issue all unaudited interim and audited financial statements published by Concordia during the Class Period as signed for by Fuhrmann;
61. On or about March 24, 2016, Patrick Vink became a member of Concordia's Board. Vink is a director of Concordia within the meaning of the Securities Legislation. In his capacity as such, Vink approved and authorized for issue the unaudited interim and financial statements dated May 13, 2016 and August 12, 2016 as signed for by Fuhrmann;

Audit Committee

62. On or about December 31, 2015, Concordia established an Audit Committee which was comprised of Fuhrmann (Chairwoman), Borkowski and Kupinsky;
63. Following Borkowski's appointment as Executive VP in February, 2016, Deeth was appointed to the Audit Committee for an interim period;
64. On or about March 24, 2016, Vink was appointed to the Audit Committee to replace Deeth;
65. In their capacities as such, these defendants had specific responsibilities including the following:
 - i) reviewing the integrity of Concordia's financial reporting process and any major issue as to the adequacy of internal controls;
 - ii) reviewing the preparation of Concordia's annual audited consolidated financial statements and its interim unaudited consolidated financial statements;
 - iii) determining whether the financial statements presented fairly in all material respects the financial condition, results of operations and cash flows of Concordia;
 - iv) reviewing the interim quarterly and annual financial statements and the annual and interim press releases prior to the release of earnings information;
 - v) reviewing the adequacy of the procedures in place for the review of public disclosure of financial information by Concordia, extracted or derived from its financial statements;
 - vi) overseeing management's design and implementation of and reporting on internal controls;
 - vii) reviewing periodic public disclosure documents containing financial information, including MD&As and AIFs; and
 - viii) preparing the Audit Committee's report which was included in Concordia's periodic filings.

66. From December 31, 2015 to the end of the Class Period, Fuhrmann, Borkoswki, Kupinsky, Deeth and Vink failed to comply with their above-mentioned duties and responsibilities as members of Concordia's Audit Committee;

4) PwC

67. PwC is a registered public accountant firm with operations in Canada and across the World;

68. PwC was appointed Concordia's external auditor. Concordia's shareholders, including the Class Members, voted to appoint PwC during the Annual General Meetings of Holder of Common Shares on June 25, 2015;

69. PwC continues to hold that position;

70. PwC performed its mandate for Concordia from its offices in Oakville, Ontario;

71. PwC earned significant fees for the services it rendered as Concordia's auditor for the fiscal year ending December 31, 2015, which were no less than US \$1,528,891, the whole as appears from the 2015 AIF, as appears from Exhibit P-8;

72. During the Class Period, PwC was an expert within the meaning of the Securities Legislation;

73. Among other services, during the Class Period, PwC:

- a. reviewed Concordia's and its subsidiaries' interim and annual financial statements;
- b. performed assurance engagements in connection with Concordia's as well as its subsidiaries' interim and annual financial statements;
- c. audited Concordia's annual financial statements; and
- d. reviewed and advised Concordia regarding its internal controls over financial reporting;

74. In performing its mandate, PwC purported to express an opinion on Concordia's consolidated financial statements based on its audit conducted in accordance with the IFRS;

75. PwC failed to comply with the Auditors' Professional Standards;

76. During the Class Period, PwC delivered an unqualified audit report to Concordia's shareholders, including the Plaintiffs and Class Members, regarding Concordia's and its subsidiaries' financial statements for the year ended on December 31, 2015, as appears from the consolidated financial statements, as appears from Exhibit P-10;

77. PwC's audit report on Concordia's consolidated financial statements was incorporated by reference in Concordia's Form 40-F for the year ended December 31, 2015 filed with the United States Securities and Exchange Commission, as appears from Consent of Independent Auditor, as appears from Exhibit P-12;

78. As further particularized herein, PwC's audit reports issued during the Class Period were false or misleading. Furthermore, PWC failed to comply with the Auditors' Professional Standards in Concordia's interim and annual financial statements;

III - FACTS GIVING RISE TO THE PRESENT ACTION

A. Concordia's Failure to Disclose Material Facts and Material Changes

79. Concordia communicated with the public through established market communication channels such as news releases and reports filed on both SEDAR and EDGAR;
80. At all material times during the Class Period, Concordia falsely and misleadingly described its growth and sustainability as organic growth;
81. The measure known as "organic growth" is a non-IFRS measure which was used by Concordia to mislead investors;
82. Organic growth may be defined as the process of business expansion by increasing output, enhancing sales internally and new product development. Organic growth does not take into account profits or growth acquired from takeovers, mergers or acquisitions which are known as "inorganic growth", as appears on Investopedia's website and NASDAQ's financial Glossary, communicated herewith *en liasse* as **Exhibit P-25**;
83. Organic growth, which occurs when a company increases its sales, can be achieved in four (4) ways : market penetration, market development, product development and diversification;
84. Although Concordia's Class Period Documents use the term "organic growth", all of them fail to provide investors with Concordia's definition of this financial measure;
85. The following Class Period Documents contain misstatements relating to Concordia's growth:

85.1 News release dated November 12, 2015:

- i) "Our legacy business continues to perform strongly quarter over quarter. This is a testament to our business model as well as our commitment to delivering value to our shareholders. As we move into the next phase of Concordia's evolution, we expect to demonstrate underlying **organic growth** of our business through continued promotion of our legacy portfolio, **growth** of our Photofrin business, and successful product launches from our existing pipelines."; and
- ii) "The addition of the portfolio acquired from Covis on April 21, 2015 drove an increase in third quarter revenue of approximately \$52.9 million, while Donnatal performed strongly delivering another sequential quarter of **volume growth**.";

[our emphasis.]

as appears from Exhibit P-1;

85.2 MD&A dated November 12, 2015:

- i) "The Orphan Drugs Division is intended to provide **growth** opportunities through the expansion into new indications for existing products or the acquisition of approved orphan drugs and further expansion within their identified markets and new indications";
- ii) "Gross profit for the Legacy Pharmaceuticals Division for the three and nine months ended September 30, 2015 was \$83.1 million and \$177.5 million, respectively, compared to \$26.2 million and \$48.9 million for the three and nine months ended September 30, 2014. The increases over the prior year were primarily due to **revenue growth** in the division"; and
- iii) "\$47.7 million increase in accounts receivable primarily driven by **growth** in the Legacy Pharmaceuticals Division";

[our emphasis.]

as appears from Exhibit P-6;

85.3 News release dated March 23, 2016:

- i) "**Year-over-year adjusted EBITDA growth** of \$206 million or an increase of 347 per cent";
- ii) "In addition, our achievements in 2015, in particular the acquisition of the portfolio of products from Covis, the purchase of AMCo and the **organic growth** we have generated from key products such as Donnatal, have resulted in substantial year-over-year revenue and adjusted EBITDA growth";
- iii) "For the fourth quarter of 2015, revenues increased \$152.4 million to \$191.9 million mainly due to revenue generated from Concordia International's products, and **organic growth** from Donnatal®, the Company's adjunctive therapy for irritable bowel syndrome.";

[our emphasis.]

as appears from Exhibit P-2;

85.4 MD&A dated March 23, 2016:

- i) "During 2015, we experienced **tremendous growth**. Our product portfolio expanded from six products at the end of 2014 to over two hundred products by the end of 2015 primarily as a result of strategic acquisitions completed during the year.";
- ii) "We have focused on building a business platform that is expected to have the following strategic and financial benefits : **Opportunities for Organic**

Growth - Growth opportunities with a pipeline of approximately 60 expected product launches/line extensions anticipated to be launched over the next 3 years;

[our emphasis.]

as appears from Exhibit P-9;

85.5 News release dated May 13, 2016:

- i) "«Concordia's first quarter consolidated and division results demonstrate the growing strength and diversity of our business», said Mark Thompson. [...] «We intend to continue to acquire products where the multiples present attractive opportunities. Finally, the launch of 10 new products is evidence of our commitment to our pipeline and **future growth**» ";

[our emphasis.]

as appears from Exhibit P-4;

85.6 MD&A dated May 13, 2016:

- i) "Our two primary products owned for the entire 2015 year, Donnatal® and Zonegran®, both showed increases in revenue in the first quarter of 2016 over the corresponding period in 2015. Revenue from Donnatal® increased by 11%, which was driven primarily by **volume growth**.";

[our emphasis.]

as appears from Exhibit P-16;

86. As further particularized herein, Concordia admitted on November 7, 2016 that its sales revenue for certain products such as Donnatal and Photofrin decreased due to the impact of new generic products that entered the market as of September 30, 2015;
87. Accordingly, Concordia's statements referred to above regarding the Company's "growth", "revenue growth", "organic growth" and "volume growth" are false and misleading since they give the wrongful impression that Concordia's business was thriving, when in reality its increase in revenue was not the result of "volume growth" or "organic growth", but rather of its aggressive pricing practices;
88. Furthermore, Concordia's Class Period Documents are false and misleading since they refer to fictitious financial measures designed to mislead investors and artificially inflate growth rates and correspondingly Concordia's share price;
89. "Organic growth" was never defined by Concordia. This deliberate and negligent deception prevented a proper assessment of the Company's true financial health and as such, prevented investors from making an informed decision as to whether or not they should purchase Concordia's shares;
90. Concordia's particular and peculiar definition of "organic growth" is a material fact that should have been disclosed by Concordia;

91. Although Concordia notified the public that measures such as EBITDA, adjusted EBITDA, adjusted gross profit, adjusted net income and adjusted earnings per share were non-IFRS measures, the Company made no mention and provided no definition of "organic growth";
92. As such, Concordia's Class Period Documents were false, misleading and contained statements that caused the Company's share price to be artificially inflated;

B. Misleading Statements Regarding Concordia's Organic Growth

93. Throughout the entire Class Period, Concordia reported significant increases in organic growth;
94. Unbeknownst to the Class Members, Concordia's reporting of substantial organic growth as indicated in the Class Period Documents was the product of the Company's aggressive pricing increase and not its alleged organic growth;
95. According to Veritas Investments Research, an independent equity research company, Concordia has increased its prices from 29 to 199% on 14 drugs in the UK from September 2015 to May 2016, as appears from a Business News Network ("BNN") article published on May 6, 2016, communicated herewith as **Exhibit P-26**;
96. During a conference call held in May, 2016, Concordia affirmed that its U.S. business "would post low single-digit growth based on approximately equal part pricing and volume growth. [This growth is expected from CI] coming from new product launches and pricing opportunities", the whole as appears from an article published in Forbes magazine on May 20, 2016, communicated herewith as **Exhibit P-27**;
97. This statement indicates that Concordia's price increase is the main, if not the only, "price driver" of the Company's products;
98. It was later revealed that Concordia exploited a loophole in the British legislation which allowed it to substantially increase the prices of its generic drugs, the whole as appears from an article published in the Financial Post on September 16, 2016, communicated herewith as **Exhibit P-28**;
99. Whereas the cost of branded drugs is controlled by the UK healthcare system, the market for generic off-patent drugs is a lot less regulated since costs are normally kept down by competition between rivals;
100. However, Concordia specializes in "niche generic products where it faces little or no competition from rivals" allowing it to substantially increase the prices of its generic products, the whole as appears from an article published in the Financial Times on May 1, 2016, communicated herewith as **Exhibit P-29**;

Concordia's Aggressive Price Increase Practice

101. The most striking example of Concordia's aggressive pricing increases practice relates to Donnatai;

102. In 2010, a prescription for Donnatal cost USD \$87. When Concordia acquired the drug in May, 2014, Donnatal cost \$353 and in the following month its price was increased to \$602, as appears from Exhibit P-27;
103. In May 2016, Donnatal cost \$782, an 898% price increase since 2010 and a 221% increase since it was purchased by Concordia in 2014, as appears from Exhibit P-27;
104. Concordia's news release dated May 13, 2016 stated that "for the fourth quarter of 2015, revenues increased \$152.4 million to \$191.9 million mainly due to revenue generated from Concordia International's products, and organic growth from Donnatal", as appears from Exhibit P-4;
105. Concordia's MD&A released on that same date provided that the "revenue from Donnatal increased by 11% which was driven primarily by volume growth", as appears from Exhibit P-16;
106. Since its acquisition by Concordia, the prescription volume for Donnatal has dropped 44% according to Symphony Health Solutions, GMP Securities, a company which provides strategic market data, as appears from Exhibit P-26;
107. According to Mr. Dimitry Khmelnitsky, analyst for Veritas Investment Research, Concordia's organic growth was of 3% year-over-year for the first nine months of 2015. However, absent Donnatal's aggressive price increase, Concordia's organic growth would have decreased by 10%, the whole as appears from an article published in Canadian Business on July 7, 2016, communicated herewith as **Exhibit P-30**;
108. In Concordia's MD&A issued on August 12, 2016, the Company came clean and admitted that "revenue from Donnatal decreased by 31% in the second quarter of 2016 over the corresponding 2015 period which was driven primarily by volume decline due to the impact of lower product demand as a result of competitive pressures.", the whole as appears from the MD&A for the three and six months periods ended June 30, 2016 filed on August 12, 2016, communicated herewith as **Exhibit P-31**;
109. The MD&A referred to above was reviewed and certified by both Thompson and de Saldanha on August 12, 2016, the whole as appears from the Forms 52-109F2 signed by Thompson and de Saldanha, communicated herewith as **Exhibit P-32**;
110. The same aggressive price increases were applied to following Concordia drugs :
 - i) ZONEGRAN
 - 110.1. The cost of a Zonegran prescription increased 25% since being acquired by Concordia in September 2014, as appears from Exhibit P-26;
 - 110.2. Nonetheless, Concordia's MD&A dated November 12, 2015 states that "Additionally, Zonegran revenues and gross profit increased between the second and third quarter of 2015 to account for the majority of the remaining increase in revenues and gross profits between the periods.", as appears from Exhibit P-6;
 - ii) PLAQUENIL

110.3. This treatment against rheumatoid arthritis became a part of Concordia's portfolio in April 2015, as appears from Exhibit P-26;

110.4. According to Symphony Health Solutions, Lanoxin's sale price has increased 48% whereas its sale volume has decreased by 21%, as appears from Exhibit P-26;

iii) LANOXIN

110.5. Since it was acquired by Concordia in April 2015, the cost of a prescription of Lanoxin has risen by 76%, as appears from Exhibit P-26;

iv) FUCITHALMIC

110.6. Concordia is the exclusive manufacturer and distributor of Fucithalamic, a treatment against pink eye which makes up 6.6% of Concordia's revenue for the year ended December 31, 2015, as appears from Exhibit P-8;

110.7. The cost of this treatment has increased "14 fold", as appears from Exhibit P-29;

v) DIBENZYLINE and DYRENIUM

110.8. According to Rx Savings Solutions, the cost of both of these blood pressure drugs was respectively increased by 174 and 152%; as appears from Exhibit P-29;

111. When put together, Donnatai, Zonegran, Plaquenil and Lanoxin generated over 75% of Concordia's revenues for the year ended December 31, 2015, as appears from Exhibit P-8

112. Furthermore, as reported by Veritas Investment Research, "Concordia has increased prices on 14 drugs in the UK from September 2015 to May 2016. Increases range from 29 per cent to 119 per cent and average 59 per cent", as appears from Exhibit P-26;

113. The Defendants knew or ought to have known that Concordia's Class Period Documents were false and misleading since they did not inform the public that Concordia's growth was not organic growth but rather the result of aggressive price increases as particularized herein;

114. The organic growth rates touted by Concordia impacted the share price which consequently traded at artificially-inflated prices during the entire Class Period and caused damages to the Plaintiffs and Class Members;

115. In light of the above, the Defendants mislead the Class Members during the Class Period causing the Plaintiffs and Class Members to purchase Concordia's shares at artificially inflated prices;

C. Misleading Statements Regarding Concordia's Earnings Guidance

116. On November 12, 2015, Concordia issued a Class Period Document which highlighted several of the Company's financial accomplishments;
117. With regards to the third quarter of 2015, these highlights were:
 - 117.1. Adjusted EBITDA of \$71.7 million, growing 254% compared to the same period in 2014;
 - 117.2. Adjusted EPS of \$1.46, growing 157% over the third quarter in 2014;
 - 117.3. Revenue growth of 161% attaining total revenues of \$94.9 million compared to the third quarter of 2014as appears from Exhibit P-1;
118. With regards to the nine months period of 2015, the highlights were:
 - 118.1. Adjusted EBITDA of \$146.8 million, growing 280% compared to the same period in 2014;
 - 118.2. Adjusted EPS of \$3.14, growing 185% compared to the first nine months of 2014;
 - 118.3. Revenue growth of 163% attaining total revenues of \$208.9 million compared to the same period in 2014as appears from Exhibit P-1;
119. This Class Period Document also identified the Company's Earnings Guidance whose main components were :
 - 119.1. Revenues of \$1,020 to \$1,060 million (more than 60% of revenues will be generated outside the USA);
 - 119.2. Adjusted EBITDA of \$610 to \$640 million;
 - 119.3. Adjusted net income of \$330 to \$355 million; adjusted EPS of \$6.29 to \$6.77; Cash interest expense rate at approximately 6.95% (excluding original issue discount);
 - 119.4. Cash tax rate of approximately 10%;
 - 119.5. 2016 year-end Net Debt/EBITDA of approximately 5.5x;and
 - 119.6. Constant currency basis of 1.53 USD/GBP;as appears from Exhibit P-1;
120. The Earnings Guidance was reaffirmed in two (2) other Class Period Documents: (1) the news release entitled "Concordia Healthcare Announces Fourth Quarter and Fiscal 2015 Results and Board Appointment", dated March 23, 2016; and (2) the news release entitled

"Concordia Healthcare Announces First Quarter 2016 Results and Acquisition of Four Products with Global Rights" dated May 13, 2016, as appears from Exhibits P-2 and P-4;

121. Each of these Class Period Documents also highlighted Concordia's revenue growth and adjusted EBITDA;
122. On August 12, 2016, Concordia announced that it had established a Revised Earning Guidance primarily due to (i) the introduction of generic competition against Nilandron; and (ii) competitive marketplace pressures against Donnatal and Plaquenil, as appears from Exhibit P-19;
123. Prior to Concordia's Corrective Disclosure, no Class Period Document referred to a substantial increase in competition against Concordia's products;
124. On the contrary, Concordia's AIF indicated that to its knowledge, "there are few companies currently seeking to acquire pharmaceutical products solely for the purpose of generating a stream of consistent cash flow and which have a similar broad geographic reach.", as appears from Exhibit P-8;
125. Furthermore, in January and May, 2016, Concordia filed two different lawsuits against companies which it claimed were selling illegal copies of Donnatal. These lawsuits were not disclose prior to Concordia's MD&A dated August 12, 2016, as appears from Exhibit P-31;
126. Thus, Concordia was well-aware of the increase in market competition yet intentionally mislead its investors;
127. As a result of these increasing pressures on the market place, Concordia published its Revised Earnings Guidance which reduced the Company's projected revenues by an average \$167 million as well as its adjusted EBITDA by 16.4%;
128. On November 7, 2016, Concordia issued a news release which addressed the issue of competitive pressures on its products:

"The decrease in the Concordia North America segment revenue was primarily due to lower revenue from Donnatal® of \$11.3 million, which was driven by lower product demand as a result of competitive pressures, as well as decreased revenue from Dibenzyliline® of \$9.2 million, Nilandron® of \$5.5 million and Plaquenil® authorized generic of \$13.3 million. Revenue from these three products, compared with the corresponding period in 2015, was significantly lower due to the impact of new generic products entering the market since September 30, 2015."

[our emphasis.]

the whole as appears from the news release dated November 7, 2016, communicated herewith as **Exhibit P-33**;

129. Concordia's MD&A published on November 7, 2016 contains the exact same excerpt cited above regarding increased market competition since September 30, 2015, the whole as appears from the MD&A, communicated herewith as **Exhibit P-34**;

130. Consequently, it appears as though throughout the entire Class Period, Concordia knew of the increase in market competition against its products yet failed to disclose this material fact as well as revise its Earnings Guidance accordingly;
131. On November 7, 2016, Concordia also announced that it was suspending its Revised Earnings Guidance as the Company was assessing its business under its new leadership, as appears from Exhibit P-33;
132. Concordia was required to disclose these adverse material facts to the Class Members yet failed to do so in all of its Class Period Documents;
133. At all relevant times during the Class Period, the market on which Concordia shares traded was open and efficient;
134. Concordia's share price incorporated, and accordingly reflected, the material facts that Concordia discloses and omits to disclose and traded at artificially inflated prices during the entire Class Period;
135. Accordingly, following the Corrective Disclosure, Concordia's stock price dropped a whopping 39%;
136. As a result, the Class Members suffered significant damages;

D. Misrepresentations Regarding the Code of Conduct

137. On or about July 7, 2014, Concordia adopted its first Code which was subsequently superseded by a second version of the Code which came into effect on April 19, 2016, the whole as appears from the Code, communicated herewith as **Exhibit P-35**;
138. Accordingly, at all relevant times during the Class Period, Concordia maintained written standards of ethical conduct which were designed to promote integrity and deter wrongdoing;
139. The Code of Conduct "is applicable to all Directors, officers and employees of the Corporation, as well as consultants and contract workers who perform work on behalf of the Corporation.", as appears from the Notice of Meeting and Management Information Circular, filed on March 24, 2016, as appears from Exhibit P-15;
140. The foregoing representations were false and/or misleading;
141. *Inter alia*, Concordia's Codes requires as follows:
 - 141.1. "Concordia's reputation for integrity and excellence requires careful adherence to all applicable laws and regulations as well as commitment to the highest standards of conduct of corporate and personal integrity."
 - 141.2. "Concordia is obligated to sustain a culture of compliance to stay in compliance with federal, state, provincial and local laws applicable to our business activities."
 - 141.3. "The Foreign Corrupt Practices Act requires Concordia to keep accurate books and records and maintain an adequate system of internal accounting controls."

141.4. "At Concordia, we work together to adhere to applicable laws and regulations"

141.5. "To achieve such high standards Concordia employees must adhere to all applicable laws and regulations."

as appears from Exhibits P-35;

142. The Individual Defendants violated the above-cited standards by failing to disclose material adverse facts and misrepresenting its organic growth and sustainability in its Class Period Documents and Concordia failed to ensure its Codes were followed;

E. Individual Defendants

143. As required by the AMF, Quebec's market regulators, Thompson and de Saldanha certified all interim and annual financial statements, MD&A and AIFs ("Filings") filed during the Class Period attesting to the veracity and fair representation of all material facts presented in the Filings;

144. Accordingly, at all relevant times both Thompson and de Saldanha certified that:

- i) they reviewed the Filings;
- ii) the Filings did not contain any untrue statements of material facts or omitted to state a material fact required to be stated or that was necessary to make a statement not misleading in light of the circumstances under which it was made;
- iii) the Filings fairly presented in all material respects the financial condition, performance and cash flows of Concordia;
- iv) they were responsible for establishing and maintaining disclosure controls and procedures as well as internal control over financial reporting;
- v) they have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that all material information relating to Concordia are made known to them and that information required to be disclosed by Concordia in its Filings or any other document submitted under a securities legislation is recorded, processed, summarized and reported;
- vi) they have designed, or caused to be designed under their supervision, internal control over financial reporting, to provide reasonable assurance regarding the reliability of financial reporting and the preparation specified in securities legislation;
- vii) they have evaluated, or caused to be evaluated under their supervision, the effectiveness of Concordia's disclosure controls and procedures as well as internal control over financial reporting at the financial year end and that Concordia has disclosed their conclusions regarding effectiveness in its annual MD&A; and

- viii) they have disclosed to Concordia's auditors and the Board or Audit Committee any fraud that involves management or other employees who have a significant role in Concordia's internal control over financial reporting;
145. The Individual Defendants oversaw the preparation and reporting of all Filings, other financial documents, disclosure to the public and knew or ought to have known of the alleged misrepresentations;
146. The Individual Defendants also authorized, permitted or consented to the release and publication of the Class Period Documents which contained the alleged misrepresentations;

F. PwC

147. During the Class Period, PwC audited Concordia's and its subsidiaries' annual financial statements for the year ending on December 31, 2015 and issued an unqualified audit reports to Concordia's shareholders, including the Plaintiffs and the Class Members, on March 23, 2016, as appears from Exhibit P-10;
148. In its audit report, PwC falsely represented that:
- (i) the financial statements of Concordia and its subsidiaries presented fairly, in all material respects, the financial position of Concordia and its subsidiaries as well as their financial performance and cash flow in accordance with IFRS;
 - (ii) PwC conducted its audits in accordance with the Auditors' Professional Standards; and
 - (iii) Concordia maintained effective internal control over financial reporting;
149. By stating that Concordia and its subsidiaries' financial statements were compliant with the IFRS, PwC's report:
- (i) misrepresented that Concordia's revenue was calculated in accordance with the IFRS, which resulted in an overstatement of Concordia's organic growth and Earnings Guidance throughout the Class Period;
 - (ii) misrepresented that Concordia's internal controls were effective when they were in fact materially deficient and yielded inaccurate and materially misleading financial statements and misrepresented that Concordia's financial statements had been prepared based on the maintenance and application of appropriate internal financial controls; and
 - (iii) misrepresented that Concordia's financial statements accurately described, fairly presented and disclosed the true financial condition of Concordia;

150. Throughout the entire Class Period, PwC had the responsibility, according to the Auditors' Professional Standards, to ensure that Concordia used IFRS measures when informing the public of its financial performance and, alternatively, to ensure that Concordia informed the public when it used non-IFRS measures;
151. Throughout the entire Class Period, PwC also had the responsibility to ensure that Concordia defined "organic growth" in order to avoid misleading the public and ensure that the material risks associated with this measure were properly and accurately disclosed;
152. Throughout the entire Class Period, PwC had the obligation to carefully review and analyze Concordia's reported "organic growth" to ensure that said growth was the result of expansion by increasing output, enhancement of sales internally or development of new products, rather than aggressive price increase practices;
153. PwC knew or ought to have known of the misrepresentations and false and misleading statements made in the Class Period Documents since the material information regarding Concordia's aggressive price increase practices was at all material times available to PwC;
154. In light of the above, throughout the entire Class Period, PwC failed to fulfill its obligations in a reasonable manner, resulting in misleading financial reports released in the course of the Class Period;
155. PwC's audit reports were incorporated by reference with PwC's consent in Concordia's Form 40-F, as appears from Exhibit P-14;

IV - PERIOD OF CORRECTIVE DISCLOSURE

156. On August 12, 2016, Concordia issued its Corrective Disclosure which contained the Company's Revised Earning Guidance, as appears from Exhibit P-19;
157. The Revised Earnings Guidance was said to reflect the impact of unexpected competition on several products in its North America segment and foreign exchange rates, as such:
 - 157.1. The initial revenues of \$1,020 to \$1,060 million were decreased to \$859 to \$888 million following a deduction of \$65 million in foreign currency adjustments and \$101 million in product adjustments;
 - 157.2. The adjusted EBITDA of \$610 to \$640 million was decreased to \$510 to \$540 million following a deduction of \$38 million in foreign currency adjustments and \$62 million in product adjustments;
 - 157.3. 2016 year-end Net Debt/EBITDA of approximately 6.4x or below; and
 - 157.4. a reduction of the constant currency basis of 1.31 USD/GBP applicable from July to December 2016;
158. The Corrective Disclosure also announced the departure of Concordia's CFO, de Saldanha;

159. Following this news release, Concordia's share price dropped CAD \$8.31 to close at CAD \$12.95;
160. Prior to Concordia's MD&A dated August 12, 2016, the Company had never before stated that its organic growth was a result of price increases;
161. In September 2016, Concordia's share price crashed once again following the UK's proposed new legislation that would limit generic drug pricing and consequently prevent pharmaceutical companies from dramatically increasing the prices of their generic drugs, something Concordia's UK subsidiary was caught doing, as appears from an article published in the Financial Post under Exhibit 28, an article published in the Business News Network, communicated herewith as **Exhibit P-36** , and an article published in Bloomberg communicated herewith as **Exhibit P-37** ;
162. On or about September 9, 2016, following the steep decline of Concordia's stock price, S&P Dow Jones Canadian Index Services removed Concordia from its S&P/TSX Composite Index, as appears in the Globe and Mail article, communicated herewith as **Exhibit P-38**;
163. On October 21, Concordia announced that its founder was stepping down as CEO and that the search for his successor was ongoing;
164. Thompson will also step down from his position of Chairman of the Board once a new member is found;
165. On December 9, 2016, Concordia's shares traded at CAD \$2.91 on the TSX and at USD \$2.22 on the NASDAQ, which represents a 94% decrease in price in from December 9, 2015;

V - RIGHTS OF ACTION

A. Statutory Right of Action for Misrepresentation in a Secondary Market Claim

166. The statements and omissions were materially false and misleading because they failed to disclose material adverse information and misrepresented the truth about Concordia's business, operations, and prospects as alleged herein;
167. As a result of these misrepresentations, the Plaintiff asserts a right of action under s. 225.8 of the QSA and, if necessary, the concordant provisions of other Securities Legislation, on behalf of all Class Members against the Defendants;
168. Concordia is registered to do business in Quebec, the whole as appears from the *Registraire des entreprises du Québec* ("CIDREQ"), communicated herewith as **Exhibit-P-39**;
169. Concordia's holder of a power of attorney is Fasken Martineau DuMoulin LLP, located in Montreal, Québec, as appears from Exhibit P-39;
170. Concordia is a reporting issuer in Quebec under s. 68 of the QSA and its shares were distributed and purchased in Quebec;

171. As a resident of Quebec who purchased shares in Quebec, the Plaintiff has the right to bring his Secondary Market Claim before a Quebec court and apply Quebec law to said claim;
172. The Secondary Market Claim against the Defendants is asserted in respect of all Class Period Documents which contained the misrepresentations alleged herein and were circulated to Class Members in Quebec;
173. In an effort to demonstrate a continued organic growth to its investors, at all relevant times during the Class Period, Concordia Defendants made or caused to be made a series of materially false and misleading statements about the Company's financial business, operations and prospects which led to an artificially positive assessment of Concordia's financial status causing an overvaluation of its share price;
174. The Concordia Defendants knew or ought to have known that at the time of their release the Class Period Documents contained false and misleading information;
175. The Concordia Defendants knew that the Class Period Documents would be issued to the public who relied on these documents to make informed financial decisions;
176. As such, the monetary damages suffered by the Plaintiff and Class Members are a direct result of the artificially-inflated price of Concordia's shares;
177. In light of the above, the Concordia Defendants knowingly authorized, permitted and consented to the dissemination of false and misleading information, thus violating the QSA and, if necessary, the concordant provisions of other Securities Legislation;
178. The Individual Defendants were officers and directors of Concordia during the release and publication of the Class Period Document and as such were privy to Concordia's internal budgets, plans, projections, reports as well as the Company's finances, operations and prospects and all documents filed under Securities Legislation;
179. At all relevant times during the Class Period, the Individual Defendants authorized, permitted or consented to the release and publication of the Class Period Documents which they knew or ought to have known contained false and misleading information;
180. As against PWC, this claim is being asserted in respect of Concordia's annual disclosure documents identified in the Class Period Documents;

B. Article 1457 of the CCQ

181. The Plaintiff asserts a civil right of action under art. 1457 of the CCQ, on behalf of themselves and all Class Members against the Defendants for breach of the general duty of diligence owed to all Class Members;
182. The Defendants' duties as well as their violation of said obligations are particularized below;
183. The Defendants did not fulfill the legal obligations warranted by their relationship with the Class Members as required by law;

184. As a result, the Defendants committed a fault which caused significant monetary damages to the Class Members;
185. The negligence, faults and breaches of the Defendants were transmitted to the Class Members in Quebec;
186. The Class Members suffered damages in Quebec;

C. No Safe Harbor

187. The statutory defence provided for by s. 225.22 and 225.23 of the QSA regarding forward-looking information in a document does not apply to any false and misleading statements alleged in the present claims since these statements related to then-existing facts and conditions;
188. Should the false and misleading statements fall within the scope of forward-looking information, the statutory defence nonetheless does not apply since these statements were not identified as being forward-looking statements when they were made;

VI - THE CRITERIA OF ARTICLE 575 CCP

A. The claims of the members raise identical, similar or related questions of law or fact

189. At all relevant times during the Class Period, Concordia Defendants made misleading statements on material facts and breached their obligation of periodic and timely disclosure of material changes under the QSA and other Securities Legislation;
190. At all relevant times during the Class Period, Concordia Defendants breached their obligation to disclose and accurately inform the public of Concordia's financial situation in accordance with the IFRS;
191. The QSA, the Securities Legislation, national instruments including NI 51-102, NI 52-109, NI 52-110 and U.S. securities laws including Forms 40-F and 6-K all informed the Concordia Defendants of their obligations;
192. The Concordia Defendants also owed the Class Members the duties imposed under art. 1457 CCQ;
193. The Concordia Defendants breached their duties and obligations by making the alleged misrepresentations particularized herein and as such committed faults against the Class Members;
194. The Individual Defendants oversaw the preparation and report of all filings including the Class Period Documents to the public and knew or ought to have known of the alleged misrepresentations;
195. Consequently, not only is Concordia directly liable towards the Class Members for its own faults, but it is also liable for the faults committed by the Individual Defendants or any other officer, director, partner or employee;

196. At all relevant times during the Class Period, PwC breached its duties and obligations as Concordia's external auditor in relation to:
 - (i) its audit of Concordia's and its subsidiaries' annual financial statements; and
 - (ii) its review of Concordia's and its subsidiaries' interim financial statements;
197. Accordingly, PwC committed a fault towards the Class Members by making the following alleged misrepresentations:
 - (i) failing to ensure disclosure in accordance with IFRS of all material information regarding Concordia's revenues and alleged organic growth; and
 - (ii) failing to properly audit Concordia's internal controls, failing to detect the material weaknesses in those internal controls rendering them ineffective, and failing to properly consider the implications of those material internal control weaknesses in respect of PwC's audits of Concordia's and its subsidiaries' financial statements;
198. The QSA, other Securities Legislation, national instruments including NI 51-102 and NI 52-108, U.S. securities laws, IFRS, PwC's contract with Concordia as well as PwC's internal policies all informed pwc of its obligations;
199. Aside from engaging its own liability, PwC is also liable for the faults committed by its partners or employees;
200. In light of the Defendants' alleged misrepresentations in Concordia's Class Period Documents, at all relevant times during the Class Period Concordia's shares traded at artificially inflated prices and did not reflect their true value;
201. Once the public had access to accurate information which revealed Concordia's misrepresentations, the price of Concordia's stock began its steep decline causing important damages to the Plaintiff and Class Members;
202. Based on the allegations made in the present action, the principle questions of fact and law to be dealt with collectively are:
 - a) do the Class Period Documents contain misrepresentations within the meaning of the QSA and, if necessary, other Securities Legislation? If so, which document contains which misrepresentations?
 - b) are any of the Defendants liable to the Class or any of its Members under the Secondary Market Claim and if necessary, any concordant provisions of the other Securities Legislation? If so, which Defendant is liable and to whom?
 - c) do any of the Defendants owe a duty of diligence to the Class, or any of its Members, under the general private law of Quebec? If so, which Defendant owes a duty of diligence and to whom?

- d) if some or all of the Defendants owe a duty of diligence to the Class, or any of its Members, are any of the Defendants liable under article 1457 of the CCQ? If so, which Defendant is liable and to whom?
- e) what damages are sustained by the Plaintiffs and the Class Members?
- f) are any of the Defendants liable to the Plaintiffs and the Class, or any of its Members, for damages? If so, which Defendant is liable, to whom and for what amount?

203. As a result of these questions of fact and of law, the Plaintiff and Class Members seek for this Honorable Court to authorize the conclusions to the proposed proceeding as particularized herein;

B. The facts alleged appear to justify the conclusions sought

- 204. Defendants breached their duties and legal obligations towards the Class Members;
- 205. Defendants also made false and misleading statements in the Class Period Documents which violates Title VII, Chapter II, Division I of the QSA and other Securities Legislation;
- 206. The faults committed by the Defendants support the Plaintiff's and Class Members' claims;

C. The composition of the group makes it difficult or impractical to apply the rules for mandates to take part in judicial proceedings on behalf of others or for consolidation of proceedings

- 207. Concordia is a multinational pharmaceutical company whose approximately 51,000,000 shares are publicly traded on numerous international stock exchanges;
- 208. In Quebec only, there are likely to be thousands of investors that would qualify as members of the Class;
- 209. In light of the above, it would be impractical for each Class member to bring a separate action;

D. The Class Member appointed as representative plaintiff is in a position to properly represent the Class Members

- 210. The Plaintiff is a Quebec resident;
- 211. The Plaintiff is a professional with extensive commercial experience;
- 212. The Plaintiff was informed of and understands the time and dedication required of his role as Class representative and is prepared to devote the required resources to carry forward this proposed action on behalf of the Class Members;
- 213. The Plaintiff purchased Concordia shares during the Class Period and suffered monetary damages as particularized herein;
- 214. The Plaintiff has no conflict of interest with other Class Members and is represented by counsel that are experienced at litigating shareholders' claims in class actions against multinational corporations that list their securities on multiple stock exchanges;

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

AUTHORIZE the Class, including as described herein:

All Quebec-based persons and entities who, during the Class Period, acquired Concordia's securities and held some or all such securities as of August 12, 2016.

NAME Robert Landry the Class Representative;

DECLARE that the following questions of fact and law are to be dealt with collectively:

- a) do the Class Period Documents contain misrepresentations within the meaning of the QSA and, if necessary, other Securities Legislation? If so, which document contains which misrepresentations?
- b) are any of the Defendants liable to the Class Members under the Secondary Market Claim and if necessary, any concordant provisions of the other Securities Legislation? If so, which Defendant is liable and to whom?
- c) do any of the Defendants owe a duty of diligence to the Class, or any of its Members, under the general private law of Quebec? If so, which Defendant owes a duty of diligence and to whom?
- d) if some or all of the Defendants owe a duty of diligence to the Class, or any of its Members, are any of the Defendants liable under article 1457 of the CCQ? If so, which Defendant is liable and to whom?
- e) what damages are sustained by the Plaintiff and the Class Members?
- f) are any of the Defendants liable to the Plaintiff and the Class, or any of its Members, for damages? If so, which Defendant is liable, to whom and for what amount?

AUTHORIZE the class action proceedings to seek the following conclusions:

GRANT this class action on behalf of the Class;

GRANT the Plaintiff's action against the Defendants in respect of the rights of action asserted against Defendants under Title VIII, Chapter II, Divisions I and II of the QSA and, if necessary, the concordant provisions of the other Securities Legislation, and article 1457 of the CCQ;

CONDEMN the Defendants to pay to the Plaintiffs and Class Members compensatory damages for all monetary losses;

ORDER collective recovery in accordance with articles 595 to 598 of the *Code of Civil Procedure*;

THE WHOLE with interest and additional indemnity provided for in the *Civil Code of Quebec* and with full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution of the recovery in this action;

AUTHORIZE these class action proceedings under section 225.4 of the QSA;

APPROVE the notice to the members of the Class in the form submitted to the Court;

ORDER the publication of the notice to the members of the Class no later than thirty (30) days after the date of the judgment authorizing the class proceedings;

ORDER that the deadline for a member of the Class to exclude themselves from the class action proceedings shall be sixty (60) days from the publication of the notice to the members of the Class.

MONTREAL, this 22nd day of December, 2016



FAGUY & CO. BARRISTERS & SOLICITORS INC.
Attorneys for the Representative Plaintiff

SUMMONS
(Art. 145 and following C.C.P.)

Filing of a judicial application

Take notice that the plaintiff has filed this originating application in the office of the Superior Court of Quebec in the judicial district of Montreal

Defendant's answer

You must answer the application in writing, personally or through a lawyer, at the courthouse of Montreal situated at 1 Notre-Dame St. E, Montreal, Québec within 15 days of service of the application or, if you have no domicile, residence or establishment in Québec, within 30 days. The answer must be notified to the plaintiff's lawyer or, if the plaintiff is not represented, to the plaintiff.

Failure to answer

If you fail to answer within the time limit of 15 or 30 days, as applicable, a default judgement may be rendered against you without further notice and you may, according to the circumstances, be required to pay the legal costs.

Content of answer

In your answer, you must state your intention to:

- negotiate a settlement;
- propose mediation to resolve the dispute;
- defend the application and, in the cases required by the Code, cooperate with the plaintiff in preparing the case protocol that is to govern the conduct of the proceeding. The protocol must be filed with the court office in the district specified above within 45 days after service of the summons or, in family matters or if you have no domicile, residence or establishment in Québec, within 3 months after service;
- propose a settlement conference.

The answer to the summons must include your contact information and, if you are represented by a lawyer, the lawyer's name and contact information.

Change of judicial district

You may ask the court to refer the originating application to the district of your domicile or residence, or of your elected domicile or the district designated by an agreement with the plaintiff.

If the application pertains to an employment contract, consumer contract or insurance contract, or to the exercise of a hypothecary right on an immovable serving as your main residence, and if you are the employee, consumer, insured person, beneficiary of the insurance contract or

hypothecary debtor, you may ask for a referral to the district of your domicile or residence or the district where the immovable is situated or the loss occurred. The request must be filed with the special clerk of the district of territorial jurisdiction after it has been notified to the other parties and to the office of the court already seized of the originating application.

Transfer of application to Small Claims Division

If you qualify to act as a plaintiff under the rules governing the recovery of small claims, you may also contact the clerk of the court to request that the application be processed according to those rules. If you make this request, the plaintiff's legal costs will not exceed those prescribed for the recovery of small claims.

Calling to a case management conference

Within 20 days after the case protocol mentioned above is filed, the court may call you to a case management conference to ensure the orderly progress of the proceeding. Failing this, the protocol is presumed to be accepted.

Exhibits supporting the application

In support of the originating application, the plaintiff intends to use the following exhibits:

- Exhibit P-1:** News release entitled "Concordia Healthcare Announces Third Quarter 2015 Results", published on November 12, 2015;
- Exhibit P-2:** News release entitled "Concordia Healthcare Announces Fourth Quarter and Fiscal 2015 Results and Board Appointment", published on March 23, 2016;
- Exhibit P-3:** News release entitled "Concordia Healthcare Corrects Inaccurate Report", published on March 29, 2016;
- Exhibit P-4:** News release entitled "Concordia Healthcare Announces First Quarter 2016 Results and Acquisition of Four Products with Global Rights", published on May 13, 2016;
- Exhibit P-5:** The unaudited condensed interim consolidated financial statements of Concordia for September 30, 2015, filed on November 12, 2015;
- Exhibit P-6:** The MD&A for the three and nine months ended on September 30, 2015, filed on November 12, 2015;
- Exhibit P-7:** Forms 52-109F2, *Certification of Interim Filings Full Certificate*, signed by Mark Thompson and Adrian de Saldanha and filed on November 12, 2015;
- Exhibit P-8:** 2015 Annual Information Form, filed on March 23 2016;
- Exhibit P-9:** MD&A filed on March 23, 2016;

- Exhibit P-10:** Consolidated financial statements of Concordia for the years ended December 31, 2015 and 2014, filed on March 23, 2016;
- Exhibit P-11:** Forms 52-109F1, *Certification of Annual Filings Full Certificate*, signed by Mark Thompson and Adrian de Saldanha and filed on March 23, 2016;
- Exhibit P-12:** Form 40-F of the United States Securities and Exchange Commission, signed by Mark Thompson, filed on March 23, 2016;
- Exhibit P-13:** Certifications produced as Exhibits 99.1, 99.2, 99.3 and 99.4 of Form 40-F, filed on March 23, 2016;
- Exhibit P-14:** Consent of Independent Auditor produced as Exhibits 99.8 of Form 40-F, filed on March 23, 2016;
- Exhibit P-15:** Notice of meeting and management information circular and form of proxy for the general and special meeting of shareholders dated April 7, 2016, filed on March 24, 2016;
- Exhibit P-16:** MD&A for the three months ended March 31, 2016, filed on May 13, 2016;
- Exhibit P-17:** Unaudited condensed interim consolidated financial statements of Concordia for March 31, 2016, filed on May 13, 2016;
- Exhibit P-18:** Forms 52-109F2, *Certification of Interim Filings Full Certificate*, signed by Mark Thompson and Adrian de Saldanha and filed on May 13, 2016;
- Exhibit P-19:** Concordia's news release titled "Concordia International Announces Second Quarter 2016 Results", filed on August 12, 2016;
- Exhibit P-20:** Historical Data published on Yahoo Finance in relation to CXR.TO;
- Exhibit P-21:** Historical Data published on Yahoo Finance in relation to CXRX;
- Exhibit P-22:** Articles of Amendment filed on June 27, 2016;
- Exhibit P-23:** News release entitled "Concordia International Corp. Announces CEO Transition Plan", filed on October 21, 2016;
- Exhibit P-24:** News release entitled "Concordia International Corp. Announces New Leadership Appointments", filed on November 2, 2016;
- Exhibit P-25:** Investopedia's website and NASDAQ's financial Glossary;
- Exhibit P-26:** Business News Network article entitled "Concordia Healthcare: Diving deep into claims of sky high prices", published on May 6, 2016;
- Exhibit P-27:** Forbes article entitled "The Other Canadian Drug Company That Has Pushed Up Drug Prices", published on May 20, 2016;

- Exhibit P-28:** Financial Post article entitled "Concordia International Corp stock crashed on proposed U.K. legislation over barring drug price increases", published on September 16, 2016;
- Exhibit P-29:** Financial Times article entitled "Canadian pharma group raises price of NHS eye drug 14-fold", published on May 1, 2016;
- Exhibit P-30:** Canadian Business article entitled "Post-Valeant, Concordia Healthcare's business model is in doubt", published on July 7, 2016;
- Exhibit P-31:** MD&A for the three and six months periods ended June 30, 2016 filed on August 12, 2016;
- Exhibit P-32:** Forms 52-109F2, *Certification of Interim Filings Full Certificate*, signed by Mark Thompson and Adrian de Saldanha and filed on August 12, 2016;
- Exhibit P-33:** News release entitled "Concordia International Announces Second Quarter 2016 Results", filed on November 7, 2016;
- Exhibit P-34:** MD&A for the three and six months periods ended June 30, 2016, filed on August 12, 2016;
- Exhibit P-35:** Concordia's Code of Conduct as amended on April 19, 2016;
- Exhibit P-36:** Business News Network article entitled "Concordia shares sink nearly 20% after U.K. introduces generic drug pricing bill", published on September 16, 2016;
- Exhibit P-37:** Bloomberg article entitled "Drugmaker Concordia Drops to 2013 Low on U.K. Bill, Index Exit", published on September 16, 2016;
- Exhibit P-38:** Globe and Mail article entitled "S&P Dow Jones Indices Announces Changes to the S&P/TSX Canadian Indices", published on September 9, 2016; and
- Exhibit P-39:** Extract of the *Registraire des entreprises du Québec* ("CIDREQ") on November 4, 2016.

These exhibits are available on request.

Notice of presentation of an application

If the application is an application in the course of a proceeding or an application under Book III, V, excepting an application in family matters mentioned in article 409, or VI of the Code, the establishment of a case protocol is not required; however, the application must be accompanied by a notice stating the date and time it is to be presented.

MONTREAL, this 22nd day of December, 2016

Faguy Co.
FAGUY & CO. BARRISTERS & SOLICITORS INC.
Attorneys for the Representative Plaintiff

SUPERIOR COURT
(Class Action)
Province of Quebec
District of Montreal
N°: 500-

ROBERT LANDRY

Representative Plaintiff

v.

CONCORDIA INTERNATIONAL CORP.

-and-

MARK THOMPSON

-and-

ADRIAN DE SALDANHA

-and-

EDWARD BORKOWSKI

-and-

JORDAN KUPINSKI

-and-

WAYNE KREPPNER

-and-

ROCHELLE FUHRMANN

-and-

DOUG DEETH

--and-

PATRICK VINK

-and-

PRICEWATERHOUSECOOPERS LLP

Defendants

**MOTION FOR AUTHORIZATION OF A CLASS
ACTION AND FOR AUTHORIZATION TO BRING AN
ACTION PURSUANT TO SECTION 225.4 OF THE
QUEBEC SECURITIES ACT**

ORIGINAL

FAGUY & Co.

BARRISTERS & SOLICITORS INC.

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