

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION**

PETER J. GRIGNON, Individually and On
Behalf of All Others Similarly Situated,

Plaintiff,

v.

SALIX PHARMACEUTICALS, LTD.,
CAROLYN J. LOGAN, and ADAM C.
DERBYSHIRE,

Defendants.

) **Civil Action No.:**

) **CLASS ACTION**

) **COMPLAINT FOR VIOLATION OF
THE FEDERAL SECURITIES LAWS**

) **DEMAND FOR JURY TRIAL**

CLASS ACTION COMPLAINT

Plaintiff Peter J. Grignon (“Plaintiff”), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the defendants’ public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Salix Pharmaceuticals, Ltd., (“Salix” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than Defendants (defined below) who purchased or otherwise acquired Salix securities between August 7, 2014 and November 6, 2014, both dates inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. Salix Pharmaceuticals, Ltd., a Delaware corporation, acquires, develops, and commercializes prescription drugs and medical devices to treat various gastrointestinal diseases in the United States. Salix was founded in 1989, is headquartered in Raleigh, North Carolina, and its shares trades on the NASDAQ under the ticker symbol “SLXP.”

3. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) the Company overstated business prospects and demand for Salix’s drugs; (2) the Company understated wholesaler inventory levels for Salix’s products; (3) Salix’s internal controls over financial reporting were ineffective; and (4) as a result of the foregoing, Salix’s public statements were materially false and misleading at all relevant times.

4. On November 6, 2014, after the close of trading, the Company issued a press release announcing the resignation of its Chief Financial Officer, Adam C. Derbyshire. In the press release the company stated, in part:

Salix Pharmaceuticals, Ltd. (NASDAQ: SLXP) ("Salix" or the "Company") today announced the appointment of Timothy J. Creech as Acting Chief Financial

Officer of the Company, effective immediately. He succeeds Adam C. Derbyshire, who resigned his position at the Company.

5. Minutes after issuing the press release, the Company issued an earnings release and filed a Form 8-K announcing its financial and operating results for the third quarter ending September 30, 2014 and hosted an earnings conference call with investors and analysts.

6. In the earnings press release, the Company stated that it had the following wholesaler inventory levels:

- XIFAXAN[®] 550: approximately 9 months;
- APRISO[®]: approximately 9 months;
- GLUMETZA[®]: approximately 7 months; and
- UCERIS[®]: approximately 5 months.

7. These amounts shocked the market, which was expecting much lower inventory levels based on prior guidance provided by the Company. In the earnings conference call, the Company stated the following, in part:

In our earnings press release issued earlier this afternoon, we provided disclosure regarding our estimate of the wholesaler inventory levels of our major products at September 30. The Audit Committee of our Board of Directors, which is comprised solely of independent directors, has retained outside counsel and is conducting a review of issues related to management's prior characterizations of wholesaler inventory levels. The review will be conducted by the Audit Committee in a thorough manner and will be independent of company management. Management's expectation, however, is that the Audit Committee will advise management when the review is complete, and the company expects to make an appropriate announcement at that time.

8. The Company also disappointed investors by reporting earnings and revenues for the third quarter and providing guidance for fourth quarter earnings and revenues, below the projection of analysts. According to the earnings press release, the Company had revenue of \$355 million in the third quarter, up 49% from the same period last year, and reported earnings per share of \$1.53. This was below the consensus among Wall Street analysts, which had expected revenue of \$392 million and earnings per share of \$1.55. In the earnings release, the

Company also provided guidance for the fourth quarter, forecasting that earnings per share will be \$1.16, on revenue of \$325 million, compared with the average projection of analysts of \$1.95 per share on revenue of \$436 million.

9. As a result of this news, shares of Salix fell \$47.08 per share, or 33.98%, to close at \$91.47 per share on heavy trading volume, on November 7, 2014.

10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

11. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

12. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

13. Venue is proper in this District pursuant to §27 of the Exchange Act and 28 U.S.C. §1391(b), as Defendant is headquartered in this District and a significant portion of the Defendants' actions, took place within this District.

14. In connection with the acts, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

15. Plaintiff, as set forth in the attached Certification, acquired Salix securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

16. Defendant Salix is a Delaware corporation with its principal executive offices located at 8510 Colonnade Center Drive, Raleigh, NC 27615. Salix's common stock trades on the NASDAQ under the ticker symbol "SLXP."

17. Defendant Carolyn J. Logan ("Logan") has served at all relevant times as the Company's Chief Executive Officer.

18. Defendant Adam C. Derbyshire ("Derbyshire") has served at all relevant times, until his abrupt resignation on November 5, 2014, as the Company's Chief Financial Officer and Executive Vice President.

19. The defendants referenced above in ¶¶ 17 and 18 are sometimes referred to herein as the "Individual Defendants."

20. The Individual Defendants, together with Salix, are collectively referred to herein as "Defendants."

SUBSTANTIVE ALLEGATIONS

Background

21. Salix Pharmaceuticals, Ltd., a Delaware corporation, acquires, develops, and commercializes prescription drugs and medical devices to treat various gastrointestinal diseases in the United States. The Company was founded in 1989, is headquartered in Raleigh, North Carolina, and its shares trades on the NASDAQ under the ticker symbol "SLXP."

**Materially False and Misleading
Statements Issued During the Period**

22. On August 7, 2014, the Company issued a press release and filed a Form 8-K with the SEC, announcing its financial and operating results for the second quarter ending June 30, 2014. Total net product revenue was \$382.0 million for the second quarter of 2014 compared to \$235.4 million for the second quarter of 2013. GAAP net income for the second quarter of 2014 was \$3.3 million, or \$0.04 per diluted share, compared to \$21.0 million, or \$0.32 per diluted share, for the second quarter of 2013. In the press release, the Company stated, in part:

Adam Derbyshire, Executive Vice President and Chief Financial Officer, stated, “We continue to see considerable momentum in our business, which we expect to accelerate through the second half of the year. We have achieved several key milestones over the last several months, our new sales infrastructure is beginning to gain traction and prescriptions for our key products are growing. Our third quarter outlook reflects our expectation for some adjustments in the supply chain to continue into the quarter as wholesalers more closely manage inventory levels. However, we expect to see a strong fourth quarter, which historically has been our strongest quarter, as the business continues to realize the combined impact of strong prescription growth and rising productivity of our new digestive disease sales force.”

* * *

For the third quarter of 2014, Salix expects:

- Total net product revenue of approximately \$395.0 million.
- Non-GAAP net income of approximately \$121.0 million, or \$1.53 per diluted share.

23. That same day, the Company held an earnings conference call with analysts and investors, during which the Company assured investors that inventory levels were around two months and that it expected inventories to come down in the third quarter. Specifically, in the conference call, the following exchanges took place:

Andrew Finkelstein - Susquehanna Financial Group, LLLP, Research Division:

If I could follow up on the inventory a little bit more. I know some of these things are difficult to predict, but maybe you could share a little bit more perspective on what investigation you've done with your customers and where things stand relative to IMA levels. I think we discussed, last quarter, you tried to keep these products in a pretty tight range of 10 to 12 weeks. And looking over last

quarter and this quarter, it seems that some of these products have come down relative to their run rates quite significantly. I think 7 weeks or so for XIFAXAN, many weeks for the purgatives and then up dramatically for GLUMETZA, maybe by as much as 6 months' worth of inventory. So I was hoping you could share a little bit more color on what -- on a product-by-product basis. Some of them seem to be at very high inventory levels and some quite low. Where they individually stand, particularly with 3Q for GLUMETZA? What you're thinking happens there whether that comes down a lot?

Adam C. Derbyshire - Chief Financial Officer, Principal Accounting Officer and Executive Vice President of Finance & Administration:

Yes, sure. I would expect that the GLUMETZA and UCERIS will come down in third quarter. And then, as you can see, both with APRISO and XIFAXAN, they did come more in line with demand. They didn't quite get there, but we would expect that to continue to become more in line with demand in third quarter and then to normalize in fourth quarter.

* * *

Annabel Samimy - Stifel, Nicolaus & Company, Incorporated, Research Division:

I promise this is going to be the last inventory question. Can you just define what normalizing means? Is that a new level that you're targeting now, not 10 to 12 weeks, but something else? Can you just help us understand that?

Adam C. Derbyshire - Chief Financial Officer, Principal Accounting Officer and Executive Vice President of Finance & Administration

Yes. I mean, I think from an overall portfolio standpoint, I would say that's in the 8-week or minus a little bit range for the entire channel.

24. On August 8, 2014, the Company filed a Form 8-K with the SEC which was signed by defendants Logan and Derbyshire, and reiterated the Company's previously announced quarterly financial results and financial position. In addition, the 10-Q contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") by defendants Logan and

Derbyshire, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

25. The statements referenced in ¶¶ 22-24 above were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts, which were known to Defendants or recklessly disregarded by them, including that: (1) the Company overstated business prospects and demand for Salix's drugs; (2) the Company understated wholesaler inventory levels for Salix's products; (3) Salix's internal controls over financial reporting were ineffective; and (4) as a result of the foregoing, Salix's public statements were materially false and misleading at all relevant times.

The Truth Emerges

26. On November 6, 2014, after the close of trading, the Company issued a press release announcing the resignation of its Chief Financial Officer, Adam C. Derbyshire. In the press release the company stated, in part:

Salix Pharmaceuticals, Ltd. (NASDAQ: SLXP) ("Salix" or the "Company") today announced the appointment of Timothy J. Creech as Acting Chief Financial Officer of the Company, effective immediately. He succeeds Adam C. Derbyshire, who resigned his position at the Company.

27. Minutes after issuing the press release above, the Company issued an earnings press release and filed a Form 8-K announcing its financial and operating results for the third quarter ending September 30, 2014 and hosted an earnings conference call with investors and analysts.

28. In the earnings press release, the Company reported the following pertaining to wholesaler inventory levels:

- XIFAXAN[®] 550: approximately 9 months;
- APRISO[®]: approximately 9 months;
- GLUMETZA[®]: approximately 7 months; and
- UCERIS[®]: approximately 5 months.

29. These amounts shocked the market, which was expecting much lower inventory levels based on prior guidance provided by the Company. In the earnings conference call, the Company stated the following, in part:

In our earnings press release issued earlier this afternoon, we provided disclosure regarding our estimate of the wholesaler inventory levels of our major products at September 30. The Audit Committee of our Board of Directors, which is comprised solely of independent directors, has retained outside counsel and is conducting a review of issues related to management's prior characterizations of wholesaler inventory levels. The review will be conducted by the Audit Committee in a thorough manner and will be independent of company management. Management's expectation, however, is that the Audit Committee will advise management when the review is complete, and the company expects to make an appropriate announcement at that time.

30. The Company also disappointed investors by reporting earnings and revenues for the third quarter and providing guidance for fourth quarter earnings and revenues, below the projection of analysts. According to the press release, the Company had revenue of \$355 million in the third quarter, up 49% percent from the same period last year, and reported earnings per share of \$1.53. This was below the consensus among Wall Street analysts, which had expected revenue of \$392 million and earnings per share of \$1.55 per share. In the earnings press release, the Company also provided guidance for the fourth quarter, forecasting that earnings per share will be \$1.16, on revenue of \$325 million, compared with the average projection of analysts of earnings per share of \$1.95 on revenue of \$436 million.

31. As a result of this news, shares of Salix fell \$47.08 per share, or 33.98%, to close at \$91.47 per share on heavy trading volume, on November 7, 2014.

32. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

33. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Salix securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

34. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Salix securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Salix or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

35. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

36. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

37. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Salix;
- whether the Individual Defendants caused Salix to issue false and misleading financial statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of Salix securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

38. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

39. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;

- Salix securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold Salix securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

40. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

41. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

(Against All Defendants For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder)

42. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

43. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

44. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the

other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Salix securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Salix securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

45. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Salix securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Salix's finances and business prospects.

46. By virtue of their positions at Salix, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants

were committed willfully or with reckless disregard for the truth. In addition, each defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

47. Defendants were personally motivated to make false statements and omit material information necessary to make the statements not misleading in order to personally benefit from the sale of Salix securities from their personal portfolios.

48. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of Salix, the Individual Defendants had knowledge of the details of Salix's internal affairs.

49. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Salix. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Salix's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Salix securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Salix's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Salix securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

50. During the Class Period, Salix securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Salix securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Salix securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Salix securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

51. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

52. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against The Individual Defendants)

53. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

54. During the Class Period, the Individual Defendants participated in the operation and management of Salix, and conducted and participated, directly and indirectly, in the conduct of Salix's business affairs. Because of their senior positions, they knew the adverse non-public information about Salix's misstatement of income and expenses and false financial statements.

55. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Salix's financial condition and results of operations, and to correct promptly any public statements issued by Salix which had become materially false or misleading.

56. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Salix disseminated in the marketplace during the Class Period concerning Salix's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Salix to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Salix within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Salix securities.

57. Each of the Individual Defendants, therefore, acted as a controlling person of Salix. By reason of their senior management positions and/or being directors of Salix, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Salix to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Salix and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

58. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Salix.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: November 12, 2014

Respectfully submitted,

RABON LAW FIRM, PLLC

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Attorneys for Plaintiff

**CERTIFICATION PURSUANT
TO FEDERAL SECURITIES LAWS**

1. I, Peter J. Grignon, make this declaration pursuant to Section 27(a)(2) of the Securities Act of 1933 ("Securities Act") and/or Section 21D(a)(2) of the Securities Exchange Act of 1934 ("Exchange Act") as amended by the Private Securities Litigation Reform Act of 1995.

2. I have reviewed a Complaint against Salix Pharmaceuticals, Inc. ("Salix" or the "Company"), and authorize the filing of a comparable complaint on my behalf.

3. I did not purchase or acquire Salix securities at the direction of plaintiffs counsel or in order to participate in any private action arising under the Securities Act or Exchange Act.

4. I am willing to serve as a representative party on behalf of a Class of investors who purchased or acquired Salix securities during the class period, including providing testimony at deposition and trial, if necessary. I understand that the Court has the authority to select the most adequate lead plaintiff in this action.

5. To the best of my current knowledge, the attached sheet lists all of my transactions in Salix securities during the Class Period as specified in the Complaint.

6. During the three-year period preceding the date on which this Certification is signed, I have not sought to serve as a representative party on behalf of a class under the federal securities laws.

7. I agree not to accept any payment for serving as a representative party on behalf of the class as set forth in the Complaint, beyond my pro rata share of any recovery, except such reasonable costs and expenses directly relating to the representation of the class as ordered or approved by the Court.

8. I declare under penalty of perjury that the foregoing is true and correct.

Executed 11/18/2014
(Date)

Peter J. Grynow
(Signature)

Peter J Grynow
(Type or Print Name)

LIST OF PURCHASES AND SALES

DATE	PURCHASE OR SALE	NUMBER OF SHS/UTS	PRICE PER SH/UT
10/31/2014	PUR	100	\$144.1200