Dutch statutory board report and financial statements of Mylan N.V.
for the fiscal year ended 31 December 2018

Mylan N.V.
Dutch Statutory Board Report
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1. INTRODUCTION

In this report, the terms "Mylan", "we", "us", "our" and "the Company" refer to Mylan N.V. and, where appropriate, its subsidiaries. Unless stated otherwise, information presented in this report is as at 31 December 2018.

1.1 Preparation

This report has been prepared by Mylan's management and has been approved by Mylan's board of directors (the "Board") pursuant to Section 2:391 of the Dutch Civil Code ("DCC"). It contains (i) Mylan's Dutch statutory annual accounts as defined in Section 2:361(1) DCC and (ii) the information to be added pursuant to Section 2:392 DCC (to the extent relevant). The financial statements included in sections 9.1 and 9.2 of this report have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Commission ("EU IFRS"). The report of Mylan's independent auditor, Deloitte Accountants B.V., is included in section 10.1.

1.2 Forward-looking statements

This report contains "forward-looking statements." These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, statements about Mylan's future operations, anticipated business levels, future earnings, planned activities, anticipated growth, market opportunities, strategies, competition and other expectations and targets for future periods. These may often be identified by the use of words such as "will," "may," "could," "should," "would," "project," "believe," "anticipate," "expect," "plan," "estimate," "forecast," "potential," "pipeline," "intend," "continue," "target," "seek" and variations of these words or comparable words. Because forward-looking statements inherently involve risks and uncertainties, actual future results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: actions and decisions of healthcare and pharmaceutical regulators; failure to achieve expected or targeted future financial and operating performance and results; uncertainties regarding future demand, pricing and reimbursement for our products; any regulatory, legal, or other impediments to Mylan's ability to bring new products to market, including, but not limited to, where Mylan uses its business judgment and decides to manufacture, market, and/or sell products, directly or through third parties, notwithstanding the fact that allegations of patent infringement(s) have not been finally resolved by the courts (i.e., an "at-risk launch"); success of clinical trials and Mylan's ability to execute on new product opportunities; any changes in or difficulties with our manufacturing facilities, including with respect to our remediation and restructuring activities, supply chain or inventory or our ability to meet anticipated demand; the scope, timing and outcome of any ongoing legal proceedings, including government investigations, and the impact of any such proceedings on our financial condition, results of operations and/or cash flows; the ability to meet expectations regarding the accounting and tax treatments of acquisitions, including Mylan's acquisition (the "EPD Business Acquisition") of Mylan Inc. and Abbott Laboratories' non-U.S. developed markets specialty and branded generics business (the "EPD Business"); changes in relevant tax and other laws, including but not limited to changes in the U.S. tax code and healthcare and pharmaceutical laws and regulations in the U.S. and abroad; any significant breach of data security or data privacy or disruptions to our information technology systems; the ability to protect intellectual property and preserve intellectual property rights; the effect of any changes in customer and supplier relationships and customer purchasing patterns; the ability to attract and retain key personnel; the impact of competition; identifying, acquiring and integrating complementary or strategic acquisitions of other companies, products, or assets being more difficult, time-consuming or costly than anticipated; the possibility that Mylan may be unable to achieve expected synergies and operating efficiencies in connection with strategic acquisitions, strategic initiatives or restructuring programs within the expected time-frames or at all; uncertainties and matters beyond the control of management, including but not limited to general political and economic conditions and global exchange rates; and inherent uncertainties involved in the estimates and judgments used in the preparation of financial statements, and the providing of estimates of financial measures, in accordance with International Financial Report Standards, as adopted by the European Commission ("EU IFRS") and related standards or on an adjusted basis. For more detailed information on the risks and uncertainties associated with Mylan's business activities, see the risks described in section 4 of this report and our other filings with the SEC. You can access Mylan's filings with the SEC through the SEC website at www.sec.gov or through our website, and Mylan strongly encourages you to do so. Mylan routinely posts information that may be important to investors on our website at investor.mylan.com, and we use this website address as a means of disclosing material information to the public in a broad, non-exclusionary manner for purposes of the SEC's Regulation Fair Disclosure (Reg FD). The contents of our website are not incorporated by reference in this Amendment and shall not be deemed "filed" under the Securities Exchange Act of 1934, as amended. Mylan undertakes no obligation to update any statements herein for revisions or changes after the filing date of this Amendment other than as required by law.

2. COMPANY AND BUSINESS OVERVIEW

2.1 Business

Mylan (the successor registrant to Mylan Inc.), along with its subsidiaries (collectively, the "Company," "Mylan," "our" or "we"), is a global pharmaceutical company committed to setting new standards in healthcare and providing 7 billion people access to high quality medicine. We offer a growing portfolio of more than 7,500 products, including prescription generic, branded generic, brand-name drugs and over-the-counter ("OTC") remedies. We market our products in more than 165 countries and territories. As at 31 December 2018, our global workforce totaled approximately 35,000 employees and external contractors. Some of our employees are unionized or part of works councils or trade unions.

OUR MISSION

At Mylan, we are committed to setting new standards in healthcare. Working together around the world to provide 7 billion people access to high quality medicine, we:

- Innovate to satisfy unmet needs;
- Make reliability and service excellence a habit;
- Do what's right, not what's easy; and
- Impact the future through passionate global leadership.

2.2 Transformation

Mylan was founded in 1961 as a privately-owned company to help people in rural communities in the United States ("U.S.") state of West Virginia obtain quality affordable medicines. Originally a distributor of other firms' products, we grew over time into one of the nation's largest manufacturers of generic drugs ("Gx"). Mylan became a publicly traded company in 1973.

Approximately a decade ago, in response to industry changes, Mylan developed and began executing a transformation strategy. Our goal was to create a durable business model that would harness the power of competition to drive innovations capable of increasing access to medicine.

Our strategy involved creating robust research, manufacturing, supply chain and commercial platforms on a global scale; substantially expanding our portfolio of medicines; diversifying by geography, product type and channel; maintaining our commitment to quality; cultivating our corporate culture and workforce; and continuing to manage for the long-term.

Acquisitions, including that of Matrix Laboratories Limited (2007); Merck KGaA's generics and specialty pharmaceutical business (2007); the EPD Business (as defined below) (2015) and Meda AB (publ.) ("Meda") (2016), have played a significant role in our transformation. We continue to acquire complementary products and product-development capabilities. As part of our acquisition-integration efforts, Mylan has focused on how to best optimize and maximize all of our assets across the organization and all geographies.

Mylan N.V. was originally incorporated as a private limited liability company in the Netherlands in 2014. Mylan became a public limited liability company in the Netherlands through its acquisition of Abbott Laboratories' non-U.S. developed markets specialty and branded generics ("Bx") business (the "EPD Business") on 27 February 2015. Mylan's corporate seat is in the Netherlands; our principal executive offices are in England and our group's global headquarters is in the U.S.

Unless otherwise indicated, industry data included in Item 2 is sourced from IQVIA Holdings Inc. and is for the twelve months ended November 2018. Mylan product information is from internal sources and is as at 31 December 2018.

2.3 Business Model and Operations

Our mission is grounded in our conviction that every person should have the opportunity to live the healthiest life possible. For this reason, providing access to medicine is an important goal of our business model, pictured below.

OUR BUSINESS MODEL

To provide access, we seek to satisfy the needs of an incredibly diverse global pharmaceutical marketplace whose economic and political systems, approaches to delivering and paying for healthcare, languages and traditions, and customer and patient requirements vary by location and over time.

It is with these considerations in mind that we built and scaled our commercial, operational and scientific platforms, which we believe meet the evolving needs of customers in ways that are globally consistent and locally sensitive. As a result, Mylan now reaches patients with a wide range of products.

We believe that the breadth and depth - i.e., the diversity - of our business and platforms have rendered our business durable, as we are not dependent on any single market or product.

We also believe that durability not only helps us expand people's access to medicine, it also allows us to better compete on a global basis than many of our peers. Our primary competitors in the prescription drugs space include other pharmaceutical companies, including manufacturers of brand-name, generic drug and branded drug companies that continue to sell or license branded pharmaceutical products after patent expirations and other statutory expirations. Our OTC products face competition from pharmaceutical companies and from retailers that carry their own private-label brands.

DURABILITY COMPONENTS

We have structured our business and strive to operate it in ways that maximize our operational and financial results. Operationally, for instance, we have chosen to vertically integrate much of our manufacturing activity; this means producing many of our own active pharmaceutical ingredients ("APIs") and finished dosage forms. This approach affords us greater control over the cost and quality of what we make. All of the facilities discussed below are included in our reportable segments (North America, Europe, and Rest of World) primarily based on the location of the facility.

Our principal administrative, research and development ("R&D") and manufacturing facilities are located around the world; many of the latter are strategically located in proximity to key markets.

In the U.S. and Puerto Rico, we own 16 manufacturing, distribution, and administrative facilities. Principal facilities include the group's global headquarters in Canonsburg, Pennsylvania; our campus in Morgantown, West Virginia, which includes an R&D center of excellence and manufacturing plant; and our distribution center in Greensboro, North Carolina.

Outside the U.S. and Puerto Rico, we own 39 production, distribution, and administrative facilities in 15 countries.

In Europe, principal facilities include our principal executive offices in Hatfield, Hertfordshire, England; our global center in Dublin, Ireland; as well as key facilities in Ireland, Hungary, and France.

We also operate key facilities in India, Australia, and Japan. In India, principal facilities include our global center in Bangalore; an R&D center of excellence in Hyderabad; and several manufacturing plants located throughout the country.

Mylan also leases manufacturing, warehousing, distribution and administrative facilities in various locations, both within and outside of the U.S. Finally, Mylan relies upon many of our collaboration partners' manufacturing and other facilities throughout the world.

We believe all our facilities are in good operating condition, the machinery and equipment are well-maintained, the facilities are suitable for their intended purposes and they have capacities adequate for the current operations.

The APIs and other materials and supplies we use in our manufacturing operations are purchased from third parties, and some are produced internally. Occasionally, however, resources we need are available from only a single supplier. Like many pharmaceutical companies, we supplement our production footprint through arrangements with other manufacturers.

Facilities and records related to our products are subject to periodic inspection by the U.S. Food and Drug Administration (the "FDA"), the European Medicines Agency ("EMA"), the Therapeutic Goods Administration in Australia and other authorities, as applicable. In addition, authorities often conduct pre-approval plant inspections to determine whether our systems and processes comply with current Good Manufacturing Practices ("cGMP") and other regulations, and clinical-trial reviews to evaluate regulatory compliance and data integrity. Our suppliers, contract manufacturers, clinical trial partners and other business partners are subject to similar regulations and periodic inspections.

Moreover, as a part of our commitment to caring for the environment, we strive to comply in all material respects with applicable environmental laws and regulations. While it is impossible to predict accurately the future costs associated with environmental compliance and potential remediation activities, compliance with environmental laws is not expected to require significant capital expenditures and has not had, and is not expected to have, a material adverse effect on our operations or competitive position.

2.4 Customers and Marketing

Our customers are essential in helping us create better health for a better world by making our products available to patients. Numbering in the tens of thousands, our customers include retail pharmacies; wholesalers and distributors; payers, insurers and governments; and institutions such as hospitals; among others. See "Channel Types" below for more information about our customers.

The table below displays the percentage of consolidated net sales to our largest customers during the years ended 31 December 2018 and 2017.

	Percentage of Consolidated Net Sales	
	2018	2017
McKesson Corporation	12%	13%
AmerisourceBergen Corporation	8%	8%
Cardinal Health, Inc.	8%	10%

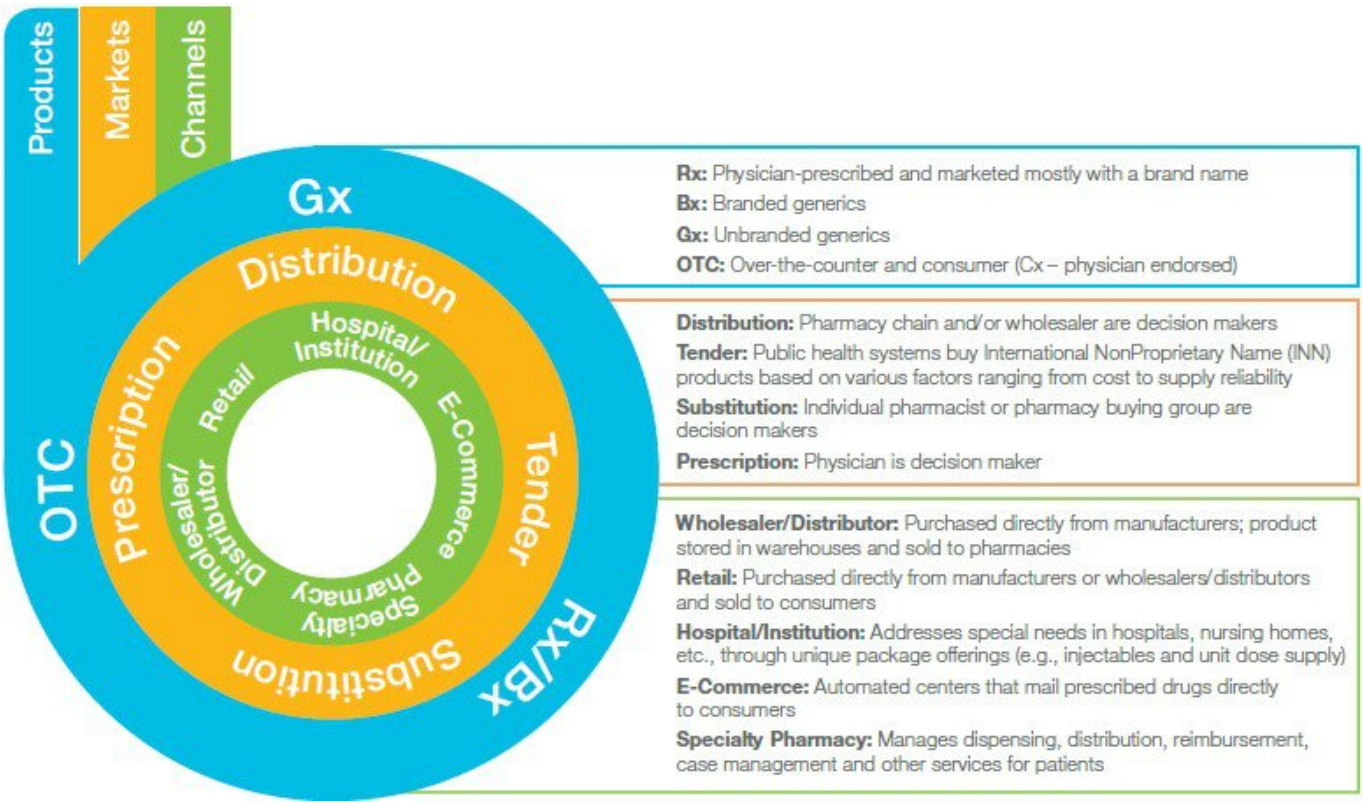
In addition to being dynamic, the pharmaceutical industry is complex. How it functions, how it is regulated and how it provides patients access varies by location. Similarly, competition is affected by many factors. Examples of factors include innovation and development, timely approval of prescription drugs by health authorities, manufacturing capabilities, product quality, marketing effectiveness, portfolio size, customer service, consumer acceptance, product price, political stability and the availability of funding for healthcare.

Certain parts of our business also are affected by seasonality, e.g., due to the timing and severity of peak cough, cold and flu incidence, which can cause variability in sales trends for some of our products. While seasonality may affect quarterly comparisons within a fiscal year; it generally is not material to our annual consolidated results.

We serve our customers through a team of more than 7,000 sales and marketing professionals, all of whom are focused on establishing Mylan as our customers' partner of choice. To best meet customers' needs, Mylan manages its business on a geographic basis.

For these and other reasons, Mylan's sales and marketing efforts vary accordingly by product, market and channel type, each of which is described below.

Refer to Note 23 *Segment Information* included in section 9.1 of this report for more information related to customer arrangements.



Product Types

Mylan markets prescription brand-name drugs; unbranded and branded prescription generic drugs; OTC products and APIs.

Brand-name drugs ("Rx") typically are prescription pharmaceuticals that are sufficiently novel as to be protected by patents or other forms of exclusivity. As such, these drugs, which bear trade names, may be produced and sold only by those owning the rights, subject to certain challenges that other companies may make. Developing new medicines can take years and significant investment. Only a few promising therapies ever enter clinical trials. Fewer still are approved for sale by health authorities, at which point marketing to healthcare providers and consumers begins.

Because patents and exclusivities last many years, they serve as an incentive to developers. During the periods protected, developers often recoup their investments and earn a profit. In many high-income countries, the brand business often is characterized by higher margins on lower volumes - especially as compared with generic manufacturers. We have acquired most of the branded products we offer.

Generic drugs are therapeutically equivalent versions of brand-name medicines. Generics generally become available once the patents and other exclusivities on their branded counterparts expire. Gx products typically are sold under their International Nonproprietary Names ("INNs"). INNs facilitate the identification of pharmaceutical substances or APIs. Each INN is unique and globally recognized. A nonproprietary name also is known as a generic name.

Mylan, like many other generic drugmakers, invests significant sums in R&D and in manufacturing capacity. We also often incur substantial litigation expense as a result of challenging brand patents or exclusivities. But because generic drugmakers are not required to reproduce expensive clinical trials and seldom engage in product promotion, Gx typically cost far less than branded drugs. The generics business is generally characterized by lower margins on higher volumes, as most generic drugmakers, Mylan included, offer a relatively large number of products.

Branded generics are off-patent products that are sold under an approved proprietary name for marketing purposes. Rx products often become Bx products once patent protections or other forms of exclusivity expire. Bx products are common in many countries outside the U.S., including emerging markets. In addition, complex products, such as biosimilars (that is, a biological product that is highly similar to an already approved reference biological product, and for which there are no clinically meaningful differences between the biosimilar and the reference biological product in terms of safety, purity and potency), often are marketed under a brand-name.

Rx and Bx products are more sensitive to promotion than are unbranded generic products. They therefore represent the focus of most of our sales representatives and product-level marketing activity.

OTC products are sold directly to consumers, without a prescription and without reimbursement. As with prescription medicines, properly approved OTC products are proven to be safe and effective when used as directed. OTC products also are subject to various regulatory requirements, including those applicable to manufacturing, advertising and promotion. OTC products may be sold under a brand-name or a molecule name.

Our API is sold through a dedicated sales and marketing team primarily to pharmaceutical companies throughout the world.

Market Types

Like other drug companies, Mylan focuses its sales and marketing efforts on the people who make key decisions around pharmaceutical prescribing, dispensing or buying. Decision-makers vary by country or region, reflecting law and custom, giving rise to different types of pharmaceutical markets. Many countries feature a mix of or hybrids of various market types, though Mylan may focus on just one type.

In *prescription* markets, physicians decide which medicines patients will take. Pharmacies then dispense the products as directed. Drug companies employ sales forces to educate doctors about the clinical benefits of their products. Representatives call on individual doctors or group practices; the process is known as detailing. Examples of countries served by Mylan that are mainly prescription markets are Japan, China, Russia, Turkey, Poland and Mexico.

In *substitution* markets, pharmacists generally are authorized (and in some cases required) by law to dispense an unbranded or branded generic, if available, in place of a brand-name medicine, or vice versa. Drug companies may use sales forces in these markets too, with representatives calling on and educating pharmacy personnel about their organization and products. Examples of countries served by Mylan that are mainly substitution markets are France, Italy, Spain, Portugal and Australia.

In *tender* markets, payers, such as governments or insurance companies, negotiate the lowest price for a drug (or group of drugs) on behalf of their constituents or members. In exchange, the chosen supplier's product is placed on the payer's formulary, or list of covered prescriptions. Often, a supplier's drug is the only one available in an entire class of drugs. Large sales forces are not needed to reach these decision-makers. Examples of generic markets served by Mylan that are mainly tender markets are Germany, New Zealand, Sweden and Denmark.

In *distribution* markets, retailers and wholesalers make drug-purchasing decisions. Large sales forces are not needed to reach the decision-makers representing these organizations. Note, however, that pharmacists operating in distribution markets also may be authorized to make substitution decisions when dispensing medicines. Examples of countries served by Mylan that are mainly distribution markets are the U.S., the United Kingdom ("U.K.") and Norway.

The allocation of our sales and marketing resources reflects the characteristics of these different market types.

In the case of OTC products, consumers are the decision-makers. OTC products are commonly sold via retail channels, such as pharmacies, drugstores and supermarkets. This makes their sale and marketing comparable to other retail businesses, with broad advertising and trade-channel promotion. Consumers often are loyal to well-known OTC brands. For this reason, suppliers of OTC products, Mylan included, must invest the time and resources needed to build strong OTC brand names.

Channel Types

Mylan's products make their way to patients through a variety of intermediaries, or channels.

Pharmaceutical wholesalers/distributors purchase prescription medicines and other medical products directly from manufacturers for storage in warehouses and distribution centers. The distributors then fill orders placed by healthcare providers and other authorized buyers.

Pharmaceutical retailers purchase products directly from manufacturers or wholesalers/distributors. They then sell them to consumers in relatively small quantities for personal use.

Institutional pharmacies address the unique needs of hospitals, nursing homes and other such venues. Among the services provided are specialized packaging, such as unit-dose supply, for controlled administration.

Mail-order and e-commerce pharmacies receive prescriptions by mail, fax, phone or the internet at a central location; process them in large, mostly automated centers; and mail the drugs to the consumer.

Specialty pharmacies focus on managing the handling and service requirements associated with high-cost and more-complex drug therapies, such as those used to treat patients with rare or serious diseases.

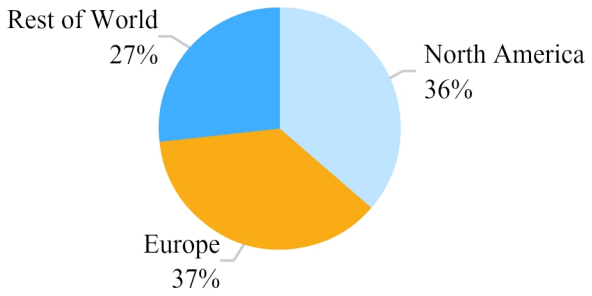
2.5 Business Segments

Consistent with Mylan's focus on bringing its broad and diversified portfolio products to people in markets everywhere, the company reports results in three segments on a geographic basis as follows: North America, Europe and Rest of World.

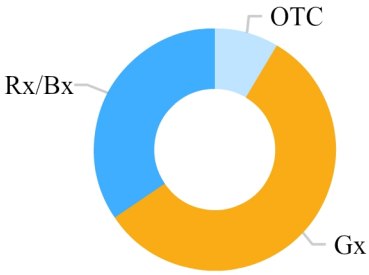
Our *North America* segment comprises our operations in the U.S. and Canada. Our *Europe* segment encompasses our operations across 35 countries, including France, Italy, Germany, the U.K. and Spain. Our *Rest of World* segment reflects our operations in more than 120 countries outside of our North America and Europe segments.

The charts below display Mylan's net sales by segment and by product type for the year ended 31 December 2018. Net sales are generated primarily from the sale of pharmaceutical products, including API.

2018 Net Sales By Segment



2018 Net Sales By Product Type



With respect to product type, generic offerings continue to represent 57% of our net sales, in keeping with Mylan's emphasis on expanding people's access to medicine.

In addition, we have focused our products in 10 major therapeutic areas. We have critical mass in these areas, though our sales emphasis varies by market according to need and opportunity.

MYLAN'S MAJOR THERAPEUTIC AREAS*

Products	Cardiovascular	CNS & Anesthesia	Dermatology	Diabetes & Metabolism	Gastroenterology
Current	1,150	1,900	500	450	700
Pipeline	320	550	60	300	150

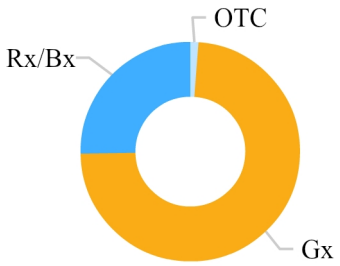
Products	Immunology	Infectious Disease	Oncology	Respiratory & Allergy	Women's Health
Current	80	1,100	450	600	650
Pipeline	100	900	550	150	150

*Product defined by product/dosage form/country. Products taken from internal data and rounded.

North America

Mylan's business in North America is driven mainly by our operations in the U.S., where we are one of the largest providers of prescription medicines. The U.S. pharmaceutical industry is very competitive, and the primary means of competition are innovation and development, timely FDA approval, manufacturing capabilities, product quality, marketing, portfolio size, customer service, reputation and price. We rely on cost-effective manufacturing processes to meet the rapidly changing needs of our customers around a reliable, high quality supply of generic pharmaceutical products.

2018 North America Net Sales by Product Type



Gx are widely accepted in the U.S., accounting in 2018 for approximately 90% of prescriptions dispensed, but only about 20% of total prescription drug costs. Over the last five years, Mylan has launched more generics in the U.S. than any other company.

Among our branded prescription products are EpiPen® Auto-Injector, Perforomist® Inhalation Solution and Dymista®. Also, we launched YUPELRI™, an inhalation solution for the maintenance treatment of patients with chronic obstructive pulmonary disease, in December 2018. Our OTC portfolio includes Cold-EEZE®, MidNite® and Vivarin®, as well as other products. Our promotion efforts are supported by a salesforce of approximately 400 sales representatives.

New product launches are an important growth driver. Important recent launches include complex products such as Wixela™ Inhub™ (generic Advair Diskus®) in February 2019, Glatiramer Acetate Injection (generic Copaxone®), Fulphila™

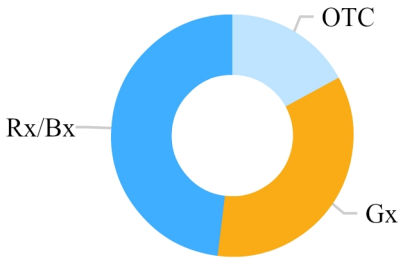
(biosimilar to Neulasta®) and generic ESTRACE®. Our emphasis on complex products, some of which we develop in collaboration with other companies, is evidenced by, to name a few of relevance in the U.S., our efforts to introduce generic versions of Symbicort®, Restasis®, EYLEA® and the biosimilar to Herceptin®.

While our U.S. customer base is extensive, it increasingly comprises a small number of very large firms, as the pharmaceutical industry continues to undergo tremendous change and consolidation. Mylan is well positioned to serve such customers - in the U.S. and elsewhere - due to the scale we have built in terms of R&D, API and finished-dosage-form manufacturing, and portfolio breadth.

Europe

Mylan's business in Europe is driven by our scale across 35 countries.

2018 Europe Net Sales by Product Type



Generic medicines have transformed healthcare in the region over the last decade by significantly increasing patients' access to medicine in an era of rising demand for healthcare services and constrained finances. In 2018 generic pharmaceuticals represented more than half of medicines used in Europe, but less than one quarter of total drug costs. Europe represents the world's second largest generic pharmaceuticals market, by value. The European markets, where many governments provide healthcare at a low direct cost to consumers and regulate pharmaceutical prices or patient reimbursement levels, continue to be highly competitive, especially in terms of pricing, quality standards, service levels and product portfolio. Our leadership position in a number of countries provides us a platform to fulfill the needs of patients, physicians, pharmacies, customers and payors.

Among our many branded prescription products are Creon®, Influvac® and Dymista®. Our OTC portfolio includes Brufen®, CB12® and EndWarts®, as well as other products. Our promotional efforts in the region are supported by approximately 2,500 sales representatives.

New product launches are an important growth driver. Our focus on complex products is evidenced by our ability to gain approval for products such as Hulio™ (adalimumab), Glatiramer Acetate, Semglee™, our insulin glargine, and Ogivri™ (trastuzumab-dkst). In addition we remain focused on introducing additional biosimilars like Fulphila™ (pegfilgrastim) and rituximab.

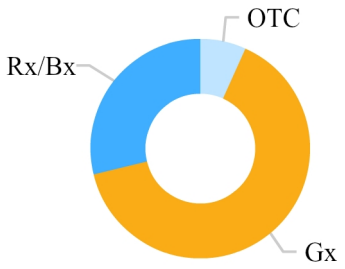
We expect Mylan's business in Europe to keep benefiting from our commercial platform, through which we simultaneously can serve multiple market types through multiple channels. Doing so allows us to focus on maximizing returns on investment by, for instance, repurposing branded drugs that lose exclusivity as tender or substitution products, or by switching from one proven strategy to another as individual government policies evolve, as is currently the case for biosimilars.

We look to maintain our leadership positions in markets such as France and Italy and prioritize opportunities in additional markets, such as Germany, Spain and the U.K.

Rest of World

Mylan's commercial operations in Rest of World comprise a diverse group of businesses, many of which we believe have high growth potential. The Rest of World markets are attractive because of the growing middle class within these countries combined with an increase in the demand for pharmaceutical products. The highly competitive environment includes conditions like pricing and market access challenges, potential political instability, significant currency fluctuations and limited or changing availability of funding for healthcare.

2018 Rest of World Net Sales by Product Type



Mylan's focus on becoming a leader in supplying antiretroviral medicines ("ARVs") to treat HIV/AIDS has helped to increase our presence in many emerging market countries over the last decade.

Today approximately 40% of people being treated worldwide for the disease, as well as approximately 60% of the world's HIV + children, rely on one of our products. Most of these individuals live in countries that make up our Rest of World segment.

Many countries in this segment are brand-focused, and generic penetration is low. Our more than 2,000 sales representatives are deployed in approximately 35 countries to promote our products. Among them are brands such as Amitiza®, Dona®, Creon®, Elidel® and Legalon®.

New product launches are an important growth driver. In accordance with our focus on complex products, we look forward to continuing to launch products such as Semglee™, ABEVMY® (bevacizumab) and Ogivri™ (trastuzumab-dkst) into additional countries, and introducing new medicines.

We look to maintain our leadership positions in countries such as Australia and Japan. We also are focused on maximizing opportunities in emerging markets like China, Brazil, India, Russia, Mexico, Turkey and Southeast Asia, where we see opportunity to introduce our existing global portfolio of products, especially our generics.

In addition, we have begun leveraging our ARV platform and expertise to help HIV patients in higher-income countries, and to expand access to treatments for other infectious diseases, such as tuberculosis and malaria.

Refer to Note 23, *Segment Information*, included in section 9.1 for more information about our segments.

2.6 Government Regulation

Regulation by governmental authorities is a significant factor in the R&D, manufacture, marketing, sales and distribution of pharmaceuticals. Human therapeutic products are subject to rigorous preclinical and clinical testing to gather data to support approval, which requires extensive data and information; manufacturing is conducted under exacting conditions governed by extensive regulation; and post-approval activities, such as advertising and promotion and pharmacovigilance, are subject to pervasive regulation.

The lengthy process of developing products and obtaining required approvals and the continuing need for post-approval compliance with applicable statutes and regulations, require the expenditure of substantial resources. Regulatory approval, if and when obtained, may be limited in scope. Further, approved drugs, as well as their manufacturers, are subject to ongoing post-marketing review and inspection, which can lead to the discovery of previously unknown problems with products or the

manufacturing or quality control procedures used in their production, which may result in restrictions on their manufacture, sale or use or in their withdrawal from the market.

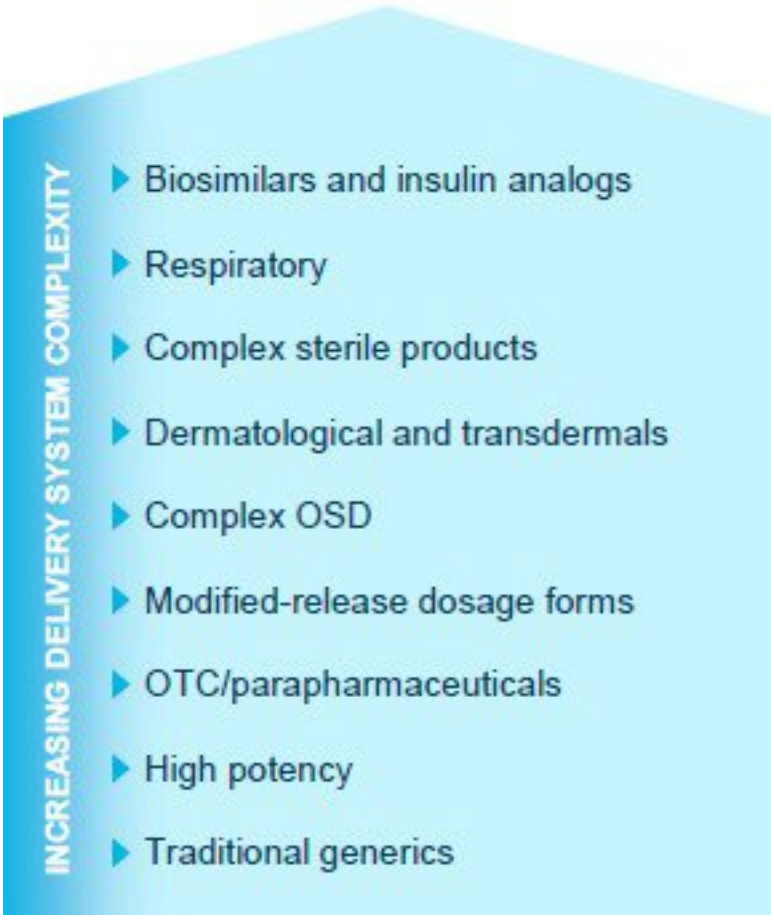
Any failure or delay by us, our suppliers of manufactured drug product, collaborators or licensees, in obtaining regulatory approvals could adversely affect the marketing of our products and our ability to receive product revenue, license revenue or profit-sharing payments.

Other Regulatory Requirements

Our business is subject to a wide range of various other federal, state, non-governmental, and local agency rules and regulations. They focus on fraud and corruption, pricing and reimbursement, data privacy, and the environment, among many other considerations. For more information about certain of these regulations and the associated risks we face, see section 4.2 *Risk Factors*.

2.7 Research and Development

Mylan has a globally integrated R&D platform that is fueling our growth by filling our pipeline. We believe R&D always has been one of Mylan's core strengths. Our Scientific Affairs team, which includes researchers and regulatory and clinical experts, numbers more than 3,000 people who work collaboratively across our 12 different R&D centers around the world, including 10 technology-focused development sites and 2 global R&D centers.



Consistent with Mylan's drive for durability, the allocation of our investments over the last several years has shifted away from commodity products, such as conventional oral solid dosage ("OSD") forms, to more complex or difficult-to-formulate products, such as biosimilars.

As a result, our product pipeline includes a variety of dosage forms. Collectively, these investments represent more than 3,600 products under development or pending approval around the world. Refer to the chart in the Business Segments section above for information pertaining to products in pipeline by major therapeutic area.

Collaboration and Licensing Agreements

We periodically enter into collaboration and licensing agreements with other companies to develop, manufacture, market and/or sell pharmaceutical products. Doing so helps us share risks and costs, leverage strengths and scale up commercialization. The result often is that medicines become available sooner and to a significantly larger group of patients.

Our significant agreements are primarily focused on the development, manufacture, supply and commercialization of multiple, high-value biosimilar compounds, insulin analog products and respiratory products. Mylan's significant collaboration and licensing agreements include those with Pfizer Inc. ("Pfizer"), Momenta Pharmaceuticals, Inc. ("Momenta"), Theravance Biopharma, Inc. ("Theravance Biopharma"), Biocon Ltd. ("Biocon") and Fujifilm Kyowa Kirin Biologics Co. Ltd. Refer to Note 27, *Joint Operations and Licensing Agreements,* included in section 9.1 for more information.

2.8 Intellectual Property

Mylan considers the protection of our intellectual property rights to be extremely valuable, and we act to protect them from infringement by third parties.

We have an extensive trademark portfolio and routinely apply to register key brand-name, generic, branded generic, biosimilars and OTC trade names in numerous countries around the world. Our registered trademarks are renewable indefinitely, and these registrations are properly maintained in accordance with the laws of the countries in which they are registered.

We also have an extensive patent portfolio and actively file for patent protection in various countries to protect our brand-name, generic, branded generic, biosimilars and OTC products, including processes for making and using them. We have more than 4,500 patents filed globally. For additional information, see "Risk Factors - *We rely on the effectiveness of our patents, confidentiality agreements and other measures to protect our intellectual property rights*."

Further, we have well-established safeguards in place to protect our proprietary know-how and trade secrets, both of which we consider extremely valuable to our intellectual property portfolio.

We look for intellectual property licensing opportunities to or from third parties, related not only to our existing products, but as a means for expanding our product portfolio.

We rely on the aforementioned types of intellectual property, as well as our copyrights, regulatory exclusivities and contractual protections, to establish a broad scope of intellectual property rights for our product portfolio.

2.9 Global Social Responsibility

A company's quest for sustainability can take many forms and encompasses economic factors as well as social and environmental ones. Our Board recognizes the importance of both our mission and our performance in achieving this wide-ranging goal.

We also appreciate that capital is increasingly directed towards companies that seek to realize opportunities and create value by helping to address societal challenges while effectively managing inherent risks. Some may find it a struggle to mesh business value with social impact. However, our business model - built on access, diversification and durability - enables us to do just that. For instance, a summary of several of our business highlights for 2018 also reflects our dedication to making access to high quality medicine both tangible and achievable for patients we serve around the globe:

- We supplied 7,500+ products, with the ability to treat 9 of the top 10 global causes of death.
- We reached 165+ countries and territories, including 90% of low- and lower-middle income countries.
- We sold ~59B doses of medicine at an average selling price of 19 cents per dose.
- We supplied products to ~40% of the world's nearly 22 million HIV+ patients and ~60% of the world's HIV+ children on treatment.
- We obtained approval for more than 900 products
- As of 31 December 2018, we have 12 R&D centers with ~3,700 products pending approval or in development.

Additional Mylan highlights include:

Our Commitment to GSR Oversight

In the fall of 2018, we revised the Risk Oversight Committee's charter to include oversight of management's efforts with respect to GSR. Our Head of Global Sustainability reports directly to the CEO and provides regular updates to the Risk Oversight Committee. GSR is also a focus area for Mylan's Executive Governance Team and global Risk Management Team.

Our Commitment to Employees

To attract and retain a highly diverse global workforce in an industry where science, creativity, efficiency and caring all matter, we focus a great deal of time, attention and resources on our employees. When we talk about our collective commitment to our mission, we do not rely simply on words alone. Here are some relevant facts:

- In 2018, the Company conducted an anonymous, comprehensive Global Employee Survey covering topics ranging from workplace culture and communication to growth and development:
- 88% of employees participated in the survey
    - Surpassed the average first-year participation rate of comparable companies (78%) [1].
- 80% responded that they are proud to work at Mylan.
- 86% think Mylan sets clear performance standards for quality.
- 81% see a clear link between their work and the Company's mission.
- 90% agree that Mylan supports ethical behavior practices.

Based on the survey results, employee development, process efficiency and two-way communication were identified as priorities for global action planning in 2019. Leaders at all levels of the organization held meetings in 2018 to review and discuss their teams' results. Employee feedback is being used to design action plans for more than 100 sites. Progress in 2019 will be measured using pulse surveys.

- We will utilize these results, and the ones that follow, to continually improve our human capital management.

In addition:

- Mylan's 2018 voluntary turnover rate of 8.9% was below the average global voluntary turnover rate of 9.9% in 2018 [2]. Average employee tenure at Mylan is 8.4 years for female employees and 7.5 years for male employees.
- We monitor voluntary employee turnover, broken down by geography, operating unit and gender.

We also invest in our employees' safety, training and development. Among other things, in 2018 we:

- Had seven new sites become OHSAS (Occupational Health and Safety Assessment Series) 18001 certified.
- Achieved a Global Days Away, Restricted or Transferred (DART) rate that was 61% below the industry average.
- Created a global framework to advance professional development, which supports both career growth and business growth.
- Introduced enhanced individual development plans to focus on Mylan's continuous commitment to the growth and development of its employees.
- Achieved completion of 2.9 million internal learning management system courses, up from 2.5 million in 2017.
- Initiated a program to recognize employees celebrating major service anniversaries globally.

Our Commitment to Product Quality and Safety

From R&D to making or sourcing raw materials to producing finished dosage forms, every step of our development, manufacturing and monitoring processes is grounded in quality. Mylan has company-wide policies and management procedures to ensure product quality and safety across our operations. We also are committed to working closely with regulatory agencies to quickly address any observations that they may have from time to time.

[1] Source: IBM Watson
[2] "Workforce Turnover Around the World", Mercer, 2018.

- Patient safety is guided by our global policy on product safety and our Pharmacovigilance ("PV") program.
- Our policy on PV Training Standards defines our training curriculum, frequency, effectiveness measurements and documentation and other requirements.
- Our Product Safety and Risk Management department conducts internal and external audits and ensures that personal health information of clinical trial participants is carefully safeguarded.
- We are subject to external audits and inspections from health authorities around the globe, and in 2018 we expanded our site self-inspection auditor certification program across all of our operations to further strengthen site self-regulation.
- We have a Corporate Product Safety Committee which evaluates newly emerging product safety information regarding our products on an ongoing basis.
- In 2018, we completed 610 quality and Good Manufacturing Process ("GMP") audits at our suppliers and 41 quality and GMP audits at our own facilities.
- In 2018, 59 Good Clinical Practice audits were performed across our own and partner sites, as we work to promote patient safety and protect patient rights throughout the study lifecycle.
- In 2018, we made significant investments in packaging and information technology to protect against falsified medicine; in 2019 we will continue to build out our technology, aggregation and distribution capabilities designed to comply with the European Union Falsified Medicine Directive.

Our Commitment to Environmental Stewardship

Our global Environmental, Health and Safety team, reporting to our Chief Operating Officer, works systematically to identify ways to minimize our impact on the environment by improving energy and water usage, reducing greenhouse gas emissions and improving waste management, among other areas of focus.

Environmental initiative highlights in 2018 include:

- We supported the Antimicrobial Resistance Industry Alliance's Common Antibiotic Manufacturing. Framework, promoting a common methodology to assess potential risk from antibiotic discharges and taking appropriate action when necessary
- We commissioned a new zero liquid discharge ("ZLD") plant at one of our Bangalore, India, facilities bringing our number of ZLD sites to 10.
- Across our sites, we recycled, reused or repurposed 26% of total waste generated and 44% of total waste generated was sent to various energy recovery facilities.
- We diverted more than 95% of our pharmaceutical waste from landfill to incineration or energy-recovery facilities.
- We completed a number of energy management projects, including investments in equipment improvements, installing LED lighting and purchasing renewable energy.

Building for the Future

A sustainable business cannot be dependent on, or supported by, prior success alone. We will continue examining the intersection of our priorities, opportunities and challenges with those of our stakeholders and develop specific social responsibility goals that we plan to share in our next GSR report. In addition, as we look to Mylan's future, although the Company's next phase of business evolution will predominantly be driven by organic growth, it will require a company willing to adapt in order to further build upon its success while keeping pace with ever-changing market dynamics. We've formalized that work and have established a Business Transformation Office that is using a highly disciplined financial lens to unlock latent value from the assets we've integrated throughout the Company. We seek to deliver continued long-term growth and attractive shareholder returns by maximizing new products, reallocating investments to drive share of profitable products, all while maintaining a competitive sourcing and manufacturing footprint. This rigorous process is designed to ensure our ability to continue to deliver business value through social impact for many years to come.

2.10 Corporate Culture

Mylan's culture unites our employees around the world in what they recognize as an important and noble cause. As such, when creative solutions and tough decisions are called for, they rise to the occasion. When the way forward is unclear, they figure it out. When challenges arise, they don't blink; they simply remain focused on executing to deliver on Mylan's commitments. After all, our employees know that 7 billion people are depending on them to fulfill our mission. Mylan's culture is:

- **Passionate**: We're constantly sparked by the urge to make a difference.

- **Committed**: We do what's right, not what's easy.
- **Relentless**: We'll each do our part every day to provide 7 billion people access to the medicine they deserve.
- **Unconventional**: In a world full of watchers, we're doers. And together we can do anything.

Compliance with our Code of Business Conduct and Ethics, and applicable law, by all Mylan personnel and contractors is mandatory and violations can result in disciplinary action, up to and including termination of employment or engagement. The Board believes that our Code of Business Conduct and Ethics has operated effectively in the year under review.

3. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Financial Summary

The table below is a summary of the Company's financial results for the year ended 31 December 2018 compared to the prior year period:

	Year Ended 31 December			
(In millions, except per share amounts)	2018	2017	Change	% Change
Total revenues	$ 11,433.9	$ 11,907.7	$ (473.8)	(4)%
Gross profit	4,001.6	4,783.1	(781.5)	(16)%
Earnings from operations	884.2	1,429.1	(544.9)	(38)%
Net earnings	306.8	662.6	(355.8)	(54)%
Diluted earnings per ordinary share	$ 0.59	$ 1.23	$ (0.64)	(52)%

Results of Operations

Total Revenues

For the year ended 31 December 2018, Mylan reported total revenues of $11.43 billion, compared to $11.91 billion for the comparable prior year period, representing a decrease of $473.8 million, or 4%. Total revenues include both net sales and other revenues from third parties. Net sales for the year ended 31 December 2018 were $11.27 billion, compared to $11.76 billion for the comparable prior year period, representing a decrease of $491.3 million, or 4%. Other revenues for the year ended 31 December 2018 were $165.2 million, compared to $147.7 million for the comparable prior year period, an increase of $17.5 million. The increase in other revenues was primarily the result of consideration received from the licensing of intellectual property during the current year.

The decrease in net sales included a decrease in the North America segment of 18%. This decrease was partially offset by increases in the Europe segment of 5% and in the Rest of World segment of 7%. The overall decrease in net sales was primarily driven by a decrease in net sales from existing products. Net sales from existing products, partially offset by new product sales, decreased on a constant currency basis by approximately $443.6 million primarily as a result of lower volumes, and to a lesser extent, pricing. Net sales were also negatively impacted by approximately $104.5 million due to the adoption of new accounting standards. Mylan's net sales were favorably impacted by the effect of foreign currency translation, primarily reflecting changes in the U.S. Dollar as compared to the currencies of Mylan's subsidiaries in the EU, which was partially offset by the unfavorable impact from changes in the Indian Rupee and the Australian Dollar. The favorable impact of foreign currency translation on current year net sales was approximately $56.7 million resulting in a decrease in constant currency net sales of approximately $548.0 million, or 5%.

From time to time, a limited number of our products may represent a significant portion of our net sales, gross profit and net earnings. Generally, this is due to the timing of new product introductions and the amount, if any, of additional competition in the market. Our top ten products in terms of net sales, in the aggregate, represented approximately 20% and 21% for the years ended 31 December 2018 and 2017, respectively.

Variable Consideration

The following table presents a reconciliation of gross sales to net sales by each significant category of variable consideration during the years ended 31 December 2018 and 2017, respectively:

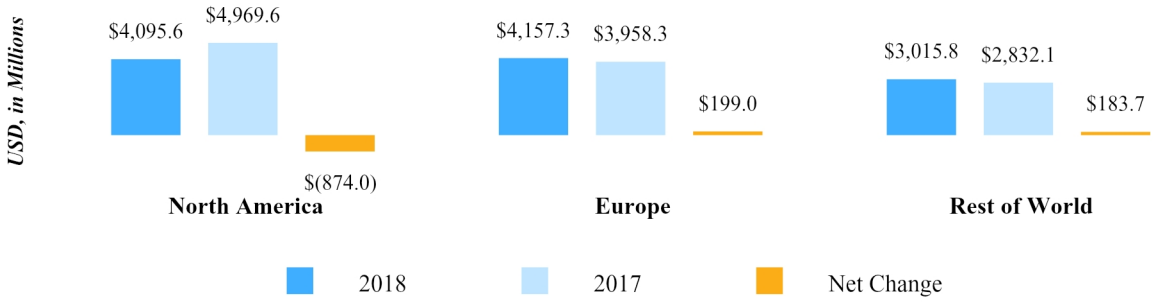
(In millions of USD)	Year Ended 31 December 2018	2017
Gross sales	$ 19,588.1	$ 22,206.1
Gross to net adjustments:		
Chargebacks	(3,352.2)	(4,239.5)
Rebates, promotional programs and other sales allowances	(4,235.6)	(5,281.1)
Returns	(261.6)	(390.7)
Governmental rebate programs	(470.0)	(534.8)
Total gross to net adjustments	$ (8,319.4)	$ (10,446.1)
Net sales	$ 11,268.7	$ 11,760.0

The following is a rollforward of the categories of variable consideration during 2018:

(In millions of USD)	Balance at 31 December 2017	Current Provision Related to Sales Made in the Current Period	Checks/ Credits Issued to Third Parties	Effects of Foreign Exchange	Balance at 31 December 2018
Chargebacks	$ 574.3	$ 3,352.2	$ (3,447.1)	$ (1.2)	$ 478.2
Rebates, promotional programs and other sales allowances	1,508.1	4,235.6	(4,526.0)	(15.3)	1,202.4
Returns	472.5	261.6	(292.1)	(2.5)	439.5
Governmental rebate programs	240.3	470.0	(486.6)	(1.5)	222.2
Total	$ 2,795.2	$ 8,319.4	$ (8,751.8)	$ (20.5)	$ 2,342.3

Segment Net Sales

Net sales are derived from our three geographic reporting segments: North America, Europe and Rest of World. The graph below shows net sales by segment for the years ended 31 December 2018 and 2017 and the net change period over period.



North America Segment

Net sales from North America decreased by $874.0 million or 18% during the year ended 31 December 2018 when compared to the prior year. This decrease was due primarily to lower volumes on existing products, including the EpiPen® Auto-Injector, partially offset by new product sales. The decline in volumes was primarily driven by the divestiture of certain contract manufacturing assets, the loss of exclusivity of certain products, actions associated with the restructuring and remediation activities at the Morgantown manufacturing plant and the timing of purchases of our products by customers. In addition, net sales were negatively impacted by $149.7 million related to the implementation of new accounting standards. Pricing also

declined when compared to the prior year. The impact of foreign currency translation on current period net sales was insignificant within North America.

Europe Segment

Net sales from Europe increased by $199.0 million or 5% during the year ended 31 December 2018 when compared to the prior year. This increase was primarily the result of the favorable impact of foreign currency translation, new product sales, and to a lesser extent, higher volumes of existing products. The favorable impact of foreign currency translation was approximately $144.5 million, or 4%. Partially offsetting these items was lower pricing on existing products. Constant currency net sales increased by approximately $54.5 million, or 1% when compared to the prior year.

Rest of World Segment

Net sales from Rest of World increased by $183.7 million or 7% during the year ended 31 December 2018 when compared to the prior year. This increase was primarily the result of new product sales, and to a lesser extent, higher volumes of existing products including higher sales of key brands in China. The increase in net sales as a result of new products was primarily due to new product sales from the Company's ARV franchise combined with new product sales in Australia, Japan and China. The increase in net sales was partially offset by lower pricing on existing products and the unfavorable impact of foreign currency translation. Overall, net sales from Rest of World were unfavorably impacted by the effect of foreign currency translation of approximately $88.6 million, or 3%. Constant currency net sales increased by approximately $272.3 million, or 10%.

Cost of Sales and Gross Profit

Cost of sales increased from $7.12 billion for the year ended 31 December 2017 to $7.43 billion for the year ended 31 December 2018. Cost of sales was primarily impacted by purchase accounting related amortization of acquired intangible assets and other special items. Gross profit for the year ended 31 December 2018 was $4.00 billion and gross margins were 35%. For the year ended 31 December 2017, gross profit was $4.78 billion and gross margins were 40%. Gross margins were negatively impacted by approximately 270 basis points related to the incremental amortization from product acquisitions and intangible asset impairment charges. Gross margins were also negatively affected by approximately 220 basis points as a result of incremental manufacturing expenses, site remediation expenses and incremental restructuring charges incurred during the year principally as a result of the activities at the Company's Morgantown plant. In addition, gross margins were negatively impacted as a result of lower gross profit from the sales of existing products partially offset by gross margins on new product introductions primarily in North America.

Operating Expenses

Research & Development Expense

R&D expense for the year ended 31 December 2018 was $704.5 million, compared to $783.3 million for the prior year, a decrease of $78.8 million. This decrease was primarily due to lower expenditures related to the Company's respiratory programs and lower expenses due to the reprioritization of global programs.

Selling, General & Administrative Expense

Selling, general and administrative ("SG&A") expense for the year ended 31 December 2018 was $2.46 billion, compared to $2.58 billion for the prior year, a decrease of $121.4 million. The decrease is primarily due to the benefits of integration activities, lower restructuring charges, lower acquisition-related costs of approximately $48.0 million, and reduced share-based compensation expense primarily due to the reversal of all of the cumulative expense totaling $70.6 million related to the Company's One-Time Special Performance-Based Five-Year Realizable Value Incentive Program during the year ended 31 December 2018. These decreases were partially offset by an increase in bad debt expense of approximately $26.5 million related to a special business interruption event for one customer, and $20.0 million of compensation expense as an additional discretionary bonus for a certain group of employees. Our Chief Executive Officer, President, Chief Financial Officer, Chief Commercial Officer and Chief Legal Officer were not eligible for this bonus.

Litigation Settlements and Other Contingencies, Net

During the year ended 31 December 2018, the Company recorded a net gain of $49.5 million for litigation settlements and other contingencies, net, compared to $13.1 million in the prior year.

The following table includes the losses/(gains) recognized in litigation settlements and other contingencies, net during the year ended 31 December 2018:

(In millions of USD)	Loss/(gain)
Respiratory delivery platform contingent consideration adjustment	$ (44.0)
Jai Pharma Limited and other contingent consideration adjustments	2.5
Litigation settlements [1]	(8.0)
Total litigation settlements and other contingencies, net	$ (49.5)

[1] Refer to Note 24 *Litigation* in the Notes to the Consolidated Financial Statements (chapter 9.1 of this board report) for additional information related to litigation matters.

The following table includes the losses/(gains) recognized in litigation settlements and other contingencies, net during the year ended 31 December 2017:

(In millions)	Loss/(gain)
Respiratory delivery platform contingent consideration adjustment	$ (93.5)
Litigation settlements	51.1
Topicals Business contingent consideration adjustment.	23.5
Jai Pharma Limited contingent consideration adjustment	9.8
Apicore contingent consideration adjustment	(4.0)
Total litigation settlements and other contingencies, net	$ (13.1)

Interest Expense

Interest expense for the year ended 31 December 2018 totaled $542.3 million, compared to $534.6 million for the year ended 31 December 2017, an increase of $7.7 million. The increase is due to slightly higher average interest rates on debt issued in 2018 when compared to the debt instruments redeemed during 2018, which was partially offset by the impact of lower average long-term balances during the year ended 31 December 2018 compared to the prior year.

Other Expense, Net

Other expense, net, was $77.5 million for the year ended 31 December 2018, compared to $9.5 million for the prior year. Other expense, net includes losses from equity affiliates, foreign exchange gains and losses, and interest and dividend income. Other expense, net was comprised of the following for the year ended 31 December 2018 and 2017, respectively:

(In millions of USD)	2018	2017
Losses from equity affiliates, primarily clean energy investments	$ 78.7	$ 100.2
Clean energy investment adjustment, net gain	—	(42.2)
Foreign exchange gains, net	(20.0)	(48.1)
Mark-to-market on fair value interest rate swap	12.6	10.0
Interest income	(5.0)	(6.2)
Financing related expenses	6.0	3.2
Other losses/(gains), net	5.2	(7.4)
Other expense, net	$ 77.5	$ 9.5

Income Tax (Benefit) Provision

For the year ended 31 December 2018, the Company recognized an income tax benefit of $42.4 million, compared to an income tax provision of $222.4 million for the comparable prior year. During the year ended 31 December 2018, a tax benefit of $65.7 million was recorded as a result of the Company's settlement of certain federal and state audits. The tax provision for the year ended 31 December 2017 included a provisional net tax charge of $128.6 million related to the December 2017 U.S. Tax Cuts

and Jobs Act (the "Tax Act"). Also impacting the income tax benefit for the year ended 31 December 2018 versus the prior year was the changing mix of income earned in jurisdictions with differing tax rates, increases in valuation allowances on certain carryforward tax attributes, and the revaluation of deferred tax assets and liabilities in countries that changed their statutory corporate tax rate.

4. RISK MANAGEMENT AND RISK FACTORS

4.1 Risk management and control systems

Mylan, similar to other pharmaceutical companies, operates in a complex and rapidly changing environment that involves many risks. In addition to general market, R&D, and economic risks, the Company faces potential risks related to its industry; information technology and cybersecurity; data privacy; financial controls and reporting; legal, regulatory and compliance; finances and taxation; global operations; environment and social responsibility; and product portfolio and commercialization, among others. As a company committed to operating ethically and with integrity, we proactively seek to manage and, where possible, mitigate risks to help ensure compliance with applicable rules and regulations, maintain integrity and continuity in our operations and business and protect our assets. Risk management is an enterprise-wide objective subject to oversight by the Board and its committees.

It is the responsibility of Mylan's management and employees to implement and administer risk-management processes to identify material risks to our business. In addition, management must assess, manage and monitor those risks, all while maintaining flexibility in how we operate. To further embed risk management and compliance into our culture, Mylan implements relevant policies and procedures and trains employees on how to implement and comply with them. All of our committees have regular access to management and our Board and committees also schedule sessions without members of management present.

Mylan's Board, in turn, directly or through its committees, oversees management's implementation of risk management. We have approved a robust Code of Business Conduct and Ethics and other related policies, and the Board and its committees rigorously review with management actual and potential significant risks at least quarterly.

Based on its oversight activities, reports from management and third parties, and extensive discussions and analyses, the Board believes that (i) the Company's internal risk management and control systems provide reasonable assurance that the Company's financial reporting does not contain any errors of material importance, (ii) based on the current state of affairs, it is justified that the Company's financial reporting is prepared on a going concern basis and (iii) this report states material risks and uncertainties relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of this report. The Board has no reason to believe that there are material shortcomings associated with the Company's internal risk management and control systems that would otherwise have to be disclosed in this this report. Consequently, those systems have not been materially revised during the fiscal year to which this report pertains and no material improvements thereto are scheduled. The Company's internal risk management and control systems have been discussed with the Audit Committee and the non-executive directors.

See Note 11 *Financial instruments and risk management* included in section 9.1 of this report for Mylan's use of derivative instruments in managing financial risks.

4.2 Risk factors

4.2.1 General

We operate in a complex and rapidly changing environment that involves risks, many of which are beyond our control. Our business, financial condition, results of operations, cash flows, and/or share price could be materially affected by any of the risks described in Section 4.2 of this report, if they occur, or by other factors not currently known to us, or not currently considered to be material. These risk factors should be read in conjunction with the other information in this report, as well as our filings with the SEC.

4.2.2 Summary of key risk factors

Some but not all of the key risks related to Mylan and its business include the following. See section 4.2.3 of this report for additional detail and other risks. We urge shareholders to review all of section 4.2 for a complete understanding of all applicable risk factors.

- Our strategic initiatives may not achieve all intended benefits.

- We may be adversely affected by significant scrutiny from third parties, including governments, or negative publicity with respect to matters relating to our products, pricing practices and other matters.
- We have and may continue to experience pressure on the pricing of and reimbursements for certain of our products due to consolidation among purchasers or social and political pressure to lower the cost of drugs.
- Current and changing economic conditions may adversely affect our industry, business, partners and suppliers.
- A relatively small group of products may represent a significant portion of our revenues, net sales, gross profit, or net earnings from time to time.
- The pharmaceutical industry is heavily regulated and we face significant costs and uncertainties associated with our efforts to comply with applicable laws and regulations.
- The use of legal, regulatory, and legislative strategies by both brand and generic competitors, including but not limited to "authorized generics" and regulatory petitions, as well as the potential impact of proposed and newly enacted legislation, may increase costs associated with the introduction or marketing of our generic products, could delay or prevent such introduction, and could significantly reduce our revenue and profit.
- If we are unable to successfully introduce new products in a timely manner, our future revenue and profitability may be adversely affected.
- We expend a significant amount of resources on R&D efforts that may not lead to successful product introductions.
- The development, approval process, manufacture and commercialization of biosimilar products involve unique challenges and uncertainties, and our failure to successfully introduce biosimilar products could have a negative impact on our business and future operating results.
- Our business is highly dependent upon market perceptions of us, our products, and the safety and quality of our products, and may be adversely impacted by negative publicity or findings.
- A significant portion of our revenues is derived from sales to a limited number of customers.
- We have a limited number of manufacturing facilities and certain third-party suppliers produce a substantial portion of our API and products, some of which require a highly exacting and complex manufacturing process.
- Our competitors, including branded pharmaceutical companies, and/or other third parties, may allege that we or our suppliers are infringing upon their intellectual property, including in an "at risk launch" situation, which could result in substantial monetary damages, impact our ability to launch a product and/or our ability to continue marketing a product, and/or force us to expend substantial resources in resulting litigation, the outcome of which is uncertain.
- We rely on the effectiveness of our patents, confidentiality agreements and other measures to protect our intellectual property rights.
- We are involved in various legal proceedings and certain government inquiries and may experience unfavorable outcomes of such proceedings or inquiries.
- If we fail to comply with our corporate integrity agreement, we could be subject to substantial penalties and exclusion from participation in federal healthcare programs.
- We are increasingly dependent on information technology and our systems and infrastructure face certain risks, including cybersecurity and data leakage risks.
- Increasing scrutiny and changing expectations from customers, regulators, investors, and other stakeholders with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks.
- We expect to be treated as a non-U.S. corporation for U.S. federal income tax purposes. Any changes to the tax laws or changes in other laws (including under applicable income tax treaties), regulations, rules, or interpretations thereof applicable to inverted companies and their affiliates, whether enacted before or after the EPD Business Acquisition, may materially adversely affect us.
- The IRS may not agree that we should be treated as a non-U.S. corporation for U.S. federal income tax purposes.
- There are inherent uncertainties involved in estimates, judgments and assumptions used in the preparation of financial statements in accordance with EU IFRS and U.S. GAAP. Any future changes in estimates, judgments and assumptions used or necessary revisions to prior estimates, judgments or assumptions or changes in accounting standards could lead to a restatement or revision to previously issued financial statements.

4.2.3 Risk factors

Our risk factors are organized into four categories: Strategic, Operational, Compliance and Finance.

Strategic Risks

We do not anticipate paying dividends for the foreseeable future, and our shareholders must rely on increases in the trading price of our ordinary shares to obtain a return on their investment.

Mylan does not anticipate paying dividends in the immediate future. We anticipate that we will retain all earnings, if any, to support our operations and to opportunistically pursue additional transactions to deliver additional shareholder value. Any future determination as to the payment of dividends will, subject to Dutch law requirements, be at the sole discretion of our board of directors and will depend on our financial position, results of operations, capital requirements, and other factors our board of directors deems relevant at that time. Holders of Mylan's ordinary shares must rely on increases in the trading price of their shares to obtain a return on their investment in the foreseeable future.

The market price of our ordinary shares may be volatile, and the value of your investment could materially decline.

Investors who hold Mylan's ordinary shares may not be able to sell their shares at or above the price at which they purchased such shares. The share price of Mylan's ordinary shares fluctuates materially from time to time, including a significant decline throughout 2018, and we cannot predict the price of our ordinary shares at any given time. The risks described herein could cause the price of our ordinary shares to fluctuate materially. In addition, the stock market in general, including the market for pharmaceutical companies, has experienced price and volume fluctuations. These broad market and industry factors may materially harm the market price of our ordinary shares, regardless of our operating performance. In addition, the price of our ordinary shares may be affected by the valuations and recommendations of the analysts who cover us, and if our results do not meet the analysts' forecasts and expectations, the price of our ordinary shares could decline as a result of analysts lowering their valuations and recommendations or otherwise. In the past, following periods of volatility in the market and/or in the price of a company's stock, securities class-action litigation has been instituted against us and other companies. Such litigation could result in substantial costs and diversion of management's attention and resources, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price. We or our shareholders also may offer or sell our ordinary shares or securities convertible into or exchangeable or exercisable for ordinary shares. An increase in the number of ordinary shares issued and outstanding and the possibility of sales of ordinary shares or securities convertible into or exchangeable or exercisable for ordinary shares may depress the future trading price of our ordinary shares. In addition, if additional offerings occur, the voting power of our then existing shareholders may be diluted.

Our strategic initiatives may not achieve all intended benefits.

There can be no assurance that our strategic initiatives will achieve their intended effects. We continually evaluate various strategic transactions and business arrangements, including acquisitions, asset purchases, partnerships, joint ventures, restructurings, divestitures, investments, market selection and market strategy on an ongoing basis. These transactions and arrangements may be material both from a strategic and financial perspective. There can be no assurance that we will be able to successfully complete the integration of acquired businesses or assets with Mylan, or otherwise fully realize the expected benefits of any transactions or restructurings. Furthermore, although our expectation is to engage in asset sales only if they advance or otherwise support our overall strategy, any such sale could reduce the size or scope of our business, our market share in particular markets or our opportunities with respect to certain markets, products or therapeutic categories.

The difficulties of achieving the benefits of strategic initiatives include, among others:

- the diversion of management's attention to integration matters and restructuring activities;
- difficulties in achieving anticipated synergies, operating efficiencies, business opportunities, and growth prospects from restructurings or business or asset combinations within the expected timeframe or at all;
- difficulties in the integration of operations and information technology ("IT") applications, including enterprise resource planning ("ERP") systems;
- difficulties in the integration of employees;
- difficulties in managing the operations of a larger or more complex company;
- challenges in keeping existing customers and obtaining new customers;
- challenges in reducing reliance on transition services prior to the expiration of any period in which such services are provided by a transaction counterparty;
- difficulties in obtaining a favorable price for any divestiture, in a timely manner or at all;
- challenges in moving production facilities, including obtaining the consent of customers or regulatory authorities;
- operational or financial difficulties that would not have occurred if acquired companies, businesses, or assets continued operating in their former structures;
- challenges in attracting and retaining key personnel; and
- the complexities of managing relationships with transaction counterparties and other business partners, including service agreements, development and manufacturing relationships, and license arrangements.

The overall execution of a strategic initiative, including the integration of a business or asset or restructuring activities, may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships, and diversion of management's attention, among other potential adverse consequences, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We may be adversely affected by significant scrutiny from third parties, including governments, or negative publicity with respect to matters relating to our products, pricing practices and other matters.

The Company has been subject to significant press coverage and scrutiny from third parties, including regulators, legislative bodies and enforcement agencies, with respect to matters relating to our business, pricing practices, and other matters. This coverage and public scrutiny have included assertions of wrongdoing against the Company which, regardless of the factual or legal basis for such assertions, have resulted in, and may continue to result in, investigations, and calls for investigations, by governmental agencies at both the federal and state levels, claims brought against the Company by governmental agencies or private parties, and regulators taking other measures that could have a negative effect on the Company's business. For example, both the U.S. House of Representatives and the U.S. Senate have conducted hearings with respect to pharmaceutical drug pricing practices and alleged anti-competitive behavior by pharmaceutical companies, and additional hearings are scheduled. Ongoing focus on these issues has in the past led and in the future could lead to investigations of price increases and other business practices of specific pharmaceutical companies, including Mylan. It is not possible to predict the ultimate outcome of any such investigations or claims or what other investigations or lawsuits or regulatory responses may result from such assertions.

There has also recently been intense publicity regarding the pricing of pharmaceuticals more generally, including publicity and pressure resulting from prices charged by competitors and peer companies for new products as well as price increases by competitors and peer companies on older products that some have deemed excessive. We have experienced and may continue to experience downward pricing pressure on the price of certain of our products due to social or political pressure to lower the cost of drugs, which could reduce our revenue and future profitability.

Any of the above developments could result in reputational harm and reduced market acceptance and demand for our products, could harm our ability to market our products in the future, could cause us to incur significant expense, could cause our senior management to be distracted from execution of our business strategy, and could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows and/or ordinary share price.

We have and may continue to experience pressure on the pricing of and reimbursements for certain of our products due to consolidation among purchasers or social and political pressure to lower the cost of drugs.

We operate in a challenging environment, with significant pressures on the pricing of our products and on our ability to obtain and maintain satisfactory rates of reimbursement for our products by governments, insurers and other payors. The growth of overall healthcare costs has led governments and payors to implement new measures to control healthcare spending. As a result, we face numerous cost-containment measures by governments and other payors, including certain government-imposed industry-wide price reductions, mandatory pricing systems, reference pricing systems, tender systems, shifting of the payment burden to patients through higher co-payments, and requirements for increased transparency on pricing. In the U.S., certain of these pressures are further compounded by increasing consolidation among wholesalers, retailer drug chains, pharmacy benefit managers ("PBMs"), private insurers, managed care organizations and other private payors, which can increase their negotiating power, particularly with respect to our generic drugs. Please also refer to "*A significant portion of our revenues is derived from sales to a limited number of customers.*"

There has also been increasing U.S. federal and state legislative and enforcement interest with respect to drug pricing. In particular, U.S. federal prosecutors have issued subpoenas to pharmaceutical companies, including Mylan, seeking information about their drug pricing practices, among other issues, and members of the Congress have sought information from certain pharmaceutical companies, including Mylan, relating to drug-price increases.

In addition, there has been legislation and legislative proposals concerning drug prices and related issues, including the perceived need to bring more transparency to drug pricing, reviewing the relationship between pricing and manufacturer patient programs, and reforming government program reimbursement methodologies for drugs. For example, California, Oregon and several other states have recently implemented legislation requiring pharmaceutical companies to provide greater transparency with respect to drug prices and price increases and other states are considering similar legislation. This type of legislation, at the federal or state level, could affect demand for, or pricing of, our products and we cannot predict what, if any, additional legislative developments may transpire or what the ultimate impact may be.

Any of the events or developments described above could have a material adverse impact on our business, reputation, financial condition, results of operations, cash flows and/or ordinary share price.

Current and changing economic conditions may adversely affect our industry, business, partners and suppliers.

The global economy continues to experience significant volatility, and the economic environment may become less favorable. Economic volatility, governmental financial restructuring efforts and evolving deficit and spending reduction programs could negatively impact the global economy and the pharmaceutical industry. This has led, or could lead, to reduced consumer and customer spending, reduced or eliminated governmental or third-party payor coverage or reimbursement or reduced spending on healthcare, including but not limited to pharmaceutical products. While generic drugs present an alternative to higher-priced branded products, our sales could be negatively impacted if patients forego obtaining healthcare, patients and customers reduce spending or purchases, or if governments or third-party payors reduce or eliminate coverage or reimbursement amounts for pharmaceuticals or impose price or other controls adversely impacting the price or availability of pharmaceuticals. In addition, reduced consumer and customer spending, reduced government or third-party payor coverage or reimbursement, or new government controls, may drive us and our competitors to decrease prices, may reduce the ability of customers to pay, or may result in reduced demand for our products. The occurrence of any of these risks could have a material adverse effect on our industry, business, financial condition, results of operations, cash flows, and/or ordinary share price.

We have significant operations globally, which exposes us to the risks inherent in conducting our business internationally.

Our operations extend to numerous countries outside the U.S., including our significant operations in India, and are subject to the risks inherent in conducting business globally and under the laws, regulations, and customs of various jurisdictions. These risks include, but are not limited to:

- compliance with the national and local laws of countries in which we do business, including, but not limited to, data privacy and protection, import/export and intellectual property protections;
- less established legal and regulatory regimes in certain jurisdictions;
- compliance with a variety of U.S. laws including, but not limited to, regulations put forth by the U.S. Treasury's Office of Foreign Assets Control, the Iran Threat Reduction and Syria Human Rights Act of 2012 and rules relating to the use of certain "conflict minerals" under Section 1502 of the Dodd-Frank Wall Street Reform and the Consumer Protection Act;
- changes in laws, regulations, and practices affecting the pharmaceutical industry and the healthcare system, including but not limited to imports, exports, manufacturing, quality, cost, pricing, reimbursement, approval, inspection, and delivery of healthcare;
- changes in policies designed to promote foreign investment, including significant tax incentives, liberalized import and export duties, and preferential rules on foreign investment and repatriation;
- differing local product preferences and product requirements;
- adverse changes in the economies in which we or our partners and suppliers operate as a result of a slowdown in overall growth, a change in government or economic policies, or financial, political, or social change or instability in such countries that affects the markets in which we operate, particularly emerging markets;
- changes in employment laws, wage increases, or rising inflation in the countries in which we or our partners and suppliers operate;
- supply disruptions and increases in energy and transportation costs;
- increased tariffs on the import or export of our products or API, including on imports from China to the U.S.;
- natural or man-made disasters, including droughts, floods, earthquakes, hurricanes and the impact of climate change in the countries in which we or our partners and suppliers operate;
- local disturbances, terrorist attacks, riots, social disruption, wars, or regional hostilities in the countries in which we or our partners and suppliers operate and that could affect the economy, our operations and employees by disrupting operations and communications, making travel and the conduct of our business more difficult, and/or causing our customers to be concerned about our ability to meet their needs; and
- government uncertainty, including as a result of new or changed laws and regulations.

We also face the risk that some of our competitors have more experience with operations in such countries or with international operations generally and may be able to manage unexpected crises more easily. Moreover, the internal political stability of, or the relationship between, any country or countries where we conduct business operations may deteriorate. Changes in a country's political stability or the state of relations between any such countries are difficult to predict and the political or social stability in and/or diplomatic relations between any countries in which we or our partners and suppliers do business could meaningfully deteriorate.

For example, the formal change in the relationship between the European Union ("EU") and the U.K. as a result of the U.K. referendum to leave the EU ("Brexit") could impact our business. Whether Brexit occurs, as well as its exact structure and timing, are still being negotiated and therefore the impact remains uncertain. However, in the event Brexit occurs, it could lead to divergent national laws and regulations, import/export restrictions, and potential changes to intellectual property rights, regulatory approval requirements and pharmaceutical regulations in the EU and the U.K., which could materially impact the way we conduct our operations in those markets. In addition, because we are tax resident in the U.K., the U.K. withdrawal from the EU could, depending on the results of the ongoing negotiations, eliminate the benefit of certain tax treaties and tax-related EU directives, which could have a material adverse effect on our tax position by, among other effects, subjecting us to withholding taxes on certain intercompany transactions. It may be time-consuming and expensive for us to alter our internal operations in order to comply with such new or changing regulations or tax treatments. Any of these effects of Brexit, and others we cannot anticipate, could negatively affect our business and financial results.

The occurrence of any one or more of the above risks could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Charges to earnings resulting from acquisitions could have a material adverse effect on our business, financial condition, results of operations, cash flows and/or ordinary share price.

Under EU IFRS business acquisition accounting standards, we recognize the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in acquired companies generally at their acquisition date fair values and, in each case, separately from goodwill. Goodwill as of the acquisition date is measured as the excess amount of consideration transferred, which is also generally measured at fair value, and the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain. After we complete an acquisition, the following factors could result in material charges and adversely affect our operating results and may adversely affect our cash flows:

- costs incurred to combine the operations of companies we acquire, such as transitional employee expenses and employee retention, redeployment or relocation expenses;
- impairment of goodwill or intangible assets, including acquired in-process research and development ("IPR&D");
- amortization of intangible assets acquired;
- a reduction in the useful lives of intangible assets acquired;
- identification of or changes to assumed contingent liabilities, including, but not limited to, contingent purchase price consideration including fair value adjustments, income tax contingencies and other non-income tax contingencies, after our final determination of the amounts for these contingencies or the conclusion of the measurement period (generally up to one year from the acquisition date), whichever comes first;
- charges to our operating results to eliminate certain duplicative pre-acquisition activities, to restructure our operations or to reduce our cost structure; and
- charges to our operating results resulting from expenses incurred to effect the acquisition.

A significant portion of these adjustments could be accounted for as expenses that will decrease our net income and earnings per share for the periods in which those costs are incurred.

In particular, the amount of goodwill and identifiable intangible assets on our consolidated balance sheets is significant as a result of our acquisitions and other transactions, and may increase further following future potential acquisitions, and we may, from time to time, sell assets that we determine are not critical to our strategy or execution. Future events or decisions may also lead to asset impairments and/or related charges. Certain non-cash impairments may result from a change in our strategic goals, business direction or other factors relating to the overall business environment.

Any such charges could cause a material adverse effect on our business, financial condition, results of operations, cash flows, shareholders' equity and/or ordinary share price.

The illegal distribution and sale by third parties of counterfeit versions of our products or of diverted or stolen products could have a negative impact on our reputation and our business.

The pharmaceutical drug supply has been increasingly challenged by the vulnerability of distribution channels to illegal counterfeiting and the presence of counterfeit products in a growing number of markets and over the Internet.

Third parties may illegally distribute and sell counterfeit versions of our products that do not meet the rigorous manufacturing and testing standards that our products undergo. Counterfeit products are frequently unsafe or ineffective and can be potentially life-

threatening. Counterfeit medicines may contain harmful substances, the wrong dose of API or no API at all. However, to distributors and users, counterfeit products may be visually indistinguishable from the authentic version.

Reports of adverse reactions to counterfeit drugs or increased levels of counterfeiting could materially affect patient confidence in the authentic product. It is possible that adverse events caused by unsafe counterfeit products will mistakenly be attributed to the authentic product. In addition, unauthorized diversions of products or thefts of inventory at warehouses, plants, or while in-transit, which are not properly stored, or which are sold through unauthorized channels, could adversely impact patient safety, our reputation, and our business.

Public loss of confidence in the integrity of pharmaceutical products as a result of counterfeiting, diversion, or theft could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows, and/or ordinary share price.

We face vigorous competition that threatens the commercial acceptance and pricing of our products.

The pharmaceutical industry is highly competitive. We face competition from other pharmaceutical manufacturers globally, some of whom are significantly larger than we are. Our competitors may be able to develop products and processes competitive with or superior to our own for many reasons, including but not limited to the possibility that they may have:

- proprietary processes or delivery systems;
- larger or more productive R&D and marketing staff;
- larger or more efficient production capabilities in a particular therapeutic area;
- more experience in preclinical testing and human clinical trials;
- more products; or
- more experience in developing new drugs and greater financial resources, particularly with regard to manufacturers of branded products.

We also face increasing competition from lower-cost generic products and other branded products. Certain of our products are not protected by patent rights or have limited patent life and will soon lose patent protection. Loss of patent protection for a product typically is followed promptly by the introduction of generic substitutes. As a result, sales of many of these products may decline or stop growing over time. Various factors may result in the sales of certain of our products declining faster than has been projected. In addition, legislative proposals emerge from time to time in various jurisdictions to further encourage the early and rapid approval of generic drugs. Any such proposal that is enacted into law could increase competition and worsen this negative effect on our sales.

Competitors' products may also be safer, more effective, more effectively marketed or sold, or have lower prices or better performance features than ours. We cannot predict with certainty the timing or impact of competitors' products. PBMs and other pharmaceutical manufacturers may utilize contracting strategies that could decrease generic utilization and negatively impact our products. In addition, our sales may suffer as a result of changes in consumer demand for our products, including those related to fluctuations in consumer buying patterns tied to seasonality, importation by consumers or the introduction of new products by competitors.

The occurrence of any of the above risks could have an adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

A relatively small group of products may represent a significant portion of our revenues, net sales, gross profit, or net earnings from time to time.

Sales of a limited number of our products from time to time represent a significant portion of our revenues, net sales, gross profit, and net earnings. For the years ended 31 December 2018 and 2017, Mylan's top ten products in terms of sales, in the aggregate, represented approximately 20% and 21%, respectively, of the Company's net sales. If the volume or pricing of our largest selling products declines in the future, our business, financial condition, results of operations, cash flows, and/or ordinary share price could be materially adversely affected.

Our business could be negatively affected by the performance of our third-party collaboration partners.

We have entered into strategic alliances with partners to develop, manufacture, market and/or distribute certain products, and/or certain components of our products, in various markets. We commit substantial effort, funds and other resources to these various collaborations, including with respect to the development of biosimilar products. There is a risk that the investments made by us

in these collaborative arrangements will not generate financial returns. While we believe our relationships with our partners generally are successful, disputes or conflicting priorities and regulatory or legal intervention could be a source of delay or uncertainty as to the expected benefits of the collaboration. In addition, we enter into agreements with our collaboration partners that provide for certain services, as well as cross manufacturing, development and licensing arrangements. A failure or inability of our partners to fulfill their collaboration obligations, or the occurrence of any of the risks above, could have an adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We may experience reductions in the levels of reimbursement for pharmaceutical products by governmental authorities, health maintenance organizations ("HMOs"), or other third-party payors. In addition, the use of tender systems and other forms of price control, including legislative or regulatory programs impacting pharmaceutical prices, could reduce prices for our products or reduce our market opportunities.

Various governmental authorities (including, among others, the U.K. National Health Service and the German statutory health insurance scheme) and private health insurers and other organizations, such as HMOs in the U.S., provide reimbursements or subsidies to consumers for the cost of certain pharmaceutical products. Demand for our products depends in part on the extent to which such reimbursement is available. In the U.S., third-party payors increasingly challenge the pricing of pharmaceutical products. These trends and other trends toward the growth of HMOs, managed healthcare, and legislative healthcare reform create significant uncertainties regarding the future levels of reimbursement for pharmaceutical products. Further, any reimbursement may be reduced in the future to the point that market demand for our products and/or our profitability declines. Such a decline could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

In addition, current or future U.S. federal, U.S. state or other countries' laws and regulations may influence the prices of drugs and, therefore, could adversely affect the payments we receive for our products. For example, existing programs in certain U.S. states seek to broadly set prices within those states through the regulation and administration of the sale of prescription drugs. Expansion of these programs, and, in particular, changes to state Medicare and/or Medicaid programs, or changes required in the way in which Medicare payment rates are set and/or the way Medicaid rebates are calculated, could adversely affect the payment we receive for our products. In order to control expenditure on pharmaceuticals, most member states in the EU regulate the pricing of products and, in some cases, limit the range of different forms of pharmaceuticals available for prescription by national health services. These controls can result in considerable price differences between member states.

Several countries in which we operate have implemented, or plan to or may implement, government mandated price reductions and/or other controls. When such price controls occur, pharmaceutical companies have generally experienced significant declines in revenues and profitability and uncertainties continue to exist within the market after the price decrease. Such price reductions or controls could have an adverse effect on our business, and as uncertainties are resolved or if other countries in which we operate enact similar measures, they could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

A number of markets in which we operate have also implemented or may implement tender systems for generic pharmaceuticals in an effort to lower prices. Under such tender systems, manufacturers submit bids which establish prices for generic pharmaceutical products. Upon winning the tender, the winning company will receive a preferential reimbursement for a period of time. The tender system often results in companies underbidding one another by proposing low pricing in order to win the tender. Other markets may also consider the implementation of a tender system or other forms of price controls. Even if a tender system is ultimately not implemented, the anticipation of such could result in price reductions.

Failing to win tenders, or the implementation of similar systems or other forms of price controls in other markets leading to further price declines, could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Healthcare reform legislation could have a material adverse effect on our business.

In recent years, there have been numerous initiatives on the federal and state levels for comprehensive reforms affecting the payment for, the availability of and reimbursement for, healthcare services in the U.S., and it is likely that Congress and state legislatures and health agencies will continue to focus on healthcare reform in the future. The Patient Protection and Affordable Care Act ("PPACA") and The Health Care and Education and Reconciliation Act of 2010 (H.R. 4872), which amends the PPACA (collectively, the "Health Reform Laws"), were signed into law in March 2010. While the Health Reform Laws may increase the number of patients who have insurance coverage for our products, they also include provisions such as the assessment of a pharmaceutical manufacturer fee and an increase in the amount of rebates that manufacturers pay for coverage of their drugs by Medicaid programs.

We are unable to predict the future course of federal or state healthcare legislation. The Health Reform Laws and further changes in the law or regulatory framework that reduce our revenues or increase our costs could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Additionally, we encounter similar regulatory and legislative issues in most other countries. In the EU and some other international markets, the government provides healthcare at low cost to consumers and regulates pharmaceutical prices, patient eligibility and/or reimbursement levels to control costs for the government-sponsored healthcare system. These systems of price regulations may lead to inconsistent and lower prices. Within the EU and in other countries, the availability of our products in some markets at lower prices undermines our sales in other markets with higher prices. Additionally, certain countries set prices by reference to the prices in other countries where our products are marketed. Thus, our inability to secure adequate prices in a particular country may also impair our ability to obtain acceptable prices in existing and potential new markets, and may create the opportunity for third party cross border trade.

Significant additional reforms to the U.S. healthcare system, or to the healthcare systems of other markets in which we operate, could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Provisions in our governance arrangements or that are otherwise available under Dutch law could discourage, delay, or prevent a change in control of us and may affect the market price of our ordinary shares.

Some provisions of our governance arrangements that are available under Dutch law, such as our grant to a Dutch foundation (*stichting*) of a call option to acquire preferred shares to safeguard the interests of the Company, its businesses and its stakeholders against threats to our strategy, mission, independence, continuity and/or identity, may discourage, delay, or prevent a change in control of us, even if such a change in control is sought by our shareholders.

An inability to effectively deal with and respond to unsolicited business proposals could limit our future growth and have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We have in the past and may in the future receive proposals to acquire all of our outstanding shares or similar unsolicited business proposals. Such unsolicited business proposals may not be consistent with or enhancing to our financial, operational, or market strategies and may not further the interests of our shareholders and other stakeholders, including employees, creditors, customers, suppliers, relevant patient populations and communities in which Mylan operates and may jeopardize the sustainable success of Mylan's business. However, the evaluation of and response to such unsolicited business proposals may nevertheless distract management and/or disrupt our ongoing businesses, which may adversely affect our relationships with customers, employees, partners, suppliers, regulators, and others with whom we have business or other dealings.

The expansion of social media platforms presents new risks and challenges.

To the extent that we seek to use social media tools as a means to communicate about our products and/or business, there are uncertainties as to the rules that apply to such communications, or as to the interpretations that authorities will apply to the rules that exist. As a result, despite our efforts to monitor evolving social media communication guidelines and comply with applicable rules, there is risk that our use of social media for such purposes may cause us to be found in violation of them. Our employees may knowingly or inadvertently make use of social media tools in ways that may not be aligned with our social media strategy, may give rise to liability, or could lead to the loss of material non-public information, trade secrets or other intellectual property, or public exposure of personal information (including sensitive personal information) of our employees, clinical trial patients, customers, and others. In addition, negative posts or comments about us on any social media website could damage our reputation. Any of the above risks could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows, and/or ordinary share price.

Operational Risks

Our failure to comply with applicable environmental and occupational health and safety laws and regulations worldwide could adversely impact our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We are subject to various U.S. federal, state, and local and non-U.S. laws and regulations concerning, among other things, the environment, climate change, regulation of chemicals, employee safety and product safety. These requirements include regulation of the handling, manufacture, transportation, storage, use and disposal of materials, including the discharge of hazardous materials and pollutants into the environment. In the normal course of our business, we are exposed to risks relating to possible releases of hazardous substances into the environment, which could cause environmental or property damage or personal injuries, and which

could result in (i) our noncompliance with such environmental and occupational health and safety laws and regulations and (ii) regulatory enforcement actions or claims for personal injury and property damage against us. If an unapproved or illegal environmental discharge occurs, or if we discover contamination caused by prior operations, including by prior owners and operators of properties we acquire, we could be liable for cleanup obligations, damages and fines. The substantial unexpected costs we may incur could have a material and adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price. In addition, our environmental capital expenditures and costs for environmental compliance may increase substantially in the future as a result of changes in environmental laws and regulations, the development and manufacturing of a new product or increased development or manufacturing activities at any of our facilities. We may be required to expend significant funds and our manufacturing activities could be delayed or suspended, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

The pharmaceutical industry is heavily regulated, and we face significant costs and uncertainties associated with our efforts to comply with applicable laws and regulations.

The pharmaceutical industry is subject to regulation by various governmental authorities. For instance, we must comply with applicable laws and requirements of the FDA and other regulatory agencies, including foreign authorities, in our other markets with respect to the research, development, manufacture, quality, safety, effectiveness, approval, labeling, tracking, tracing, authentication, storage, record-keeping, reporting, pharmacovigilance, sale, distribution, import, export, marketing, advertising, and promotion of pharmaceutical products. We are committed to conducting our business, including the sales and marketing of our products, in compliance with all applicable laws and regulations. These laws and regulations, however, are numerous and complex and it is possible that a governmental authority may challenge our activities, or that an employee or agent could violate these laws and regulations without our knowledge. Failure to comply with regulations of the FDA and other U.S. and foreign regulators could result in a range of consequences, including, but not limited to, fines, penalties, disgorgement, unanticipated compliance expenditures, suspension of review of applications or other submissions, rejection or delay in approval of applications, recall or seizure of products, total or partial suspension of production and/or distribution, our inability to sell products, the return by customers of our products, injunctions, and/or criminal prosecution. Under certain circumstances, a regulator may also have the authority to revoke or vary previously granted drug approvals.

The safety profile of any product will continue to be closely monitored by the FDA and comparable foreign regulatory authorities after approval. If the FDA or comparable foreign regulatory authorities become aware of new safety information about any of our marketed or investigational products, those authorities may require labeling changes, establishment of a risk evaluation and mitigation strategy or similar strategy, restrictions on a product's indicated uses or marketing, or post-approval studies or post-market surveillance. In addition, we are subject to regulations in various jurisdictions, including the Federal Drug Supply Chain Security Act in the U.S., the Falsified Medicines Directive in the EU and several other such regulations in other countries that require us to develop electronic systems to serialize, track, trace and authenticate units of our products through the supply chain and distribution system. Compliance with these regulations may result in increased expenses for us or impose greater administrative burdens on our organization, and failure to meet these requirements could result in fines or other penalties.

The FDA and comparable regulatory authorities also regulate the facilities and operational procedures that we use to manufacture our products. We must register our facilities with the FDA and similar regulators in other countries. Products must be manufactured in our facilities in accordance with cGMP or similar standards in each territory in which we manufacture. Compliance with such regulations and with our own quality standards requires substantial expenditures of time, money, and effort in multiple areas, including training of personnel, record-keeping, production, and quality control and quality assurance. The FDA and other regulatory authorities, including foreign authorities, periodically inspect our manufacturing facilities for compliance with cGMP or similar standards in the applicable territory. Regulatory approval to manufacture a drug is granted on a site-specific basis. Failure to comply with cGMP and other regulatory standards at one of our or our partners' or suppliers' manufacturing facilities could result in an adverse action brought by the FDA or other regulatory authorities, which could result in a receipt of an untitled or warning letter, fines, penalties, disgorgement, unanticipated compliance expenditures, rejection or delay in approval of applications, suspension of review of applications or other submissions, suspension of ongoing clinical trials, recall or seizure of products, total or partial suspension of production and/or distribution, our inability to sell products, the return by customers of our products, orders to suspend, vary, or withdraw marketing authorizations, injunctions, consent decrees, requirements to modify promotional materials or issue corrective information to healthcare practitioners, refusal to permit import or export, criminal prosecution and/or other adverse actions.

If any regulatory body were to delay, withhold, or withdraw approval of an application; require a recall or other adverse product action; require one of our manufacturing facilities to cease or limit production; or suspend, vary, or withdraw related marketing authorization, our business could be adversely affected. Delay and cost in obtaining FDA or other regulatory approval to manufacture at a different facility also could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Although we have established internal quality and regulatory compliance programs and policies, there is no guarantee that these programs and policies, as currently designed, will meet regulatory agency standards in the future or will prevent instances of non-compliance with applicable laws and regulations. Additionally, despite efforts at compliance, from time to time we or our partners receive notices of manufacturing and quality-related observations following inspections by regulatory authorities around the world, as well as official agency correspondence regarding compliance. For example, on 09 November 2018, the FDA issued a warning letter with respect to our manufacturing plant in Morgantown, West Virginia. This action resulted from previously disclosed observations of the plant made by FDA in April 2018. We have implemented comprehensive restructuring and remediation activities at our Morgantown plant, and the issues raised in the warning letter are being addressed within the context of these activities. However, we or our partners may receive similar observations and correspondence in the future. If we are unable to resolve these observations and address regulator's concerns in a timely fashion, our business, financial condition, results of operations, cash flows, and/or ordinary share price could be materially affected.

We utilize controlled substances in certain of our current products and products in development, and therefore must meet the requirements of the Controlled Substances Act of 1970 and the related regulations administered by the Drug Enforcement Agency ("DEA") in the U.S., as well as those of similar laws in other countries where we operate. These laws relate to the manufacture, shipment, storage, sale, and use of controlled substances. The DEA and other regulatory agencies limit the availability of the controlled substances used in certain of our current products and products in development and, as a result, our procurement quota of these active ingredients may not be sufficient to meet commercial demand or complete clinical trials. We must annually apply to the DEA and similar regulatory agencies for procurement quotas in order to obtain these substances. Any delay or refusal by the DEA or such similar agencies in establishing our procurement quota for controlled substances could delay or stop our clinical trials or product launches, or could cause trade inventory disruptions for those products that have already been launched, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

The use of legal, regulatory, and legislative strategies by both brand and generic competitors, including but not limited to "authorized generics" and regulatory petitions, as well as the potential impact of proposed and newly enacted legislation, may increase costs associated with the introduction or marketing of our generic products, could delay or prevent such introduction, and could significantly reduce our revenue and profit.

Our competitors, both branded and generic, often pursue strategies to prevent or delay generic alternatives to branded products. These strategies include, but are not limited to:

- entering into agreements whereby other generic companies will begin to market an authorized generic, which is the approved brand-name drug without the brand-name on its label, at the same time or after generic competition initially enters the market;
- launching their own authorized generic product prior to or at the same time or after generic competition initially enters the market;
- pricing a branded product at a discount equivalent to generic pricing, as was the case for Copaxone after the launch of our generic glatiramer acetate products;
- filing petitions with the FDA or other regulatory bodies seeking to prevent or delay approvals, including timing the filings so as to thwart generic competition by causing delays of our product approvals;
- contracting strategies among pharmaceutical manufacturers and PBMs that could decrease generic utilization and negatively impact our product launches;
- seeking to establish regulatory and legal obstacles that would make it more difficult to demonstrate bioequivalence or to meet other requirements for approval, and/or to prevent regulatory agency review of applications;
- initiating legislative or other efforts to limit the substitution of generic versions of brand pharmaceuticals;
- filing suits for patent infringement and other claims that may delay or prevent regulatory approval, manufacture, and/or sale of generic products;
- introducing "next-generation" products prior to the expiration of market exclusivity for the reference product, which often materially reduces the demand for the generic or the reference product for which we seek regulatory approval;
- persuading regulatory bodies to withdraw the approval of brand-name drugs for which the patents are about to expire and converting the market to another product of the brand company on which longer patent protection exists;
- obtaining extensions of market exclusivity by conducting clinical trials of brand drugs in pediatric populations or by other methods; and
- seeking to obtain new patents on drugs for which patent protection is about to expire.

In the U.S., some companies have lobbied Congress for amendments to the Drug Price Competition and Patent Term Restoration Act of 1984 (the "Hatch-Waxman Act") that would give them additional advantages over generic competitors. For example, although the term of a company's drug patent can be extended to reflect a portion of the time a new drug application ("NDA",

which is filed in the U.S. with the FDA when approval is sought to market a newly developed branded product and, in certain instances, for a new dosage form, a new delivery system or a new indication for a previously approved drug) is under regulatory review, some companies have proposed extending the patent term by a full year for each year spent in clinical trials rather than the one-half year that is currently permitted.

If proposals like these in the U.S., Europe, or in other countries where we or our partners and suppliers operate were to become effective, or if any other actions by our competitors and other third parties to prevent or delay activities necessary to the approval, manufacture, or distribution of our products are successful, our entry into the market and our ability to generate revenues associated with new products may be delayed, reduced, or eliminated, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

If we are unable to successfully introduce new products in a timely manner, our future revenue and profitability may be adversely affected.

Our future revenues and profitability will depend, in part, upon our ability to successfully and timely develop, license, or otherwise acquire and commercialize new products. Product development is inherently risky, especially for new drugs for which safety and efficacy have not been established and/or the market is not yet proven as well as for complex generic drugs and biosimilars. Likewise, product licensing involves inherent risks, including, among others, uncertainties due to matters that may affect the achievement of milestones, as well as the possibility of contractual disagreements with regard to whether the supply of product meets certain specifications or terms such as license scope or termination rights. The development and commercialization process, particularly with regard to new and complex drugs, also requires substantial time, effort and financial resources. We, or a partner, may not be successful in commercializing such products on a timely basis, or at all, which could adversely affect our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Before any prescription drug product, including generic drug products, can be marketed, marketing authorization approval is required by the relevant regulatory authorities and/or national regulatory agencies (for example, the FDA in the U.S. and the EMA in the EU). The process of obtaining regulatory approval to manufacture and market new branded and generic pharmaceutical products is rigorous, time consuming, costly, and inherently unpredictable. In addition, these regulatory agencies may be delayed in reviewing and approving products as a result of lapsed or insufficient funding, insufficient staffing or other factors beyond our control. As a result of Brexit, the EU has decided to move the headquarters of the EMA from the U.K. to the Netherlands by March 2019, which raises the possibility that any existing and/or new regulatory approval applications in the EU, whether for existing or new drug products, could be delayed as a result. Any delay in regulatory approval could impact the commercial or financial success of a product.

Outside the U.S., the approval process may be more or less rigorous, depending on the country, and the time required for approval may be longer or shorter than that required in the U.S. Bioequivalence, clinical, or other studies conducted in one country may not be accepted in other countries, the requirements for approval may differ among countries, and the approval of a pharmaceutical product in one country does not necessarily mean that the product will be approved in another country. We, or a partner or supplier, may be unable to obtain requisite approvals on a timely basis, or at all, for new products that we may develop, license or otherwise acquire. Moreover, if we obtain regulatory approval for a drug, it may be limited, for example, with respect to the indicated uses and delivery methods for which the drug may be marketed, or may include warnings, precautions or contraindications in the labeling, which could restrict our potential market for the drug. A regulatory approval may also include post-approval study or risk management requirements that may substantially increase the resources required to market the drug. Also, for products pending approval, we may obtain raw materials or produce batches of inventory to be used in efficacy and bioequivalence testing, as well as in anticipation of the product's launch. In the event that regulatory approval is denied or delayed, we could be exposed to the risk of this inventory becoming obsolete.

The approval process for generic pharmaceutical products often results in the relevant regulatory agency granting final approval to a number of generic pharmaceutical products at the time a patent claim for a corresponding branded product or other market exclusivity expires. This often forces us to face immediate competition when we introduce a generic product into the market. Additionally, further generic approvals often continue to be granted for a given product subsequent to the initial launch of the generic product. These circumstances generally result in significantly lower prices, as well as reduced margins, for generic products compared to branded products. New generic market entrants generally cause continued price, margin, and sales erosion over the generic product life cycle.

In the U.S., the Hatch-Waxman Act provides for a period of 180 days of generic marketing exclusivity for a "first applicant," that is the first submitted Abbreviated New Drug Application ("ANDA", which is filed in the U.S. with the FDA when approval is sought to market a generic equivalent of a drug product previously approved under an NDA and listed in the FDA publication entitled Approved Drug Products with Therapeutic Equivalence Evaluations, popularly known as the "Orange Book" or for a new

dosage strength for a drug previously approved under an ANDA) containing a certification of invalidity, non-infringement or unenforceability related to a patent listed with the ANDA's reference drug product, commonly referred to as a Paragraph IV certification. During this exclusivity period, which under certain circumstances may be shared with other ANDAs filed on the same day, the FDA cannot grant final approval to later-submitted ANDAs for the same generic equivalent. If an ANDA is awarded 180-day exclusivity, the applicant generally enjoys higher market share, net revenues, and gross margin for that generic product. However, our ability to obtain 180 days of generic marketing exclusivity may be dependent upon our ability to obtain FDA approval or tentative approval within an applicable time period of the FDA's acceptance of our ANDA. If we are unable to obtain approval or tentative approval within that time period, we may risk forfeiture of such marketing exclusivity. By contrast, if we are not a "first applicant" to challenge a listed patent for such a product, we may lose significant advantages to a competitor with 180-day exclusivity, even if we obtain FDA approval for our generic drug product. The same would be true in situations where we are required to share our exclusivity period with other ANDA sponsors with Paragraph IV certifications.

In the EU and other countries and regions, there is no exclusivity period for the first generic product. The European Commission or national regulatory agencies may grant marketing authorizations to any number of generics.

If we are unable to navigate our products through the approval process in a timely manner, there could be an adverse effect on our product introduction plans, business, financial condition, results of operations, cash flows, and/or ordinary share price.

We expend a significant amount of resources on R&D efforts that may not lead to successful product introductions.

Much of our development effort is focused on technically difficult-to-formulate products and/or products that require advanced manufacturing technology, including our biosimilars program and respiratory platform. We conduct R&D primarily to enable us to gain approval for, manufacture, and market pharmaceuticals in accordance with applicable laws and regulations. We also partner with third parties to develop products. Typically, research expenses related to the development of innovative or complex compounds and the filing of marketing authorization applications for innovative and complex compounds (such as NDAs and biosimilar applications in the U.S.) are significantly greater than those expenses associated with the development of and filing of marketing authorization applications for most generic products (such as ANDAs in the U.S. and abridged applications in Europe). As we and our partners continue to develop new and/or complex products, our research expenses will likely increase. Because of the inherent risk associated with R&D efforts in our industry, including the high cost and uncertainty of conducting clinical trials (where required) particularly with respect to new and/or complex drugs, our, or a partner's, R&D expenditures may not result in the successful introduction of new pharmaceutical products approved by the relevant regulatory bodies. Also, after we submit a marketing authorization application for a new compound or generic product, the relevant regulatory authority may change standards and/or request that we conduct additional studies or evaluations and, as a result, we may incur approval delays as well as R&D costs in excess of what we anticipated.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. We or our partners may experience delays in our ongoing or future clinical trials, and we do not know whether planned clinical trials will begin or enroll subjects on time, need to be redesigned, or be completed on schedule, if at all.

Clinical trials may be delayed, suspended or prematurely terminated for a variety of reasons. If we experience delays in the completion of, or the termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process, and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

Finally, we cannot be certain that any investment made in developing products will be recovered, even if we are successful in commercialization. To the extent that we expend significant resources on R&D efforts and are not able, ultimately, to introduce successful new and/or complex products as a result of those efforts, there could be a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Even if our products in development receive regulatory approval, such products may not achieve expected levels of market acceptance.

Even if we are able to obtain regulatory approvals for our new products, the success of those products is dependent upon market acceptance. Levels of market acceptance for our products could be impacted by several factors, including but not limited to:

- the availability, perceived advantages, and relative safety and efficacy of alternative products from our competitors;
- the degree to which the approved labeling supports promotional initiatives for commercial success;
- the prices of our products relative to those of our competitors;
- the timing of our market entry;
- the effectiveness of our marketing, sales, and distribution strategy and operations; and
- other competitor actions, including legal actions.

Additionally, studies of the proper utilization, safety, and efficacy of pharmaceutical products are being conducted by the industry, government agencies, and others. Such studies, which increasingly employ sophisticated methods and techniques, can call into question the utilization, safety, and efficacy of previously marketed as well as future products. In some cases, such studies have resulted, and may in the future result, in the discontinuation or variation of product marketing authorizations or requirements for risk management programs, such as a patient registry. Any of these events could adversely affect our profitability, business, financial condition, results of operations, cash flows, and/or ordinary share price.

The development, approval process, manufacture and commercialization of biosimilar products involve unique challenges and uncertainties, and our failure to successfully introduce biosimilar products could have a negative impact on our business and future operating results.

We and our partners and suppliers are actively working to develop and commercialize biosimilar products. Although the Biologics Price Competition and Innovation Act of 2009 ("BPCIA") established a framework for the review and approval of biosimilar products and the FDA has begun to review and approve biosimilar product applications, there continues to be significant uncertainty regarding the regulatory pathway in the U.S., with the FDA continuing to issue and revise guidance related to its interpretation and implementation of the BPCIA. There is also uncertainty regarding the pathway to obtain approval for biosimilar products in other countries as well as uncertainty regarding the commercial pathway to successfully market and sell such products.

Moreover, biosimilar products generally involve extensive patent clearances and often involve patent infringement litigation related to multiple patents, which could delay or prevent the commercial launch of a biosimilar product for many years. If we are unable to obtain FDA or other non-U.S. regulatory authority approval for our products, we will be unable to market them. In addition, the development and manufacture of biosimilars pose unique challenges related to the supply of the materials needed to manufacture biosimilars. Access to and the supply of necessary biological materials may be limited, and government regulations restrict access to and regulate the transport and use of such materials.

Even if our biosimilar products are approved for marketing, the products may not be commercially successful, may require more time than expected to achieve market acceptance, and may not generate profits in amounts that are sufficient to offset the amount invested to obtain such approvals. Market success of biosimilar products will depend on demonstrating to regulators, patients, physicians and payors (such as insurance companies) that such products are safe and effective yet offer a more competitive price or other benefit over existing therapies. In addition, manufacturers of biologic products may try to dissuade physicians from prescribing or accepting biosimilar products. We may not be able to generate future sales of biosimilar products in certain jurisdictions and may not realize the anticipated benefits of our investments in the development, manufacture and sale of such products. If our development efforts do not result in the development and timely approval of biosimilar products or if such products, once developed and approved, are not commercially successful, or upon the occurrence of any of the above risks, our business, financial condition, results of operations, cash flows, and/or ordinary share price could be materially adversely affected.

Our business is highly dependent upon market perceptions of us, our products, and the safety and quality of our products, and may be adversely impacted by negative publicity or findings.

Market perceptions of us are very important to our business, especially market perceptions of our company, products and the safety and quality of our products. If we, our partners and suppliers, or our products suffer from negative publicity, or if any of our products or similar products which other companies distribute are subject to market withdrawal or recall or are proven to be, or are claimed to be, ineffective or harmful to consumers, then this could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price. Also, because we are dependent on market perceptions, negative publicity associated with product quality, patient illness, or other adverse effects resulting from, or perceived to be resulting from, our products, or our partners' and suppliers' manufacturing facilities, could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

A significant portion of our revenues is derived from sales to a limited number of customers.

A significant portion of our revenues is derived from sales to a limited number of customers. If we were to experience a significant reduction in or loss of business with one or more such customers, or if one or more such customers were to experience difficulty

in paying us on a timely basis, our business, financial condition, results of operations, cash flows, and/or ordinary share price could be materially adversely affected.

In addition, a significant amount of our sales are to a relatively small number of drug wholesalers and retail drug chains. These customers represent an essential part of the distribution chain of generic pharmaceutical products. Drug wholesalers and retail drug chains have undergone, and are continuing to undergo, significant consolidation. This consolidation has resulted in these groups gaining additional purchasing leverage and, consequently, increasing the product pricing pressures facing our business. We expect this trend of increased pricing pressures to continue. Additionally, the emergence of large buying groups representing independent retail pharmacies and the prevalence and influence of managed care organizations and similar institutions increases the negotiating power of these groups, enabling them to attempt to extract price discounts, rebates, and other restrictive pricing terms on our products. These factors could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

During the years ended 31 December 2018 and 2017, Mylan's consolidated net sales to its three largest customers were approximately: 8% and10%, respectively, to Cardinal Health, Inc.; 12% and 13%, respectively, to McKesson Corporation; and 8% and 8%, respectively, to AmerisourceBergen Corporation.

The supply of API into Europe may be negatively affected by recent regulations promulgated by the EU.

All API imported into the EU has needed to be certified as complying with the good manufacturing practice standards established by the EU laws and guidance, as stipulated by the International Conference for Harmonization. These regulations place the certification requirement on the regulatory bodies of the exporting countries. Accordingly, the national regulatory authorities of each exporting country must: (i) ensure that all manufacturing plants within their borders that export API into the EU comply with EU manufacturing standards and (ii) for each API exported, present a written document confirming that the exporting plant conforms to EU manufacturing standards. The imposition of this responsibility on the governments of the nations exporting an API may cause delays in delivery or shortages of an API necessary to manufacture our products, as certain governments may not be willing or able to comply with the regulation in a timely fashion, or at all. A shortage in API may prevent us from manufacturing, or cause us to have to cease manufacture of, certain products, or to incur costs and delays to qualify other suppliers to substitute for those API manufacturers unable to export. The occurrence of any of the above risks could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We have a limited number of manufacturing facilities and certain third-party suppliers produce a substantial portion of our API and products, some of which require a highly exacting and complex manufacturing process.

A substantial portion of our capacity, as well as our current production, is attributable to a limited number of manufacturing facilities and certain third-party suppliers. A significant disruption at any one of such facilities within our internal or third-party supply chain, even on a short-term basis, whether due to the failure of a third-party supplier to fulfill the terms of their agreement with us, labor disruption, adverse quality or compliance observation, other regulatory action, infringement of brand or other third-party intellectual property rights, natural disaster, civil or political unrest, export or import restrictions, or other events could impair our ability to produce and ship products to the market on a timely basis and could, among other consequences, subject us to exposure to claims from customers. Any of these events could have a material adverse effect on our reputation, business, financial condition, results of operations, cash flows, and/or ordinary share price. If we or our third-party suppliers' face significant manufacturing issues, this could lead to shutdowns or product shortages, or to our being entirely unable to supply certain products to customers for an extended period of time. Such shortages or shutdowns have led and could continue to lead to significant losses of sales revenue, third-party litigation, or negative publicity. See also "*The pharmaceutical industry is heavily regulated, and we face significant costs and uncertainties associated with our efforts to comply with applicable laws and regulations.*"

We purchase certain API and other materials and supplies that we use in our manufacturing operations, as well as certain finished products, from many different foreign and domestic suppliers. The price of API and other materials and supplies is subject to volatility, and in certain cases, we have listed only one supplier in our applications with regulatory agencies. There is no guarantee that we will always have timely, sufficient or affordable access to critical raw materials or finished product supplied by third parties, even when we have more than one supplier. An increase in the price, or an interruption in the supply, of a single-sourced or any other raw material, including the relevant API, or in the supply of finished product, could cause our business, financial condition, results of operations, cash flows, and/or ordinary share price to be materially adversely affected. Quality deficiencies in the products which our suppliers provide, or at their manufacturing facilities, could adversely impact our manufacturing and supply capabilities, cause supply interruptions, or lead to voluntary market withdrawals or product recalls.

In addition, the manufacture of some of our products is a highly exacting and complex process, due in part to strict regulatory requirements. Problems may arise during manufacturing at our or our third-party suppliers' facilities for a variety of reasons,

including, among others, equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, natural disasters, power outages, labor unrest, and environmental factors. If problems arise during the production of a batch of product, that batch of product may have to be discarded. This could, among other things, lead to increased costs, lost revenue, damage to customer relations, time and expense spent investigating the cause, and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred.

If we or one of our suppliers experience any of the problems described above, such problems could have a material adverse effect on our reputation, business, financial condition, results of operations, cash flows, and/or ordinary share price.

Our future success is highly dependent on our continued ability to attract and retain key personnel.

It is important that we attract and retain qualified personnel in order to develop and commercialize new products, manage our business, and compete effectively. Competition for qualified personnel in the pharmaceutical industry is very intense. If we fail to attract, develop, incentivize and retain key scientific, technical, commercial, regulatory or management personnel, this could lead to loss of customers, business disruption, and a decline in revenues, adversely affect the progress of pipeline products, or otherwise adversely affect our operations. Additionally, while we work to ensure that we have effective plans in place for management succession, any anticipated or unanticipated management transition could create uncertainty, which could disrupt or result in changes to our strategy and have a negative impact on our business. While we have employment agreements with certain key employees in place, their employment for the duration of the agreement is not guaranteed. Current and prospective employees might also experience uncertainty about their future roles with us following the consummation and integration of recent acquisitions and potential future transactions, which might adversely affect our ability to retain key managers and other employees. If we are unsuccessful in retaining our key employees or enforcing certain post-employment contractual provisions such as confidentiality or non-competition provisions, it could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We are in the process of enhancing and further developing our global ERP systems and associated business applications, which could result in business interruptions if we encounter difficulties.

We are enhancing and further developing our global ERP and other business critical IT infrastructure systems and associated applications to provide more operating efficiencies and effective management of our business and financial operations. Such changes to ERP systems and related software, and other IT infrastructure carry risks such as cost overruns, project delays and business interruptions and delays. If we experience a material business interruption as a result of our ERP enhancements, it could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Compliance Risks

We are subject to the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar worldwide anti-corruption laws, which impose restrictions on certain conduct and may carry substantial fines and penalties.

We are subject to the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar anti-corruption laws in other jurisdictions. These laws generally prohibit companies and their intermediaries from engaging in bribery or making other prohibited payments to government officials for the purpose of obtaining or retaining business, and some have record keeping requirements. The failure to comply with these laws could result in substantial criminal and/or monetary penalties. We operate in jurisdictions that have experienced corruption, bribery, pay-offs and other similar practices from time-to-time and, in certain circumstances, such practices may be local custom. We have implemented internal control policies and procedures that mandate compliance with these anti-corruption laws. However, we cannot be certain that these policies and procedures will protect us against liability. There can be no assurance that our employees or other agents will not engage in such conduct for which we might be held responsible. If our employees or agents are found to have engaged in such practices, we could suffer severe criminal or civil penalties and other consequences that could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Our competitors, including branded pharmaceutical companies, and/or other third parties, may allege that we or our suppliers are infringing upon their intellectual property, including in an "at risk launch" situation, which could result in substantial monetary damages, impact our ability to launch a product and/or our ability to continue marketing a product, and/or force us to expend substantial resources in resulting litigation, the outcome of which is uncertain.

Companies that produce branded pharmaceutical products and other patent holders routinely bring litigation against entities selling or seeking regulatory approval to manufacture and market generic forms of their branded products, as well as other entities involved

in the manufacture, supply, and other aspects relating to API and finished pharmaceutical products. These companies and other patent holders may allege patent infringement or other violations of intellectual property rights as the basis for filing suit against an applicant for a generic product as well as others who may be involved in some aspect of research, supply, production, distribution, testing, packaging or other processes. Litigation often involves significant expense and can delay or prevent introduction or sale of our generic products. If patents are held valid and infringed by our products in a particular jurisdiction, we and/or our supplier(s) or partner(s) may, unless we or the supplier(s) or partner(s) could obtain a license from the patent holder, need to cease manufacturing and other activities, including but not limited to selling in that jurisdiction. We may also need to pay damages, surrender or withdraw the product, or destroy existing stock in that jurisdiction.

There also may be situations, including, for example, the decision to launch our 40mg/mL glatiramer acetate and Fulphila products, where we use our business judgment and decide to market, and sell products, directly or through third parties, notwithstanding the fact that allegations of patent infringement(s) and other third-party rights have not been finally resolved by the courts (i.e., an "at-risk launch"). The risk involved in doing so can be substantial because the remedies available to the owner of a patent for infringement may include, among other things, a reasonable royalty on sales, damages measured by the profits lost by the patent holder, or by profits earned by the infringer. If there is a finding by a court of willful infringement, the definition of which is subjective, such damages may be increased by up to three times. Moreover, because of the discount pricing typically involved with bioequivalent products, patented branded products generally realize a substantially higher profit margin than generic or biosimilar products. An adverse decision in a case such as this, or a judicial order preventing us or our suppliers and partners from manufacturing, marketing, selling, and/or other activities necessary to the manufacture and distribution of our products, could result in substantial penalties, and/or have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We rely on the effectiveness of our patents, confidentiality agreements and other measures to protect our intellectual property rights.

Our ability to commercialize any branded product successfully will largely depend upon our or any partner's or supplier's ability to obtain and maintain patents and trademarks of sufficient scope to lawfully prevent third parties from developing and/or marketing infringing products. In the absence of intellectual property or other protection, competitors may adversely affect our branded products business by independently developing and/or marketing substantially equivalent products. It is also possible that we could incur substantial costs if we are required to initiate litigation against others to protect or enforce our intellectual property rights.

We have filed and/or own patent filings covering the API or formulation of, methods of making, and/or methods of using, our branded products and branded product candidates. We may not be issued patents based on patent applications already filed or that we file in the future. Further, due to other factors that affect patentability, and if patents are issued, they may be insufficient in scope to cover or otherwise protect our branded products. Patents are national in scope and therefore the issuance of a patent in one country does not ensure the issuance of a patent in any other country. Furthermore, the patent position of companies in the pharmaceutical industry generally involves complex legal and factual questions and has been and remains the subject of significant litigation. Legal standards relating to scope and validity of patent claims are evolving and may differ in various countries. Any patents we have obtained, or obtain in the future, may be challenged, invalidated or circumvented. Moreover, the U.S. Patent and Trademark Office or any other governmental agency may commence *inter partes* review or interference proceedings involving, or consider other challenges to, our patents or patent applications. In addition, branded products often have market viability based upon the goodwill of the product name, which typically benefits from trademark protection. Our branded products may therefore also be subject to risks related to the loss of trademark or patent protection or to competition from generic or other branded products. Challenges can come from other businesses, individuals or governments, and governments could require compulsory licensing of this intellectual property. Any challenge to, or invalidation or circumvention of, our intellectual property (including patents or patent applications, copyrights and trademark protection) would be costly, would require significant time and attention of our management, and could cause a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We also rely on trade secrets, unpatented proprietary know-how, trademarks, regulatory exclusivity and continuing technological innovation that we seek to protect, in part by confidentiality agreements with licensees, suppliers, employees and consultants. These measures may not provide adequate protection for our unpatented technology. If these agreements are breached, it is possible that we will not have adequate remedies. Disputes may arise concerning the ownership of intellectual property or the applicability of confidentiality agreements. Furthermore, our trade secrets and proprietary technology may otherwise become known or be independently developed by our competitors or we may not be able to maintain the confidentiality of information relating to such products. If we are unable to adequately protect our technology, trade secrets or proprietary know-how, or enforce our intellectual property rights, this could cause a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Our reporting and payment obligations related to our participation in U.S. federal healthcare programs, including Medicare, Medicaid and the Department of Veterans Affairs (the "VA"), are complex and often involve subjective decisions that could change as a result of new business circumstances, new regulations or agency guidance, or advice of legal counsel. Any failure to comply with those obligations could subject us to investigation, penalties, and sanctions.

U.S. federal laws regarding reporting and payment obligations with respect to a pharmaceutical company's participation in federal healthcare programs, including Medicare, Medicaid and the VA, are complex. Because our processes for calculating applicable government prices and the judgments involved in making these calculations involve subjective decisions and complex methodologies, these calculations are subject to risk of errors and differing interpretations. In addition, they are subject to review and challenge by the applicable governmental agencies, and it is possible that such reviews could result in changes that may have material adverse legal, regulatory, or economic consequences.

Pharmaceutical manufacturers that participate in the Medicaid Drug Rebate Program, such as Mylan, are required to report certain pricing data to the Centers for Medicare & Medicaid Services ("CMS"), the federal agency that administers the Medicare and Medicaid programs. This data includes the Average Manufacturer Price ("AMP") for each of the manufacturer's covered outpatient drugs. CMS calculates a type of U.S. federal ceiling on reimbursement rates to pharmacies for multiple source drugs under the Medicaid program, known as the federal upper limit ("FUL"). Since April 2016, CMS is required to use the weighted average AMP for pharmaceutically and therapeutically equivalent multiple source drugs to calculate FULs, instead of the other pricing data CMS previously used. Although weighted average AMP-based FULs do not reveal Mylan's individual AMP, publishing a weighted average AMP available to customers and the public at large could negatively affect our commercial price negotiations.

In addition, a number of state and federal government agencies are conducting investigations of manufacturers' reporting practices with respect to Average Wholesale Prices ("AWP"). The government has alleged that reporting of inflated AWP has led to excessive payments for prescription drugs, and we may be named as a defendant in actions relating to pharmaceutical pricing issues and whether allegedly improper actions by pharmaceutical manufacturers led to excessive payments by Medicare, Medicaid and/or the VA.

Any governmental agencies or authorities that have commenced, or may commence, an investigation of us relating to the sales, marketing, pricing, quality, or manufacturing of pharmaceutical products could seek to impose, based on a claim of violation of anti-fraud and false claims laws or otherwise, civil and/or criminal sanctions, including fines, penalties, and possible exclusion from federal healthcare programs, including Medicare, Medicaid and/or the VA. Some of the applicable laws may impose liability even in the absence of specific intent to defraud. Furthermore, should there be ambiguity with regard to how to properly calculate and report payments - and even in the absence of any such ambiguity - a governmental authority may take a position contrary to a position we have taken, and may impose or pursue civil and/or criminal sanctions. Governmental agencies may also make changes in program interpretations, requirements or conditions of participation, some of which may have implications for amounts previously estimated or paid. There can be no assurance that our submissions will not be found by CMS or the VA to be incomplete or incorrect. Any failure to comply with the above laws and regulations, and any such penalties or sanctions could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We are involved in various legal proceedings and certain government inquiries and may experience unfavorable outcomes of such proceedings or inquiries.

We are or may be involved in various legal proceedings and certain government inquiries or investigations, including, but not limited to, patent infringement, product liability, antitrust matters, breach of contract, and claims involving Medicare, Medicaid and/or VA reimbursements, or laws relating to sales, marketing, and pricing practices, some of which are described in our periodic reports, that involve claims for, or the possibility of, fines and penalties involving substantial amounts of money or other relief, including but not limited to civil or criminal fines and penalties and exclusion from participation in various government healthcare-related programs. With respect to government antitrust enforcement and private plaintiff litigation of so-called "pay for delay" patent settlements, large verdicts, settlements or government fines are possible, especially in the U.S. and EU. If any of these legal proceedings or inquiries were to result in an adverse outcome, the impact could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price. Refer to Note 24 *Litigation* included in section 9.1 in this report for further discussion of litigation matters.

Emerging developments in the U.S. legal landscape relative to the liability of generic pharmaceutical manufacturers for certain product liabilities claims could increase our exposure litigation costs and damages. Although we maintain a combination of self-insurance and commercial insurance, no reasonable amount of insurance can fully protect against all risks because of the potential liability inherent in the business of producing pharmaceuticals for human consumption. To the extent that a loss occurs, depending on the nature of the loss and the level of insurance coverage maintained, it could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

In addition, in limited circumstances, entities that we have acquired are party to litigation in matters under which we are, or may be, entitled to indemnification by the previous owners. Even in the case of indemnification, there are risks inherent in such indemnities and, accordingly, there can be no assurance that we will receive the full benefits of such indemnification, or that we will not experience an adverse result in a matter that is not indemnified, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

If we fail to comply with our corporate integrity agreement, we could be subject to substantial penalties and exclusion from participation in federal healthcare programs.

In August 2017, Mylan Inc. and Mylan Specialty L.P. entered into a Corporate Integrity Agreement (the "CIA") with the Office of Inspector General of the Department of Health and Human Services ("OIG-HHS"). The CIA has a five-year term and requires, among other things, enhancements to our compliance program, fulfillment of reporting and monitoring obligations, management certifications and resolutions from Mylan Inc.'s board, as well as that an independent review organization annually review various matters relating to the Medicaid Drug Rebate Program, among other things. If we fail to comply with the CIA, the OIG-HHS may impose substantial monetary penalties or exclude us from federal healthcare programs, including Medicare, Medicaid or the VA, which could have a material adverse effect on our business, financial condition and results of operations.

We are increasingly dependent on IT and our systems and infrastructure face certain risks, including cybersecurity and data leakage risks.

Significant disruptions to our IT systems or breaches of information security could adversely affect our business. We are increasingly dependent on sophisticated IT systems and infrastructure to operate our business. We also have outsourced significant elements of our operations to third parties, some of which are outside the U.S., including significant elements of our IT infrastructure, and as a result we are managing many independent vendor relationships with third parties who may or could have access to our confidential information. The size and complexity of our IT systems, and those of our third-party vendors with whom we contract, make such systems potentially vulnerable to service interruptions. In addition, we and our vendors could be susceptible to third-party attacks on our IT systems. Such attacks are increasingly sophisticated and are made by groups and individuals with a wide range of motives and expertise, including state and quasi-state actors, criminal groups, "hackers" and others. Any security breach or other disruption to our or our vendors' IT infrastructure could also interfere with or disrupt our business operations, including our manufacturing, distribution, R&D, sales and/or marketing activities.

In the ordinary course of business, we and our vendors collect, store and transmit large amounts of confidential information (including trade secrets or other intellectual property, proprietary business information and personal information), and it is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. The size and complexity of our and our vendors' systems and the large amounts of confidential information that is present on them also makes them potentially vulnerable to security breaches from inadvertent or intentional actions by our employees, partners or vendors, or from attacks by malicious third parties. Maintaining the security, confidentiality and integrity of this confidential information (including trade secrets or other intellectual property, proprietary business information and personal information) is important to our competitive business position. However, such information can be difficult to protect. While we have taken steps to protect such information, and to ensure that the third-party vendors on which we rely have taken adequate steps to protect such information, there can be no assurance that our or our vendors' efforts will prevent service interruptions or security breaches in our systems or the unauthorized or inadvertent wrongful use or disclosure of confidential or material non-public information that could adversely affect our business operations or result in the loss, misappropriation, and/or unauthorized access, use or disclosure of, or the prevention of access to, confidential information.

A breach of our or our vendors' security measures or the accidental loss, inadvertent disclosure, unapproved dissemination, misappropriation or misuse of trade secrets, proprietary information, or other confidential information, whether as a result of theft, hacking, fraud, trickery or other forms of deception, or for any other cause, could enable others to produce competing products, use our proprietary technology or information, and/or adversely affect our business position. Further, any such interruption, security breach, or loss, misappropriation, and/or unauthorized access, use or disclosure of confidential information, including personal information regarding our patients and employees, could result in financial, legal, business, and reputational harm to us and could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We are subject to data privacy and security laws and regulations in many different jurisdictions and countries where we do business, and our or our vendors' inability to comply could result in fines, penalties, reputational damage, and could impact the way we operate our business.

We are subject to laws and regulations governing the collection, use and transmission of personal information, including health information. As the legislative and regulatory landscape for data privacy and protection continues to evolve around the world,

there has been an increasing focus on privacy and data protection issues that may affect our business, including the U.S.'s federal Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), the EU's General Data Protection Regulation ("GDPR"), and other laws and regulations described below.

In the U.S., we may be subject to state security breach notification laws, state health information privacy laws and federal and state consumer protections laws which impose requirements for the collection, use, disclosure and transmission of personal information. Each of these laws are subject to varying interpretations by courts and government agencies, creating complex compliance issues for us. If we, or the third-party vendors on which we rely, fail to comply with applicable laws and regulations we could be subject to fines, penalties or sanctions, including criminal penalties if we knowingly obtain individually identifiable health information from a covered entity in a manner that is not authorized or permitted by HIPAA or for aiding and abetting the violation of HIPAA.

In addition, EU member states and other jurisdictions have adopted data protection laws and regulations that impose significant compliance obligations. Implementation of the GDPR in EU member states in May 2018 introduced new data protection requirements in the EU and established a framework to govern data sharing and collection and related consumer privacy rights. The GDPR imposed significant compliance obligations, including the implementation of a number of processes and policies around our data collection and use. In addition, the GDPR includes significant penalties for non-compliance, with fines up to the higher of €20 million or 4% of total annual worldwide revenue. In general, GDPR, and other local privacy laws, could require adaptation of our technologies or practices to satisfy local privacy requirements and standards that may be more stringent than in the U.S.

Other countries in which we do business have, or are developing, laws governing the collection, use and transmission of personal information as well that may affect our business or require us to adapt our technologies or practices. These include Canada and several Latin American and Asian countries, which have constitutional protections for, or have adopted legislation protecting, individuals' personal information. Other countries, including Australia and Japan, have established specific legal requirements for cross-border transfers of personal information. Some countries, including India, are considering legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements.

These and similar initiatives could increase the cost of developing, implementing or maintaining our IT systems, require us to allocate more resources to compliance initiatives or increase our costs. In addition, a failure by us, or our third-party vendors, to comply with applicable data privacy and security laws could result in financial, legal, business, and reputational harm to us and could have a material adverse effect on the way we operate our business, our financial condition, results of operations, cash flows, and/or ordinary share price.

Increasing scrutiny and changing expectations from customers, regulators, investors, and other stakeholders with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks.

Companies are facing increasing scrutiny from customers, regulators, investors, and other stakeholders related to their environmental, social and governance practices. Investor advocacy groups, investment funds and influential investors are also increasingly focused on these practices, especially as they relate to the environment, health and safety, supply chain management, diversity and human rights. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation and the price of our ordinary shares.

In addition, a number of our customers, including certain government purchasers, have adopted, or may adopt, procurement policies that include social and environmental requirements, or these customers may seek to include such provisions in their procurement contract terms and conditions. These social and environmental responsibility provisions and initiatives are subject to change, vary from jurisdiction to jurisdiction, and certain elements may be difficult and/or cost prohibitive for us to comply with given the inherent complexity of our external supply chain and the global scope of our operations. In certain circumstances, in order to meet the requirements or standards of our customers, we may be obligated to modify our sourcing practices or make other operational choices which may require additional investments and increase our costs or result in inefficiencies. Alternatively, we may be ineligible to participate in bids or tenders in certain markets, which may result in lost sales and revenues.

Any of the factors mentioned above, or the perception that we or our suppliers or contract manufacturers have not responded appropriately to the growing concern for such issues, regardless of whether we are legally required to do so, may damage our reputation and have a material adverse effect on our business, financial condition, results of operations cash flows and/or ordinary share price.

Finance Risks

We expect to be treated as a non-U.S. corporation for U.S. federal income tax purposes. Any changes to the tax laws or changes in other laws (including under applicable income tax treaties), regulations, rules, or interpretations thereof applicable to inverted companies and their affiliates, whether enacted before or after the EPD Business Acquisition, may materially adversely affect us.

Under current U.S. law, we believe that we should not be treated as a U.S. corporation for U.S. federal income tax purposes as a result of Mylan's acquisition of Mylan Inc. and the EPD Business (the "EPD Business Acquisition"). Changes to Section 7874 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or to the U.S. Treasury Regulations promulgated thereunder, or interpretations thereof, or to other relevant tax laws (including applicable income tax treaties), could affect our status as a non-U.S. corporation for U.S. federal income tax purposes and the tax consequences to us and our affiliates. Any such changes could have prospective or retroactive application, and may apply even if enacted or promulgated now that the EPD Business Acquisition has closed.

If we were to be treated as a U.S. corporation for U.S. federal income tax purposes, or if the relevant tax laws (including applicable income tax treaties) change, we would be subject to significantly greater U.S. tax liability than currently contemplated as a non-U.S. corporation or if the relevant tax laws (including applicable income tax treaties) had not changed, which would have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

The IRS may not agree that we should be treated as a non-U.S. corporation for U.S. federal income tax purposes.

The IRS may not agree that we should be treated as a non-U.S. corporation for U.S. federal income tax purposes. Although we are not incorporated in the U.S. and expect to be treated as a non-U.S. corporation for U.S. federal income tax purposes, the IRS may assert that we should be treated as a U.S. corporation for U.S. federal income tax purposes. As disclosed in the tax footnote to our financial statements, we have received and responded to various IRS requests for information about the EPD Business Acquisition and our status as a non-U.S. corporation for U.S. federal income tax purposes. If we were to be treated as a U.S. corporation for U.S. federal income tax purposes, we would be subject to significantly greater U.S. tax liability, beginning 27 February 2015, than currently contemplated as a non-U.S. corporation, which would have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

If the intercompany terms of cross border arrangements that we have among our subsidiaries are determined to be inappropriate or ineffective, our tax liability may increase.

We have potential tax exposures resulting from the varying application of statutes, regulations, and interpretations which include exposures on intercompany terms of cross-border arrangements among our subsidiaries (including intercompany loans, sales, and services agreements) in relation to various aspects of our business, including manufacturing, marketing, sales, and delivery functions. Although we believe our cross-border arrangements among our subsidiaries are based upon internationally accepted standards and applicable law, tax authorities in various jurisdictions may disagree with and subsequently challenge the amount of profits taxed in their country, which may result in increased tax liability, including accrued interest and penalties, which would cause our tax expense to increase and could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We may not be able to maintain competitive financial flexibility and our corporate tax rate and could adversely affect us and our shareholders.

We believe that our structure and operations give us the ability to achieve competitive financial flexibility and a competitive worldwide effective corporate tax rate. The material assumptions underlying our expected tax rates include the fact that we expect certain of our businesses will be operated outside of the U.S. and, as such, will be subject to a lower tax rate than operations in the U.S., which will result in a lower blended worldwide tax rate than we were previously able to achieve. We must also make assumptions regarding the effect of certain internal reorganization transactions, including various intercompany transactions. We cannot give any assurance as to what our effective tax rate will be, however, because of, among other reasons, uncertainty regarding the tax policies of the jurisdictions where we operate, potential changes of laws and interpretations thereof, and the potential for tax audits or challenges. Our actual effective tax rate may vary from our expectation and that variance may be material. Additionally, the tax laws of the U.K., the Netherlands and other jurisdictions could change in the future, and such changes could cause a material change in our effective tax rate.

Any of the factors discussed above could materially increase our overall effective income tax rate and income tax expense and could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Unanticipated changes in our tax provisions or exposure to additional income tax liabilities and changes in income tax laws and tax rulings may have a significant adverse impact on our effective tax rate and income tax expense.

We are subject to income taxes in many jurisdictions. Significant analysis and judgment are required in determining our worldwide provision for income taxes. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. The final determination of any tax audits or related litigation could be materially different from our income tax provisions and accruals.

Additionally, changes in the effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in our overall profitability, changes in the valuation of deferred tax assets and liabilities, the results of audits and the examination of previously filed tax returns by taxing authorities, and continuing assessments of our tax exposures could impact our tax liabilities and affect our income tax expense, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We may become taxable in a jurisdiction other than the U.K. and this may increase the aggregate tax burden on us.

Based on our current management structure and current tax laws of the U.S., the U.K., and the Netherlands, as well as applicable income tax treaties, and current interpretations thereof, the U.K. and the Netherlands competent authorities have determined that we are tax resident solely in the U.K. for the purposes of the Netherlands-U.K. tax treaty. We have received a binding ruling from the competent authorities in the U.K. and in the Netherlands confirming this treatment. We will therefore be tax resident solely in the U.K. so long as the facts and circumstances set forth in the relevant application letters sent to those authorities remain accurate. Even though we received a binding ruling, the applicable tax laws or interpretations thereof may change, or the assumptions on which such rulings were based may differ from the facts. As a consequence, we may become a tax resident of a jurisdiction other than the U.K. As a consequence, our overall effective income tax rate and income tax expense could materially increase, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We have a number of clean energy investments which are subject to various risks and uncertainties.

We have invested in clean energy operations capable of producing refined coal that we believe qualify for tax credits under Section 45 of the Code. Our ability to claim tax credits under Section 45 of the Code depends upon the operations in which we have invested satisfying certain ongoing conditions set forth in Section 45 of the Code. These include, among others, the emissions reduction, "qualifying technology", and "placed-in-service" requirements of Section 45 of the Code, as well as the requirement that at least one of the operations' owners qualifies as a "producer" of refined coal. While we have received some degree of confirmation from the IRS relating to our ability to claim these tax credits, the IRS could ultimately determine that the operations have not satisfied, or have not continued to satisfy, the conditions set forth in Section 45 of the Code.

In addition, Congress could modify or repeal Section 45 of the Code and remove the tax credits retroactively. In addition, Section 45 of the Code contains phase out provisions based upon the market price of coal, such that, if the price of coal rises to specified levels, we could lose some or all of the tax credits we expect to receive from these investments. Finally, when the price of natural gas or oil declines relative to that of coal, some utilities may choose to burn natural gas or oil instead of coal. Market demand for coal may also decline as a result of an economic slowdown and a corresponding decline in the use of electricity. If utilities burn less coal, eliminate coal in the production of electricity or are otherwise unable to operate for an extended period of time, the availability of the tax credits would also be reduced. During 2017 and 2018, as a result of a decline in current and expected future production levels at certain of our clean energy facilities, the Company impaired its investment balance and other assets and in 2018 we terminated certain of our clean energy investments. Additional impairments or terminations could occur in the future.

The occurrence of any of the above risks could limit the value of our investment, result in increased costs, materially increase our tax burden or adversely affect our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Currency fluctuations and changes in exchange rates could adversely affect our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Although we report our financial results in U.S. Dollars, a significant portion of our revenues, indebtedness and other liabilities and our costs are denominated in non-U.S. currencies, including among others the Euro, Swedish Krona, Indian Rupee, Japanese Yen, Australian Dollar, Canadian Dollar, British Pound Sterling and Brazilian Real. Our results of operations and, in some cases, cash flows, have in the past been and may in the future be adversely affected by certain movements in currency exchange rates. Defaults or restructurings in other countries could have a similar adverse impact. From time to time, we may implement currency hedges intended to reduce our exposure to changes in foreign currency exchange rates. However, our hedging strategies may not

be successful, and any of our unhedged foreign exchange exposures will continue to be subject to market fluctuations. The occurrence of any of the above risks could cause a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price

We have significant indebtedness, which could lead to adverse consequences or adversely affect our financial position and prevent us from fulfilling our obligations under such indebtedness, and any refinancing of this debt could be at significantly higher interest rates.

Our level of indebtedness could have important consequences, including but not limited to:

- increasing our vulnerability to general adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to make debt service payments, thereby reducing the availability of cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, challenges and opportunities, and changes in our businesses and the markets in which we operate;
- limiting our ability to obtain additional financing to fund our working capital, capital expenditures, acquisitions and debt service requirements and other financing needs;
- increasing our vulnerability to increases in interest rates in general because a substantial portion of our indebtedness bears interest at floating rates; and
- placing us at a competitive disadvantage to our competitors that have less debt.

Our ability to service our indebtedness will depend on our future operating performance and financial results, which will be subject, in part, to factors beyond our control, including interest rates and general economic, financial and business conditions. If we do not have sufficient cash flow to service our indebtedness, we may need to refinance all or part of our existing indebtedness, borrow more money or sell securities or assets, some or all of which may not be available to us at acceptable terms or at all. In addition, we may need to incur additional indebtedness in the future in the ordinary course of business. Although the terms of our credit agreements and our bond indentures allow us to incur additional debt, this is subject to certain limitations which may preclude us from incurring the amount of indebtedness we otherwise desire.

In addition, although Mylan expects to maintain an investment grade credit rating, a downgrade in the credit rating of Mylan or any indebtedness of Mylan or its subsidiaries could increase the cost of further borrowings or refinancings of such indebtedness, limit access to sources of financing in the future or lead to other adverse consequences.

In addition, if we incur additional debt, the risks described above could intensify. If global credit markets contract, future debt financing may not be available to us when required or may not be available on acceptable terms or at all, and as a result we may be unable to grow our business, take advantage of business opportunities, respond to competitive pressures or satisfy our obligations under our indebtedness. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

Our credit facilities, senior unsecured notes, commercial paper program, other outstanding indebtedness and any additional indebtedness we incur in the future impose, or may impose, significant operating and financial restrictions on us. These restrictions limit our ability to, among other things, incur additional indebtedness, make investments, pay certain dividends, prepay other indebtedness, sell assets, incur certain liens, enter into agreements with our affiliates or restricting our subsidiaries' ability to pay dividends, merge or consolidate. In addition, our credit facilities require us to maintain specified financial ratios. A breach of any of these covenants or our inability to maintain the required financial ratios could result in a default under the related indebtedness. If a default occurs, the relevant lenders could elect to declare our indebtedness, together with accrued interest and other fees, to be immediately due and payable. These factors could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

There are inherent uncertainties involved in estimates, judgments and assumptions used in the preparation of financial statements in accordance with EU IFRS and U.S. GAAP. Any future changes in estimates, judgments and assumptions used or necessary revisions to prior estimates, judgments or assumptions or changes in accounting standards could lead to a restatement or revision to previously issued financial statements.

The Consolidated and Condensed Consolidated Financial Statements included in the periodic reports we file with the SEC are prepared in accordance with U.S. GAAP and the financial statements included in this report are prepared in accordance with EU IFRS. The preparation of financial statements in accordance with EU IFRS and U.S. GAAP involves making estimates, judgments and assumptions that affect reported amounts of assets, liabilities, revenues, expenses and income. Estimates, judgments and

assumptions are inherently subject to change in the future and any necessary revisions to prior estimates, judgments or assumptions could lead to a restatement. Furthermore, although we have recorded reserves for litigation related contingencies based on estimates of probable future costs, such litigation related contingencies could result in substantial further costs. Also, any new or revised accounting standards may require adjustments to previously issued financial statements. Any such changes could result in corresponding changes to the amounts of liabilities, revenues, expenses and income.

On 17 August 2017, the Company announced that its subsidiaries, Mylan Inc. and Mylan Specialty L.P., signed an agreement with the U.S. Department of Justice ("DOJ") and two relators finalizing the $465 million settlement, plus interest, with the DOJ and other government agencies related to the classification of the EpiPen® Auto-Injector for purposes of the Medicaid Drug Rebate Program that Mylan had agreed to the terms of on 07 October 2016 (the "Medicaid Drug Rebate Program Settlement"). On 25 April 2017, Mylan received a comment letter from the staff of the SEC's Division of Corporation Finance with respect to Mylan's Annual Report on Form 10-K for the year ended 31 December 2016, requesting information regarding Mylan's accounting treatment of the $465 million Medicaid Drug Rebate Program Settlement with the DOJ, including with respect to the determinations that the settlement amount should be recorded as a charge against earnings in the third quarter of 2016 rather than against any earlier periods, and that the settlement amount should be classified as an expense rather than a reduction of revenue.

Any of the changes discussed above could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

We must maintain adequate internal controls and be able to provide an assertion as to the effectiveness of such controls on an annual basis.

Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports. We spend a substantial amount of management and other employee time and resources to comply with laws, regulations and standards relating to corporate governance and public disclosure. In the U.S., such regulations include the Sarbanes-Oxley Act of 2002, SEC regulations and the NASDAQ listing standards. In particular, Section 404 of the Sarbanes-Oxley Act of 2002 requires management's annual review and evaluation of our internal control over financial reporting and attestation as to the effectiveness of these controls by our independent registered public accounting firm. If we fail to maintain the adequacy of our internal controls, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting. Additionally, internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, this could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

5. CORPORATE GOVERNANCE

5.1 Dutch Corporate Governance Code

Mylan is committed to good corporate governance and has implemented a robust governance structure that the Board believes remains most appropriate for the Company. For the fiscal year ended 31 December 2018, the Dutch Corporate Governance Code 2016 (the "DCGC") applies to Mylan. The text of the DCGC is publicly available on the website of the Dutch Corporate Governance Code Monitoring Committee: http://www.mccg.nl.

As Mylan's ordinary shares are traded on NASDAQ, Mylan complies with the applicable listing standards of NASDAQ and other U.S. securities laws that apply to it. In addition, Mylan complies with the relevant principles and best practice provisions of the DCGC (which are not binding, but based on a "comply or explain" principle), except for the following:

Audit Committee's role (best practice provision 1.5.1)

Although the Audit Committee considers aspects of Mylan's financing transactions, Mylan's Finance Committee has been designated by the Board with responsibility, as requested by Mylan's chairman (the "Chairman") or the Board, for reviewing, recommending, and/or overseeing approved or potential material business transactions, including but not limited to sources of potential financing and the implementation of such financing (consistent with common practice in the U.S.). Certain members of Mylan's Audit Committee also are members of the Finance Committee.

Director terms (best practice provisions 2.2.2 and 2.2.4)

Consistent with corporate practice in the U.S., the trading jurisdiction of our ordinary shares, all Board members are re-elected annually. Therefore, there is no need for a retirement schedule.

On the same basis, as well as for the broader interests of the Company and its stakeholders, the Board does not believe that directors should be subject to term limits. The Board values the increasing insight and experience which a director is able to develop over a period of time, enabling an increasing contribution to the Board and the interests of our stakeholders. However, re-nomination to the Board is based on each director's performance and contribution and is not automatic.

The Board has continued to refresh itself over the past decade, adding eight of its current twelve directors during that timeframe, including six in the past five years and two last year.

Remuneration (best practice provisions 3.1.2, 3.2.3, 3.3.2 and 3.3.3)

Consistent with Mylan's historical practices and market practice in the U.S., the trading jurisdiction of our ordinary shares, and in order to further support Mylan's ability to attract and retain the right highly qualified candidates for a Board position:

- Options awarded to Mylan's executive directors as part of their remuneration are subject to time-based vesting, and vest in three equal annual instalments beginning on the first anniversary of the date of granting, subject to accelerated vesting at any time in connection with certain terminations of the executive director's employment with Mylan. Mylan's executive directors are, however, subject to stock ownership requirements, expressed as a multiple of base salary, which we believe meets the underlying principle of the relevant best practice provision of the DCGC and further aligns the interests of our executive directors with those of shareholders. Currently, Mylan's Chief Executive Officer (who is also a Board member) is required to hold stock with a value of six times her annual base salary, and Mylan's other executive director (Rajiv Malik) is required to hold stock with a value of four times his annual base salary. Shares owned (including shares held in Mylan's 401(k) and Profit Sharing Plan), as well as unvested restricted stock units ("RSUs") and performance-based RSUs, but not stock options, count toward compliance with these requirements.
- There is a vesting period and a minimum retention level for shares awarded to Mylan's executive directors. Apart from this level, Mylan's executive directors generally may sell their vested shares at any time, subject to Company policy and applicable security regulations. As noted above, Mylan's executive directors are subject to stock ownership requirements, and both substantially exceed these requirements.
- Mylan's non-executive directors are granted remuneration in the form of fees for their directorship and committee membership as well as shares and/or options. Mylan's non-executive directors also are subject to stock ownership requirements, which we believe meets the underlying principle of further aligning the interests of our non-executive directors with those of shareholders. Currently, each of Mylan's non-executive directors is required to hold stock with a value of three times his or her base annual retainer (based on shares owned outright as well as unvested RSUs, but not stock options). Non-executive directors have five years from their date of appointment to meet the requirement.
- Pursuant to publicly disclosed employment contracts, Mylan's executive directors may be entitled to a severance payment in excess of their annual salary, which also serves as recognition of the long-term involvement, expertise, leadership and success of our executive directors.

For a detailed description of the implementation of our remuneration policy, including pay-ratio disclosure required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules promulgated thereunder and as recommended by the DCGC, see Note 28 *Remuneration* included in section 9.1 of this report.

Dividend and reservation policy (best practice provision 4.1.3)

As of the fiscal year ended 31 December 2018, Mylan has no current plan to distribute dividends in the near future and does not have a formal dividend and reservation policy. Any decision whether or not to propose the distribution of a dividend would be taken by the Board by reference to the facts and circumstances at hand at that time. For those reasons, Mylan did not include the discussion of such a dividend and reservation policy on the agenda for Mylan's annual general meeting of shareholders ("AGM") held on 21 June 2019.

Analyst meetings, presentations and press conferences (best practice provision 4.2.3)

Mylan does not control the logistics of all analyst meetings, presentations and press conferences and, therefore, Mylan cannot ensure that all such meetings, presentations and press conferences will be followed in real time by the general public. However, Mylan is subject to, and complies with, the provisions of Regulation Fair Disclosure promulgated by the SEC and does announce

in advance quarterly earnings and certain other presentations.

Majority requirements for dismissal and setting-aside binding nominations (best practice provision 4.3.3)

Consistent with established Dutch law and practice and the Company's articles of association, executive directors and non-executive directors are appointed by the General Meeting from a binding nomination proposed by the Board. The proposed candidate specified in a binding nomination shall be appointed, provided that the requisite quorum is present or represented at the General Meeting, unless the nomination is overruled by the General Meeting (which would result if a majority of at least two-thirds of the votes cast, representing more than half of the issued share capital, vote "against" the appointment of such director, with abstentions, "blank votes" and invalid votes not considered votes cast), in which case he or she will not be appointed. In such event, the Board may propose a new binding nomination to be submitted at a subsequent General Meeting.

Mylan's articles of association also provide that a resolution of the General Meeting to suspend or remove a director pursuant to and in accordance with a proposal by the Board may be passed with an absolute majority of the votes cast. A resolution of the General Meeting to suspend or remove a director other than pursuant to and in accordance with a proposal by the Board will require a two-thirds majority of the votes cast, representing more than half of the issued share capital.

Consistent with the established governance practices of many other listed Dutch companies, we believe that these provisions support the continuity and sustainability of Mylan's business and achievement of our mission to provide the world's 7 billion people access to high quality medicine while delivering long-term shareholder value and safeguarding the interests of other stakeholders. The Board and the Governance and Nominating Committee (as defined below) have carefully considered multiple factors, which may include, without limitation, the structure, culture, operation, interactions, collaboration, and performance of the current Board; the talents, expertise and contributions of individual directors; the Board's critical role in continuing to develop and lead the strategic direction of the Company; the growth and creation of shareholder and other stakeholder value under the current Board's leadership; the performance of the Company; the anticipated future challenges and opportunities facing the Company; and the Board's ongoing commitment to ensuring sustainable long-term value creation for the benefit of our shareholders, while also serving the interests of our other stakeholders. Nominations for Board seats are made after a careful and thorough process and are based, among others, on the foregoing considerations.

Independence (best practice provision 5.1.3)

All non-executive directors of the Board are independent within the meaning of the DCGC, except for the Chairman. The Board believes that the current Chairman is the best person to lead the Board and provide the overall strategic leadership for the Company based on, among other considerations, his deep experience in and knowledge of our business and industry and demonstrated unique and successful strategic vision. The Board believes this role remains critically important as our industry continues to experience significant change and disruption at a rapid rate.

5.2 Other Codes of Conduct or Corporate Governance Practices

In addition to the DCGC, Mylan is subject to and complies with its Code of Business Conduct and Ethics and its Corporate Governance Principles. The texts of Mylan's Code of Business Conduct and Ethics and its Corporate Governance Principles are publicly available on our website: http://www.mylan.com/en/company/corporate-governance.

5.3 General meeting of shareholders

The Company's general meeting of shareholders (the "General Meeting") may be held in Amsterdam, Rotterdam, Bunschoten-Spakenburg, The Hague, Haarlemmermeer (Schiphol), Schiermonnikoog, Groningen or Leeuwarden, the Netherlands.

The Company must hold at least one General Meeting each year, to be held within six months after the end of our fiscal year. This AGM shall be called by the chairman of the Board or by the Board in accordance with applicable law. In addition, a General Meeting must also be held within three months if the Board has determined it to be likely that the Company's equity has decreased to an amount equal to or lower than half of its paid up and called up capital.

The Board may convene extraordinary General Meetings whenever it so decides. One or more shareholders and/or others entitled to attend General Meetings, alone or jointly representing at least 10% of our issued share capital, may request authorization from the Dutch court to convene a General Meeting. The Dutch court will disallow the request if it does not appear that the applicants have previously requested that the Board convene a General Meeting and (assuming the request was made in a proper manner) the Board has not taken the necessary steps so that such General Meeting could be held within six weeks after the request.

General Meetings are convened in the manner and with reference to applicable law and stock exchange requirements, with due observance of a convening notice of at least 15 days, by a notice which includes (i) the subjects to be discussed, (ii) the place and time of the General Meeting, (iii) the procedures for participation in the General Meeting and the exercise of voting rights in person or by proxy, and (iv) such other items as must be included in the notice pursuant to applicable law and stock exchange rules. One or more shareholders and/or others entitled to attend General Meetings, alone or jointly representing at least 3% of the issued share capital, have the right to request the inclusion of additional items on the agenda of General Meetings. Such requests must be made in writing, substantiated and received by us no later than on the 60th day before the day of the relevant General Meeting. No resolutions are to be adopted on items other than those which have been included on the agenda.

Under the DCGC, shareholders and others entitled to attend General Meetings who wish to exercise their rights to request the convening of a General Meeting or to put matters on the agenda, as discussed above, should first consult the Board. Without prejudice to limitations under applicable law, if the envisaged exercise of such rights might result in a change to the Company's strategy, the DCGC allows the Board to invoke a reasonable response period of up to 180 days. The response period may be invoked only once for any given General Meeting and shall not apply (i) in respect of a matter for which a response period has been previously invoked, or (ii) if an individual shareholder holds at least 75% of the Company's issued share capital as a consequence of a successful public bid.

Shareholders as well as others entitled to attend General Meetings, are entitled, in person or by proxy, to address the General Meeting and, to the extent that they have such right, to vote at such General Meeting, in each case provided that such shareholder or other person has notified the Company of his or her intention to attend the General Meeting in writing at the address and by the date specified in the notice of the General Meeting, which day cannot be earlier than seven days before the day it is held.

Unless otherwise provided for by the Board or applicable law, and regardless of who would be entitled to attend the General Meeting in the absence of a record date as set forth in the applicable provisions of the Dutch Civil Code, persons entitled to attend the General Meeting are those who, on the record date (if determined by the Board), have voting rights and/or meeting rights with respect to a class of shares of the Company and have been registered as such in a register designated by the Board for that purpose. The record date (if determined by the Board) must be the 28th day prior to that of the General Meeting concerned.

Admission to the General Meeting shall be given to the persons whose attendance there is approved by the chairman or the secretary of the General Meeting or any other person designated by the chairman or secretary. At the request of the chairman or secretary of the General Meeting or his or her designee, each person who wishes to attend the General Meeting must sign the attendance list and set forth in writing his name and, to the extent applicable, the number of votes to which he is entitled.

The Company's articles of association (the "Articles") do not attribute specific powers to the General Meeting in addition to those which follow from Dutch law.

5.4 Board of Directors

Mylan's Board currently consists of 12 directors, each of whom is either an executive director or a non-executive director pursuant to applicable Dutch law. On 30 April 2019, the Board voted to increase the size of the Board to 13 directors, effective after the AGM, and nominated Richard Mark to be elected by shareholders at the AGM to serve as a non-executive director for a term ending immediately after the next AGM held after his election. If each nominated director discussed below is appointed at the AGM, the Board will consist of 13 directors. Executive directors are responsible for the daily management and operation of the Company and, beyond their critical strategic and oversight role, non-executive directors are responsible for monitoring the performance of the executive directors and management.

Consistent with established Dutch law and practice and the Company's Articles of Association, executive directors and non-executive directors are appointed by the general meeting from a binding nomination proposed by the Board.

Heather Bresch

Director since 2011

Age: 49

Nationality: American

Board Committees: Science and Technology

Other Public Company Boards:
None
Executive Director

Ms. Bresch has served as Mylan's CEO since January 1, 2012. Throughout her 27-year career with Mylan, Ms. Bresch has held roles of increasing responsibility in more than 15 functional areas. Prior to becoming CEO, Ms. Bresch served as the Company's President, where she was responsible for its day-to-day operations. Before that, she served as Chief Operating Officer and Chief Integration Officer, leading the successful integration of two international acquisitions – Matrix Laboratories and Merck KGaA's generics business – which more than doubled Mylan's size and transformed it from a purely U.S. company to a global one.

As CEO, Ms. Bresch has been leading the next chapter of Mylan's growth and performance, pursuing a strategy that has produced a sustainable organization that is making great strides in its mission of delivering better health for a better world by providing 7 billion people access to high quality medicine. In continuing to execute on this strategy, Ms. Bresch is focused on further diversifying the Company in terms of products, markets and channels, a process proven to expand access and generate durable cash flows that can be reinvested to further differentiate Mylan and position it to support the transformation of outdated healthcare systems.

To achieve Mylan's goals, Ms. Bresch emphasizes a collaborative company culture focused on leading, learning, teaching and performing to inspire innovation and help set new standards in healthcare. She also remains a vocal champion of initiatives and policy changes aimed at removing access barriers. Among her policy priorities is increasing generic utilization, driving biosimilars interchangeability, stemming the tide of HIV/AIDS, ensuring a fair and a level competitive playing field, and strengthening the global supply chain to make it safer.

Ms. Bresch is a frequent speaker on issues such as affordable healthcare and global competitiveness and has testified before the U.S. Congress and U.S. Food and Drug Administration ("FDA") on issues related to access to medicine. Ms. Bresch is the pharmaceutical industry's first female chief executive officer of a Fortune 500 company and, each year since 2012, has been named by Fortune magazine as one of its "50 Most Powerful Women." Ms. Bresch's qualifications to serve on Mylan's Board, include, among others, her leadership and unique and deep knowledge of the Company, its businesses, markets and strategies, as well as its global research, supply chain, manufacturing and commercial platforms; her knowledge and experience regarding issues, risks and opportunities in the global healthcare industry; and her knowledge and expertise regarding political and public policy healthcare-related matters, public company management and leadership and international business transactions and integration.

Hon. Robert J. Cindrich

Director since 2011

Age: 75

Nationality: American

Board Committees:
Compliance; Governance and Nominating; Risk Oversight; Science and
Technology

Since February 2011, Judge Cindrich has been serving as president of Cindrich Consulting, LLC, a business and healthcare consulting company that advises clients on corporate governance, compliance and business strategies. Since May 2015, Judge Cindrich has served on the Advisory Council of Innovu, LLC, a health and risk management consulting company. From October 1, 2013, through January 31, 2014, he served as interim general counsel for United States Steel Corporation ("U.S. Steel") (NYSE: X), an integrated steel producer of flat-rolled and tubular products. Judge Cindrich joined Schnader Harrison Segal & Lewis ("Schnader"), a law firm, as legal counsel in April 2013 and took a temporary leave of absence on October 1, 2013, to join U.S. Steel as interim general counsel, returning to Schnader after his time there and remaining until December 2017. In May 2012, he joined the board of directors of Allscripts Healthcare Solutions, Inc. (NASDAQ: MDRX), which provides healthcare information technology solutions, where he served until April 2015. From 2011 through 2012, Judge Cindrich served as a senior advisor to the Office of the President of the University of Pittsburgh Medical Center ("UPMC"), an integrated global health enterprise. From 2004 through 2010, Judge Cindrich was a senior vice president and the chief legal officer of UPMC. From 1994 through January 2004, Judge Cindrich served as a judge on the U.S. District Court for the Western District of Pennsylvania. Prior to that appointment, he was active as an attorney in government and private practice, including positions as the U.S. Attorney for the Western District of Pennsylvania and as the Allegheny County Assistant Public Defender and Assistant District Attorney. Judge Cindrich's qualifications to serve on Mylan's Board include, among others, his knowledge and expertise regarding legal and regulatory matters, compliance, corporate governance, issues affecting the healthcare industry and public company risk management oversight and strategy.

Robert J. Coury

Chairman

Director since 2002

Age: 58

Nationality: American

Board Committees:
Executive (Chair)

Other Public Company Boards:
None
Non-Executive Director

Robert J. Coury is the Chairman of Mylan N.V. Under his visionary leadership, Mylan has transformed from the third largest generics pharmaceutical company in the U.S. into one of the largest pharmaceutical companies in the world in terms of revenue, earning spots on both the S&P 500 and, prior to the Company's reincorporation outside of the U.S. in 2015, the Fortune 500. Mr. Coury first was elected to Mylan's Board in February 2002, having served since 1995 as a strategic advisor to the Company. He became the Board's Vice Chairman shortly after his election and served as CEO from September 2002 until January 2012. He then served as Executive Chairman from 2012 until he became Chairman in June 2016.

Since 2007, Mr. Coury has led Mylan through a series of transactions totaling approximately $25 billion, which transformed Mylan into a global powerhouse within the highly competitive pharmaceutical industry, with a global workforce of approximately 35,000 that markets products in more than 165 countries and territories. In 2007, Mylan purchased India-based Matrix Laboratories Limited, a major producer of active pharmaceutical ingredients, and the generics and specialty pharmaceuticals business of Europe-based Merck KGaA. Subsequent acquisitions under Mr. Coury's leadership further expanded Mylan into new therapeutic categories and greatly enhanced its geographic and commercial footprint. In 2010, Mylan acquired Bioniche Pharma ("Bioniche"), a global injectables business in Ireland; in 2013, Mylan acquired India-based Agila Specialties, a global injectables company; and in 2015, Mylan acquired Abbott Laboratories' non-U.S. developed markets specialty and branded generics business (the "EPD Business") and Famy Care Ltd.'s women's healthcare businesses. More recently, Mylan acquired Meda AB (publ.) ("Meda"), a leading international specialty pharmaceutical company that sells prescription and OTC products and the non-sterile, topicals-focused business of Renaissance Acquisition Holdings, LLC.

During this period of expansion, the Company built an unmatched, high quality foundation for the future, supporting Mylan's mission of providing the world's 7 billion people with access to high quality medicine and benefiting patients, customers, investors, and other stakeholders. Mr. Coury is the founder and president of the Robert J. Coury Family Foundation, which is a charitable organization formed to help support his philanthropic efforts and his mission of giving back. He has served as a member of the University of Southern California President's Leadership Council since 2014.

Mr. Coury's qualifications to serve on Mylan's Board include, among others, demonstrated outstanding business acumen and strong business judgment.

JoEllen Lyons Dillon

Director since 2014

Age: 55

Nationality: American

Board Committees:
Audit; Compensation (Chair); Executive; Governance and Nominating (Chair)

Other Public Company Boards:
None
Non-Executive Director

Ms. Dillon served most recently as an executive officer of The ExOne Company ("ExOne") (NASDAQ: XONE), an emerging growth company and global provider of three-dimensional printing machines, from March 2013 to August 2017. She was promoted as the Company's only executive vice president in December 2014, adding to her original duties as chief legal officer and corporate secretary. She held responsibilities for, among other things, capital markets development, corporate strategic planning, human resources, global compliance, investor relations, as well as international business development within Europe and Asia. Prior to joining ExOne, she was a legal consultant on ExOne's initial public offering ("IPO") and joined the company shortly after the public filing. Previously, Ms. Dillon had an almost 25-year legal career in corporate mergers and acquisitions and securities, where she represented both public and private companies in a variety of complex matters. She was a partner with Reed Smith LLP, a law firm, from 2002 until 2011. She previously had been at the law firm Buchanan Ingersoll & Rooney PC from 1988 until 2002, where she became a partner in 1997. Ms. Dillon serves as a member of the board of trustees of the Allegheny District chapter of the National Multiple Sclerosis Society and served as chair and audit committee chair. Ms. Dillon's qualifications to serve on Mylan's Board include, among others, her knowledge and expertise regarding legal and regulatory matters, financial matters, compliance, corporate governance, public company oversight and international business and strategy.

Neil Dimick, C.P.A.*

Director since 2005

Age: 69

Nationality: American

Board Committees:
Audit (Chair); Executive; Finance; Risk Oversight

Other Public Company Boards:
Resources Connection, Inc.
Non-Executive Director

Mr. Dimick serves on the board of directors of Resources Connection, Inc. (NASDAQ: RECN), chairing its Audit Committee and serving on its Compensation Committee. Mr. Dimick previously served as executive vice president and chief financial officer of AmerisourceBergen Corporation (NYSE: ABC), a wholesale distributor of pharmaceuticals, from 2001 to 2002. From 1992 to 2001, he was senior executive vice president and chief financial officer of Bergen Brunswig Corporation, a wholesale drug distributor. Prior to that, Mr. Dimick served as a partner with Deloitte & Touche LLP ("Deloitte") for eight years. Mr. Dimick also served on the boards of directors of WebMD Health Corp. from 2005 to September 2017, at which time it was purchased by Internet Brands, a portfolio company of investment funds affiliated with Kohlberg Kravis Roberts & Co., LP; Alliance HealthCare Services, Inc. from 2002 to August 2017, at which time it was purchased by Tahoe Investment Group Co., Ltd.; and Thoratec Corporation from 2003 to October 2015, at which time it was purchased by St. Jude Medical, Inc. Mr. Dimick's qualifications to serve on Mylan's Board include, among others, his experience and expertise regarding accounting, finance, the healthcare industry, international business, corporate governance, public company management, oversight and strategy, and international business transactions.

* *C.P.A. distinction refers to "inactive" status.*

Melina Higgins

Director since 2013

Age: 51

Nationality: American

Board Committees:
Audit; Compensation; Finance (Chair)

Other Public Company Boards:
Genworth Financial Inc.
Non-Executive Director

Ms. Higgins has been a member of the board of directors of Genworth Financial Inc. (NYSE: GNW), an insurance company, since September 2013, and serves on its Management Development & Compensation and Nominating & Corporate Governance Committees. In January 2016, Ms. Higgins became non-executive chairman of Antares Midco Inc., a private company that provides financing solutions for middlemarket, private equity-backed transactions. Ms. Higgins previously held senior roles of increasing responsibility at The Goldman Sachs Group, Inc. (NYSE: GS), a global investment banking, securities and investment management firm, including partner and managing director, during her nearly 20-year career at the firm from 1989 to 1992 and 1994 to 2010. During her tenure there, Ms. Higgins served as a member of the Investment Committee of the Principal Investment Area, which oversaw and approved global private equity and private debt investments and was one of the largest alternative asset managers in the world. She also served as head of the Americas for private debt and as co-chairperson of the Investment Advisory Committee for GS Mezzanine Partners funds, which managed over $30 billion of assets and were global leaders in their industry. Ms. Higgins also is a member of the Women's Leadership Board of Harvard University's John F. Kennedy School of Government. Ms. Higgins' qualifications to serve on Mylan's Board include, among others, her experience and expertise in finance, capital markets, international business and strategy, and international business transactions.

Harry A. Korman

Director since 2018

Age: 61

Nationality: American

Board Committees:
Compliance; Risk Oversight (Chair); Science and Technology

Other Public Company Boards:
None

Non-Executive Director

Mr. Korman held senior executive roles of increasing responsibility at Mylan Inc. and its subsidiaries from 1996 until July 2014. He served as Mylan Inc.'s global Chief Operating Officer from January 2012 until July 2014, after which he served in a consultant role with Mylan Inc. for one year. Prior to his service as Chief Operating Officer, he was the President, North America of Mylan Inc. commencing in October 2007. Mr. Korman also served as President of Mylan Pharmaceuticals Inc. from February 2006 to December 2009. During his time as an executive at Mylan, Mr. Korman was instrumental in identifying, evaluating and executing on significant commercial and business development opportunities in the United States and other countries, including the expansion of Mylan's global generics businesses around the world, among many other important contributions to the Company and its stakeholders. He joined Mylan in 1996 after the Company's acquisition of UDL Laboratories, Inc. (n/k/a Mylan Institutional Inc.), and served as its president, among other prior responsibilities. Mr. Korman has served as a past director and vice chairman of the Generic Pharmaceutical Association, now known as the Association for Accessible Medicines. He also previously served as a director and vice chairman of the HDMA Foundation, which serves the healthcare industry by providing research and education focused on healthcare supply issues. Mr. Korman's qualifications to serve on Mylan's Board include, among others, his extensive industry and leadership experience, his knowledge of healthcare systems and the U.S. and global commercial markets, and his leadership experience in the areas of global strategy, risk oversight, sales and marketing, commercial operations, supply chain and business development, among other areas relevant and important to Mylan's global business.

Rajiv Malik

Director since 2013

Age: 58

Nationality: Indian

Board Committees:
Science and Technology

Other Public Company Boards:
None

Executive Director

Mr. Malik has served as Mylan's President since January 1, 2012 and has more than 36 years of experience in the pharmaceutical industry. Previously, Mr. Malik held various senior roles at Mylan, including executive vice president and chief operating officer from July 2009 to December 2012, and head of Global Technical Operations from January 2007 to July 2009. Mr. Malik has been integral in developing the strategies for the Company's acquisitions and, more importantly, in the execution and integration of acquisitions, specifically the generics business of Merck KGaA; the injectables business of Bioniche; Agila Specialties, a global injectables company; the EPD Business; Famy Care's women's healthcare businesses; Meda, a leading international specialty pharmaceutical company that sells prescription and over-the-counter products; and most recently, the non-sterile, topicals-focused business of Renaissance Acquisition Holdings, LLC.

Mr. Malik is responsible for the day-to-day operations of the Company, which includes Commercial, Scientific Affairs, Manufacturing, Supply Chain and Quality. In his role, he also oversees Business Development and Information Technology. Mr. Malik has been instrumental in expanding and optimizing Mylan's product portfolio, leveraging Mylan's global R&D capabilities and expanding Mylan's presence in emerging markets. Previously, he served as chief executive officer of Matrix Laboratories Limited (n/k/a Mylan Laboratories Limited) from July 2005 to June 2006. Prior to joining Matrix, he served as head of Global Development and Registrations for Sandoz GmbH from September 2003 to July 2005. Prior to joining Sandoz GmbH, Mr. Malik was head of Global Regulatory Affairs and head of Pharma Research for Ranbaxy from October 1999 to September 2003. Mr. Malik's qualifications to serve on Mylan's Board include, among others, his leadership and unique and deep knowledge of the Company, its businesses, markets and strategies, as well as its global research, supply chain, manufacturing and commercial platforms; his knowledge and experience regarding issues, risks and opportunities in the global healthcare industry; and his knowledge and expertise regarding global regulatory matters, public company management and leadership, and international business transactions and integration.

Mark W. Parrish

Vice Chairman and Lead Independent Director

Director since 2009

Age: 63

Nationality: American

Board Committees:
Audit; Compliance (Chair); Executive; Governance and Nominating; Risk Oversight

Other Public Company Boards:
Omnicell, Inc.
Non-Executive Director

Mr. Parrish has served as the Lead Independent Director and Vice Chairman of Mylan's Board since August 2017. He served as chief executive officer of TridentUSA Health Services ("TridentUSA"), a provider of mobile X-ray and laboratory services to the long-term care industry, from 2008 to August 2018 and served as executive chairman from 2008 to 2013. Since August 2018, he has served as executive chairman of TridentUSA. In February 2019, TridentUSA filed for protection under Chapter 11 of the U.S. Bankruptcy Code. Since January 2013, Mr. Parrish also has served on the board of directors of Omnicell, Inc. (NASDAQ: OMCL), a company that specializes in healthcare technology, and serves on its Corporate Governance Committee. Mr. Parrish also serves on the boards of directors of Silvergate Pharmaceuticals, a private company that develops and commercializes pediatric medications, and Golden State Medical Supply, a private company that specializes in meeting unique labeling and sizing needs for its customers and pharmaceutical packaging, serialization and distribution. From 2001 to 2007, Mr. Parrish held management roles of increasing responsibility with Cardinal Health Inc. (NYSE: CAH) ("Cardinal") and its affiliates, including chief executive officer of healthcare supply chain services for Cardinal from 1993 to 2007. Mr. Parrish also serves as president of the International Federation of Pharmaceutical Wholesalers, an association of pharmaceutical wholesalers and pharmaceutical supply chain service companies, and as senior adviser to Frazier Healthcare Ventures, a healthcare oriented growth equity firm. Mr. Parrish's qualifications to serve on Mylan's Board include, among others, his experience as a chief executive officer; his knowledge and experience regarding issues, risks and opportunities in the global healthcare industry; and his knowledge and expertise regarding compliance, corporate governance, risk management oversight, supply chain, the healthcare industry and technology, public company management and strategy, and international business transactions.

Pauline van der Meer Mohr

Director since 2018

Age: 59

Nationality: Dutch

Board Committees:
Compensation; Risk Oversight

Other Public Company Boards (outside the U.S.):
HSBC Holdings plc
Royal DSM N.V.
Non-Executive Director

Ms. van der Meer Mohr is currently an independent non-executive director of HSBC Holdings plc (LON: HSBA), chairing that company's Group Remuneration Committee and serving as a member of its Group Risk Committee and the Nomination & Corporate Governance Committee. She also is a member of the supervisory boards of Royal DSM N.V. (AMS: DSM), currently serving as Deputy Chair, chairing its Remuneration Committee and serving on its Nomination Committee and EY Netherlands LLP, currently serving as Chair. Ms. van der Meer Mohr also serves as the Chair of the Dutch Corporate Governance Code Monitoring Committee. In addition, Ms. van der Meer Mohr recently served on the supervisory board of ASML Holding N.V. (NASDAQ and AMS: ASML) until April 2018, and as president of the Executive Board of Erasmus University in Rotterdam from 2010 to 2016. Ms. van der Meer Mohr began her career in the legal profession and previously held several legal and management positions within Royal Dutch Shell Group from 1989 to 2004. In 2004, she was appointed group human resources director at TNT N.V. before becoming senior executive vice president and head of group human resources at ABN AMRO NV in 2006. She served as a member of the Dutch Banking Code Monitoring Commission in the Netherlands from 2010 to 2013, and began her own human capital consulting firm in 2008. Ms. Van der Meer Mohr's qualifications to serve on Mylan's Board include, among others, her experience and expertise regarding corporate governance, finance, public company oversight outside of the U.S., legal and regulatory matters, human resources and executive compensation, risk management and oversight, corporate social responsibility and governance and oversight experience with respect to Dutch companies.

Randall L. (Pete) Vanderveen, Ph.D.

Dr. Vanderveen was Professor of Pharmaceutical Policy and Economics, Senior Adviser to the Leonard D. Schaeffer Center of Health Policy and Economics, Director of the Margaret and John Biles Center for Leadership, and Senior Adviser to the Dean for Advancement at the School of Pharmacy, University of Southern California in Los Angeles, California from 2015 to August 2017. Dr. Vanderveen previously served as Dean, Professor and John Stauffer Decanal Chair of the USC School of Pharmacy from 2005 to 2015, where he was named "Outstanding Pharmacy Dean in the Nation" in 2013 by the American Pharmacist Association. From 1998 to 2005, he served as Dean and Professor of Pharmacy of the School of Pharmacy and the Graduate School of Pharmaceutical Sciences at Duquesne University, before which he was Assistant Dean at Oregon State University from 1988 to 1998. Dr. Vanderveen has an extensive pharmaceutical and academic background. In addition, Dr. Vanderveen has invaluable experience and knowledge regarding the business, platforms, strategies, challenges, opportunities and management of Mylan, among other matters. Dr. Vanderveen's qualifications to serve on Mylan's Board include, among others, his experience and expertise regarding the healthcare industry, pharmaceuticals and pharmacy practice, public healthcare policy and economics, and scientific matters.

Director since 2002

Age: 68

Nationality: American

Board Committees:
Compliance; Science and Technology (Chair)

Other Public Company Boards:
None

Non-Executive Director

Sjoerd S. Vollebregt

Mr. Vollebregt has served as chairman of the Supervisory Board of Heijmans N.V., a Euronext Amsterdam listed company that operates in property development, residential building, non-residential building, roads and civil engineering, since 2015; chairman of the Advisory Board of Airbus Defence and Space Netherlands B.V., a subsidiary of Airbus SE, a Euronext Paris listed company, that develops solar arrays, satellite instruments and structures for launchers, since 2015; and chairman of the Economic Development Board Drecht Cities, a strategic collaboration between business, education and government in Drecht Cities, Netherlands, since December 2016. Mr. Vollebregt had served as chairman and chief executive officer of the Executive Board of Stork B.V. and its predecessor from 2002 to 2014, which was an Amsterdam Stock Exchange-listed industrial group until 2008, consisting of a global provider of knowledge-based maintenance, modification and asset integrity products and services for oil related industries, food and textile equipment manufacturer, and chief executive officer of Fokker Technologies Group B.V., an aerospace company and a Stork B.V. subsidiary from 2010 to 2014. Previously, Mr. Vollebregt served as a member of the Supervisory Board of TNT Express N.V., an international courier delivery services company, from 2013 to 2016, and has held various other senior positions at Exel plc, Ocean plc, Intexo Holding and Royal Van Ommeren. Mr. Vollebregt's qualifications to serve on Mylan's Board include, among others, his experience as a chief executive officer; his experience and expertise in public company management outside of the U.S. and strategic decision making; his experience and expertise in manufacturing, supply chain, and technology, as well as international business transactions; and his governance and oversight experience with respect to Dutch companies.

Director since 2017

Age: 64

Nationality: Dutch

Board Committees:
Compliance; Finance; Governance and Nominating

Other Public Company Boards (outside the U.S.):
Heijmans N.V.;

Non-Executive Director

Each nominee listed above, other than Mr. Korman, Ms. van der Meer Mohr and Mr. Vollebregt, was a director of Mylan Inc. on 27 February 2015, the date on which Mylan N.V. completed the acquisition of EPD Transaction, and became a director of Mylan N.V. on such date in connection with the EPD Transaction. All ages as of 30 May 2019.

Mylan's Board met four times in 2018. In addition to meetings of the Board, directors attended meetings of individual Board committees of which they were members. Each of the directors attended at least 75% of the aggregate of Mylan's Board meetings and meetings of committees of which they were a member during the periods for which they served in 2018. Directors are expected to attend the AGM of Mylan where practicable. All current members of the Board attended the 2018 AGM.

As noted, Mark W. Parrish has served as Vice Chairman and Lead Independent Director of Mylan's Board since August 2017. Mylan's Corporate Governance Principles require the independent directors of the Board to meet in executive session from time to time, and at least twice annually, without any members of management present. During 2018, the independent directors of the Board met in executive session four times, with Mr. Parrish presiding at each such executive session.

5.5 Activities of and evaluation by the non-executive directors

Throughout the fiscal year to which this report pertains, the non‑executive directors have overseen management and the functioning of the Board, and provided advice to our executive directors and senior management, including overseeing the executive directors

in their execution of Mylan's strategy and monitoring the general affairs of the Company and the business connected with it as described in the Company's relevant governance documents. The independent directors on the Board and its committees receive extensive information and input from multiple layers of management and external advisors, engage in detailed and robust discussion and analysis regarding matters brought before them (including in executive session) and consistently and actively engage in the development and approval of significant corporate strategies.

All non-executive directors regularly attended Board meetings and meetings of the group of non-executive directors held during the fiscal year to which this report pertains.

The non-executive directors have discussed at least once during the fiscal year to which this report pertains:

a. without the executive directors being present, (i) their own functioning, the functioning of the Board committees and the individual members thereof, and the conclusions that may be drawn on the basis thereof, (ii) the desired profile, composition and competence of the Board, and (iii) the functioning of the Board and the performance by the individual directors of their duties, and the conclusions that may be drawn on the basis thereof; and

b. the Company's strategy and the main risks associated with its business, the results of the evaluation by the Board of the design and effectiveness of the internal risk management and control systems, as well as any significant changes thereto.

The Board and each committee conduct an annual self-evaluation by their respective members. These evaluations are intended to facilitate an examination and discussion by the entire Board and each committee of its effectiveness as a group in fulfilling its Charter requirements and other responsibilities, its performance, and areas for improvement. The Governance and Nominating committee supervises the format for each annual self-evaluation and, as appropriate, may use evaluation results in assessing and recommending the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations with respect to assignments of its members to various committees.

The evaluation described under a. above takes place based on the aforementioned self-evaluation as well as in separate meetings of the non-executive directors.

The Board has discussed the conclusions from the evaluation described above. The main conclusion was that, overall, our directors are satisfied with the functioning of, and their respective memberships of, the Board and, where relevant, its committees. The evaluation included a review and subsequent revision of charters of the standing Board committees and certain of our other governance-related documents.

The Board and/or individual members participate at least annually in director educational seminars, conferences and other director education programs presented by external and internal resources, on matters that may relate to, among other topics, compensation, governance, risk oversight, business, industry, audit and accounting, credit and financial, regulatory and other current issues confronting boards of directors of public companies. Directors may also elect to attend additional third-party educational events in their discretion. The Company reimburses the directors for costs associated with any seminars and conferences, including travel expenses.

5.6 Committees

5.6.1 Introduction

The standing committees of Mylan's Board are the Audit Committee, the Compensation Committee, the Compliance Committee, the Executive Committee, the Finance Committee, the Governance and Nominating Committee, the Risk Oversight Committee and the Science and Technology Committee. Each committee operates under a written charter, a current copy of which, along with our Articles of Association, Rules for the Board of Directors and Corporate Governance Principles, are available on Mylan's website at http://www.mylan.com/en/about-mylan/corporate-governance.

5.6.2 Audit Committee

AUDIT COMMITTEE

Members
Mr. Dimick (Chair)
Ms. Dillon
Ms. Higgins
Mr. Parrish

Number of meetings during FY2018:
4

KEY OVERSIGHT RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO

- Integrity of the Company's financial statements and its accounting and financial reporting processes
- The effectiveness of the Company's internal control over financial reporting
- Compliance with applicable legal and regulatory requirements
- The qualifications, independence and performance of the independent registered public accounting firm for U.S. public reporting purposes and the Company's external auditor for purposes of Dutch law
- The Internal Audit group
- The Company's processes and procedures related to risk assessment and risk management
- Related party transactions

During the fiscal year to which this report pertains, the Audit Committee met four times and discussed matters relating to the following topics, among others: the engagement (appointment, compensation, retention, oversight and plan) of the Company's independent auditor and auditor of the Dutch statutory accounts; Mylan's quarterly financial reports on Form 10-Q; Mylan's annual report on Form 10-K; Mylan's amended annual report on Form 10-K/A; Mylan's EU IFRS financial statements; Mylan's accounting, financing, legal, and tax matters; Mylan's disclosure controls and procedures and internal controls; Mylan's Proxy Statement and the Audit Committee Report included therein; Mylan's related party transactions policy and certain related party transactions; Mylan's policy for hiring employees or former employees of the Company's independent registered public accounting firm; Mylan's policy for pre-approval of audit, audit-related and non-audit services provided by the registered independent public accounting firm; Mylan's procedures for handling accounting and auditing complaints; Mylan's business strategy and risks associated with its business; cybersecurity; and the Audit Committee's self-evaluation and review of its Charter.

5.6.3 Compensation Committee

COMPENSATION COMMITTEE

Members
Ms. Dillon (Chair)
Ms. Higgins
Ms. van der Meer Mohr

Number of meetings during FY2018:
4

KEY OVERSIGHT RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO

- CEO and senior management compensation, including the corporate goals and objectives relevant to such compensation and evaluating performance in light of those goals and objectives
- Board and committee compensation
- Relationship between the Company's compensation policies and practices and risk management
- Compensation and benefits-related disclosures
- Equity compensation plans in which executives participate

During the fiscal year to which this report pertains, the Compensation Committee met four times and discussed matters relating to the following topics, among others: review and approval or recommendation to the Board with respect to Mylan's compensation policies and practices and risk management; compensation of the Chief Executive Officer, President and other executive officers; executive officer cash and equity compensation; Mylan's compensation program as compared to those of the Company's peers; pay ratio disclosure; matters relating to certain of the Company's cash and equity incentive plans; director remuneration policy; recommendation with respect to non-executive director compensation; the Compensation Committee Report and the Compensation Disclosure and Analysis included in Mylan's amended annual report on Form 10-K/A and Proxy Statement; non-employee director equity awards and cash retainers; executive performance; employment agreements; the independence of the Compensation Committee's outside advisors; the results of the 2018 AGM; shareholder engagement meetings; the Company's global employee engagement survey and succession planning; and the Compensation Committee's self-evaluation and amendment of its Charter.

5.6.4 Compliance Committee

COMPLIANCE COMMITTEE

Members
Mr. Parrish (Chair)
Mr. Cindrich
Mr. Korman
Dr. Vanderveen
Mr. Vollebregt

Number of meetings during FY2018:
4

KEY OVERSIGHT RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO

- Chief Compliance Officer's implementation of Mylan's corporate compliance program
- Considering or evaluating significant global compliance-related policies, including with respect to pricing and/or commercialization of Company products
- Making recommendations to the Board with respect to the formulation, implementation, maintenance and monitoring of Mylan's corporate compliance program and Code of Business Conduct and Ethics

During the fiscal year to which this report pertains, the Compliance Committee met four times and discussed matters relating to the following topics, among others: the status of the compliance program and related reports; Compliance Group resources and training programs; relevant legal and regulatory developments; cybersecurity; data privacy and protection; company security; political contributions reports; updates with respect to the Corporate Integrity Agreement; and the Compliance Committee's self-evaluation and review of its Charter.

5.6.5 Executive Committee

EXECUTIVE COMMITTEE

Members
Mr. Coury (Chair)
Ms. Dillon
Mr. Dimick
Mr. Parrish

Number of meetings during FY2018:
4

KEY OVERSIGHT RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO

- Assisting the Board in fulfilling its fiduciary responsibilities by exercising those powers of the Board not otherwise limited by a resolution of the Board or by law
- Strategic planning and additional oversight of strategy implementation

During the fiscal year to which this report pertains, the Executive Committee met four times and discussed, among other matters, recent business and industry developments; potential business development opportunities; strategic considerations; board and management succession planning; and financial metrics and guidance and the Executive Committee's self-evaluation and review of its Charter.

5.6.6 Finance Committee

FINANCE COMMITTEE

Members
Ms. Higgins (Chair)
Mr. Dimick
Mr. Vollebregt

Number of meetings during FY2018:
4

KEY OVERSIGHT RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO

- Material mergers, acquisitions and combinations with other companies
- Swaps and derivatives transactions
- Establishment of credit facilities
- Financings with commercial lenders
- Issuance and repurchase of the Company's debt, equity, hybrid or other securities

During the fiscal year to which this report pertains, the Finance Committee met four times and discussed matters relating to the following topics, among others: Mylan's current capital structure and capital planning; Mylan debt and financing activities (including issuance and repurchase of Company equity and debt securities, incurrence and repayment of credit facilities, and transactions involving hedging and derivative instruments); and the Finance Committee's self-evaluation and review of its Charter.

5.6.7 Governance and Nominating Committee

GOVERNANCE AND NOMINATING COMMITTEE

Members
Ms. Dillon (Chair)
Mr. Cindrich
Mr. Parrish
Mr. Vollebregt

Number of meetings during FY2018:
4

KEY OVERSIGHT RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO

- Corporate governance matters
- Nomination or re-nomination of director candidates
- The Board's review and consideration of shareholder recommendations for director candidates
- The annual self-evaluation of the Board and its committees

During the fiscal year to which this report pertains, the Governance and Nominating Committee met four times and discussed matters relating to the following topics, among others: Board composition and size; director nominations and potential new director candidates; director and committee member independence and other committee-specific requirements; formation of a new Risk Oversight Committee; Board committee memberships and chairs; Board and committee self-assessment process; Mylan's governing documents; updates to the Company's Corporate Governance Principles and certain committee charters; the board diversity policy; Board education; and the Governance and Nominating Committee's self-evaluation and review of its Charter.

5.6.8 Science and Technology Committee

SCIENCE AND TECHNOLOGY COMMITTEE

Members
Dr. Vanderveen (Chair)
Ms. Bresch
Mr. Cindrich
Mr. Korman
Mr. Malik

Number of meetings during FY2018:
3

KEY OVERSIGHT RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO

- R&D strategy and portfolio from a scientific and technological perspective
- Significant emerging scientific and technological developments relevant to Mylan

During the fiscal year to which this report pertains, the Science and Technology Committee met three times and discussed matters relating to the following topics, among others: key drug development priorities and projects; and the Science and Technology Committee's self-evaluation and review of its Charter.

5.6.9 Risk Oversight Committee

RISK OVERSIGHT COMMITTEE

Members
Mr. Korman (Chair)
Mr. Cindrich
Mr. Dimick
Mr. Parrish
Ms. van der Meer Mohr

Newly Formed in February 2018

Number of meetings since February 2018:
3

KEY OVERSIGHT RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO

- Mylan's enterprise risk framework
- Material enterprise risks not allocated to the Board or another committee, including, for example, data security programs and cybersecurity and information technology
- Management's efforts with respect to GSR

The Risk Oversight Committee was formed in February 2018. During the fiscal year to which this report pertains, the Risk Oversight Committee met three times and discussed matters relating to the following topics, among others: substantive areas of the Risk Oversight Committee's review; cybersecurity; information security and strategy; Mylan's enterprise risk management framework; risk assessment processes; financial and non-financial external reporting; updates on Mylan's environmental, social and governance program; and the Risk Oversight Committee's self-evaluation and amendment of its Charter.

5.7 Diversity

In April 2018, the Board adopted a diversity policy with respect to Board composition, considering characteristics such as nationality, age, gender, education and professional background, among others.

The Board is committed to supporting, valuing and leveraging diversity in its composition, among other qualities that the Board believes serve the best interests of the Company and its stakeholders. Although the Board has not set specific targets with respect to particular elements of diversity, Mylan believes that it is important for the Board to represent a diverse composite mix of nationalities, ages, gender, education and professional backgrounds and experience, among other characteristics. To the extent it is able to do so in a manner consistent with the foregoing principles, the Board seeks for the composition of the Board to be such that no less than 30% of its members are women and no less than 30% of its members are men. In terms of education and professional background and experience, the Board strives for its members to be knowledgeable of and/or to have experience in one or more of the following areas, among others:

a. the healthcare industry;

b. research, manufacturing, and/or commercialization;

c. executive leadership, public company management, and/or strategic planning;

d. finance, administration, and/or accounting;

e. corporate governance;

f. mergers and acquisitions;

g. risk management;

h. legal and regulatory;

i. board and/or executive compensation;

j. experience with global or international business; and

k. social responsibility.

In addition, consistent with the Mylan's Code of Business Conduct and Ethics, the Board insists on equal opportunity and prohibits discrimination based on personal characteristics or traits, such as a person's sex, sexual orientation, age, race/ethnicity, color, religion, national origin, physical or mental disability, or any other characteristic protected by law.

6. Remuneration

6.1 Remuneration policy

Pursuant to Section 2:135(1) DCC, our General Meeting has adopted a remuneration policy for our Board members (the "Remuneration Policy"). A copy of the Remuneration Policy is available on our website:

https://www.mylan.com/-/media/mylancom/files/company/corporate-governance/director-remuneration-policy.pdf

Information on our website is not incorporated into, and does not form a part of, this report.

The Remuneration Policy is designed to attract and retain highly qualified individuals, incentivize performance and shareholder value creation, and align compensation with performance and the interests of shareholders and other stakeholders. We believe that this approach and philosophy and the implementation thereof benefits the realization of Mylan's long-term objectives, as well as shareholders and other stakeholders, while staying consistent with the Company's risk profile.

The Board is currently not contemplating to propose any change to the Remuneration Policy or the implementation thereof in the upcoming fiscal years.

6.2 Remuneration of directors

See Note 28 *Remuneration* included in section 9.1 of this report.

7. RELATED PARTY DISCLOSURES

For information on related party transactions, see Note 29 *Related party disclosures* included in section 9.1 of this report. Where applicable, best practice provisions 2.7.3, 2.7.4 and 2.7.5 of the DCGC, have been observed.

8. PROTECTIVE MEASURES

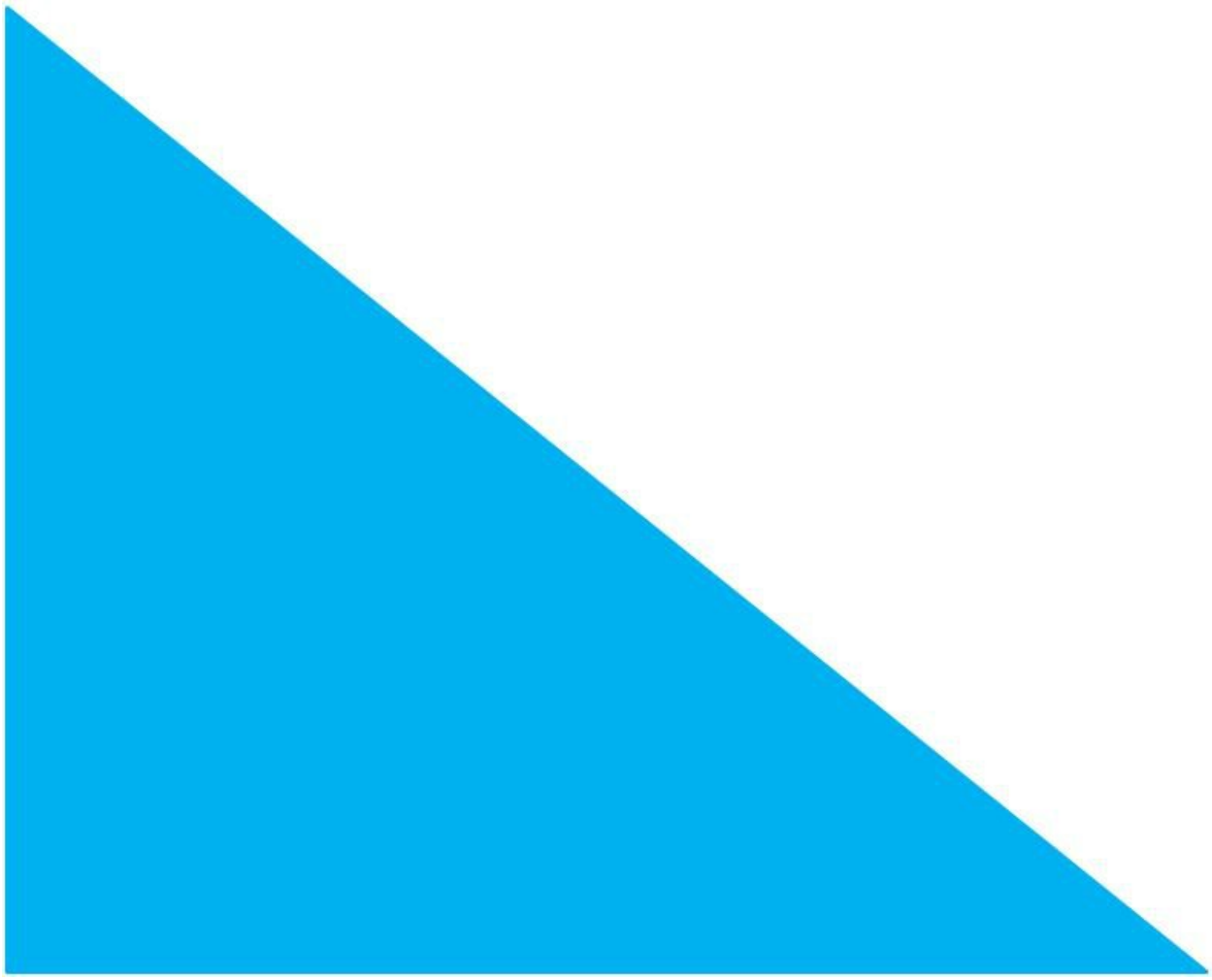
Established Dutch law allows Dutch companies to have certain protective measures in place, to safeguard the interests of a company, its business and its stakeholders. Mylan's Articles allow for (i) the issuance of preferred shares, which facilitates the protective measure described below, and (ii) in the event that all directors on the Board are absent or unable to act, the most recent chairman of the Board (and/or such person(s) appointed by him/her) to temporarily perform the tasks and duties of the non-executive directors and to temporarily entrust the tasks and duties of the executive directors to one or more other persons.

Consistent with established Dutch law and practice, Mylan entered into a call option agreement with Stichting Preferred Shares Mylan (the "Stichting"), pursuant to which the Company granted the Stichting a continuous and repeatedly exercisable call option, the exercise of which allows the Stichting to acquire up to 50% of the voting shares in the General Meeting from time to time in the event the Stichting's independent board of directors is of the opinion that the interest of the Company, its business and its stakeholders is or might be adversely affected or threatened.

Mylan N.V.

Consolidated Financial Statements

31 December 2018



Mylan N.V.
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Consolidated Income Statements

(In millions of U.S. Dollars, except per share amounts)
for the year ended 31 December

	Note	2018	2017
Revenues:			
Net sales		$ 11,268.7	$ 11,760.0
Other revenues	2	165.2	147.7
Total revenues		11,433.9	11,907.7
Cost of sales	20	7,432.3	7,124.6
Gross profit		4,001.6	4,783.1
Operating expenses:			
Research and development	20	704.5	783.3
Selling, general and administrative	20	2,462.4	2,583.8
Litigation settlements and other contingencies, net	19	(49.5)	(13.1)
Total operating expenses		3,117.4	3,354.0
Earnings from operations		884.2	1,429.1
Interest expense		542.3	534.6
Other expense, net	19	77.5	9.5
Earnings before income taxes		264.4	885.0
Income tax (benefit) provision	16	(42.4)	222.4
Net earnings attributable to Mylan N.V. ordinary shareholders		$ 306.8	$ 662.6
Earnings per ordinary share attributable to Mylan N.V. ordinary shareholders			
Basic	21	$ 0.60	$ 1.24
Diluted	21	$ 0.59	$ 1.23

Consolidated Financial Statements

Consolidated Statements of Comprehensive Earnings (Loss)

(In millions of U.S. Dollars)

for the year ended 31 December

	Note	2018	2017
Net earnings		$ 306.8	$ 662.6
Other comprehensive (loss) earnings			
Other comprehensive (loss) earnings that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation adjustment	15	(1,122.4)	2,109.6
Net unrecognized (loss) gain on derivatives in cash flow hedging relationships	15	(79.2)	52.7
Net unrecognized gain (loss) on derivatives in net investment hedging relationships	15	111.6	(238.4)
Net unrealized (loss) gain on marketable securities	15	(0.1)	(6.7)
Net other comprehensive (loss) earnings that may be reclassified to profit or loss in subsequent periods		(1,090.1)	1,917.2
Other comprehensive (loss) earnings not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains on defined benefit pension plans	15	10.7	6.9
Net other comprehensive earnings		10.7	6.9
Other comprehensive (loss) earnings for the year, before tax	15	(1,079.4)	1,924.1
Income tax (benefit) provision	15	(20.5)	19.2
Other comprehensive (loss) earnings, net of tax		(1,058.9)	1,904.9
Comprehensive (loss) earnings attributable to Mylan N.V. ordinary shareholders		$ (752.1)	$ 2,567.5

Consolidated Financial Statements

Consolidated Balance Sheets

(In millions of U.S. Dollars)

	Note	As at 31 December 2018	As at 31 December 2017
Assets			
Current assets:			
Cash and cash equivalents		$ 388.1	$ 292.1
Accounts receivable, net	5	2,881.0	3,612.4
Inventories	6	2,580.2	2,542.7
Prepaid and other current assets	7	443.3	683.1
Total current assets		6,292.6	7,130.3
Non-current assets:			
Property, plant and equipment, net	8	2,186.3	2,349.5
Intangible assets, net	9	13,664.6	15,245.8
Goodwill	9	9,747.8	10,205.7
Deferred income tax benefit	16	612.5	549.9
Other assets	7	196.8	295.9
Total non-current assets		26,408.0	28,646.8
Total assets		$ 32,700.6	$ 35,777.1
Liabilities and Equity			
Current liabilities:			
Accounts payable	13	$ 1,617.0	$ 1,452.5
Short-term borrowings	14	1.9	46.5
Income taxes payable	16	121.5	112.9
Current portion of long-term debt and other long-term obligations	14	699.8	1,808.9
Other current liabilities	7	2,147.6	2,964.5
Total current liabilities		4,587.8	6,385.3
Non-current liabilities:			
Long-term debt	14	13,157.6	12,849.1
Other long-term obligations	7	1,096.8	1,235.7
Deferred income tax liability	16	1,667.2	1,946.6
Total non-current liabilities		15,921.6	16,031.4
Total liabilities		20,509.4	22,416.7
Equity			
Ordinary shares		6.0	6.0
Additional paid-in capital		9,529.4	9,524.2
Retained earnings		4,779.9	4,447.0
Accumulated other comprehensive loss	15	(1,124.4)	(49.1)
		13,190.9	13,928.1
Less: Treasury stock — at cost	22	999.7	567.7
Total equity		12,191.2	13,360.4
Total liabilities and equity		$ 32,700.6	$ 35,777.1

Consolidated Financial Statements

Consolidated Statements of Equity

(In millions of U.S. Dollars)

	Ordinary shares	Additional paid in capital	Treasury stock	Retained earnings	Accumulated other comprehensive earnings (loss)	Total	Noncontrolling interest	Total
Balance as at 31 December 2016	$ 6.0	$ 9,435.1	$ (67.5)	$ 3,779.7	$ (1,949.8)	$ 11,203.5	$ 1.4	$ 11,204.9
Net earnings	—	—	—	662.6	—	662.6	—	662.6
Other comprehensive earnings, net of tax	—	—	—	—	1,904.9	1,904.9	—	1,904.9
Issuance of restricted stock and stock options exercised, net	—	17.8	—	—	—	17.8	—	17.8
Share-based compensation expense	—	75.7	—	—	—	75.7	—	75.7
Ordinary share repurchase	—	—	(500.2)	—	—	(500.2)	—	(500.2)
Taxes related to the net share settlement of equity awards	—	(4.4)	—	—	—	(4.4)	—	(4.4)
Reclassification of actuarial gains on defined benefit pension plans, net of tax	—	—	—	4.2	(4.2)	—	—	—
Other	—	—	—	0.5	—	0.5	(1.4)	(0.9)
Balance as at 31 December 2017	$ 6.0	$ 9,524.2	$ (567.7)	$ 4,447.0	$ (49.1)	$ 13,360.4	$ —	$ 13,360.4
Net earnings	—	—	—	306.8	—	306.8	—	306.8
Other comprehensive loss, net of tax	—	—	—	—	(1,058.9)	(1,058.9)	—	(1,058.9)
Ordinary share repurchase	—	—	(432.0)	—	—	(432.0)	—	(432.0)
Share-based compensation expense	—	0.1	—	—	—	0.1	—	0.1
Issuance of restricted stock and stock options exercised, net	—	17.7	—	—	—	17.7	—	17.7
Taxes related to the net share settlement of equity awards	—	(12.6)	—	—	—	(12.6)	—	(12.6)
Cumulative effect of the adoption of new accounting standards	—	—	—	15.7	(9.5)	6.2	—	6.2
Reclassification of actuarial gains on defined benefit pension plans, net of tax	—	—	—	6.9	(6.9)	—	—	—
Other	—	—	—	3.5	—	3.5	—	3.5
Balance as at 31 December 2018	$ 6.0	$ 9,529.4	$ (999.7)	$ 4,779.9	$ (1,124.4)	$ 12,191.2	$ —	$ 12,191.2

Consolidated Financial Statements

Consolidated Statements of Cash Flows

(In millions of U.S. Dollars)

for the year ended 31 December

	Note	2018	2017
Cash flows from operating activities:			
Earnings before income taxes		$ 264.4	$ 885.0
Adjustments to reconcile earnings before income taxes and noncontrolling interest to net cash provided by operating activities:			
Depreciation and amortization	20	2,109.9	1,805.8
Litigation settlements and other contingencies, net		(31.6)	(40.1)
Loss from equity method investments	19	78.7	58.0
Share-based compensation expense	20	0.2	75.7
Write off of financing fees	14	2.7	3.2
Other non-cash items		298.7	271.0
Changes in operating assets and liabilities:			
Accounts receivable		340.1	(162.2)
Inventories		(547.6)	(129.5)
Trade accounts payable		220.3	14.4
Income taxes		(229.7)	(295.8)
Other operating assets and liabilities, net		(164.4)	(420.7)
Net cash provided by operating activities		2,341.7	2,064.8
Cash flows from investing activities:			
Cash paid for acquisitions, net of cash acquired		(65.9)	(167.0)
Capital expenditures		(252.1)	(275.9)
Payments for product rights and other, net		(943.5)	(620.3)
Proceeds from sale of assets and subsidiaries		29.3	86.7
Purchase of marketable securities		(63.4)	(96.5)
Proceeds from the sale of marketable securities		85.2	96.6
Net cash used in investing activities		(1,210.4)	(976.4)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt		2,577.9	876.1
Payments of long-term debt		(3,165.2)	(2,232.7)
Payments of financing fees		(21.4)	(10.1)
Change in short-term borrowings, net		(44.4)	(2.9)
Purchase of ordinary shares	22	(432.0)	(500.2)
Proceeds from exercise of stock options		17.8	17.8
Taxes paid related to net share settlement of equity awards		(10.1)	(7.4)
Contingent consideration payments		(11.9)	(26.1)
Acquisition of noncontrolling interest		(0.6)	(7.5)
Other items, net		(1.0)	(0.1)
Net cash (used in) provided by financing activities		(1,090.9)	(1,893.1)
Effect on cash of changes in exchange rates		(21.0)	27.6
Net increase (decrease) in cash, cash equivalents and restricted cash		19.4	(777.1)
Cash, cash equivalents and restricted cash — beginning of period		369.9	1,147.0
Cash, cash equivalents and restricted cash — end of period		$ 389.3	$ 369.9
Cash paid during the period for:			
Income taxes		$ 228.6	$ 285.7
Interest [(1)]		$ 460.8	$ 474.0

[(1)] Interest payments are included in other operating assets and liabilities, net within cash flows from operating activities.

1 Nature of operations

Mylan N.V. and its subsidiaries (collectively, the "Company," "Mylan," "our" or "we") are engaged in the global development, licensing, manufacture, marketing and distribution of generic, branded generic, brand-name and over-the-counter ("OTC") pharmaceutical products for resale by others and active pharmaceutical ingredients ("API") through three reportable segments on a geographic basis, North America, Europe and Rest of World. Our North America segment comprises our operations in the United States ("U.S.") and Canada. Our Europe segment encompasses our operations across 35 countries within the region, including France, Italy, Germany, the United Kingdom (the "U.K.") and Spain. Our Rest of World segment reflects our operations in more than 120 countries, including our operations in Japan, Australia, China, Brazil, Russia, India, South Africa, and certain markets in the Middle East and Southeast Asia. Our API business is conducted through Mylan Laboratories Limited ("Mylan India"), which is included within our Rest of World segment.

Mylan N.V. was originally incorporated as a private limited liability company in the Netherlands in 2014. Mylan became a public limited liability company in the Netherlands through its acquisition of Abbott Laboratories' non-U.S. developed markets specialty and branded generics business (the "EPD Business") on 27 February 2015. Mylan's corporate seat is in the Netherlands; our principal executive offices are in England and our group's global headquarters is in the U.S. Our ordinary shares are traded on the NASDAQ Stock Market under the symbol "MYL". Our ordinary shares were also traded on the Tel Aviv Stock Exchange ("TASE"). On 10 November 2017, however, the Company announced that it was voluntarily delisting the Company's ordinary shares from trading on the TASE and the TASE delisting became effective on 12 February 2018.

The Consolidated Financial Statements of the Company for the year ended 31 December 2018 were authorized for issuance in accordance with a resolution of the Board of Directors (the "Board") of Mylan N.V. on 02 May 2019.

2 Summary of significant accounting policies

Basis of preparation

The Consolidated Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). An overview of the data required pursuant to article 2:379 of the Dutch Civil Code is enclosed in Note 31 *Subsidiaries*. As the company financial information of Mylan N.V. is included in the Consolidated Financial Statements, the Company Income Statement is presented in abbreviated format in accordance with Article 402, Part 9, Book 2 of the Dutch Civil Code. The Consolidated Financial Statements have been prepared on a historical cost basis, except for derivative financial instruments, marketable securities and contingent consideration which have been measured at fair value.

General policies

Principles of consolidation

The Consolidated Financial Statements include the accounts of Mylan and those of its wholly owned and majority-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Investments in equity method affiliates are recorded at cost and adjusted for the Company's share of the affiliates' cumulative results of operations, capital contributions and distributions.

Foreign currencies

The Consolidated Financial Statements are presented in U.S. Dollars, the reporting currency of Mylan. Income Statements and Cash Flows of all of the Company's subsidiaries that have functional currencies other than U.S. Dollars are translated at a weighted average exchange rate for the period for inclusion in the Consolidated Income Statements and Consolidated Statements of Cash Flows, whereas assets and liabilities are translated at the end of the period exchange rates for inclusion in the Consolidated Balance Sheets. Translation differences are recorded directly in shareholders' equity as foreign currency translation adjustments. Gains or losses on transactions denominated in a currency other than the subsidiaries' functional currency, which arise as a result of changes in foreign currency exchange rates, are recorded in the Consolidated Income Statements.

Adoption of New Accounting Standards

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. The core principle of this guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. This guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This guidance is effective for fiscal years beginning after 15 December 2017 and can be applied using a full retrospective or modified retrospective approach. The Company adopted this standard and its updates as of 01 January 2018 and elected to apply the modified retrospective transition approach utilizing the practical expedient allowing an entity to not restate for contracts completed prior to the date of initial application. As a result, the Company is recognizing revenue on certain arrangements upon the transfer of control of product shipments rather than upon sell-through by the customer, and is recording certain costs historically in cost of sales as contra revenue.

In July 2014, the IASB issued the final version of IFRS 9 that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The impairment of financial assets, including trade and lease receivables, is now assessed using an expected credit loss model; previously, the incurred loss model was used. The Company elected to apply an available practical expedient pertaining to the presumption that a trade receivable does not have a significant financing component if the expected term is less than one year. The Company had no significant impact to its provisions for doubtful accounts or impairments from this change. The new hedge accounting model introduced by the standard requires hedge accounting relationships to be based upon the Company's risk management strategy and objectives, and to be discontinued only when the relationships no longer qualify for hedge accounting. Unrealized gains and losses from changes in fair value on certain financial instruments, which were previously classified as available-for-sale marketable securities, which were previously recognized in the consolidated statement of other comprehensive income, are recognized in the Consolidated Income Statement beginning 01 January 2018. The Company applied the modified retrospective method upon adoption of IFRS 9 on 01 January 2018. This method requires the recognition of the cumulative effect of initially applying IFRS 9 to retained earnings and not to restate prior years.

The cumulative effect of the changes made to our consolidated 01 January 2018 balance sheet for the adoption of IFRS 15 and IFRS 9 were as follows:

(In millions)	Balance as at 31 December 2017	Adjustments Due to IFRS 15	Adjustments Due to IFRS 9	Balance as at 01 January 2018
Consolidated Balance Sheet				
Assets				
Prepaid expenses and other current assets	$ 683.1	$ 9.2	$ —	$ 692.3
Liabilities				
Deferred income tax liability	1,946.6	3.0	—	1,949.6
Equity				
Retained earnings	4,447.0	6.2	9.5	4,462.7
Accumulated other comprehensive loss	(49.1)	—	(9.5)	(58.6)

The impact of adopting IFRS 15 on our Consolidated Income Statement and Consolidated Balance Sheet was as follows:

	For the Year Ended 31 December 2018		
(In millions)	As Reported	Balances Without Adoption of IFRS 15	Effect of Change Increase (Decrease)
Consolidated Income Statement			
Revenues	$ 11,433.9	$ 11,588.4	$ (154.5)
Cost of sales	7,432.3	7,593.9	(161.6)
Income tax benefit	(42.4)	(44.7)	2.3
Net earnings	306.8	302.0	4.8

	31 December 2018		
(In millions)	As Reported	Balances Without Adoption of IFRS 15	Effect of Change Increase (Decrease)
Consolidated Balance Sheet			
Prepaid expenses and other current assets	$ 443.3	$ 436.2	$ 7.1
Income taxes payable	121.5	119.2	2.3
Retained earnings	4,779.9	4,775.1	4.8

Consolidated Income Statement policies

Revenue recognition

On 01 January 2018, the Company adopted IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”) using the modified retrospective method applied to those contracts which were not completed as of the date of adoption. Results for reporting periods beginning on 01 January 2018 are presented under IFRS 15, while prior period amounts are not adjusted and continue to be reported in accordance with IAS 18 *Revenue* (“IAS 18”). Under IAS 18, the Company recognized net sales when title and risk of loss passed to its customers and when provisions for estimates, as described below, were reasonably determinable.

Under IFRS 15, the Company recognizes net revenue for product sales when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Revenues are recorded net of provisions for variable consideration, including discounts, rebates, governmental rebate programs, price adjustments, returns, chargebacks, promotional programs and other sales allowances. Accruals for these provisions are presented in the consolidated financial statements as reductions in determining net sales and as a contra asset in accounts receivable, net (if settled via credit) and other current liabilities (if paid in cash). The following briefly describes the nature of our provisions for variable consideration and how such provisions are estimated:

- *Chargebacks*: the Company has agreements with certain indirect customers, such as independent pharmacies, retail pharmacy chains, managed care organizations, hospitals, nursing homes, governmental agencies and pharmacy benefit managers, which establish contract prices for certain products. The indirect customers then independently select a wholesaler from which to purchase the products at these contracted prices. Alternatively, certain wholesalers may enter into agreements with indirect customers that establish contract pricing for certain products, which the wholesalers provide. Under either arrangement, Mylan will provide credit to the wholesaler for any difference between the contracted price with the indirect party and the wholesaler's invoice price. Such credits are called chargebacks. The provision for chargebacks is based on expected sell-through levels by our wholesaler customers to indirect customers, as well as estimated wholesaler inventory levels.
- *Rebates, promotional programs and other sales allowances*: this category includes rebate and other programs to assist in product sales. These programs generally provide that the customer receives credit directly related to the amount of purchases or credits upon the attainment of pre-established volumes. Also included in this category are prompt pay discounts, administrative fees and price adjustments to reflect decreases in the selling prices of products.
- *Returns*: consistent with industry practice, Mylan maintains a return policy that allows customers to return a product, which varies country by country in accordance with local practices, generally within a specified period prior (six months) and subsequent (twelve months) to the expiration date. The Company's estimate of the provision for returns is generally based upon historical experience with actual returns.
- *Governmental rebate programs*: government reimbursement programs include Medicare, Medicaid, and State Pharmacy Assistance Programs established according to statute, regulations and policy. Manufacturers of pharmaceutical products that are covered by the Medicaid program are required to pay rebates to each state based on a statutory formula set forth in the Social Security Act. Medicare beneficiaries are eligible to obtain discounted prescription drug coverage from private sector providers. In addition, certain states have also implemented supplemental rebate programs that obligate manufacturers to pay rebates in excess of those required under federal law. Our estimate of these rebates is based on the historical trends of rebates paid as well as on changes in wholesaler inventory levels and increases or decreases in the level of sales. Also, this provision includes price reductions that are mandated by law outside of the U.S.

Wholesaler and distributor inventory levels of our products can fluctuate throughout the year due to the seasonality of certain products, the timing of product demand and other factors. Such fluctuations may impact the comparability of our net sales between periods.

Consideration received from licenses of intellectual property is recorded as revenue. Royalty or profit share amounts, which are based on sales of licensed products or technology, are recorded when the customer's subsequent sales or usages occur. Such consideration is included in other revenue in the Consolidated Income Statements.

Research and development costs

Research and development ("R&D") expenses are charged to operations as incurred. Development expenditures are capitalized to the extent the expenditure is probable to generate future economic benefits. Given this requirement, the Company has not capitalized development expenditures in the periods presented in these Consolidated Financial Statements.

Share-based compensation

Compensation expense for share-based awards that are expected to vest is measured at the fair value on the date of grant and recognized over the requisite service period with a corresponding increase in equity. The fair value of options is determined using the Black-Scholes valuation model, or a lattice model for certain share based awards with market conditions, and the fair value of restricted stock awards is determined based on the number of shares granted and the quoted price of the Company's ordinary shares on the date of the grant. The Company recognizes expense for share-based awards using the graded vesting method.

Income taxes

Income taxes are comprised of both current and deferred tax. If an underlying transaction is recognized directly in equity, the related tax effect is also recognized in equity or other comprehensive income. Current tax is tax that will be paid or received for the current year, applying the tax rates enacted or substantially enacted as of the reporting date. This includes adjustment of current tax attributable to prior periods. Deferred tax is recognized using the balance sheet liability method on all temporary

differences arising as the differences between the tax base of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax is determined using the tax rates and tax rules enacted or substantially enacted by the reporting date and that are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred tax assets relating to deductible temporary differences and loss carry-forwards are only recognized where it is more likely than not that they will be used and will result in reduced future tax payments.

Consolidated Balance Sheet policies

Business combinations

The Company accounts for acquired businesses using the purchase method of accounting, which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. The cost to acquire a business is allocated to the underlying net assets of the acquired business in proportion to their respective fair values. Amounts allocated to acquired in-process research and development ("IPR&D") are capitalized at the date of an acquisition and while in development, the Company's IPR&D assets are not amortized.

Contingent consideration resulting from business acquisitions is recorded at fair value as of the acquisition date. Each reporting period thereafter, the Company revalues these obligations and records increases or decreases in their fair value as required as a charge (credit) to litigation settlements and other contingencies, net within the Consolidated Income Statements.

The excess of the consideration transferred over the fair value of the identifiable net assets acquired in a business combination is recorded as goodwill. The Company has a group of five units at which goodwill is monitored for internal management purposes. These cash-generating units ("CGUs") are defined as an operating segment or one level below an operating segment. The allocation of goodwill is made to those cash-generating units or groups of cash-generating units, based upon an estimate of the fair value at the acquisition date.

Cash and cash equivalents

Cash and cash equivalents are comprised of highly liquid investments with an original maturity of three months or less at the date of purchase. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of Mylan, and earn interest at the respective short-term deposit rates.

Inventories

Inventories are stated at the lower of cost or net realizable value, with cost principally determined by the first-in, first-out method. Provisions for potentially obsolete or slow-moving inventory, including pre-launch inventory, are made based on our analysis of inventory levels, historical obsolescence and future sales forecasts and are included in cost of sales in the Consolidated Income Statements.

Marketable securities

On 01 January 2018, the Company adopted IFRS 9 *Financial Instruments* ("IFRS 9") which requires all equity securities to be measured at fair value with changes recognized through earnings. Marketable debt securities, and marketable equity securities prior to 01 January 2018, classified as available-for-sale are recorded at fair value, with net unrealized gains and losses, net of income taxes, reflected in accumulated other comprehensive loss as a component of shareholders' equity. Net realized gains and losses on sales of available-for-sale securities are computed on a specific security basis and are included in other expense, net, in the Consolidated Income Statements. Marketable equity and debt securities classified as trading securities are valued at the quoted market price from broker or dealer quotations or transparent pricing sources at the reporting date, and realized and unrealized gains and losses are included in other expense, net, in the Consolidated Income Statements.

Financial assets and liabilities at amortized cost

Financial assets carried at amortized cost include accounts receivables, net. Financial liabilities carried at amortized cost include trade accounts payable, short-term borrowings, income taxes payable, other current liabilities, long-term debt, including current portion and other long-term obligations.

Financial instruments

The Company's financial instruments consist primarily of short-term and long-term debt, interest rate swaps, forward contracts and option contracts. The Company's financial instruments also include cash and cash equivalents as well as accounts receivable and accounts payable, the fair values of which approximate their carrying values. As a policy, the Company does not engage in speculative or leveraged transactions.

The Company uses derivative financial instruments for the purpose of hedging foreign currency and interest rate exposures. The Company carries derivative instruments on the Consolidated Balance Sheets at fair value, determined by reference to market data such as forward rates for currencies, implied volatilities, and interest rate swap yield curves. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, if so, the reason for holding it.

From time to time the Company may enter into derivative financial instruments (mainly foreign currency exchange forward contracts, interest rate swaps and purchased equity call options) designed to: 1) hedge the cash flows resulting from existing assets and liabilities and transactions expected to be entered into over the next 24 months in currencies other than the functional currency, 2) hedge the variability in interest expense on floating rate debt, 3) hedge the fair value of fixed-rate notes, 4) hedge against changes in interest rates that could impact future debt issuances, 5) hedge cash or share payments required on conversion of issued convertible notes, 6) hedge a net investment in a foreign operation, or 7) economically hedge the foreign currency exposure associated with the purchase price of non-U.S. acquisitions. Derivatives are recognized as assets or liabilities in the Consolidated Balance Sheets at their fair value. When the derivative instrument qualifies as a cash flow hedge, changes in the fair value are deferred through other comprehensive earnings. If a derivative instrument qualifies as a fair value hedge, the changes in the fair value, as well as the offsetting changes in the fair value of the hedged items, are generally included in interest expense. When such instruments do not qualify for hedge accounting the changes in fair value are recorded in the Consolidated Income Statements within other expense, net.

Property, plant and equipment

PP&E are valued at cost of acquisition less accumulated depreciation. The cost of acquisition includes expenditures that can be related directly to the acquisition of the asset. The estimated useful lives of the principal PP&E categories are as follows:

Category	**Depreciation period**
Buildings	15 to 39 years
Machinery and equipment	3 to 18 years
Capitalized software	3 to 7 years
Construction in progress	No depreciation
Land	No depreciation

PP&E is depreciated using the straight-line method, based on an estimated useful life when the asset is placed into service, taking into account residual value. PP&E is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the assets concerned may not be recoverable. Impairments are reversed if and to the extent that the impairment no longer exists. The assets' residual values and useful lives are reviewed at least annually and adjusted if appropriate.

Intangible assets

Intangible assets acquired in a business combination are initially recognized at fair value and definite-lived assets are amortized over an estimated useful life. Indefinite-lived intangible assets are carried at cost less accumulated impairment losses, if any. As products in development are approved for sale, amounts will be allocated to product rights and licenses and will be amortized over their estimated useful lives. After initial recognition, definite-lived intangible assets acquired separately are stated at cost less accumulated amortization and impairment losses, if any. Amortization is generally recorded on a straight-line basis over estimated useful lives ranging from 3 to 20 years. The Company periodically reviews the original estimated useful lives of intangible assets and makes adjustments when events indicate that a shorter life is appropriate.

Purchases of developed products and licenses that are accounted for as an asset acquisition are capitalized as intangible assets and amortized over an estimated useful life. IPR&D assets acquired as part of an asset acquisition are expensed immediately if they have no alternative future use.

Impairment of non-financial assets

If an indication of impairment is determined to exist, or when annual impairment testing for an asset is required, Mylan estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or CGU. Measurements of fair value used in this process represent Level 3 measurements, as they are based on significant inputs not observable in the market.

Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is tested for impairment annually as at 01 April and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, the difference is recognized as an impairment loss. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives, including IPR&D, are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired. Impairments are reversed if and to the extent that the impairment no longer exists.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Consolidated Income Statements.

Investments in associates and joint operations

The Company accounts for investments in associates as equity method investments. As at 31 December 2018, these investments in associates consist of investments in three limited liability companies that own refined coal production plants (the "clean energy investments"). An associate is an entity over which Mylan has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint operation is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The aggregate of Mylan's share of profit or loss of an associate and a joint venture is shown within other expense, net in the Consolidated Income Statements. The Company's investments in joint operations, principally collaborative arrangements, are not structured through separate vehicles. The Company has several joint operations. The Company accounts for its rights to the assets and revenues, and obligations for liabilities and expenses related to these joint operations in accordance with the respective contractual arrangements.

3 Significant accounting judgments, estimates and assumptions

The preparation of Mylan's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates, assessments and assumptions are evaluated continually and are based on past experience and other factors, including expectations of future events that are deemed reasonable under prevailing conditions. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the Consolidated Financial Statements.

Net revenue provisions

Under IFRS 15, revenues are recorded net of provisions for variable consideration, including discounts, rebates, governmental rebate programs, price adjustments, returns, chargebacks, promotional programs and other sales allowances. Accruals for these provisions are presented in the consolidated financial statements as reductions in determining net sales and as a contra asset in accounts receivable, net (if settled via credit) and other current liabilities (if paid in cash). The following briefly describes the nature of our provisions for variable consideration and how such provisions are estimated:

- *Chargebacks*: the Company has agreements with certain indirect customers, such as independent pharmacies, retail pharmacy chains, managed care organizations, hospitals, nursing homes, governmental agencies and pharmacy benefit managers, which establish contract prices for certain products. The indirect customers then independently select a wholesaler from which to purchase the products at these contracted prices. Alternatively, certain wholesalers may enter into agreements with indirect customers that establish contract pricing for certain products, which the wholesalers provide. Under either arrangement, Mylan will provide credit to the wholesaler for any difference between the contracted price with the indirect party and the wholesaler's invoice price. Such credits are called chargebacks. The provision for chargebacks is based on expected sell-through levels by our wholesaler customers to indirect customers, as well as estimated wholesaler inventory levels. We continually monitor our provision for chargebacks and evaluate our reserve and estimates as additional information becomes available. A change of 5% would have an effect on our reserve balance of approximately $23.9 million.
- *Rebates, promotional programs and other sales allowances*: this category includes rebate and other programs to assist in product sales. These programs generally provide that the customer receives credit directly related to the amount of purchases or credits upon the attainment of pre-established volumes. Also included in this category are prompt pay discounts, administrative fees and price adjustments to reflect decreases in the selling prices of products. A change of 5% would have an effect on our reserve balance of approximately $60.1 million.
- *Returns*: consistent with industry practice, Mylan maintains a return policy that allows customers to return a product, which varies country by country in accordance with local practices, generally within a specified period prior (six months) and subsequent (twelve months) to the expiration date. The Company's estimate of the provision for returns is generally based upon historical experience with actual returns. A change of 5% would have an effect on our reserve balance of approximately $22.0 million.
- *Governmental rebate programs*: government reimbursement programs include Medicare, Medicaid, and State Pharmacy Assistance Programs established according to statute, regulations and policy. Manufacturers of pharmaceutical products that are covered by the Medicaid program are required to pay rebates to each state based on a statutory formula set forth in the Social Security Act. Medicare beneficiaries are eligible to obtain discounted prescription drug coverage from private sector providers. In addition, certain states have also implemented supplemental rebate programs that obligate manufacturers to pay rebates in excess of those required under federal law. Our estimate of these rebates is based on the historical trends of rebates paid as well as on changes in wholesaler inventory levels and increases or decreases in the level of sales. Also, this provision includes price reductions that are mandated by law outside of the U.S. A change of 5% would have an effect on our reserve balance of approximately $11.1 million.

The following table presents a reconciliation of gross sales to net sales by each significant category of variable consideration during the years ended 31 December 2018 and 2017, respectively:

	Year Ended 31 December	
(In millions)	**2018**	**2017**
Gross sales	$ 19,588.1	$ 22,206.1
Gross to net adjustments:		
Chargebacks	(3,352.2)	(4,239.5)
Rebates, promotional programs and other sales allowances	(4,235.6)	(5,281.1)
Returns	(261.6)	(390.7)
Governmental rebate programs	(470.0)	(534.8)
Total gross to net adjustments	$ (8,319.4)	$(10,446.1)
Net sales	$ 11,268.7	$ 11,760.0

The following is a rollforward of the categories of variable consideration during 2018:

(In millions)	Balance as at 31 December 2017	Current Provision Related to Sales Made in the Current Period	Checks/ Credits Issued to Third Parties	Effects of Foreign Exchange	Balance as at 31 December 2018
Chargebacks	$ 574.3	$ 3,352.2	$ (3,447.1)	$ (1.2)	$ 478.2
Rebates, promotional programs and other sales allowances	1,508.1	4,235.6	(4,526.0)	(15.3)	1,202.4
Returns	472.5	261.6	(292.1)	(2.5)	439.5
Governmental rebate programs	240.3	470.0	(486.6)	(1.5)	222.2
Total	$ 2,795.2	$ 8,319.4	$ (8,751.8)	$ (20.5)	$ 2,342.3

Accruals for these provisions are presented in the Consolidated Financial Statements as reductions in determining net revenues and in accounts receivable and other current liabilities. Accounts receivable are presented net of allowances relating to these provisions, which were comprised of the following at 31 December 2018 and 2017, respectively:

(In millions)	31 December 2018	31 December 2017
Accounts receivable	$ 1,715.6	$ 1,977.2
Other current liabilities	626.7	818.0
Total	$ 2,342.3	$ 2,795.2

We have not made and do not anticipate making any significant changes to the methodologies that we use to measure provisions for variable consideration; however, the balances within these reserves can fluctuate significantly through the consistent application of our methodologies. Historically, we have not recorded in any current period any material amounts related to adjustments made to prior period reserves.

Income taxes

We compute our income taxes based on the statutory tax rates and tax reliefs available to Mylan in the various jurisdictions in which we generate income. Significant judgment is required in determining our income taxes and in evaluating our tax positions. We establish reserves in accordance with Mylan's policy regarding accounting for uncertainty in income taxes. Our policy provides that the tax effects from an uncertain tax position be recognized in Mylan's financial statements, only if the position is more likely than not of being sustained upon audit, based on the technical merits of the position. We adjust these reserves in light of changing facts and circumstances, such as the settlement of a tax audit. Our provision for income taxes includes the impact of reserve provisions and changes to reserves. Favorable resolution would be recognized as a reduction to our provision for income taxes in the period of resolution or expiration of the underlying statutes of limitation. Based on this evaluation, as of 31 December 2018, our reserve for unrecognized tax benefits totaled $96.3 million.

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred in certain taxing jurisdictions over the three-year period ended 31 December 2018. Such objective evidence limits the ability to consider other subjective evidence such as our projections for future growth.

Based on this evaluation and other factors, as at 31 December 2018, a valuation allowance of $802.9 million has been recorded in order to measure only the portion of the deferred tax asset that more likely than not will be realized. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as projections for growth. When assessing the realizability of deferred tax assets, management considers all available evidence, including historical information, long-term forecasts of future taxable income and possible tax planning strategies. Amounts recorded for valuation allowances can result from a complex series of estimates, assumptions and judgments about future events. Due to the inherent uncertainty involved in making these estimates, assumptions and judgments, actual results could differ materially. Any future increases to the Company's valuation

allowances could materially impact the Company's consolidated financial condition and results of operations. At 31 December 2018 and 2017, the Company's net deferred tax assets totaled $612.5 million and $549.9 million, respectively.

Business combinations and contingent consideration

The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed in a business combination, as well as asset lives, can materially impact the Company's results of operations. Fair values and useful lives are determined based on, among other factors, the expected future period of benefit of the asset, the various characteristics of the asset and projected cash flows. Because this process involves management making estimates with respect to future sales volumes, pricing, new product launches, government reform actions, anticipated cost environment and overall market conditions, and because these estimates form the basis for the determination of whether or not future impairment charges should be recorded, these estimates are considered to be significant accounting estimates.

Changes in the fair value of the contingent consideration obligations can result from adjustments to the discount rates, payment periods and adjustments in the probability of achieving future development steps, regulatory approvals, market launches, sales targets and profitability. These fair value measurements represent Level 3 measurements, as they are based on significant inputs not observable in the market. Significant judgment is employed in determining the assumptions utilized as of the acquisition date and for each subsequent measurement period. Accordingly, changes in the assumptions described above could have a material impact on the Company's consolidated financial condition and results of operations.

Legal matters

Mylan is involved in various legal proceedings, some of which involve claims for substantial amounts. An estimate is made to accrue for a loss contingency relating to any of these legal proceedings if it is probable that a liability was incurred as of the date of the financial statements and the amount of loss can be reasonably estimated. Because of the subjective nature inherent in assessing the outcome of litigation and because of the potential that an adverse outcome in a legal proceeding could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price, such estimates are considered to be critical accounting estimates.

A variance of 5% between estimated and recorded litigation reserves (excluding indemnified claims) and actual resolution of certain legal matters would have an effect on our litigation reserve balance of approximately $2.7 million. Refer to Note 24, *Litigation* for further discussion of litigation matters.

4 Business combinations and other transactions

Apicore Inc.

On 03 October 2017, the Company completed the acquisition of Apicore, Inc. ("Apicore"), a U.S. based developer and manufacturer of API for approximately $174.9 million, net of cash acquired, which includes estimated contingent consideration of approximately $4.0 million related to the potential $15.0 million payment contingent on the achievement of certain 2017 financial results of the acquired business. As at 31 December 2017, the contingent consideration liability was zero as Apicore did not achieve the financial results that would have triggered the contingent consideration payment.

The allocation of the $174.9 million purchase price to the assets acquired and liabilities assumed for this business is as follows:

(In millions of USD)	
Current assets (net of cash acquired)	$ 6.5
Identified intangible assets	121.0
Goodwill	92.2
Other assets	1.9
Total assets acquired	221.6
Current liabilities	(4.1)
Deferred tax liabilities	(40.9)
Other non-current liabilities	(1.7)
Net assets acquired	$ 174.9

The acquisition of Apicore added a diversified portfolio of API products to the Company's existing portfolio. The identified intangible assets of $121.0 million are comprised of product rights and licenses with a weighted average useful life of seven years and includes IPR&D with a fair value of $9.0 million at the date of the acquisition. Significant assumptions utilized in the valuation of identified intangible assets were based on company specific information and projections which are not observable in the market and are thus considered Level 3 measurements. The goodwill of $92.2 million arising from the acquisition consisted largely of the value of the employee workforce and the expected value of products to be developed in the future. All of the goodwill was allocated to the North America segment. None of the goodwill recognized in this transaction is currently expected to be deductible for income tax purposes. The acquisition did not have a material impact on the Company's results of operations since the acquisition date or on a pro forma basis for the year ended 31 December 2017.

Other transactions

On 01 December 2018, the Company and certain subsidiaries of Aspen Pharmacare Holdings Limited entered into an agreement for Mylan to distribute a portfolio of prescription and OTC products in Australia and New Zealand. The agreement includes an option for Mylan to purchase the rights to the portfolio for approximately $135 million. In March 2019, the Company exercised the option, and the parties began negotiating an asset purchase agreement. The consideration of approximately $135.0 million includes a payment due at closing of approximately $64.0 million and an amount due one year later of approximately $71.0 million. An agreement is expected to be finalized in 2019. Completion of the transaction will be subject to customary closing conditions.

On 31 August 2018, the Company completed an agreement with certain subsidiaries of Novartis AG ("Novartis") to purchase the worldwide rights to their global cystic fibrosis products consisting of the TOBI Podhaler® and TOBI® solution. Tobramycin is the standard of care for treatment of pseudomonas aeruginosa, a leading driver of infection in cystic fibrosis. These products further strengthen our existing presence in cystic fibrosis, especially with our Creon Franchise in Europe, Australia, Japan and Canada. The asset acquisition allows us to further extend our respiratory franchise into rare/orphan disease indications and broaden our portfolio into dry powdered inhalers and nebulized products. Tobi Podhaler™ is manufactured using a proprietary Pulmosphere technology for which we have acquired exclusive rights for use, hence we expect a high barrier for generic entry.

Under the terms of the agreement, Novartis is owed fixed consideration of $463.0 million which consists of $240.0 million which was paid at closing and deferred payments of $130.0 million included in other current liabilities and $93.0 million included in other long-term obligations, due in 2019 and 2020, respectively. Novartis is also eligible to receive a contingent payment of up to $20 million. The Company also entered into a supply agreement with Novartis to purchase the products for up to three years from the date of closing. The Company has recorded a liability of approximately $91 million related to supply obligations.

The Company accounted for this transaction as an asset acquisition and recognized an intangible asset for the product rights of $574.8 million. The intangible asset is being amortized over a useful life of 10 years.

On 28 February 2018, the Company and Revance Therapeutics, Inc. ("Revance") entered into a collaboration agreement (the "Revance Collaboration Agreement") pursuant to which the Company and Revance will collaborate exclusively, on a world-wide basis (excluding Japan), to develop, manufacture and commercialize a biosimilar to the branded biologic product (onabotulinumtoxinA) marketed as BOTOX®.

Under the Revance Collaboration Agreement, the Company will be primarily responsible for (a) clinical development activities outside of North America (excluding Japan) (the "ex-U.S. Mylan territories"), (b) regulatory activities, and (c) commercialization for any approved product. Revance will be primarily responsible for (a) non-clinical development activities, (b) clinical development activities in North America, and (c) manufacturing and supply of clinical drug substance and drug product; Revance will be solely responsible for an initial portion of non-clinical development costs. The remaining portion of any non-clinical development costs and clinical development costs for obtaining approval in the U.S. and Europe will be shared equally between the parties, and the Company will be responsible for all other clinical development costs and commercialization expenses. Upon closing, Revance received a non-refundable upfront payment of $25.0 million. In addition, under the Revance Collaboration Agreement, Revance can receive potential development milestone payments of up to $100.0 million, in the aggregate, upon the achievement of specified clinical and regulatory milestones and potential tiered sales milestones of up to $225.0 million. In addition, Mylan will pay Revance royalties on sales of the biosimilar in the ex-U.S. Mylan territories. The Company accounted for this transaction as an asset acquisition of IPR&D and the total upfront payment was expensed as a component of R&D expense during the year ended 31 December 2018.

During the year ended 31 December 2018, the Company completed four agreements to acquire certain intellectual property rights and marketing authorizations for products that were in the development stage, including agreements with Fujifilm Kyowa Kirin Biologics Co., Ltd. ("FKB"), Mapi Pharma Ltd., and Lupin Limited. The Company also completed the acquisition of intellectual property rights and marketing authorizations related to a commercialized product in certain rest of world markets for $220.0 million, of which $160.0 million was paid at closing and $20 million was paid in the fourth quarter of 2018, with the remaining amount due in 2019 and included in other current liabilities. The Company is accounting for these transactions as asset acquisitions and a useful life of five years is being used to amortize the asset related to the commercialized product. The Company recorded expense of approximately $53.7 million as a component of R&D expense related to non-refundable upfront payments for agreements for products in development during the year ended 31 December 2018. Certain of the agreements include additional development and commercial milestones.

On 22 February 2018, the Company in-licensed European rights to Hulio™, a biosimilar to AbbVie Inc.'s ("AbbVie") Humira® (adalimumab), including a sub-license to certain of AbbVie's European patents, from FKB. On 27 February 2019, the Company updated its arrangements with FKB for the commercialization of Hulio™. Under the updated arrangements, Mylan has in-licensed exclusive global commercialization rights for Hulio™. The Company accounted for this transaction as an asset acquisition of IPR&D and a net non-contingent amount due to FKB of approximately $23.3 million was expensed as a component of R&D expense in 2019.

As part of the Meda acquisition, the Company acquired the in-licensed rights to Betadine in certain European markets. These rights were set to expire on 31 December 2017. Under the licensing agreement, Meda had a binding option to acquire a perpetual license for the rights to Betadine under certain conditions. In October 2017, the Company finalized an agreement to acquire the perpetual license. An estimated liability of approximately $300 million for the purchase of these rights was accrued for on the Meda acquisition opening balance sheet. On 02 January 2018, the Company paid the amounts due to acquire the perpetual license.

On 25 December 2017, the Company entered into an agreement to reacquire certain intellectual property rights and marketing authorizations related to a product commercialized in Japan for $90.0 million, which was paid in 2018. The Company accounted for this transaction as an asset acquisition and the asset is being amortized over a useful life of five years.

On 30 November 2017, the Company entered into an exclusive license and supply agreement with Natco Pharma Limited for API related to the Company's Glatiramer Acetate Injection 40 mg/mL product for $22.5 million paid at closing and $29.5 million due through 2020. The license grants the Company the exclusive right to license, market and sell the product in North America and certain other territories. The intangible asset recognized totaled $52 million and was amortized over a useful life of 15 months.

On 29 September 2017, the Company completed the acquisition of intellectual property rights and marketing authorizations related to a product in certain markets for $40 million. The Company accounted for this transaction as an asset acquisition and the asset is being amortized over a useful life of five years.

On 19 June 2017, the Company completed the acquisition of a portfolio of four generic pharmaceutical products in the U.S. The acquisition price was $256.7 million and the Company accounted for this transaction as an asset acquisition. The intangible asset recognized totaled $252.5 million with the remaining assets primarily consisting of receivables. The intangible asset was being amortized over a useful life of seven years through 31 December 2018. Subsequently, the Company has revised the remaining useful life to four years.

On 02 June 2017, the Company completed the acquisition of additional intellectual property rights and marketing authorizations in certain rest of world markets for a product that the Company previously licensed in certain European markets. The acquisition price was $128.0 million and the Company accounted for this transaction as an asset acquisition. The intangible asset is being amortized over a useful life of five years.

On 29 March 2017, the Company announced that it had completed its acquisition of the global rights to the Cold-EEZE® brand cold remedy line from ProPhase Labs, Inc. for approximately $50 million in cash. The Company accounted for this transaction as an asset acquisition and the asset is being amortized over a useful life of 15 years.

On 14 February 2017, the Company entered into a joint development and marketing agreement for a respiratory product that resulted in approximately $50 million in R&D expense during the year ended 31 December 2017.

5 Accounts receivable, net

Accounts receivable, net was comprised of the following as at 31 December 2018 and 2017, respectively:

(In millions of USD)	As at 31 December 2018	As at 31 December 2017
Trade receivables, net	$ 2,416.5	$ 3,173.1
Other receivables	464.5	439.3
Accounts receivable, net	$ 2,881.0	$ 3,612.4

Mylan performs ongoing credit evaluations of its customers and generally does not require collateral. Approximately 21% and 35% of the accounts receivable balances represent amounts due from three customers at 31 December 2018 and 2017, respectively.

The following table represents a roll-forward of the Company's allowance for doubtful accounts:

(In millions of USD)	Total
As at 31 December 2016	$ 59.0
Additions Charged to Costs and Expenses	16.8
Additions Charged to Other Accounts	6.0
Deductions	(6.5)
As at 31 December 2017	$ 75.3
Additions Charged to Costs and Expenses	32.3
Additions Charged to Other Accounts	0.2
Deductions	(9.6)
As at 31 December 2018	$ 98.2

For the years ended 31 December 2018 and 2017, the Company's write-offs have represented less than 1% of total accounts receivable, net at period end. As such, the Company historically has not experienced significant customer collectibility issues.

6 Inventories

Inventories were comprised of the following as at 31 December 2018 and 2017, respectively:

(In millions of USD)	As at 31 December 2018	As at 31 December 2017
Inventory by category		
Raw materials	$ 955.7	$ 895.5
Work in process	369.9	384.7
Finished goods	1,254.6	1,262.5
	$ 2,580.2	$ 2,542.7

Inventory reserves totaled $228.2 million and $171.0 million at 31 December 2018 and 2017, respectively.

7 Consolidated balance sheet components

Selected balance sheet components consist of the following:

Cash and restricted cash

(In millions of USD)	As at December 31, 2018	As at December 31, 2017
Cash and cash equivalents	$ 388.1	$ 292.1
Restricted cash, included in prepaid expenses and other current assets	1.2	77.8
Cash, cash equivalents and restricted cash	$ 389.3	$ 369.9

Prepaid and other current assets

(In millions of USD)	Note	As at 31 December 2018	As at 31 December 2017
Prepaid expenses		$ 130.6	$ 119.8
Restricted cash		1.2	77.8
Available-for-sale fixed income securities	12	25.0	31.5
Fair value of financial instruments	12	33.8	88.9
Equity securities	12	32.5	79.1
Other current assets		220.2	286.0
Prepaid and other current assets		$ 443.3	$ 683.1

Prepaid expenses consists primarily of prepaid rent, insurance and other individually insignificant items. At 31 December 2017, restricted cash principally related to amounts deposited in escrow for contingent consideration payments related to the Company's acquisition of Agila Specialties Private Limited ("Agila"). During the year ended 31 December 2018, approximately $51.0 million of restricted cash was remitted to Strides Arcolab Limited ("Strides Arcolab") as part of the final settlement of the Agila contingent consideration and $23.5 million to Merck KGaA for the remittance of certain income tax refunds.

Other assets

(In millions of USD)	Note	As at 31 December 2018	As at 31 December 2017
Equity method investments, clean energy investments	10	$ 138.7	$ 226.0
Other long-term assets		58.1	69.9
Other assets		$ 196.8	$ 295.9

Other current liabilities

(In millions of USD)	Note	As at 31 December 2018	As at 31 December 2017
Accrued sales allowances		$ 626.7	$ 818.0
Payroll and employee benefit liabilities		399.7	404.6
Legal and professional accruals, including litigation accruals		128.1	241.1
Contingent consideration	12	158.3	167.8
Restructuring	26	62.3	91.5
Equity method investments, clean energy investments	10	45.1	56.7
Accrued interest		62.4	42.3
Fair value of financial instruments	12	29.4	31.1
Other		635.6	1,111.4
Other current liabilities		$ 2,147.6	$ 2,964.5

Accrued sales allowances relate to customer contract liabilities.

In the fourth quarter of 2018, the Company announced the voluntary recall of valsartan and certain combination valsartan medicines in various countries due to the detection of trace amounts of an impurity, N-nitrosodiethylamine ("NDEA") contained in the API valsartan, USP, manufactured by Mylan India. The impact of this recall on the Company's consolidated financial statements for the year ended 31 December 2018 was approximately $22.6 million, primarily related to recall costs and inventory reserves. Depending on the scope of regulatory actions, and severity of the impurity, the Company may face additional loss of revenues and profits and incur contractual or other litigation costs. There can be no assurance that future costs related to the recall will not exceed amounts recorded.

Other long-term obligations

(In millions of USD)	Note	As at 31 December 2018	As at 31 December 2017
Employee benefit liabilities		$ 397.7	$ 408.2
Contingent consideration	12	197.0	285.9
Equity method investments, clean energy investments	11	100.3	171.8
Tax contingencies	17	162.1	237.7
Other		239.7	132.1
Other long-term obligations		$ 1,096.8	$ 1,235.7

8 Property, plant and equipment, net

The following is a rollforward of property, plant and equipment, net from 31 December 2017 to 31 December 2018:

(In millions of USD)

Property, plant and equipment, net	Total
As at 31 December 2016	$ 2,332.5
Asset purchases	265.0
Depreciation	(287.6)
Disposals, net	(90.7)
Foreign currency translation	130.3
As at 31 December 2017	$ 2,349.5
Asset purchases	248.9
Depreciation	(279.5)
Disposals, net	(53.7)
Foreign currency translation	(78.9)
As at 31 December 2018	$ 2,186.3

Below is a summary of property, plant and equipment by asset category:

(In millions of USD)	As at 31 December 2018	As at 31 December 2017
Property, plant and equipment:		
Machinery and equipment	$ 2,421.2	$ 2,414.5
Buildings and improvements	1,182.3	1,191.7
Construction in progress	239.7	252.9
Land and improvements	147.4	153.5
Gross property, plant and equipment	3,990.6	4,012.6
Accumulated depreciation	1,804.3	1,663.1
Property, plant and equipment, net	$ 2,186.3	$ 2,349.5

Capitalized software costs included on our Consolidated Balance Sheets were $112.0 million and $143.0 million, net of accumulated depreciation, at 31 December 2018 and 2017, respectively.

9 Intangible assets and goodwill

(In millions of USD)

Cost	Patents and technologies	Product rights and licenses	IPR&D	Other[1]	Total intangible assets	Goodwill[2]	Total
As at 31 December 2016	$ 116.6	$ 16,968.4	$ 921.1	$ 465.9	$ 18,472.0	$ 9,616.9	$ 28,088.9
Business acquisitions [3]	—	121.0	—	—	121.0	99.9	220.9
Asset purchases	—	619.3	—	—	619.3	—	619.3
Reclassifications [4]	—	59.9	(59.9)	—	—	—	—
Impairment	—	(6.2)	(74.6)	—	(80.8)	—	(80.8)
Disposals	—	(43.1)	—	—	(43.1)	(1.3)	(44.4)
Foreign currency translation	—	2,043.6	26.6	(6.7)	2,063.5	875.2	2,938.7
As at 31 December 2017	$ 116.6	$ 19,762.9	$ 813.2	$ 459.2	$ 21,151.9	$ 10,590.7	$ 31,742.6
Asset purchases	—	927.7	—	—	927.7	—	927.7
Reclassifications [4]	—	50.6	(50.6)	—	—	—	—
Impairment	—	(106.3)	(117.7)	—	(224.0)	—	(224.0)
Disposals	—	(4.1)	—	—	(4.1)	—	(4.1)
Foreign currency translation	—	(973.8)	(19.3)	31.3	(961.8)	(457.9)	(1,419.7)
As at 31 December 2018	$ 116.6	$ 19,657.0	$ 625.6	$ 490.5	$ 20,889.7	$ 10,132.8	$ 31,022.5
Accumulated Amortization							
As at 31 December 2016	$ 108.5	$ 3,585.7		$ 330.0	$ 4,024.2	$ 385.0	$ 4,409.2
Amortization	4.6	1,384.5		48.3	1,437.4	—	1,437.4
Disposals	—	(11.0)		—	(11.0)	—	(11.0)
Foreign currency translation	—	414.5		41.0	455.5	—	455.5
As at 31 December 2017	$ 113.1	$ 5,373.7		$ 419.3	$ 5,906.1	$ 385.0	$ 6,291.1
Amortization	3.5	1,558.7		44.2	1,606.4	—	1,606.4
Disposals	—	(3.2)		—	(3.2)	—	(3.2)
Foreign currency translation	—	(266.9)		(17.3)	(284.2)	—	(284.2)
As at 31 December 2018	$ 116.6	$ 6,662.3		$ 446.2	$ 7,225.1	$ 385.0	$ 7,610.1
Net book value							
As at 31 December 2017	$ 3.5	$ 14,389.2	$ 813.2	$ 39.9	$ 15,245.8	$ 10,205.7	$ 25,451.5
As at 31 December 2018	$ —	$ 12,994.7	$ 625.6	$ 44.3	$ 13,664.6	$ 9,747.8	$ 23,412.4

(1) Other intangibles consist principally of customer lists, contractual rights and other contracts.

(2) In 2017, includes measurement period adjustments related to the acquisition of Meda and the recognition of goodwill related to the acquisition of Apicore totaling approximately $7.7 million and $92.2 million, respectively.

(3) During the year ended 31 December 2017, the Company acquired product rights and licenses from Apicore totaling approximately $121.0 million.

(4) Represents reclassifications from acquired IPR&D to product rights and licenses.

Amortized intangible assets, which consist primarily of product rights and licenses, had a weighted average life of 15 years as at 31 December 2018 and 2017.

Product rights and licenses are primarily comprised of the products marketed at the time of acquisition. These product rights and licenses relate to numerous individual products, the net book value of which, by therapeutic franchise, is as follows:

(In millions of USD)	As at 31 December 2018	As at 31 December 2017
Central Nervous System and Anesthesia	$ 2,148.9	$ 2,453.7
Dermatology	2,125.7	2,393.0
Gastroenterology	1,790.9	2,050.0
Diabetes and Metabolism	1,232.4	1,425.6
Cardiovascular	1,541.9	1,779.5
Respiratory and Allergy	2,084.1	1,769.5
Infectious Disease	596.0	494.8
Oncology	206.0	380.1
Women's Healthcare	315.1	371.4
Immunology	258.8	301.5
Other [(1)]	694.9	970.1
	$ 12,994.7	$ 14,389.2

(1) Other consists of numerous therapeutic classes, none of which individually exceeds 5% of total product rights and licenses.

Amortization expense and intangible asset impairment charges are included as a component of amortization expense and classified primarily within cost of sales.

The assessment for impairment of finite-lived intangibles is based on our ability to recover the carrying value of the long-lived assets or asset grouping by analyzing the expected future undiscounted pre-tax cash flows specific to the asset or asset grouping. If the carrying amount is greater than the undiscounted cash flows, the Company recognizes an impairment loss for the excess of book value over fair value based on the discounted cash flows.

Significant management judgment is involved in estimating the recoverability of these assets and is dependent upon the accuracy of the assumptions used in making these estimates, as well as how the estimates compare to the eventual future operating performance of the specific asset or asset grouping. The fair value of finite-lived intangible assets was calculated as the present value of the estimated future net cash flows using a market rate of return. The assumptions inherent in the estimated future cash flows include, among other things, the impact of the current competitive environment and future market expectations. After-tax discount rates ranging between 9.0% and 10.0% were utilized in the valuations performed during the years ended 31 December 2018 and 2017. At 31 December 2018 and 2017, the Company’s finite-lived intangible assets totaled $13.04 billion and $14.43 billion, respectively. Any future long-lived assets impairment charges could have a material impact on the Company’s consolidated financial condition and results of operations.

The Company’s IPR&D assets are tested at least annually for impairment, but they may be tested whenever certain impairment indicators are present. Impairment is determined to exist when the fair value of IPR&D assets, which was based upon updated forecasts and commercial development plans, is less than the carrying value of the assets being tested. The fair value of IPR&D was calculated as the present value of the estimated future net cash flows using a market rate of return. The assumptions inherent in the estimated future cash flows include, among other things, the impact of changes to the development programs, the projected development and regulatory time frames and the current competitive environment. After-tax discount rates ranging between 9.5% and 13.0%, and 8.4% and 10.5% were utilized in the valuations performed during the years ended 31 December 2018 and 2017, respectively.

The fair value of both IPR&D and finite-lived intangible assets was determined based upon detailed valuations employing the income approach which utilized Level 3 inputs, as defined in Note 12 *Fair Value Measurement*. Changes to any of the Company’s assumptions including changes to or abandonment of development programs, regulatory timelines, discount rates or the competitive environment related to the assets could lead to future material impairment charges.

In December 2011, the Company completed the acquisition of the exclusive worldwide rights to develop, manufacture and commercialize a generic equivalent to GlaxoSmithKline's Advair® Diskus and Seretide® Diskus incorporating Pfizer Inc.'s ("Pfizer") proprietary dry powder inhaler delivery platform (the "respiratory delivery platform"). The Company accounted for this transaction as a purchase of a business and utilized the acquisition method of accounting. As at 31 December 2018, the Company has an IPR&D asset of $347.2 million and related contingent consideration liability of $336.5 million. The Company performed an analysis and valuation of the IPR&D asset and the fair value of the related contingent consideration liability using a discounted cash flow model. The model contained certain key assumptions including: the expected product launch date, the number of competitors, the timing of competition and a discount factor based on an industry specific weighted average cost of capital. Based on the analysis performed, the Company determined that the fair value of the IPR&D asset was substantially in excess of its carrying value, and the asset was not impaired at 31 December 2018. Additionally, a fair value adjustment was required for the related contingent consideration liability resulting in a gain of approximately $44.0 million for the year ended 31 December 2018 based upon changes to assumptions relating to the timing of the product launch along with other competitive and market factors. The fair value of the contingent consideration liability was determined based upon detailed valuations employing the income approach which utilized Level 3 inputs, as defined in Note 12 *Fair Value Measurement*. On 30 January 2019, the Company received FDA approval of Wixela™ Inhub™ (fluticasone propionate and salmeterol inhalation powder, USP), the first generic of GlaxoSmithKline's Advair Diskus®. The commercial launch of the Wixela™ Inhub™ occurred in February 2019. The Company has reclassified the IPR&D asset of $347.2 million to product rights and licenses in 2019. Market conditions and other factors may result in significant future changes in the projections and assumptions utilized in the discounted cash flow model, which could lead to material adjustments to the amount recorded for intangible assets and contingent consideration.

Intangible asset amortization expense for the years ending 31 December 2019 through 2023 is estimated to be as follows:

(In millions of USD)	
2019	$ 1,703
2020	1,544
2021	1,462
2022	1,392
2023	967

Goodwill

Goodwill acquired through business combinations is allocated to the applicable CGU during the measurement period following an acquisition. In accordance with IAS 36, we have performed impairment testing as of 01 April 2018 (annual assessment date) by calculating the estimated fair value of the individual CGUs and comparing the value to the respective carrying amount, including goodwill and indefinite-lived intangible assets. The following table includes the carrying amount of goodwill and indefinite-lived intangibles assets for each of Mylan's five CGUs at 01 April 2018 and 2017:

(In millions of USD)	As at 01 April 2018		As at 01 April 2017	
	Goodwill	IPR&D	Goodwill	IPR&D
Cash generating unit				
North America Generics	$ 2,892.1	$ 758.2	$ 2,957.4	$ 923.0
Europe	4,966.8	—	4,297.6	—
India	1,004.8	8.9	1,022.0	11.2
Japan, Australia, New Zealand ("JANZ")	799.2	—	768.0	—
North America Brands	655.4	—	349.1	—
Total	$10,318.3	$ 767.1	$ 9,394.1	$ 934.2

Goodwill is allocated and evaluated for impairment at the CGU level, which is defined as an operating segment or one level below an operating segment.

In estimating each reporting unit's fair value, the Company performed valuation analyses, utilizing the income approach. Under the income approach, to determine fair value, the Company discounted the expected future cash flows of each CGU for the

next five years for each assessment date. The expected future cash flows are based on budgets approved by management. The Company used a discount rate, which reflected the overall level of inherent risk and the rate of return an outside investor would have expected to earn. To estimate cash flows beyond the final year of our model, the Company utilized a terminal value approach. Under this approach, the Company used estimated earnings before interest, taxes, depreciation and amortization ("EBITDA") in the final year of our model, adjusted to estimate a normalized cash flow, applied a perpetuity growth assumption, and discounted by a perpetuity discount factor to determine the terminal value. The Company incorporated the present value of the resulting terminal value into our estimate of fair value.

Terminal period growth rate and after-tax discount rate used in the calculations of each CGU's fair value are shown in the tables below:

01 April 2018	North America Generics	Europe	India	JANZ	North America Brands
Terminal period growth rate	2.0%	2.0%	3.0%	3.0%	—%
Discount rate	8.5%	9.0%	11.5%	9.0%	10.0%

01 April 2017	North America Generics	Europe	India	JANZ	North America Brands
Terminal period growth rate	2.0%	2.0%	3.0%	3.0%	—%
Discount rate	8.5%	9.0%	11.5%	9.0%	12.5%

The Company performed impairment testing as of 01 April 2018. As it relates to the test performed on 01 April 2018, the North America Generics, North America Brands, India and JANZ CGUs' estimated fair values significantly exceeded the respective carrying values of the CGU and for the Europe CGU, the estimated fair value exceeded the carrying value.

The determination of the fair value of each of the CGUs requires the Company to make significant estimates and assumptions that affect the CGU's expected future cash flows. These estimates and assumptions primarily include, but are not limited to, the discount rate, terminal growth rates, earnings from operations excluding depreciation and amortization, and capital expenditures forecasts. Due to the inherent uncertainty involved in making these estimates, actual results could differ from those estimates. In addition, changes in underlying assumptions, especially as it relates to the key assumptions detailed, could have a significant impact on the fair value of the CGUs. The Company's Europe CGU remains at risk for potential impairment charges if the projected operating results are not achieved. For the Europe CGU the estimated fair value exceeded their carrying values by approximately $300 million. If the terminal period growth rate for the Europe CGU is reduced by 50%, assuming no other changes to assumptions or projections, the respective recoverable amount may be less than its carrying amount. In addition, if the discount rate for the Europe CGU is increased by 20 basis points, assuming no other changes to assumptions or projections, the respective recoverable amount may be less than its carrying amount. A future impairment charge could be material to the Company's financial statements.

10 Investments in associates

The Company has three equity method investments in limited liability companies that own refined coal production plants (the "clean energy investments"), whose activities qualify for income tax credits under Section 45 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The Company does not consolidate these entities as we have determined that we are not the primary beneficiary of these entities and do not have the power to individually direct the activities of these entities. Accordingly, these investments are accounted for under the equity method of accounting. For each of the clean energy investments, the Company has entered into notes payable with the respective project sponsor, which in part will be paid to the sponsor as certain production levels are met.

During 2018, the Company and a project sponsor agreed to terminate two previous investments. Under the termination agreements, the Company returned its ownership interest in the projects to the sponsor and in exchange the Company will have no further obligations with respect to the notes payable for these projects.

Also, during 2018, the Company entered into amended agreements related to the three remaining investments. These amendments effectively reduce the amount of expected future variable debt payments to the respective project sponsor.

During the year ended 31 December 2017 as a result of a decline in the current and expected future production levels at certain of the facilities, the Company impaired its investment balance and other assets by approximately $47.0 million and reduced the

related long-term obligations for these investments by approximately $89.0 million resulting in a net gain of $42.0 million which was recognized as a component of other expense, net in the Consolidated Income Statements.

The carrying values and respective balance sheet locations of the Company's clean energy investments was as follows at 31 December 2018 and 2017, respectively:

(In millions of USD)	31 December 2018	31 December 2017
Clean Energy Investments:		
Other assets	$ 138.7	$ 226.0
Total liabilities	145.4	228.5
Included in other current liabilities	45.1	56.7
Included in other long-term obligations	100.3	171.8

Summarized financial information, in the aggregate, of the Company's equity method investments on a 100% basis as at and for the years ended 31 December 2018 and 2017 are as follows:

	As at	
(In millions of USD)	31 December 2018	31 December 2017
Current assets	$ 36.6	$ 56.4
Noncurrent assets	2.3	18.2
Total assets	38.9	74.6
Current liabilities	32.8	56.1
Noncurrent liabilities	1.7	3.6
Total liabilities	34.5	59.7
Net assets	$ 4.4	$ 14.9

(In millions of USD)	Year Ended 31 December	
	2018	2017
Total revenues	$ 483.3	$ 473.0
Gross loss	(21.1)	(12.8)
Operating and non-operating expense	21.9	22.3
Net loss	$ (43.0)	$ (35.1)

The Company's net losses from equity method investments includes amortization expense related to the excess of the cost basis of the Company's investment to the underlying assets of each individual investee. For the years ended 31 December 2018 and 2017, the Company's share of the net loss of the equity method investments was $78.7 million and $58.0 million, respectively, which was recognized as a component of other expense, net. The Company recognizes the income tax credits and benefits from the clean energy investments as part of its provision for income taxes.

11 Financial instruments and risk management

The Company is exposed to certain financial risks relating to its ongoing business operations. The primary financial risks that are managed by using derivative instruments are foreign currency risk, interest rate risk and equity risk.

Foreign currency risk and risk management

A significant portion of our revenues and earnings are exposed to changes in foreign currency exchange rates. We seek to manage this foreign exchange risk in part through operational means, including managing same currency revenues in relation to same currency costs and same currency assets in relation to same currency liabilities.

From time to time, foreign exchange risk is managed through the use of foreign currency forward-exchange contracts. These contracts are used to offset the potential earnings effects from mostly intercompany foreign currency assets and liabilities that arise from operations and from intercompany loans. Mylan's primary areas of foreign exchange risk relative to the U.S. Dollar are the Euro, Swedish Krona, Indian Rupee, Japanese Yen, Australian Dollar, Canadian Dollar, Pound Sterling and Brazilian Real. Any unhedged foreign exchange exposures continue to be subject to market fluctuations.

Our financial instrument holdings at year end were analyzed to determine their sensitivity to foreign exchange rate changes. The fair values of these instruments were determined as follows:

- foreign currency forward-exchange contracts — net present values
- foreign currency denominated receivables, payables, debt and loans — changes in exchange rates

In this sensitivity analysis, we assumed that the change in one currency's rate relative to the U.S. Dollar would not have an effect on other currencies' rates relative to the U.S. Dollar. All other factors were held constant.

If there were an adverse change in foreign currency exchange rates of 10%, the expected net effect on net income related to Mylan's foreign currency denominated financial instruments would not be material.

The Company is also exposed to translation risk on non-U.S. dollar-denominated net assets. Non-U.S. dollar borrowings, principally our Euro denominated long-term debt, are used to hedge the foreign currency exposures of our net investment in certain foreign affiliates and are designated as hedges of net investments. The foreign exchange gains or losses on these hedges is included in the foreign currency translation component of accumulated other comprehensive income/(loss). If our net investment decreases below the equivalent value of the non-U.S. debt borrowings, the change in the remeasurement basis of the debt would be subject to recognition in net income as changes occur.

In order to manage certain foreign currency risks, the Company enters into foreign exchange forward contracts to mitigate risk associated with changes in spot exchange rates of mainly non-functional currency denominated assets or liabilities. The foreign exchange forward contracts are measured at fair value and reported as current assets or current liabilities on the Consolidated Balance Sheets. Any gains or losses on the foreign exchange forward contracts are recognized in earnings in the period incurred in the Consolidated Statements of Operations.

The Company has also entered into forward contracts to hedge forecasted foreign currency denominated sales from certain international subsidiaries. These contracts are designated as cash flow hedges to manage foreign currency transaction risk and are measured at fair value and reported as current assets or current liabilities on the Consolidated Balance Sheets. Any changes in the fair value of designated cash flow hedges are deferred in accumulated other comprehensive earnings ("AOCE") and are reclassified into earnings when the hedged item impacts earnings.

The Company may hedge the foreign currency risk associated with certain net investment positions in foreign subsidiaries by either borrowing directly in foreign currencies and designating all or a portion of the foreign currency debt as a hedge of the applicable net investment position or entering into foreign currency swaps that are designated as hedges of net investments.

The Company designated certain Euro borrowings as a hedge of its investment in certain Euro-functional currency subsidiaries in order to manage foreign currency translation risk. Borrowings designated as net investment hedges are marked-to-market using the current spot exchange rate as of the end of the period, with gains and losses included in the foreign currency translation component of AOCE until the sale or substantial liquidation of the underlying net investments. In addition, the Company manages the related foreign exchange risk of the Euro borrowings not designated as net investment hedges through certain Euro denominated financial assets and forward currency swaps.

The following table summarizes the principal amounts of the Company's outstanding Euro borrowings and the notional amounts of the Euro borrowings designated as net investment hedges:

(in millions)	Principal Amount	Notional Amount Designated as a Net Investment Hedge 31 December 2018	Notional Amount Designated as a Net Investment Hedge 31 December 2017
2.250% Euro Senior Notes due 2024	€ 1,000.0	€ 1,000.0	€ 1,000.0
3.125% Euro Senior Notes due 2028	750.0	750.0	750.0
1.250% Euro Senior Notes due 2020	750.0	104.0	104.0
2.125% Euro Senior Notes due 2025	500.0	500.0	—
Floating Rate Euro Notes due 2020	500.0	—	—
Total	€ 3,500.0	€ 2,354.0	€ 1,854.0

Interest rate risk and risk management

Mylan's exposure to interest rate risk arises primarily from our U.S. Dollar and Euro borrowings and U.S. Dollar investments. We invest primarily on a variable-rate basis and we borrow on both a fixed and variable basis. In order to maintain a certain ratio of fixed to variable rate debt, from time to time, depending on market conditions, Mylan will use derivative financial instruments such as interest rate swaps to fix interest rates on variable-rate borrowings or to convert fixed-rate borrowings to variable interest rates.

As at 31 December 2018, Mylan's long-term fixed rate borrowings consist principally of $12.5 billion notional amount of senior notes and Euro notes. Generally, the fair value of fixed interest rate debt will decrease as interest rates rise and increase as interest rates fall. As at 31 December 2018, the fair value of our outstanding fixed rate senior notes and Euro notes was approximately $13.1 billion. A 100 basis point change in interest rates on Mylan's variable rate debt, net of interest rate swaps, would result in a change in interest expense of approximately $14.3 million per year.

The Company enters into interest rate swaps in order to manage interest rate risk associated with the Company's fixed- and floating-rate debt. These derivative instruments are measured at fair value and reported as current assets or current liabilities on the Consolidated Balance Sheets.

Credit risk and risk management

Financial instruments that potentially subject the Company to credit risk consist principally of interest-bearing investments, derivatives and accounts receivable.

Mylan invests its excess cash in high-quality, liquid money market instruments, principally overnight deposits and highly rated money market funds. The Company maintains deposit balances at certain financial institutions in excess of federally insured amounts. Periodically, the Company reviews the creditworthiness of its counterparties to derivative transactions, and it does not expect to incur a loss from failure of any counterparties to perform under agreements it has with such counterparties. Mylan performs ongoing credit evaluations of its customers and generally does not require collateral.

Liquidity risk and capital management

The primary objective of the Company's capital management is to ensure that it maintains adequate capital ratios in order to support its business and maximize stakeholder value. The Company's net debt/equity ratio as at 31 December 2018 and 2017 is as follows:

	As at	
(In millions of USD)	**31 December 2018**	**31 December 2017**
Interest-bearing loans and borrowings	$ 13,859.3	$ 14,704.5
Trade accounts payable	1,617.0	1,452.5
Less: cash and short term deposits	388.1	292.1
Net debt	15,088.2	15,864.9
Equity	$ 12,191.2	$ 13,360.4
Equity and net debt	$ 27,279.4	$ 29,225.3
Net debt/equity ratio	55.3%	54.3%

Cash flow hedging relationships

The Company's interest rate swaps designated as cash flow hedges fix the interest rate on a portion of the Company's variable-rate debt or hedge part of the Company's interest rate exposure associated with the variability in the future cash flows attributable to changes in interest rates. Any changes in fair value are included in earnings or deferred through AOCE, depending on the nature and effectiveness of the offset. Any ineffectiveness in a cash flow hedging relationship is recognized immediately in earnings in the Consolidated Income Statements.

In anticipation of issuing fixed-rate debt, the Company may use treasury rate locks or forward starting interest rate swaps that are designated as cash flow hedges. In September 2015, the Company entered into a series of forward starting swaps to hedge against changes in interest rates related to future debt issuances. These swaps were designated as cash flow hedges of expected future issuances of long-term bonds. The Company executed $500 million of notional value swaps with an effective date of June 2016 and an additional $500 million of notional value swaps with an effective date of November 2016. Both sets of swaps had a maturity of ten years. During the second quarter of 2016, the Company issued $2.25 billion in an aggregate principal amount of 3.950% Senior Notes due 2026 (the "2026 Senior Notes") and the Company terminated these swaps. As a result of this termination, the Company recorded losses of $64.9 million in AOCE, which are being amortized over the life of the 2026 Senior Notes.

Fair value interest rate swaps

In December 2013, the Company entered into interest rate swaps with a notional value of $750 million that were designated as hedges of the Company's 3.125% Senior Notes due 2023. The variable rate was 2.86% at 31 December 2018. The total notional amount of the Company's interest rate swaps on fixed-rate debt was $750 million as at 31 December 2018 and 2017.

These fair value interest rate swaps are not designated for hedge accounting and accordingly no adjustment for the change in the fair value for the portion of the fixed-rate debt being hedged is recorded. These interest rate swaps are measured at fair value and reported as assets or liabilities in the Consolidated Balance Sheets. Changes in the fair value of the derivative instrument are recognized in other expense, net.

Certain derivative instrument contracts entered into by the Company are governed by master agreements, which contain credit-risk-related contingent features that would allow the counterparties to terminate the contracts early and request immediate payment should the Company trigger an event of default on other specified borrowings. The Company is not subject to any obligations to post collateral under derivative instrument contracts.

The Company regularly reviews the creditworthiness of its financial counterparties and does not expect to incur a significant loss from failure of any counterparties to perform under any agreements. The Company records all derivative instruments on a gross basis in the Consolidated Balance Sheets. Accordingly, there are no offsetting amounts that net assets against liabilities. The asset and liability balances presented in the tables below reflect the gross amounts of derivatives recorded in the Company's Consolidated Financial Statements.

Fair Values of Derivative Instruments
Derivatives Designated as Hedging Instruments

	Asset Derivatives			
	31 December 2018		31 December 2017	
(In millions of USD)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency forward contracts	Prepaid expenses and other current assets	—	Prepaid expenses and other current assets	63.4
Total		$ —		$ 63.4

	Liability Derivatives			
	31 December 2018		31 December 2017	
(In millions of USD)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency forward contracts	Other current liabilities	12.1	Other current liabilities	—
Total		$ 12.1		$ —

Fair Values of Derivative Instruments
Derivatives Not Designated as Hedging Instruments

	Asset Derivatives			
	31 December 2018		31 December 2017	
(In millions of USD)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency forward contracts	Prepaid expenses and other current assets	$ 30.2	Prepaid expenses and other current assets	$ 9.3
Interest rate swaps	Prepaid expenses and other current assets	3.6	Prepaid expenses and other current assets	16.2
Total		$ 33.8		$ 25.5

	Liability Derivatives			
	31 December 2018		31 December 2017	
(In millions of USD)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency forward contracts	Other current liabilities	$ 17.3	Other current liabilities	$ 31.1
Total		$ 17.3		$ 31.1

The Effect of Derivative Instruments on the Consolidated Statements of Comprehensive Earnings
Derivatives in Net Investment Hedging Relationships

	Amount of Gain or (Loss) Recognized in AOCE (Net of Tax) on Derivatives (Effective Portion)	
	Year Ended 31 December	
(In millions of USD)	2018	2017
Foreign currency borrowings and forward contracts	$ 108.9	$ (238.4)
Total	$ 108.9	$ (238.4)

The Effect of Derivative Instruments on the Consolidated Statements of Comprehensive Earnings
Derivatives in Cash Flow Hedging Relationships

(In millions of USD)	Amount of (Loss) or Gain Recognized in AOCE (Net of Tax) on Derivatives (Effective Portion)	
	Year Ended 31 December	
	2018	2017
Foreign currency forward contracts	$ (46.6)	$ 28.1
Total	$ (46.6)	$ 28.1

The Effect of Derivative Instruments on the Consolidated Income Statements
Derivatives in Cash Flow Hedging Relationships

(In millions of USD)	Location of Gain or (Loss) Reclassified from AOCE into Earnings (Effective Portion)	Amount of Gain or (Loss) Reclassified from AOCE into Earnings (Effective Portion)	
		Year Ended 31 December	
		2018	2017
Foreign currency forward contracts	Net sales	$ 6.2	$ 1.1
Interest rate swaps	Interest expense	(7.7)	(7.3)
Total		$ (1.5)	$ (6.2)

(In millions of USD)	Location of Loss Excluded from the Assessment of Hedge Effectiveness	Amount of Loss Excluded from the Assessment of Hedge Effectiveness	
		Year Ended 31 December	
		2018	2017
Foreign currency forward contracts	Other expense, net	$ —	$ (3.3)
Total		$ —	$ (3.3)

At 31 December 2018, the Company expects that approximately $58.0 million of pre-tax net losses on cash flow hedges will be reclassified from AOCE into earnings during the next twelve months.

The Effect of Derivative Instruments on the Consolidated Income Statements
Derivatives Not Designated as Hedging Instruments

(In millions of USD)	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of (Loss) or Gain Recognized in Earnings on Derivatives	
		Year Ended 31 December	
		2018	2017
Interest rate swaps	Other expense, net	$ (12.6)	$ (10.0)
Foreign currency option and forward contracts	Other expense, net	34.8	47.7
Total		$ 22.2	$ 37.7

12 Fair value measurement

Fair value is based on the price that would be received from the sale of an identical asset or paid to transfer an identical liability in an orderly transaction between market participants at the measurement date.

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy has been established that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable market-based inputs other than quoted prices in active markets for identical assets or liabilities.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk in its assessment of fair value.

For assets and liabilities that are recognized in the Consolidated Financial Statements at fair value on a recurring basis, Mylan determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For financial assets and liabilities that utilize Level 2 inputs, the Company utilizes both direct and indirect observable price quotes, including the LIBOR yield curve, foreign exchange forward prices, and bank price quotes. Below is a summary of valuation techniques for Level 1 and Level 2 financial assets and liabilities:

- *Cash equivalents* — valued at observable net asset value prices.
- *Equity securities, exchange traded funds* — valued at the active quoted market prices from broker or dealer quotations or transparent pricing sources at the reporting date. Unrealized gains and losses attributable to changes in fair value are included in other expense, net, in the Consolidated Income Statements.
- *Equity securities, marketable securities* — valued using quoted stock prices from public exchanges at the reporting date. Unrealized gains and losses attributable to changes in fair value are included in other expense, net, in the Consolidated Income Statements.
- *Available-for-sale fixed income investments* — valued at the quoted market price from broker or dealer quotations or transparent pricing sources at the reporting date.
- *Interest rate swap derivative assets and liabilities* — valued using the LIBOR/EURIBOR yield curves at the reporting date. Counterparties to these contracts are highly rated financial institutions.
- *Foreign exchange derivative assets and liabilitie*s — valued using quoted forward foreign exchange prices at the reporting date. Counterparties to these contracts are highly rated financial institutions.

Financial assets and liabilities carried at fair value are classified in the tables below in one of the three categories described above:

	As at 31 December 2018			
(In millions of USD)	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Financial Assets				
Cash equivalents:				
Money market funds	$ 71.0	$ —	$ —	$ 71.0
Total cash equivalents	71.0	—	—	71.0
Equity securities:				
Exchange traded funds	31.7	—	—	31.7
Marketable securities	0.8	—	—	0.8
Total equity securities	32.5	—	—	32.5
Available-for-sale fixed income investments:				
Corporate bonds	—	9.9	—	9.9
U.S. Treasuries	—	9.4	—	9.4
Agency mortgage-backed securities	—	1.6	—	1.6
Asset backed securities	—	3.2	—	3.2
Other	—	0.9	—	0.9
Total available-for-sale fixed income investments	—	25.0	—	25.0
Foreign exchange derivative assets	—	30.2	—	30.2
Interest rate swap derivative assets	—	3.6	—	3.6
Total assets at recurring fair value measurement	$ 103.5	$ 58.8	$ —	$ 162.3
Financial Liabilities				
Foreign exchange derivative liabilities	$ —	$ 29.4	$ —	$ 29.4
Contingent consideration	—	—	355.3	355.3
Total liabilities at recurring fair value measurement	$ —	$ 29.4	$ 355.3	$ 384.7

(In millions of USD)	As at 31 December 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Financial Assets				
Cash equivalents:				
Money market funds	$ 8.4	$ —	$ —	$ 8.4
Total cash equivalents	8.4	—	—	8.4
Equity securities:				
Exchange traded funds	33.9	—	—	33.9
Marketable securities	45.2	—	—	45.2
Total equity securities	79.1	—	—	79.1
Available-for-sale fixed income investments:				
Corporate bonds	—	16.5	—	16.5
U.S. Treasuries	—	7.4	—	7.4
Agency mortgage-backed securities	—	4.1	—	4.1
Asset backed securities	—	2.1	—	2.1
Other	—	1.4	—	1.4
Total available-for-sale fixed income investments	—	31.5	—	31.5
Foreign exchange derivative assets	—	72.7	—	72.7
Interest rate swap derivative assets	—	16.2	—	16.2
Total assets at recurring fair value measurement	$ 87.5	$ 120.4	$ —	$ 207.9
Financial Liabilities				
Foreign exchange derivative liabilities	$ —	$ 31.1	$ —	$ 31.1
Contingent consideration	—	—	453.7	453.7
Total liabilities at recurring fair value measurement	$ —	$ 31.1	$ 453.7	$ 484.8

There have been no transfers between Level 1 and Level 2 during the periods presented above.

Contingent Consideration

The fair value measurement of contingent consideration is determined using Level 3 inputs. The Company's contingent consideration represents a component of the total purchase consideration for the acquisitions of the respiratory delivery platform, Agila, Jai Pharma Limited, the Topicals Business and certain other acquisitions. The measurement is calculated using unobservable inputs based on the Company's own assumptions and significant unobservable inputs in the valuation include the probability and timing of future development and commercial milestones and future profit sharing payments. When valuing the contingent consideration related to the respiratory delivery platform and Jai Pharma Limited, the value of the obligations are derived from a probability assessment based on expectations of when certain milestones or profit sharing payments occur which are discounted using a market rate of return. At 31 December 2018 and 2017, discount rates ranging from 2.1% to 11.0% were utilized in such valuations. Significant changes in unobservable inputs could result in material changes to the contingent consideration liability.

A rollforward of the activity in the Company's fair value of contingent consideration from 31 December 2016 to 31 December 2018 is as follows:

(In millions of USD)	Current Portion [1]	Long-Term Portion [2]	Total Contingent Consideration
Balance at 31 December 2016	$ 256.9	$ 307.7	$ 564.6
Acquisitions	—	—	—
Payments	(77.3)	(0.2)	(77.5)
Reclassifications	27.0	(27.0)	—
Accretion	—	25.9	25.9
Fair value gain [3]	(38.8)	(20.5)	(59.3)
Balance at 31 December 2017	$ 167.8	$ 285.9	$ 453.7
Payments	(82.9)	—	(82.9)
Reclassifications	62.1	(62.1)	—
Accretion	—	19.8	19.8
Fair value loss (gain) [3]	11.3	(46.6)	(35.3)
Balance at 31 December 2018	$ 158.3	$ 197.0	$ 355.3

[1] Included in other current liabilities on the Consolidated Balance Sheets.

[2] Included in other long-term obligations on the Consolidated Balance Sheets.

[3] Included in litigation settlements and other contingencies, net in the Consolidated Income Statements.

2017 Changes to Contingent Consideration: During the year ended 31 December 2017, the Company recorded a fair value gain of $93.5 million related to the respiratory delivery platform contingent consideration partially offset by fair value losses of $9.9 million related to Jai Pharma Limited contingent consideration and $23.5 million related to the Topicals Business contingent consideration. In addition, the Company made payments of approximately $13.7 million related to the Agila contingent consideration, a net payment of $40 million to resolve the Topicals Business contingent consideration and a payment of approximately $20.0 million related to the Jai Pharma Limited contingent consideration.

2018 Changes to Contingent Consideration: During the year ended 31 December 2018, the Company recorded a fair value gain of $44.0 million related to the respiratory delivery platform contingent consideration partially offset by fair value losses of $8.6 million related to the Jai Pharma Limited contingent consideration. In addition, the Company made payments of approximately $51.0 million to resolve the Agila contingent consideration and a net payment of $30.0 million to resolve the Jai Pharma Limited contingent consideration.

The Company expects to incur approximately $15 million to $20 million of non-cash accretion expense related to the increase in the net present value of the contingent consideration liabilities in 2019.

Although the Company has not elected the fair value option for financial assets and liabilities, any future transacted financial asset or liability will be evaluated for the fair value election.

Available-for-Sale Securities

The amortized cost and estimated fair value of available-for-sale securities, included in prepaid and other current assets, were as follows:

(In millions of USD)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
31 December 2018 [1]				
Debt securities	$ 24.8	$ 0.2	$ —	$ 25.0
	$ 24.8	$ 0.2	$ —	$ 25.0
31 December 2017				
Debt securities	$ 31.5	$ —	$ —	$ 31.5
Equity securities	$ 29.5	$ 16.9	$ (1.2)	$ 45.2
	$ 61.0	$ 16.9	$ (1.2)	$ 76.7

[1] Equity securities are no longer classified as available-for-sale as of 01 January 2018 as a result of the adoption of IFRS 9. Refer to Note 2 *Summary of Significant Accounting Policies* for additional information.

Maturities of available-for-sale debt securities at fair value as at 31 December 2018 were as follows:

(In millions of USD)	
Mature within one year	$ 3.1
Mature in one to five years	13.4
Mature in five years and later	8.5
	$ 25.0

Fair value of debt

As at 31 December 2018 and 2017, the aggregate fair value of the Company's outstanding notes was approximately $13.10 billion and $14.93 billion, respectively. The fair values of the outstanding notes were valued at quoted market prices from broker or dealer quotations and were classified as Level 2 in the fair value hierarchy. Based on quoted market rates of interest and maturity schedules of similar debt issues, the fair value of the Company's 2016 Term Facility determined based on Level 2 inputs, approximates its carrying value at 31 December 2018 and 2017.

13 Trade accounts payable

Trade accounts payable was comprised of the following as at 31 December 2018 and 2017, respectively:

	As at	
(In millions of USD)	31 December 2018	31 December 2017
Trade accounts payable	$ 1,123.2	$ 976.0
Other payables	493.8	476.5
Accounts payable	$ 1,617.0	$ 1,452.5

14 Debt

Short-Term Borrowings

(In millions)	31 December 2018	31 December 2017
Receivables Facility	—	45.0
Other	1.9	1.5
Short-term borrowings	$ 1.9	$ 46.5

Receivables Facility

The Company has a $400 million Receivables Facility (the "Receivables Facility"), which originally expired on 25 April 2019. On 25 April 2019, the Company entered into an amendment to the Receivables Facility to extend the expiration date to 22 April 2022.

Under the terms of the Receivables Facility, our subsidiary, MPI, sells certain accounts receivable to Mylan Securitization LLC ("Mylan Securitization"), a wholly-owned special purpose entity which in turn sells a percentage ownership interest in the receivables to financial institutions and commercial paper conduits sponsored by financial institutions. Mylan Securitization's assets have been pledged to The Bank of Tokyo-Mitsubishi UFJ, Ltd., as agent, in support of its obligations under the Receivables Facility. Any amounts outstanding under the facility are recorded as borrowings and the underlying receivables are included in accounts receivable, net, in the condensed consolidated balance sheets of the Company.

The Receivables Facility contains requirements relating to the performance of the accounts receivable and covenants related to the Company with which the Company was compliant as of 31 December 2018. As at 31 December 2018 and 2017, the Company had $322.0 million and $1.04 billion, respectively, of accounts receivable balances sold to Mylan Securitization.

Note Securitization Facility

On 25 April 2019, the Company entered into an additional facility for borrowings up to $200 million (the "Note Securitization Facility"). Under the terms of each of the Receivables Facility and Note Securitization Facility, certain of our accounts receivable secure the amounts borrowed and cannot be used to pay our other debts or liabilities. The amount that we may borrow at a given point in time is determined based on the amount of qualifying accounts receivable that are present at such point in time. Borrowings outstanding under the Receivables Facility bear interest at a commercial paper rate plus 0.775% and under the Note Securitization Facility at LIBOR plus 0.75% and are included as a component of Short-term borrowings, while the accounts receivable securing these obligations remain as a component of accounts receivable, net, in consolidated balance sheets. In addition, the agreements governing the Receivables Facility and Note Securitization Facility contain various customary affirmative and negative covenants, and customary default and termination provisions.

Commercial Paper Program

On 27 July 2018, the Company established an unsecured commercial paper program (the "Commercial Paper Program") pursuant to which Mylan Inc. may issue short-term, unsecured commercial paper notes (the "CP Notes") that are guaranteed by the Company pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), which replaced Mylan N.V.'s existing commercial paper program established 08 June 2017 (the "Existing Commercial Paper Program") on substantially identical terms to the Existing Commercial Paper Program. Amounts available under the Commercial Paper Program may be borrowed, repaid and re-borrowed from time to time, with the aggregate principal amount of the commercial paper notes outstanding under the Commercial Paper Program at any time not to exceed $1.65 billion. The Company's 2018 Revolving Facility (as defined below) will be available to pay the CP Notes, if necessary. The maturities of the CP Notes will vary but will not exceed 364 days from the date of issue.

The Company uses net proceeds from its Commercial Paper Program, Receivables Facility and Note Securitization Facility as a source of liquidity for general corporate purposes, including for business development transactions, working capital and share repurchases. Borrowings under the Commercial Paper Program, Receivables Facility and the Note Securitization Facility may vary during a particular period, as a result of fluctuations in working capital requirements and timing of cash receipts.

(In millions of USD)

	Interest Rate (%)	Maturity	As at 31 December 2018	As at 31 December 2017
Current portion of long-term debt:				
2016 Term Facility [a] **	3.897%	2019	$ 100.0	$ —
2018 Senior Notes *	2.600%	2018	—	649.9
2018 Floating Rate Euro Notes [b] **		2018	—	600.2
2018 Senior Notes **	3.000%	2018	—	499.8
2019 Senior Notes **	2.500%	2019	549.9	—
Other			6.2	2.4
Deferred financing fees			(0.9)	(3.1)
Current portion of long-term debt			$ 655.2	$ 1,749.2
Non-current portion of long-term debt:				
2016 Term Facility [a] **	3.897%	2019	$ —	$ 100.0
2019 Senior Notes **	2.500%	2019	—	999.5
2019 Senior Notes *	2.550%	2019	—	499.7
2020 Floating Rate Euro Notes [c] **		2020	573.3	600.2
2020 Euro Senior Notes **	1.250%	2020	858.1	897.6
2020 Senior Notes **	3.750%	2020	499.9	499.9
2021 Senior Notes **	3.150%	2021	2,248.7	2,248.2
2023 Senior Notes *	3.125%	2023	749.3	749.2
2023 Senior Notes *	4.200%	2023	498.9	498.8
2024 Euro Senior Notes **	2.250%	2024	1,144.2	1,197.7
2025 Euro Senior Notes *	2.125%	2025	572.0	—
2026 Senior Notes **	3.950%	2026	2,236.5	2,235.0
2028 Euro Senior Notes **	3.125%	2028	852.5	892.0
2028 Senior Notes *	4.550%	2028	748.2	—
2043 Senior Notes *	5.400%	2043	497.2	497.1
2046 Senior Notes **	5.250%	2046	999.8	999.8
2048 Senior Notes *	5.200%	2048	747.6	—
Other			5.1	6.3
Deferred financing fees			(73.7)	(71.9)
Long-term debt			$ 13,157.6	$ 12,849.1

[a] The 2016 Term Facility bears interest at LIBOR plus a base rate, which margins can fluctuate based on the Company's credit ratings.

[b] Interest rate of the instrument was three-month EURIBOR plus 0.870% per annum, reset quarterly.

[c] Instrument bears interest at a rate of three-month EURIBOR plus 0.50% per annum, reset quarterly.

* Instrument was issued by Mylan Inc.

** Instrument was issued by Mylan N.V.

2016 Revolving Facility, 2018 Revolving Facility and 2016 Term Facility

On 22 November 2016, the Company entered into a revolving credit facility among the Company, as borrower, Mylan Inc., as a guarantor, certain lenders and issuing banks and Bank of America, N.A., as the administrative agent, pursuant to which the Company may obtain extensions of credit in an aggregate principal amount not to exceed $2.0 billion (the “2016 Revolving Facility”). On the same day, the Company entered into a term credit facility among the Company, as borrower, Mylan Inc., as a guarantor, certain lenders and Goldman Sachs Bank USA, as administrative agent, pursuant to which the Company has $100.0 million outstanding in term loans (the “2016 Term Facility”) at 31 December 2018. On 27 July 2018, the Company entered into a revolving credit facility among Mylan Inc., as borrower, the Company, as a guarantor, certain lenders and issuing banks and Bank of America, N.A., as the administrative agent, which replaced the 2016 Revolving Facility on substantially identical terms to the 2016 Revolving Facility and pursuant to which Mylan Inc. may obtain extensions of credit in an aggregate principal amount not to exceed $2.0 billion (the “2018 Revolving Facility”).

The 2016 Term Facility and the 2018 Revolving Facility each contain customary affirmative covenants for facilities of this type, including among others, covenants pertaining to the delivery of financial statements, notices of default and certain material events, maintenance of corporate existence and rights, property, and insurance and compliance with laws, as well as customary negative covenants for facilities of this type, including limitations on the incurrence of subsidiary indebtedness, liens, mergers and certain other fundamental changes, investments and loans, acquisitions, transactions with affiliates, payments of dividends and other restricted payments and changes in our lines of business.

The 2016 Term Facility and 2018 Revolving Facility contain a maximum consolidated leverage ratio financial covenant requiring maintenance of a maximum ratio of 3.75 to 1.00 for consolidated total indebtedness as of the end of any quarter to consolidated EBITDA for the trailing four quarters as defined in the related credit agreements (“leverage ratio”).

The 2016 Term Facility was amended in November 2017 to allow a leverage ratio of 4.25 to 1.00 through the 31 December 2018 reporting period and a leverage ratio of 3.75 to 1.00 thereafter. The 2018 Revolving Facility similarly provides for a leverage ratio of 4.25 to 1.00 through the 31 December 2018 reporting period and a leverage ratio of 3.75 to 1.00 thereafter. On 22 February 2019, the Company, as a guarantor, and Mylan Inc., as borrower, entered into an amendment (the "Revolving Loan Amendment") to the 2018 Revolving Facility. In addition, on 22 February 2019, the Company entered into an amendment (the "Term Loan Amendment") to the 2016 Term Facility. The Revolving Loan Amendment and the Term Loan Amendment extended the leverage ratio covenant of 4.25 to 1.00 through the 31 December 2019 reporting period, with a leverage ratio of 3.75 to 1.00 thereafter. The Company is in compliance at 31 December 2018 and expects to remain in compliance for the next twelve months.

Senior Notes

Issuance of 2018 Senior Notes

The following table provides the amounts of senior unsecured debt issued by Mylan Inc. and guaranteed by Mylan N.V., on 09 April 2018 (the “April 2018 Senior Notes”). The April 2018 Senior Notes were issued pursuant to an indenture dated 09 April 2018. The April 2018 Senior Notes were issued in a private offering exempt from the registration requirements of the Securities Act to qualified institutional buyers in accordance with Rule 144A under the Securities Act and to persons outside of the U.S. pursuant to Regulation S under the Securities Act. The Company has entered into a registration rights agreement, dated as of 09 April 2018 pursuant to which Mylan Inc. and Mylan N.V. are required to use commercially reasonable efforts to file a registration statement with respect to an offer to exchange each series of the April 2018 Senior Notes for new notes with the same aggregate principal amount and terms substantially identical in all material respects.

(In millions)	Interest Rate	Principal Amount
2028 Senior Notes [1]	4.550%	$ 750.0
2048 Senior Notes [1]	5.200%	750.0
Total April 2018 Senior Notes		$ 1,500.0

[1] Redeemable, in whole or in part, at our option at any time prior to three months (in the case of the 2028 Senior Notes) or six months (in the case of the 2048 Senior Notes) of the maturity date at the greater of 100% of the principal amount or the sum of the present values of the remaining scheduled payments of principal and interest discounted at the U.S. Treasury rate plus an incremental spread of 0.30% (in the case of the 2028 Senior Notes) or 0.35% (in the case of the 2048 Senior Notes), plus, in each case, accrued and unpaid interest.

On 28 April 2018, the Company redeemed all of the outstanding $650 million principal amount of Mylan Inc.'s 2.600% senior notes due 2018, all of the outstanding $500 million principal amount of Mylan N.V.'s 3.000% senior notes due 2018 and $350 million of the outstanding $500 million principal amount of Mylan Inc.'s 2.550% senior notes due 2019. The redemption of these notes was funded with the net proceeds from the April 2018 Senior Notes offering.

In November 2018, Mylan N.V. and Mylan Inc. filed a registration statement with the Securities and Exchange Commission ("SEC") with respect to an offer to exchange these notes for registered notes with the same aggregate principal amount and terms substantially identical in all material respects, which was declared effective on 11 December 2018. The exchange offer expired on 09 January 2019 and settled on 10 January 2019. 100% of each of the 4.550% Senior Notes due 2028 and the 5.200% Senior Notes due 2048 were exchanged.

Issuance of 2018 Euro Senior Notes

On 23 May 2018, Mylan Inc. completed the offering of €500 million aggregate principal amount of its 2.125% Euro Senior Notes due 2025 (the "May 2018 Euro Senior Notes"). The May 2018 Euro Senior Notes were issued pursuant to an indenture dated 23 May 2018. The May 2018 Euro Senior Notes are guaranteed by Mylan N.V. and were issued in a private offering exempt from the registration requirements of the Securities Act, to persons outside of the U.S. pursuant to Regulation S under the Securities Act. The May 2018 Euro Senior Notes are redeemable, in whole or in part, at our option at any time prior to three months of the maturity date at the greater of 100% of the principal amount or the sum of the present values of the remaining scheduled payments of principal and interest discounted at the applicable Bund Rate plus an incremental spread of 0.30%, plus, in each case, accrued and unpaid interest.

On 15 June 2018, the Company redeemed the remaining $150 million outstanding principal amount of Mylan Inc.'s 2.550% Senior Notes due 2019 and $450 million of the outstanding $1.0 billion principal amount of Mylan N.V.'s 2.500% Senior Notes due 2019. The redemption of these notes was funded with the net proceeds from the May 2018 Euro Senior Notes offering.

Issuance of 2017 Euro Senior Notes

On 24 May 2017, the Company completed its offering of €500 million aggregate principal amount of Floating Rate Senior Notes due 2020 (the "May 2017 Floating Rate Euro Senior Notes"), issued pursuant to the indenture dated 24 May 2017 (the "2017 Euro Notes Indenture"). The May 2017 Floating Rate Euro Senior Notes will mature on 24 May 2020 and cannot be redeemed prior to maturity at the option of the Company.

The May 2017 Floating Rate Euro Senior Notes were issued in a private offering exempt from the registration requirements of the Securities Act to persons outside of the U.S. pursuant to Regulation S under the Securities Act. The May 2017 Floating Rate Euro Senior Notes are the Company's senior unsecured indebtedness and are guaranteed on a senior unsecured basis by Mylan Inc.

The May 2017 Floating Rate Euro Senior Notes bear interest at a rate per annum, reset quarterly, equal to the sum of (i) three-month EURIBOR (as defined in the 2017 Euro Notes Indenture) plus (ii) 0.50%, provided, however, that the minimum interest rate is zero. Interest on the May 2017 Floating Rate Euro Senior Notes is payable quarterly in arrears on each 24 February, 24 May, 24 August and 24 November. The interest rate at 31 December 2018 was approximately 0.17% per annum.

The Company utilized the net proceeds from the May 2017 Floating Rate Euro Senior Notes offering to repay a portion of the term loans under the 2016 Term Facility and to pay associated fees and expenses.

15 Components of other comprehensive (loss) earnings

Accumulated other comprehensive (loss) earnings, as reflected on the Consolidated Balance Sheets, is comprised of the following:

(In millions of USD)	As at 31 December 2018	As at 31 December 2017
Accumulated other comprehensive loss:		
Net unrealized gain on marketable securities, net of tax	$ —	$ 12.5
Actuarial gains on defined benefit plans, net of tax	6.9	4.2
Reclassification of actuarial gains on defied benefit plans, net of tax	(6.9)	(4.2)
Net unrecognized losses on derivatives in cash flow hedging relationships, net of tax	(59.7)	(10.1)
Net unrecognized losses on derivatives in net investment hedging relationships, net of tax	(130.9)	(239.8)
Foreign currency translation adjustment	(934.1)	188.3
	$ (1,124.4)	$ (49.1)

Components of other comprehensive (loss) earnings, before tax, consist of the following:

	Year Ended 31 December 2018							
	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Net Investment Hedges	Gains and Losses on Marketable Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
(In millions of USD)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
Balance at 31 December 2017, net of tax			$(10.1)	$ (239.8)	$ 12.5	$ —	$ 188.3	$ (49.1)
Other comprehensive (loss) earnings before reclassifications, before tax			(80.7)	111.6	(0.1)	10.7	(1,122.4)	(1,080.9)
Amounts reclassified from accumulated other comprehensive (loss) earnings, before tax:								
Gain on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(6.2)		(6.2)					(6.2)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		7.7	7.7					7.7
Net other comprehensive (loss) earnings, before tax			(79.2)	111.6	(0.1)	10.7	(1,122.4)	(1,079.4)
Income tax (benefit) provision			(27.1)	2.7	0.1	3.8	—	(20.5)
Cumulative effect of the adoption of new accounting standards			2.5	—	(12.3)	—	—	(9.8)
Reclassification of actuarial gains on defined benefit pension plans, net of tax, to retained earnings			—	—	—	(6.9)	—	(6.9)
Balance at 31 December 2018, net of tax			$(59.7)	$ (130.9)	$ —	$ —	$ (934.1)	$ (1,124.4)

	Year Ended 31 December 2017							
	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Net Investment Hedges	Gains and Losses on Marketable Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
(In millions of USD)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
Balance at 31 December 2016, net of tax			$(41.6)	$ (1.4)	$ 14.5	$ —	$ (1,921.3)	$ (1,949.8)
Other comprehensive (loss) earnings before reclassifications, before tax			46.5	(238.4)	(6.7)	6.9	2,109.6	1,917.9
Amounts reclassified from accumulated other comprehensive (loss) earnings, before tax:								
Loss on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(1.1)		(1.1)					(1.1)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		7.3	7.3					7.3
Net other comprehensive (loss) earnings, before tax			52.7	(238.4)	(6.7)	6.9	2,109.6	1,924.1
Income tax (benefit) provision			21.2	—	(4.7)	2.7	—	19.2
Reclassification of actuarial gains on defined benefit pension plans, net of tax, to retained earnings			—	—	—	(4.2)	—	(4.2)
Balance at 31 December 2017, net of tax			$(10.1)	$ (239.8)	$ 12.5	$ —	$ 188.3	$ (49.1)

16 Income tax

On 22 December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S Tax Code including, but not limited to, reducing the U.S. federal corporate income tax rate and requiring a one-time Transition Tax on certain unrepatriated earnings of non-U.S. corporate subsidiaries of large U.S. shareholders. While the Tax Act reduces the U.S. federal corporate income tax rate from 35% to 21% for tax years beginning after 31 December 2017, the Company remeasured its deferred tax balances in 2017 in accordance with the 2018 rate reduction.

The Tax Act also puts in place new tax laws that will impact the U.S. taxable income beginning in 2018, which include, but are not limited to (1) creating a Base Erosion Anti-Abuse Tax ("BEAT"), which is a new minimum tax, (2) generally eliminating U.S. federal income taxes on dividends from non-U.S. subsidiaries (the "participation exemption"), (3) a new provision designed to tax currently global intangible low-taxed income ("GILTI") earned by non-U.S. corporate subsidiaries of large U.S. shareholders, which allows for the possibility of utilizing tax credits earned from tax liabilities incurred to non-U.S. taxing authorities (such tax credits are limited to 80% of the non-U.S. taxes paid that are properly attributable to the GILTI and are segregated into a separate basket, with no carryforward or carryback permitted for excess tax credits) and a deduction generally equal to 50 percent of GILTI (37.5 percent for tax years beginning after 31 December 2025) to offset the income tax liability, (4) a provision limiting the amount of deductible interest expense in the U.S., (5) the repeal of the domestic manufacturing deduction, (6) limitations on the deductibility of certain executive compensation, and (7) limitations on the utilization of non U.S. tax credits used to reduce the U.S. income tax liability.

The Company has thus recorded an estimated tax charge of $143.6 million related to the Tax Act in the year ended 31 December 2017. This net charge primarily consists of a net expense of $30.0 million due to the remeasurement of the net U.S. deferred tax accounts to reflect the U.S. federal corporate income tax rate reduction to 21% and a net expense for the transition tax of $113.6 million.

The transition tax of $113.6 million is a 2017 tax on the previously untaxed accumulated and current earnings and profits ("E&P") of certain of our non-U.S. subsidiaries. In order to determine the amount of the transition tax, we must generally determine the amount of post-1986 E&P of the relevant subsidiaries, as well as the amount of non-U.S. income taxes paid on such earnings. We are able to make a reasonable estimate of the transition tax and recorded the estimated transition tax obligation of $113.6 million which the Company expects to elect to pay, net of certain tax attributes and credit carryforwards, over eight years beginning in 2018. This amount is presented in other long-term liabilities, and the Company is making a policy election to not record this future payment obligation at a present value. Proposed regulations issued by the U.S. Department of the Treasury on 01 August 2018, provided further interpretive guidance on the transition tax. During the year ended 31 December 2018, the Company revised its estimated liability for the transition tax from $113.6 million to $99.1 million. The $14.5 million benefit was recorded as a component of the Company's tax provision during the year ended 31 December 2018.

The Tax Act's GILTI provision is applicable to income earned by non-U.S. corporate subsidiaries of large U.S. shareholders starting in 2018. The Company has made a policy election to treat any future GILTI tax liabilities as period costs and will expense those liabilities in the period incurred. The Company therefore will not record deferred taxes associated with the GILTI provision of the Tax Act.

As at 31 December 2018, the Company's practice and intention was to reinvest the earnings in our non-U.S. subsidiaries outside of the U.S., and no U.S. deferred income taxes or foreign withholding taxes are recorded. The transition tax noted above will result in the previously untaxed foreign earnings being included in the federal and state 2017 taxable income. We are analyzing on an ongoing basis our global working capital requirements and the potential tax liabilities that would be incurred if the non-U.S. subsidiaries distribute cash to the U.S. parent, which potentially include local country withholding tax and potential U.S. state taxation. For these reasons, we do not estimate the effect of this provision of the Tax Act and have not recorded any withholding or state tax liabilities.

The major components of income tax (benefit) provision for the years ended 31 December 2018 and 2017 are:

Consolidated Income Statements

(In millions of USD)	2018	2017
Current income tax	$ 205.8	$ 307.6
Deferred income tax	(248.2)	(85.2)
Income tax (benefit) provision reported in the Consolidated Income Statement	$ (42.4)	$ 222.4

Consolidated Statements of Comprehensive Earnings

(In millions of USD)	2018	2017
Deferred income tax related to items charged or credited directly to OCI during the year:		
Net (loss) gain on revaluation of derivatives in cash flow hedging relationships	$ (27.2)	$ 21.2
Net loss on revaluation of derivatives in net investment hedges	2.7	—
Unrealized gain (loss) on available-for-sale financial assets	0.1	(4.7)
Net gain on actuarial gains and losses	3.9	2.7
Deferred income tax charged to OCI	$ (20.5)	$ 19.2
Reclassification of tax on actuarial gains on defined benefit pension plans to retained earnings	(3.9)	(10.4)
Remaining deferred income tax charges to OCI	$ (24.4)	$ 8.8

The United Kingdom ("U.K.") statutory income tax rate applicable to Mylan N.V. for the year ended 31 December 2018 and 2017 was 19.0%. Mylan's operations are subject to income taxes in various foreign jurisdictions. The statutory income tax rates vary from 9% to 35%. The differences between the effective tax rate and the standard corporate tax rate are explained as

follows:

	2018	2017
Statutory tax rates	19.0 %	19.0 %
United States Operations		
Clean energy and research credits	(37.3)%	(10.3)%
Movement in unrecognized deferred positions	60.6 %	10.7 %
Tax Act - transition tax & deferred tax rate change	(5.5)%	10.4 %
Uncertain tax positions	(25.4)%	1.0 %
Global intangible low-taxed income	9.7 %	— %
U.S. rate differential	(6.2)%	7.3 %
State income taxes and credits	(2.2)%	(0.8)%
Other U.S. items	14.0 %	2.3 %
Other Foreign Operations		
Other foreign rate differential	(48.3)%	(19.6)%
Revaluation of deferred taxes	(5.8)%	1.0 %
Movement in unrecognized deferred positions	(5.3)%	4.0 %
Withholding taxes	4.7 %	1.4 %
Other foreign items	12.0 %	(1.3)%
Effective tax rate	(16.0)%	25.1 %

Temporary differences and carryforwards that result in deferred tax assets and liabilities were as follows:

	Consolidated Balance Sheets		Consolidated Income Statements	
	31 December		Year Ended 31 December	
(In millions of USD)	2018	2017	2018	2017
Deferred tax				
Employee benefits	$ 155.4	$ 190.8	$ 24.6	$ 53.6
Litigation reserves	14.3	40.8	26.5	196.1
Accounts receivable allowance	215.3	247.3	23.0	153.4
Inventories	160.1	161.6	(0.1)	—
Tax credit and loss carryforwards	539.0	470.9	(93.6)	(144.1)
Intangible assets and goodwill	(2,170.0)	(2,476.5)	(186.2)	(367.1)
Interest expense	87.9	47.8	(41.1)	4.1
Property and equipment	(103.8)	(118.7)	(13.7)	(70.4)
Other	47.1	39.3	12.4	89.2
Net deferred tax liabilities	$ (1,054.7)	$ (1,396.7)		
Deferred income tax			$ (248.2)	$ (85.2)
Reflected in the Consolidated Balance Sheet as follows:				
Deferred income tax asset	$ 612.5	$ 549.9		
Deferred income tax liability	$ 1,667.2	$ 1,946.6		

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

No provision for income taxes is recognized for the undistributed earnings of subsidiaries and joint arrangements where the parent considers that such earnings are not expected to be remitted in the foreseeable future. The amount of such temporary differences is approximately $1.80 billion and $431.0 million at 31 December 2018 and 2017, respectively.

Net operating losses

As of 31 December 2018, the Company has net operating loss carryforwards for U.S. federal and state income tax purposes of approximately $58.7 million and $2.80 billion, respectively. The Company also has non-U.S. net operating loss carryforwards of approximately $1.69 billion, of which $1.39 billion can be carried forward indefinitely, with the remaining $300.0 million expiring in years 2019 through 2037. Deferred tax assets have not been recognized in respect of most of these losses as they may not be used to offset taxable profits elsewhere in the Company, they have arisen in subsidiaries that have been loss-making for some time, and there are no identified tax planning opportunities or other evidence of recoverability in the near future. If the Company were able to recognize all unrecognized deferred tax assets, the net earnings would increase by $800.5 million, with the remaining unrecognized deferred tax assets being recorded in other comprehensive income or additional paid-in capital in accordance with the backwards tracing principles.

The Company has $73.4 million of capital loss carryforwards expiring in 2019 through 2022. Deferred tax assets have not been recognized in respect of these carryforwards as they may only be used to offset capital gains, which are not anticipated. The Company also has $211.0 million of foreign, U.S. and U.S. state credit carryovers, expiring in various amounts through 2038.

Accounting for contingent tax liabilities

As at 31 December 2018 and 2017, the Company's Consolidated Balance Sheets reflect net liabilities for contingent tax liabilities of $168.9 million and $276.6 million, respectively.

Tax examinations

The Company is subject to income taxes and tax audits in many jurisdictions. A certain degree of estimation is thus required in recording the assets and liabilities related to income taxes. Tax audits and examinations can involve complex issues, interpretations, and judgments and the resolution of matters that may span multiple years, particularly if subject to litigation or negotiation.

Although the Company believes that adequate provisions have been made for these uncertain tax positions, the Company's assessment of uncertain tax positions is based on estimates and assumptions that the Company believes are reasonable but the estimates for unrecognized tax benefits and potential tax benefits may not be representative of actual outcomes, and variations from such estimates could materially affect the Company's financial condition, results of operations or cash flows in the period of resolution, settlement or when the statutes of limitations expire.

Mylan is subject to ongoing U.S. Internal Revenue Service ("IRS") examinations and is a voluntary participant in the IRS Compliance Assurance Process ("CAP"), which allows Mylan to work collaboratively with the IRS to identify and review tax matters on an ongoing basis. The years 2015, 2016 and 2017 are open years under examination. The years 2012, 2013 and 2014 have one matter open, and a Tax Court petition has been filed regarding the matter and a trial was held in December 2018 and is discussed further below. On 27 February, 2015, Mylan N.V. acquired Mylan Inc. and Abbott Laboratories' ("Abbott") non-U.S. developed markets specialty and branded generics business (collectively, the "EPD Business Acquisition"). In connection with the EPD Business Acquisition, we entered into intercompany transactions with our affiliates that affect our U.S. tax liability. Mylan N.V. is not incorporated in the U.S. and expects to be treated as a non-U.S. corporation for U.S. federal income tax purposes. As part of our ongoing participation and cooperation in the CAP, we have received and responded to various IRS requests for information about, among other matters, the EPD Business Acquisition, including the interest rates used for intercompany loans and our status as a non-U.S. corporation for U.S. federal income tax purposes, and we have been meeting with the IRS to discuss our respective positions on these matters and potential resolution of them. The IRS has indicated that depending upon the outcome of these ongoing discussions, as previously disclosed, they may challenge our positions on the EPD Business Acquisition. We remain confident in our positions and, should the IRS choose to challenge our positions, we would vigorously defend our positions through all available channels. If the IRS chooses to challenge our positions, and if the IRS succeeds, we would be subject to significantly greater U.S. tax liability, beginning 27 February 2015, than currently contemplated as a non-U.S. corporation, which would have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or ordinary share price.

The Company's major state taxing jurisdictions remain open from fiscal year 2008 through 2018, with several state audits currently in progress. The Company's major international taxing jurisdictions remain open from 2012 through 2018, some of which are indemnified by Strides Arcolab Limited ("Strides Arcolab") for tax assessments.

Tax court proceedings

The Company's U.S. federal income tax returns for 2007 through 2011 had been subject to proceedings in U.S. Tax Court involving a dispute with the IRS regarding whether the proceeds received by the Company in connection with the 2008 sale of its rights in nebivolol constituted a capital gain or ordinary income. The Company and the IRS filed a joint stipulation of settled issues with the Tax Court that resolved all issues in this dispute and the Tax Court issued the final order closing the case during the year ended 31 December 2018.

The Company's U.S. federal income tax returns for 2012 through 2014 had been subject to proceedings in U.S. Tax Court involving a dispute with the IRS regarding whether certain costs related to Abbreviated New Drug Applications were eligible to be expensed and deducted immediately or required to be amortized over longer periods. A trial was held in U.S. Tax Court in December 2018. Post-trial briefing is expected to conclude on 27 June, 2019.

17 Share-based incentive plan

The Company's shareholders have approved the *2003 Long-Term Incentive Plan* (as amended, the "2003 Plan"). Under the 2003 Plan, 55,300,000 ordinary shares are reserved for issuance to key employees, consultants, independent contractors and non-employee directors of the Company through a variety of incentive awards, including: stock options, stock appreciation rights ("SAR"), restricted ordinary shares and units, performance awards ("PSU"), other stock-based awards and short-term cash awards. Stock option awards are granted with an exercise price equal to the fair market value of the ordinary shares underlying the options at the date of the grant, generally become exercisable over periods ranging from three to four years, and generally expire in ten years.

The following table summarizes stock option and SAR ("stock awards") activity:

	Number of Shares Under Stock Awards	Weighted Average Exercise Price per Share
Outstanding as at 31 December 2016	7,699,441	$ 33.38
Granted	964,475	42.48
Exercised	(902,041)	20.06
Forfeited	(563,191)	47.36
Outstanding as at 31 December 2017	7,198,684	$ 35.17
Granted	905,265	40.38
Exercised	(820,603)	21.75
Forfeited	(468,068)	47.86
Outstanding as at 31 December 2018	6,815,278	$ 36.61
Vested and expected to vest as at 31 December 2018	6,603,247	$ 36.41
Exercisable as at 31 December 2018	5,134,445	$ 34.76

As at 31 December 2018, stock awards outstanding, stock awards vested and expected to vest, and stock awards exercisable had average remaining contractual terms of 5.3 years, 5.2 years and 4.2 years, respectively. Also at 31 December 2018, stock awards outstanding, stock awards vested and expected to vest and stock awards exercisable each had aggregate intrinsic values of $15.9 million.

A summary of the status of the Company's nonvested restricted ordinary shares and restricted stock unit awards, including PSUs (collectively, "restricted stock awards") as at 31 December 2017 and the changes during the year ended 31 December 2018 are presented below:

	Number of Restricted Stock Awards	Weighted Average Grant-Date Fair Value per Share
Nonvested as at 31 December 2017	5,964,207	$ 41.92
Granted	1,542,727	41.00
Released	(762,561)	49.11
Forfeited	(351,292)	43.70
Nonvested as at 31 December 2018	6,393,081	$ 40.75

Of the 1,542,727 restricted stock awards granted during the year ended 31 December 2018, 757,433 vest ratably in three years or less and are not subject to market or performance conditions. Of the remaining restricted stock awards granted, 668,878 are subject to market conditions and will cliff vest in three years or less and 116,416 are not subject to market or performance conditions and will cliff vest in one year or less.

As at 31 December 2018, the Company had $80.6 million of total unrecognized compensation expense, net of estimated forfeitures, related to all of its stock-based awards, which we expect to be recognized over the remaining weighted average vesting period of 1.5 years. The total intrinsic value of stock-based awards exercised and restricted stock awards released during the years ended 31 December 2018 and 2017 was $46.3 million and $39.1 million, respectively.

With respect to options granted under the Company's 2003 Plan, the fair value of each option grant was estimated at the date of grant using the Black-Scholes option pricing model. Black-Scholes utilizes assumptions related to volatility, the risk-free interest rate, the dividend yield and employee exercise behavior. Expected volatilities utilized in the model are based mainly on the implied volatility of the Company's stock price and other factors. The risk-free interest rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The model incorporates exercise and post-vesting forfeiture assumptions based on an analysis of historical data. The expected lives of the grants are derived from historical and other factors.

The assumptions used for options granted under the 2003 Plan are as follows:

	Year Ended 31 December	
	2018	2017
Volatility	35.8%	33.2%
Risk-free interest rate	2.8%	2.2%
Expected term (years)	6.5	6.4
Forfeiture rate	5.5%	5.5%
Weighted average grant date fair value per option	$16.51	$15.88

In February 2014, Mylan's Compensation Committee and the independent members of the Board of Directors adopted the One-Time Special Performance-Based Five-Year Realizable Value Incentive Program (the "2014 Program") under the 2003 Plan. Under the 2014 Program, certain key employees received a one-time, performance-based incentive award (the "Awards") either in the form of a grant of SARs or PSUs. The initial Awards were granted in February 2014 and contain a five-year cliff-vesting feature based on the achievement of various performance targets, external market conditions and the employee's continued services. Additional Awards were granted in 2016 and 2017 and are subject to the same performance conditions as the Awards granted in February 2014 and with a service vesting condition of between two and six years. The market condition was met on 10 June 2015. During the year ended 31 December 2018, the Company determined that it was no longer probable that the minimum performance condition would be met and therefore reversed all of the cumulative expense related to the Awards resulting in a reduction in share-based compensation expense of approximately $70.6 million. In addition, during the year ended 31 December 2018, the Company recorded $20.0 million of compensation expense as an additional discretionary bonus for a certain group of employees. None of the employees who are eligible for this bonus are named executive officers as defined by the U.S. Securities and Exchange Commission. As at 31 December 2018, there are approximately 2.6 million Awards outstanding under the 2014 Program, which were canceled in 2019.

18 Employee benefit plans

Defined benefit plans

The Company sponsors various defined benefit pension plans in several countries. Benefits provided generally depend on length of service, pay grade and remuneration levels. The Company maintains two fully frozen defined benefit pension plans in the U.S., and employees in the U.S. and Puerto Rico are provided retirement benefits through defined contribution plans rather than through a defined benefit plan.

The Company also sponsors other postretirement benefit plans. There are plans that provide for postretirement supplemental medical coverage. Benefits from these plans are paid to certain employees and their spouses and dependents who meet various minimum age and service requirements. In addition, there are plans that provide for life insurance benefits and postretirement medical coverage for certain officers and management employees.

A summary of the activity for the Company's defined benefit pension and other post-retirement plans follows:

	Year Ended 31 December	
(In millions of USD)	**2018**	**2017**
Change in defined benefit obligation		
Benefit obligation at beginning of period	$ 700.3	$ 670.9
Service cost	28.9	21.3
Interest cost	14.3	15.2
Participant contributions	1.2	1.2
Actuarial loss/(gain)	(35.2)	6.0
Benefits paid	(37.2)	(36.2)
Transferred liabilities	16.1	0.5
Plan settlements and terminations	0.4	(20.7)
Currency translation adjustment	(19.4)	42.1
Benefit obligation at end of year	$ 669.4	$ 700.3

	Year Ended 31 December	
(In millions of USD)	**2018**	**2017**
Change in plan assets		
Fair value of plan assets, beginning of year	$ 296.1	$ 291.7
Interest income	6.7	6.7
Remeasurement gain/(loss) excluding interest income	(24.4)	14.9
Employer contributions	31.3	33.7
Participant contributions	1.2	1.2
Benefits paid from plan	(26.4)	(22.6)
Benefits paid directly by employer	(10.9)	(13.6)
Transferred assets	16.1	0.5
Plan settlements	—	(18.7)
Other	(1.6)	(0.4)
Impact of foreign currency translation	(4.6)	2.7
Fair value of plan assets, end of year	$ 283.5	$ 296.1

(In millions of USD)	Year Ended 31 December 2018	2017
Defined benefit costs		
Current service cost	$ 18.2	$ 20.7
Past service cost	10.6	0.6
Net finance cost:		
Interest income on plan assets	6.7	6.7
Interest cost on obligation	14.3	15.2
Net finance cost	7.6	8.5
Other	1.7	(1.9)
Net periodic benefit expense	38.1	27.9
Total remeasurements included in OCI	(10.7)	(6.9)
Total defined benefit costs included in Consolidated Income Statements and OCI	$ 27.4	$ 21.0

The weighted average assumptions underlying the pension computations were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2018	2017	2018	2017
Pension benefit obligation:				
Discount rate	2.3%	2.0%	4.3%	3.7%
Rate of compensation increase	2.7%	2.8%	—%	—%
Net periodic pension costs:				
Discount rate	2.0%	2.2%	3.7%	4.2%
Rate of compensation increase	2.5%	2.8%	—%	—%

The assumptions for each plan are reviewed on an annual basis. The discount rate reflects the current rate at which the pension and other benefit liabilities could be effectively settled at the measurement date. In setting the discount rates, we utilize comparable corporate bond indices as an indication of interest rate movements and levels. Corporate bond indices were selected based on individual plan census data and duration. The expected return on plan assets was determined using historical market returns and long-term historical relationships between equities and fixed income securities. The Company compares the expected return on plan assets assumption to actual historic returns to ensure reasonableness. Current market factors such as inflation and interest rates are also evaluated.

Fair value of plan assets

The Company measures the fair value of plan assets based on the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based on a three-tier hierarchy described in Note 12 *Fair Value Measurement*. The table below presents total plan assets by investment category as at 31 December 2018 and 2017, and the classification of each investment category within the fair value hierarchy with respect to the inputs used to measure fair value:

	As at 31 December 2018			
(In millions of USD)	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3.5	$ 0.4	$ —	$ 3.9
Equity securities	58.5	66.0	—	124.5
Fixed income securities	65.4	58.4	—	123.8
Assets held by insurance companies and other	0.1	7.2	24.0	31.3
Total	$ 127.5	$ 132.0	$ 24.0	$ 283.5

	As at 31 December 2017			
(In millions of USD)	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2.5	$ 0.3	$ —	$ 2.8
Equity securities	65.2	71.8	—	137.0
Fixed income securities	45.2	57.6	—	102.8
Assets held by insurance companies and other	10.4	23.9	19.2	53.5
Total	$ 123.3	$ 153.6	$ 19.2	$ 296.1

Accounting for defined benefit pension and other postretirement plans

The Company recognizes on its Consolidated Balance Sheets an asset or liability equal to the over- or under-funded benefit obligation of each defined benefit pension and other postretirement plan. Remeasurements, comprising of actuarial gains and losses and the return on plan assets (both excluding net interest), are recognized immediately in the Consolidated Balance Sheets with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognizes restructuring-related costs. The Company recognizes the following changes in the net defined benefit obligation in the Consolidated Income Statements: service costs comprising current service costs, past service costs, gains and losses on curtailments, and net interest expense or income.

Risk tolerance on invested pension plan assets is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Investment risk is measured and monitored on an ongoing basis through annual liability measures, periodic asset/liability studies and investment portfolio reviews. The Company's investment strategy is to maintain, where possible, a diversified investment portfolio across several asset classes that, when combined with the Company's contributions to the plans, will ensure that required benefit obligations are met.

Net accrued benefit costs for pension plans and other postretirement benefits are reported in the following components of the Company's Consolidated Balance Sheets as at 31 December 2018 and 2017:

	Pension Benefits		Other Postretirement Benefits	
	31 December		31 December	
(In millions of USD)	2018	2017	2018	2017
Noncurrent assets	$ 5.9	$ 6.0	$ —	$ —
Current liabilities	(11.9)	(11.7)	(1.7)	(1.6)
Noncurrent liabilities	(345.9)	(363.4)	(32.3)	(33.5)
Net accrued benefit costs	$ (351.9)	$ (369.1)	$ (34.0)	$ (35.1)

The projected benefit obligation is the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future pay increases. The accumulated benefit obligation is the actuarial present value of benefits attributable to employee service rendered to date, but does not include the effects of estimated future pay increases. The accumulated benefit obligation for the Company's pension plans was $592.5 million and $598.5 million at 31 December 2018 and 2017, respectively.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with an accumulated benefit obligation in excess of the fair value of plan assets at 31 December 2018 and 2017 were as follows:

	31 December	
(In millions of USD)	2018	2017
Plans with accumulated benefit obligation in excess of plan assets:		
Projected benefit obligation	$ 502.9	$ 530.1
Accumulated benefit obligation	483.1	506.0
Fair value of plan assets	154.8	164.8

Estimated future benefit payments

The Company's funding policy for its funded pension plans is based upon local statutory requirements. The Company's funding policy is subject to certain statutory regulations with respect to annual minimum and maximum company contributions. Plan benefits for the nonqualified plans are paid as they come due. The weighted average duration of the defined benefit obligation for pension plans was 13 years as at 31 December 2018 and 13 years at 31 December 2017. The weighted average duration of the defined benefit obligation for post-retirement plans was 12 years and 12 years as at 31 December 2018 and 2017, respectively.

Estimated benefit payments over the next ten years for the Company's pension plans and retiree health plan are as follows:

(In millions of USD)	Estimated Benefit Payments
2019	$ 33.7
2020	35.9
2021	37.7
2022	36.3
2023	38.6
Thereafter	203.7
Total	$ 385.9

The Company's defined benefit plan asset and liabilities are subject to changes in key assumptions and exposed to actuarial risks used in the actuarial valuation including investment risk, interest risk, longevity risk and salary risk, as defined below.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently the plans have a relatively balanced investment in equity securities, fixed income securities and assets held by insurance companies and other.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments, as applicable.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The following is a summary of the impact of changes to these key assumptions on the defined benefit obligations:

(Decrease)/increase in Defined Benefit Obligation Due to Change in Key Assumption	31 December 2018	31 December 2017
Discount rate +0.5%	(35.4)	(43.6)
Discount rate -0.5%	37.3	47.2
Rate of increase in salaries +0.5%	3.4	7.8
Rate of increase in salaries -0.5%	(3.3)	(6.6)
1 year increase in life expectancy at 65	6.0	16.8

Defined contribution plans

The Company sponsors defined contribution plans covering its employees in the U.S. and Puerto Rico, as well as certain employees in a number of countries outside the U.S. The Company's domestic defined contribution plans consist primarily of a 401(k) retirement plan with a profit sharing component for non-union represented employees (the "Profit Sharing 401(k) Plan") and a 401(k) retirement plan for union-represented employees. Profit sharing contributions are made at the discretion of the Board of Directors. The Company's non-domestic plans vary in form depending on local legal requirements. The Company's contributions are based upon employee contributions, service hours, or pre-determined amounts depending upon the plan. Obligations for contributions to defined contribution plans are recognized as expense in the Consolidated Statements of Operations when they are earned.

The Company adopted a 401(k) Restoration Plan (the "Restoration Plan"), which permits employees who earn compensation in excess of the limits imposed by Section 401(a)(17) of the Code to (i) defer a portion of base salary and bonus compensation, (ii) be credited with a Company matching contribution in respect of deferrals under the Restoration Plan, and (iii) be credited with Company non-elective contributions (to the extent so made by the Company), in each case, to the extent that participants otherwise would be able to defer or be credited with such amounts, as applicable, under the Profit Sharing 401(k) Plan if not for the limits on contributions and deferrals imposed by the Code.

The Company adopted an Income Deferral Plan, which permits certain management or highly compensated employees who are designated by the plan administrator to participate in the Income Deferral Plan to elect to defer up to 50% of base salary and up to 100% of bonus compensation, in each case, in addition to any amounts that may be deferred by such participants under the Profit Sharing 401(k) Plan and the Restoration Plan. In addition, under the Income Deferral Plan, eligible participants may be granted employee deferral awards, which awards will be subject to the terms and conditions (including vesting) as determined by the plan administrator at the time such awards are granted.

Total employer contributions to defined contribution plans were approximately $85.2 million, $95.9 million for the years ended 31 December 2018 and 2017, respectively.

Other benefit arrangements

The Company participated in a multi-employer pension plan under previous collective bargaining agreements. The PACE Industry Union-Management Pension Fund (the "Plan") provides defined benefits to certain retirees and certain production and maintenance employees at the Company's manufacturing plant in Morgantown, West Virginia who were covered by the previous collective bargaining agreements. Pursuant to a collective bargaining agreement entered into on 16 April 2012, the Company withdrew from the Plan effective 10 May 2012. In 2013, the Plan trustee notified the Company that its withdrawal liability was approximately $27.3 million, which was accrued by the Company in 2013. The withdrawal liability is being paid over a period of approximately nine years; payments began in March 2014. The withdrawal liability was approximately $15.1 million and $18.1 million at 31 December 2018 and 2017, respectively. The Employee Identification Number for the Plan is 11-6166763.

19 Income statement components

Selected income statement components consist of the following:

Litigation settlements and other contingencies, net

The following table includes the losses/(gains) recognized in litigation settlements and other contingencies, net during the year ended 31 December 2018:

(In millions of USD)	Note	Loss/(gain)
Respiratory delivery platform contingent consideration adjustment	12	$ (44.0)
Jai Pharma Limited and other contingent consideration adjustments	12	2.5
Litigation settlements [1]	24	(8.0)
Total litigation settlements and other contingencies, net		$ (49.5)

[1] For additional information, see Note 24 *Litigation* in the Notes to the Consolidated Financial Statements (chapter 9.1 of this board report).

Other expense, net

Other expense, net includes the following expenses (income) during the years ended 31 December 2018 and 2017, respectively:

(In millions of USD)	Note	2018	2017
Other expenses:			
Losses from equity affiliates, primarily clean energy investments	10	78.7	100.2
Financing related expenses	14	6.0	3.2
Interest rate swap	11	12.6	10.0
Other expense		19.2	—
Total other expenses		$ 116.5	$ 113.4
Other income:			
Foreign currency exchange gains, net		(20.0)	(48.1)
Clean energy investment adjustment, net gain		—	(42.2)
Interest income		(5.0)	(6.2)
Other income		(14.0)	(7.4)
Total other income		$ (39.0)	$ (103.9)
Other expense, net		$ 77.5	$ 9.5

20 Expenses by nature

The table below describes the nature of costs included in cost of sales, SG&A and R&D for the years ended 31 December 2018 and 2017.

(In millions of USD)	2018	2017
Cost of sales (excluding the line items listed below)	$ 4,403.6	$ 4,424.2
Payroll and related	2,073.6	2,189.1
Amortization including impairment of intangible assets	1,830.4	1,518.2
Depreciation	279.5	287.6
Restructuring	240.2	188.0
Purchase accounting inventory fair value adjustments	—	0.9
Joint operations R&D expense	118.2	117.7
Share-based compensation	0.2	75.7
Operating lease expense	78.9	83.8
Defined benefits and other post-retirement benefits expense	38.1	27.9
Other	1,536.5	1,578.6
Total cost of sales, SG&A and R&D expenses	$ 10,599.2	$ 10,491.7

Included as a component of cost of sales is expense related to the net realizable value of inventories of $300.5 million and $229.3 million for the years ended 31 December 2018 and 2017, respectively.

21 Earnings per share

Basic earnings per ordinary share is computed by dividing net earnings attributable to Mylan N.V. ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per ordinary share is computed by dividing net earnings attributable to Mylan N.V. ordinary shareholders by the weighted average number of ordinary shares outstanding during the period increased by the number of additional shares that would have been outstanding related to potentially dilutive securities or instruments, if the impact is dilutive.

Basic and diluted earnings per ordinary share attributable to Mylan N.V. are calculated as follows:

(In millions, except per share amounts)	Year Ended 31 December 2018	2017
Basic earnings attributable to Mylan N.V. ordinary shareholders (numerator):		
Net earnings attributable to Mylan N.V. ordinary shareholders	$ 306.8	$ 662.6
Shares (denominator):		
Weighted average ordinary shares outstanding:	514.5	534.5
Basic earnings per ordinary share attributable to Mylan N.V. ordinary shareholders	$ 0.60	$ 1.24
Diluted net earnings attributable to Mylan N.V. ordinary shareholders (numerator):		
Net earnings attributable to Mylan N.V. ordinary shareholders	$ 306.8	$ 662.6
Shares (denominator):		
Weighted average ordinary shares outstanding:	514.5	534.5
Share-based awards and warrants	2.0	2.3
Total diluted shares outstanding	516.5	536.8
Diluted earnings per ordinary share attributable to Mylan N.V. ordinary shareholders	$ 0.59	$ 1.23

Additional stock options or restricted stock awards were outstanding during the years ended 31 December 2018 and 2017 but were not included in the computation of diluted earnings per share for each respective period, because the effect would be anti-dilutive. Such anti-dilutive stock options or restricted stock awards represented 4.9 million and 4.0 million for the years ended 31 December 2018 and 2017, respectively.

22 Equity

Treasury stock

The Board of Directors periodically authorizes the Company to repurchase ordinary shares in the open market or through other methods. Under a repurchase program announced 16 November 2015 the Company was authorized to repurchase up to $1 billion of the Company's ordinary shares (the "Share Repurchase Program"), but was not obligated to acquire any particular amount of ordinary shares. During 2017 the Company repurchased 12.4 million ordinary shares at a cost of approximately $500.2 million as part of the Share Repurchase Program. In 2018, the Company repurchased an additional 9.8 million ordinary shares at a cost of approximately $432.0 million which completed the $1 billion Share Repurchase Program.

23 Segment information

Mylan reports segment information on a geographic basis. This approach reflects the company's focus on bringing its broad and diversified portfolio of generic, branded generic, brand-name and over-the-counter products to people in markets everywhere. Our *North America* segment comprises our operations in the U.S. and Canada. Our *Europe* segment comprises our operations in more than 35 countries, including France, Italy, Germany, the U.K. and Spain. Our *Rest of World* segment reflects our operations in more than 120 countries, including Japan, Australia, China, Brazil, Russia, India, South Africa and certain markets in the Middle East and Southeast Asia.

The Company's chief operating decision maker is the Chief Executive Officer, who evaluates the performance of its segments based on total revenues and segment profitability. Segment profitability represents segment gross profit less direct R&D and direct SG&A. Certain general and administrative and R&D expenses not allocated to the segments, including certain special items, net charges for litigation settlements and other contingencies, amortization of intangible assets, impairment charges and other expenses not directly attributable to the segments are reported separately or outside of segment profitability. Items below the earnings from operations line on the Company's Condensed Consolidated Statements of Operations are not presented by segment, since they are excluded from the measure of segment profitability. The Company has revised segment profitability for Rest of World to conform with the current presentation by reclassifying approximately $78.2 million of net gains to litigation settlements and other contingencies, net for the year ended 31 December 2017. The Company does not report depreciation expense, total assets and capital expenditures by segment, as such information is not used by the chief operating decision maker.

The accounting policies of the segments are the same as those described in Note 2 *Summary of Significant Accounting Policies*. Intersegment revenues are accounted for at current market values and are eliminated at the consolidated level.

Presented in the table below is segment information for the periods identified and a reconciliation of segment information to total consolidated information.

(In millions of USD)	North America	Europe	Rest of World	Corporate / Other	Consolidated
Year Ended 31 December 2018					
Net sales	$ 4,095.6	$ 4,157.3	$ 3,015.8	$ —	$ 11,268.7
Other revenue	112.4	27.1	25.7	—	165.2
Intersegment revenue	85.2	107.8	343.9	(536.9)	—
Total	$ 4,293.2	$ 4,292.2	$ 3,385.4	$ (536.9)	$ 11,433.9
Segment profitability	$ 1,836.4	$ 1,078.4	$ 687.1	$ —	$ 3,601.9
Intangible asset amortization expense					(1,606.4)
Intangible asset impairment charges					(224.0)
Globally managed research and development costs					(250.3)
Corporate costs and special items					(686.5)
Litigation settlements & other contingencies					49.5
Earnings from operations					$ 884.2
Year Ended 31 December 2017					
Net sales	$ 4,969.6	$ 3,958.3	$ 2,832.1	$ —	$ 11,760.0
Other revenue	86.5	36.5	24.7	—	147.7
Intersegment revenue	74.6	112.4	379.2	(566.2)	—
Total	$ 5,130.7	$ 4,107.2	$ 3,236.0	$ (566.2)	$ 11,907.7
Segment profitability	$ 2,495.3	$ 1,079.2	$ 571.1	$ —	$ 4,145.6
Intangible asset amortization expense					(1,437.4)
Intangible asset impairment charges					(80.8)
Globally managed research and development costs					(356.4)
Corporate costs and special items					(855.0)
Litigation settlements & other contingencies					13.1
Earnings from operations					$ 1,429.1

The following table presents the Company's net sales by therapeutic franchise for each of our reportable segments for the years ended 31 December 2018 and 2017:

(In millions)	North America	Europe	Rest of World	Total
Year Ended 31 December 2018				
Central Nervous System & Anesthesia	$ 718.5	$ 877.5	$ 340.7	$ 1,936.7
Infectious Disease	260.8	441.8	826.4	1,529.0
Respiratory & Allergy	643.2	399.9	208.9	1,252.0
Cardiovascular	342.4	567.9	170.6	1,080.9
Gastroenterology	136.4	614.0	364.7	1,115.1
Diabetes & Metabolism	416.5	252.3	121.3	790.1
Dermatology	352.2	330.6	95.8	778.6
Women's Health	350.7	253.2	104.4	708.3
Oncology	543.4	78.4	137.1	758.9
Immunology	49.5	18.7	38.6	106.8
Other [1]	282.0	323.0	607.3	1,212.3
Total	$ 4,095.6	$ 4,157.3	$ 3,015.8	$ 11,268.7
Year Ended 31 December 2017				
Central Nervous System & Anesthesia	$ 1,057.1	$ 862.7	$ 317.0	$ 2,236.8
Infectious Disease	200.0	343.2	921.7	1,464.9
Respiratory & Allergy	709.8	446.3	206.2	1,362.3
Cardiovascular	454.5	579.8	170.3	1,204.6
Gastroenterology	183.5	581.0	357.9	1,122.4
Diabetes & Metabolism	577.7	266.2	103.6	947.5
Dermatology	529.4	295.3	106.0	930.7
Women's Health	331.2	282.7	94.4	708.3
Oncology	487.4	71.2	148.6	707.2
Immunology	83.5	10.3	37.6	131.4
Other [1]	355.5	219.6	368.8	943.9
Total	$ 4,969.6	$ 3,958.3	$ 2,832.1	$ 11,760.0

[1] Other consists of numerous therapeutic franchises, none of which individually exceeds 5% of consolidated net sales.

The following table represents the percentage of consolidated net sales to Mylan's major customers during the years ended 31 December 2018 and 2017.

	Percentage of Consolidated Net Sales	
	2018	2017
McKesson Corporation	12%	13%
AmerisourceBergen Corporation	8%	8%
Cardinal Health, Inc.	8%	10%

Sales by Country Information

Net sales by country are presented on the basis of geographic location of our subsidiaries:

(In millions of USD)	2018	2017
United States	$ 3,865.2	$ 4,683.7
India	1,164.8	1,082.6
The Netherlands [1]	132.2	117.5
Other countries [2]	6,106.5	5,876.2
	$ 11,268.7	$ 11,760.0

(1) Mylan N.V. has its corporate seat in the Netherlands.
(2) No other country's net sales represents more than 10% of consolidated net sales for the years ended 31 December 2018 and 2017, respectively.

24 Litigation

(In millions of USD)	Litigation Accrual
Provision balance as at 31 December 2016	$ 650.1
Additions	63.0
Payments	(532.5)
Provision balance as at 31 December 2017	$ 180.6
Additions	2.5
Payments	(128.8)
Provision balance as at 31 December 2018	$ 54.3

The Company is involved in various disputes, governmental and/or regulatory inquiries, investigations and proceedings, tax proceedings and litigation matters, both in the U.S. and abroad, that arise from time to time, some of which could result in losses, including damages, fines and/or civil penalties, and/or criminal charges against the Company. These matters are often complex and have outcomes that are difficult to predict. The Company is also party to certain proceedings and litigation matters for which it may be entitled to indemnification under the respective sale and purchase agreements relating to the acquisitions of the former Merck Generics business, Agila, Abbott Laboratories' ("Abbott") non-U.S. developed markets specialty and branded generics business, and certain other acquisitions.

While the Company believes that it has meritorious defenses with respect to the claims asserted against it and intends to vigorously defend its position, the process of resolving these matters is inherently uncertain and may develop over a long period of time, and so it is not possible to predict the ultimate resolution of any such matter. It is possible that an unfavorable resolution of any of the ongoing matters or the inability or denial of Merck KGaA, Strides Arcolab, Abbott, or another indemnitor or insurer to pay an indemnified claim, could have a material effect on the Company's business, financial condition, results of operations, cash flows and/or ordinary share price.

Some of these governmental inquiries, investigations, proceedings and litigation matters with which the Company is involved are described below, and unless otherwise disclosed, the Company is unable to predict the outcome of the matter or to provide an estimate of the range of reasonably possible material losses. The Company records accruals for loss contingencies to the extent we conclude it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company is also involved in other pending proceedings for which, in the opinion of the Company based upon facts and circumstances known at the time, either the likelihood of loss is remote or any reasonably possible loss associated with the resolution of such proceedings is not expected to be material to the Company's business, financial position, results of operations, cash flows and/or ordinary share price. If and when any reasonably possible losses associated with the resolution of such other pending proceedings, in the opinion of the Company, become material, the Company will disclose such matters.

Legal costs are recorded as incurred and are classified in SG&A in the Company's Consolidated Income Statements.

Lorazepam and Clorazepate

On 01 June 2005, a jury verdict was rendered against Mylan, MPI, and co-defendants Cambrex Corporation and Gyma Laboratories in the U.S. District Court for the District of Columbia in the amount of approximately $12.0 million in an antitrust case brought by four health insurers who opted out of earlier class action settlements agreed to by the Company in 2001. The Court entered final judgment on 30 August 2017 in the amount of approximately $67.0 million (not including post-judgment interest and fees and costs). Mylan filed a notice of appeal on 15 September 2017 with the United States Court of Appeals for the District of Columbia Circuit. This matter has been resolved by way of settlement and the case is closed. The Company paid approximately $34.5 million during 2018 related to this matter.

The Company maintained a surety bond underwritten by a third-party insurance company in the amount of $66.6 million which has been released.

Pricing and Medicaid Litigation

Dey L.P. (now known as Mylan Specialty L.P. and herein as "Mylan Specialty"), a wholly owned subsidiary of the Company, was named in 1997 as a defendant in a case brought by the U.S. as well as in later filed class actions brought by consumers and third-party payors. All of the cases and claims brought against Mylan Specialty have been fully resolved and dismissed.

Under the terms of the purchase agreement with Merck KGaA, Mylan is fully indemnified for the claims in the preceding paragraph and Merck KGaA is entitled to any income tax benefit the Company realizes for any deductions of amounts paid for such pricing litigation. The Company paid approximately $65.7 million in 2018. No further amounts are owed by the Company.

Modafinil Antitrust Litigation

Beginning in April 2006, Mylan and four other drug manufacturers were named as defendants in civil lawsuits filed in or transferred to the U.S. District Court for the Eastern District of Pennsylvania ("EDPA") by a variety of plaintiffs purportedly representing direct and indirect purchasers of the drug modafinil and in a lawsuit filed by Apotex, Inc., a manufacturer of generic drugs. These actions alleged violations of federal antitrust and state laws in connection with the generic defendants' settlement of patent litigation with Cephalon relating to modafinil. Mylan has entered into a settlement agreement with the putative indirect purchasers for approximately $14.4 million, which is subject to court approval. Mylan has settled with the putative direct purchaser class and the retailer opt-out plaintiffs for $165 million, a portion of which was paid by the Company prior to 2018, and a final amount of approximately $89.2 million was paid in April 2018. Mylan and Apotex have also settled Apotex's claims.

On 10 July 2015, the Louisiana Attorney General filed a lawsuit in the 19th Judicial District Court in Louisiana against Mylan and three other drug manufacturers asserting state law claims based on the same underlying allegations as those made in the litigation then pending in the EDPA. On 08 December 2016, the District Court dismissed the lawsuit with prejudice, which the State of Louisiana appealed. The appeals court subsequently remanded the lawsuit to the District Court to include certain language in order to make the District Court's dismissal decision final and appealable.

On 28 July 2016, United Healthcare filed a complaint against Mylan Inc. and four other drug manufacturers in the United States District Court for the District of Minnesota, asserting state law claims based on the same underlying allegations as those made in the litigation then pending in the EDPA. On 06 January 2017, the case was transferred to the EDPA and is still pending. MPI has since been included as an additional party. The trial date previously scheduled for July 2019 has been canceled.

The Company believes that it has strong defenses to these remaining cases. Although it is reasonably possible that the Company may incur additional losses from these matters, any amount cannot be reasonably estimated at this time.

The Company has a total accrual of approximately $14.4 million related to this matter at 31 December 2018, which is included in other current liabilities in the Consolidated Balance Sheets.

Pioglitazone

Beginning in December 2013, Mylan, Takeda, and several other drug manufacturers have been named as defendants in civil lawsuits consolidated in the U.S. District Court for the Southern District of New York by plaintiffs which purport to represent direct and indirect purchasers of branded or generic Actos® and Actoplus Met®. These actions allege violations of state and federal competition laws in connection with the defendants' settlements of patent litigation in 2010 related to Actos® and Actoplus Met®. Mylan's motion to dismiss the indirect purchasers' complaint was granted and no appeal was filed as to Mylan. Following the appellate decision relating to other defendants, the direct purchasers filed an amended complaint against Mylan and the other manufacturers. Mylan's motion to dismiss the amended complaint is pending.

SEC Investigation

On 10 September 2015, Mylan N.V. received a subpoena from the SEC's Division of Enforcement seeking documents with regard to certain related party matters. Mylan subsequently received additional requests for information. The SEC's Division of Enforcement informed the Company in February 2019 that it had completed its investigation with no recommended further action.

Trade Agreements Act ("TAA")

On 09 April 2018, a subsidiary of Mylan N.V. received a civil investigative demand from the Commercial Litigation Branch of the U.S. Department of Justice ("DOJ") concerning its TAA compliance for certain products. The company fully cooperated with DOJ. On 14 September 2018, the United States District Court for the Southern District of Ohio unsealed a qui tam lawsuit filed against the Mylan N.V. subsidiary concerning its TAA compliance for the same products identified in DOJ's civil investigative demand. DOJ has declined to intervene in the lawsuit and has closed its investigation. The lawsuit has been stayed and we believe that its claims are without merit and intend to defend against them vigorously.

EpiPen® Auto-Injector and Certain Congressional Matters

Classification of EpiPen® Auto-Injector and EpiPen Jr® Auto-Injector

In November 2014, the Company received a subpoena from the DOJ related to the classification of the EpiPen® Auto-Injector for purposes of the Medicaid Drug Rebate Program ("MDRP"). On 17 August 2017, two of Mylan's subsidiaries - Mylan Inc. and Mylan Specialty - signed an agreement for a $465 million settlement, plus interest, with the DOJ, state government agencies and two relators (the "MDRP Settlement"). The settlement with the DOJ, two relators and all 50 states plus the District of Columbia has been completed and both the federal and state matters have been dismissed through stipulations of dismissal. In connection with the settlement, Mylan Inc. and Mylan Specialty entered into a Corporate Integrity Agreement (the "CIA") with the Office of Inspector General of the Department of Health and Human Services. The CIA has a five-year term and requires, among other things, that an independent review organization annually review various matters relating to the MDRP. Neither the settlement agreement nor the CIA contains an admission or finding of wrongdoing. In connection with the settlement, Mylan Specialty has reclassified EpiPen® Auto-Injector as an innovator product for purposes of the MDRP effective 01 April 2017. The Company recorded an accrual for the full settlement amount during the year ended 31 December 2016 and recorded an additional accrual for interest related to the settlement amount prior to the payment made in 2017.

Department of Veterans Affairs Request for Information

On 30 June 2017, the Company responded to a request for information from the Department of Veterans Affairs ("VA") (acting on behalf of itself and other government agencies) requesting certain historical pricing data related to the EpiPen® Auto-Injector. The Company and the VA are engaged in a continuing dialogue regarding the classification of the EpiPen® Auto-Injector as a covered drug under Section 603 of the Veterans Health Care Act of 1992, Public Law 102-585. The EpiPen® Auto-Injector has been classified as a non covered drug with the VA based upon long standing written guidance from the federal government. The Company is fully cooperating with the VA.

SEC Request for Information/Subpoenas

On 07 October 2016, Mylan received a document request from the SEC's Division of Enforcement seeking communications with the Centers for Medicare and Medicaid Services and documents concerning Mylan products sold and related to the MDRP, and any related complaints. On 15 November 2016, Mylan received a follow-up letter, modifying the initial document request, seeking information on and public disclosures regarding the MDRP Settlement and the classification of the EpiPen® Auto-Injector under the MDRP. Mylan has received subpoenas and additional requests for information in this matter and will continue to fully cooperate with the SEC.

On 25 April 2017, Mylan received a comment letter from the staff of the SEC's Division of Corporation Finance ("Corporation Finance") with respect to Mylan's Annual Report on Form 10-K for the year ended 31 December 2016, requesting information regarding Mylan's accounting treatment of the MDRP Settlement, including with respect to the determinations that the settlement amount should be recorded as a charge against earnings in the third quarter of 2016 rather than against any earlier periods, and that the settlement amount should be classified as an expense rather than a reduction of revenue. The Company responded to the comment letter in May 2017 and we will continue to respond to any additional correspondence from Corporation Finance. We believe that our accounting treatment for the aforementioned settlement is appropriate and consistent with all applicable accounting standards.

FTC Request for Information

On 18 November 2016, Mylan received a request from the U.S. Federal Trade Commission ("FTC") Bureau of Competition seeking documents and information relating to its preliminary investigation into potential anticompetitive practices relating to epinephrine auto-injectors. Mylan is fully cooperating with the FTC.

Federal Securities Litigation

Purported class action complaints were filed in October 2016 against Mylan N.V., Mylan Inc. and certain of their current and former directors and officers (collectively, for purposes of this paragraph, the "defendants") in the United States District Court for the Southern District of New York ("SDNY") on behalf of certain purchasers of securities of Mylan N.V. and/or Mylan Inc. on the NASDAQ. The complaints alleged that defendants made false or misleading statements and omissions of purportedly material fact, in violation of federal securities laws, in connection with disclosures relating to Mylan N.V. and Mylan Inc.'s classification of their EpiPen® Auto-Injector as a non-innovator drug for purposes of the MDRP. The complaints sought damages, as well as the plaintiffs' fees and costs. On 20 March 2017, after the actions were consolidated, a consolidated amended complaint was filed, alleging substantially similar claims and seeking substantially similar relief, but adding allegations that defendants made false or misleading statements and omissions of purportedly material fact in connection with allegedly anticompetitive conduct with respect to EpiPen® Auto-Injector and certain generic drugs, and alleging violations of both federal securities laws (on behalf of a purported class of certain purchasers of securities of Mylan N.V. and/or Mylan Inc. on the NASDAQ) and Israeli securities laws (on behalf of a purported class of certain purchasers of securities of Mylan N.V. on the Tel Aviv Stock Exchange). On 28 March 2018, defendants' motion to dismiss the consolidated amended complaint was granted in part (including the dismissal of claims arising under Israeli securities laws) and denied in part. On 06 July 2018, the Plaintiffs filed a second amended complaint, including certain current and former directors and officers and additional allegations in connection with purportedly anticompetitive conduct with respect to EpiPen® Auto-Injector and certain generic drugs. On 06 August 2018, defendants filed a motion to dismiss the second amended complaint, which was granted in part and denied in part on 29 March 2019. On 26 February 2019, MYL Litigation Recovery I LLC (an assignee of entities that purportedly purchased stock of Mylan N.V.) filed an additional complaint against Mylan N.V., Mylan Inc., and certain of their current and former directors and officers in the SDNY asserting allegations pertaining to EpiPen® Auto-Injector under the federal securities laws that overlap in part with those asserted in the second amended complaint identified above. The Complaint seeks damages as well as the plaintiff's costs. We believe that the claims in these lawsuits are without merit and intend to defend against them vigorously.

Israeli Securities Litigation

On 13 October 2016, a purported shareholder of Mylan N.V. filed a lawsuit, together with a motion to certify the lawsuit as a class action on behalf of certain Mylan N.V. shareholders on the Tel Aviv Stock Exchange, against Mylan N.V. and four of its directors and officers (collectively, for purposes of this paragraph, the "defendants") in the Tel Aviv District Court (Economic Division) (the "Friedman Action"). The plaintiff alleges that the defendants made false or misleading statements and omissions of purportedly material fact in Mylan N.V.'s reports to the Tel Aviv Stock Exchange regarding Mylan N.V.'s classification of its EpiPen® Auto-Injector for purposes of the MDRP, in violation of both U.S. and Israeli securities laws, the Israeli Companies Law and the Israeli Torts Ordinance. The plaintiff seeks damages, among other remedies. On 30 April 2017, another purported shareholder of Mylan N.V. filed a separate lawsuit, together with a motion to certify the lawsuit as a class action on behalf of certain Mylan N.V. shareholders on the Tel Aviv Stock Exchange, in the Tel Aviv District Court (Economic Division), alleging substantially similar claims and seeking substantially similar relief against the defendants and other directors and officers of Mylan N.V., but alleging also that this group of defendants made false or misleading statements and omissions of purportedly material fact in connection with allegedly anticompetitive conduct with respect to EpiPen® Auto-Injector and certain generic drugs, and alleging violations of both U.S. federal securities laws and Israeli law (the "IEC Fund Action"). On 10 April 2018, the Tel Aviv District Court granted the motion filed by plaintiffs in both the Friedman Action and the IEC Fund Action, voluntarily dismissing the Friedman Action and staying the IEC Fund Action until a judgment is issued in the purported class action securities litigation pending in the U.S. We believe that the claims in these lawsuits are without merit and intend to defend against them vigorously.

EpiPen® Auto-Injector Civil Litigation

Mylan Specialty and other Mylan-affiliated entities have been named as defendants in putative class actions relating to the pricing and/or marketing of the EpiPen® Auto-Injector. The plaintiffs in these cases assert violations of various federal and state antitrust and consumer protection laws, the Racketeer Influenced and Corrupt Organizations Act, as well as common law claims. Plaintiffs' claims include purported challenges to the prices charged for the EpiPen® Auto-Injector and/or the marketing of the product in packages containing two auto-injectors, as well as allegedly anti-competitive conduct. A Mylan officer and other non-Mylan affiliated companies were also named as defendants in some of the class actions. These lawsuits were filed in the various federal and state courts and have either been dismissed or transferred into a multidistrict litigation ("MDL") in the U.S. District Court for the District of Kansas and have been consolidated. Mylan filed a motion to dismiss the consolidated amended complaint, which was granted in part and denied in part. On 07 December 2018, the Plaintiffs filed a motion for class certification. This motion remains pending. A trial date has been scheduled for November 2020. We believe that the remaining claims in these lawsuits are without merit and intend to defend against them vigorously.

On 24 April 2017, Sanofi-Aventis U.S., LLC ("Sanofi") filed a lawsuit against Mylan Inc. and Mylan Specialty in the U.S. District Court for the District of New Jersey. This lawsuit has been transferred into the aforementioned MDL. In this lawsuit, Sanofi alleges exclusive dealings and anti-competitive marketing practices in violation of the antitrust laws in connection with the sale and marketing of the EpiPen® Auto-Injector. On 01 November 2018, Sanofi filed a Motion for a Suggestion of Remand of the case to the U.S. District Court for the District of New Jersey. On 23 January 2019, the Court denied Sanofi's motion without prejudice. We believe that Sanofi's claims in this lawsuit are without merit and intend to defend against them vigorously.

EpiPen® Auto-Injector State AG Investigations

The Company and certain of its affiliated entities received subpoenas and informal requests from various state attorneys general seeking information and documents relating to the pricing and/or marketing of the EpiPen® Auto-Injector. The Company has cooperated and is fully cooperating with the various state attorneys general.

U.S. Congress/State Requests for Information and Documents

Mylan received several requests for information and documents from various Committees of the U.S. Congress and federal and state lawmakers concerning the marketing, distribution and sales of Mylan products. Mylan cooperated with federal and state lawmakers as appropriate in response to their requests.

The Company has a total accrual of approximately $10.0 million related to this matter at 31 December 2018, which is included in other current liabilities in the Consolidated Balance Sheets. During the year ended 31 December 2017, the Company made payments of approximately $472.7 million related to this matter. The Company believes that it has strong defenses to current and future potential civil litigation, as well as governmental investigations and enforcement proceedings, discussed in this

"EpiPen® Auto-Injector and Certain Congressional Matters" section of this Note 24 *Litigation*. Although it is reasonably possible that the Company may incur additional losses from these matters, any amount cannot be reasonably estimated at this time. In addition, the Company expects to incur additional legal and other professional service expenses associated with such matters in future periods and will recognize these expenses as services are received. The Company believes that the ultimate amount paid for these services and claims could have a material effect on the Company's business, financial condition, results of operations, cash flows and/or ordinary share price in future periods.

Opioids

On 27 July 2017, Mylan N.V. received a subpoena from the DOJ seeking information relating to opioids manufactured, marketed or sold by Mylan during the period from 01 January 2013 to 31 December 2016. On 29 August 2017, Mylan N.V. received a civil investigative demand from the Attorney General of the State of Missouri seeking information relating to opioids manufactured, marketed or sold by Mylan during the period from 01 January 2010 to the present and related subject matter. Mylan is fully cooperating with these subpoena requests.

Mylan has been named in the U.S. and Canada, along with numerous other manufacturers, distributors, pharmacies, pharmacy benefit managers, and/or individual healthcare professionals, in civil lawsuits, including numerous cases in the MDL pending in the United States District Court for the Northern District of Ohio, brought by plaintiffs, including local governmental entities, generally asserting statutory and/or common law claims arising from the manufacture, distribution, marketing, promotion, and sale of purported prescription opioids. The lawsuits seek damages, including punitive and/or exemplary damages, injunctive relief, attorneys' fees and costs, and other relief. Mylan believes that the claims in these lawsuits are without merit and intends to defend against them vigorously.

Drug Pricing Matters

Department of Justice Subpoena

On 03 December 2015, a subsidiary of Mylan N.V. received a subpoena from the Antitrust Division of the DOJ seeking information relating to the marketing, pricing, and sale of our generic Doxycycline products and any communications with competitors about such products.

On 08 September 2016, a subsidiary of Mylan N.V., as well as certain employees and a member of senior management, received subpoenas from the DOJ seeking additional information relating to the marketing, pricing and sale of our generic Cidofovir, Glipizide-metformin, Propranolol and Verapamil products and any communications with competitors about such products. Related search warrants also were executed.

On 10 May 2018, a subsidiary of Mylan N.V. received a civil investigative demand from the Civil Division of the DOJ seeking information relating to the pricing and sale of its generic drug products.

The Company is fully cooperating with the DOJ.

Civil Litigation

Beginning in 2016, the Company, along with other manufacturers, has been named as a defendant in lawsuits generally alleging anticompetitive conduct with respect to generic drugs. The lawsuits have been filed by putative classes of direct purchasers, indirect purchasers, and indirect resellers, as well as individual direct and indirect purchasers. They allege harm under federal and state antitrust laws, state consumer protection laws and unjust enrichment claims. Some of the lawsuits also name Mylan's President as a defendant and include allegations against him with respect to doxycycline hyclate delayed release. The lawsuits have been consolidated in an MDL proceeding in the EDPA. Defendants filed motions to dismiss certain complaints that each allege anticompetitive conduct with respect to single drug products. On 16 October 2018, the Court denied the motions with respect to the federal law claims. On 15 February 2019, the Court granted in part and denied in part the motions with respect to the state law claims. On 21 February 2019, Defendants filed a motion to dismiss certain complaints that allege anticompetitive conduct with respect to multiple drug products, which remains pending. The Company believes that the claims in these lawsuits are without merit and intends to defend against them vigorously.

Attorneys General Litigation

On 21 December 2015, the Company received a subpoena and interrogatories from the Connecticut Office of the Attorney General seeking information relating to the marketing, pricing and sale of certain of the Company's generic products (including generic doxycycline) and communications with competitors about such products. On 14 December 2016, attorneys general of twenty states filed a complaint in the United States District Court for the District of Connecticut against several generic pharmaceutical drug manufacturers, including Mylan, alleging anticompetitive conduct with respect to, among other things, doxycycline hyclate delayed release. The complaint was subsequently amended to add certain attorneys general alleging violations of federal and state antitrust laws, as well as violations of various states' consumer protection laws. This lawsuit has been transferred to the aforementioned MDL proceeding in the EDPA. On 31 October 2017, attorneys general of forty-five states, the District of Columbia and the Commonwealth of Puerto Rico filed a motion for leave to file a consolidated amended complaint ("proposed amended complaint") against various drug manufacturers, including Mylan. The proposed amended complaint was permitted and was filed on 18 June 2018 and included two additional states. Mylan is alleged to have engaged in anticompetitive conduct with respect to doxycycline hyclate delayed release, doxycycline monohydrate, glipizide-metformin, and verapamil. The amended complaint also includes claims asserted by attorneys general of thirty-seven states and the Commonwealth of Puerto Rico against certain individuals, including Mylan's President, with respect to doxycycline hyclate delayed release. The allegations in the amended complaint are similar to those in the previously filed complaints. On 21 February 2019, Defendants filed motions to dismiss the amended complaint's allegations of anticompetitive conduct with respect to multiple drug products and the ability of the state attorneys general to seek certain forms of relief under federal antitrust law, which remains pending. We believe that the claims in this lawsuit are without merit and intend to defend against them vigorously.

In May 2019, attorneys general from certain states notified Mylan that the states intend to file a new complaint alleging anticompetitive conduct with respect to additional generic drugs.

Valsartan

Mylan N.V., and three of its subsidiaries (Mylan Inc., Mylan Laboratories Ltd. and Mylan Pharmaceuticals Inc.), along with numerous other manufacturers, retailers and others, have been named as defendants in lawsuits in the United States and other countries stemming from recalls of valsartan-containing medications. The United States litigation, which will take place in an MDL in the District of New Jersey, includes class action allegations seeking the refund of the purchase price and other economic damages allegedly sustained by consumers who purchased valsartan-containing products as well as claims for personal injuries allegedly caused by ingestion of the medication. Moreover, Mylan has received requests to indemnify purchasers of Mylan's active pharmaceutical ingredient and/or finished dose forms of the product. We believe that the claims in these lawsuits are without merit and intend to defend against them vigorously.

European Commission Proceedings

Perindopril

On 09 July 2014, the European Commission (the "Commission") issued a decision finding that Mylan Laboratories Limited and Mylan, as well as several other companies, had violated European Union ("EU") competition rules relating to the product Perindopril and fined Mylan Laboratories Limited approximately €17.2 million, including approximately €8.0 million jointly and severally with Mylan Inc. The Company paid approximately $21.7 million related to this matter during the fourth quarter of 2014. In September 2014, the Company filed an appeal of the Commission's decision to the General Court of the EU. A hearing on the appeal before the General Court of the EU was held in June 2017 and the Commission's decision was affirmed. Mylan has appealed the decision to the European Court of Justice ("CJEU").

Citalopram

On 19 June 2013, the Commission issued a decision finding that Generics [U.K.] Limited,("GUK") as well as several other companies, had violated EU competition rules relating to the product Citalopram and fined GUK approximately €7.8 million, jointly and severally with Merck KGaA. GUK appealed the Commission's decision to the General Court of the EU. The case is currently on appeal to the CJEU. The U.K. applied and was granted permission to intervene in this proceeding. The Company has accrued approximately €7.4 million as at 31 December 2018 and 2017, respectively related to this matter. GUK has received notices from European national health services and health insurers stating an intention to commence follow-on litigation and asserting damages. GUK has also sought indemnification from Merck KGaA with respect to the €7.8 million portion of the fine for which Merck KGaA and GUK were held jointly and severally liable. Merck KGaA has counterclaimed

against GUK seeking the same indemnification. In June 2018, the Frankfurt Regional Court issued a judgment dismissing GUK claims against Merck KGaA and ordered GUK to indemnify Merck KGaA with respect to the amount for which the parties were held jointly and severally liable. GUK has appealed this decision. A hearing took place on 24 January 2019. It is reasonably possible that we will incur additional losses above the amount accrued but we cannot estimate a range of such reasonably possible losses at this time. There are no assurances, however, that settlements reached and/or adverse judgments received, if any, will not exceed amounts accrued.

U.K. Competition and Markets Authority

Paroxetine

On 12 August 2011, GUK received notice that the Office of Fair Trading (subsequently changed to the Competition and Markets Authority (the "CMA")) opened an investigation to explore the possible infringement of the Competition Act 1998 and Articles 101 and 102 of the Treaty on the Functioning of the EU, with respect to alleged agreements related to Paroxetine. The CMA issued a decision on 12 February 2016, finding that, GUK, Merck KGaA and other companies were liable for infringing EU and U.K. competition rules. With respect to Merck KGaA and GUK, the CMA issued a penalty of approximately £5.8 million, for which Merck KGaA is liable for the entire amount; and of that amount GUK is jointly and severally liable for approximately £2.7 million, which has been accrued for as at 31 December 2018. The matter is currently on appeal to the Competition Appeals Tribunal, which on 08 March 2018, referred certain questions of law to the CJEU. The CJEU sought written observations from GUK, which were filed in September 2018.

Nefopam

On 10 October 2017, Mylan N.V. and Meda Pharmaceuticals Limited received notice that the CMA was opening an investigation to explore the possible infringement of the Competition Act 1998 and Article 101 of the Treaty on the Functioning of the EU, with respect to alleged agreements related to Nefopam, a product from Meda's portfolio. On 16 October 2017, the CMA issued a notice under Section 26 of the Competition Act 1998 to Mylan N.V. and Meda Pharmaceuticals Limited to provide specified information and produce specified documents. The CMA has closed its investigation with no action.

Italy Investigation

On 18 April 2018, certain employees of Mylan S.p.A. were served with search warrants issued by the Public Prosecutor's Office in Milan, Italy seeking information concerning interactions with an Italian hospital and sales of certain reimbursable Mylan S.p.A. drugs. The Company is assisting its employees in their cooperation with the investigation.

Product Liability

The Company is involved in a number of product liability lawsuits and claims related to alleged personal injuries arising out of certain products manufactured and/or distributed by the Company. The Company believes that it has meritorious defenses to these lawsuits and claims and intends to defend against them vigorously. From time to time, the Company has agreed to settle or otherwise resolve certain lawsuits and claims on terms and conditions that are in the best interests of the Company. The Company has accrued approximately $10.9 million and $8.4 million at 31 December 2018 and 31 December 2017, respectively. It is reasonably possible that we will incur additional losses and fees above the amount accrued but we cannot estimate a range of such reasonably possible losses or legal fees related to these claims at this time. There are no assurances, however, that settlements reached and/or adverse judgments received, if any, will not exceed amounts accrued.

Intellectual Property

MPI filed with the FDA a Paragraph IV certification stating that approval of MPI's Abbreviated New Drug Application ("ANDA") for glatiramer acetate injection, 20 mg/mL will not infringe any valid claim of patents owned or controlled by Teva Pharmaceuticals USA, Inc., Yeda Research and Development Co., or their affiliates (for purposes of these paragraphs, "Plaintiffs"), listed in the FDA's Orange Book. There are currently no unexpired patents for the product listed in the FDA's Orange Book. On 03 October 2017, MPI received final FDA approval and launched its 20 mg/mL glatiramer acetate product in the U.S.

MPI filed with the FDA a Paragraph IV certification stating that approval of MPI's ANDA for glatiramer acetate injection, 40 mg/mL will not infringe any valid claim of patents owned or controlled by the Plaintiffs listed in the FDA's Orange Book. On 06 October 2014, Plaintiffs filed suit against MPI and Mylan Inc. in the District Court for the District of Delaware alleging

infringement of the Orange Book patents and seeking monetary damages, injunctive relief, attorneys' fees, costs and other relief. On 30 January 2017, the Delaware District Court found, after trial, the asserted claims of the Orange Book patents-in-suit invalid as obvious.

In February and March 2015, MPI and Mylan Inc. filed petitions with the Patent Trial and Appeal Board requesting *inter partes* review of the claims of three asserted patents. On 24 August 2016 and 01 September 2016, respectively, the Patent Trial and Appeal Board issued final written decisions finding all claims of three asserted patents unpatentable as obvious. After Plaintiffs' requests for reconsideration of those decisions, the Patent Trial and Appeal Board issued revised final written decisions addressing issues raised in the requests for reconsideration and again finding all claims of three asserted patents unpatentable as obvious.

Plaintiffs appealed both the District Court decision and the Patent and Trial and Appeal Board decision to the Federal Circuit. On 12 October 2018, the Federal Circuit affirmed both decisions finding the asserted claims of the Orange Book-listed patents invalid. No further appeals were filed, and all deadlines have passed.

On 19 October 2017, Teva Pharmaceutical Industries Ltd. ("Teva") commenced an action with the Irish High Court against Mylan Teoranta alleging that Mylan's glatiramer acetate 40mg/mL product, which is manufactured in Ireland, approved by the FDA and is currently being sold in the U.S., infringes two European patents, EP (IE) 2 949 335 and EP (IE) 3 050 556. Teva subsequently dropped its infringement allegation related to the EP (IE) 3 050 556 patent. The matter has now been resolved and Mylan will continue its production activities with respect to the U.S. 40mg/mL product in Ireland.

On 22 September 2017, Amgen Inc. and Amgen Manufacturing Limited ("Amgen") sued Mylan Inc., Mylan N.V., Mylan GMBH, and MPI in the Western District of Pennsylvania asserting that Mylan's Fulphila® infringes U.S. patent numbers 8,273,707 and 9,643,997. On 04 June 2018, the FDA approved Mylan's Fulphila® (pegfilgrastim-jmdb), a biosimilar to Neulasta® (pegfilgrastim), co-developed with Biocon. In July 2018, Mylan began selling Fulphila®. Amgen is seeking monetary damages, injunctive relief, attorneys' fees, costs and other relief.

On 31 July 2015, BTG International Ltd., Janssen Biotech, Inc., Janssen Oncology, Inc., and Janssen Research & Development, LLC ("Janssen") sued Mylan Inc. and Mylan Pharmaceuticals, Inc., along with numerous other ANDA applicants, in the District of New Jersey asserting that Mylan's and the other ANDA applicants' abiraterone acetate ANDA products infringe U.S. Patent number 8,822,438 ("'438"). On 30 June 2016, Mylan filed an *Inter Partes* Review ("IPR") petition challenging the validity of the '438 patents' claims. On 17 January 2018, the U.S. Patent and Trademark Appeal Board issued Final Written Decisions in the IPR finding all claims of the '438 patent unpatentable as obvious. On 26 October 2018, the district court issued an opinion similarly finding the '438 patents' claims invalid as obvious. On 31 October 2018, the FDA approved Mylan's abiraterone acetate ANDA. Mylan, along with certain other ANDA applicants, began selling their abiraterone acetate ANDA products in November.

Janssen has appealed both the district court and IPR decisions to the Federal Circuit. Both matters have been consolidated and a hearing was held on March 14, 2019. Janssen is seeking monetary damages, injunctive relief, attorneys' fees, costs and other relief, including pre- and post-judgment interest. Janssen is further asserting that the district court erred in not enforcing estoppel provisions against the prevailing ANDA filers in the IPR proceedings.

The Company has used its business judgment in connection with the decision to launch the 40mg/mL glatiramer acetate, Fulphila® and abiraterone acetate products and has also used its business judgment in certain other situations to decide to market and sell products, in each case based on its belief that the applicable patents are invalid and/or that its products do not infringe, notwithstanding the fact that allegations of patent infringement(s) or other potential third party rights have not been finally resolved by the courts. The risk involved in doing so can be substantial because the remedies available to the owner of a patent for infringement may include, a reasonable royalty on sales or damages measured by the profits lost by the patent owner. If there is a finding of willful infringement, damages may be increased up to three times. Moreover, because of the discount pricing typically involved with bioequivalent products, patented branded products generally realize a substantially higher profit margin than generic and biosimilar products. Mylan intends to defend against any such patent infringement claims vigorously. However, an adverse decision could have an adverse effect that is material to our business, financial condition, results of operations, cash flows and/or ordinary share price.

Other Litigation

The Company is involved in various other legal proceedings that are considered normal to its business. The Company has approximately $5.5 million accrued related to these various other legal proceedings at 31 December 2018.

25 Commitments

The following table summarizes the Company's commitments and contractual obligations at 31 December 2018 and the effect that such obligations are expected to have on our liquidity and cash flows in future periods:

(In millions of USD)	Total	Less than One Year	One- Three Years	Three- Five Years	Thereafter
Long-term debt	$ 13,913.0	$ 650.0	$ 4,183.0	$ 1,250.0	$ 7,830.0
Scheduled interest payments [1]	5,237.5	466.0	844.6	689.9	3,237.0
Operating leases [2]	269.6	73.7	94.9	46.8	54.2
Other Commitments [3]	1,565.0	797.5	434.6	115.4	217.5
	$ 20,985.1	$ 1,987.2	$ 5,557.1	$ 2,102.1	$ 11,338.7

(1) Scheduled interest payments represent the estimated interest payments related to our outstanding borrowings under term loans, senior notes and other long-term debt. Variable debt interest payments are estimated using current interest rates.

(2) We lease certain property under various operating lease arrangements that expire generally over the next five to seven years. These leases generally provide us with the option to renew the lease at the end of the lease term.

(3) Other commitments include funding commitments related to the Company's clean energy investments, agreements to purchase third-party manufactured products, open purchase orders, transition tax, estimated post-employment payments and finance leases at 31 December 2018.

Future minimum lease payments under operating lease commitments are as follows for the years ended 31 December:

(In millions of USD)	
2019	$ 73.7
2020	54.7
2021	40.2
2022	28.5
2023	18.3
Thereafter	54.2
	$ 269.6

The Company has also entered into employment and other agreements with certain executives and other employees that provide for compensation, retirement and certain other benefits. These agreements provide for severance payments under certain circumstances. Additionally, the Company has split-dollar life insurance agreements with certain retired executives.

In the normal course of business, Mylan periodically enters into employment, legal settlement and other agreements which incorporate indemnification provisions. While the maximum amount to which Mylan may be exposed under such agreements cannot be reasonably estimated, the Company maintains insurance coverage, which management believes will effectively mitigate the Company's obligations under these indemnification provisions. No amounts have been recorded in the Consolidated Financial Statements with respect to the Company's obligations under such agreements.

26 Restructuring

On 05 December 2016, the Company announced a restructuring program representing initial steps of a series of actions in certain locations that are anticipated to further streamline its operations globally. Since 2015, the Company has made a number of significant acquisitions, and as part of the holistic, global integration of these acquisitions, the Company is focused on how to best optimize and maximize all of its assets across the organization and across all geographies.

Charges for restructuring and ongoing cost reduction initiatives are recorded in the period the Company commits to a restructuring or cost reduction plan, or executes specific actions contemplated by the plan and all criteria for liability recognition have been met.

During the second quarter of 2018, the Company commenced comprehensive restructuring and remediation activities, which are aimed at reducing the complexity at the Morgantown, West Virginia plant and include the discontinuation and transfer to other manufacturing sites of a number of products, a reduction of the workforce and extensive process and facility remediation. The restructuring actions other than for this plant were substantially complete as of 31 December 2018. At this time, the expenses related to the additional restructuring activities at the Morgantown, West Virginia plant cannot be reasonably estimated.

The following table summarizes the restructuring charges and the reserve activity from 31 December 2016 to 31 December 2018:

(In millions of USD)	Employee Related Costs	Other Exit Costs	Total
Balance at 31 December 2016:	$ 138.6	$ 1.6	$ 140.2
Charges	107.4	80.6	188.0
Cash payment	(150.0)	(2.4)	(152.4)
Reclassifications	(8.3)	8.3	—
Utilization	—	(74.4)	(74.4)
Foreign currency translation	5.2	0.4	5.6
Balance at 31 December 2017:	$ 92.9	$ 14.1	$ 107.0
Charges [(1)]	71.6	168.6	240.2
Cash payment	(100.8)	(26.1)	(126.9)
Utilization	—	(144.5)	(144.5)
Foreign currency translation	(2.9)	(0.3)	(3.2)
Balance at 31 December 2018:	$ 60.8	$ 11.8	$ 72.6

(1) For the year ended 31 December 2018, total restructuring charges in North America, Europe, Rest of World and corporate were approximately $129.1 million, $73.4 million, $16.2 million and $21.5 million, respectively. For the year ended 31 December 2017, total restructuring charges in North America, Europe, Rest of World and corporate were approximately $48 million, $70.1 million, $36.5 million and $33.4 million respectively.

At 31 December 2018 and 2017, accrued liabilities for restructuring and other cost reduction programs were primarily included in other current liabilities on the Consolidated Balance Sheets.

27 Joint operations and licensing agreements

We periodically enter into collaboration and licensing agreements with other pharmaceutical companies for the development, manufacture, marketing and/or sale of pharmaceutical products. Our significant collaboration agreements are primarily focused on the development, manufacturing, supply and commercialization of multiple, high-value generic biologic compounds, insulin analog products and respiratory products, among other complex products. Under these agreements, we have future potential milestone payments and co-development expenses payable to third parties as part of our licensing, development and co-development programs. Payments under these agreements generally become due and are payable upon the satisfaction or achievement of certain developmental, regulatory or commercial milestones or as development expenses are incurred on defined projects. Milestone payment obligations are uncertain, including the prediction of timing and the occurrence of events triggering a future obligation and are not reflected as liabilities in the Consolidated Balance Sheets, except for milestone and royalty obligations reflected as acquisition related contingent consideration. Refer to Note 12 *Fair Value Measurement* for further discussion of contingent consideration. Our potential maximum development milestones not accrued for at 31 December 2018 totaled approximately $425 million. We estimate that the amounts that may be paid in the next twelve months to be approximately $35 million. These agreements may also include potential sales-based milestones and call for us to pay a percentage of amounts earned from the sale of the product as a royalty or a profit share. The amounts disclosed do not include sales-based milestones or royalty obligations on future sales of product as the timing and amount of future sales levels and costs to produce products subject to these obligations is not reasonably estimable. These sales-based milestones or royalty obligations may be significant depending upon the level of commercial sales for each product.

Respiratory Delivery Platform

On 23 December 2011, the Company completed the acquisition of the respiratory delivery platform. Under the agreement, the development program for the respiratory delivery platform was transferred to the Company along with exclusive licenses and assignments of the intellectual property effective from the closing date. The Company is responsible for all development costs after the closing date. The Company will also lead the commercialization efforts in certain territories, including the U.S. and Europe. Pfizer is eligible to receive milestone payments, which are contingent upon the future product development achievements including regulatory approvals, market launches, sales targets and profitability. On 30 January 2019, the Company received FDA approval of Wixela^{TM} Inhub^{TM} (fluticasone propionate and salmeterol inhalation powder, USP), the first generic of GlaxoSmithKline's Advair Diskus$^{®}$. The commercial launch of the Wixela^{TM} Inhub^{TM} occurred in February 2019.

In accordance with IFRS regarding business combinations, the Company accounted for this transaction as a purchase of a business and utilized the acquisition method of accounting. Under the acquisition method of accounting, the assets acquired and liabilities assumed in the transaction were recorded at the date of acquisition at the estimate of their respective fair values. The fair value of the contingent consideration liability related to the estimate of future profit sharing and milestone payments was $336.5 million at 31 December 2018. These payments are contingent upon the occurrence of certain future events and the ultimate success of the respective projects. As a result of the approval and commercial launch of Wixela^{TM} Inhub^{TM} in early 2019, we paid milestones of $60.0 million. Given the inherent uncertainty of these events, it is unclear when we may be required to pay such amounts or pay amounts in excess of those accrued.

Momenta

On 08 January 2016, the Company entered into an agreement with Momenta Pharmaceuticals, Inc. ("Momenta") to develop, manufacture and commercialize up to six of Momenta's current biosimilar candidates, including Momenta's biosimilar candidate, ORENCIA® (abatacept) ("ORENCIA®"). Mylan paid an up-front cash payment of $45 million to Momenta. Under the terms of the agreement, the Company and Momenta are jointly responsible for product development and equally share in the costs and profits of the products with Mylan leading the worldwide commercialization efforts.

Under the terms of the agreement, Momenta was eligible to receive additional contingent milestone payments for the development of biosimilar candidates. The Company paid $60 million related to certain milestones in 2016. There were no milestone payments in 2017 or 2018.

On 01 November 2017, the Company and Momenta announced that M834 did not meet its primary pharmacokinetic (PK) endpoints in the Phase 1 study to compare the pharmacokinetics, safety and immunogenicity of M834 to U.S.- and European Union ("EU")-sourced ORENCIA® in normal healthy volunteers.

On 03 January 2018, the Company and Momenta announced the development strategy for M710, a proposed biosimilar to EYLEA® (aflibercept) ("EYLEA®") injection. EYLEA® is the market-leading vascular endothelial growth factor (VEGF) inhibitor indicated for the treatment of neovascular (wet) age-related macular degeneration, macular edema following retinal vein occlusion, diabetic macular edema and diabetic retinopathy in patients with diabetic macular edema.

On 01 October 2018, Momenta announced that it had initiated discussions with Mylan to exit its participation in the development of five biosimilar programs including M834, a proposed biosimilar to ORENCIA®. The parties have agreed to the termination of all collaboration activities, except for the continued development of M710, a proposed biosimilar to EYLEA®. The Company remains committed to invest strategically in biosimilar programs through the evaluation of regulatory data and market dynamics. The Company does not anticipate making any additional continuation payments to Momenta.

In accordance with IAS 38*, Research and Development* and based upon the cost sharing provisions of the agreement, the Company is accounting for the contingent milestone payments related to the Momenta collaboration as non-refundable advance payments for services to be used in future R&D activities, which are required to be capitalized until the related services have been performed. More specifically, as costs are incurred within the scope of the collaboration, the Company will record its share of the costs as R&D expense. In addition to the upfront cash payment, during the year ended 31 December 2017 the Company incurred approximately $31.9 million of R&D expense related to this collaboration and approximately $13.4 million of R&D expense during the year ended 31 December 2018. To the extent the contingent milestone payments made by the Company exceeded the liability incurred, a prepaid asset was reflected on the Company's Consolidated Balance Sheets. To the extent the contingent milestone payments made by the Company were less than the expense incurred, the difference between

the payment and the expense was recorded as a liability on the Company's Consolidated Balance Sheets. At 31 December 2018, there was no significant recorded prepaid asset or accrued liability on the Consolidated Balance Sheet.

Theravance

On 30 January 30, 2015, the Company entered into a development and commercialization collaboration with Theravance Biopharma, Inc. ("Theravance Biopharma") for the development and, subject to FDA approval, commercialization of Revefenacin ("TD-4208"). Under the terms of the agreement, Mylan and Theravance Biopharma are co-developing nebulized TD-4208 for chronic obstructive pulmonary disease ("COPD") and other respiratory diseases. Theravance Biopharma is leading the U.S. registrational development program and Mylan was responsible for the reimbursement of Theravance Biopharma's development costs for that program up until the approval of the first new drug application ("NDA"). On 09 November 2018, Mylan announced that the FDA approved the NDA for YUPELRI™ (revefenacin) inhalation solution for the maintenance treatment of patients with COPD. YUPELRI, a long-acting muscarinic antagonist (LAMA), is the first and only once-daily, nebulized bronchodilator approved for the treatment of COPD in the U.S. The commercial launch of YUPELRI occurred in the fourth quarter of 2018. Mylan is responsible for commercial manufacturing and commercialization. Theravance Biopharma is co-promoting the product in the hospital channel under a profit-sharing arrangement.

Under the terms of the agreement, Theravance Biopharma is eligible to receive potential development and sales milestone payments totaling $220 million in the aggregate. As at 31 December 2018, Mylan has paid a total of $30 million in milestone payments to Theravance Biopharma.

Biocon

The Company has entered into exclusive collaborations with Biocon Limited ("Biocon") on the development, manufacturing, supply and commercialization of multiple, high value biosimilar compounds and three insulin analog products for the global marketplace. Under the agreements with Biocon, Mylan has exclusive commercialization rights for the products under the collaborations in the U.S., Canada, Japan, Australia, New Zealand and in the EU and European Free Trade Association countries. Biocon has co-exclusive commercialization rights with Mylan for the products in the rest of the world.

In December 2017, the FDA approved Mylan's Ogivri™ (trastuzumab-dkst), a biosimilar to Herceptin® (trastuzumab). Ogivri has been approved for all indications included in the label of the reference product, Herceptin, including for the treatment of HER2-overexpressing breast cancer and metastatic stomach cancer (gastric or gastroesophageal junction adenocarcinoma). Ogivri is the first FDA-approved biosimilar to Herceptin and the first biosimilar from Mylan and Biocon's joint portfolio approved in the U.S. Mylan anticipates potentially being the first company to commercialize a biosimilar to Herceptin. In December 2018, the Company received final approval from the European Commission to market Ogivri in all 28 EU member states and the European Economic Area.

On 04 June 2018, Mylan and Biocon announced that the FDA approved Mylan's Fulphila™ (pegfilgrastim-jmdb), a biosimilar to Neulasta® (pegfilgrastim). Fulphila has been approved to reduce the duration of febrile neutropenia (fever or other signs of infection with a low count of neutrophils, a type of white blood cells) in patients treated with chemotherapy in certain types of cancer. The commercial launch of Fulphila occurred in the second quarter of 2018.

The Company continues to provide development funding related to this collaboration. As the timing of cash expenditures is dependent upon a number of factors, many of which are out of the Company's control, it is difficult to forecast the amount of payments to be made over the next few years, which could be significant.

FKB

On 22 February 2018, the Company entered into a collaboration license and distribution agreement with FKB for the distribution of Hulio™, a biosimilar to AbbVie's Humira® (adalimumab). Under the agreement, Mylan has exclusive commercialization rights for the product in the EU and the European Economic Area countries and FKB is responsible for development, manufacturing and supply of the product.

On 20 September 2018, the Company received final approval from the European Commission (the "Commission") to market Hulio for all adalimumab indications in all 28 EU member states and the European Economic Area. Under the agreement, FKB received an upfront payment of $25.0 million, an approval milestone of $10.0 million and is eligible for a royalty based upon net sales.

On 27 February 2019, the Company updated its arrangements with FKB for the commercialization of Hulio™. Under the updated arrangements, Mylan has in-licensed exclusive global commercialization rights for Hulio™. The Company accounted for this transaction as an asset acquisition of IPR&D and a net non-contingent amount due to FKB of approximately $23.3 million was expensed as a component of R&D expense during the three months ended 31 March 2019.

We are actively pursuing, and are currently involved in, joint projects related to the development, distribution and marketing of both generic and branded products. Many of these arrangements provide for payments by us upon the attainment of specified milestones. While these arrangements help to reduce the financial risk for unsuccessful projects, fulfillment of specified milestones or the occurrence of other obligations may result in fluctuations in cash flows and R&D expense.

28 Remuneration

Mylan's named executive officers ("NEOs") for 2018 were:

NEO	Position
Heather Bresch	Chief Executive Officer
Kenneth S. Parks	Chief Financial Officer
Rajiv Malik	President
Daniel M. Gallagher	Former Chief Legal Officer
Anthony Mauro	Chief Commercial Officer

Since 2008, we have transformed from a mid-sized U.S. generics company with a workforce of more than 15,000 globally and $5.1 billion in revenues to a highly differentiated global pharmaceutical company with a global workforce of more than 35,000 and $11.4 billion in total revenues capable of delivering better health to customers around the world. The highlights below are examples of ways in which our outstanding executive team drove performance in 2018 to help ensure long-term sustainability and growth in the interests of shareholders and other stakeholders.

2018 Highlights

Access

- Filed 168 regulatory submissions in 2018, demonstrating the depth of our global pipeline
- Recently launched Wixela™ Inhub™, our generic Advair Diskus® at a price point of 70% below the brand wholesale acquisition cost
- Received FDA approval of a New Chemical Entity ("NCE") and launched this NCE, Revefenacin, in 2018
- Launched Fulphila™, our first biosimilar in the U.S. and first biosimilar to Neulasta®. Also received key approvals for Semglee™ (biosimilar Lantus in Europe), Hulio™ (biosimilar Humira® in Europe) and Ogivri™ (biosimilar Herceptin® in Europe) in 2018
- Achieved accelerated uptake of our Glatiramer Acetate (generic Copaxone®)
- Continued advancements for Influvac®, including launch of a quadrivalent version and our first pediatric indication
- Continued pipeline progress, which has more than 3,600 products under development or pending approval, including our biosimilar to BOTOX®,
- These achievements help us strengthen our business and meet the diverse needs of patients

Diversification

- Generated $11.4 billion in 2018 total revenues with more than 60% from outside the U.S., demonstrating that we are no longer dependent on any one geography or product

- Advanced our global commercial strategy across our geographies and channels to distinguish us as customers' partner of choice

- Enhanced portfolio strategy by increasing emphasis on moving up the value chain with a focus on complex, specialty and biologic opportunities and NCEs

- These achievements highlight our ability to withstand industry pressure in individual markets or related to one product

Durability

- Generated U.S. GAAP net cash provided by operating activities of $2.34 billion, up 13% compared to $2.06 billion in the prior year period reflecting the strength and durability of our portfolio

- Generated adjusted free cash flow of $2.71 billion, up 3% compared to $2.63 billion in the prior year period

- Repaid over $630 million of debt

- Continued to leverage the integration of acquisitions and take advantage of opportunities to optimize our global platform

- Our durable business allows us to continue delivering for shareholders, patients and other stakeholders

Components of 2018 Executive Compensation

Our executive compensation program is designed to incentivize our NEOs to deliver long-term shareholder value and to align the interests of our NEOs with those of our shareholders and other stakeholders. We pay our NEOs through three primary components of compensation: base salary, an annual incentive and a long-term incentive. In addition, our NEOs receive certain benefits and perquisites. Our program is heavily weighted toward performance-based compensation and annual and long-term incentive outcomes are primarily dependent on the achievement of outstanding performance results. Our Board and Compensation Committee do not exercise positive discretion in determining annual incentive and long-term incentive payouts.

Pay Element	Form	2018 Weightings	2018 Metrics	2018 Performance / Shareholder Alignment
Salary	Cash	N/A	N/A	Attracts and retains executives through competitive base compensation
Annual Incentive Compensation	Cash	1/3	Adjusted EPS	Reinforces the importance of earnings, which are expected to have a direct relationship to the price of Mylan's ordinary shares
	Cash	1/3	Global Regulatory Submissions	Encourages the development, approval and commercialization of new products to both benefit patients and yield new revenue sources that are essential for Mylan to remain competitive, and as such are fundamental to our short- and long-term sustainable growth strategy
	Cash	1/3	Adjusted Free Cash Flow	Captures the potential impact of all types of business transactions on the generation of adjusted operating cash flow
Long-Term Incentive Compensation	Stock Options	20%	Stock Price	Encourages NEOs to increase stock price in excess of grant date stock price The value of shares paid to NEOs is directly linked to share price appreciation through date of exercise
	Restricted Stock Units ("RSUs")	30%	Stock Price	Encourages NEOs to increase share price The value of RSUs paid to NEOs is directly linked to share price at the time of vesting
	PRSUs	50%	ROIC (50%) Adjusted FCF/ Credit Agreement Debt (50%)	Encourages NEOs to earn an appropriate return on investment Encourages NEOs to prudently manage our balance sheet
	PRSUs	Multiplier (+/- 20%)	Relative TSR	Encourages executives to deliver superior total shareholder return relative to competitors PRSUs paid to NEOs directly linked to achieved performance against ROIC and Adjusted FCF/Credit Agreement Debt performance goals, subject to TSR multiplier

Compensation Philosophy & Process

Compensation Philosophy

Mylan's approach to executive compensation is designed to:

Reinforce Mylan's unique, performance-driven culture: Our performance metrics align to the creation and sustainability of shareholder and other stakeholder value and encourage the behaviors and values expected of Mylan leaders. Our simplified program is weighted more heavily toward long-term incentives to align our executives' performance with the durability of the business and interests of our shareholders and other stakeholders.

Drive and reward performance: Mylan's Board has designed programs to ensure continued execution against our strategy to create and maintain a leading, robust, sustainable organization, while aligning compensation with Company performance, shareholder value creation and other stakeholder interests.

Recruit, retain and reward outstanding executive talent: Mylan provides a highly competitive mix of compensation with an emphasis on long-term incentives to retain high-performing leaders.

Given the disruptions and changes in the management of many companies in our industry, the market for outstanding executive leadership talent is becoming increasingly competitive. Recognizing the significant execution and results generated by our current, long-tenured management team, as well as the important contributions of so many others in our organization, we design our compensation programs to help ensure that the Company, shareholders and other stakeholders continue to benefit from the talents of our leadership team and global workforce.

2018 CEO Compensation Summary

The following summary describes the compensation for our CEO for the last two years.

Chief Executive Officer

		2017	2018
Heather Bresch	**Base Salary:**	$ 1,300,000	$ 1,300,000
	Annual Incentive Payout:	$ 1,950,000	$ 2,599,935
	Annual LTI Grant:	$ 9,100,045	$ 9,100,043
	Change in Pension Value:	$ —	—
	All Other Compensation:	$ 394,352	$ 332,390
	Summary Compensation Total:	$ 12,744,397	$ 13,332,368

2018 Compensation Decisions

- **Base Salary:** No change was made to Ms. Bresch's base salary in 2018. As of the end of 2018, it had remained the same since March 2015.
- **Annual Incentive:** No change was made to Ms. Bresch's target opportunity in 2018 and, as of the end of 2018, it had remained the same since 2015. Her 2018 payout was $2,599,935, calculated by applying the Company Performance Factor under the plan formula (133.33% of target)
- **Long-Term Incentive:** No change was made to Ms. Bresch's target long-term incentive ("LTI") opportunity in 2018. Ms. Bresch received a LTI grant in March 2018 valued at $9,100,043, of which 70% of the total is performance-based. The LTI award was delivered through PRSUs, RSUs and stock options.

CEO Reported and Realizable Pay

The following graph demonstrates that the CEO's total realizable pay over a three-year period is aligned with Mylan's TSR relative to the Company's 2018 peer group.

* Realizable pay includes cumulative salary and annual incentives paid for the most recent three years for which peer group data was publicly available (2015-2017), plus the current value (as of 31 December 2018) of stock options (intrinsic value) and time-based RSUs granted during the most recent three years, plus the value (as of 31 December 2018) of performance-based LTI awards, other than stock options, earned during the most recent three years, plus the change in pension value and all other compensation for the most recent three years. TSR data derived from the S&P Capital IQ. The 13 peer companies in this chart reflect the current peer group.

Base Salary

The Compensation Committee considers a variety of factors in deciding base salary, including, among others: individual performance, responsibilities and expected future performance; Company performance; management structure; marketplace practices; internal pay equity considerations; competitive recruitment for outstanding talent; and the executive's experience, tenure and leadership. The Compensation Committee also considers, among other factors, what the marketplace would require in terms of the costs to hire a qualified individual to replace an executive, as well as the fact that a new executive would lack the critical knowledge regarding Mylan as compared to the executive he or she would be replacing.

For 2018, the NEOs did not receive base salary increases. Ms. Bresch and Mr. Malik's salaries did not increase from 2015 through 2018, and Mr. Mauro's salary increased once from 2015 through 2018 upon his promotion to Chief Commercial Officer.

NEO	Position	2017	2018	Change in Base Salary
Heather Bresch	Chief Executive Officer	$ 1,300,000	$ 1,300,000	-
Rajiv Malik	President	$ 1,000,000	$ 1,000,000	-
Kenneth S. Parks	Chief Financial Officer	$ 685,000	$ 685,000	-
Daniel M. Gallagher	Former Chief Legal Officer	$ 800,000	$ 800,000	-
Anthony Mauro	Chief Commercial Officer	$ 700,000	$ 700,000	-

Annual incentive compensation

Mylan's annual incentive compensation consists of performance-based annual cash awards that are determined according to the achievement of objective operational and financial measures identified by the Board as critical to the successful execution of Mylan's business strategy, which is aligned to the continued creation of shareholder value.

For 2018, the Compensation Committee set challenging performance goals based on three key performance indicators of the current and future strength of our business. In addition, the metrics were selected specifically because they are related to the actions and leadership of our management team and measure their ability to extract the greatest value from our assets. The Compensation Committee chose to use adjusted metrics for the two financial goals (adjusted EPS and adjusted free cash flow) because it believes that these adjusted metrics present the most consistent measure of evaluating Mylan's financial performance, and the ongoing operations of the Company.

IMPORTANT FACTS ABOUT OUR 2018 ANNUAL INCENTIVE TARGETS

Adjusted EPS

- Reinforces the importance of a performance measure of earnings, which are expected to have a direct relationship to the price of Mylan's ordinary shares
- For 2018, the performance target required meaningful year-over-year growth.

Global Regulatory Submissions

- Encourages the approval and commercialization of new products to yield new revenue sources that are essential for Mylan to remain competitive, and as such are fundamental to our short- and long-term growth strategy
- For 2018, the performance target was increased over the 2017 target, but was set below 2017 actual performance because 2017 submissions significantly exceeded expectations and included certain submissions that were previously expected to take place in future years.

Adjusted Free Cash Flow

- Captures the potential impact of all types of business transactions on the generation of net cash provided by operating activities, adjusted for certain special items and capital expenditures, and strengthens our balance sheet
- For 2018, the performance target was increased over the 2017 target, but was set below 2017 actual performance because higher working capital is needed to support new product launches

	2017		2018		
Goal	Target	Weighting	Threshold	Target	Maximum
Adjusted EPS	**$5.35**	**1/3**	$5.20	**$5.40**	$5.60
Global regulatory submissions	**135**	**1/3**	125	**140**	155
Adjusted free cash flow ($ in millions)	**$2,200**	**1/3**	$2,100	**$2,300**	$2,500
Payout Opportunity (as % of Target)			50%	**100%**	200%

No annual incentives are paid with respect to a metric if threshold performance is not achieved. Furthermore, the Compensation Committee has committed to not using its discretion to upwardly adjust annual incentive award amounts generated by the performance metrics.

2018 NEO Annual Incentive Award Opportunity Subject to Company Performance

NEO	Position	Base Salary	Target (% of Salary)	Target Annual Incentive
Heather Bresch	*Chief Executive Officer*	$1,300,000	**150%**	$1,950,000
Rajiv Malik	*President*	$1,000,000	**125%**	$1,250,000
Kenneth S. Parks	*Chief Financial Officer*	$685,000	**115%**	$787,750
Daniel M. Gallagher	*Former Chief Legal Officer*	$800,000	**115%**	$920,000
Anthony Mauro	*Chief Commercial Officer*	$700,000	**115%**	$805,000

The payout opportunities are 50% of the target amount for threshold performance and 200% of the target amount for maximum performance.

2018 Actual Annual Incentive Compensation

The Company achieved below-threshold performance with respect to the adjusted EPS metric, maximum performance on the global submissions metric and maximum performance on the adjusted free cash flow metric in 2018. As a result, the NEOs received payouts of annual incentive awards for 2018 at 133.33% of target.

Goal*	Weighting	2018 Target	2018 Actual Results		Weighted Score
Adjusted EPS	**1/3**	$5.40	**$4.58**	Below Threshold	—%
Global regulatory submissions	**1/3**	140	**168**	Above Maximum	66.67%
Adjusted Free Cash Flow ($ in millions)	**1/3**	$2,300	**$2,713**	Above Maximum	66.67%
2018 Company Performance					**133.33%**

** The adjusted EPS amount is derived from Mylan's audited financial statements in the same manner as Mylan publicly reports adjusted EPS, but for annual incentive plan purposes is measured on a constant currency basis. Adjusted free cash flow is derived from Mylan's audited financial statements in the same manner as Mylan publicly reports adjusted free cash flow.*

Base Salary X **Target (% of Salary)** X **Company Performance** = **Actual Incentive Payout**

NEO	Position	Base Salary	Target (% of Salary)	Company Performance	Actual Incentive Payout
Heather Bresch	*Chief Executive Officer*	$1,300,000	150%	133.33%	**$ 2,599,935**
Rajiv Malik	*President*	$1,000,000	125%	133.33%	**$ 1,666,625**
Kenneth S. Parks	*Chief Financial Officer*	$685,000	115%	133.33%	**$ 1,050,307**
Daniel M. Gallagher	*Former Chief Legal Officer*	$800,000	115%	133.33%	**$ 1,226,636**
Anthony Mauro	*Chief Commercial Officer*	$700,000	115%	133.33%	**$ 1,073,307**

Long-term Incentive Compensation

The Compensation Committee believes that the value of long-term incentives should be directly related to the performance of Mylan's ordinary shares, as well as other measures associated with the growth, success and long-term sustainability of Mylan. The Compensation Committee has historically approved annual LTI award grants in the first quarter of the fiscal year, with the

grant effective following the release of year-end audited financial results with exceptions for new hires, promotions and other special awards, grants or circumstances.

Long-Term Incentive Structure. For 2018, LTI awards were granted to our NEOs in the form of PRSUs, stock options and RSUs in the proportions shown below.

Vehicle	LTI Mix for all NEOs	Incentive Opportunity	Vesting Schedule
PRSUs ***Performance***	50%	PRSUs provide value based on Mylan's ROIC, Adjusted FCF/Credit Agreement Debt and relative TSR performance, strongly linking payouts with long-term value creation	PRSUs cliff-vest at the end of the three-year performance period based on the achievement of pre-determined performance criteria, generally provided that the NEO remains continuously employed by Mylan
Stock Options ***Performance***	20%	Stock options provide value only if Mylan's ordinary share price is greater than the grant date share price	Stock options vest in three equal annual installments, generally provided that the NEO remains continuously employed by Mylan
RSUs ***Time***	30%	RSU value increases/ decreases with ordinary share price performance and provides a strong retention incentive	RSUs vest in three equal annual installments, generally provided that the NEO remains continuously employed by Mylan

This mix of LTI awards provides our NEOs with a combination of incentive opportunities, aligns our NEOs with the interests of our shareholders and ensures each vehicle has its own risk-reward profile with a unique benefit. The mix of the 2018 LTI awards was consistent with the mix of the 2017 LTI awards. The Committee believes the 2018 LTI mix provides a strong performance alignment, with 70% of the mix in PRSUs or stock options, and that such mix is consistent with Mylan's unique performance-driven culture. The RSUs create ownership alignment with shareholders and provide a stable element of long-term compensation to encourage retention of executive talent.

Each NEO's 2018 LTI award had a targeted value at grant equal to a percentage of the NEO's base salary. In setting each NEO's LTI targeted value, the Compensation Committee considered a variety of factors, including, among others, peer group compensation, expectations regarding individual performance and tenure.

For 2018, the Compensation Committee approved the following annual LTI award values for our NEOs:

		Performance-Based		Time-Based	
NEO	**Position**	**PRSUs**	**Stock Options**	**RSUs**	**Total LTI Award**
Heather Bresch	*Chief Executive Officer*	$ 4,550,005	$ 1,820,002	$ 2,730,036	**$ 9,100,043**
Rajiv Malik	*President*	$ 3,000,028	$ 1,200,016	$ 1,800,017	**$ 6,000,061**
Kenneth S. Parks	*Chief Financial Officer*	$ 1,250,036	$ 500,001	$ 750,038	**$ 2,500,075**
Daniel M. Gallagher*	*Former Chief Legal Officer*	$ 1,600,001	$ 640,014	$ 960,009	**$ 3,200,024**
Anthony Mauro	*Chief Commercial Officer*	$ 1,250,036	$ 500,001	$ 750,038	**$ 2,500,075**

2018 Three-Year PRSU Performance Metrics

In 2018, the Compensation Committee approved the grant of PRSUs subject to two equally weighted financial performance metrics (i.e., Adjusted FCF/Credit Agreement Debt and ROIC) and one share performance metric (i.e., relative TSR), which is used as a modifier to determine the final payout percentage, as described below. The Adjusted FCF/Credit Agreement Debt performance metric was added to this year's grant to incentivize prudent balance sheet management.

As shown in the table below, payouts under these PRSUs will be determined in two steps. First, the outcome of the ROIC and Adjusted FCF/Credit Agreement Debt metrics will be assessed, resulting in an initial payout percentage of 50% for threshold performance (with 0% payout for below threshold performance) up to 150% for maximum performance, with linear interpolation for achievement between threshold and maximum. Second, the relative TSR metric will be applied as a modifier to the initial payout percentage, decreasing it by 20%, leaving it unaffected or increasing it by 20%, as indicated in the table below, in order to calculate the final payout percentage.

Metric	Weighting	Threshold	Target	Maximum
ROIC	50%	8%	**10%**	12%
Adjusted FCF / Credit Agreement Debt*	50%	13%	**15%**	18%
Relative TSR of Peer Group**	Multiplier	At or Below 25th Percentile of Peer Group	**Between 25th and 75th Percentiles of Peer Group**	At or Above 75th Percentile of Peer Group
Payout Opportunity (as % of Target)		40%	**100%**	180%

* *Adjusted FCF/Credit Agreement Debt is first calculated for each year in the performance period as the ratio of adjusted free cash flow (calculated in the same manner as for annual incentive compensation purposes) to "indebtedness" (as defined in our revolving credit agreement dated as of 22 November 2016), and the values for each year in the performance period are then averaged to determine Adjusted FCF/Credit Agreement Debt.*

** *Relative TSR is calculated by comparing the difference between Mylan's 30-day trailing average closing ordinary share price at the day before the beginning of the performance period and the day before the end of the performance period plus any dividends paid during the performance period against the same metric for each company in our peer group.*

PRSUs Granted in 2016 (3-Year Performance Period)

For PRSUs granted prior to 2018, including the PRSUs granted in 2016, the Company utilized ROIC and relative TSR as metrics, equally weighted, and with a potential payout from 50% (for performance at threshold) to 150% (for performance at maximum), with linear interpolation if performance was between threshold and maximum. No payout would be made if performance was below threshold.

The Company achieved threshold performance with respect to the ROIC metric and below-threshold-performance with respect to the relative TSR metric. As a result, the NEOs received a payout for the 2016 PRSUs at 25% of the target number of shares.

2016-2018 Goal	Weighting	3-Year Target	Actual Result	% of Target Achieved	Weighted Score
ROIC	**50%**	12%	10 %	At Threshold	25 %
Relative TSR*	**50%**	50th percentile of Peer Group	22nd percentile of Peer Group	Below Threshold	— %
Total Payout (as % of Target)					**25%**

* *Relative TSR is calculated by comparing the difference between Mylan's 30-day trailing average closing ordinary share price at the day before the beginning of the performance period and the day before the end of the performance period plus any dividends paid during the performance period against the same metric for each company in our peer group.*

When applying the Mylan closing ordinary share price at vesting of $32.10, the NEOs received approximately 17% of the targeted grant date value of the award.

NEO	Position	Target Shares (#)	Grant Date Value Target	Company Performance	Actual Shares Earned (#)	Actual Award Value at $32.10 per share
Heather Bresch	*Chief Executive Officer*	101,146	$ 4,680,025	25%	**25,287**	**$ 811,713**
Rajiv Malik	*President*	58,354	$ 2,700,040	25%	**14,589**	**$ 468,307**
Kenneth S. Parks	*Chief Financial Officer*	19,347	$ 900,022	25%	**4,837**	**$ 155,268**
Daniel M. Gallagher*	*Former Chief Legal Officer*	N/A	N/A	N/A	**N/A**	**N/A**
Anthony Mauro	*Chief Commercial Officer*	31,771	$ 1,470,044	25%	**7,943**	**$ 254,970**

* *Mr. Gallagher did not receive the 2016-2018 PRSUs as he was not employed by Mylan when the PRSU award was granted in 2016.*

Limited Perquisites

Perquisites include the following:

- Each NEO receives a car allowance or the use of a leased vehicle and payment of certain ancillary expenses. The NEOs are responsible for paying any taxes incurred relating to this perquisite.

- Our NEOs take an extraordinarily active approach to overseeing and managing our global operations, which necessitates a significant amount of U.S. domestic and international travel time due to our diverse set of business centers, manufacturing and other facilities and many client and vendor locations around the world. Mylan provides management with access to corporate aircraft to assist in the management of Mylan's global platform by providing a more efficient and secure traveling environment, including where sensitive business issues may be discussed or reviewed, as well as maximum flexibility to our executives in the conduct of Company business. For reasons of business efficiency and continued security-related concerns (including personal security, especially given the global nature of Mylan's business, as well as privacy of business information and communications), we have required Ms. Bresch to use Mylan aircraft for business and personal purposes.

  During 2018, other leaders from time-to-time also were authorized to have personal use of the corporate aircraft for similar reasons. The Compensation Committee monitors business and personal aircraft usage on a quarterly basis. To the extent any travel on the corporate aircraft results in imputed taxable income to an NEO, Mylan does not provide gross-up payments to cover the NEO's personal income tax obligation due to such imputed income. For a summary of how this perquisite is calculated, see footnote (7)(b) to the Summary Compensation Table

- Executives will also receive tax equalization payments for incremental tax liabilities, if any, incurred as a result of attendance at meetings of the Board in the U.K.

Additional Compensation Program Features

The summary below identifies certain features of our compensation program, which are described throughout this CD&A.

What We Do

- Maintain a significant portion of compensation aligned with shareholder interests and tied to ordinary share price or financial and operational business performance
- Employ metrics for annual and long-term incentives that do not overlap and support both short- and long-term strategies
- Base long-term incentives heavily on performance-based metrics
- Use double-trigger vesting for annual LTI awards upon a change in control
- Consider peer groups and market data in determining compensation
- Retain independent compensation consultants that report directly to the Compensation Committee
- Maintain strong ordinary share ownership guidelines
- Maintain a robust clawback policy
- Conduct annual "say-on-pay" advisory votes

What We Don't Do

- No accelerated vesting of stock options, RSUs and PRSUs upon satisfying retirement eligibility (55 years of age with 10+ years of service) effective 01 January 2017
- No exercise of positive discretion in determining annual or LTI payouts
- No re-pricing of stock options
- No hedging or pledging of ordinary shares
- No new 280G tax gross-ups
- No Company matching contributions to the Restoration Plan for NEOs with Retirement Benefit Agreements
- No new Retirement Benefit Agreements

Role of the Compensation Committee

Our Compensation Committee, comprised solely of independent directors, oversees the design and implementation of our executive compensation programs. The Committee reviews and evaluates the performance of our NEOs and determines their compensation and objectives, or, in the case of our CEO and President, recommends compensation and objectives to the independent, non-executive members of the Board. The Committee monitors compensation trends and developments periodically and undertakes a comprehensive assessment of our compensation programs at least annually. In fulfilling these responsibilities, the Committee utilizes the support of independent compensation consulting firms, independent outside counsel and an internal executive compensation team.

In 2018, the Compensation Committee retained Meridian and also received input from Pay Governance LLC ("Pay Governance") to provide advice and information regarding the design and implementation of Mylan's executive compensation programs. Meridian and Pay Governance also provided information to the Compensation Committee regarding regulatory and other technical developments that may be relevant to Mylan's executive compensation programs. In addition, Meridian provided the Compensation Committee with competitive market information, analyses and trends on executive base salary, annual incentives, long-term incentives, benefits and perquisites.

The Compensation Committee also receives advice from outside counsel including, but not limited to, Cravath, Swaine & Moore LLP and NautaDutilh N.V.

The Compensation Committee performs an annual review of the independence of its outside advisors, consistent with NASDAQ requirements and the Compensation Committee charter.

Compensation Committee Process

Our culture and our success continue to depend on our ability to attract and retain talented leaders in critical roles.

The decisions of the Compensation Committee and the independent directors relating to executive compensation each year reflect a variety of quantitative metrics in addition to qualitative analysis. The Committee's decisions reflect its members' individual and collective experience and business judgment, and are based on extensive interactions with independent third-party consultants, management and our assessment of some or all of the following factors, among others:

- Company performance (relative to peers and budget);
- Talents, experience and tenure of members of our management team;
- Individual leadership performance and contributions to the success of Mylan;
- Responsibilities of, and future expectations for, the individual;
- Short-, medium- and long-term personnel needs of Mylan;
- The need to reward and retain our uniquely talented NEOs and other key employees;
- Other qualitative contributions of each NEO, including, among others, the actual and potential value and impact of his or her leadership style, strategic vision and execution, talent development, and ability to adapt to and drive the change necessary to our success;
- Peer group pay levels and published survey data; and
- Advice from independent external experts and advisors.

We consider these and other qualitative and quantitative factors from time-to-time in assessing our compensation philosophy and approach, in addition to using these factors to make individual compensation decisions. In addition, our independent directors are intimately familiar with matters that the Board oversees and guides, including the Company's business, strategies, challenges and opportunities. They apply their independent judgment and experience to assess the unique respective talents, contributions, leadership, responsibilities and future expectations of the executives who drive performance and long-term sustainability.

Peer Group

While the competitive market for our executives is one factor the Compensation Committee considers when making compensation decisions, the Compensation Committee does not target the compensation of NEOs within a specific percentile of any set of peer companies. As noted, the Compensation Committee considers peer group and industry data along with many other factors when determining compensation programs.

The peer group is used as a reference point for compensation information for NEOs and for assessing the relative TSR metric applicable to PRSUs. Due in part to Mylan's unique position in the market and long-tenured management team, pay is not formulaically tied to a particular percentile of the peer group. In 2017, the Committee restructured the peer group to include 13 companies, six of which were also in the 2016 peer group. The 2017 peer group provided a more direct focus on Mylan's business competitors and the companies Mylan competes with for executive talent. The Committee used this same peer group for 2018.

Peer Group

Abbott Laboratories	**Novartis AG**
Amgen Inc.	**Perrigo Company plc**
Celgene Corp. *	**Pfizer Inc.**
Endo International plc	**Regeneron Pharmaceuticals, Inc.**
Gilead Sciences, Inc.	**Sanofi**
Mallinckrodt plc	**Teva Pharmaceutical Industries Ltd.**
Merck & Co., Inc.	

*In April 2019, Celgene Corp. stockholders approved the company's acquisition by Bristol-Myers Squibb. With the transaction expected to close in the third quarter of 2019, subject to customary closing conditions and regulatory approvals, Celgene will no longer be included in the Company's peer group for purposes of determining Mylan's relative TSR under the 2017 and 2018 PRSU grants.

Consideration of Risk in Company Compensation Policies

The Compensation Committee has considered risk management in determining compensation policies and believes that our compensation programs are designed to encourage outstanding, consistent, sustainable business performance over extended periods of time. Management and the Compensation Committee have considered and discussed the risks inherent in our business and the design of our compensation plans, policies and programs that are intended to drive the achievement of our long-term business objectives while avoiding excessive short-term risk-taking. In addition, we utilize a mix of objective performance measures, so that undue emphasis is not placed on one particular measure and employ different types of compensation to provide value over the short-, medium- and long-term. These performance measures are reevaluated annually in light of the evolving risk environment facing our business. When making compensation decisions, we also consider qualitative factors to avoid the consequence that an overly formulaic approach may have on excessive risk-taking by management.

The Compensation Committee believes that our compensation policies and practices do not encourage excessive risk and are not reasonably likely to have a material adverse effect on the Company.

Other Compensation Matters and Considerations

Employment Agreements

We believe it is important to have employment agreements with our executive officers and other key employees. These agreements memorialize certain key terms of employment, including termination rights and obligations, non-competition and other restrictive covenants and compensation matters, and we believe thereby enhance the stability and continuity of our employment relationships. Each of the NEOs, other than Mr. Gallagher who departed from the Company effective 02 April 2019, is currently party to an employment agreement with Mylan Inc.

Employment Agreements in 2018

Mylan Inc. was party to employment agreements with each of the NEOs in 2018. The information below is based on the employment agreements in effect as of 31 December 2018. See below for a brief description of Employment Agreements and Consulting Agreement entered into by the Company with the NEOs in February 2019.

Mylan Inc. entered into amended and restated employment agreements with Ms. Bresch and Mr. Malik in February 2014, each effective 01 January 2014 (through 31 December 2018, unless earlier terminated or extended in accordance with its terms); entered into an employment agreement with Mr. Parks in April 2016, effective 6 June 2016; entered into an employment agreement with Mr. Gallagher in March 2017, effective 01 April 2017; and entered into an amended and restated employment agreement with Mr. Mauro in October 2011, effective 01 January 2012, which was further amended on 10 April 2015 and 8 January 2016. Each of these agreements provides for the payment of a minimum base salary, as of 31 December 2018, of $1,300,000; $685,000; $1,000,000; $800,000 and $700,000, with respect to Ms. Bresch and Messrs. Parks, Malik, Gallagher and Mauro, respectively,

subject to reduction only in the event of similar decreases among Mylan's executives. Each employment agreement also provides for the executive's eligibility to receive fringe benefits of employment as are customarily provided to senior executives of Mylan.

The agreements, as of 31 December 2018, provide for a target bonus equal to 150%, 115%, 125%, 115% and 115% of base salary with respect to Ms. Bresch and Messrs. Parks, Malik, Gallagher and Mauro, respectively. Each of the agreements also provide that throughout the term of the agreement and for a period of one year following the executive's termination of employment for any reason, the executive may not engage in activities that are competitive with the Company's activities and may not solicit the Company's customers or employees.

For a description of the termination provisions under these agreements, please see "Potential Payments Upon Termination or Change in Control".

New Agreements with Executives in 2019

In early 2019, the Compensation Committee and Board decided to renew the contracts of our executive officers. In making this decision, the Compensation Committee considered, among other factors, the applicable executive's experience, executional capabilities, business skills, long-term performance and contributions, leadership, and commitment to our mission and strategy. The Compensation Committee also considered the outstanding track record of each executive, the importance of stability in a complex and changing environment and the future needs of, and potential opportunities for, the Company. As noted, we expect that industry, market, and regulatory conditions over the next several years will continue to be extremely challenging, and that the healthcare industry will continue to evolve in complex and unpredictable ways. We remain confident that Mylan can continue to withstand these headwinds, in large part due to our current executive team, which possesses the vision, experience, business skills, leadership, and executional capabilities to direct the Company through these headwinds and successfully execute on our strategy. In addition, the Compensation Committee noted the disruptions and changes in the management of certain companies in our industry, and the fact that the market for outstanding executive leadership talent continues to be extremely and increasingly competitive. The Compensation Committee and the Board therefore determined that securing the retention of our current executive team was crucial to our continued progress in building a sustainable company that serves the interests of shareholders and other stakeholders.

On 25 February 2019, Mylan Inc. therefore extended the employment agreements of Heather Bresch, Chief Executive Officer, Rajiv Malik, President, Ken Parks, Chief Financial Officer, and Anthony Mauro, Chief Commercial Officer. The term of the agreements extends through 01 April 2024 for Ms. Bresch and through 01 April 2022 for each of Messrs. Malik, Parks and Mauro, and each will renew for successive one-year terms thereafter. Pursuant to the extended agreements, base salaries are $1,500,000 for Ms. Bresch, $1,150,000 for Mr. Malik, and $800,000 for Messrs. Parks and Mauro. Ms. Bresch is eligible for a target annual bonus of 150% of base salary and Messrs. Malik, Parks and Mauro are eligible for target annual bonuses of 125%, 115% and 115% of base salary, respectively.

As previously disclosed on 11 February 2019, Daniel M. Gallagher, Former Chief Legal Officer, informed Mylan that he intended to return to private practice in the Washington, D.C. area at the conclusion of the term of his employment agreement in April 2019. On 25 February 2019, Mylan and Mr. Gallagher entered into a consulting agreement setting forth the terms of his separation and continuing consulting role for up to 12 months following the separation date. Mr. Gallagher received or will receive (i) a cash payment of $800,000 payable pursuant to his former employment agreement, (ii) payments of $50,000 per month in consideration of the consulting services to be provided, (iii) eligibility for continued vesting of 32,354 time-based RSUs and unvested retirement plan contributions through the term of the consulting agreement and (iv) continued medical and welfare benefits through the 12 month anniversary of his separation pursuant to his former employment agreement.

The description of the employment agreements and consulting agreement is qualified by reference to the agreements, copies of which are filed as exhibits to our annual report on Form 10-K for the year ended 31 December 2018.

Transition and Succession Agreements

Mylan Inc. is party to separate Transition and Succession Agreements with each NEO with an aim to assuring that Mylan will have the NEO's full attention and dedication to Mylan during the pendency of a possible change in control transaction that might optimize shareholder value, and to provide the officer with compensation and benefits in connection with a change in control. The Transition and Succession Agreements are independent of each NEO's employment agreement.

Subsequent to the execution of certain legacy agreements, Mylan adopted a policy that no new Transition and Succession Agreements will provide for an excise tax gross-up for golden parachute payments. Consistent with this commitment, the Transition and Succession Agreement with Mr. Parks does not, and the Transition and Succession Agreement with Mr. Gallagher did not, contain excise tax gross-ups. For legal and other considerations, the policy does not apply retroactively to the Transition and Succession Agreements executed prior to the new policy. Mylan does not have the right to unilaterally abrogate pre-existing binding contracts with its executives, and does not believe it would be in shareholders' best interests to expend funds to "buy out" the executives from these rights. Since implementation of the new policy, no new or amended Transition and Succession Agreements with excise tax gross-up provisions have been executed and several have expired as executives have ceased to be actively employed with Mylan. The agreement with Mr. Parks provides, and the agreement with Mr. Gallagher provided, that their compensation will, in the event subject to an excise tax on any golden parachute payments, be subject to a "best net" approach. Pursuant to this approach, they would receive the full amount of such payments or the greatest amount of such payments that would not subject them to the excise tax, whichever would result in the greatest after-tax amount.

For more information on these Transition and Succession Agreements, see the section below entitled "Potential Payments Upon Termination or Change in Control".

Retirement Benefits

Mylan Inc. previously entered into Retirement Benefit Agreements ("RBAs") with Ms. Bresch and Mr. Malik in recognition of their service to Mylan, to encourage their retention and to provide a supplemental form of retirement and death benefit. For a detailed description of the RBAs with Ms. Bresch and Mr. Malik, see the section below entitled "Retirement Benefit Agreements."

Mylan also maintains a 401(k) Restoration Plan (the "Restoration Plan") and an Income Deferral Plan permitting senior-level employees to elect to defer the receipt of a portion of their compensation and, in the case of the Restoration Plan, providing matching contributions to employees who make such an election. However, effective 01 April 2013, Mylan modified the Restoration Plan so that U.S. employees with an RBA would no longer receive matching contributions under the Restoration Plan.

As previously disclosed, when Mr. Malik joined Mylan in January 2007, Mylan established a nonqualified deferred compensation plan on his behalf. Although Mylan no longer contributes to the plan account, it will be distributed to Mr. Malik upon termination of his employment, or upon other qualifying distribution events, such as his retirement, disability or death or Mylan's termination of the plan.

The footnotes to the Summary Compensation Table include changes in pension values calculated based on certain actuarial assumptions regarding discount rates. In computing these amounts, we used the same assumptions that were used to determine the expense amounts recognized in our 2018 financial statements. In 2018, the impact of an increase in the applicable discount rates led to a decrease in the present value of accumulated benefits of approximately $380,100 for Ms. Bresch and approximately $186,400 for Mr. Malik.

Ordinary Share Ownership Requirements for NEOs

The ownership requirements are expressed as a multiple of base salary as follows:

Position	Ownership Requirement (Multiple of Base Salary)
CEO	6x
President	4x
Other NEOs	3x

As of 31 December 2018, all NEOs exceeded their ownership requirements. In addition to the NEOs, Mylan's ordinary share ownership policy covers the most senior employees at Mylan to promote an ownership culture and stronger alignment with the interests of shareholders among the broader leadership team. Each covered employee generally has five years from the date they became subject to the policy to achieve the minimum ownership requirement. Ordinary shares actually owned by the covered employee (including ordinary shares held by the covered employee in Mylan's 401(k) and Profit Sharing Plan), as well as restricted ordinary shares and unvested RSUs and PRSUs count toward compliance with these requirements.

Clawback Policy

The Board has approved a clawback policy relating to incentive compensation programs. The provisions of the policy allow Mylan to recoup certain bonus and equity-based incentive compensation gains resulting from specified misconduct that causes Mylan to materially restate its financial statements. The Board considers updates to this policy from time-to-time. In addition, to the extent that the SEC adopts rules for clawback policies that require changes to our policy, we will respond accordingly.

Anti-Hedging and Pledging Policy

The Company has a securities trading policy that prohibits directors and "officers" (as defined in Rule 16a-1(f) of the Exchange Act ("Section 16 Officers") and their respective designees from trading in certain types of hedging instruments relating to our securities or otherwise engaging in any transaction that limits or eliminates, or is designed to limit or eliminate, economic risks associated with the ownership of our securities. Hedging instruments include prepaid variable forward contracts, equity swaps, collars, exchange funds, insurance contracts, short sales, options, puts, calls or other instruments that hedge or offset, or are designed to hedge or offset, movements in the market value of our securities. For purposes of this policy, our securities include ordinary shares and options to purchase ordinary shares, and any other type of securities that we may issue, including but not limited to, preferred shares, notes, debentures, and warrants issued by Mylan N.V. or any parent, subsidiary, or subsidiary of any parent of Mylan N.V., as well as any derivative financial instruments pertaining to such securities, whether or not issued by us, such as options and forward contracts.

The policy also prohibits directors and Section 16 Officers and their respective designees from entering into any transaction that involves the holding of our securities in a margin account (other than the "cashless exercise" of stock options) or the pledging of our securities as collateral for loans. The Compensation Committee may approve exceptions to the prohibition on the use of margin accounts or pledging or securities if, among other factors, the director or Section 16 Officer demonstrates, in advance, that he or she has the continuing financial capacity to repay any underlying loan or potential margin call without resorting to our securities held in such margin account or our pledged securities and is not in possession of any material information about the Company that has not been made widely available to the investing public.

Deductibility Cap on Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), as in effect for years prior to 2018, restricted the deductibility for federal income tax purposes of the compensation paid to the CEO and each of the other NEOs who was an executive officer at the end of the applicable fiscal year (other than the Chief Financial Officer) for such fiscal year to the extent that such compensation for such executive exceeds $1 million and does not qualify as "qualified performance-based compensation" as defined under Section 162(m) of the Code. The Compensation Committee historically considered available opportunities to deduct compensation paid to NEOs for U.S. federal income tax purposes. The Tax Cuts and Jobs Act, which was enacted on 22 December 2017, eliminated the exception for "performance-based" compensation and expanded the number of executives to which the 162(m) limit may apply. As a result, except to the extent provided in limited transition relief, compensation over $1 million paid to any NEO will no longer be deductible under Section 162(m) of the Code. The Board and the Compensation Committee reserve the right to provide compensation to our executives that is not deductible, including but not limited to when necessary to comply with contractual commitments, or to maintain the flexibility needed to attract talent, promote retention or recognize and reward desired performance.

Executive Compensation Tables

2018 Summary Compensation Table

The following summary compensation table sets forth the cash and non-cash compensation paid or granted to or earned by the NEOs for 2018 and 2017.

Name and Principal Position	Fiscal Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	Changes in Pension Value and Non-qualified Deferred Compensation Earnings ($)(6)	All Other Compensation ($)(7)	Total ($)
Heather Bresch *Chief Executive Officer*	2018	1,300,000	—	7,280,041	1,820,002	2,599,935	—	332,390	**13,332,368**
	2017	1,300,000	—	7,280,034	1,820,011	1,950,000	—	394,352	**12,744,397**
Kenneth S. Parks *Chief Financial Officer*	2018	685,000	—	2,000,073	500,001	1,050,307	—	171,564	**4,406,945**
	2017	628,115	—	1,440,068	360,012	787,750	—	130,072	**3,346,017**
Rajiv Malik *President*	2018	1,000,000	—	4,800,045	1,200,016	1,666,625	—	839,881	**9,506,567**
	2017	1,000,000	—	4,480,049	1,120,004	1,250,000	—	892,077	**8,742,130**
Daniel M. Gallagher *Former Chief Legal Officer*	2018	800,000	—	2,560,010	640,014	1,226,636	—	55,769	**5,282,429**
	2017	600,000	350,000	4,756,220	640,009	920,000		62,958	**7,329,187**
Anthony Mauro *Chief Commercial Officer*	2018	700,000	—	2,000,073	500,001	1,073,307	—	178,091	**4,451,472**
	2017	700,000	—	2,000,073	500,017	805,000	—	191,921	**4,197,011**

(1) *Represents the value of the base salary actually paid to the NEO in 2018 or 2017. The annual base salary approved by the Compensation Committee for each of the NEOs is payable in accordance with the Company's normal payroll practices for its senior executives, so that an NEO's total base salary amount is paid in 26 bi-weekly installments.*

(2) *For Mr. Gallagher, the amount shown for 2017 represents the value of his sign-on bonus, which was subject to full or partial repayment in the event Mr. Gallagher left Mylan prior to the first anniversary of his joining Mylan (except in certain circumstances).*

(3) *Represents the grant date fair value of the stock awards granted to the NEO in 2018 or 2017, as applicable. The grant date fair value of PRSUs for 2018 is based on the target value and is as follows: Ms. Bresch ($4,550,005), Mr. Parks ($1,250,036), Mr. Malik ($3,000,028), Mr. Gallagher ($1,600,001) and Mr. Mauro ($1,250,036). If the maximum achievement of performance goals had been assumed, the grant date fair value of the PRSUs for 2018, would have been as follows: Ms. Bresch ($8,190,026), Mr. Parks ($2,250,072), Mr. Malik, ($5,400,051), Mr. Gallagher ($2,880,027), and Mr. Mauro ($2,250,072). For Mr. Gallagher, the amount shown for 2017 also includes the grant date fair value of PRSUs granted to him under the One-Time Special Five-Year Performance-Based Realizable Value Incentive Program, which was $1,546,152, which assumes the achievement of performance targets at maximum level.*

(4) *Represents the grant date fair value of the option awards granted to the NEO in 2018 or 2017, as applicable.*

(5) *Represents amounts paid under the Company's non-equity incentive compensation plan.*

(6) *Represents the aggregate change in present value of the applicable NEO's accumulated benefit under his or her respective RBA. In computing these amounts, we used the same assumptions that were used to determine the expense amounts recognized in our 2018 financial statements. In 2018, the impact of an increase in the applicable discount rates led to a decrease in the present value of accumulated benefits of approximately $380,100 for Ms. Bresch and approximately $186,400 for Mr. Malik.*

(7) *Amounts shown in this column are detailed in the following chart:*

	Fiscal Year	Use of Company-Provided Automobile ($)[(a)]	Personal Use of Company Aircraft ($)[(b)]	Expatriate Benefits ($)[(C)]	401(k) and Profit Sharing Plan Matching and Profit Sharing Contribution ($)[(d)]	Restoration Plan Contribution ($)[(e)]	Other ($)[(f)]
Heather Bresch	2018	20,836	98,268	—	24,730	148,750	39,806
	2017	20,736	158,038	—	24,420	165,331	25,827
Kenneth S. Parks	2018	20,089	16,875	—	19,019	107,798	7,783
	2017	19,766	10,440	—	18,115	73,440	8,311
Rajiv Malik	2018	27,692	44,783	636,726	24,550	98,750	7,380
	2017	30,170	28,896	691,967	24,300	109,469	7,275
Daniel M. Gallagher	2018	19,200	414	—	6,154	25,846	4,155
	2017	14,400			18,039	29,700	819
Anthony Mauro	2018	19,342	3,529	—	25,050	110,700	19,470
	2017	19,200	2,595	—	24,238	123,285	22,603

(a) *In the case of Ms. Bresch and Messrs. Parks, Gallagher and Mauro, these numbers represent a vehicle allowance and ancillary expenses associated with such vehicle. In the case of Mr. Malik, this number represents the cost of a vehicle (based on lease value), insurance and ancillary expenses associated with such vehicle.*

(b) *Amounts disclosed represent the actual aggregate incremental costs incurred by Mylan associated with the personal use of the Company's aircraft. Incremental costs include annual average hourly fuel and maintenance costs, landing and parking fees, customs and handling charges, passenger catering and ground transportation, crew travel expenses, away from home hanger fees, and other trip-related variable costs. Because the aircrafts are used primarily for business travel, incremental costs exclude fixed costs that do not change based on usage, such as pilots' salaries, aircraft purchase or lease costs, home-base hangar costs and certain maintenance fees. Aggregate incremental cost as so determined with respect to personal deadhead flights is allocable to the NEO. In certain instances where there are both business and personal passengers, the incremental costs per hour are pro-rated.*

(c) *Expatriate benefits for Mr. Malik represent income taxes paid by Mylan in connection with Mr. Malik's expatriate assignment to the United States from India effective 01 January 2012. Specifically, Mr. Malik is responsible for, and has continued to pay taxes equal to those he would have been obligated to pay had he maintained his principal work location and residence in India rather than having transferred, at Mylan's request, to the United States, while Mylan generally pays for all additional taxes, including Mr. Malik's tax obligations on the imputed income associated with Mylan's payment of taxes on his behalf. Beginning in 2016, Mr. Malik no longer receives a tax equalization benefit in respect of his LTI awards. The amount shown for 2017 for Mr. Malik is net of Mylan's estimated tax refunds for the year. There are no estimated tax refunds for 2018. The estimated refund was $15,685 for 2017.*

(d) *For 2018, amounts disclosed included, for Ms. Bresch and Messrs. Parks, Malik, Gallagher and Mauro, a matching contribution of $10,980, $5,269, $10,800, $6,154, and $11,300, respectively, and a profit sharing contribution received in April 2019 in respect of fiscal year 2018 equal to $13,750 for each NEO except for Mr. Gallagher. For 2017, amounts disclosed included, for Ms. Bresch and Messrs. Parks, Malik, Gallagher and Mauro, a matching contribution of $10,920, $4,615, $10,800, $4,539 and $10,738, respectively, and a profit sharing contribution received in March 2018 in respect of fiscal year 2017 equal to $13,500 for each NEO.*

(e) *For 2018, amounts disclosed included, for Messrs. Parks, Gallagher and Mauro, a matching contribution under the Restoration Plan of $47,910, $25,846 and $49,200, respectively, and a profit sharing contribution under the Restoration Plan received in April 2019 in respect of fiscal year 2018 for each of Ms. Bresch and Messrs. Parks, Malik and Mauro equal to $148,750, $59,888, $98,750 and $61,500, respectively. Mr. Gallagher did not receive this contribution because of his termination on 02 April 2019. For 2017, amounts disclosed included, for Messrs. Parks, Gallagher and Mauro, a matching contribution under the Restoration Plan of $20,509, $13,200 and $54,793, respectively, and a profit sharing contribution under the Restoration Plan received in March 2018 in respect of fiscal year 2017 for each of Ms. Bresch and Messrs. Parks, Malik, Gallagher and Mauro equal to $165,331, $52,931, $109,469, $16,500 and $68,492, respectively. Ms. Bresch is no longer eligible to receive a matching contribution under the Restoration Plan. Although Mr. Malik became eligible to participate in Mylan's U.S. retirement plans in 2016, he is not eligible to receive a matching contribution under the Restoration Plan.*

(f) *Represents events for all NEOs other than Mr. Gallagher for 2017; life insurance retention plan premium for Ms. Bresch and Mr. Mauro; long-term disability premiums; a health insurance premium for Mr. Malik; for 2018 only, certain personal security services for Ms. Bresch; and tax preparation services related to U.K. tax returns for all NEOs other than Mr. Gallagher for 2017.*

Grants of plan-based awards for 2018

The following table summarizes grants of plan-based awards made to each NEO during 2018.

			Estimated Future Payments Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payments Under Equity Incentive Plan Awards[2]						
Name	Grant Date	Approval Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)[3]	All Other Option Awards: Number of Securities Underlying Options (#)[4]	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)[5]
Heather Bresch			975,000	1,950,000	3,900,000	—	—	—	—	—	—	—
	3/2/2018	2/21/2018	—	—	—	44,423	111,057	199,903	—	—	—	4,550,005
	3/2/2018	2/21/2018	—	—	—	—	—	—	66,635	—	—	2,730,036
	3/2/2018	2/21/2018	—	—	—	—	—	—	—	108,592	40.97	1,820,002
Kenneth S. Parks			393,875	787,750	1,575,500	—	—	—	—	—	—	—
	3/2/2018	2/21/2018	—	—	—	12,205	30,511	54,920	—	—	—	1,250,036
	3/2/2018	2/21/2018	—	—	—	—	—	—	18,307	—	—	750,038
	3/2/2018	2/21/2018	—	—	—	—	—	—	—	29,833	40.97	500,001
Rajiv Malik			625,000	1,250,000	2,500,000	—	—	—	—	—	—	—
	3/2/2018	2/21/2018	—	—	—	29,290	73,225	131,805	—	—	—	3,000,028
	3/2/2018	2/21/2018	—	—	—	—	—	—	43,935	—	—	1,800,017
	3/3/2018	2/21/2018	—	—	—	—	—	—	—	71,600	40.97	1,200,016
Daniel M. Gallagher			460,000	920,000	1,840,000	—	—	—	—	—	—	—
	3/2/2018	2/21/2018	—	—	—	15,622	39,053	70,296	—	—	—	1,600,001
	3/2/2018	2/21/2018	—	—	—	—	—	—	23,432	—	—	960,009
	3/2/2018	2/21/2018	—	—	—	—	—	—	—	38,187	40.97	640,014
Anthony Mauro			402,500	805,000	1,610,000	—	—	—	—	—	—	—
	3/2/2018	2/21/2018	—	—	—	12,205	30,511	54,920	—	—	—	1,250,036
	3/2/2018	2/21/2018	—	—	—	—	—	—	18,307	—	—	750,038
	3/2/2018	2/21/2018	—	—	—	—	—	—	—	29,833	40.97	500,001

(1) The performance goals under the annual incentive compensation program applicable to the NEOs during 2018 are described above.

(2) Consists of PRSUs awarded under Mylan's Amended and Restated 2003 Long-Term Incentive Plan (the "Amended 2003 Plan"). The vesting terms applicable to these awards are described above in the CD&A and below following the Outstanding Equity Awards at the End of 2018 table.

(3) Consists of RSUs awarded under the Amended 2003 Plan. The vesting terms applicable to these awards are described below following the Outstanding Equity Awards at the End of 2018 table.

(4) Represents the grant of 10-year stock options awarded under the Amended 2003 Plan. Stock options were granted with an exercise price equal to the closing price of the Company's ordinary shares on the date of grant. The vesting terms applicable to these awards are described below following the Outstanding Equity Awards at the End of 2018 table.

(5) Represents the grant date fair value of the specific award granted to the NEO.

Outstanding equity awards at the end of 2018

The following table sets forth information concerning all of the outstanding LTI awards held by each NEO as of 31 December 2018.

	Option Awards				Stock Awards				
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable [1]	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)[2]	Market Value of Shares or Units of Stock That Have Not Vested ($)[3]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[3]	Grant Date Fair Value ($)
Heather Bresch	14,196	—	21.13	3/3/2020	—	—	—	—	96,123
	4,413	—	22.66	3/2/2021	—	—	—	—	34,692
	4,266	—	23.44	2/22/2022	—	—	—	—	33,402
	3,236	—	30.90	3/6/2023	—	—	—	—	22,738
	65,502	—	55.84	3/5/2024	—	—	—	—	1,199,970
	67,659	—	50.66	11/17/2025	—	—	—	—	1,300,007
	57,972	28,985	46.27	2/17/2026	—	—	—	—	1,560,009
	35,520	71,038	45.18	3/3/2027	—	—	—	—	1,820,011
	—	108,592	40.97	3/2/2028	—	—	—	—	1,820,002
	—	—	—	—	—	—	378,071[4]	10,359,145	13,202,012
	—	—	—	—	37,094	1,016,376	101,146[5]	2,771,400	6,396,364
	—	—	—	—	40,283	1,103,754	100,709[5]	2,759,427	6,370,019
	—	—	—	—	66,635	1,825,799	111,057[5]	3,042,962	7,280,041
Kenneth S. Parks	11,033	5,516	46.52	6/6/2026	—	—	—	—	300,000
	7,026	14,052	45.18	3/3/2027	—	—	—	—	360,012
	—	29,833	40.97	3/2/2028	—	—		—	500,001
	—	—	—	—	2,149	58,883	19,347[5]	530,108	999,993
	—	—	—	—	—	—	40,507[4]	1,109,892	1,566,811
	—	—	—	—	7,968	218,323	19,921[5]	545,835	1,260,025
	—	—	—	—	18,307	501,612	30,511[5]	836,001	2,000,073
Rajiv Malik	34,389	—	55.84	3/5/2024	—	—	—	—	629,993
	41,637	—	50.66	11/17/2025	—	—	—	—	800,017
	33,446	16,722	46.27	2/17/2026	—	—	—	—	900,014
	21,858	43,716	45.18	3/3/2027	—	—	—	—	1,120,004
	—	71,600	40.97	3/2/2028	—	—		—	1,200,016
	—	—	—	—	—	—	324,061[4]	8,879,271	11,316,016
	—	—	—	—	22,024	603,458	58,354[5]	1,598,900	3,719,091
	—	—	—	—	24,790	679,246	61,975[5]	1,698,115	3,920,043
	—	—	—	—	43,935	1,203,819	73,225[5]	2,006,365	4,800,045
Daniel M. Gallagher	16,416	32,831	38.94	5/12/2027	—	—	—	—	640,009
	—	38,187	40.97	3/2/2028	—	—		—	640,014
	—	—	—	—	16,436	450,346	40,507[4]	1,109,892	2,186,170
	—	—	—	—	17,030	466,622	41,089[5]	1,125,839	650,035
	—	—	—	—	23,432	642,037	39,053[5]	1,070,052	2,560,010
Anthony Mauro	4,266	—	23.44	3/22/2022	—	—	—	—	33,402
	3,236	—	30.90	3/6/2023	—	—	—	—	22,738
	12,009	—	55.84	3/5/2024	—	—	—	—	220,000
	16,265	—	50.66	11/17/2025	—	—	—	—	312,517
	18,210	9,104	46.27	2/17/2026	—	—	—	—	490,013
	9,759	19,516	45.18	3/3/2027	—	—	—	—	500,017
	—	29,833	40.97	3/2/2028	—	—	—	—	500,001
	—	—	—	—	—	—	67,512[4]	1,849,829	2,357,499
	—	—	—	—	9,015	247,011	31,771[5]	870,525	1,887,168
	—	—	—	—	11,067	303,236	27,668[5]	758,103	1,750,047
	—	—	—	—	18,307	501,612	30,511[5]	836,001	2,000,073

(1) Vesting dates applicable to unvested stock options are as follows, in each case generally subject to continued employment with Mylan: on 17 February 2019, the unvested options at the $46.27 exercise price for Ms. Bresch and Messrs. Malik and Mauro vested, and the unvested

options at the $46.52 exercise price for Mr. Parks vested; one-half of the unvested options at $45.18 exercise price for Ms. Bresch and the Messrs. Malik, Mauro and Parks and at the $38.94 exercise price for Mr. Gallagher vested on 03 March 2019; and the unvested stock options at the $40.97 exercise price for all NEOs will vest in three equal annual installments beginning 02 March 2019 (other than stock options forfeited by Mr. Gallagher in connection with his separation from Mylan on 02 April 2019). Subject to applicable employment agreement provisions, following termination of employment, vested stock options will generally remain exercisable for 30 days following termination, except that (i) in the case of termination because of disability, 100% of options become vested and vested options will remain exercisable for two years following termination; (ii) in the case of a termination due to a reduction in force, vested options will remain exercisable for one year following termination; (iii) in the case of death, including within two years following termination because of disability, or, in the case of options granted prior to 01 January 2017, retirement, 100% of options become vested and vested options will remain exercisable for the remainder of the original term; and (iv) in the case of an involuntary termination without cause or a voluntary resignation for good reason that occurs within two years following a change in control, 100% of options become vested (double-trigger awards). In the case of options granted in 2013, 2014, 2015, 2016, 2017 or 2018 to Ms. Bresch, and in 2014, 2015, 2016, 2017 or 2018 to Mr. Malik, and, solely with respect to options granted to Mr. Gallagher in 2017, following termination of employment without "cause" or resignation for "good reason" as defined in the applicable employment agreement, 100% of options become vested and vested options will remain exercisable for one year following termination.

(2) *On 17 February 2019, 37,094 RSUs for Ms. Bresch, 2,149 RSUs for Mr. Parks, 22,024 RSUs for Mr. Malik and 9,015 RSUs for Mr. Mauro vested. Of the 40,283 RSUs for Ms. Bresch, 20,142 vested on 03 March 2019, and 20,141 will vest on 03 March 2020; of the 7,968 RSUs for Mr. Parks, 3,984 vested on 03 March 2019, and 3,984 will vest on 03 March 2020; of the 24,790 RSUs for Mr. Malik, 12,395 vested on 03 March 2019, and 12,395 will vest on 03 March 2020; of the 16,436 RSUs for Mr. Gallagher, 8,218 vested on 03 March 2019, and 8,218 will vest on 15 March 2020; and of the 11,067 RSUs for Mr. Mauro 5,534 vested on 03 March 2019, and 5,533 will vest on 03 March 2020. 66,635 RSUs for Ms. Bresch, 18,307 RSUs for Mr. Parks, 43,935 RSUs for Mr. Malik and 18,307 RSUs for Mr. Mauro vest in three equal annual installments beginning on 02 March 2019, and of the 23,432 RSUs for Mr. Gallagher, 7,811 vested on 02 March 2019 and the remainder will vest on 15 March 2020. Of the 17,030 RSUs for Mr. Gallagher that represent the Gallagher Sign-On RSUs, 8,515 vested on 01 April 2019, and 8,515 will vest on 15 March 2020. In accordance with their terms, all of these awards would vest upon an involuntary termination without cause or a voluntary resignation for good reason that occurs within two years following a change in control (double-trigger awards) or upon the executive's death or disability. In the case of awards granted to Ms. Bresch and Messrs. Malik and Gallagher (for Mr. Gallagher, solely with respect to RSUs granted in 2017), the awards would also vest upon the executive's termination without "cause," or resignation for "good reason" as defined in the applicable employment agreement.*

(3) *The market value of restricted ordinary shares, RSUs and PRSUs was calculated using the closing price of the Company's ordinary shares as of 31 December 2018, $27.40.*

(4) *These awards consist of restricted ordinary shares under the One-Time Special Five-Year Performance-Based Realizable Value Incentive Program. The One-Time Special Five-Year Performance-Based Realizable Value Incentive Program is described in detail in the Proxy Statement for Mylan Inc.'s 2014 Annual Meeting of Shareholders. These awards have been forfeited as a result of the performance criteria having not been met.*

(5) *The vesting of these PRSUs is subject to the attainment of performance goals. On 17 February 2019, Ms. Bresch vested in 25,287 ordinary shares or 25% of the target 101,146 PRSUs, Mr. Parks vested in 4,837 ordinary shares or 25% of the target 19,347 PRSUs , Mr. Malik vested in 14,589 ordinary shares or 25% of the target 58,354 PRSUs and Mr. Mauro vested in 7,943 ordinary shares or 25% of the target 31,771 PRSUs. On 03 March 2020, Ms. Bresch is expected to vest in PRSUs relating to 100,709 ordinary shares, Mr. Parks is expected to vest in PRSUs relating to 19,921 ordinary shares, Mr. Malik is expected to vest in PRSUs relating to 61,975 ordinary shares and Mr. Mauro is expected to vest in PRSUs relating to 27,668 ordinary shares. On 02 March 2021, Ms. Bresch is expected to vest in PRSUs relating to 111,057 ordinary shares, Mr. Parks is expected to vest in PRSUs relating to 30,511 ordinary shares, Mr. Malik is expected to vest in PRSUs relating to 73,225 ordinary shares and Mr. Mauro is expected to vest in PRSUs relating to 30,511 ordinary shares. The PRSUs are expected to vest upon the earliest to occur of (i) 03 March 2020 or 02 March 2021, as applicable, provided that the performance goals have been satisfied, (ii) an involuntary termination without cause or a voluntary resignation for good reason within two years following a change in control, (iii) the executive's death or disability and (iv) in the case of awards granted to Ms. Bresch and Messrs. Malik and Gallagher (for Mr. Gallagher, solely with respect to PRSUs granted in 2017), the executive's termination without "cause," or resignation for "good reason" as defined in the applicable employment agreement. Any outstanding ordinary shares subject to the award that remain unvested as of 03 March 2020 or 02 March 2021, as applicable, will be forfeited.*

(6) *As a result of his separation from Mylan on 02 April 2019, except as otherwise described in footnote (2), Mr. Gallagher forfeited his unvested equity awards as of such date.*

Option Exercises and Stock Vested for 2018

The option awards and ordinary share awards reflected in the table below were exercised or became vested for the NEOs during 2018.

Name	Option Awards			Stock Awards		
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Grant Date Fair Value ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)	Grant Date Fair Value ($)
Heather Bresch	—	—	—	97,673	4,014,812	4,788,397
Kenneth S. Parks	—	—	—	6,135	253,866	280,060
Rajiv Malik	—	—	—	59,675	2,452,471	2,926,746
Daniel M. Gallagher	—	—	—	8,218	336,691	320,009
Anthony Mauro	4,757	84,151	37,397	25,000	1,028,380	1,220,677

Pension benefits for 2018

The following table summarizes the benefits accrued by Ms. Bresch and Mr. Malik as of 31 December 2018, under the RBA (or Executive Plan, in the case of Mr. Malik) in effect during 2018. The Company does not sponsor any other defined benefit pension programs covering the NEOs.

Name	Plan Name[1]	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Heather Bresch	Retirement Benefit Agreement	14	6,355,779	—
Kenneth S. Parks	N/A	N/A	—	—
Rajiv Malik	The Executive Plan for Rajiv Malik[2]	N/A	321,171	—
Rajiv Malik	Retirement Benefit Agreement	12	4,005,221	—
Daniel M. Gallagher	N/A	N/A	—	—
Anthony Mauro	N/A	N/A	—	—

(1) *Messrs. Parks, Gallagher and Mauro are not party to a defined benefit pension arrangement.*

(2) *This is a deferred compensation plan established for the benefit of Mr. Malik. The Company is no longer contributing to this plan.*

Nonqualified Deferred Compensation

The following table sets forth information relating to the Restoration Plan for 2018. There was no NEO participation in the Mylan Executive Income Deferral Plan in 2018.

Name	Aggregate Balance at Last FYE ($)	Executive Contributions in Last FY ($)	Company Profit Sharing and Match Contributions in Last FY ($)	Aggregate Earnings (Loss) in Last FY ($)[1]	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at FYE ($)
Heather Bresch	3,785,200	—	165,331	(263,651)	—	3,686,880
Kenneth S. Parks	48,076	47,910	100,841	(15,215)	—	181,612
Rajiv Malik	175,469	—	109,469	(30,701)	—	254,237
Daniel M. Gallagher	27,394	25,846	42,346	(7,862)	—	87,724
Anthony Mauro	1,726,000	49,200	117,692	(106,322)	—	1,786,570

(1) *These amounts include earnings (losses), dividends and interest provided on account balances, including the change in value of the underlying investments in which our NEOs are deemed to be invested. These amounts are not reported in the Summary Compensation Table.*

Retirement Programs and Employment Agreements

Restoration Plan

The Restoration Plan permits employees (including NEOs) who earn compensation in excess of the limits imposed by Section 401(a)(17) of the Code to (i) defer a portion of base salary and bonus compensation, (ii) be credited with a Company matching contribution in respect of deferrals under the Restoration Plan and (iii) be credited with Company non-elective contributions (to the extent so made by Mylan), in each case, to the extent that participants otherwise would be able to defer or be credited with such amounts, as applicable, under Mylan's 401(k) and Profit Sharing Plan if not for the limits on contributions and deferrals imposed by the Code. Company matching contributions immediately vest and Company profit sharing contributions are subject to an initial three-year vesting period. Upon a change in control (as defined in the Restoration Plan), a participant will become 100% vested in any unvested portion of his or her profit sharing contributions. Distributions of a participant's vested account balance will be made in a lump sum within 60 days following a participant's separation from service (or such later date as may be required by Section 409A of the Code).

Ms. Bresch and Mr. Malik are not eligible to receive matching contributions under the Restoration Plan.

Retirement Benefit Agreements

Mylan Inc. entered into RBAs with Ms. Bresch and Mr. Malik in August 2009. Pursuant to the RBAs of Ms. Bresch and Mr. Malik, upon retirement following completion of 10 or more years of service, each executive would be entitled to receive a lump sum retirement benefit equal to the present value of an annual payment of 20% and 15%, respectively, of the sum of their base salary and target annual bonus on the date of retirement, for a period of 15 years, discounted to the executive's current age from age 55 if such executive retires prior to attaining age 55 ("retirement benefit"). Having completed at least 10 years of continuous service as an executive, Ms. Bresch and Mr. Malik are each 100% vested in their retirement benefit under the RBAs.

Each of the RBAs provides that the executive is prohibited for one year following termination from engaging in activities that are competitive with the Company's activities, provided that this provision will have no effect if, after the occurrence of a change in control, Mylan refuses, fails to make or disputes any payments to be made to the executive under the RBA, whether or not the executive actually receives payments under the RBA.

Each of the RBAs provide that during the five-year period following termination, except for any termination occurring following a change in control, Mylan may request that the executive provide consulting services for the Company, which services will be reasonable in scope, duration and frequency, and not to exceed 20 hours per month. The hourly rate for such consulting services will be determined by the parties at the time, but may not be less than $500 per hour, payable monthly. The executive would also be entitled to reimbursement of all out-of-pocket expenses incurred directly in the course of providing these services.

Information concerning the estimated value of benefits under Ms. Bresch's and Mr. Malik's RBAs assuming retirement as of 31 December 2018, is in the section below entitled "Potential Payments Upon Termination or Change in Control."

As previously disclosed in 2007, Mylan established a nonqualified deferred compensation plan for Mr. Malik, who was then living outside the U.S. and therefore unable to participate in Mylan's 401(k) and Profit Sharing Plan. Although Mylan no longer contributes to the account, the plan account will be distributed to Mr. Malik upon termination of the plan, the termination of Mr. Malik's employment or other qualifying distribution events, such as his retirement, disability or death.

Potential Payments Upon Termination or Change in Control

The following discussion summarizes the potential payments and benefits that the NEOs would have received following a termination of employment on 31 December 2018 by Mylan without "cause", by the NEO for "good reason" (each as defined in the applicable agreement), due to his or her death or disability or as a result of a CIC Termination (as defined below), in each case, pursuant to the terms of the employment agreements, RBAs, Transition and Succession Agreements and LTI award agreements in effect as of 31 December 2018. A "CIC Termination" occurs if an NEO's employment is terminated other than for cause or if he or she terminates employment for good reason, in each case prior to a change in control under certain circumstances, within two years following the occurrence of a change in control or, for Ms. Bresch and Messrs. Malik and Mauro only, for any reason within 90 days following the first anniversary of a change in control.

All potential payments and benefits in connection with a change in control are "double-trigger", meaning they require a change in control and a termination of employment in order to be paid. As described above, following the Compensation Committee's determination that the performance criteria had not been met, the awards granted under the One-Time Special Five-Year Performance-Based Realizable Value Incentive Program were forfeited, and therefore no value is attributable to them here. All payments and benefits would be reduced by Company-provided death or disability benefits in the event of termination of the NEO's employment due to death or disability.

As described above, Mr. Gallagher's employment with Mylan terminated on 02 April 2019. For a description of the payments and benefits Mr. Gallagher received in connection with such termination, please see above, at "New Agreements with Executives in 2019".

Heather Bresch

Resignation for Good Reason, Termination Without Cause or Termination due to Death or Disability Absent a Change in Control. If Ms. Bresch's employment was terminated on 31 December 2018 by Mylan without cause, by her for good reason or due to her death or disability absent a change in control, she would have been entitled to (1) a lump sum payment equal to two times her annual base salary, (2) two years of health benefits, (3) a pro rata bonus based on actual performance, (4) full vesting of her LTI awards (with any performance conditions deemed achieved at "target" levels) and (5) a lump sum payment equal to her already vested RBA benefit.

The estimated values of such payments and benefits, assuming a 31 December 2018 termination, would have been (i) $5,232,326, in respect of cash severance and other benefits, (ii) $12,519,718, in respect of the vesting of LTI awards and (iii) $6,355,779, in respect of Ms. Bresch's already vested RBA benefit.

Termination in Connection with a Change in Control. If Ms. Bresch incurred a CIC Termination on 31 December 2018, she would have been entitled to the payments and benefits provided for above, except that her severance payment under (1) would be equal to three times the sum of her base salary and highest bonus paid and she would receive three years of continued health and other benefits. Ms. Bresch's Transition and Succession Agreement also provides for a gross-up payment for any excise tax on "excess parachute payments."

The estimated values of such payments and benefits, assuming a 31 December 2018 termination, would have been (i) $18,670,241, in respect of cash severance and other benefits, (ii) $12,519,718, in respect of the vesting of LTI awards and (iii) $6,355,779, in respect of Ms. Bresch's already vested RBA benefit. Based on these values, Ms. Bresch would not have been subject to the 280G excise tax; therefore no value is attributable to her contractual gross-up obligation for purposes of this disclosure.

Kenneth S. Parks

Resignation for Good Reason, Termination Without Cause or Termination due to Death or Disability Absent a Change in Control. If Mr. Parks' employment was terminated on 31 December 2018 by Mylan without cause, by him for good reason or due to his death or disability absent a change in control, he would have been entitled to (1) a lump sum payment equal to his annual base salary, (2) 12 months of health benefits, (3) a pro rata bonus based on actual performance and (4) in the case of a termination due to Mr. Parks' death or disability only, full vesting of his LTI awards (with any performance conditions deemed achieved at "target" levels).

The estimated values of such payments and benefits, assuming a 31 December 2018 termination, would have been (i) $1,752,061, in respect of cash severance and other benefits and (ii) in the case of a termination due to Mr. Parks' death or disability only, $2,690,762, in respect of the vesting of LTI awards.

Termination in Connection with a Change in Control. If Mr. Parks incurred a CIC Termination on 31 December 2018, he would become entitled to the payments and benefits provided for above in the event of his disability, except that his severance payment under (1) would be equal to three times the sum of his base salary and highest bonus paid and he would receive three years of continued health and other benefits. Consistent with Mylan's policy of not providing gross-ups in newly entered into agreements, Mr. Parks' Transition and Succession Agreement contains a "best net" provision in the event he would receive any "excess parachute payments", as described above.

The estimated values of such payments and benefits, assuming a 31 December 2018 termination, would have been (i) $6,745,473, in respect of cash severance and other benefits and (ii) $2,690,762, in respect of the vesting of LTI awards.

Rajiv Malik

Resignation for Good Reason, Termination Without Cause or Termination due to Death or Disability Absent a Change in Control. If Mr. Malik's employment was terminated on 31 December 2018 by Mylan without cause, by him for good reason or due to his death or disability absent a change in control, he would have been entitled to (1) a lump sum payment equal to one-and-one-half times his annual base salary, (2) 18 months of health benefits, (3) a pro rata bonus based on actual performance, (4) full vesting of his LTI awards (with any performance conditions deemed achieved at "target" levels) and (5) a lump sum payment in respect of his already vested RBA benefit.

The estimated values of such payments and benefits, assuming a 31 December 2018 termination, would have been (i) $3,191,355, in respect of cash severance and other benefits, (ii) $7,789,903, in respect of the vesting of LTI awards and (iii) $4,005,221, in respect of Mr. Malik's already vested RBA benefit.

Termination in Connection with a Change in Control. If Mr. Malik incurred a CIC Termination on 31 December 2018, he would have been entitled to the payments and benefits provided for above, except that his severance payment under (1) would be equal to three times the sum of his base salary and highest bonus paid and he would receive three years of continued health and other benefits. Mr. Malik's Transition and Succession Agreement also provides for a gross-up payment for any excise tax on "excess parachute payments."

The estimated values of such payments and benefits, assuming a 31 December 2018 termination, would have been (i) $12,688,123, in respect of cash severance and other benefits, (ii) $7,789,903, in respect of the vesting of LTI awards and (iii) $4,055,221, in respect of Mr. Malik's already vested RBA benefit. Based on these values, Mr. Malik would not have been subject to the 280G excise tax; therefore no value is attributable to his contractual gross-up obligation for purposes of this disclosure.

Daniel M. Gallagher

Resignation for Good Reason, Termination Without Cause or Termination due to Death or Disability Absent a Change in Control. If Mr. Gallagher's employment was terminated on 31 December 2018 by Mylan without cause, by him for good reason or due to his death or disability absent a change in control, he would have been entitled to (1) a lump sum payment equal to his annual base salary, (2) 12 months of health benefits, (3) a pro rata bonus based on actual performance, (4) full vesting of his LTI awards granted in 2017 and (5) in the case of a termination due to Mr. Gallagher's death or disability only, full vesting of his other LTI awards (with any LTI performance conditions deemed achieved at "target" levels).

The estimated values of such payments and benefits, assuming a 31 December 2018 termination, would have been (i) $2,048,595, in respect of cash severance and other benefits, (ii) $2,042,807, in respect of the vesting of LTI awards granted in 2017 and (iii) in the case of a termination due to Mr. Gallagher's death or disability only, $1,712,089, in respect of the vesting of his other LTI awards.

Termination in Connection with a Change in Control. If Mr. Gallagher incurred a CIC Termination on 31 December 2018, he would become entitled to the payments and benefits provided for above in the event of his disability, except that his severance payment under (1) would by equal to three times the sum of his base salary and highest bonus paid and he would receive three years of continued health and other benefits. Consistent with Mylan's policy of not providing gross-ups in newly entered into agreements, Mr. Gallagher's Transition and Succession Agreement contains a "best net" provision in the event he would receive any "excess parachute payments", as described above.

The estimated values of such payments and benefits, assuming a 31 December 2018 termination, would have been (i) $7,632,384, in respect of cash severance and other benefits and (ii) $3,754,896, in respect of the vesting of LTI awards.

Anthony Mauro

Termination Without Cause or Termination due to Death or Disability Absent a Change in Control. If Mr. Mauro's employment was terminated on 31 December 2018 by Mylan without cause or due to his death or disability absent a change in control, he would have been entitled to (1) a lump sum payment equal to his annual base salary, (2) 12 months of health benefits, (3) a pro rata bonus based on actual performance and (4) in the case of a termination due to Mr. Mauro's death or disability only, full vesting of his LTI awards (with any performance conditions deemed achieved at "target" levels).

The estimated values of such payments and benefits, assuming a 31 December 2018 termination, would have been (i) $1,789,091, in respect of cash severance and other benefits and (ii) in the case of a termination due to Mr. Mauro's death or disability only, $3,516,488, in respect of the vesting of LTI awards.

Termination in Connection with a Change in Control. If Mr. Mauro incurred a CIC Termination on 31 December 2018, he would become entitled to the payments and benefits provided for above in the event of his disability, except that his severance payment under (1) would be equal to three times the amount of base salary and cash bonus paid to Mr. Mauro by Mylan as reflected on Mr. Mauro's W-2 in (a) the tax year immediately preceding the year in which the date of termination occurs or (b) the year in which the change in control occurs, whichever is greater, and he would receive three years of continued health and other benefits. Mr. Mauro's Transition and Succession Agreement also provides for a gross-up payment for any excise tax on "excess parachute payments."

The estimated values of such payments and benefits, assuming a 31 December 2018 termination, would have been (i) $6,396,746, in respect of cash severance and other benefits and (ii) $3,516,488, in respect of the vesting of LTI awards. Based on these values, Mr. Mauro would not have been subject to the 280G excise tax; therefore no value is attributable to his contractual gross-up obligation for purposes of this disclosure.

CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company is providing the following information about the relationship of the annual total compensation of the Company's employees and the annual total compensation of the Company's CEO. The pay ratio figures below are a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K under the Exchange Act.

Further to this requirement, under the disclosure Instructions 2 to Item 402(u), the median-paid employee may be identified once every three years if there is no impact to the pay ratio disclosure. As there were no changes in our employee population or to the median-paid employee's compensation arrangements in 2018 that would affect the pay ratio disclosure, the employee representing the median-paid employee is the same employee selected for the 2018 Proxy Statement. We collected the 2018 annual total compensation for the median employee using the same methodology we use for our named executive officers as disclosed in the Summary Compensation Table and then added the cost of medical and dental benefits in the calculation of annual total compensation for the median employee and CEO.

Total annual compensation for the median employee was $42,407 and total annual compensation for the CEO was $13,346,299, resulting in a ratio of median employee total annual compensation to CEO total annual compensation of 315 to 1. Total annual compensation for the median employee and the chief executive officer is calculated according to the disclosure requirements of Item 402(u) of Regulation S-K under the Exchange Act and includes base salary, annual incentive, equity awards, change in pension values and other compensation such as perquisites and medical benefits.

Non-employee director compensation for 2018

The following table sets forth information concerning the compensation earned by Mylan's directors who are not employees of the Company or Mylan Inc. (each a "Non-Employee Director," and, together, the "Non-Employee Directors") for 2018. Directors who are employees of Mylan Inc. receive no compensation for their Board service. A discussion of the elements of Non-Employee Director compensation follows the table.

Name	Fees Earned or Paid in Cash ($)	RSUs ($)[4]	Option Awards ($)[4]	Total ($)
Wendy Cameron [1]	62,500	165,027	50,012	277,539
Hon. Robert J. Cindrich	143,750	165,027	50,012	358,789
Robert J. Coury	1,800,000	—	—	1,800,000
JoEllen Lyons Dillon	190,000	165,027	50,012	405,039
Neil Dimick	176,250	165,027	50,012	391,289
Melina Higgins	150,000	165,027	50,012	365,039
Harry A. Horman [2]	70,000	165,015	50,004	285,019
Mark W. Parrish	253,750	165,027	50,012	468,789
Pauline van der Meer Mohr [2]	65,000 [3]	165,015	50,004	280,019
Randall L. (Pete) Vanderveen, Ph.D., R.Ph.	120,000	165,027	50,012	335,039
Sjoerd S. Vollebregt [2]	130,000 [3]	165,027	50,012	345,039

(1) Not nominated for re-election at the 2018 AGM and retired from the Board effective 29 June 2018. Compensation listed reflects amounts earned and equity awarded through 29 June 2018.

(2) Elected to Mylan's Board for the first time at the 2018 AGM.

(3) Fees earned by Ms. van der Meer Mohr and Mr. Vollebregt were paid in Euros. Such amounts were converted into Euros using the monthly conversion rate in effect when each payment was made.

(4) Represents the grant date fair value of the specific award granted to the Non-Employee Director. Option awards and restricted stock unit ("RSU") awards granted in 2018 generally vested on 02 March 2019. The aggregate number of ordinary shares subject to stock options held by the Non-Employee Directors, as of 31 December 2018, were as follows: Ms. Cameron, 14,277; Judge Cindrich, 14,277; Mr. Coury, 231,074; Ms. Dillon, 14,277; Mr. Dimick, 14,277; Ms. Higgins, 20,900; Mr. Korman, 29,412; Mr. Parrish, 14,277; Ms. van der Meer Mohr 3,446; Dr. Vanderveen, 14,277; and Mr. Vollebregt, 6,851. The number of unvested RSUs held by each of the Non-Employee Directors, as of 31 December 2018, were as follows: Judge Cindrich, 4,028; Mr. Coury, 1,000,000; Ms. Dillon, 4,028; Mr. Dimick, 4,028; Ms. Higgins, 4,028; Mr. Korman 4,566; Mr. Parrish, 4,028; Ms. van der Meer Mohr 4,566; Dr. Vanderveen, 4,028; and Mr. Vollebregt, 4,028. The number of unvested performance-based restricted ordinary shares held by Mr. Coury, as of 31 December 2018, was 270,051, which were forfeited as a result of the performance criteria not having been met.

Board and Committee Fees

In 2018, the Compensation Committee retained Meridian to provide the Committee with a market review of outside director compensation.

Non-Employee Directors, other than Mr. Coury, receive $100,000 per year in cash compensation for their service on Mylan's Board. Non-Employee Directors also are reimbursed for actual expenses relating to meeting attendance.

In addition, in 2018, the Non-Employee Directors received the following additional fees for their service on Board committees, payable in each case, in four equal quarterly installments (pro-rated for any partial quarter):

- The Chair of the Audit Committee received an additional fee of $30,000 per year;
- The Chair of the Compensation Committee received an additional fee of $25,000 per year;
- The Chair of the Compliance Committee received an additional fee of $30,000 per year;
- The Chair of the Finance Committee received an additional fee of $20,000 per year;

- The Chair of the Governance and Nominating Committee received an additional fee of $25,000 per year;
- The Chair of the Risk Oversight Committee received an additional fee of $25,000 per year;
- The Chair of the Science and Technology Committee received an additional fee of $10,000 per year;
- Each member of the Executive Committee who is a Non-Employee Director, other than Mr. Coury, received an additional fee of $30,000 per year;
- Each member of the Audit Committee, Compensation Committee, Governance and Nominating Committee and Risk Oversight Committee received an additional fee of $15,000 per year;
- Each member of the Compliance Committee received an additional fee of $10,000 per year;
- Each member of the Finance Committee and the Science and Technology Committee received an additional fee of $5,000 per year; and
- The Lead Independent Director received an additional fee of $60,000 per year

Mr. Coury does not receive the Non-Employee Director fees described above, and instead receives a quarterly cash retainer of $450,000 and certain perquisites. In connection with the transition from his role as Executive Chairman to Chairman of the Board as a non-employee director effective 24 June 2016, the Board asked Mr. Coury to serve as Chairman for at least five years and to intently focus, with the Mylan Board and in collaboration with the senior management team, on the strategy for Mylan for the next decade and beyond. The Board believes that the continued highly active and visionary leadership, insight and strategic direction of Mr. Coury as Chairman is critical to the Company and in the best interests of our shareholders and other stakeholders, as both the Board and management evolve the Company's long-term strategy amid significant change and disruption in our industry.

Non-Employee Directors are eligible to receive stock options or other grants under Mylan's Amended and Restated 2003 Long-Term Incentive Plan (the "Amended 2003 Plan"). In March 2018, each Non-Employee Director, other than Messrs. Coury and Korman and Ms. van der Meer Mohr, were granted an option to purchase 2,984 ordinary shares at an exercise price of $40.97 per share, the closing price per share of Mylan's ordinary shares on the date of grant, which option, other than as described below, vested on 02 March 2019, and 4,028 RSUs, which also, other than as described below, vested on 02 March 2019. In June 2018, upon election to the Board, Mr. Korman and Ms. van der Meer Mohr were each granted options to purchase 3,446 ordinary shares at an exercise price of $36.14 per share, the closing price per share of Mylan's ordinary shares on the date of grant, which options vested on 02 March 2019, and 4,566 RSUs, which also vested on 02 March 2019. Mr. Coury did not receive any equity awards in 2018. As described in the 2017 Proxy Statement, Mr. Coury received an award of 1,000,000 RSUs on 24 June 2016, 75% of which will vest on the third anniversary of the date of grant and 25% of which will vest on the fifth anniversary of the date of grant, or earlier upon certain cessations of Mr. Coury's services as Chairman or failure to be appointed to Mylan's Board. Ms. Cameron was not nominated for re-election and retired from the Board effective 29 June 2018. In recognition of Ms. Cameron's long and dedicated service to Mylan, the other independent members of the Board voted to accelerate the vesting of her March 2018 option and RSU awards to her date of retirement. Non-Employee Directors also are eligible to receive tax-equalization payments for incremental tax liabilities, if any, incurred as a result of attendance at board meetings in the U.K.

Ordinary Share Ownership Requirements

Mylan's Board has adopted ordinary share ownership requirements for Non-Employee Directors, requiring each to hold ordinary shares valued at three times their annual retainer as long as they remain on the Board. Each Non-Employee Director has five years from his or her initial election to the Board to achieve this requirement. The policy was adopted to further demonstrate alignment of directors' interests with shareholders' for the duration of their service. As of 31 December 2018, all Non-Employee Directors satisfied this ownership requirement, with the exception of Mr. Vollebregt and Ms. van der Meer Mohr. Mr. Vollebregt, who became a director on 22 June 2017 is required to satisfy the ownership requirement by June 2022. Ms. van der Meer Mohr, who became a director on 29 June 2018, is required to satisfy the ownership requirement by June 2023.

Remuneration to auditors

Deloitte served as Mylan's independent registered public accounting firm during 2018 and 2017, and no relationship exists other than the usual relationship between such a firm and its client. Details about the nature of the services provided by, and fees Mylan paid to, Deloitte and affiliated firms for such services during 2018 and 2017 are set forth below.

	Year ended 31 December	
(In millions of USD)	**2018**	**2017**
Audit fees [1]	$ 9.8	$ 9.6
Audit-related fees [2]	0.3	0.5
Tax fees [3]	0.8	0.1
Total fees	$ 10.9	$ 10.3

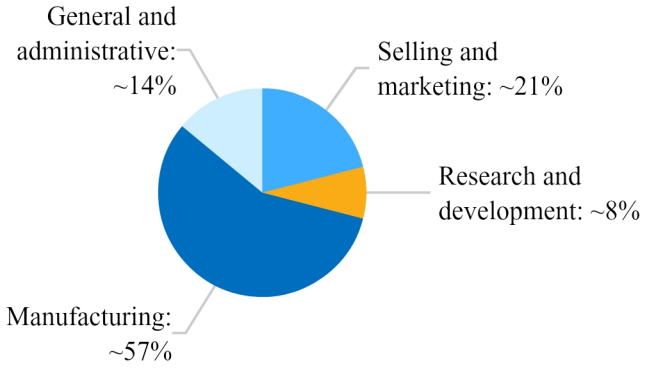
(1) Represents fees for professional services provided for the audit of Mylan's annual consolidated financial statements and the Dutch Annual Accounts; the audit of Mylan's internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002; reviews of Mylan's quarterly condensed consolidated financial statements; audit services provided in connection with other statutory or regulatory filings; and accounting, reporting and disclosure matters. Included in this amount are fees paid to Deloitte Accountants B.V. (The Netherlands) for audit services related to the Dutch Annual Accounts of $0.3 million and $0.3 million for the years ended 31 December 2018 and 2017, respectively.

(2) Represents fees for assurance services related to the audit of Mylan's annual consolidated financial statements, including the audit of the Company's employee benefit plans, comfort letters, certain SEC filings and other agreed-upon procedures.

(3) Represents fees primarily related to tax-return preparation, tax planning and tax-compliance support services.

Employees

As at 31 December 2018, Mylan's global workforce included approximately 35,000 employees and external contractors. Of the Company's total global workforce, approximately 114 are located in the Netherlands. Below is a summary of the composition of Mylan's global workforce by function:



29 Related party disclosures

Based on a review of the transactions between Mylan and its directors and executive officers, their immediate family members, and their affiliated entities, Mylan has determined that since the beginning of 2018, it was a party to the following transactions in which the amount involved exceeded $120,000 and in which any of Mylan's directors, executive officers, or greater than five percent shareholders, or any of their immediate family members or affiliates, have or had a direct or indirect material interest:

As previously disclosed, Mylan has engaged Coury Financial Group, LP, now The Coury Firm LLC (together with its predecessors, "CFG"), the principals of which are brothers and a son of Robert J. Coury, Chairman, to provide certain services to Mylan. CFG is beneficially owned by brothers and trusts on behalf of brothers and children of Mr. Coury. CFG is in the business of providing strategic corporate benefits advice and services, among others. Since approximately 1995, CFG and, in

the past, other affiliated entities of CFG, have served as the broker in connection with several of the Company's employee benefit programs. Effective 01 January 2018, Mylan extended its previous contract with CFG for an additional three year period on substantially the same terms as its prior arrangement, which included, a fixed base fee of $37,500 per month to be paid by Mylan to CFG, corresponding to the term of agreements negotiated with certain benefit plan carriers and capping payments over that time period. However, where required by law, CFG will continue to receive commissions directly from certain other benefit plan carriers, and in 2018 and early 2019, received payments totaling approximately $230,000 in commissions for these services directly from the insurance carriers (including payments for 2017 business paid in 2018).

Based on the contractual terms of Mr. Coury's 2011 Executive Employment Agreement, 2014 Executive Employment Agreement and 2016 Letter Agreement, upon Mr. Coury's conclusion of service as an executive with the Company in 2016 the Company was obligated to provide him with certain benefits that he had earned over his fifteen year tenure with the Company. These benefits included, at Mr. Coury's election on an annual basis for three years, either personal use of the Company's aircraft for up to 70 hours per year or a cash payment of up to approximately $1.5 million each year for unused time based on the contract formula. We note that this benefit was disclosed in prior proxy statements, and that the aggregate value of this benefit was included in the Summary Compensation Table of the Company's Proxy Statement for the 2017 annual general meeting of shareholders (the "2017 Proxy Statement"). With respect to 2018, Mr. Coury used the aircraft for 26.5 personal hours and received a cash payment of $947,524 in respect of the unused time based on the contract formula. We believe that $1.5 million represents a fair estimate of the approximate dollar value of the transaction and of Mr. Coury's interest in it. Although this transaction was previously disclosed, we are disclosing it again here, based on SEC rules, as Mr. Coury remains a related person due to his continued service as a director of the Company (although his receipt of this benefit is not contingent on that service) and the benefit was provided by Mylan to Mr. Coury during 2018. We anticipate continuing to honor this contractual commitment to Mr. Coury in 2019.

Mr. Dimick, like each member of the Board, is party to an indemnification agreement with the Company. The Company has been advised by counsel to Mr. Dimick that counsel billed fees of approximately $275,000 in 2018 for services provided to Mr. Dimick related to providing information in connection with the previously disclosed SEC related party investigation, which did not relate to Mr. Dimick. The SEC's Division of Enforcement has informed the Company that it has completed its related party investigation with no recommended further action. Counsel does not anticipate billing any additional fees for services to be provided to Mr. Dimick.

Rajiv Malik is an executive officer of the Company and is party to an employment agreement, as amended, with Mylan Inc., which contains standard indemnification provisions. The Company has made payments to counsel to Mr. Malik of approximately $1.5 million in 2018 and approximately $200,000 in 2019 for services provided to Mr. Malik in connection with certain previously disclosed drug pricing matters. The Company anticipates making additional payments of approximately $1.6 million in 2019 for ongoing services to be provided to Mr. Malik in connection with such matters. Mylan anticipates additional payment, repayment or advancement of these and other expenses during the pendency of the aforementioned matters and anticipates that it will make payments for any such claims.

Mylan has a written related party transactions policy that establishes guidelines for reviewing and approving, as appropriate, transactions involving any director, nominee for director, Section 16 officer, person known by the Company to be the beneficial owner of more than 5% of any class of the Company's voting securities, and person known by the Company to be an immediate family member of any such person in which (1) the amount involved will or may be expected to exceed $100,000; (2) Mylan or an affiliate of Mylan is or will be a participant; and (3) any related party has or will have a direct or indirect material interest. The Board also annually reviews certain relationships and related party transactions as part of its assessment of each director's independence.

Director Independence

Mylan's Board has determined that Judge Cindrich, Ms. Dillon, Mr. Dimick, Ms. Higgins, Mr. Korman, Mr. Mark, Mr. Parrish, Ms. van der Meer Mohr, Dr. Vanderveen and Mr. Vollebregt are independent directors under the applicable NASDAQ listing standards. In making these determinations, the Board considered, with respect to Mr. Korman's independence, Mr. Korman's past employment by Mylan Inc. and his prior consulting services for Mylan Inc. until 01 July 2015 pursuant to his previously disclosed Retirement and Consulting Agreement and Release dated 01 August 2014. With respect to Mr. Mark, the Board considered his prior service as a partner at Deloitte. The Board determined that any such arrangements, transactions or relationships would not interfere with the exercise of independent judgment by either of Mr. Korman or Mr. Mark in carrying out his respective responsibilities as a director of Mylan.

Mr. Coury, Ms. Bresch and Mr. Malik are not independent directors under applicable NASDAQ listing standards.

All non-executive directors of Mylan's Board other than Mr. Coury are considered to be independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code (the "DCGC").

As disclosed in the Company's Proxy Statement for the 2018 annual general meeting of shareholders (the "2018 Proxy Statement"), Mylan's Board had previously determined that Ms. Wendy Cameron, who served on the Board until 29 June 2018, was an independent director under the applicable NASDAQ listing standards.

30 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt this standard when it becomes effective.

IFRS 16 *Leases*

IFRS 16 substantially changes the financial statements as the majority of leases will become on-balance sheet liabilities with corresponding right of use assets on the balance sheet. The standard replaces IAS 17 *Leases* and is effective 01 January 2019. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. Upon adoption of the new standard, a portion of the annual operating lease costs, which is currently fully recognized as a functional expense, will be recorded as interest expense. In addition, the portion of the annual lease payments recognized in the cash flow statement as a reduction of the lease liability will be recognized as an outflow from financing activities, which currently is fully recognized as an outflow from operating activities. This guidance is effective for annual and interim periods beginning after 15 December 2018. The Company will adopt IFRS 16 in fiscal year 2019 and is currently assessing the impact on its consolidated financial statements and disclosures.

Additionally, at the beginning of fiscal year 2019, the Company adopted a new lease standard under U.S. generally accepted accounting principles ("U.S. GAAP"). As of 31 March 2019, the Company recorded a right-of-use asset and a lease liability of $236.2 million and $234.3 million, respectively, under U.S. GAAP. The requirements of IFRS 16 differ from the U.S. GAAP requirements primarily in relation to the classification of certain components of lease expense in the Consolidated Income Statement.

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*

IFRIC Interpretation 23 (the "Interpretation") clarifies application of recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation is effective for annual reporting periods beginning on or after 01 January 2019. The Company is currently assessing the impact of the adoption of this guidance on its consolidated financial statements and disclosures.

31 Subsidiaries

Mylan N.V. is the parent company of the Mylan group, which, as at 31 December 2018, consists of 273 entities with operations in 49 countries. The following table sets forth details of Mylan's consolidated subsidiaries, unless indicated otherwise.

Subsidiary	State or country of incorporation	Percentage of shares and votes directly and/or indirectly owned
Agila Australasia Pty Ltd.	Australia	100%

Alphapharm Pty Ltd.	Australia	100%
Meda Pharmaceuticals Pty Ltd.	Australia	100%
Mylan Australia Holding Pty Ltd.	Australia	100%
Mylan Australia Pty Limited	Australia	100%
Mylan Health Pty. Ltd.	Australia	100%
Arcana Arzneimittel GmbH	Austria	100%
BGP Products GmbH	Austria	100%
Meda Austria Holdings GmbH	Austria	100%
Meda Pharma GmbH	Austria	100%
Aktuapharma NV	Belgium	100%
Docpharma BVBA	Belgium	100%
Matrix Laboratories BVBA	Belgium	100%
Meda Pharma S.A.	Belgium	100%
Mylan BVBA	Belgium	100%
Mylan EPD SPRL	Belgium	100%
Mylan Bermuda Ltd.	Bermuda	100%
Mylan d.o.o.	Bosnia and Herzegovina	100%
Meda Pharma Importação e Exportação de Produtos Farmacêuticos Ltda.	Brazil	100%
Mylan Brasil Distribuidora de Medicamentos Ltda.	Brazil	100%
Mylan Laboratórios Ltda.	Brazil	100%
Mylan EOOD	Bulgaria	100%
BGP Pharma ULC	Canada	100%
Meda Pharmaceuticals Ltd.	Canada	100%
Mylan Pharmaceuticals ULC	Canada	100%
Rottapharm Chile SA	Chile	100%
Meda Pharmaceutical Hong Kong Ltd.	China	100%
Medicine Meda Pharmaceutical Information Consultancy (Beijing) Co., Ltd.	China	100%
Mylan Hrvatska d.o.o.	Croatia	100%
Agila Specialties (Holdings) Cyprus Ltd.	Cyprus	100%
Agila Specialties Americas Ltd.	Cyprus	100%
Onco Laboratories Ltd.	Cyprus	100%
BGP Products Czech Republic s.r.o.	Czech Republic	100%
Meda Pharma s.r.o.	Czech Republic	100%
Mylan Pharmaceuticals s.r.o.	Czech Republic	100%
Acton Pharmaceuticals Inc.	Delaware, USA	100%
Alaven Pharmaceutical LLC	Delaware, USA	100%
ALVP Holdings LLC	Delaware, USA	100%
Apicore Inc.	Delaware, USA	100%
Apicore US LLC	Delaware, USA	100%
Canton Fuels Company, LLC*	Delaware, USA	99%
Chouteau Fuels Company, LLC*	Delaware, USA	99%
Delcor Asset Corporation	Delaware, USA	100%
Denco Asset, LLC	Delaware, USA	100%
Deogun Manufacturing, LLC*	Delaware, USA	100%

Dey Limited Partner LLC	Delaware, USA	100%
Dey, Inc.	Delaware, USA	100%
EMD, Inc.	Delaware, USA	100%
Ezio Pharma, Inc.	Delaware, USA	100%
Franklin Pharmaceutical, LLC	Delaware, USA	100%
Madaus Inc.	Delaware, USA	100%
Marquis Industrial Company, LLC	Delaware, USA	99%
Meda Pharmaceuticals Inc.	Delaware, USA	100%
Mylan Consumer Healthcare, Inc.	Delaware, USA	100%
Mylan D.T. (U.S.) Holdings, Inc.	Delaware, USA	100%
Mylan D.T. DPT Partner Sub, LLC	Delaware, USA	100%
Mylan D.T., Inc.	Delaware, USA	100%
Mylan Holdings Inc.	Delaware, USA	100%
Mylan Institutional LLC	Delaware, USA	100%
Mylan Investment Holdings 4 LLC	Delaware, USA	100%
Mylan Investment Holdings 5 LLC	Delaware, USA	100%
Mylan Investment Holdings 6 LLC	Delaware, USA	100%
Mylan LLC	Delaware, USA	100%
Mylan Securitization LLC	Delaware, USA	100%
Mylan Special Investments LLC	Delaware, USA	100%
Mylan Special Investments II, LLC	Delaware, USA	100%
Mylan Special Investments III, LLC	Delaware, USA	100%
Mylan Special Investments IV, LLC	Delaware, USA	100%
Mylan Special Investments V, LLC	Delaware, USA	100%
Mylan Special Investments VI, LLC	Delaware, USA	100%
Mylan Specialty L.P.	Delaware, USA	100%
Nimes Inc.	Delaware, USA	62.66%
Powder Street, LLC	Delaware, USA	99.01%
Prestium Pharma, Inc.	Delaware, USA	100%
Somerset Pharmaceuticals, Inc.	Delaware, USA	100%
Wallace Pharmaceuticals Inc.	Delaware, USA	100%
BGP Products ApS	Denmark	100%
Meda AS (Denmark)	Denmark	100%
Mylan ApS	Denmark	100%
Meda Oy	Finland	100%
Mylan Finland OY	Finland	100%
Mylan OY	Finland	100%
Oy Scanmeda Ab	Finland	100%
Laboratoires Madaus S.A.S.	France	100%
Meda Holding S.A.S.	France	100%
Meda Manufacturing S.A.S.	France	100%
Meda Pharma S.A.S.	France	100%
Mylan EMEA S.A.S.	France	100%
Mylan Generics France Holding S.A.S.	France	100%
Mylan Laboratories S.A.S.	France	100%
Mylan Medical S.A.S.	France	100%

Mylan S.A.S.	France	100%
Qualimed S.A.S.	France	100%
Rottapharm S.A.S.	France	100%
Erste Madaus Beteiligungs GmbH	Germany	100%
Galmeda GmbH	Germany	100%
Kooperation Phytopharmaka Gbr	Germany	0.3%
Korin GmbH & Co. Projekt 31 KG	Germany	94.6%
Madaus GmbH	Germany	100%
Meda Germany Beteiligungs GmbH	Germany	100%
Meda Germany Holding GmbH	Germany	100%
Meda Manufacturing GmbH	Germany	100%
Meda Pharma GmbH & Co KG	Germany	100%
Meda Verwaltungs GmbH	Germany	100%
MWB Pharma GmbH	Germany	100%
Mylan dura GmbH	Germany	100%
Mylan Healthcare GmbH	Germany	100%
Pharmazeutische Union GmbH	Germany	100%
PharmLog Pharma Logistik GmbH	Germany	16.66%
Rottapharm |Madaus GmbH	Germany	100%
Tropon U-Kasse GmbH	Germany	100%
Troponwerke GmbH	Germany	100%
Viatris GmbH	Germany	100%
Zweite Madaus Beteiligungs GmbH	Germany	100%
Mylan (Gibraltar) 4 Ltd.	Gibraltar	100%
Mylan (Gibraltar) 5 Ltd.	Gibraltar	100%
Mylan (Gibraltar) 6 Ltd.	Gibraltar	100%
Mylan (Gibraltar) 7 Ltd.	Gibraltar	100%
Mylan (Gibraltar) 8 Ltd.	Gibraltar	100%
Mylan (Gibraltar) 9 Ltd.	Gibraltar	100%
BGP Pharmaceutical Products Ltd.	Greece	100%
Generics Pharma Hellas E.P.E.	Greece	100%
Meda Pharmaceuticals SA	Greece	100%
Rottapharm Hellas	Greece	100%
Meda Pharma Hungary Kereskedelmi Kft.	Hungary	100%
Mylan EPD Kft.	Hungary	100%
Mylan Hungary Kft.	Hungary	100%
Mylan Kft.	Hungary	100%
Mylan Institutional Inc.	Illinois, USA	100%
Madaus Pharmaceuticals Private Limited	India	100%
Mylan Laboratories India Private Limited	India	100%
Mylan Laboratories Limited	India	100%
Mylan Pharmaceuticals Private Limited	India	100%
BGP Products Limited	Ireland	100%
McDermott Laboratories Limited	Ireland	100%
Meda Health Sales Ireland Limited	Ireland	100%
Mylan Investments Limited	Ireland	100%

Mylan IRE Healthcare Limited	Ireland	100%
Mylan Ireland Holdings Limited	Ireland	100%
Mylan Ireland Investment D.A.C.	Ireland	100%
Mylan Ireland Limited	Ireland	100%
Mylan Pharma Acquisition Limited	Ireland	100%
Mylan Pharma Group Limited	Ireland	100%
Mylan Pharma Holdings Limited	Ireland	100%
Mylan Teoranta	Ireland	100%
Rottapharm Limited	Ireland	100%
BGP Products S.r.l. (Italy)**	Italy	100%
Dermogroup S.r.l.	Italy	100%
Madaus S.r.l.	Italy	100%
Meda Pharma S.p.A.	Italy	100%
Mylan S.p.A. Con Socia Unico	Italy	100%
Rottapharm S.p.A.	Italy	100%
Mylan EPD G.K.	Japan	100%
Mylan Seiyaku Ltd.	Japan	100%
SIA "BGP Products"	Latvia	100%
SIA Meda Pharma	Latvia	100%
BGP Products UAB	Lithuania	100%
BGP Products S.à.r.l.	Luxembourg	100%
Integral SA	Luxembourg	100%
Meda Pharma S.à r.l.	Luxembourg	100%
Mylan Luxembourg 1 S.à r.l.	Luxembourg	100%
Mylan Luxembourg 2 S.à r.l.	Luxembourg	100%
Mylan Luxembourg 3 S.à r.l.	Luxembourg	100%
Mylan Luxembourg 6 S.à r.l.	Luxembourg	100%
Mylan Luxembourg 7 S.à r.l.	Luxembourg	100%
Mylan Luxembourg 9 S.à r.l.	Luxembourg	100%
Mylan Luxembourg S.à r.l.	Luxembourg	100%
SIM S.A.	Luxembourg	100%
Meda Healthcare Sdn. Bhd.	Malaysia	100%
Mylan Malaysia Sdn. Bhd.	Malaysia	100%
MP Laboratories (Mauritius) Ltd.	Mauritius	100%
Meda Phama S de RL de CV	Mexico	100%
Meda Pharma Servicios S de RL de CV	Mexico	100%
Mylan Pharmaceuticals S.A.S.	Morocco	100%
DAGRA Medica B.V.	Netherlands	100%
Meda Pharma B.V.	Netherlands	100%
Mylan B.V.	Netherlands	100%
Mylan Group B.V.	Netherlands	100%
Mylan Healthcare B.V.	Netherlands	100%
Agila Specialties Inc.	New Jersey, USA	100%
BGP Products	New Zealand	100%
Mylan New Zealand Ltd.	New Zealand	100%
Mylan Health Management LLC	North Carolina, USA	100%

Meda AS	Norway	100%
Mylan AS	Norway	100%
Mylan Healthcare Norge AS	Norway	100%
Mylan Hospital AS	Norway	100%
ZpearPoint AS	Norway	100%
MLRE LLC	Pennsylvania, USA	100%
Mylan Holdings Sub Inc.	Pennsylvania, USA	100%
Mylan Inc.	Pennsylvania, USA	100%
Synerx Pharma, LLC	Pennsylvania, USA	100%
Mylan Philippines Inc.	Philippines	99.99%
BGP Products Poland Sp. Z o.o.	Poland	100%
Meda Pharmaceuticals Sp. Z o.o.	Poland	100%
Mylan EPD Sp. Z o.o.	Poland	100%
Mylan Healthcare S.p. Z o.o.	Poland	100%
Mylan Pharmaceuticals Sp. Z o.o.	Poland	100%
Mylan Sp. Z o.o.	Poland	100%
Rottapharm Madaus Sp. Z o.o.	Poland	100%
BGP Products, Unipessoal, LDA	Portugal	100%
Laboratorios Anova - Produtos Farmaceuticos, LDA	Portugal	100%
Laboratorios Delta SA	Portugal	100%
Meda Pharma-Produtos Farmaceuticos SA	Portugal	100%
Mylan EPD Lda	Portugal	100%
Mylan, Lda	Portugal	100%
Neo Farmaceutica SA	Portugal	100%
Rotta Farmaceutica Ltda	Portugal	100%
BGP Products S.R.L. (Romania)	Romania	100%
Meda Pharma OOO	Russian Federation	100%
Rottapharm Madaus LLC	Russian Federation	100%
Mylan Pharmaceuticals Pte Ltd.	Singapore	100%
BGP Products s.r.o.	Slovakia	100%
Meda Pharma spol. s.r.o.	Slovakia	100%
Mylan s.r.o.	Slovakia	100%
GSP Proizvodi, farmacevtska druzba, d.o.o.	Slovenia	100%
Mylan, farmacevtska druzba, d.o.o.	Slovenia	100%
Meda Pharma South Africa (Pty) Limited	South Africa	100%
Mylan (Proprietary) Ltd.	South Africa	100%
SCP Pharmaceuticals (Pty) Ltd.	South Africa	100%
Xixia Pharmaceuticals (Pty) Ltd.	South Africa	100%
BGP Products Operations, S.L.U.	Spain	100%
Meda Pharma, S.L.	Spain	100%
Mylan Pharmaceuticals S.L.	Spain	100%
Abbex AB	Sweden	100%
Antula Holding AB	Sweden	100%
BGP Products AB**	Sweden	100%
Ellem Läkemedel AB	Sweden	100%
Ipex AB	Sweden	100%

Ipex Medical AB	Sweden	100%
Meda AB	Sweden	100%
Meda OTC AB	Sweden	100%
Mylan AB	Sweden	100%
Mylan Sweden Holdings AB	Sweden	100%
Recip AB	Sweden	100%
Recip Läkemedel AB	Sweden	100%
Safe Breath International AB	Sweden	100%
Scandinavian Pharmaceuticals-Generics AB	Sweden	100%
Scandpharm Marketing AB	Sweden	100%
BGP Products GmbH (Switzerland)	Switzerland	100%
BGP Products Operations GmbH	Switzerland	100%
BGP Products Switzerland GmbH	Switzerland	100%
Meda Pharma GmbH	Switzerland	100%
Meda Pharmaceuticals Switzerland GmbH	Switzerland	100%
Mylan GmbH	Switzerland	100%
Mylan Holdings GmbH	Switzerland	100%
Meda Pharmaceuticals Taiwan Ltd.	Taiwan Province of China	100%
Mylan (Taiwan) Ltd.	Taiwan Province of China	100%
DPT Laboratories, Ltd.	Texas, USA	100%
Mylan Bertek Pharmaceuticals Inc.	Texas, USA	100%
Rottapharm Thailand Ltd	Thailand	100%
Meda Pharma Llaç Sanayi ve Ticaret Ltd. Sirketi	Turkey	100%
Meda Pharmaceuticals MEA FZ-LLC	United Arab Emirates	100%
Mylan FZ-LLC	United Arab Emirates	100%
Agila Specialties UK Limited	United Kingdom	100%
BeechMere Pharmaceuticals Ltd.	United Kingdom	100%
Famy Care Europe Limited	United Kingdom	100%
Generics (U.K.) Limited	United Kingdom	100%
Meda Pharmaceuticals Limited	United Kingdom	100%
Mylan Holdings Acquisition Limited**	United Kingdom	100%
Mylan Holdings Acquisition 2 Limited**	United Kingdom	100%
Mylan Holdings Ltd.**	United Kingdom	100%
Mylan Pharma UK Limited	United Kingdom	100%
Mylan Products Limited	United Kingdom	100%
Mylan UK Healthcare Limited	United Kingdom	100%
Viatris Pharmaceuticals Limited	United Kingdom	100%
VUK Pharmaceuticals Limited	United Kingdom	100%
American Triumvirate Insurance Company	Vermont, USA	100%
Mylan International Holdings, Inc.	Vermont, USA	100%
MP Air, Inc.	West Virginia, USA	100%
Mylan Pharmaceuticals Inc.	West Virginia, USA	100%
Mylan Technologies, Inc.	West Virginia, USA	100%
Mylan ASI LLC	Wyoming, USA	100%

*This entity represents an investment in associate.

**This entity is a direct subsidiary of Mylan N.V.

Mylan N.V.

Company Financial Statements

31 December 2018

Company Income Statements

For the year ended 31 December

(In millions of USD)	Note	2018	2017
Income from subsidiaries after taxes	2	$ 351.4	$ 580.1
Total expenses after taxes		44.6	(82.5)
Profit attributable to equity holders		$ 306.8	$ 662.6

Company Balance Sheets

(In millions of USD)	Note	As at 31 December 2018	As at 31 December 2017
Assets			
Non-current assets:			
Investments in subsidiaries	2	$ 19,020.0	$ 19,789.3
Intercompany notes and interest receivable		6,287.4	7,822.6
Other assets		0.3	4.9
		25,307.7	27,616.8
Current assets:			
Loans to and other receivables from subsidiaries		342.9	317.2
Other current assets		5.6	5.6
		348.5	322.8
Total assets		$ 25,656.2	$ 27,939.6
Equity and liabilities			
Equity:			
Mylan N.V. shareholders' equity		$ 6.0	$ 6.0
Additional paid-in capital		9,529.4	9,524.2
Retained earnings		4,779.9	4,447.0
Accumulated other comprehensive loss		(1,124.4)	(49.1)
		13,190.9	13,928.1
Less: Treasury stock — at cost		999.7	567.7
Total equity	5	12,191.2	13,360.4
Non-current liabilities:			
Long-term debt	6	9,370.1	10,614.3
Notes payable to subsidiaries		1,806.1	2,166.9
Current liabilities:			
Current portion of long-term debt and other long-term obligations		649.0	1,097.8
Loans from and other payables to subsidiaries		1,618.8	664.7
Other current liabilities	4	21.0	35.5
Total liabilities		13,465.0	14,579.2
Total equity and liabilities		$ 25,656.2	$ 27,939.6

1. General information

Mylan N.V. was incorporated as a limited liability company under the laws of the Netherlands (besloten vennootschap met beperkte aansprakelijkheid) on 07 July 2014. The registered office of Mylan N.V. was in Potters Bar, England and its corporate seat was in Amsterdam, the Netherlands. The principal activity of Mylan N.V. was to act as a holding and finance company. Mylan N.V. entered into an Amended and Restated Business Transfer Agreement and Plan of Merger, dated 04 November 2014, by and among Mylan N.V., Mylan Inc., Moon of PA Inc. ("Merger Sub"), and Abbott Laboratories ("Abbott") (together with the disclosure letters thereto, the "BTA"), pursuant to which, among other things, (a) Mylan N.V. acquired the non-US developed markets specialty and branded generics business (the "EPD Business") of Abbott in consideration for 110 million ordinary shares of Mylan N.V. (the "Business Transfer") and (b) Merger Sub merged with and into Mylan Inc. (the "Merger"), with Mylan Inc. surviving the Merger and continuing as a wholly owned subsidiary of Mylan N.V., and (c) in the Merger the outstanding common shares of Mylan Inc. were exchanged on a one-to-one basis for ordinary shares of Mylan N.V. (clauses (a), (b) and (c) collectively, the "Transaction"). Mylan N.V. was incorporated for the purpose of holding Mylan Inc. and the Business following consummation of the Transaction. On 27 February 2015, the transaction was completed and Mylan N.V. (the "Company") was converted into a public limited liability company (naamloze vennootschap) under the laws of the Netherlands. Mylan N.V.'s corporate seat is located in Amsterdam, the Netherlands, its principal executive offices are located in Hatfield, Hertfordshire, England and its global headquarters are located in Canonsburg, Pennsylvania. Mylan N.V.'s shares are publicly traded on the NASDAQ Global Select Stock Market ("NASDAQ") in the U.S. under the symbol "MYL". Our ordinary shares were also traded on the Tel Aviv Stock Exchange ("TASE") in Israel. On 10 November 2017, however, the Company announced that is was voluntarily delisting the Company's ordinary shares from trading on the TASE and the TASE delisting became effective on 12 February 2018.

Basis of presentation

The Company Financial Statements have been prepared in accordance with the provisions of Part 9, Book 2, of the Dutch Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Dutch Civil Code to prepare the Company financial statements, using the same accounting policies as in the Consolidated Financial Statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU (i.e., only IFRS that is adopted for use in the EU at the date of authorization) as explained further in the notes to the Consolidated Financial Statements. The Company presents a condensed income statement, using the facility of Article 402 of Part 9, Book 2, of the Dutch Civil Code.

Assets and liabilities presented are stated at the nominal value, unless otherwise stated. Subsidiaries are valued using the equity method, applying the IFRS accounting policies endorsed by the European Union. Following the adoption of IFRS 9 by the group, and our interpretation of the Dutch Accounting Standard 100.107A, the company shall, upon identification of a credit loss on an intercompany loan and/or receivable, eliminate the carrying amount of the intercompany loan and/or receivable for the value of the identified credit loss.

2. Investments in subsidiaries

(In millions of USD)	Group companies
Balance as at 31 December 2016	$ 15,693.5
Income from Group companies after tax	580.1
Capital contributions and affiliate other comprehensive earnings	3,515.7
Total changes	4,095.8
Balance as at 31 December 2017	19,789.3
Income from Group companies after tax	351.4
Capital contributions and affiliate other comprehensive losses	(1,120.7)
Total changes	(769.3)
Balance as at 31 December 2018	$ 19,020.0

3. Loans to and other receivables from subsidiaries

Intercompany loans follow the contractual cash flows established at the inception of the intercompany arrangement. The credit profile of the parent company and subsidiary entities are both derived from the credit profile of the consolidated business.

In May 2018, Mylan N.V. issued €500 million aggregate principal amount of its 2.125% Euro Senior Notes due 2025. (Refer to Note 6.)

In April 2018, Mylan N.V. issued $1.5 billion aggregate principal amount of its 4.550% Senior Notes due 2028 and $750 million aggregate principal amount of its 5.200% Senior Notes due 2048. (Refer to Note 6.)

In May 2017, Mylan N.V. issued €500 million aggregate principal amount of senior unsecured debt securities, comprised of floating rate Senior Notes due 2020. (Refer to Note 6.)

(In millions of USD)	Loans to and other receivables from subsidiaries
Balance as at 31 December 2016	$ 8,168.2
New loans	(658.1)
Repayments and intercompany settlements	629.7
Total changes	(28.4)
Balance as at 31 December 2017	8,139.8
New loans	492.2
Repayments and intercompany settlements	(2,001.7)
Total changes	(1,509.5)
Balance as at 31 December 2018	$ 6,630.3

4. Balance sheet components

Other current liabilities totaled $21.0 million and $35.5 million as at 31 December 2018 and 2017, respectively, and was made up of interest payable on long term debt.

5. Equity

For a breakdown of equity, reference is made to the Consolidated Statements of Equity and the Notes to the Consolidated Financial Statements. Components of equity can be agreed to the equity on the Consolidated Balance Sheet as at 31 December 2018.

Legal Reserves

Pursuant to Dutch law, limitations exist relating to the distribution of shareholders' equity of $12.2 billion and $13.4 billion as at 31 December 2018 and 2017, respectively. Legal reserves are considered non-distributable to shareholders.

As at 31 December 2018, such limitations relate to ordinary shares of $6.0 million. The unrealized gains and losses included in accumulated other comprehensive earnings (loss) is included in the legal reserve to the extent that it does not represent a deficit balance. Accumulated unrealized losses related to currency translation differences, treasury stock and cash flow hedges amounted to $2.12 billion as at 31 December 2018, and was therefore not included as a legal reserve.

6. Long-term debt

Issuance of 2018 Senior Notes

On 09 April 2018, the Company completed its offering of $750 million aggregate principal amount of its 4.550% Senior Notes due 2028 (the "2028 Notes") and $750 million aggregate principal amount of its 5.200% Senior Notes due 2048 (the "2048 Notes" and, together with the 2028 Notes, the "April 2018 Senior Notes"). The April 2018 Senior Notes were issued pursuant to an indenture dated 09 April 2018 (the "Indenture"). The 2028 Notes will mature on 15 April 2028, subject to earlier repurchase or redemption in accordance with the terms of the Indenture. The 2048 Notes will mature on 15 April 2048, subject to earlier repurchase or redemption in accordance with the terms of the Indenture.

The April 2018 Senior Notes were issued in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") to qualified institutional buyers in accordance with Rule 144A under the Securities Act and to persons outside of the U.S. pursuant to Regulation S under the Securities Act. The Company has entered into a registration rights agreement, dated as of 09 April 2018 pursuant to which Mylan Inc. and Mylan N.V. are required to use commercially reasonable efforts to file a registration statement with respect to an offer to exchange each series of the April 2018 Senior Notes for new notes with the same aggregate principal amount and terms substantially identical in all material respects.

The April 2018 Senior Notes are redeemable, in whole or in part, at our option at any time prior to three months (in the case of the 2028 Senior Notes) or six months (in the case of the 2048 Senior Notes) of the maturity date at the greater of 100% of the principal amount or the sum of the present values of the remaining scheduled payments of principal and interest discounted at the U.S. Treasury rate plus an incremental spread of 0.30% (in the case of the 2028 Senior Notes) or 0.35% (in the case of the 2048 Senior Notes), plus, in each case, accrued and unpaid interest.

The Company redeemed all of the outstanding $650 million principal amount of Mylan Inc.'s 2.600% senior notes due 2018, all of the outstanding $500 million principal amount of Mylan N.V.'s 3.000% senior notes due 2018 and $350 million of the outstanding $500 million principal amount of Mylan Inc.'s 2.550% senior notes due 2019. The redemption of these notes was funded with the net proceeds from the April 2018 Senior Notes offering.

Issuance of 2018 Euro Notes

On 23 May 2018, Mylan Inc., completed the offering of €500 million aggregate principal amount of its 2.125% Euro Senior Notes due 2025 (the "May 2018 Euro Senior Notes"). The May 2018 Euro Senior Notes were issued pursuant to an indenture dated 23 May 2018. The May 2018 Euro Senior Notes are guaranteed by Mylan N.V. and were issued in a private offering exempt from the registration requirements of the Securities Act, to persons outside of the United States pursuant to Regulation S under the Securities Act. The May 2018 Euro Notes are redeemable, in whole or in part, at our option at any time prior to three months of the maturity date at the greater of 100% of the principal amount or the sum of the present values of the remaining scheduled payments of principal and interest discounted at the applicable Bund Rate plus an incremental spread of 0.30%, plus, in each case, accrued and unpaid interest.

The Company redeemed the remaining $150 million outstanding principal amount of Mylan Inc.'s 2.550% Senior Notes due 2019 and $450 million of the outstanding $1.0 billion principal amount of Mylan N.V.'s 2.500% Senior Notes due 2019. The redemption of these notes was funded with the net proceeds from the May 2018 Euro Senior Notes offering.

Issuance of 2017 Euro Notes

On 24 May 2017, the Company completed its offering of €500 million aggregate principal amount of Floating Rate Senior Notes due 2020, issued pursuant to the indenture dated 24 May 2017 (the "2017 Euro Notes Indenture"). The 2020 Floating Rate Euro Notes will mature on 24 May 2020 and cannot be redeemed prior to maturity at the option of the Company.

The 2020 Floating Rate Euro Notes were issued in a private offering exempt from the registration requirements of the Securities Act to persons outside of the U.S. pursuant to Regulation S under the Securities Act. The 2020 Floating Rate Euro Notes are the Company's senior unsecured indebtedness and are guaranteed on a senior unsecured basis by Mylan Inc.

The 2020 Floating Rate Euro Notes bear interest at a rate per annum, reset quarterly, equal to the sum of (i) three-month EURIBOR (as defined in the 2017 Euro Notes Indenture) plus (ii) 0.50%, provided, however, that the minimum interest rate is zero. Interest on the 2020 Floating Rate Euro Notes is payable quarterly in arrears on each 24 February, 24 May, 24 August and 24 November. The interest rate at 31 December 2018 was approximately 0.17% per annum.

The Company utilized the net proceeds from the 2020 Floating Rate Euro Notes offering to repay a portion of the term loans under the 2016 Term Facility and to pay associated fees and expenses.

7. Loans from and other payables to subsidiaries

Loans from and other payables to subsidiaries represents amounts owed by the parent company to subsidiaries for payments made on behalf of the parent company primarily related to expenses attributable to Mylan N.V. and treasury stock purchased.

8. Income taxes

A provision for income taxes has not been recorded, as the Company does not anticipate taxable income on any of its tax filings, required in order to realize any tax benefit for the expenses recorded in the Company Income Statements.

9. Guarantees

Mylan Inc. is the issuer of the 3.125% Senior Notes due 2023, 4.200% Senior Notes due 2023, 4.550% Senior Notes due 2028, 5.400% Senior Notes due 2043 and 5.200% Senior Notes due 2048, which are guaranteed on a senior unsecured basis by Mylan N.V.

10. Directors remuneration

Information regarding remuneration for Directors of Mylan N.V. can be found in Note 28, *Remuneration* to the Consolidated Financial Statements included herein.

11. Other information

Profit appropriation provisions

Pursuant to the Articles and subject to applicable law, in the event that the Company makes distributions to the shareholders and other persons entitled to the distributable profits of the Company, such distributions shall be made as follows:

a. First, with respect to holders of preferred shares in the Company's capital, a dividend in an amount per preferred share equal to any accrued and unpaid Dividend Amount (as defined in the Articles and as described below) with respect to the then-current fiscal year and any prior fiscal year. To the extent that the profit of the Company is not sufficient to fully make a distribution as set forth in this paragraph a., such deficit shall be paid from the reserves of the Company. If, in any given fiscal year, the profit or the distributable reserves (as the case may be) of the Company are not sufficient to make the distributions set forth in this paragraph a., this paragraph a. shall apply in each subsequent fiscal year until such distributions have been made in full.

b. Second, Mylan's board of directors (the "Board") shall determine which part of the profit of the Company remaining after application as set forth in paragraph a. shall be reserved.

Pursuant to the Articles, the profit, as it appears from the profit and loss account of the Company adopted by the Company's general meeting of shareholders (the "General Meeting"), shall be at the disposal of the General Meeting to the extent not distributed in accordance with paragraph a. above and not reserved in accordance with paragraph b. above, provided that the General Meeting may only resolve to dispose of such profit and loss upon the recommendation and proposal of the Board.

In the Articles, the term "**Dividend Amount**" is defined as follows: with respect to any preferred share, (i) a percentage equal to (1) the higher of (x) twelve months LIBOR as published by ICE Benchmark Administration Limited or (y) twelve months EURIBOR as published by European Money Markets Institute, each calculated based on the number of days such rate applied during the fiscal year to which the Dividend Amount relates, provided that such rate can never be below zero percent, plus (2) a premium to be determined by the Board in line with market conditions on the date the preferred shares were first issued, provided that such premium may not exceed five hundred basis points, multiplied by (ii) the Redemption Amount (as defined in the Articles and as described below).

In the Articles, the term "**Redemption Amount"** is defined as follows: an amount per preferred share (which shall be the same amount for all preferred shares) determined by the General Meeting at the General Meeting authorizing the issuance of such preferred shares (or if the General Meeting has delegated to the Board the authority to authorize the issuance of such preferred shares, as determined by the Board) as the amount paid for such preferred share.

Events after the balance sheet date

Information regarding events after the balance sheet date can be found in various Notes to the Consolidated Financial Statements, as applicable, included herein. There have been no significant events that warrant the inclusion of a separate footnote disclosure for subsequent events.

10. OTHER INFORMATION

10.1 Independent auditor's report

To the shareholders and the Board of Directors of Mylan N.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the accompanying financial statements 2018 of Mylan N.V., based in Amsterdam, The Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Mylan N.V. as at 31 December 2018, and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying company financial statements give a true and fair view of the financial position of Mylan N.V. as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated balance sheet as at 31 December 2018.

2. The following statements for 2018: the consolidated income statement, the consolidated statements of comprehensive earnings, the consolidated statements of equity and the consolidated statements of cash flows.

3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2018.

2. The company income statement for 2018.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Mylan N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of listed entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at $130,000,000. The materiality is based on 3.5% of adjusted EBITDA. Adjusted EBITDA is equal to EBITDA adjusted for share-based compensation expense, litigation settlements and other contingencies, and restructuring and other special items. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Audits of group entities (components) were performed using materiality levels determined in accordance with the judgment of the group audit team, having regard to the materiality of the consolidated financial statements. Component materiality did not exceed $104,000,000 and for the majority of the components, materiality is significantly less than this amount.

Any misstatements in excess of $6,500,000, identified during the audit, would be reported to the Audit Committee, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Mylan N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Mylan N.V.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the group entities by the group engagement team and by Deloitte component auditors for other operating companies. We directed and supervised the work of component auditors as part of the group audit. We also visited several components based upon our rotation scheme.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those Group entities so as to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as whole. For each Group entity we determined whether we required an audit of their complete financial information or whether other procedures would be sufficient.

For the entities which do not classify as significant entities we performed a combination of specific audit procedures and analytical procedures at group level relating to the risks of material misstatement for significant account balances and disclosures that we have identified.

Audit coverage

Audit coverage of consolidated revenues	71%
Audit coverage of consolidated assets	88%

The Group consolidation, financial statement disclosures and certain centrally coordinated subjects were audited by the group engagement team at the head office. These subjects include, amongst others, the annual goodwill impairment test, intangible assets, income taxes, share-based transactions, consolidation, derivatives, debt, and analysis of business development transactions.

By performing the procedures mentioned above at Group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description	Our response	Our observation

Goodwill - Europe Cash Generating Unit - Refer to Note 9 *Intangible assets and goodwill* to the Company's consolidated financial statements for the year ended 31 December 2018.

Description

The Company has performed its annual goodwill impairment test as of 01 April 2018. The Company's evaluation of goodwill for impairment involves the comparison of the fair value of each cash generating unit ("CGU") to its carrying value. The Company performed its valuation analysis using the income approach to determine the fair value of its Europe CGU. The determination of the fair value requires management to make significant estimates and assumptions that affect the CGU's expected future cash flows. These estimates and assumptions, utilizing Level 3 inputs, primarily include, but are not limited to, the discount rate, terminal growth rates, operating income before depreciation and amortization, and capital expenditures forecasts. The total goodwill balance was $9.7 billion as of 31 December 2018, of which $4.7 billion was allocated to the Europe CGU. The fair value of the Europe CGU, being the CGU with the lowest headroom, exceeded its carrying value by $339 million, or 2%, as of the measurement date and, therefore, no impairment was recognized.

Given that the Europe CGU's revenues are sensitive to changes in consumer demand, the approval of new product launches, the expansion of existing products into new jurisdictions (which have differentiated distribution and commercialization models throughout the region), and the impact of business development activity, auditing management's judgments regarding forecasts of future revenues, and the selection of the discount rate and terminal growth rate required significant auditor attention in performing the audit.

Our response

Our audit procedures related to the forecasts of future revenues ("forecasts"), and the selection of the discount rate and terminal growth rate for the Europe CGU included the following, among others:

- We tested the appropriateness of the CGU's
- We tested the effectiveness of controls over the review of the goodwill impairment test, including those over the development of the business forecasts of future revenues and the selection of the discount rate and terminal growth rate.
- We evaluated management's ability to accurately forecast future revenues and gross margin of the Europe CGU by comparing actual results to management's historical forecasts.
- We evaluated the reasonableness of management's revenue forecasts by comparing the projections to (1) historical results, (2) internal communications to management and the Board of Directors, (3) forecasted information included in Company press releases. We also considered (4) third party reports related to macroeconomic and industry trends, and (5) met with various regional commercial and operations leaders to assess key inputs in the forecast assumptions.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the valuation methodology, discount rate, and terminal growth rate, including (1) testing the source information underlying the determination of the discount rate and terminal growth rate and the mathematical accuracy of the calculations, (2) developing a range of independent estimates and comparing those to the discount rates selected by management, and (3) considering third party macroeconomic reports.
- We evaluated the impact of changes in management's forecasts from the 01 April 2018 annual measurement date to 31 December 2018.

Observation

The scope and nature of the procedures performed were appropriate and sufficient to address the risks of material misstatement related to the Europe CGU goodwill. Our procedures did not result in any reportable matters with respect to the Europe CGU goodwill balance recorded in the year.

Net Revenue Provisions - Chargebacks Accrual at Mylan Pharmaceuticals Inc. ("MPI") - Refer to Note 3 *Significant accounting judgments, estimates and assumptions* to the Company's consolidated financial statements for the year ended 31 December 2018.

Description

The Company has agreements with certain indirect customers, such as independent pharmacies, managed care organizations, hospitals, nursing homes, governmental agencies and pharmacy benefit managers, which establish contract prices for certain products. The indirect customers then independently select a wholesaler from which to purchase the products at these contracted prices. Alternatively, certain wholesalers may enter into agreements with indirect customers that establish contract pricing for certain products, which the wholesalers provide. Under either arrangement, Mylan will provide credit to the wholesaler for any difference between the contracted price with the indirect party and the wholesaler's invoice price. Such credits are called chargebacks. The provision for chargebacks is the most significant and complex provision in the context of the Company's gross-to-net adjustments in the determination of net revenue. The chargeback accrual recorded at MPI represents the majority of the global chargeback reserve as of 31 December 2018. The Company's recorded estimate is based on expected sell-through levels by the Company's wholesaler customers to indirect customers, as well as estimated wholesaler inventory levels.

Estimating the amounts to be accrued for chargebacks requires significant estimation as management's model utilizes historical buying patterns, estimated end-user demand, estimated inventory levels in the distribution channel, contracted sales terms with customers, as well as other competitive factors. Given the volume of chargebacks and the level of estimation uncertainty involved, auditing management's judgments required significant auditor attention in performing the audit.

Our response

Our audit procedures related to the Net Revenue Provisions - Chargebacks accrual included the following, among others:

- We evaluated the Company's methodology and assumptions in developing their chargeback accruals, including assessing the completeness and accuracy of the underlying data used by management in their estimates.

- We tested the effectiveness of controls over the calculation of the chargebacks reserves.

- We compared prior period chargebacks accruals to chargeback credits subsequently issued to evaluate management's ability to accurately forecast chargeback activity.

- We developed independent expectations of product-level chargeback accruals and chargeback accruals in the aggregate using customer contracts, historical sales and chargeback activity, along with third-party channel inventory for select wholesalers and credits subsequently issued.

Observation

The scope and nature of the procedures performed were appropriate and sufficient to address the risks of material misstatement of the Chargeback accrual at MPI. Our procedures did not result in any reportable matters with respect to the Chargeback accrual at MPI recorded as per 31 December 2018.

Net Revenue Provisions - Sales Returns Accrual at MPI - Refer to Note 3 *Significant accounting judgments, estimates and assumptions* to the Company's consolidated financial statements for the year ended 31 December 2018.

Description

The Company provides customers with the ability to return product, which varies country by country in accordance with local practices, generally within a specified period prior (six months) and subsequent (twelve months) to the expiration date. The Company's estimate of the provision for returns is generally based upon historical experience with actual returns. The returns reserve at MPI represents the majority of the global sales returns reserve as of 31 December 2018.

Estimating the amounts to be accrued for returns requires significant estimation as management's model utilizes historical experience with actual returns and considers levels of inventory in the distribution channel, product dating and expiration period, size and maturity of the market prior to a product launch, entrance into the market of additional competitors, and changes in the regulatory environment. Given the volume of sales returns and the level of estimation uncertainty involved, auditing management's judgments required significant auditor attention in performing the audit.

Our response

Our audit procedures related to the Net Revenue Provisions - Sales Returns accrual included the following, among others:

- We evaluated the Company's methodology and assumptions in developing their sales returns accrual model, including

assessing the completeness and accuracy of the underlying data used by management in their estimates.

- We tested the effectiveness of controls over the calculation of the sales returns reserve at MPI.

- We compared prior period sales returns accruals to returns credits subsequently issued to evaluate management's ability to accurately forecast sales returns activity.

- We developed independent expectations of product-level sales returns accruals and sales returns accruals in the aggregate using historical sales and returns activity, remaining shelf life information, finished goods inventory on-hand at the end of the period, and adjustments for known or anticipated sales return activity.

Observation
The scope and nature of the procedures performed were appropriate and sufficient to address the risks of material misstatement of the Sales Returns accrual at MPI. Our procedures did not result in any reportable matters with respect to the Sales Returns accrual at MPI recorded as per 31 December 2018.

Respiratory Delivery Platform ("Wixela") Contingent Consideration - Refer to Note 9 *Intangible assets and goodwill* to the Company's consolidated financial statements for the year ended 31 December 2018

Description

In accordance with IFRS 3, Mylan records contingent consideration resulting from business acquisitions at fair value on the acquisition date. Each reporting period thereafter, the Company revalues these obligations and records increases or decreases in their fair value as a charge (credit) to litigation settlements and other contingencies, net within the Consolidated Income Statements. Changes in the fair value of the contingent consideration obligations can result from adjustments to the discount rates, payment periods and adjustments in the probability of achieving future development steps, regulatory approvals, market launches, and financial projections. The majority of the Company's recorded contingent consideration relates to the contingent liability associated with the development of Mylan's Wixela Inhub product, and is primarily comprised of an agreed-upon gross profit split on forecasted future sales and certain other fixed payment amounts based on development and commercial milestones. As per 31 December 2018 the total contingent consideration amounts related to Wixela were approximately $336 million.

Determining the amount of the Wixela contingent consideration requires significant judgment as management's model contemplates both business and valuation assumptions, including an expected product launch date, estimated revenues and profitability, profit splits, developmental and commercial milestones, and probability of success factors. Given the amount and the level of estimation uncertainty involved, auditing management's judgments required significant auditor attention in performing the audit.

Our response

Our audit procedures related to the contingent consideration included the following, among others:

- In accordance with ISA 540, we evaluated management's critical business assumptions within the profit-split valuation model, including launch timing, anticipated product market share, and forecasted product pricing. In performing these analyses, we (1) conducted conversations with operational, commercial, and portfolio development leadership personnel, (2) considered third party industry reports, (3) obtained relevant regulatory communications associated with the status of the Wixela product approval, and (4) evaluated publicly available information regarding competitor product development status.

- We tested the effectiveness of controls over the calculation of the contingent consideration related to Wixela.

- We developed an independent expectation of the Wixela revenue assumptions in management's model by considering third party industry reports and publicly available competitor information.

- With the assistance of our fair value specialists, we evaluated the reasonableness of the valuation methodology by considering critical provisions from the executed license agreement and the appropriateness of the selected valuation approach.

Observation

The scope and nature of the procedures performed were appropriate and sufficient to address the risks of material misstatement of the Wixela contingent consideration liability. Our procedures did not result in any reportable matters with respect to Wixela contingent consideration as per 31 December 2018.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contain other information that consists of:

- Dutch Statutory Board Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Board of Directors as auditor of Mylan N.V. for the audit for the year 2015 and have operated as statutory auditor ever since that financial year.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee of the Board of Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

For an overview of our responsibilities we refer to NBA's website

Amsterdam, 24 May 2019
Deloitte Accountants B.V.
A.J. Heitink
Signed on the original

10.2 Profit appropriation provisions

See Note 11 *Other Information - Profit appropriation provisions* in the Notes to the Company Financial Statements (chapter 9.2 of this board report).

10.3 Special rights of control under the Articles

Not applicable. The Articles do not grant any party special rights of control (*zeggenschap*) in respect of the Company.

10.4 Shares carrying limited economic entitlement

The preferred shares in the Company's capital carry a limited entitlement to the Company's profit and reserves, as discussed in section 10.2. As at 31 December 2018, no preferred shares in the Company's capital were issued.

Signature page to the board report of Mylan N.V. for the fiscal year ended 31 December 2018

/s/ HEATHER BRESCH	/s/ ROBERT J. COURY
Heather Bresch	Robert J. Coury
/s/ HON. ROBERT J. CINDRICH	/s/ JOELLEN LYONS DILLON
Hon. Robert J. Cindrich	JoEllen Lyons Dillon
/s/ NEIL DIMICK	/s/ MELINA HIGGINS
Neil Dimick	Melina Higgins
/s/ HARRY A. KORMAN	/s/ RAJIV MALIK
Harry A. Korman	Rajiv Malik
/s/ MARK W. PARRISH	/s/ RANDALL L. VANDERVEEN, PH.D.
Mark W. Parrish	Randall L. Vanderveen, Ph.D.
/s/ PAULINE VAN DER MEER MOHR	/s/ SJOERD S. VOLLEBREGT
Pauline van der Meer Mohr	Sjoerd S. Vollebregt