UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____to_____

Commission File Number 333-199861

MYLAN N.V.

(Exact name of registrant as specified in its charter)

Netherlands	**98-1189497**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

Building 4, Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9UL, England
(Address of principal executive offices)

+44 (0) 1707-853-000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, nominal value €0.01	MYL	The NASDAQ Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of July 23, 2019, there were 515,869,921 of the issuer's €0.01 nominal value ordinary shares outstanding.

MYLAN N.V. AND SUBSIDIARIES

INDEX TO FORM 10-Q
For the Quarterly Period Ended
June 30, 2019

		Page
	PART I — FINANCIAL INFORMATION	
ITEM 1.	Condensed Consolidated Financial Statements (unaudited)	
	Condensed Consolidated Statements of Operations — Three and Six Months Ended June 30, 2019 and 2018	3
	Condensed Consolidated Statements of Comprehensive Earnings — Three and Six Months Ended June 30, 2019 and 2018	4
	Condensed Consolidated Balance Sheets — June 30, 2019 and December 31, 2018	5
	Condensed Consolidated Statements of Equity — Three and Six Months Ended June 30, 2019 and 2018	6
	Condensed Consolidated Statements of Cash Flows — Six Months Ended June 30, 2019 and 2018	8
	Notes to Condensed Consolidated Financial Statements	9
ITEM 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	66
ITEM 3.	Quantitative and Qualitative Disclosures About Market Risk	88
ITEM 4.	Controls and Procedures	88
	PART II — OTHER INFORMATION	
ITEM 1.	Legal Proceedings	89
ITEM 1A.	Risk Factors	89
ITEM 6.	Exhibits	90
SIGNATURES		91

PART I — FINANCIAL INFORMATION

MYLAN N.V. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited; in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues:				
Net sales	$ 2,818.2	$ 2,755.5	$ 5,278.8	$ 5,405.9
Other revenues	33.3	52.8	68.2	86.9
Total revenues	2,851.5	2,808.3	5,347.0	5,492.8
Cost of sales	1,918.9	1,845.8	3,609.2	3,546.0
Gross profit	932.6	962.5	1,737.8	1,946.8
Operating expenses:				
Research and development	147.6	206.7	320.2	411.6
Selling, general and administrative	668.6	623.3	1,276.5	1,230.8
Litigation settlements and other contingencies, net	20.9	(46.4)	21.6	(30.2)
Total operating expenses	837.1	783.6	1,618.3	1,612.2
Earnings from operations	95.5	178.9	119.5	334.6
Interest expense	131.2	139.2	262.4	270.9
Other expense, net	16.4	21.0	23.7	34.5
(Loss) Earnings before income taxes	(52.1)	18.7	(166.6)	29.2
Income tax provision (benefit)	116.4	(18.8)	26.9	(95.4)
Net (loss) earnings	$ (168.5)	$ 37.5	$ (193.5)	$ 124.6
(Loss) Earnings per ordinary share:				
Basic	$ (0.33)	$ 0.07	$ (0.38)	$ 0.24
Diluted	$ (0.33)	$ 0.07	$ (0.38)	$ 0.24
Weighted average ordinary shares outstanding:				
Basic	515.5	514.4	515.3	514.4
Diluted	515.5	516.3	515.3	516.6

See Notes to Condensed Consolidated Financial Statements

MYLAN N.V. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Earnings
(Unaudited; in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net (loss) earnings	$ (168.5)	$ 37.5	$ (193.5)	$ 124.6
Other comprehensive earnings (loss), before tax:				
Foreign currency translation adjustment	196.6	(1,088.7)	(141.9)	(826.8)
Change in unrecognized gain (loss) and prior service cost related to defined benefit plans	—	2.8	0.2	(1.5)
Net unrecognized gain (loss) on derivatives in cash flow hedging relationships	9.4	(62.2)	35.4	(94.2)
Net unrecognized (loss) gain on derivatives in net investment hedging relationships	(36.3)	119.1	21.8	59.9
Net unrealized gain (loss) on marketable securities	0.2	0.3	0.6	(0.1)
Other comprehensive earnings (loss), before tax	169.9	(1,028.7)	(83.9)	(862.7)
Income tax provision (benefit)	1.1	(20.9)	12.9	(32.1)
Other comprehensive earnings (loss), net of tax	168.8	(1,007.8)	(96.8)	(830.6)
Comprehensive earnings (loss)	$ 0.3	$ (970.3)	$ (290.3)	$ (706.0)

See Notes to Condensed Consolidated Financial Statements

MYLAN N.V. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited; in millions, except share and per share amounts)

	June 30, 2019	December 31, 2018
ASSETS		
Assets		
Current assets:		
Cash and cash equivalents	$ 211.5	$ 388.1
Accounts receivable, net	2,703.8	2,881.0
Inventories	2,776.2	2,580.2
Prepaid expenses and other current assets	573.9	518.4
Total current assets	6,265.4	6,367.7
Property, plant and equipment, net	2,146.0	2,170.2
Intangible assets, net	12,730.7	13,664.6
Goodwill	9,692.9	9,747.8
Deferred income tax benefit	553.1	572.2
Other assets	428.8	212.4
Total assets	$ 31,816.9	$ 32,734.9
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities:		
Accounts payable	$ 1,538.2	$ 1,617.0
Short-term borrowings	26.2	1.9
Income taxes payable	138.5	121.5
Current portion of long-term debt and other long-term obligations	724.4	699.8
Other current liabilities	2,133.0	2,147.6
Total current liabilities	4,560.3	4,587.8
Long-term debt	12,590.1	13,161.2
Deferred income tax liability	1,635.1	1,722.0
Other long-term obligations	1,128.6	1,096.8
Total liabilities	19,914.1	20,567.8
Equity		
Mylan N.V. shareholders' equity		
Ordinary shares — nominal value €0.01 per ordinary share		
Shares authorized: 1,200,000,000		
Shares issued: 540,459,996 and 539,289,665 as of June 30, 2019 and December 31, 2018	6.1	6.0
Additional paid-in capital	8,617.3	8,591.4
Retained earnings	5,820.8	6,010.7
Accumulated other comprehensive loss	(1,541.7)	(1,441.3)
	12,902.5	13,166.8
Less: Treasury stock — at cost		
Ordinary shares: 24,598,074 and 23,490,867 as of June 30, 2019 and December 31, 2018	999.7	999.7
Total equity	11,902.8	12,167.1
Total liabilities and equity	$ 31,816.9	$ 32,734.9

See Notes to Condensed Consolidated Financial Statements

MYLAN N.V. AND SUBSIDIARIES
Condensed Consolidated Statements of Equity
(Unaudited; in millions, except share amounts)

	Ordinary Shares		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Equity
	Shares	Cost			Shares	Cost		
Balance at March 31, 2019	539,943,344	$ 6.0	$ 8,606.5	$ 5,989.3	23,490,867	$(999.7)	$ (1,710.5)	$ 11,891.6
Net loss	—	—	—	(168.5)	—	—	—	(168.5)
Other comprehensive earnings, net of tax	—	—	—	—	—	—	168.8	168.8
Issuance of restricted stock and stock options exercised, net	516,652	—	1.6	—	—	—	—	1.6
Taxes related to the net share settlement of equity awards	—	—	(7.6)	—	—	—	—	(7.6)
Share-based compensation expense	—	—	16.8	—	—	—	—	16.8
Cancellation of restricted stock	—	0.1	—	—	1,107,207	—	—	0.1
Balance at June 30, 2019	540,459,996	$ 6.1	$ 8,617.3	$ 5,820.8	24,598,074	$(999.7)	$ (1,541.7)	$ 11,902.8

	Ordinary Shares		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Equity
	Shares	Cost			Shares	Cost		
Balance at December 31, 2018	539,289,665	$ 6.0	$ 8,591.4	$ 6,010.7	23,490,867	$(999.7)	$ (1,441.3)	$ 12,167.1
Net loss	—	—	—	(193.5)	—	—	—	(193.5)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(96.8)	(96.8)
Issuance of restricted stock and stock options exercised, net	1,170,331	—	3.9	—	—	—	—	3.9
Taxes related to the net share settlement of equity awards	—	—	(12.8)	—	—	—	—	(12.8)
Share-based compensation expense	—	—	34.8	—	—	—	—	34.8
Cancellation of restricted stock	—	0.1	—	—	1,107,207	—	—	0.1
Cumulative effect of the adoption of new accounting standards	—	—	—	3.6	—	—	(3.6)	—
Balance at June 30, 2019	540,459,996	$ 6.1	$ 8,617.3	$ 5,820.8	24,598,074	$(999.7)	$ (1,541.7)	$ 11,902.8

See Notes to Condensed Consolidated Financial Statements

	Ordinary Shares		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Equity
	Shares	Cost			Shares	Cost		
Balance at March 31, 2018	538,861,761	$ 6.0	$ 8,610.3	$ 5,745.0	23,490,867	$(999.7)	$ (191.5)	$13,170.1
Net earnings	—	—	—	37.5	—	—	—	37.5
Other comprehensive loss, net of tax	—	—	—	—	—	—	(1,007.8)	(1,007.8)
Issuance of restricted stock and stock options exercised, net	149,149	—	3.1	—	—	—	—	3.1
Share-based compensation income	—	—	(0.8)	—	—	—	—	(0.8)
Balance at June 30, 2018	539,010,910	$ 6.0	$ 8,612.6	$ 5,782.5	23,490,867	$(999.7)	$ (1,199.3)	$12,202.1

	Ordinary Shares		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Equity
	Shares	Cost			Shares	Cost		
Balance at December 31, 2017	537,902,426	$ 6.0	$ 8,586.0	$ 5,644.5	13,695,251	$(567.7)	$ (361.2)	$13,307.6
Net earnings	—	—	—	124.6	—	—	—	124.6
Other comprehensive loss, net of tax	—	—	—	—	—	—	(830.6)	(830.6)
Issuance of restricted stock and stock options exercised, net	1,108,484	—	13.7	—	—	—	—	13.7
Taxes related to the net share settlement of equity awards	—	—	(8.0)	—	—	—	—	(8.0)
Share-based compensation expense	—	—	20.6	—	—	—	—	20.6
Ordinary share repurchase	—	—	—	—	9,795,616	(432.0)	—	(432.0)
Cumulative effect of the adoption of new accounting standards	—	—	—	13.7	—	—	(7.5)	6.2
Other	—	—	0.3	(0.3)	—	—	—	—
Balance at June 30, 2018	539,010,910	$ 6.0	$ 8,612.6	$ 5,782.5	23,490,867	$(999.7)	$ (1,199.3)	$12,202.1

See Notes to Condensed Consolidated Financial Statements

MYLAN N.V. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited; in millions)

	Six Months Ended June 30,	
	2019	**2018**
Cash flows from operating activities:		
Net (loss) earnings	$ (193.5)	$ 124.6
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:		
Depreciation and amortization	1,001.9	1,000.4
Share-based compensation expense	34.8	20.6
Deferred income tax benefit	(57.8)	(65.4)
Loss from equity method investments	33.2	46.0
Other non-cash items	63.5	261.6
Litigation settlements and other contingencies, net	24.4	(22.3)
Changes in operating assets and liabilities:		
Accounts receivable	198.9	479.0
Inventories	(326.8)	(280.7)
Accounts payable	(71.6)	(130.6)
Income taxes	(94.8)	(122.9)
Other operating assets and liabilities, net	17.0	(258.3)
Net cash provided by operating activities	629.2	1,052.0
Cash flows from investing activities:		
Cash paid for acquisitions, net	(7.1)	(63.3)
Capital expenditures	(97.2)	(75.9)
Purchase of available for sale securities and other investments	(12.7)	(44.4)
Proceeds from the sale of marketable securities	12.5	65.3
Payments for product rights and other, net	(129.5)	(614.4)
Net cash used in investing activities	(234.0)	(732.7)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	5.5	2,577.2
Payments of long-term debt	(555.5)	(2,598.6)
Purchase of ordinary shares	—	(432.0)
Change in short-term borrowings, net	24.3	179.0
Taxes paid related to net share settlement of equity awards	(8.3)	(10.1)
Contingent consideration payments	(38.8)	(0.2)
Payments of financing fees	(2.1)	(18.4)
Proceeds from exercise of stock options	4.0	13.7
Other items, net	(1.0)	(0.5)
Net cash used in financing activities	(571.9)	(289.9)
Effect on cash of changes in exchange rates	0.1	(15.1)
Net (decrease) increase in cash, cash equivalents and restricted cash	(176.6)	14.3
Cash, cash equivalents and restricted cash — beginning of period	389.3	369.9
Cash, cash equivalents and restricted cash — end of period	$ 212.7	$ 384.2

See Notes to Condensed Consolidated Financial Statements

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. General

The accompanying unaudited condensed consolidated financial statements ("interim financial statements") of Mylan N.V. and subsidiaries ("Mylan" or the "Company") were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") for reporting on Form 10-Q; therefore, as permitted under these rules, certain footnotes and other financial information included in audited financial statements were condensed or omitted. The interim financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the interim results of operations, comprehensive earnings, financial position, equity and cash flows for the periods presented.

These interim financial statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto in Mylan N.V.'s Annual Report on Form 10-K for the year ended December 31, 2018, as amended (the "2018 Form 10-K"). The December 31, 2018 condensed consolidated balance sheet was derived from audited financial statements.

The interim results of operations and comprehensive earnings for the three and six months ended June 30, 2019, and cash flows for the six months ended June 30, 2019 are not necessarily indicative of the results to be expected for the full fiscal year or any other future period. Certain prior year amounts have been reclassified to conform to the current year presentation.

2. Revenue Recognition and Accounts Receivable

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). Under ASC 606, 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 condensed 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).

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 condensed consolidated statements of operations.

Revenue Disaggregation

The following table presents the Company's net sales by therapeutic franchise for each of our reportable segments for the three and six months ended June 30, 2019 and 2018, respectively:

(In millions)	North America	Europe	Rest of World	Total
Three Months Ended June 30, 2019				
Central Nervous System & Anesthesia	$ 135.2	$ 214.7	$ 92.9	$ 442.8
Infectious Disease	30.5	61.9	297.1	389.5
Respiratory & Allergy	258.2	121.9	56.2	436.3
Cardiovascular	48.9	131.7	40.6	221.2
Gastroenterology	30.7	159.2	102.9	292.8
Diabetes & Metabolism	83.8	81.9	37.0	202.7
Dermatology	25.5	80.3	21.0	126.8
Women's Healthcare	90.2	60.2	24.2	174.6
Oncology	246.9	20.3	35.2	302.4
Immunology	9.0	13.8	10.9	33.7
Other [1]	64.5	43.7	87.2	195.4
Total	$ 1,023.4	$ 989.6	$ 805.2	$ 2,818.2
Six Months Ended June 30, 2019				
Central Nervous System & Anesthesia	$ 270.9	$ 405.0	$ 156.9	$ 832.8
Infectious Disease	48.6	120.7	512.7	682.0
Respiratory & Allergy	496.8	229.7	99.9	826.4
Cardiovascular	95.8	232.4	74.8	403.0
Gastroenterology	64.9	287.0	180.4	532.3
Diabetes & Metabolism	234.8	139.1	76.2	450.1
Dermatology	39.4	141.9	41.4	222.7
Women's Healthcare	169.1	104.8	39.3	313.2
Oncology	371.7	37.9	64.2	473.8
Immunology	19.1	21.0	17.3	57.4
Other [1]	135.2	165.4	184.5	485.1
Total	$ 1,946.3	$ 1,884.9	$ 1,447.6	$ 5,278.8

(In millions)	North America	Europe	Rest of World	Total
Three Months Ended June 30, 2018				
Central Nervous System & Anesthesia	$ 199.9	$ 220.7	$ 76.4	$ 497.0
Infectious Disease	62.6	58.2	251.6	372.4
Respiratory & Allergy	181.6	129.4	53.7	364.7
Cardiovascular	76.1	149.1	46.2	271.4
Gastroenterology	33.9	145.1	92.1	271.1
Diabetes & Metabolism	114.1	80.2	33.5	227.8
Dermatology	84.5	74.3	27.2	186.0
Women's Healthcare	85.2	66.8	22.2	174.2
Oncology	102.2	18.4	32.8	153.4
Immunology	14.1	2.5	10.7	27.3
Other [1]	46.6	45.9	117.7	210.2
Total	$ 1,000.8	$ 990.6	$ 764.1	$ 2,755.5
Six Months Ended June 30, 2018				
Central Nervous System & Anesthesia	$ 399.5	$ 446.1	$ 159.3	$ 1,004.9
Infectious Disease	109.0	122.7	420.6	652.3
Respiratory & Allergy	295.5	257.0	100.3	652.8
Cardiovascular	166.5	295.9	85.7	548.1
Gastroenterology	78.0	298.3	158.2	534.5
Diabetes & Metabolism	223.7	154.0	58.3	436.0
Dermatology	179.0	154.6	52.1	385.7
Women's Healthcare	178.3	136.8	41.4	356.5
Oncology	211.5	37.2	63.7	312.4
Immunology	28.1	5.0	19.1	52.2
Other [1]	117.0	121.4	232.1	470.5
Total	$ 1,986.1	$ 2,029.0	$ 1,390.8	$ 5,405.9

[1] Other consists of numerous therapeutic franchises, none of which individually exceeds 5% of consolidated net sales.

Variable Consideration and Accounts Receivable

The following table presents a reconciliation of gross sales to net sales by each significant category of variable consideration during the three and six months ended June 30, 2019 and 2018, respectively:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2019	2018	2019	2018
Gross sales	$ 4,631.0	$ 4,825.3	$ 8,789.5	$ 9,557.6
Gross to net adjustments:				
Chargebacks	(751.6)	(816.4)	(1,455.3)	(1,688.5)
Rebates, promotional programs and other sales allowances	(874.5)	(1,088.0)	(1,730.7)	(2,118.6)
Returns	(75.2)	(23.8)	(121.0)	(101.1)
Governmental rebate programs	(111.5)	(141.6)	(203.7)	(243.5)
Total gross to net adjustments	$ (1,812.8)	$ (2,069.8)	$ (3,510.7)	$ (4,151.7)
Net sales	$ 2,818.2	$ 2,755.5	$ 5,278.8	$ 5,405.9

No significant revisions were made to the methodology used in determining these provisions or the nature of the provisions during the three and six months ended June 30, 2019. Such allowances were comprised of the following at June 30, 2019 and December 31, 2018, respectively:

(In millions)	June 30, 2019	December 31, 2018
Accounts receivable, net	$ 1,499.8	$ 1,715.6
Other current liabilities	645.1	626.7
Total	$ 2,144.9	$ 2,342.3

Accounts receivable, net was comprised of the following at June 30, 2019 and December 31, 2018, respectively:

(In millions)	June 30, 2019	December 31, 2018
Trade receivables, net	$ 2,276.6	$ 2,416.5
Other receivables	427.2	464.5
Accounts receivable, net	$ 2,703.8	$ 2,881.0

Through its wholly owned subsidiary Mylan Pharmaceuticals Inc. (“MPI”), the Company has access to a $400 million accounts receivable securitization facility (the “Receivables Facility”). The receivables underlying any borrowings are included in accounts receivable, net, in the condensed consolidated balance sheets. There were $231.1 million and $322.0 million of securitized accounts receivable at June 30, 2019 and December 31, 2018, respectively.

3. Recent Accounting Pronouncements

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which supersedes FASB Topic 840, *Leases (Topic 840)* and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use ("ROU") asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842 (Leases)*, and ASU 2018-11, *Leases (Topic 842), Targeted Improvements*, which provide (i) narrow amendments to clarify how to apply certain aspects of the new lease standard, (ii) entities with an additional transition method to adopt the new standard, and (iii) lessors with a practical expedient for separating components of a contract. In December 2018, the FASB issued ASU 2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors*, which provides certain narrow-scope improvements to Topic 842 as it relates to lessors. The Company adopted the provisions of Topic 842 as of January 1, 2019 on a modified retrospective basis applying the guidance to leases existing as of this effective date. We elected to apply the available package of transitional practical expedients which permitted us not to reassess under the new standard our prior conclusions regarding lease identification, lease classification and initial direct costs. We have also elected to apply the short-term lease recognition exemption which means we will not recognize ROU assets or lease liabilities for leases that qualify both at transition and on a go-forward basis. In addition, we have elected to apply the practical expedient to not separate lease and non-lease components for our leases except for those related to certain limited supply arrangements. The Company has determined that there was no cumulative-effect adjustment to beginning retained earnings on the condensed consolidated balance sheet. We will continue to report periods prior to January 1, 2019 in our financial statements under prior guidance as outlined in Topic 840. Refer to Note 8 *Leases* for additional information.

In February 2018, the FASB issued ASU 2018-02, *Income Statement - Reporting Comprehensive Income, (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* ("ASU 2018-02"), which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the newly enacted federal corporate income tax rate under the comprehensive tax legislation enacted by the U.S. government on December 22, 2017 commonly referred to as the Tax Cuts and Jobs Act. The amount of the reclassification would be the difference between the historical corporate income tax rate and the newly enacted 21% corporate income tax rate. The Company applied the provisions of ASU 2018-02 as of January 1, 2019. Upon adoption, the Company recorded a cumulative effect adjustment of $3.6 million to retained earnings and accumulated other comprehensive loss.

In June 2018, the FASB issued ASU 2018-07, *Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, which expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The changes took effect for the Company as of January 1, 2019. The impact of the adoption of this guidance did not have a material impact on the Company's condensed consolidated financial statements and disclosures.

Accounting Standards Issued Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses*, which requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019 and for interim periods therein. The Company is currently assessing the impact of the adoption of this guidance on its consolidated financial statements and disclosures.

In addition, the following recently issued accounting standards have not been adopted. Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2018, as amended, for additional information and their potential impacts.

Accounting Standard Update	Effective Date
ASU 2018-18: *Collaborative Arrangements (Topic 808) - Clarifying the Interaction between Topic 808 and Topic 606*	January 1, 2020
ASU 2018-14: *Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20) Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans*	January 1, 2021
ASU 2018-13: *Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*	January 1, 2020

4. Acquisitions and Other Transactions

On February 28, 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 in-process research and development ("IPR&D") and the total upfront payment was expensed as a component of research and development ("R&D") expense during the year ended December 31, 2018.

On August 31, 2018, the Company completed an agreement (the "purchase 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. Under the terms of the purchase agreement, Novartis will receive fixed consideration of $463.0 million, which consists of $240.0 million which was paid at closing and deferred payments of $130.0 million due in August 2019 and $93.0 million due in August 2020, respectively. The Company also entered into a supply agreement with Novartis to purchase the products for up to three years from the date of closing and initially recorded a liability of approximately $91.8 million related to supply obligations. Additionally, Novartis was also eligible to receive a contingent payment of up to $20.0 million if the Company did not acquire the Facility (as defined below), which the Company accrued for at closing. The Company accounted for this transaction as an asset acquisition and recognized an intangible asset for the product rights of $574.8 million.

In conjunction with the purchase agreement, Mylan and Novartis entered into an option agreement pursuant to which Novartis granted Mylan an exclusive option to acquire certain equipment and employees relating to the Novartis TOBI Podhaler® production facility in San Carlos, California (the "Facility"). The option also includes the transfer of certain agreements to Mylan. On May 28, 2019, Mylan notified Novartis of its election to exercise the purchase option. As a result of the option exercise Novartis is no longer eligible to receive the contingent payment and during the second quarter of 2019 the Company reversed the accrual for the $20.0 million contingent payment with the offset being a reduction in the value of the intangible asset.

In addition, the Company will pay Novartis $10.0 million for the Facility and will receive reimbursement from Novartis for certain restructuring and other costs at the Facility. This transaction is expected to close in the third quarter of 2019.

During the year ended December 31, 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, $20.0 million was paid in the fourth quarter of 2018 and the remaining amount was paid in the second quarter of 2019. 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 December 31, 2018. Certain of the agreements include additional development and commercial milestones.

On February 22, 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 February 27, 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 March 31, 2019.

On December 1, 2018, the Company and certain subsidiaries of Aspen Pharmacare Holdings Limited entered into an agreement for Mylan to distribute a portfolio of prescription and over-the-counter (“OTC”) products in Australia and New Zealand. The agreement includes an option for Mylan to purchase the rights to the portfolio. In March 2019, the Company exercised the option, and acquired the product rights in the second quarter of 2019 for approximately $130.9 million. The purchase consideration of approximately $130.9 million includes a payment made at closing of approximately $64.3 million and amounts payable in 2020 totaling approximately $66.6 million.

The Company accounted for this transaction as an asset acquisition and recognized an intangible asset for the product rights of approximately $130.9 million. The intangible asset is being amortized over a useful life of five years.

On January 30, 2015, the Company entered into a development and commercialization collaboration with Theravance Biopharma, Inc. (“Theravance Biopharma”) for the development and, subject to U.S. Food and Drug Administration (“FDA”) approval, commercialization of Revefenacin. During the second quarter of 2019, the Company and Theravance Biopharma announced the expansion of this agreement to include China and certain adjacent territories (the “Territory”). Revefenacin, marketed as YUPELRI® in the U.S., is a long-acting muscarinic antagonist, which is the first and only once-daily, nebulized bronchodilator approved for the treatment of chronic obstructive pulmonary disease in the U.S. and is currently under development in the Territory. The Company accounted for this transaction as an asset acquisition of IPR&D and the total upfront payment of $18.5 million was expensed as a component of R&D expense.

5. 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 stock 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 (together, "stock awards") activity:

	Number of Shares Under Stock Awards	Weighted Average Exercise Price per Share
Outstanding at December 31, 2018	6,815,278	$ 36.61
Granted	712,850	27.32
Exercised	(287,578)	13.94
Forfeited	(505,070)	40.96
Outstanding at June 30, 2019	6,735,480	$ 36.27
Vested and expected to vest at June 30, 2019	6,530,358	$ 36.26
Exercisable at June 30, 2019	5,130,316	$ 36.62

As of June 30, 2019, stock awards outstanding, stock awards vested and expected to vest and stock awards exercisable had average remaining contractual terms of 5.4 years, 5.3 years and 4.3 years, respectively. Also, at June 30, 2019, stock awards outstanding, stock awards vested and expected to vest and stock awards exercisable had aggregate intrinsic values of $1.4 million, $1.4 million and $1.3 million, respectively.

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 of June 30, 2019 and the changes during the six months ended June 30, 2019 are presented below:

	Number of Restricted Stock Awards	Weighted Average Grant-Date Fair Value per Share
Nonvested at December 31, 2018	6,393,081	$ 40.75
Granted	2,288,255	27.41
Released	(1,432,837)	43.60
Forfeited	(3,056,283)	38.13
Nonvested at June 30, 2019	4,192,216	$ 34.41

As of June 30, 2019, the Company had $109.0 million of total unrecognized compensation expense, net of estimated forfeitures, related to all of its stock-based awards, which we expect to recognize over the remaining weighted average vesting period of 1.7 years. The total intrinsic value of stock awards exercised and restricted stock units released during the six months ended June 30, 2019 and 2018 was $36.7 million and $41.2 million, respectively.

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 contained 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, subject to the same performance condition. The performance condition was not achieved by December 31, 2018 and approximately 2.6 million Awards outstanding under the 2014 Program were canceled in the first quarter of 2019, and approximately 1.1 million ordinary shares of restricted stock were canceled and returned to treasury stock in the second quarter of 2019. There was no impact to share based compensation expense during the three and six months ended June 30, 2019 as all of the cumulative expense related to the Awards was reversed during the year ended December 31, 2018.

6. Pensions and Other Postretirement Benefits

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 generally provided retirement benefits through defined contribution plans.

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

Net Periodic Benefit Cost

Components of net periodic benefit cost for the three and six months ended June 30, 2019 and 2018 were as follows:

	Pension and Other Postretirement Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2019	2018	2019	2018
Service cost	$ 5.3	$ 5.1	$ 10.6	$ 10.1
Interest cost	3.9	3.7	7.7	7.3
Expected return on plan assets	(3.1)	(3.7)	(6.1)	(7.3)
Amortization of prior service costs	0.2	0.1	0.5	0.2
Recognized net actuarial (gains) losses	(0.2)	—	(0.4)	0.1
Net periodic benefit cost	$ 6.1	$ 5.2	$ 12.3	$ 10.4

The Company is making the minimum mandatory contributions to its U.S. defined benefit pension plans in the 2019 plan year. The Company expects to make total benefit payments of approximately $33.7 million from pension and other postretirement benefit plans in 2019. The Company anticipates making contributions to pension and other postretirement benefit plans of approximately $29.3 million in 2019.

7. Balance Sheet Components

Selected balance sheet components consist of the following:

Cash and restricted cash

(In millions)	June 30, 2019	December 31, 2018	June 30, 2018
Cash and cash equivalents	$ 211.5	$ 388.1	$ 330.2
Restricted cash, included in prepaid expenses and other current assets	1.2	1.2	54.0
Cash, cash equivalents and restricted cash	$ 212.7	$ 389.3	$ 384.2

Inventories

(In millions)	June 30, 2019	December 31, 2018
Raw materials	$ 1,001.2	$ 955.7
Work in process	472.0	369.9
Finished goods	1,303.0	1,254.6
Inventories	$ 2,776.2	$ 2,580.2

Prepaid and other current assets

(In millions)	June 30, 2019	December 31, 2018
Prepaid expenses	$ 154.0	$ 130.6
Restricted cash	1.2	1.2
Available-for-sale fixed income securities	26.4	25.0
Fair value of financial instruments	54.3	33.8
Equity securities	36.7	32.5
Other current assets	301.3	295.3
Prepaid expenses and other current assets	$ 573.9	$ 518.4

Prepaid expenses consist primarily of prepaid rent, insurance and other individually insignificant items.

Property, plant and equipment, net

(In millions)	June 30, 2019	December 31, 2018
Machinery and equipment	$ 2,473.4	$ 2,421.2
Buildings and improvements	1,200.7	1,182.3
Construction in progress	248.5	239.7
Land and improvements	132.1	131.3
Gross property, plant and equipment	4,054.7	3,974.5
Accumulated depreciation	1,908.7	1,804.3
Property, plant and equipment, net	$ 2,146.0	$ 2,170.2

Other assets

(In millions)	June 30, 2019	December 31, 2018
Equity method investments, clean energy investments	$ 118.4	$ 138.7
Operating lease right-of-use assets	250.8	—
Other long-term assets	59.6	73.7
Other assets	$ 428.8	$ 212.4

Accounts payable

(In millions)	June 30, 2019	December 31, 2018
Trade accounts payable	$ 1,017.0	$ 1,123.2
Other payables	521.2	493.8
Accounts payable	$ 1,538.2	$ 1,617.0

Other current liabilities

(In millions)	June 30, 2019	December 31, 2018
Accrued sales allowances	$ 645.1	$ 626.7
Legal and professional accruals, including litigation accruals	186.1	128.1
Payroll and employee benefit liabilities	354.9	399.7
Contingent consideration	101.1	158.3
Accrued interest	86.5	62.4
Restructuring	40.8	62.3
Equity method investments, clean energy investments	46.7	45.1
Fair value of financial instruments	26.1	29.4
Operating lease liability	78.8	—
Other	566.9	635.6
Other current liabilities	$ 2,133.0	$ 2,147.6

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 contained in the active pharmaceutical ingredient Valsartan, USP, manufactured by Mylan India. The impact of this recall on the Company's condensed consolidated statement of operations for the three and six months ended June 30, 2019 was approximately $16.1 million and $20.0 million, respectively, 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)	June 30, 2019	December 31, 2018
Employee benefit liabilities	$ 393.3	$ 397.7
Contingent consideration	165.6	197.0
Equity method investments, clean energy investments	81.0	100.3
Tax related items, including contingencies	64.3	162.1
Operating lease liability	170.9	—
Other	253.5	239.7
Other long-term obligations	$ 1,128.6	$ 1,096.8

8. Leases

The Company adopted the provisions of Topic 842 as of January 1, 2019 on a modified retrospective basis applying the guidance to leases existing as of this effective date. We have operating leases of real estate, consisting primarily of administrative offices, manufacturing and distribution facilities, and R&D facilities. We also have operating leases of certain equipment, primarily automobiles, and certain limited supply arrangements.

As of June 30, 2019, the Company recognized an ROU asset of $250.8 million and a total lease liability of $249.7 million. The Company's ROU assets are recorded in other assets. The related lease liability balances are recorded in other current liabilities and other long-term obligations on the condensed consolidated balance sheet. Refer to Note 7 *Balance Sheet Components* for additional information. Operating lease costs for the three and six months ended June 30, 2019 were approximately $22.4 million and $46.6 million, respectively, and are classified primarily as selling, general and administrative expenses and cost of sales.

ROU assets and liabilities are recognized at the present value of the future minimum lease payments over the lease term at commencement date. As most of our leases do not provide an implicit rate, we use an applicable incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Options to extend or terminate the ROU assets are reviewed at lease inception and these options are accounted for when they are reasonably certain of being exercised.

Other information related to leases was as follows:

	As of June 30, 2019
Remaining lease terms	1 year to 25 years
Weighted-average remaining lease term	7 years
Weighted-average discount rate	4.3%

As of June 30, 2019, we have additional operating leases, primarily for production and distribution facilities, that have not yet commenced totaling approximately $28.6 million. These leases are expected to commence in 2019 and 2020 and have lease terms of 5 years to 12 years.

As of June 30, 2019, maturities of lease liabilities were as follows:

(In millions)	
Year ending December 31,	
2019 (excluding the six months ended June 30, 2019)	$ 37.3
2020	66.3
2021	48.1
2022	30.9
2023	22.9
2024	19.8
Thereafter	61.5
	$ 286.8

As of December 31, 2018, future minimum lease payments under operating lease commitments were as follows:

(In millions)	
Year ending December 31,	
2019	$ 73.7
2020	54.7
2021	40.2
2022	28.5
2023	18.3
Thereafter	54.2
	$ 269.6

9. Equity Method Investments

The Company currently 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”).

Summarized financial information, in the aggregate, for the Company's significant equity method investments on a 100% basis for the three and six months ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2019	2018	2019	2018
Total revenues	$ 85.6	$ 119.2	$ 172.5	$ 248.2
Gross loss	(1.0)	(11.0)	(2.0)	(18.7)
Operating and non-operating expense	4.2	5.0	9.1	10.6
Net loss	$ (5.2)	$ (16.0)	$ (11.1)	$ (29.3)

The Company's net losses from its equity method investments include amortization expense related to the excess of the cost basis of the Company's investment over the underlying assets of each individual investee. For the three months ended June 30, 2019 and 2018, the Company recognized net losses from equity method investments of $16.2 million and $22.9 million, respectively. For the six months ended June 30, 2019 and 2018, the Company recognized net losses from equity method investments of $33.2 million and $46.0 million, respectively, which were recognized as a component of other expense, net in the condensed consolidated statements of operations. The Company recognizes the income tax credits and benefits from the clean energy investments as part of its provision for income taxes.

10. (Loss) Earnings per Ordinary Share

Basic (loss) earnings per ordinary share is computed by dividing net (loss) earnings by the weighted average number of ordinary shares outstanding during the period. Diluted (loss) earnings per ordinary share is computed by dividing net (loss) earnings 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 (loss) earnings per ordinary share are calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share amounts)	2019	2018	2019	2018
Basic (loss) earnings (numerator):				
Net (loss) earnings	$ (168.5)	$ 37.5	$ (193.5)	$ 124.6
Shares (denominator):				
Weighted average ordinary shares outstanding	515.5	514.4	515.3	514.4
Basic (loss) earnings per ordinary share	$ (0.33)	$ 0.07	$ (0.38)	$ 0.24
Diluted (loss) earnings (numerator):				
Net (loss) earnings	$ (168.5)	$ 37.5	$ (193.5)	$ 124.6
Shares (denominator):				
Weighted average ordinary shares outstanding	515.5	514.4	515.3	514.4
Share-based awards	—	1.9	—	2.2
Total dilutive shares outstanding	515.5	516.3	515.3	516.6
Net (loss) earnings per diluted ordinary share	$ (0.33)	$ 0.07	$ (0.38)	$ 0.24

Additional stock awards and restricted stock awards were outstanding during the three and six months ended June 30, 2019 and 2018, but were not included in the computation of diluted (loss) earnings per ordinary share for each respective period because the effect would be anti-dilutive. Excluded shares at June 30, 2019 include certain share-based compensation awards and restricted ordinary shares whose performance conditions had not been fully met. Such excluded shares and anti-dilutive awards represented 10.6 million shares and 9.7 million shares for the three and six months ended June 30, 2019, respectively and 9.2 million shares and 8.7 million shares for the three and six months ended June 30, 2018, respectively.

11. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill for the six months ended June 30, 2019 are as follows:

(In millions)	North America Segment	Europe Segment	Rest of World Segment	Total
Balance at December 31, 2018:				
Goodwill	$ 3,892.9	$ 4,657.4	$ 1,582.5	$ 10,132.8
Accumulated impairment losses	(385.0)	—	—	(385.0)
	3,507.9	4,657.4	1,582.5	9,747.8
Reclassifications [1]	(165.7)	25.2	140.5	—
Foreign currency translation	10.8	(76.2)	10.5	(54.9)
	$ 3,353.0	$ 4,606.4	$ 1,733.5	$ 9,692.9
Balance at June 30, 2019:				
Goodwill	$ 3,738.0	$ 4,606.4	$ 1,733.5	$ 10,077.9
Accumulated impairment losses	(385.0)	—	—	(385.0)
	$ 3,353.0	$ 4,606.4	$ 1,733.5	$ 9,692.9

[1] The reclassification between segments realigns certain prior period foreign currency translation amounts to conform to current year presentation.

Intangible assets consist of the following components at June 30, 2019 and December 31, 2018:

(In millions)	Weighted Average Life (Years)	Original Cost	Accumulated Amortization	Net Book Value
June 30, 2019				
Product rights, licenses and other [1]	15	$ 20,472.3	$ 7,985.8	$ 12,486.5
In-process research and development		244.2	—	244.2
		$ 20,716.5	$ 7,985.8	$ 12,730.7
December 31, 2018				
Product rights, licenses and other [1]	15	$ 20,264.1	$ 7,225.1	$ 13,039.0
In-process research and development		625.6	—	625.6
		$ 20,889.7	$ 7,225.1	$ 13,664.6

[1] Represents amortizable intangible assets. Other intangible assets consists principally of customer lists and contractual rights.

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 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. On January 30, 2019, the Company received FDA approval of Wixela™ Inhub™ (fluticasone propionate and salmeterol inhalation powder, USP) and the commercial launch occurred in February 2019. The Company reclassified the IPR&D asset of $347.2 million to product rights and licenses during the three months ended March 31, 2019 and began amortizing the asset over its estimated useful life.

As of June 30, 2019, the Company has a related contingent consideration liability of $247.9 million. During the six months ended June 30, 2019, the Company made $67.5 million in milestone payments. The Company performed an analysis and valuation of the contingent consideration liability using a discounted cash flow model. The model contains certain key assumptions including: market share, 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 recorded fair value adjustments of $24.8 million and $28.9 million, respectively, during the three and six months ended June 30, 2019 to reduce the

contingent consideration liability. 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 *Financial Instruments and Risk Management*. 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 contingent consideration.

During the three and six months ended June 30, 2019, the Company recognized impairment charges of $40.4 million and $69.9 million, respectively, which have been recorded as a component of amortization expense, for the impairment of certain finite-lived and IPR&D intangible assets acquired as part of the acquisition of the non-sterile, topicals-focused business of Renaissance Acquisition Holdings, LLC. The impairment charges resulted from the Company's updated estimate of the fair value of certain assets, which were based upon revised forecasts and future development plans. The impairment testing involved calculating the fair value of the assets based upon detailed valuations employing the income approach which utilized Level 3 inputs, as defined in Note 12 *Financial Instruments and Risk Management*. These valuations reflect, among other things, the impact of changes to the development programs, the projected development and regulatory time frames and the current competitive environment. Changes in any of the Company's assumptions may result in a further reduction to the estimated fair values of these assets and could result in additional future impairment charges.

The Company has performed its annual goodwill impairment test as of April 1, 2019 on a quantitative basis for its four reporting units, North America Generics, North America Brands, Europe and Rest of World. In estimating each reporting unit's fair value, the Company performed an extensive valuation analysis, utilizing both income and market-based approaches, except for the North America Brands reporting unit where the fair value was estimated utilizing the income approach. The determination of the fair value of the reporting units requires the Company to make significant estimates and assumptions that affect the reporting unit's expected future cash flows. These estimates and assumptions, utilizing Level 3 inputs, primarily include, but are not limited to, market multiples, control premiums, the discount rate, terminal growth rates, operating income before depreciation and amortization, and capital expenditures forecasts.

As of April 1, 2019, the date of our most recent annual impairment test, the allocation of the Company's total goodwill was as follows: North America Generics $2.67 billion, North America Brands $0.65 billion, Europe $4.56 billion and Rest of World $1.72 billion.

As of April 1, 2019, the Company determined that the fair value of the North America Generics, North America Brands and Rest of World reporting units was substantially in excess of the respective unit's carrying value**.** However, when compared to the prior year, the fair value of our overall business declined because of our recent operating results, future forecasts and the decline in our share price, including activity subsequent to April 1, 2019.

For the Europe reporting unit, the estimated fair value exceeded its carrying value by approximately $900.0 million or 7.0%. The excess fair value for the Europe reporting unit is consistent with the result of the Company's 2018 annual impairment test. As it relates to the income approach for the Europe reporting unit at April 1, 2019, the Company forecasted cash flows for the next 5 years. During the forecast period, the revenue compound annual growth rate was approximately 6.5%. A terminal value year was calculated with a 2.0% revenue growth rate applied. The discount rate utilized was 10.5% and the estimated tax rate was 24.0%. Under the market-based approach, we utilized an estimated range of market multiples of 8.0 to 9.5 times EBITDA plus a control premium of 15.0%. If all other assumptions are held constant, a reduction in the terminal value growth rate by 2.0% or an increase in discount rate by 1.5% would result in an impairment charge for the Europe reporting unit.

The determination of the fair value of the reporting units requires us to make significant estimates and assumptions that affect the reporting unit's expected future cash flows. These estimates and assumptions primarily include, but are not limited to, market multiples, control premiums, the discount rate, terminal growth rates, operating income before 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 reporting units.

Amortization expense, which is classified primarily within cost of sales in the condensed consolidated statements of operations for the three and six months ended June 30, 2019 and 2018 totaled:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2019	2018	2019	2018
Intangible asset amortization expense	$ 399.2	$ 387.4	$ 804.7	$ 779.7
IPR&D intangible asset impairment charges	—	42.0	29.5	72.0
Finite-lived intangible asset impairment charges	40.4	—	40.4	—
Total intangible asset amortization expense (including impairment charges)	$ 439.6	$ 429.4	$ 874.6	$ 851.7

Intangible asset amortization expense over the remainder of 2019 and for the years ended December 31, 2020 through 2023 is estimated to be as follows:

(In millions)	
2019	$ 785
2020	1,465
2021	1,386
2022	1,315
2023	1,153

12. 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 and interest rate risk.

Foreign Currency Risk Management

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 condensed consolidated balance sheets. Any gains or losses on the foreign exchange forward contracts are recognized in earnings in the period incurred in the condensed 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 condensed 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.

Net Investment Hedges

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 has 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:

		Notional Amount Designated as a Net Investment Hedge	
(in millions)	Principal Amount	June 30, 2019	December 31, 2018
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	500.0
Floating Rate Euro Notes due 2020	500.0	—	—
Total	€ 3,500.0	€ 2,354.0	€ 2,354.0

Interest Rate Risk Management

The Company enters into interest rate swaps in order to manage interest rate risk associated with the Company's fixed-rate and floating-rate debt. Interest rate swaps that meet specific accounting criteria are accounted for as fair value or cash flow hedges. All derivative instruments used to manage interest rate risk are measured at fair value and reported as current assets or current liabilities in the condensed consolidated balance sheets. For fair value hedges, the changes in the fair value of both the hedging instrument and the underlying debt obligations are included in interest expense. For cash flow hedges, the change in fair value of the hedging instrument is deferred through AOCE and is reclassified into earnings when the hedged item impacts earnings.

Credit Risk Management

The Company regularly reviews the creditworthiness of its financial counterparties and does not expect to incur a significant loss from the failure of any counterparties to perform under any agreements. The Company is not subject to any obligations to post collateral under derivative instrument contracts. 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 records all derivative instruments on a gross basis in the condensed consolidated balance sheets. Accordingly, there are no offsetting amounts that net assets against liabilities.

The Effect of Derivative Instruments on the condensed consolidated balance sheets
Fair Values of Derivative Instruments
Derivatives Designated as Hedging Instruments

	Asset Derivatives			
	June 30, 2019		December 31, 2018	
(In millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps	Prepaid expenses and other current assets	$ 24.6	Prepaid expenses and other current assets	$ 3.6
Foreign currency forward contracts	Prepaid expenses and other current assets	18.0	Prepaid expenses and other current assets	—
Total		$ 42.6		$ 3.6

	Liability Derivatives			
	June 30, 2019		December 31, 2018	
(In millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency forward contracts	Other current liabilities	—	Other current liabilities	12.1
Total		$ —		$ 12.1

The Effect of Derivative Instruments on the condensed consolidated balance sheets
Fair Values of Derivative Instruments
Derivatives Not Designated as Hedging Instruments

	Asset Derivatives			
	June 30, 2019		December 31, 2018	
(In millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency forward contracts	Prepaid expenses and other current assets	$ 11.7	Prepaid expenses and other current assets	$ 30.2
Total		$ 11.7		$ 30.2

	Liability Derivatives			
	June 30, 2019		December 31, 2018	
(In millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency forward contracts	Other current liabilities	$ 26.1	Other current liabilities	$ 17.3
Total		$ 26.1		$ 17.3

The Effect of Derivative Instruments on the condensed consolidated statements of operations
Derivatives in Fair Value Hedging Relationships

		Amount of Gain (Loss) Recognized in Earnings on Derivatives			
		Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	Location of Gain (Loss) Recognized in Earnings on Derivatives	2019	2018	2019	2018
Interest rate swaps	Interest expense	$ 13.5	$ (6.3)	$ 21.0	$ (22.3)
Total		$ 13.5	$ (6.3)	$ 21.0	$ (22.3)

		Amount of Gain (Loss) Recognized in Earnings on Hedged Items			
		Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	Location of Gain (Loss) Recognized in Earnings on Hedged Items	2019	2018	2019	2018
2023 Senior Notes (3.125% coupon)	Interest expense	$ (13.5)	$ 6.3	$ (21.0)	$ 22.3
Total		$ (13.5)	$ 6.3	$ (21.0)	$ 22.3

The Effect of Derivative Instruments on the condensed consolidated statements of comprehensive earnings
Derivatives in Cash Flow Hedging Relationships

	Amount of Gain (Loss) Recognized in AOCE (Net of Tax) on Derivative			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2019	2018	2019	2018
Foreign currency forward contracts	$ 3.8	$ (38.7)	$ 19.3	$ (53.8)
Total	$ 3.8	$ (38.7)	$ 19.3	$ (53.8)

The Effect of Derivative Instruments on the condensed consolidated statements of comprehensive earnings
Derivatives in Net Investment Hedging Relationships

	Amount of Gain (Loss) Recognized in AOCE (Net of Tax) on Derivative			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2019	2018	2019	2018
Foreign currency borrowings and forward contracts	$ (34.5)	$ 119.0	$ 20.7	$ 59.8
Total	$ (34.5)	$ 119.0	$ 20.7	$ 59.8

The Effect of Derivative Instruments on the condensed consolidated statements of operations
Derivatives in Cash Flow Hedging Relationships

		Amount of Gain (Loss) Reclassified from AOCE into Earnings			
		Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	Location of Gain (Loss) Reclassified from AOCE into Earnings (Effective Portion)	2019	2018	2019	2018
Foreign currency forward contracts	Net sales	$ (1.9)	$ 2.4	$ (1.6)	$ 7.2
Interest rate swaps	Interest expense	(1.8)	(1.9)	(3.6)	(3.8)
Total		$ (3.7)	$ 0.5	$ (5.2)	$ 3.4

At June 30, 2019, the Company expects that approximately $36.0 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 condensed consolidated statements of operations
Derivatives Not Designated as Hedging Instruments

		Amount of Gain (Loss) Recognized in Earnings on Derivatives			
		Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	Location of Gain (Loss) Recognized in Earnings on Derivatives	2019	2018	2019	2018
Foreign currency option and forward contracts	Other expense, net	$ (21.7)	$ (16.4)	$ (27.5)	$ 27.6
Total		$ (21.7)	$ (16.4)	$ (27.5)	$ 27.6

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.

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

	June 30, 2019			
(In millions)	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial Assets				
Cash equivalents:				
Money market funds	$ 56.3	$ —	$ —	$ 56.3
Total cash equivalents	56.3	—	—	56.3
Equity securities:				
Exchange traded funds	36.0	—	—	36.0
Marketable securities	0.7	—	—	0.7
Total equity securities	36.7	—	—	36.7
Available-for-sale fixed income investments:				
Corporate bonds	—	11.0	—	11.0
U.S. Treasuries	—	9.0	—	9.0
Agency mortgage-backed securities	—	1.9	—	1.9
Asset backed securities	—	3.5	—	3.5
Other	—	1.0	—	1.0
Total available-for-sale fixed income investments	—	26.4	—	26.4
Foreign exchange derivative assets	—	29.7	—	29.7
Interest rate swap derivative assets	—	24.6	—	24.6
Total assets at recurring fair value measurement	$ 93.0	$ 80.7	$ —	$ 173.7
Financial Liabilities				
Foreign exchange derivative liabilities	—	26.1	—	26.1
Contingent consideration	—	—	266.7	266.7
Total liabilities at recurring fair value measurement	$ —	$ 26.1	$ 266.7	$ 292.8

	December 31, 2018			
(In millions)	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

For financial assets and liabilities that utilize Level 2 inputs, the Company utilizes both direct and indirect observable price quotes, including the London Interbank Offered Rate (“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 condensed consolidated statements of operations.
- *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 condensed consolidated statements of operations.
- *Available-for-sale fixed income investments* — valued at the 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, net of income taxes, are included in accumulated other comprehensive loss as a component of shareholders’ equity.
- *Foreign exchange derivative assets and liabilities* — valued using quoted forward foreign exchange prices and spot rates at the reporting date. Counterparties to these contracts are highly rated financial institutions.
- *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.

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 respiratory delivery platform and certain other acquisitions. The measurement is calculated using unobservable inputs based on the Company's own assumptions. For the respiratory delivery platform, 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, the value of the obligations is derived from a probability assessment based on expectations of when certain milestones or profit share payments occur which are discounted using a market rate of return. At June 30, 2019 and December 31, 2018, discount rates ranging from 11.0% to 11.5% were utilized in the 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 December 31, 2018 to June 30, 2019 is as follows:

(In millions)	Current Portion [1]	Long-Term Portion [2]	Total Contingent Consideration
Balance at December 31, 2018	$ 158.3	$ 197.0	$ 355.3
Payments	(67.5)	—	(67.5)
Reclassifications	6.8	(6.8)	—
Accretion	—	7.8	7.8
Fair value loss (gain) [3]	3.5	(32.4)	(28.9)
Balance at June 30, 2019	$ 101.1	$ 165.6	$ 266.7

(1) Included in other current liabilities on the condensed consolidated balance sheets.

(2) Included in other long-term obligations on the condensed consolidated balance sheets.

(3) Included in litigation settlements and other contingencies, net in the condensed consolidated statements of operations.

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

13. Debt

Short-Term Borrowings

(In millions)	June 30, 2019	December 31, 2018
Commercial paper notes	$ 25.0	$ —
Other	1.2	1.9
Short-term borrowings	$ 26.2	$ 1.9

Receivables Facility

On April 25, 2019, the Company entered into an amendment to its $400 million Receivables Facility to extend its expiration date to April 22, 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 MUFG Bank, 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.

Note Securitization Facility

On April 25, 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 our condensed 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 July 27, 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 previous commercial paper program established on June 8, 2017 (the "Previous Commercial Paper Program") on substantially identical terms to the Previous 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 net proceeds of issuances of the CP Notes are expected to be used for general corporate purposes. 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.

Long-Term Debt

A summary of long-term debt is as follows:

(In millions)	Interest Rate as of June 30, 2019	June 30, 2019	December 31, 2018
Current portion of long-term debt:			
2016 Term Facility [a] **	3.705%	$ 100.0	$ 100.0
2019 Senior Notes **	2.500%	—	549.9
2020 Floating Rate Euro Notes [b] **		568.6	—
Other		6.3	6.2
Deferred financing fees		(0.9)	(0.9)
Current portion of long-term debt		$ 674.0	$ 655.2
Non-current portion of long-term debt:			
2020 Floating Rate Euro Notes [b] **		$ —	$ 573.3
2020 Euro Senior Notes **	1.250%	851.7	858.1
2020 Senior Notes **	3.750%	500.0	499.9
2021 Senior Notes **	3.150%	2,248.9	2,248.7
2023 Senior Notes *	3.125%	774.0	752.9
2023 Senior Notes *	4.200%	499.0	498.9
2024 Euro Senior Notes **	2.250%	1,135.2	1,144.2
2025 Euro Senior Notes *	2.125%	567.5	572.0
2026 Senior Notes **	3.950%	2,237.3	2,236.5
2028 Euro Senior Notes **	3.125%	845.9	852.5
2028 Senior Notes *	4.550%	748.3	748.2
2043 Senior Notes *	5.400%	497.2	497.2
2046 Senior Notes **	5.250%	999.8	999.8
2048 Senior Notes *	5.200%	747.7	747.6
Other		4.3	5.1
Deferred financing fees		(66.7)	(73.7)
Long-term debt		$ 12,590.1	$ 13,161.2

[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] 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.

For additional information, see Note 9 *Debt* in Mylan N.V.'s 2018 Form 10-K.

2016 Revolving Facility, 2018 Revolving Facility and 2016 Term Facility

On November 22, 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 outstanding $100.0 million in term loans (the “2016 Term Facility”) at June 30, 2019. On July 27, 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 Company’s 2016 Term Facility and 2018 Revolving Facility each contains 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”).

On February 22, 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 February 22, 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 December 31, 2019 reporting period. The Company is in compliance at June 30, 2019 and expects to remain in compliance for the next twelve months.

Fair Value

At June 30, 2019 and December 31, 2018, the aggregate fair value of the Company’s outstanding notes was approximately $13.0 billion and $13.1 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 June 30, 2019 and December 31, 2018.

Mandatory minimum repayments remaining on the notional amount of outstanding long-term debt at June 30, 2019 were as follows for each of the periods ending December 31:

(In millions)	**Total**
2019	$ 100
2020	1,922
2021	2,250
2022	—
2023	1,250
Thereafter	7,808
Total	$ 13,330

14. Comprehensive Earnings

Accumulated other comprehensive loss, as reflected on the condensed consolidated balance sheets, is comprised of the following:

(In millions)	June 30, 2019	December 31, 2018
Accumulated other comprehensive loss:		
Net unrealized gain on marketable securities, net of tax	$ 0.7	$ —
Net unrecognized gains and prior service cost related to defined benefit plans, net of tax	1.7	1.7
Net unrecognized losses on derivatives in cash flow hedging relationships, net of tax	(33.0)	(53.1)
Net unrecognized losses on derivatives in net investment hedging relationships, net of tax	(110.2)	(130.9)
Foreign currency translation adjustment	(1,400.9)	(1,259.0)
	$ (1,541.7)	$ (1,441.3)

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

Components of accumulated other comprehensive loss, before tax, consist of the following, for the three and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30, 2019						
	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)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
Balance at March 31, 2019, net of tax			$ (39.3)	$ (75.7)	$ 0.4	$ 1.6	$ (1,597.5)	$ (1,710.5)
Other comprehensive earnings (loss) before reclassifications, before tax			5.7	(36.3)	0.2	—	196.6	166.2
Amounts reclassified from accumulated other comprehensive loss, before tax:								—
Loss on foreign exchange forward contracts classified as cash flow hedges, included in net sales	1.9		1.9					1.9
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		1.8	1.8					1.8
Amortization of prior service costs included in selling, general and administrative expense (“SG&A”)						0.2		0.2
Amortization of actuarial gain included in SG&A						(0.2)		(0.2)
Net other comprehensive earnings (loss), before tax			9.4	(36.3)	0.2	—	196.6	169.9
Income tax provision (benefit)			3.1	(1.8)	(0.1)	(0.1)	—	1.1
Balance at June 30, 2019, net of tax			$ (33.0)	$ (110.2)	$ 0.7	$ 1.7	$ (1,400.9)	$ (1,541.7)

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

	Six Months Ended June 30, 2019							
	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)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
Balance at December 31, 2018, net of tax			$ (53.1)	$ (130.9)	$ —	$ 1.7	$ (1,259.0)	$ (1,441.3)
Other comprehensive earnings (loss) before reclassifications, before tax			30.2	21.8	0.6	0.1	(141.9)	(89.2)
Amounts reclassified from accumulated other comprehensive loss, before tax:								
Loss on foreign exchange forward contracts classified as cash flow hedges, included in net sales	1.6		1.6					1.6
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		3.6	3.6					3.6
Amortization of prior service costs included in SG&A						0.5		0.5
Amortization of actuarial gain included in SG&A						(0.4)		(0.4)
Net other comprehensive earnings (loss), before tax			35.4	21.8	0.6	0.2	(141.9)	(83.9)
Income tax provision (benefit)			11.9	1.1	(0.1)	—	—	12.9
Cumulative effect of the adoption of new accounting standards			(3.4)	—	—	(0.2)	—	(3.6)
Balance at June 30, 2019, net of tax			$ (33.0)	$ (110.2)	$ 0.7	$ 1.7	$ (1,400.9)	$ (1,541.7)

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

	Three Months Ended June 30, 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)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
Balance at March 31, 2018, net of tax			$ (22.6)	$ (299.0)	$ (0.2)	$ 2.2	$ 128.1	$ (191.5)
Other comprehensive (loss) earnings before reclassifications, before tax			(61.7)	119.1	0.3	2.7	(1,088.7)	(1,028.3)
Amounts reclassified from accumulated other comprehensive loss, before tax:								
Gain on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(2.4)		(2.4)					(2.4)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		1.9	1.9					1.9
Amortization of prior service costs included in SG&A						0.1		0.1
Amortization of actuarial loss included in SG&A						—		—
Net other comprehensive (loss) earnings, before tax			(62.2)	119.1	0.3	2.8	(1,088.7)	(1,028.7)
Income tax (benefit) provision			(21.8)	0.1	0.1	0.7	—	(20.9)
Balance at June 30, 2018, net of tax			$ (63.0)	$ (180.0)	$ —	$ 4.3	$ (960.6)	$ (1,199.3)

	Six Months Ended June 30, 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)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total					
Balance at December 31, 2017, net of tax			$ (3.7)	$ (239.8)	$ 10.1	$ 6.0	$ (133.8)	$ (361.2)
Other comprehensive (loss) earnings before reclassifications, before tax			(90.8)	59.9	(0.1)	(1.8)	(826.8)	(859.6)
Amounts reclassified from accumulated other comprehensive loss, before tax:								
Gain on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(7.2)		(7.2)					(7.2)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		3.8	3.8					3.8
Amortization of prior service costs included in SG&A						0.2		0.2
Amortization of actuarial loss included in SG&A						0.1		0.1
Net other comprehensive (loss) earnings, before tax			(94.2)	59.9	(0.1)	(1.5)	(826.8)	(862.7)
Income tax (benefit) provision			(32.4)	0.1	—	0.2	—	(32.1)
Cumulative effect of the adoption of new accounting standards			2.5	—	(10.0)	—	—	(7.5)
Balance at June 30, 2018, net of tax			$ (63.0)	$ (180.0)	$ —	$ 4.3	$ (960.6)	$ (1,199.3)

15. 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 OTC products to people in markets everywhere. Our *North America* segment comprises our operations in the U.S. and Canada. Our *Europe* segment encompasses our operations in 35 countries, including France, Italy, Germany, the United Kingdom ("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 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* included in the 2018 Form 10-K, and Note 3 *Recent Accounting Pronouncements, Adoption of New Accounting Standards* included in this Form 10-Q. 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)	North America	Europe	Rest of World	Eliminations	Consolidated
Three Months Ended June 30, 2019					
Net sales	$ 1,023.4	$ 989.6	$ 805.2	$ —	$ 2,818.2
Other revenue	19.1	3.8	10.4	—	33.3
Intersegment revenue	35.1	22.3	134.8	(192.2)	—
Total	$ 1,077.6	$ 1,015.7	$ 950.4	$ (192.2)	$ 2,851.5
Segment profitability	$ 457.9	$ 194.5	$ 171.1	$ —	$ 823.5
Intangible asset amortization expense					(399.2)
Intangible asset impairment charges					(40.4)
Globally managed research and development costs					(49.9)
Corporate costs and special items					(217.6)
Litigation settlements & other contingencies					(20.9)
Earnings from operations					$ 95.5
Six Months Ended June 30, 2019					
Net sales	$ 1,946.3	$ 1,884.9	$ 1,447.6	$ —	$ 5,278.8
Other revenue	41.2	8.5	18.5	—	68.2
Intersegment revenue	50.7	43.1	248.1	(341.9)	—
Total	$ 2,038.2	$ 1,936.5	$ 1,714.2	$ (341.9)	$ 5,347.0
Segment profitability	$ 852.4	$ 398.6	$ 264.9	$ —	$ 1,515.9
Intangible asset amortization expense					(804.7)
Intangible asset impairment charges					(69.9)
Globally managed research and development costs					(120.5)
Corporate costs and special items					(379.7)
Litigation settlements & other contingencies					(21.6)
Earnings from operations					$ 119.5

(In millions)	North America	Europe	Rest of World	Eliminations	Consolidated
Three Months Ended June 30, 2018					
Net sales	$ 1,000.8	$ 990.6	$ 764.1	$ —	$ 2,755.5
Other revenue	42.5	2.9	7.4	—	52.8
Intersegment revenue	23.7	25.4	103.1	(152.2)	—
Total	$ 1,067.0	$ 1,018.9	$ 874.6	$ (152.2)	$ 2,808.3
Segment profitability	$ 375.4	$ 238.1	$ 174.0	$ —	$ 787.5
Intangible asset amortization expense					(387.4)
Intangible asset impairment charges					(42.0)
Globally managed research and development costs					(74.8)
Corporate costs and special items					(150.8)
Litigation settlements & other contingencies					46.4
Earnings from operations					$ 178.9
Six Months Ended June 30, 2018					
Net sales	$ 1,986.1	$ 2,029.0	$ 1,390.8	$ —	$ 5,405.9
Other revenue	63.6	12.4	10.9	—	86.9
Intersegment revenue	36.0	51.0	189.8	(276.8)	—
Total	$ 2,085.7	$ 2,092.4	$ 1,591.5	$ (276.8)	$ 5,492.8
Segment profitability	$ 835.3	$ 496.3	$ 280.6	$ —	$ 1,612.2
Intangible asset amortization expense					(779.7)
Intangible asset impairment charges					(72.0)
Globally managed research and development costs					(151.7)
Corporate costs and special items					(304.4)
Litigation settlements & other contingencies					30.2
Earnings from operations					$ 334.6

16. Subsidiary Guarantors

The following tables present condensed consolidating financial information for (a) Mylan N.V., the issuer of the 2.500% Senior Notes due 2019, 3.750% Senior Notes due 2020, 3.150% Senior Notes due 2021, 3.950% Senior Notes due 2026 and 5.250% Senior Notes due 2046 (collectively, the “Mylan N.V. Senior Notes”), which are guaranteed on a senior unsecured basis by Mylan Inc.; (b) Mylan Inc., 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 (collectively, the “Mylan Inc. Senior Notes”), which are guaranteed on a senior unsecured basis by Mylan N.V.; and (c) all other subsidiaries of the Company on a combined basis, none of which guarantee the Mylan N.V. Senior Notes or guarantee the Mylan Inc. Senior Notes (“Non-Guarantor Subsidiaries”). The consolidating adjustments primarily relate to eliminations of investments in subsidiaries and intercompany balances and transactions. The condensed consolidating financial statements present investments in subsidiaries using the equity method of accounting.

The following financial information presents the unaudited condensed consolidating statements of operations for the three and six months ended June 30, 2019 and 2018, the unaudited condensed consolidating statements of comprehensive earnings for the three and six months ended June 30, 2019 and 2018, the unaudited condensed consolidating balance sheets as of June 30, 2019 and December 31, 2018 and the unaudited condensed consolidating statements of cash flows for the six months ended June 30, 2019 and 2018. This unaudited condensed consolidating financial information has been prepared and

presented in accordance with SEC Regulation S-X Rule 3-10 “Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered.”

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
Three Months Ended June 30, 2019

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Net sales	$ —	$ —	$ —	$ 2,818.2	$ —	$ 2,818.2
Other revenues	—	—	—	33.3	—	33.3
Total revenues	—	—	—	2,851.5	—	2,851.5
Cost of sales	—	—	—	1,918.9	—	1,918.9
Gross profit	—	—	—	932.6	—	932.6
Operating expenses:						
Research and development	—	—	—	147.6	—	147.6
Selling, general and administrative	14.2	172.9	—	481.5	—	668.6
Litigation settlements and other contingencies, net	30.0	18.0	—	(27.1)	—	20.9
Total operating expenses	44.2	190.9	—	602.0	—	837.1
(Loss) Earnings from operations	(44.2)	(190.9)	—	330.6	—	95.5
Interest expense	80.8	43.7	—	6.7	—	131.2
Other (income) expense, net	(87.2)	(60.4)	—	164.0	—	16.4
(Loss) Earnings before income taxes	(37.8)	(174.2)	—	159.9	—	(52.1)
Income tax (benefit) provision	(8.2)	1.8	—	122.8	—	116.4
(Loss) Earnings of equity interest subsidiaries	(138.9)	11.8	—	—	127.1	—
Net (loss) earnings	$ (168.5)	$ (164.2)	$ —	$ 37.1	$ 127.1	$ (168.5)

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
Six Months Ended June 30, 2019

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Net sales	$ —	$ —	$ —	$ 5,278.8	$ —	$ 5,278.8
Other revenues	—	—	—	68.2	—	68.2
Total revenues	—	—	—	5,347.0	—	5,347.0
Cost of sales	—	—	—	3,609.2	—	3,609.2
Gross profit	—	—	—	1,737.8	—	1,737.8
Operating expenses:						
Research and development	—	—	—	320.2	—	320.2
Selling, general and administrative	23.3	311.6	—	941.6	—	1,276.5
Litigation settlements and other contingencies, net	30.0	18.0	—	(26.4)	—	21.6
Total operating expenses	53.3	329.6	—	1,235.4	—	1,618.3
(Loss) Earnings from operations	(53.3)	(329.6)	—	502.4	—	119.5
Interest expense	162.5	87.2	—	12.7	—	262.4
Other (income) expense, net	(145.3)	(120.5)	—	289.5	—	23.7
(Loss) Earnings before income taxes	(70.5)	(296.3)	—	200.2	—	(166.6)
Income tax (benefit) provision	(13.8)	3.6	—	37.1	—	26.9
(Loss) Earnings of equity interest subsidiaries	(136.8)	114.4	—	—	22.4	—
Net (loss) earnings	$ (193.5)	$ (185.5)	$ —	$ 163.1	$ 22.4	$ (193.5)

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
Three Months Ended June 30, 2018

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Net sales	$ —	$ —	$ —	$ 2,755.5	$ —	$ 2,755.5
Other revenues	—	—	—	52.8	—	52.8
Total revenues	—	—	—	2,808.3	—	2,808.3
Cost of sales	—	—	—	1,845.8	—	1,845.8
Gross profit	—	—	—	962.5	—	962.5
Operating expenses:						
Research and development	—	—	—	206.7	—	206.7
Selling, general and administrative	9.7	119.4	—	494.2	—	623.3
Litigation settlements and other contingencies, net	—	—	—	(46.4)	—	(46.4)
Total operating expenses	9.7	119.4	—	654.5	—	783.6
(Loss) Earnings from operations	(9.7)	(119.4)	—	308.0	—	178.9
Interest expense	88.6	41.1	—	9.5	—	139.2
Other (income) expense, net	(49.6)	(68.3)	—	138.9	—	21.0
(Loss) Earnings before income taxes	(48.7)	(92.2)	—	159.6	—	18.7
Income tax (benefit) provision	(8.0)	13.1	—	(23.9)	—	(18.8)
Earnings of equity interest subsidiaries	78.2	82.2	—	—	(160.4)	—
Net earnings (loss)	$ 37.5	$ (23.1)	$ —	$ 183.5	$ (160.4)	$ 37.5

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
Six Months Ended June 30, 2018

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Net sales	$ —	$ —	$ —	$ 5,405.9	$ —	$ 5,405.9
Other revenues	—	—	—	86.9	—	86.9
Total revenues	—	—	—	5,492.8	—	5,492.8
Cost of sales	—	—	—	3,546.0	—	3,546.0
Gross profit	—	—	—	1,946.8	—	1,946.8
Operating expenses:						
Research and development	—	—	—	411.6	—	411.6
Selling, general and administrative	19.5	250.1	—	961.2	—	1,230.8
Litigation settlements and other contingencies, net	—	7.0	—	(37.2)	—	(30.2)
Total operating expenses	19.5	257.1	—	1,335.6	—	1,612.2
(Loss) Earnings from operations	(19.5)	(257.1)	—	611.2	—	334.6
Interest expense	182.1	68.0	—	20.8	—	270.9
Other (income) expense, net	(163.6)	(126.0)	—	324.1	—	34.5
(Loss) Earnings before income taxes	(38.0)	(199.1)	—	266.3	—	29.2
Income tax benefit	(15.3)	(4.6)	—	(75.5)	—	(95.4)
Earnings of equity interest subsidiaries	147.3	73.9	—	—	(221.2)	—
Net earnings (loss)	$ 124.6	$ (120.6)	$ —	$ 341.8	$ (221.2)	$ 124.6

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS
Three Months Ended June 30, 2019

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net (loss) earnings	$ (168.5)	$ (164.2)	$ —	$ 37.1	$ 127.1	$ (168.5)
Other comprehensive earnings (loss), before tax:						
Foreign currency translation adjustment	196.6	—	—	196.6	(196.6)	196.6
Change in unrecognized gain and prior service cost related to defined benefit plans	—	—	—	—	—	—
Net unrecognized gain on derivatives in cash flow hedging relationships	9.4	1.8	—	7.6	(9.4)	9.4
Net unrecognized loss on derivatives in net investment hedging relationships	(36.3)	(7.7)	—	—	7.7	(36.3)
Net unrealized gain on marketable securities	0.2	—	—	0.2	(0.2)	0.2
Other comprehensive earnings (loss), before tax	169.9	(5.9)	—	204.4	(198.5)	169.9
Income tax provision (benefit)	1.1	1.3	—	(0.2)	(1.1)	1.1
Other comprehensive earnings (loss), net of tax	168.8	(7.2)	—	204.6	(197.4)	168.8
Comprehensive earnings (loss)	$ 0.3	$ (171.4)	$ —	$ 241.7	$ (70.3)	$ 0.3

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS
Six Months Ended June 30, 2019

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net (loss) earnings	$ (193.5)	$ (185.5)	$ —	$ 163.1	$ 22.4	$ (193.5)
Other comprehensive (loss) earnings, before tax:						
Foreign currency translation adjustment	(141.9)	—	—	(141.9)	141.9	(141.9)
Change in unrecognized gain and prior service cost related to defined benefit plans	0.2	0.1	—	0.1	(0.2)	0.2
Net unrecognized gain on derivatives in cash flow hedging relationships	35.4	3.6	—	31.8	(35.4)	35.4
Net unrecognized gain on derivatives in net investment hedging relationships	21.8	4.6	—	—	(4.6)	21.8
Net unrealized gain on marketable securities	0.6	—	—	0.6	(0.6)	0.6
Other comprehensive (loss) earnings, before tax	(83.9)	8.3	—	(109.4)	101.1	(83.9)
Income tax provision (benefit)	12.9	(2.0)	—	14.9	(12.9)	12.9
Other comprehensive (loss) earnings, net of tax	(96.8)	10.3	—	(124.3)	114.0	(96.8)
Comprehensive (loss) earnings	$ (290.3)	$ (175.2)	$ —	$ 38.8	$ 136.4	$ (290.3)

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS
Three Months Ended June 30, 2018

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net earnings (loss)	$ 37.5	$ (23.1)	$ —	$ 183.5	$ (160.4)	$ 37.5
Other comprehensive (loss) earnings, before tax:						
Foreign currency translation adjustment	(1,088.7)	—	—	(1,088.7)	1,088.7	(1,088.7)
Change in unrecognized gain and prior service cost related to defined benefit plans	2.8	—	—	2.8	(2.8)	2.8
Net unrecognized (loss) gain on derivatives in cash flow hedging relationships	(62.2)	1.9	—	(64.1)	62.2	(62.2)
Net unrecognized gain on derivatives in net investment hedging relationships	119.1	0.6	—	—	(0.6)	119.1
Net unrealized gain (loss) on marketable securities	0.3	0.6	—	(0.3)	(0.3)	0.3
Other comprehensive (loss) earnings, before tax	(1,028.7)	3.1	—	(1,150.3)	1,147.2	(1,028.7)
Income tax benefit	(20.9)	(0.4)	—	(20.5)	20.9	(20.9)
Other comprehensive (loss) earnings, net of tax	(1,007.8)	3.5	—	(1,129.8)	1,126.3	(1,007.8)
Comprehensive loss	$ (970.3)	$ (19.6)	$ —	$ (946.3)	$ 965.9	$ (970.3)

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS
Six Months Ended June 30, 2018

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net earnings (loss)	$ 124.6	$ (120.6)	$ —	$ 341.8	$ (221.2)	$ 124.6
Other comprehensive (loss) earnings, before tax:						
Foreign currency translation adjustment	(826.8)	—	—	(826.8)	826.8	(826.8)
Change in unrecognized (loss) gain and prior service cost related to defined benefit plans	(1.5)	0.1	—	(1.6)	1.5	(1.5)
Net unrecognized (loss) gain on derivatives in cash flow hedging relationships	(94.2)	3.8	—	(98.0)	94.2	(94.2)
Net unrecognized gain on derivatives in net investment hedging relationships	59.9	0.6	—	—	(0.6)	59.9
Net unrealized loss on marketable securities	(0.1)	—	—	(0.1)	0.1	(0.1)
Other comprehensive (loss) earnings, before tax	(862.7)	4.5	—	(926.5)	922.0	(862.7)
Income tax benefit	(32.1)	(0.8)	—	(31.3)	32.1	(32.1)
Other comprehensive (loss) earnings, net of tax	(830.6)	5.3	—	(895.2)	889.9	(830.6)
Comprehensive loss	$ (706.0)	$ (115.3)	$ —	$ (553.4)	$ 668.7	$ (706.0)

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET
As of June 30, 2019

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Assets						
Current assets:						
Cash and cash equivalents	$ —	$ 20.9	$ —	$ 190.6	$ —	$ 211.5
Accounts receivable, net	—	20.4	—	2,683.4	—	2,703.8
Inventories	—	—	—	2,776.2	—	2,776.2
Intercompany receivables	482.3	530.6	—	12,899.4	(13,912.3)	—
Prepaid expenses and other current assets	4.8	99.3	—	469.8	—	573.9
Total current assets	487.1	671.2	—	19,019.4	(13,912.3)	6,265.4
Property, plant and equipment, net	—	246.8	—	1,899.2	—	2,146.0
Investments in subsidiaries	18,759.0	12,702.4	—	—	(31,461.4)	—
Intercompany notes and interest receivable	5,502.8	10,964.7	—	3,079.6	(19,547.1)	—
Intangible assets, net	—	—	—	12,730.7	—	12,730.7
Goodwill	—	17.1	—	9,675.8	—	9,692.9
Other assets	—	75.3	—	906.6	—	981.9
Total assets	$ 24,748.9	$ 24,677.5	$ —	$ 47,311.3	$ (64,920.8)	$ 31,816.9
LIABILITIES AND EQUITY						
Liabilities						
Current liabilities:						
Accounts payable	$ —	$ 58.1	$ —	$ 1,480.1	$ —	$ 1,538.2
Short-term borrowings	—	25.0	—	1.2	—	26.2
Income taxes payable	—	—	—	138.5	—	138.5
Current portion of long-term debt and other long-term obligations	667.7	0.2	—	56.5	—	724.4
Intercompany payables	1,526.7	12,238.0	—	147.6	(13,912.3)	—
Other current liabilities	82.9	227.2	—	1,822.9	—	2,133.0
Total current liabilities	2,277.3	12,548.5	—	3,646.8	(13,912.3)	4,560.3
Long-term debt	8,781.0	3,804.7	—	4.4	—	12,590.1
Intercompany notes payable	1,787.8	3,069.2	—	14,690.1	(19,547.1)	—
Other long-term obligations	—	64.2	—	2,699.5	—	2,763.7
Total liabilities	12,846.1	19,486.6	—	21,040.8	(33,459.4)	19,914.1
Total equity	11,902.8	5,190.9	—	26,270.5	(31,461.4)	11,902.8
Total liabilities and equity	$ 24,748.9	$ 24,677.5	$ —	$ 47,311.3	$ (64,920.8)	$ 31,816.9

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2018

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Assets						
Current assets:						
Cash and cash equivalents	$ —	$ 18.2	$ —	$ 369.9	$ —	$ 388.1
Accounts receivable, net	—	24.3	—	2,856.7	—	2,881.0
Inventories	—	—	—	2,580.2	—	2,580.2
Intercompany receivables	342.9	518.7	—	13,107.1	(13,968.7)	—
Prepaid expenses and other current assets	5.6	71.3	—	441.5	—	518.4
Total current assets	348.5	632.5	—	19,355.4	(13,968.7)	6,367.7
Property, plant and equipment, net	—	259.7	—	1,910.5	—	2,170.2
Investments in subsidiaries	18,995.9	13,129.5	—	—	(32,125.4)	—
Intercompany notes and interest receivable	6,287.4	10,732.6	—	2,519.8	(19,539.8)	—
Intangible assets, net	—	—	—	13,664.6	—	13,664.6
Goodwill	—	17.1	—	9,730.7	—	9,747.8
Other assets	0.3	68.9	—	715.4	—	784.6
Total assets	$ 25,632.1	$ 24,840.3	$ —	$ 47,896.4	$ (65,633.9)	$ 32,734.9
LIABILITIES AND EQUITY						
Liabilities						
Current liabilities:						
Accounts payable	$ —	$ 70.6	$ —	$ 1,546.4	$ —	$ 1,617.0
Short-term borrowings	—	—	—	1.9	—	1.9
Income taxes payable	—	—	—	121.5	—	121.5
Current portion of long-term debt and other long-term obligations	649.0	0.2	—	50.6	—	699.8
Intercompany payables	1,618.8	12,326.4	—	23.5	(13,968.7)	—
Other current liabilities	21.0	216.0	—	1,910.6	—	2,147.6
Total current liabilities	2,288.8	12,613.2	—	3,654.5	(13,968.7)	4,587.8
Long-term debt	9,370.1	3,786.2	—	4.9	—	13,161.2
Intercompany notes payable	1,806.1	3,094.2	—	14,639.5	(19,539.8)	—
Other long-term obligations	—	48.6	—	2,770.2	—	2,818.8
Total liabilities	13,465.0	19,542.2	—	21,069.1	(33,508.5)	20,567.8
Total equity	12,167.1	5,298.1	—	26,827.3	(32,125.4)	12,167.1
Total liabilities and equity	$ 25,632.1	$ 24,840.3	$ —	$ 47,896.4	$ (65,633.9)	$ 32,734.9

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
Six Months Ended June 30, 2019

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:						
Net cash (used in) provided by operating activities	$ (162.9)	$ (67.1)	$ —	$ 859.2	$ —	$ 629.2
Cash flows from investing activities:						
Capital expenditures	—	(25.4)	—	(71.8)	—	(97.2)
Purchase of available for sale securities and other investments	—	—	—	(12.7)	—	(12.7)
Proceeds from the sale of marketable securities	—	—	—	12.5	—	12.5
Cash paid for acquisitions, net	—	—	—	(7.1)	—	(7.1)
Investments in affiliates	—	(12.9)	—	—	12.9	—
Dividends from affiliates	39.4	—	—	—	(39.4)	—
Loans to affiliates	(99.4)	—	—	(2,568.3)	2,667.7	—
Repayments of loans from affiliates	859.8	—	—	1,885.6	(2,745.4)	—
Payments for product rights and other, net	—	—	—	(129.5)	—	(129.5)
Net cash provided by (used in) investing activities	799.8	(38.3)	—	(891.3)	(104.2)	(234.0)
Cash flows from financing activities:						
Payments of financing fees	—	(2.0)	—	(0.1)	—	(2.1)
Change in short-term borrowings, net	—	25.0	—	(0.7)	—	24.3
Proceeds from issuance of long-term debt	—	—	—	5.5	—	5.5
Payments of long-term debt	(550.0)	—	—	(5.5)	—	(555.5)
Proceeds from exercise of stock options	4.0	—	—	—	—	4.0
Taxes paid related to net share settlement of equity awards	(8.3)	—	—	—	—	(8.3)
Contingent consideration payments	—	—	—	(38.8)	—	(38.8)
Capital contribution from affiliates	—	—	—	12.9	(12.9)	—
Capital payments to affiliates	—	—	—	(39.4)	39.4	—
Payments on borrowings from affiliates	(809.0)	(1,780.8)	—	(155.6)	2,745.4	—
Proceeds from borrowings from affiliates	726.4	1,865.9	—	75.4	(2,667.7)	—
Other items, net	—	—	—	(1.0)	—	(1.0)
Net cash (used in) provided by financing activities	(636.9)	108.1	—	(147.3)	104.2	(571.9)
Effect on cash of changes in exchange rates	—	—	—	0.1	—	0.1
Net increase (decrease) in cash, cash equivalents and restricted cash	—	2.7	—	(179.3)	—	(176.6)
Cash, cash equivalents and restricted cash — beginning of period	—	18.2	—	371.1	—	389.3
Cash, cash equivalents and restricted cash — end of period	$ —	$ 20.9	$ —	$ 191.8	$ —	$ 212.7

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
Six Months Ended June 30, 2018

(In millions)	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:						
Net cash (used in) provided by operating activities	$ (111.4)	$ (644.2)	$ —	$ 1,807.6	$ —	$ 1,052.0
Cash flows from investing activities:						
Capital expenditures	—	(11.2)	—	(64.7)	—	(75.9)
Purchase of available for sale securities and other investments	—	—	—	(44.4)	—	(44.4)
Proceeds from the sale of marketable securities	—	36.3	—	29.0	—	65.3
Cash paid for acquisitions, net	—	—	—	(63.3)	—	(63.3)
Investments in affiliates	—	(13.2)	—	—	13.2	—
Dividends from affiliates	61.0	—	—	—	(61.0)	—
Loans to affiliates	(434.7)	—	—	(3,739.1)	4,173.8	—
Repayments of loans from affiliates	1,689.0	—	—	2,867.3	(4,556.3)	—
Payments for product rights and other, net	—	(0.3)	—	(614.1)	—	(614.4)
Net cash provided by (used in) investing activities	1,315.3	11.6	—	(1,629.3)	(430.3)	(732.7)
Cash flows from financing activities:						
Payments of financing fees	—	(18.3)	—	(0.1)	—	(18.4)
Purchase of ordinary shares	(432.0)	—	—	—	—	(432.0)
Change in short-term borrowings, net	39.0	—	—	140.0	—	179.0
Proceeds from issuance of long-term debt	496.5	2,079.2	—	1.5	—	2,577.2
Payments of long-term debt	(1,446.5)	(1,150.0)	—	(2.1)	—	(2,598.6)
Proceeds from exercise of stock options	13.7	—	—	—	—	13.7
Taxes paid related to net share settlement of equity awards	(10.1)	—	—	—	—	(10.1)
Contingent consideration payments	—	—	—	(0.2)	—	(0.2)
Capital contribution from affiliates	—	—	—	13.2	(13.2)	—
Capital payments to affiliates	—	—	—	(61.0)	61.0	—
Payments on borrowings from affiliates	(1,173.7)	(2,772.6)	—	(610.0)	4,556.3	—
Proceeds from borrowings from affiliates	1,309.4	2,476.5	—	387.9	(4,173.8)	—
Other items, net	—	—	—	(0.5)	—	(0.5)
Net cash (used in) provided by financing activities	(1,203.7)	614.8	—	(131.3)	430.3	(289.9)
Effect on cash of changes in exchange rates	—	—	—	(15.1)	—	(15.1)
Net increase (decrease) in cash, cash equivalents and restricted cash	0.2	(17.8)	—	31.9	—	14.3
Cash, cash equivalents and restricted cash — beginning of period	—	23.8	—	346.1	—	369.9
Cash, cash equivalents and restricted cash — end of period	$ 0.2	$ 6.0	$ —	$ 378.0	$ —	$ 384.2

MYLAN N.V. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

The following tables provide a reconciliation of cash and cash equivalents, as reported on our unaudited condensed consolidating balance sheets, to cash, cash equivalents and restricted cash, as reported on our unaudited condensed consolidating statements of cash flows (in millions):

	June 30, 2019					
	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ —	$ 20.9	$ —	$ 190.6	$ —	$ 211.5
Restricted cash, included in prepaid expenses and other current assets	—	—	—	1.2	—	1.2
Cash, cash equivalents and restricted cash	$ —	$ 20.9	$ —	$ 191.8	$ —	$ 212.7

	December 31, 2018					
	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ —	$ 18.2	$ —	$ 369.9	$ —	$ 388.1
Restricted cash, included in prepaid expenses and other current assets	—	—	—	1.2	—	1.2
Cash, cash equivalents and restricted cash	$ —	$ 18.2	$ —	$ 371.1	$ —	$ 389.3

	June 30, 2018					
	Mylan N.V.	Mylan Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 0.2	$ 6.0	$ —	$ 324.0	$ —	$ 330.2
Restricted cash, included in prepaid expenses and other current assets	—	—	—	54.0	—	54.0
Cash, cash equivalents and restricted cash	$ 0.2	$ 6.0	$ —	$ 378.0	$ —	$ 384.2

17. Restructuring

On December 5, 2016, the Company announced a restructuring program representing 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 December 31, 2018. We have incurred total restructuring related costs of approximately $655.4 million through June 30, 2019. During 2019, we have incurred approximately $54.4 million in restructuring expenses for non-cash asset write-offs at the Morgantown plant. 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 December 31, 2018 to June 30, 2019:

(In millions)	Employee Related Costs	Other Exit Costs	Total
Balance at December 31, 2018:	$ 60.8	$ 11.8	$ 72.6
Charges [1]	1.8	18.1	19.9
Reclassification due to new leasing standard	—	(8.1)	(8.1)
Cash payment	(26.4)	(1.4)	(27.8)
Utilization	—	(16.7)	(16.7)
Foreign currency translation	(1.1)	—	(1.1)
Balance at March 31, 2019:	$ 35.1	$ 3.7	$ 38.8
Charges [1]	10.0	47.6	57.6
Cash payment	(8.4)	(3.2)	(11.6)
Utilization	—	(44.5)	(44.5)
Foreign currency translation	0.6	(0.1)	0.5
Balance at June 30, 2019:	$ 37.3	$ 3.5	$ 40.8

[1] For the three months ended June 30, 2019, total restructuring charges in North America, Europe and Rest of World were approximately $45.5 million, $10.7 million and $1.4 million, respectively. For the six months ended June 30, 2019, total restructuring charges in North America, Europe and Rest of World were approximately $56.7 million, $18.5 million and $2.3 million, respectively.

At June 30, 2019 and December 31, 2018, accrued liabilities for restructuring and other cost reduction programs were primarily included in other current liabilities on the condensed consolidated balance sheets.

18. Collaboration 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 condensed consolidated balance sheets, except for milestone and royalty obligations reflected as acquisition related contingent consideration. Refer to Note 12 *Financial Instruments and Risk Management* for additional information. Our potential maximum development milestones not accrued for at June 30, 2019 totaled approximately $476.0 million, which includes the new agreements entered into as described in Note 4 *Acquisitions and Other Transactions.* We estimate the amounts that may be paid through the end of 2019 to be approximately $79.0 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.

There have been no other significant changes to our collaboration and licensing agreements as disclosed in our 2018 Form 10-K.

19. Income Taxes

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 February 27, 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.

During the second quarter, we reached an agreement in principle with the IRS to resolve all issues relating to our positions on the EPD Business Acquisition. Under the agreement, our status as a non-U.S. corporation for U.S. Federal income tax purposes would be confirmed, and we would adjust the interest rates used for intercompany loans. As a result, during the second quarter of 2019, the Company recorded a reserve of approximately $140.0 million as part of its liability for uncertain tax

positions, with a net impact to the income tax provision of approximately $129.9 million. We are currently in the process of memorializing a closing agreement with the IRS, which we expect to enter into in the third quarter.

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 three months ended March 31, 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. Both parties delivered their final post-trial briefs on June 27, 2019 and are awaiting the court's final decision.

Accounting for Uncertainty in Income Taxes

The impact of an uncertain tax position that is more likely than not of being sustained upon audit by the relevant taxing authority must be recognized at the largest amount that is more likely than not to be sustained. No portion of an uncertain tax position will be recognized if the position has less than a 50% likelihood of being sustained.

During the six months ended June 30, 2019, primarily due to the settlement in principle reached with the IRS and the expiration of federal and foreign statutes of limitations expirations, the Company increased its net liability for unrecognized tax benefits by approximately $46.1 million. During the six months ended June 30, 2018, as a result of federal and state audits and settlements and expirations of certain state, federal, and foreign statutes of limitations, the Company reduced its liability for unrecognized tax benefits by approximately $86.0 million, which resulted in a net benefit to the income tax provision of approximately $53.0 million.

20. Litigation

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 Specialties Private Limited, Abbott's 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 condensed consolidated statements of operations.

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 settled the lawsuits filed by the putative direct purchaser class and retailer opt-out plaintiffs and Apotex and has entered into a settlement agreement with the putative indirect purchasers for approximately $14.4 million, which is subject to court approval.

On July 10, 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 December 8, 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 July 28, 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 January 6, 2017, the case was transferred to the EDPA and is still pending. MPI has since been included as an additional party. In July 2019, the parties reached a settlement in principle.

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 recorded approximately $18.0 million of expense in the second quarter of 2019 and has a total accrual of approximately $32.4 million related to this matter at June 30, 2019, which is included in other current liabilities in the condensed 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 September 10, 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 April 9, 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 September 14, 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

Department of Veterans Affairs Request for Information

On June 30, 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 October 7, 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 Medicaid Drug Rebate Program ("MDRP"), and any related complaints. On November 15, 2016, Mylan received a follow-up letter, modifying the initial document request, seeking information on and public disclosures regarding the Company's previously disclosed settlement with the DOJ ("the MDRP Settlement") and the classification of the EpiPen® Auto-Injector under the MDRP. Mylan subsequently received subpoenas and additional requests for information. The Company has been cooperating fully with the SEC staff's investigation. Following recent discussions, the Company reached an agreement-in-principle in July 2019 with the staff of the Division of Enforcement that would include allegations that the Company violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 and the reporting, books and records, and internal controls provisions of the Securities Exchange Act of 1934, as amended, and the rules thereunder, and a civil penalty of $30.0 million. Under the settlement, Mylan would neither admit nor deny these allegations. The Company recorded an accrual for this amount for the period ended June 30, 2019. This agreement-in-principle between the staff of the Division of Enforcement and the Company is subject to approval by the SEC and, if approved, would fully resolve the Division of Enforcement's investigation.

On April 25, 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 December 31, 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. As noted above, the Company has reached an agreement-in-principle with the staff of the Division of Enforcement concerning the subject matter of Corporation Finance's comment letter.

FTC Request for Information

On November 18, 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 March 20, 2017, 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 March 28, 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 July 6, 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 August 6, 2018, defendants filed a motion to dismiss the second amended complaint, which was granted in part and denied in part on March 29, 2019. On June 17, 2019, plaintiffs filed a third amended complaint, including certain current and former directors and employees/officers and additional allegations in connection with purportedly anticompetitive conduct with respect to certain generic drugs. On February 26, 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 third amended complaint identified above. MYL Litigation Recovery I LLC's complaint seeks damages as well as the plaintiff's costs. On June 5, 2019, defendants filed a motion to dismiss certain of MYL Litigation Recovery I LLC's claims, which remains pending. We believe that the claims in these lawsuits are without merit and intend to defend against them vigorously.

Israeli Securities Litigation

On October 13, 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 April 30, 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 April 10, 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 December 7, 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 April 24, 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 November 1, 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 January 23, 2019, the Court denied Sanofi's motion without prejudice. On June 28, 2019, Mylan filed a motion for summary judgment as to the claims asserted by Sanofi and Sanofi filed both a motion for partial summary judgment with respect to its claims against Mylan and for summary judgment with respect to Mylan's counterclaims. These motions remain pending. 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 $40.0 million related to this matter at June 30, 2019, which is included in other current liabilities in the condensed consolidated balance sheets. 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 20 *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 July 27, 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 January 1, 2013 to December 31, 2016. On August 29, 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 January 1, 2010 to the present and related subject matter. Mylan is fully cooperating with these subpoena requests.

Mylan along with other manufacturers, distributors, pharmacies, pharmacy benefit managers, and individual healthcare providers is a defendant in more than 700 cases in the United States and Canada filed by various plaintiffs, including counties, cities and other local governmental entities, asserting civil claims related to sales, marketing and/or distribution practices with respect to prescription opioid products. The lawsuits generally seek equitable relief and monetary damages (including punitive and/or exemplary damages) based on a variety of legal theories, including various statutory and/or common law claims, such as negligence, public nuisance and unjust enrichment. The vast majority of these lawsuits have been consolidated in an MDL in the U.S. District Court for the Northern District Court of Ohio. Mylan believes that the claims in these lawsuits are without merit and intends to defend against them vigorously.

Drug Pricing Matters

Department of Justice

On December 3, 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 September 8, 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 May 10, 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 October 16, 2018, the Court denied the motions with respect to the federal law claims. On February 15, 2019, the Court granted in part and denied in part the motions with respect to the state law claims. On February 21, 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 December 21, 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 December 14, 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 June 18, 2018, attorneys general of forty-seven states, the District of Columbia and the Commonwealth of Puerto Rico filed a consolidated amended complaint against various drug manufacturers, including Mylan. 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 February 21, 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 remain pending. On May 31, 2019, Defendants filed a motion to dismiss certain state law claims, which remains pending.

On May 10, 2019, attorneys general of forty-three states and the Commonwealth of Puerto Rico filed a new complaint against various drug manufacturers, including Mylan, alleging anticompetitive conduct with respect to additional generic drugs. The Complaint also includes claims asserted by attorneys general of thirty-nine states and the Commonwealth of Puerto Rico against several individuals, including a Mylan sales employee.

We believe that the claims in these lawsuits are without merit and intend to defend against them vigorously.

Valsartan

Mylan N.V., and certain of its subsidiaries, along with numerous other manufacturers, retailers and others, have been named (or plaintiffs are seeking to name certain Mylan entities) as defendants in lawsuits in the United States, Canada and other countries stemming from recalls of valsartan-containing medications. The United States litigation, which is taking place in an

MDL in the District of New Jersey, includes class action and individual 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 July 9, 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"). Mylan has received a notice from an organization representing health insurers in the Netherlands stating an intention to commence follow-on litigation and asserting damages.

Citalopram

On June 19, 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. GUK has received notices from European national health services and health insurers stating an intention to commence follow-on litigation and asserting damages. The national health services in England and Wales have instituted litigation against all parties to the Commission's decision, including GUK.

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. The proceedings have been stayed pending the CJEU appeal decision.

The Company has accrued approximately €7.4 million as of each of June 30, 2019 and December 31, 2018 related to this matter. 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 August 12, 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 February 12, 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 of June 30, 2019. The matter is currently on appeal to the Competition Appeals Tribunal, which on March 8, 2018, referred certain questions of law to the CJEU. The CJEU sought written observations from GUK, which were filed in September 2018. A hearing before the CJEU has been scheduled for September 19, 2019.

Italy Investigation

On April 18, 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 $15.7 million and $10.9 million at June 30, 2019 and December 31, 2018, 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

On October 19, 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 September 22, 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 June 4, 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 July 31, 2015, BTG International Ltd., Janssen Biotech, Inc., Janssen Oncology, Inc., and Janssen Research & Development, LLC ("Janssen") sued Mylan Inc. and MPI, along with numerous other abbreviated new drug application ("ANDA") applicants, in the District of New Jersey and asserted that Mylan's and the other ANDA applicants' abiraterone acetate ANDA products infringe U.S. Patent number 8,822,438 ("'438").

Mylan and others filed *Inter Partes* Review ("IPR") petitions challenging the validity of the '438 patents' claims. On January 17, 2018, the U.S. Patent and Trademark Appeal Board ("PTAB") issued Final Written Decisions in the IPR proceedings finding all claims of the '438 patent unpatentable as obvious. On October 26, 2018, the district court issued an opinion similarly finding the '438 patents' claims invalid as obvious. On October 31, 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 2018.

Janssen appealed both the district court and IPR decisions to the Federal Circuit. On May 14, 2019, the Federal Circuit affirmed the PTAB's decision that all claims of the '438 patent were unpatentable as obvious. As a result of this finding, the Federal Circuit did not need to consider Janssen's appeal of the district court decision. Janssen did not seek a further appeal of the decision with the Federal Circuit, but the deadline to request review by the Supreme Court has not passed.

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.

Celgene

Mylan filed suit in 2014 against Celgene Corporation (“Celgene”) alleging monopolization and restraint of trade in the markets for thalidomide and lenalidomide. Following discovery and summary judgment, the District Court scheduled a trial on Mylan’s claims that had survived pre-trial motion practice for October 2019. In July 2019, the parties resolved the litigation, whereby Mylan will receive $62 million and the case will be dismissed.

Other Litigation

The Company is involved in various other legal proceedings that are considered normal to its business. The Company has approximately $7.1 million accrued related to these various other legal proceedings at June 30, 2019.

21. Subsequent Events

On July 29, 2019, the Company, Pfizer, Inc. ("Pfizer”), Upjohn Inc., a wholly-owned subsidiary of Pfizer ("Upjohn"), and certain other affiliated entities entered into a Business Combination Agreement (the "Business Combination Agreement") pursuant to which the Company will combine with Upjohn in a Reverse Morris Trust transaction (the "Combination"). Upjohn is a global, primarily off-patent branded and generic established medicines business, which includes 20 primarily off-patent solid oral dose legacy brands, such as Lyrica, Lipitor, Celebrex and Viagra, as well as certain generic medicines.

Prior to the Combination and pursuant to a Separation Agreement (the "Separation Agreement"), dated as of July 29, 2019, between Pfizer and Upjohn, Pfizer will, among other things, transfer to Upjohn substantially all of the assets and liabilities comprising Upjohn’s business (the “Separation”) and, thereafter, Pfizer will distribute to Pfizer shareholders all of the issued and outstanding shares of Upjohn (the "Distribution" and, together with the Separation and the Combination, the “Transaction”). The Combination is expected to occur immediately after the Distribution. Following the Combination, it is anticipated that Pfizer’s shareholders will own approximately 57 percent and the Company's ordinary shareholders will own approximately 43 percent of Upjohn's common stock.

Prior to, and as a condition of, the Distribution, Upjohn will make a cash payment to Pfizer equal to $12.0 billion. Upjohn has obtained commitments for the initial financing of the transaction in the form of a bridge loan from certain financial institutions. If Upjohn obtains additional funding by issuing securities or obtaining other loans, the amount of the bridge facility will be correspondingly reduced. The bridge loan is subject to customary terms and conditions including a financial covenant.

The consummation of the Combination is subject to various customary closing conditions, including (i) approval by the Company's ordinary shareholders, (ii) anti-trust approvals in various countries, (iii) completion of the Separation (including the payment of $12 billion of cash by Upjohn to Pfizer) and the Distribution, (iv) confirmation by applicable tax authorities of the intended tax treatment of the transaction, (v) obtaining other regulatory approvals necessary to complete the Combination, and (vi) the absence of any law or order from any court or governmental authority restraining, enjoining or prohibiting the transaction.

ITEM 2. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

The following discussion and analysis addresses material changes in the financial condition and results of operations of Mylan N.V. and subsidiaries for the periods presented. Unless context requires otherwise, the "Company", "Mylan", "our", or "we" refer to Mylan N.V. and its subsidiaries. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements, the related Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Mylan N.V.'s Annual Report on Form 10-K for the year ended December 31, 2018, as amended (the "2018 Form 10-K"), the unaudited interim financial statements and related Notes included in Part I — ITEM 1 of this Quarterly Report on Form 10-Q ("Form 10-Q") and our other Securities and Exchange Commission (the "SEC") filings and public disclosures. The interim results of operations and comprehensive earnings for the three and six months ended June 30, 2019, and cash flows for the six months ended June 30, 2019 are not necessarily indicative of the results to be expected for the full fiscal year or any other future period.

This Form 10-Q 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 the Combination (as defined above), the expected timetable for completing the Combination, the benefits and synergies of the Combination, future opportunities for the combined company and products and any other statements regarding Mylan's and Upjohn'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: with respect to the Combination, the parties' ability to meet expectations regarding the timing, completion and accounting and tax treatments of the Combination, changes in relevant tax and other laws, the parties' ability to consummate the Combination, the conditions to the completion of the Combination, including receipt of approval of Mylan's shareholders, not being satisfied or waived on the anticipated timeframe or at all, the regulatory approvals required for the Combination not being obtained on the terms expected or on the anticipated schedule or at all, the integration of Mylan and Upjohn being more difficult, time consuming or costly than expected, Mylan's and Upjohn's failure to achieve expected or targeted future financial and operating performance and results, the possibility that the combined company may be unable to achieve expected benefits, synergies and operating efficiencies in connection with the Combination within the expected time frames or at all or to successfully integrate Mylan and Upjohn, customer loss and business disruption being greater than expected following the Combination, the retention of key employees being more difficult following the Combination, changes in third-party relationships and changes in the economic and financial conditions of the business of Mylan or Upjohn; 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 or Upjohn's products; any regulatory, legal, or other impediments to Mylan's or Upjohn's ability to bring new products to market, including, but not limited to, where Mylan or Upjohn 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 or Upjohn's ability to execute on new product opportunities; any changes in or difficulties with our or Upjohn's manufacturing facilities, including with respect to remediation and restructuring activities, supply chain or inventory or the 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 or Upjohn's 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 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 or Upjohn's 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 accounting principles generally accepted in the United States of America ("U.S. GAAP") and related standards or on an a

djusted basis. For more detailed information on the risks and uncertainties associated with Mylan's business activities, see the risks described in the 2018 Form 10-K, this Form 10-Q 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 Form 10-Q 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 Form 10-Q other than as required by law.

Company Overview

Mylan 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. Every member of our approximately 35,000-strong global workforce is dedicated to delivering better health for a better world.

Over the last several years, Mylan has transformed itself through a clear, consistent and differentiated strategy into a company that is built to last. Fueling that durability is a business model anchored in providing access, Mylan's core purpose.

Providing access requires that we satisfy the needs of an incredibly diverse global 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.

With these considerations in mind, we built and scaled our commercial, operational and scientific platforms to meet customers' evolving needs in ways that are globally consistent and locally sensitive. As a result, not only are we succeeding in expanding people's access to medicine, we are continually diversifying our business.

This diversification is what drives our durability. Durability allows us to withstand and overcome competitive pressures while continuing to innovate. It also allows us to generate consistent financial results, including reliable cash flows capable of supporting ongoing investments in long-term growth.

Financial Summary

The tables below are a summary of the Company's financial results for the three and six months ended June 30, 2019 compared to the prior year periods:

	Three Months Ended June 30,			
(In millions, except per share amounts)	2019	2018	Change	% Change
Total revenues	$ 2,851.5	$ 2,808.3	$ 43.2	2 %
Gross profit	932.6	962.5	(29.9)	(3)%
Earnings from operations	95.5	178.9	(83.4)	(47)%
Net (loss) earnings	(168.5)	37.5	(206.0)	(549)%
Net (loss) earnings per diluted ordinary share	$ (0.33)	$ 0.07	$ (0.40)	(571)%

	Six Months Ended June 30,			
(In millions, except per share amounts)	2019	2018	Change	% Change
Total revenues	$ 5,347.0	$ 5,492.8	$ (145.8)	(3)%
Gross profit	1,737.8	1,946.8	(209.0)	(11)%
Earnings from operations	119.5	334.6	(215.1)	(64)%
Net (loss) earnings	(193.5)	124.6	(318.1)	(255)%
Net (loss) earnings per diluted ordinary share	$ (0.38)	$ 0.24	$ (0.62)	(258)%

Certain Market and Industry Factors

As more fully explained in the 2018 Form 10-K, the global pharmaceutical industry is a highly competitive and highly regulated industry. As a result, we face a number of industry-specific factors and challenges, which can significantly impact our results. The following discussion highlights some of these key factors and market conditions.

Generic products, particularly in the U.S., generally contribute most significantly to revenues and gross margins at the time of their launch, and even more so in periods of market exclusivity, or in periods of limited generic competition. As such, the timing of new product introductions can have a significant impact on the Company's financial results. The entrance into the market of additional competition generally has a negative impact on the volume and pricing of the affected products. Additionally, pricing is often affected by factors outside of the Company's control.

For branded products, the majority of the product's commercial value is usually realized during the period in which the product has market exclusivity. In the U.S. and some other countries, when market exclusivity expires and generic versions of a product are approved and marketed, there can often be very substantial and rapid declines in the branded product's sales. OTC products also participate in a competitive environment that includes both branded and private label products. In the OTC space, value is realized through innovation, access and consumer activation.

Certain markets in which we do business outside of the U.S. have undergone government-imposed price reductions, and further government-imposed price reductions are expected in the future. Such measures, along with the tender systems discussed below, are likely to have a negative impact on sales and gross profit in these markets. However, government initiatives in certain markets that appear to favor generic products could help to mitigate this unfavorable effect by increasing rates of generic substitution and penetration.

Additionally, a number of markets in which we operate outside of the U.S. have implemented, or may implement, tender systems for generic pharmaceuticals in an effort to lower prices. Generally speaking, tender systems can have an unfavorable impact on sales and profitability. Under such tender systems, manufacturers submit bids that establish prices for generic pharmaceutical products. Upon winning the tender, the winning company will receive priority placement 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. The loss of a tender by a third party to whom we supply active pharmaceutical ingredient can also have a negative

impact on our sales and profitability. Sales continue to be negatively affected by the impact of tender systems in certain countries.

Recent Developments

Upjohn Agreement

On July 29, 2019, the Company, Pfizer, Inc. ("Pfizer"), Upjohn Inc., a wholly-owned subsidiary of Pfizer ("Upjohn"), and certain other affiliated entities entered into a Business Combination Agreement (the "Business Combination Agreement") pursuant to which the Company will combine with Upjohn in a Reverse Morris Trust transaction (the "Combination"). Upjohn is a global, primarily off-patent branded and generic established medicines business, which includes 20 primarily off-patent solid oral dose legacy brands, such as Lyrica, Lipitor, Celebrex and Viagra, as well as certain generic medicines.

Prior to the Combination and pursuant to a Separation Agreement (the "Separation Agreement"), dated as of July 29, 2019, between Pfizer and Upjohn, Pfizer will, among other things, transfer to Upjohn substantially all of the assets and liabilities comprising Upjohn's business (the "Separation") and, thereafter, Pfizer will distribute to Pfizer shareholders all of the issued and outstanding shares of Upjohn (the "Distribution" and, together with the Separation and the Combination, the "Transaction"). The Combination is expected to occur immediately after the Distribution. Following the Combination, it is anticipated that Pfizer's shareholders will own approximately 57 percent and the Company's ordinary shareholders will own approximately 43 percent of Upjohn's common stock.

Prior to, and as a condition of, the Distribution, Upjohn will make a cash payment to Pfizer equal to $12.0 billion. Upjohn has obtained commitments for the initial financing of the transaction in the form of a bridge loan from certain financial institutions. If Upjohn obtains additional funding by issuing securities or obtaining other loans, the amount of the bridge facility will be correspondingly reduced. The bridge loan is subject to customary terms and conditions including a financial covenant.

The consummation of the Combination is subject to various customary closing conditions, including (i) approval by the Company's ordinary shareholders, (ii) anti-trust approvals in various countries, (iii) completion of the Separation (including the payment of $12 billion of cash by Upjohn to Pfizer) and the Distribution, (iv) confirmation by applicable tax authorities of the intended tax treatment of the transaction, (v) obtaining other regulatory approvals necessary to complete the Combination, and (vi) the absence of any law or order from any court or governmental authority restraining, enjoining or prohibiting the transaction.

Restructuring Activities

The Company previously announced a restructuring program representing a series of actions in certain locations that are anticipated to further streamline our operations globally. The restructuring program, other than the additional restructuring and remediation activities at the Morgantown, West Virginia plant described below, was substantially complete as of December 31, 2018. We have incurred total restructuring related costs of approximately $655.4 million through June 30, 2019. During 2019, we have incurred approximately $54.4 million in restructuring expenses for non-cash asset write-offs at the Morgantown plant. As a result of the overall actions taken under the restructuring program through June 30, 2019, management believes the potential annual savings will be between approximately $400.0 million and $475.0 million once fully realized, with the majority of these savings improving operating cash flow.

In April 2018, the U.S. Food and Drug Administration (the "FDA") completed an inspection at Mylan's plant in Morgantown, West Virginia and made observations through a Form 483. The Company submitted a comprehensive response to the FDA and committed to a robust improvement plan. In addition, based upon the Company's recognition of the continued evolution of industry dynamics and regulatory expectations, during the second quarter of 2018, the Company commenced comprehensive restructuring and remediation activities, which are aimed at reducing complexity at the Morgantown 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 plant remediation. In the fourth quarter of 2018, the Company received a warning letter related to the previously disclosed observations at the plant. The issues raised in the warning letter are being addressed within the context of the Company's comprehensive restructuring and remediation activities.

The Morgantown plant continues to supply products for the U.S. market while we execute on and assess the restructuring and remediation activities. However, these activities have led to a temporary disruption in supply of certain products. Importantly, the profitability of the transferred and discontinued products is not proportionate to the reduced volumes of those products as the Company expects that manufacturing costs related to transferred products will be reduced and many of the discontinued products have lower than average gross margins. In addition, as it relates to North America, no significant new

product revenue is forecasted from the Morgantown plant in 2019, and we are forecasting that only five of our top 50 and only one out of the top 10 gross margin generating products will be manufactured in Morgantown in 2019.

For the three and six months ended June 30, 2019, the Company incurred expenses amounting to approximately $93.7 million and $163.4 million, respectively for incremental manufacturing variances, site remediation and restructuring charges related to the Morgantown plant. At this time, the total expenses related to the additional restructuring and remediation activities at the Morgantown plant cannot be reasonably estimated.

Mylan remains committed to maintaining the highest quality manufacturing standards at its facilities around the world and to continuous assessment and improvement in a time of evolving industry dynamics and regulatory expectations.

On January 30, 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.

A detailed discussion of the Company's financial results can be found below in the section titled "Results of Operations." As part of this discussion, we also report sales performance using the non-GAAP financial measures of "constant currency" net sales and total revenues. These measures provide information on the change in net sales and total revenues assuming that foreign currency exchange rates had not changed between the prior and current period. The comparisons presented at constant currency rates reflect comparative local currency sales at the prior year's foreign exchange rates. We routinely evaluate our net sales and total revenues performance at constant currency so that sales results can be viewed without the impact of foreign currency exchange rates, thereby facilitating a period-to-period comparison of our operational activities, and believe that this presentation also provides useful information to investors for the same reason.

More information about non-GAAP measures used by the Company as part of this discussion, including adjusted cost of sales, adjusted gross margins, adjusted net earnings and adjusted EPS (all of which are defined below) can be found in "Item 2. *Management's Discussion and Analysis of Financial Condition* and *Results of Operations - Results of Operations - Use of Non-GAAP Financial Measures.*"

Results of Operations

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

(In millions)	Three Months Ended June 30, 2019	2018	% Change	2019 Currency Impact [1]	2019 Constant Currency Revenues	Constant Currency % Change [2]
Net sales						
North America	$ 1,023.4	$ 1,000.8	2 %	$ 2.2	$ 1,025.6	2 %
Europe	989.6	990.6	— %	59.5	1,049.1	6 %
Rest of World	805.2	764.1	5 %	31.9	837.1	10 %
Total net sales	2,818.2	2,755.5	2 %	$ 93.6	$ 2,911.8	6 %
Other revenues [3]	33.3	52.8	(37)%	0.7	34.0	(36)%
Consolidated total revenues [4]	$ 2,851.5	$ 2,808.3	2 %	$ 94.3	$ 2,945.8	5 %

(1) Currency impact is shown as unfavorable (favorable).

(2) The constant currency percentage change is derived by translating net sales or revenues for the current period at prior year comparative period exchange rates, and in doing so shows the percentage change from 2019 constant currency net sales or revenues to the corresponding amount in the prior year.

(3) For the three months ended June 30, 2019, other revenues in North America, Europe, and Rest of World were approximately $19.1 million, $3.8 million, and $10.4 million, respectively.

(4) Amounts exclude intersegment revenue that eliminates on a consolidated basis.

Total Revenues

For the current quarter, Mylan reported total revenues of $2.85 billion, compared to $2.81 billion for the comparable prior year period, representing an increase of $43.2 million, or 2%. Total revenues include both net sales and other revenues from third parties. Net sales for the current quarter were $2.82 billion, compared to $2.76 billion for the comparable prior year period, representing an increase of $62.7 million, or 2%. Other revenues for the current quarter were $33.3 million, compared to $52.8 million for the comparable prior year period, a decrease of $19.5 million.

The increase in net sales included an increase in the North America segment of 2% and in the Rest of World segment of 5%. Net sales in the Europe segment were essentially flat when compared to the prior year period. Mylan's net sales were unfavorably 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 India, the European Union and Australia. The unfavorable impact of foreign currency translation on current period net sales was approximately $93.6 million, or 3%. On a constant currency basis, net sales increased by approximately $156.3 million, or 6%. This increase was primarily driven by new product sales, partially offset by a decrease in net sales from existing products as a result of lower volumes and, to a lesser extent, pricing.

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 24% and 22% for the three months ended June 30, 2019 and 2018, respectively. This percentage may fluctuate based upon the timing of new product launches, seasonality and the timing of the discontinuation of products.

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 three months ended June 30, 2019 and 2018 and the net change period over period:

North America Segment

Net sales from North America increased by $22.6 million or 2% during the three months ended June 30, 2019 when compared to the prior year period. This increase was primarily driven by new product sales partially offset by lower volumes of existing products and, to a lesser extent, pricing. New product sales were primarily driven by sales of Fulphila™ (biosimilar to Neulasta®) and the Wixela™ Inhub™. The volume decline from existing products was due to changes in the competitive environment. The impact of foreign currency translation on current period net sales was insignificant within North America.

Europe Segment

Net sales from Europe decreased by $1.0 million during the three months ended June 30, 2019 when compared to the prior year period. This decrease was primarily the result of the unfavorable impact of foreign currency translation of approximately $59.5 million or 6%, and to a lesser extent, pricing on existing products. The unfavorable impact of foreign currency translation was offset by new product sales, including Hulio™ and the TOBI Podhaler®, and higher volumes of existing products. Constant currency net sales increased by approximately $58.5 million, or 6%, when compared to the prior year period.

Rest of World Segment

Net sales from Rest of World increased by $41.1 million, or 5% during the three months ended June 30, 2019 when compared to the prior year period. This increase was primarily the result of higher volumes of existing products primarily driven by products sold in China and new product sales in Australia and emerging markets. These increases were partially offset primarily by the unfavorable impact of foreign currency translation and, to a lesser extent, by lower pricing on existing products. Overall, net sales from Rest of World were unfavorably impacted by the effect of foreign currency translation by approximately $31.9 million, or 4%. Constant currency net sales increased by approximately $73.0 million, or 10% when compared to the prior year period.

Cost of Sales and Gross Profit

Cost of sales increased from $1.85 billion for the three months ended June 30, 2018 to $1.92 billion for the three months ended June 30, 2019. Cost of sales was primarily impacted by purchase accounting related amortization of acquired intangible assets and other special items, which are described further in the section titled *Use of Non-GAAP Financial Measures*. Gross profit for the three months ended June 30, 2019 was $932.6 million and gross margins were 33%. For the three months ended June 30, 2018, gross profit was $962.5 million and gross margins were 34%. Gross margins were negatively impacted by the incremental amortization from product acquisitions and by expenses related to the recall of Valsartan products, each of which decreased gross margins by approximately 50 basis points. Gross margins were also negatively impacted as a result of lower gross profit for sales of existing products partially offset by the impact from new product sales. In addition, gross margins were negatively affected by approximately 25 basis points as a result of incremental manufacturing expenses, site remediation expenses and incremental restructuring charges incurred during the current period principally as a result of the activities at the Company's Morgantown plant. Adjusted gross margins were 54% for the three months ended June 30, 2019, compared to 53% for the three months ended June 30, 2018.

A reconciliation between cost of sales, as reported under U.S. GAAP, and adjusted cost of sales and adjusted gross margin for the three months ended June 30, 2019 compared to the three months ended June 30, 2018 is as follows:

	Three Months Ended June 30,	
(In millions)	2019	2018
U.S. GAAP cost of sales	$ 1,918.9	$ 1,845.8
Deduct:		
Purchase accounting amortization and other related items	(440.0)	(427.4)
Acquisition related items	(1.6)	(0.8)
Restructuring and related costs	(46.3)	(41.0)
Share-based compensation expense	(0.5)	—
Other special items	(112.1)	(64.0)
Adjusted cost of sales	$ 1,318.4	$ 1,312.6
Adjusted gross profit [(a)]	$ 1,533.1	$ 1,495.7
Adjusted gross margin [(a)]	54%	53%

[(a)] Adjusted gross profit is calculated as total revenues less adjusted cost of sales. Adjusted gross margin is calculated as adjusted gross profit divided by total revenues.

Operating Expenses

Research & Development Expense

Research and development (“R&D”) expense for the three months ended June 30, 2019 was $147.6 million, compared to $206.7 million for the comparable prior year period, a decrease of $59.1 million. This decrease was primarily due to lower expenditures related to the reprioritization of global programs, and higher payments in the prior year period related to licensing arrangements for products in development.

Selling, General & Administrative Expense

Selling, general and administrative (“SG&A”) expense for the current quarter was $668.6 million, compared to $623.3 million for the comparable prior year period, an increase of $45.3 million. The increase was primarily due to continued investments in selling and marketing activities. Also impacting the quarter was higher share-based compensation expense due to a reduction of approximately $23.5 million in the second quarter of 2018 related to certain performance-based awards and a decrease in bad debt expense of approximately $28.5 million related to a special business interruption event for one customer in the prior year period.

Litigation Settlements and Other Contingencies, Net

During the three months ended June 30, 2019 and 2018, the Company recorded a net charge of $20.9 million and $46.4 million, respectively.

The following table includes the losses/(gains) recognized in litigation settlements and other contingencies, net during the three months ended June 30, 2019 and June 30, 2018:

	Three Months Ended June 30,	
(In millions)	2019	2018
Respiratory delivery platform contingent consideration adjustment	$ (24.8)	$ (32.7)
Litigation settlements	45.7	(13.7)
Total litigation settlements and other contingencies, net	$ 20.9	$ (46.4)

During the three months ended June 30, 2019, the Company recognized expense of approximately $18.0 million for a settlement in principle related to the modafinil antitrust matter, approximately $30.0 million for a settlement in principle with the SEC in connection with the SEC staff's investigation of the Company's public disclosures regarding its 2016 settlement with the Department of Justice concerning the EpiPen Medicaid Drug Rebate Program, which remains subject to SEC approval. For the three months ended June 30, 2018, the net gains primarily related to the resolution of certain patent infringement matters.

Interest Expense

Interest expense for the three months ended June 30, 2019 totaled $131.2 million, compared to $139.2 million for the three months ended June 30, 2018, a decrease of $8.0 million. The decrease is primarily due to lower average long-term debt balances during the current quarter as compared to the prior year period including the impact of the redemption of the 2018 Senior Notes in the prior year period.

Other Expense, Net

Other expense, net, was $16.4 million for the three months ended June 30, 2019, compared to $21.0 million for the comparable prior year period. 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 three months ended June 30, 2019 and 2018, respectively:

	Three Months Ended June 30,	
(In millions)	2019	2018
Losses from equity affiliates, primarily clean energy investments	$ 16.2	$ 22.9
Foreign exchange losses/(gains), net	0.4	(2.0)
Other (gains)/losses, net	(0.2)	0.1
Other expense, net	$ 16.4	$ 21.0

Income Tax Provision (Benefit)

For the three months ended June 30, 2019, the Company recognized an income tax provision of $116.4 million, compared to an income tax benefit of $18.8 million for the comparable prior year period, an increase of $135.2 million. During the current quarter, the Company reached a settlement in principle with the Internal Revenue Service ("IRS") to resolve federal tax matters related to the 2015 EPD Business Acquisition, including adjusting the interest rates used for intercompany loans and confirming our status as a non-U.S. corporation for U.S. federal income tax purposes. We are currently in the process of memorializing our closing agreement with the IRS, which we expect to enter into in the third quarter. In the prior year period, income tax benefits of approximately $31.0 million were recognized upon revaluations of certain deferred tax items upon statutory rate changes in certain non-U.S. jurisdictions. Partially offsetting this benefit was a net increase in the reserve for uncertain tax benefits of approximately $11.0 million. Also impacting the current year income tax benefit was the changing mix of income earned in jurisdictions with differing tax rates.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

(In millions)	Six Months Ended June 30, 2019	2018	% Change	2019 Currency Impact [1]	2019 Constant Currency Revenues	Constant Currency % Change [2]
Net sales						
North America	$ 1,946.3	$ 1,986.1	(2)%	$ 4.9	$ 1,951.2	(2)%
Europe	1,884.9	2,029.0	(7)%	137.0	2,021.9	— %
Rest of World	1,447.6	1,390.8	4 %	83.7	1,531.3	10 %
Total net sales	5,278.8	5,405.9	(2)%	225.6	5,504.4	2 %
Other revenues [3]	68.2	86.9	(22)%	1.6	69.8	(20)%
Consolidated total revenues [4]	$ 5,347.0	$ 5,492.8	(3)%	$ 227.2	$ 5,574.2	1 %

(1) Currency impact is shown as unfavorable (favorable).

(2) The constant currency percentage change is derived by translating net sales or revenues for the current period at prior year comparative period exchange rates, and in doing so shows the percentage change from 2019 constant currency net sales or revenues to the corresponding amount in the prior year.

(3) For the six months ended June 30, 2019, other revenues in North America, Europe, and Rest of World were approximately $41.2 million, $8.5 million, and $18.5 million, respectively.

(4) Amounts exclude intersegment revenue that eliminates on a consolidated basis.

Total Revenues

For the six months ended June 30, 2019, Mylan reported total revenues of $5.35 billion, compared to $5.49 billion for the comparable prior year period, representing a decrease of $145.8 million, or 3%. Total revenues include both net sales and other revenues from third parties. Net sales for the six months ended June 30, 2019 were $5.28 billion, compared to $5.41 billion for the comparable prior year period, representing a decrease of $127.1 million, or 2%. Other revenues for the six months ended June 30, 2019 were $68.2 million, compared to $86.9 million for the comparable prior year period.

The decrease in net sales included a decrease in the Europe segment of 7% and in the North America segment of 2%. These decreases were partially offset by an increase in the Rest of World segment of 4%. Mylan's net sales were unfavorably 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 India, Australia, and the European Union. The unfavorable impact of foreign currency translation on current year net sales was approximately $225.6 million, or 4%. On a constant currency basis, the increase in net sales was approximately $98.5 million, or 2% for the six months ended June 30, 2019. This increase was primarily driven by new product sales, partially offset by a decrease in net sales from existing products as a result of lower volumes and, to a lesser extent, pricing.

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 24% and 19% for the six months ended June 30, 2019 and 2018, respectively. This percentage may fluctuate based upon the timing of new product launches, seasonality and the timing of the discontinuation of products.

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 six months ended June 30, 2019 and 2018 and the net change period over period:

North America Segment

Net sales from North America decreased by $39.8 million or 2% during the six months ended June 30, 2019 when compared to the prior year period. This decrease was due primarily to lower volumes of existing products, driven by changes in the competitive environment and the impact of the Morgantown plant remediation activities, and to a lesser extent pricing. These decreases were partially offset by new product sales, including Wixela™ Inhub™ and Fulphila™ (biosimilar to Neulasta®). The impact of foreign currency translation on current period net sales was insignificant within North America.

Europe Segment

Net sales from Europe decreased by $144.1 million or 7% during the six months ended June 30, 2019 when compared to the prior year period. This decrease was primarily the result of the unfavorable impact of foreign currency translation of approximately $137.0 million or 7%. Sales of existing products were negatively impacted by lower pricing and, to a lesser extent, volumes, partially offset by new product sales. Constant currency net sales decreased by approximately $7.1 million when compared to the prior year period.

Rest of World Segment

Net sales from Rest of World increased by $56.8 million or 4% during the six months ended June 30, 2019 when compared to the prior year period. This increase was primarily the result of new product sales, primarily in Australia and emerging markets, and higher volumes of existing products. Increased volumes of existing products was primarily driven by the Company's anti-retroviral therapy franchise. This increase was partially offset primarily by the unfavorable impact of foreign currency translation and, to a lesser extent, by lower pricing on existing products. Overall, net sales from Rest of World were unfavorably impacted by the effect of foreign currency translation of approximately $83.7 million, or 6%. Constant currency net sales increased by approximately $140.5 million or 10% when compared to the prior year period.

Cost of Sales and Gross Profit

Cost of sales increased from $3.55 billion for the six months ended June 30, 2018 to $3.61 billion for the six months ended June 30, 2019. Cost of sales was primarily impacted by purchase accounting related amortization of acquired intangible assets and other special items, which are described further in the section titled *Use of Non-GAAP Financial Measures.* Gross profit for the six months ended June 30, 2019 was $1.74 billion and gross margins were 33%. For the six months ended June 30, 2018, gross profit was $1.95 billion and gross margins were 35%. Gross margins were negatively affected by approximately 140 basis points as a result of incremental manufacturing expenses, site remediation expenses and incremental restructuring charges incurred during the current period 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 for sales of existing products partially offset by the impact from new product sales. Gross margins were also negatively impacted by approximately 50 basis points related to the incremental amortization from product acquisitions and by approximately 30 basis points for expenses related to the recall of Valsartan products. Adjusted gross margins were 54% for the six months ended June 30, 2019, compared to 53% for the six months ended June 30, 2018.

A reconciliation between cost of sales, as reported under U.S. GAAP, and adjusted cost of sales and adjusted gross margin for the six months ended June 30, 2019 compared to the six months ended June 30, 2018 is as follows:

	Six Months Ended June 30,	
(In millions)	2019	2018
U.S. GAAP cost of sales	$ 3,609.2	$ 3,546.0
Deduct:		
Purchase accounting amortization and other related items	(875.4)	(848.3)
Acquisition related items	(2.1)	(1.0)
Restructuring and related costs	(60.8)	(45.4)
Share-based compensation expense	(0.5)	—
Other special items	(197.2)	(74.0)
Adjusted cost of sales	$ 2,473.2	$ 2,577.3
Adjusted gross profit [(a)]	$ 2,873.8	$ 2,915.5
Adjusted gross margin [(a)]	54%	53%

(a) Adjusted gross profit is calculated as total revenues less adjusted cost of sales. Adjusted gross margin is calculated as adjusted gross profit divided by total revenues.

Operating Expenses

Research & Development Expense

R&D expense for the six months ended June 30, 2019 was $320.2 million, compared to $411.6 million for the comparable prior year period, a decrease of $91.4 million. This decrease was primarily due to lower expenditures related to the reprioritization of global programs, and higher payments in the prior year period related to licensing arrangements for products in development.

Selling, General & Administrative Expense

SG&A expense for the six months ended June 30, 2019 was $1.28 billion, compared to $1.23 billion for the comparable prior year period, an increase of $45.7 million. This increase was primarily due to continued investment in selling and marketing activities. Also impacting the six-month period was higher share-based compensation expense due to a reduction of approximately $23.5 million in the second quarter of 2018 related to certain performance-based awards and a decrease in bad debt expense of approximately $23.3 million related to a special business interruption event for one customer in the prior year period.

Litigation Settlements and Other Contingencies, Net

The following table includes the losses/(gains) recognized in litigation settlements and other contingencies, net during the six months ended June 30, 2019 and June 30, 2018:

(In millions)	Six Months Ended June 30, 2019	2018
Respiratory delivery platform contingent consideration adjustment	$ (28.9)	$ (30.0)
Litigation settlements	50.5	(0.2)
Total litigation settlements and other contingencies, net	$ 21.6	$ (30.2)

During the six months ended June 30, 2019, the Company recognized litigation related charges of approximately $50.5 million primarily related to the matters settled during the second quarter of 2019. Litigation settlements for the six months ended June 30, 2018, consisted primarily of a gain of approximately $14.7 million related to a favorable litigation settlement, which was partially offset by litigation related charges of approximately $13.3 million related to an anti-trust and a patent infringement matter.

Interest Expense

Interest expense for the six months ended June 30, 2019 totaled $262.4 million, compared to $270.9 million for the six months ended June 30, 2018, a decrease of $8.5 million. The decrease is primarily due to lower average long-term debt balances during the current quarter as compared to the prior year period including the impact of the redemption of the 2018 Senior Notes in the prior year period.

Other Expense, Net

Other expense, net was $23.7 million for the six months ended June 30, 2019, compared to $34.5 million for the comparable prior year period. 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 six months ended June 30, 2019 and 2018, respectively:

(In millions)	Six Months Ended June 30, 2019	2018
Losses from equity affiliates, primarily clean energy investments	$ 33.2	$ 46.0
Foreign exchange gains, net	(4.0)	(17.6)
Other (gains)/losses, net	(5.5)	6.1
Other expense, net	$ 23.7	$ 34.5

Income Tax Provision (Benefit)

For the six months ended June 30, 2019, the Company recognized an income tax provision of $26.9 million, compared to a benefit of $95.4 million for the comparable prior year period, an increase of $122.3 million. During the six months ended June 30, 2019, primarily due to the settlement in principle reached with the IRS and the expiration of federal and foreign statutes of limitations, the Company increased its net liability for unrecognized tax benefits by approximately $46.1 million. In the prior year period, as a result of federal and state audits and settlements and expirations of certain state, federal, and foreign statutes of limitations, the Company reduced its liability for unrecognized tax benefits by approximately $86.0 million, which resulted in a net benefit to the income tax provision of approximately $53.0 million. Also impacting the current year income tax benefit was the changing mix of income earned in jurisdictions with differing tax rates and deferred tax revaluations for statutory rate changes in certain jurisdictions.

Use of Non-GAAP Financial Measures

Whenever the Company uses non-GAAP financial measures, we provide a reconciliation of the non-GAAP financial measures to their most directly comparable U.S. GAAP financial measure. Investors and other readers are encouraged to review the related U.S. GAAP financial measures and the reconciliation of non-GAAP measures to their most directly comparable U.S. GAAP measure and should consider non-GAAP measures only as a supplement to, not as a substitute for or as a superior measure to, measures of financial performance prepared in accordance with U.S. GAAP. Additionally, since these are not measures determined in accordance with U.S. GAAP, non-GAAP financial measures have no standardized meaning across companies, or as prescribed by U.S. GAAP and, therefore, may not be comparable to the calculation of similar measures or measures with the same title used by other companies.

Management uses these measures internally for forecasting, budgeting, measuring its operating performance, and incentive-based awards. Primarily due to acquisitions and other significant events which may impact comparability of our periodic operating results, we believe that an evaluation of our ongoing operations (and comparisons of our current operations with historical and future operations) would be difficult if the disclosure of our financial results was limited to financial measures prepared only in accordance with U.S. GAAP. We believe that non-GAAP financial measures are useful supplemental information for our investors and when considered together with our U.S. GAAP financial measures and the reconciliation to the most directly comparable U.S. GAAP financial measure, provide a more complete understanding of the factors and trends affecting our operations. The financial performance of the Company is measured by senior management, in part, using adjusted metrics as described below, along with other performance metrics. Management's annual incentive compensation is derived, in part, based on the adjusted EPS (as defined below) metric.

Adjusted Cost of Sales and Adjusted Gross Margin

We use the non-GAAP financial measure "adjusted cost of sales" and the corresponding non-GAAP financial measure "adjusted gross margin." The principal items excluded from adjusted cost of sales include restructuring, acquisition related and other special items and purchase accounting amortization and other related items, which are described in greater detail below.

Adjusted Net Earnings and Adjusted EPS

Adjusted net earnings is a non-GAAP financial measure and provides an alternative view of performance used by management. Management believes that, primarily due to acquisition activity and other significant events, an evaluation of the Company's ongoing operations (and comparisons of its current operations with historical and future operations) would be difficult if the disclosure of its financial results were limited to financial measures prepared only in accordance with U.S. GAAP. Management believes that adjusted net earnings and adjusted net earnings per diluted share ("adjusted EPS") are two of the most important internal financial metrics related to the ongoing operating performance of the Company, and are therefore useful to investors and that their understanding of our performance is enhanced by these adjusted measures. Actual internal and forecasted operating results and annual budgets used by management include adjusted net earnings and adjusted EPS.

The significant items excluded from adjusted cost of sales, adjusted net earnings and adjusted EPS include:

Purchase Accounting Amortization and Other Related Items

The ongoing impact of certain amounts recorded in connection with acquisitions of both businesses and assets is excluded from adjusted cost of sales, adjusted net earnings and adjusted EPS. These amounts include the amortization of intangible assets, inventory step-up and intangible asset impairment charges, including in-process research and development. For the acquisition of businesses accounted for under the provisions of the Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 805, these purchase accounting impacts are excluded regardless of the financing method used for the acquisitions, including the use of cash, long-term debt, the issuance of ordinary shares, contingent consideration or any combination thereof.

Upfront and Milestone-Related R&D Expenses

These expenses and payments are excluded from adjusted net earnings and adjusted EPS because they generally occur at irregular intervals and are not indicative of the Company's ongoing operations.

Accretion of Contingent Consideration Liability and Other Fair Value Adjustments

The impact of changes to the fair value of contingent consideration and accretion expense are excluded from adjusted net earnings and adjusted EPS because they are not indicative of the Company's ongoing operations due to the variability of the amounts and the lack of predictability as to the occurrence and/or timing and management believes their exclusion is helpful to understanding the underlying, ongoing operational performance of the business.

Share-based Compensation

Beginning in 2019, share-based compensation expense is excluded from adjusted net earnings and adjusted EPS. Our share-based compensation programs have become increasingly weighted toward performance-based compensation, which leads to variability and to a lack of predictability as to the occurrence and/or timing of amounts incurred. As such, management believes the exclusion of such amounts on an ongoing basis is helpful to understanding the underlying operational performance of the business. The impact of share-based compensation was insignificant to the financial results for the year ended December 31, 2018 due primarily to this variability.

Restructuring, Acquisition Related and Other Special Items

Costs related to restructuring, acquisition and integration activities and other actions are excluded from adjusted cost of sales, adjusted net earnings and adjusted EPS, as applicable. These amounts include items such as:

- Costs related to formal restructuring programs and actions, including costs associated with facilities to be closed or divested, employee separation costs, impairment charges, accelerated depreciation, incremental manufacturing variances, equipment relocation costs and other restructuring related costs;
- Certain acquisition related remediation and integration and planning costs, as well as other costs associated with acquisitions such as advisory and legal fees and certain financing related costs, and other business transformation and/or optimization initiatives, which are not part of a formal restructuring program, including employee separation and post-employment costs;
- The pre-tax loss of the Company's clean energy investments, whose activities qualify for income tax credits under the U.S. Internal Revenue Code of 1986, as amended; only included in adjusted net earnings and adjusted EPS is the net tax effect of the entity's activities;
- The pre-tax mark-to-market gains and losses of the Company's investments in marketable equity securities historically accounted for as available for sale securities; only included in adjusted net earnings and adjusted EPS are cumulative realized gains and losses;
- Other costs, incurred from time to time, related to certain special events or activities that lead to gains or losses, including, but not limited to, incremental manufacturing variances, asset write-downs, or liability adjustments;
- Certain costs to further develop and optimize our global enterprise resource planning systems, operations and supply chain; and
- The impact of changes related to uncertain tax positions is excluded from adjusted net earnings. In addition, tax adjustments to adjusted earnings are recorded to present items on an after-tax basis consistent with the presentation of adjusted net earnings and adjusted EPS.

The Company has undertaken restructurings and other optimization initiatives of differing types, scope and amount during the covered periods and, therefore, these charges should not be considered non-recurring; however, management excludes these amounts from adjusted net earnings and adjusted EPS because it believes it is helpful to understanding the underlying, ongoing operational performance of the business.

Litigation Settlements, Net

Charges and gains related to legal matters, such as those discussed in Note 20 *Litigation* included in Part I, Item 1 of this Form 10-Q are generally excluded from adjusted net earnings and adjusted EPS. Normal, ongoing defense costs of the Company made in the normal course of our business are not excluded.

Reconciliation of U.S. GAAP Net Earnings to Adjusted Net Earnings and U.S. GAAP EPS to Adjusted EPS

A reconciliation between net earnings and diluted earnings per share, as reported under U.S. GAAP, and adjusted net earnings and adjusted EPS for the periods shown follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
(In millions, except per share amounts)	2019		2018		2019		2018	
U.S. GAAP net (loss) earnings and U.S. GAAP EPS	$ (168.5)	$ (0.33)	$ 37.5	$ 0.07	$ (193.5)	$ (0.38)	$ 124.6	$ 0.24
Purchase accounting related amortization (primarily included in cost of sales) [a]	440.0		430.3		875.4		853.7	
Litigation settlements and other contingencies, net	20.9		(46.4)		21.6		(30.2)	
Interest expense (primarily clean energy investment financing and accretion of contingent consideration)	6.9		9.2		14.2		18.9	
Clean energy investments pre-tax loss	16.2		23.0		33.2		46.0	
Acquisition related costs (primarily included in SG&A) [b]	5.5		10.2		13.6		12.5	
Restructuring related costs [c]	57.6		76.1		77.5		121.5	
Share-based compensation expense [d]	16.8		—		34.8		—	
Other special items included in:								
Cost of sales [e]	112.1		64.0		197.2		74.0	
Research and development expense [f]	27.1		50.5		60.2		97.1	
Selling, general and administrative expense	10.8		32.1		24.7		33.9	
Other expense, net [g]	—		6.8		—		24.2	
Tax effect of the above items and other income tax related items [h]	(12.6)		(141.8)		(204.2)		(329.1)	
Adjusted net earnings and adjusted EPS	$ 532.8	$ 1.03	$ 551.5	$ 1.07	$ 954.7	$ 1.85	$ 1,047.1	$ 2.03
Weighted average diluted ordinary shares outstanding	516.3		516.3		516.5		516.6	

Significant items for the three and six months ended June 30, 2019 include the following:

(a) The increase in purchase accounting related amortization is primarily due to amortization expense related to certain product rights acquisitions which occurred in 2018 and 2019.

(b) Acquisition related costs consist primarily of transaction costs including legal and consulting fees and integration activities.

(c) For the three months ended June 30, 2019, approximately $46.3 million is included in cost of sales and $11.3 million is included in SG&A. For the six months ended June 30, 2019, approximately $60.8 million is included in cost of sales, approximately $0.1 million is included in R&D, and approximately $16.6 million is included in SG&A. Refer to Note 17 *Restructuring* included in Part I, Item 1 of this Form 10-Q for additional information.

(d) Beginning in 2019, share-based compensation expense is excluded from adjusted net earnings and adjusted EPS. The full year impact for the year ended December 31, 2018 was insignificant. As such, the three and six months ended June 30, 2018 amounts were not added back to U.S. GAAP net earnings.

(e) The three months ended June 30, 2019 increased $48.1 million primarily related to the impact of the Valsartan product recall, the termination of a contract and certain other inventory write-offs. The six months ended June 30, 2019 increased $123.2 million for certain incremental manufacturing variances and site remediation activities as a result of the activities at the Company's Morgantown plant and the items also impacting the change for the three-month period.

(f) R&D expense for the three months ended June 30, 2019 consists primarily of payments for product development arrangements of approximately $23.4 million, which includes $18.4 million related to the expansion of the YUPELRI®

agreement with Theravance, and the remaining expense relates to on-going collaboration agreements. R&D expense for the six months ended June 30, 2019 consists primarily of payments for product development arrangements of approximately $46.7 million, including $18.4 million for the expansion of the YUPELRI® agreement and $23.3 million related to non-refundable upfront licensing amounts for a product in development. The remaining expense relates to on-going development collaborations. Refer to Note 4 *Acquisitions and Other Transactions* included in Part I, Item 1 of this Form 10-Q for additional information. R&D expense for the three months ended June 30, 2018 includes two non-refundable upfront payments totaling approximately $30.5 million for development agreements entered into during the quarter, and the remaining expense relates to on-going collaboration agreements, including Momenta Pharmaceuticals, Inc. For the six months ended June 30, 2018, R&D expense includes $73.5 million related to four non-refundable upfront payments for development agreements entered into during the prior year period.

(g) The 2018 amount primarily related to mark-to-market losses of investments in equity securities historically accounted for as available-for-sale securities and the cumulative realized gains on such investments.

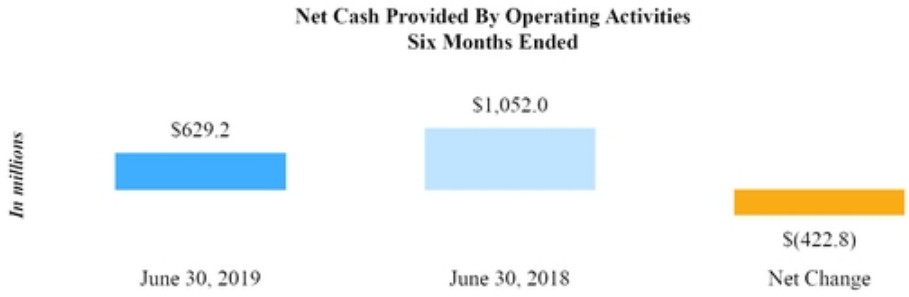
(h) The impact of changes related to uncertain tax positions is excluded from adjusted earnings.

Liquidity and Capital Resources

Our primary source of liquidity is net cash provided by operating activities, which was $629.2 million for the six months ended June 30, 2019. We believe that net cash provided by operating activities and available liquidity will continue to allow us to meet our needs for working capital, capital expenditures and interest and principal payments on debt obligations. Nevertheless, our ability to satisfy our working capital requirements and debt service obligations, or fund planned capital expenditures, will substantially depend upon our future operating performance (which will be affected by prevailing economic conditions), and financial, business and other factors, some of which are beyond our control.

Operating Activities

Net cash provided by operating activities decreased by $422.8 million to $629.2 million for the six months ended June 30, 2019, as compared to net cash provided by operating activities of $1.05 billion for the six months ended June 30, 2018. Net cash provided by operating activities is derived from net (loss) earnings adjusted for non-cash operating items, gains and losses attributed to investing and financing activities and changes in operating assets and liabilities resulting from timing differences between the receipts and payments of cash, including changes in cash primarily reflecting the timing of cash collections from customers, payments to vendors and employees and tax payments in the ordinary course of business.



The net decrease in net cash provided by operating activities was principally due to the following:

- a decrease in net earnings of approximately $318.1 million, principally as a result of a decrease in earnings from operations;
- a net decrease in non-cash expenses of $140.9 million;
- a net decrease in the amount of cash provided by accounts receivable of $280.1 million, reflecting the timing of sales and cash collections; and
- a net increase of $46.1 million in the amount of cash used through changes in inventory balances.

These items were partially offset by the following:

- a net increase in the amount of cash provided by changes in other operating assets and liabilities of $275.3 million;
- a net decrease in the amount of cash used through changes in trade accounts payable of $59.0 million as a result of the timing of cash payments; and
- a net decrease in the amount of cash used through changes in income taxes of $28.1 million as a result of the level and timing of estimated tax payments made during the current period.

Investing Activities

Net cash used in investing activities was $234.0 million for the six months ended June 30, 2019, as compared to $732.7 million for the six months ended June 30, 2018, a net decrease of $498.7 million.

In 2019, significant items in investing activities included the following:

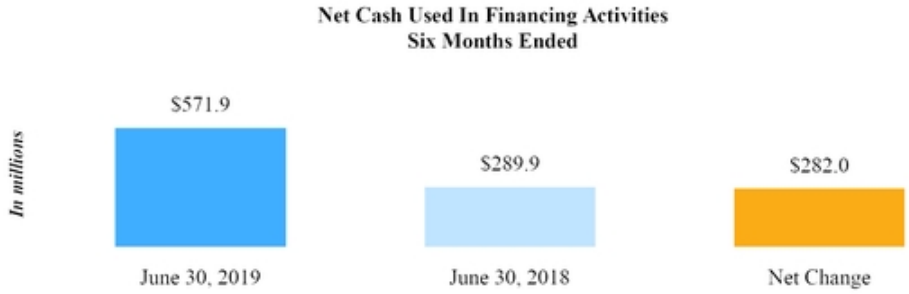
- payments for product rights and other, net totaling approximately $129.5 million primarily related to the acquisitions of intellectual property rights and marketing authorizations; and
- capital expenditures, primarily for equipment and facilities, totaling approximately $97.2 million. While there can be no assurance that current expectations will be realized, capital expenditures for the 2019 calendar year are expected to be approximately $250 million to $400 million.

In 2018, significant items in investing activities included the following:

- cash paid for acquisitions, net totaling approximately $63.3 million related to deferred non-contingent purchase price payments for the acquisition of Apicore, Inc.;
- payments for product rights and other, net totaling approximately $614.4 million, which included payments of approximately $575.0 million related to commercialized product rights, primarily related to Betadine in certain European markets and other products in certain rest of world markets; and
- capital expenditures, primarily for equipment and facilities, totaling approximately $75.9 million.

Financing Activities

Net cash used in financing activities was $571.9 million for the six months ended June 30, 2019, as compared to $289.9 million for the six months ended June 30, 2018, a net increase of $282.0 million.



In 2019, significant items in financing activities included the following:

- long-term debt payments of approximately $555.5 million consisting primarily of the redemption of $550.0 million principal amount of 2.500% Senior Notes due 2019;
- payments totaling approximately $38.8 million (of the $67.5 million) in milestone payments related to Pfizer Inc.'s proprietary dry powder inhaler delivery platform ("the respiratory delivery platform") contingent consideration. The remaining payments related to the respiratory delivery platform contingent consideration are included as a component of other operating assets and liabilities, net within net cash from operating activities; and
- a net increase in short-term borrowings of $24.3 million.

In 2018, significant items in financing activities included the following:

- the Company repurchased 9.8 million ordinary shares at a cost of approximately $432.0 million completing the previously authorized share repurchase program;
- long-term debt proceeds of approximately $2.58 billion primarily related to borrowings of approximately $496.5 million under the 2016 Revolving Facility, proceeds from the April 2018 Senior Notes offering of approximately $1.50 billion and proceeds from the May 2018 Euro Senior Notes offering of approximately €500.0 million;
- long-term debt payments of approximately $2.60 billion consisting primarily of repayments of borrowings of approximately $496.5 million under the 2016 Revolving Facility, redemptions of $1.50 billion principal amount of senior notes in connection with the April 2018 Senior Notes offering and redemptions of $600.0 million principal amount of senior notes in connection with the May 2018 Euro Senior Notes offering; and
- a net increase in short-term borrowings of $179.0 million.

Capital Resources

Our cash and cash equivalents totaled $211.5 million at June 30, 2019, and the majority of these funds are held by our non-U.S. subsidiaries. The Company anticipates having sufficient liquidity, including existing borrowing capacity under the 2018 Revolving Facility, the Commercial Paper Program, the Receivables Facility and the Note Securitization Facility (each as defined below other than the 2018 Revolving Facility and the Commercial Paper Program, which are defined in Note 13 *Debt* in Part I, Item 1 of this Form 10-Q) combined with cash to be generated from operations, to fund foreseeable cash needs without requiring the repatriation of non-U.S. cash.

The Company has access to $2.0 billion under the 2018 Revolving Facility which matures in 2023. Up to $1.65 billion of the 2018 Revolving Facility may be used to support borrowings under our Commercial Paper Program.

In addition to the 2018 Revolving Facility, Mylan Pharmaceuticals Inc., a wholly owned subsidiary of the Company, has a $400 million receivables facility (the "Receivables Facility"). On April 25, 2019, the Company entered into an amendment to the Receivables Facility to extend its expiration date to April 22, 2022. As of June 30, 2019, the Company had no amounts outstanding under the Receivables Facility.

On April 25, 2019, we 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 London Interbank Offered Rate or 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 our condensed 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.

At June 30, 2019, our long-term debt, including the current portion, totaled $13.26 billion, as compared to $13.82 billion at December 31, 2018. Total long-term debt is calculated net of deferred financing fees which were $67.6 million and $74.6 million at June 30, 2019 and December 31, 2018, respectively.

For additional information regarding our debt and debt agreements refer to Note 13 *Debt* in Part I, Item 1 of this Form 10-Q.

Long-term Debt Maturity

Mandatory minimum repayments remaining on the outstanding notional amount of long-term debt at June 30, 2019 was as follows for each of the periods ending December 31:

The Company’s 2016 Term Facility (as defined in Note 13 *Debt* in Part I, Item 1 of this Form 10-Q) and 2018 Revolving Facility each contains 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”).

On February 22, 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 February 22, 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 December 31, 2019 reporting period. The Company is in compliance at June 30, 2019 and expects to remain in compliance for the next twelve months.

Collaboration 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 condensed consolidated balance sheets, except for milestone and royalty obligations reflected as acquisition related contingent consideration. Refer to Note 12 *Financial Instruments and Risk Management* in Part I, Item of this Form 10-Q for additional information. Our potential maximum development milestones not accrued for at June 30, 2019 totaled approximately $476.0 million, which includes the new agreements entered into during 2019. We estimate that the amounts that may be paid in the next twelve months to be approximately $79.0 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.

We are contractually obligated to make potential future development, regulatory and commercial milestone, royalty and/or profit sharing payments in conjunction with acquisitions we have entered into with third parties. The most significant of these relates to the potential future consideration related to the respiratory delivery platform. These payments are contingent upon the occurrence of certain future events and, given the nature of these events, it is unclear when, if ever, we may be required to pay such amounts. The amount of the contingent consideration liabilities was $266.7 million at June 30, 2019. In addition, 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.

Other Commitments

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 Specialties Private Limited, the EPD Business, and certain other acquisitions. We have approximately $107.0 million accrued for legal contingencies at June 30, 2019.

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 Limited, Abbott Laboratories, or another indemnitor or insurer to pay an indemnified claim, could have a material adverse effect on the Company’s business, financial condition, results of operations, cash flows and/or ordinary share price.

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 condensed consolidated financial statements with respect to the Company’s obligations under such agreements.

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.

We are continuously evaluating the potential acquisition of products, as well as companies, as a strategic part of our future growth. Consequently, we may utilize current cash reserves or incur additional indebtedness to finance any such acquisitions, which could impact future liquidity. In addition, on an ongoing basis, we review our operations including the

evaluation of potential divestitures of products and businesses as part of our future strategy. Any divestitures could impact future liquidity.

Application of Critical Accounting Policies

There have been no changes to the Critical Accounting Policies disclosed in our 2018 Form 10-K. The following discussion supplements our Critical Accounting Policy for Acquisitions, *Intangible Assets, Goodwill and Contingent Consideration* as it relates to our annual goodwill impairment test.

Goodwill and intangible assets, including IPR&D, are reviewed for impairment annually and/or when events or other changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Impairment of goodwill and indefinite-lived intangibles, including IPR&D, is determined to exist when the fair value is less than the carrying value of the net assets being tested, with any impairment charge being equal to the difference. Impairment of finite-lived intangibles is determined to exist when undiscounted cash flows related to the assets are less than the carrying value of the assets being tested. Future events and decisions may lead to asset impairment and/or related costs.

Goodwill is allocated and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. The Company has four reporting units, North America Generics, North America Brands, Europe and Rest of World. As of April 1, 2019, the date of our most recent annual impairment test, the allocation of the Company's total goodwill was as follows: North America Generics $2.67 billion, North America Brands $0.65 billion, Europe $4.56 billion and Rest of World $1.72 billion.

The Company performed a quantitative impairment analysis for all of its reporting units as of April 1, 2019. The impairment analysis consists of a comparison of the estimated fair value of the individual reporting units with their carrying amount, including goodwill. In estimating each reporting unit's fair value, we performed extensive valuation analysis utilizing both income and market-based approaches, in our goodwill assessment process. We utilized an average of the two methods in estimating the fair value of the individual reporting units, except for the North America Brands reporting unit where the fair value was estimated utilizing the income approach. The following describes the valuation methodologies used to derive the estimated fair value of the reporting units.

Income Approach: Under this approach, to determine fair value, we discounted the expected future cash flows of each reporting unit. We 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, we used a terminal value approach. Under this approach, we used 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. We incorporated the present value of the resulting terminal value into our estimate of fair value.

Market-Based Approach: The Company also utilizes a market-based approach to estimate fair value, principally utilizing the guideline company method which focuses on comparing our risk profile and growth prospects to a select group of publicly traded companies with reasonably similar guidelines.

As of April 1, 2019, the Company determined that the fair value of the North America Generics, North America Brands and Rest of World reporting units was substantially in excess of the respective unit's carrying value. However, when compared to the prior year, the fair value of our overall business declined because of our recent operating results, future forecasts and the decline in our share price, including activity subsequent to April 1, 2019.

For the Europe reporting unit, the estimated fair value exceeded its carrying value by approximately $900.0 million or 7.0%. The excess fair value for the Europe reporting unit is consistent with the result of the Company's 2018 annual impairment test. As it relates to the income approach for the Europe reporting unit at April 1, 2019, the Company forecasted cash flows for the next 5 years. During the forecast period, the revenue compound annual growth rate was approximately 6.5%. A terminal value year was calculated with a 2.0% revenue growth rate applied. The discount rate utilized was 10.5% and the estimated tax rate was 24.0%. Under the market-based approach, we utilized an estimated range of market multiples of 8.0 to 9.5 times EBITDA plus a control premium of 15.0%. If all other assumptions are held constant, a reduction in the terminal value growth rate by 2.0% or an increase in discount rate by 1.5% would result in an impairment charge for the Europe reporting unit.

The determination of the fair value of the reporting units requires us to make significant estimates and assumptions that affect the reporting unit's expected future cash flows. These estimates and assumptions primarily include, but are not limited to, market multiples, control premiums, the discount rate, terminal growth rates, operating income before 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 reporting units.

ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

For a discussion of the Company's market risk, see "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" in Mylan N.V.'s Annual Report filed on Form 10-K for the year ended December 31, 2018, as amended.

ITEM 4. *CONTROLS AND PROCEDURES*

An evaluation was performed under the supervision and with the participation of the Company's management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2019. Based upon that evaluation, the Principal Executive Officer and the Principal Financial Officer concluded that the Company's disclosure controls and procedures were effective.

Management has not identified any changes in the Company's internal control over financial reporting that occurred during the second quarter of 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. *LEGAL PROCEEDINGS*

For information regarding legal proceedings, refer to Note 20 *Litigation*, in the accompanying Notes to interim financial statements in this Form 10-Q.

ITEM 1A. *RISK FACTORS*

Except as set forth below, there have been no material changes in the Company's risk factors from those disclosed in Mylan's Annual Report on Form 10-K for the year ended December 31, 2018, as amended.

Mylan, Pfizer and Upjohn may be unable to satisfy the conditions or obtain the approvals required to complete the Combination, and regulatory agencies may delay or impose conditions on approval of the Combination, which may diminish the anticipated benefits of the Combination. Failure to complete the Combination could adversely impact the market price of Mylan shares as well as Mylan's business and operating results.

The consummation of the Combination is subject to numerous conditions, including the receipt by Pfizer of an IRS ruling and tax opinion of its tax counsel with respect to the Combination, the receipt of Mylan shareholder approval for the Combination and other customary conditions. Mylan cannot make any assurances that the Combination will be consummated on the terms or timeline currently contemplated, or at all.

Completion of the Combination is also conditioned upon the receipt of required government consents and approvals, including required approvals from foreign regulatory agencies. While Mylan, Pfizer and Upjohn intend to pursue vigorously all required governmental approvals and do not know of any reason why they would not be able to obtain the necessary approvals in a timely manner, the requirement to receive these approvals before the consummation of the Combination could delay the completion of the Combination, possibly for a significant period of time after Mylan shareholders have approved the Combination. Any delay in the completion of the Combination could diminish anticipated benefits of the Combination or result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the Combination.

To the extent that the market price of Mylan ordinary shares reflects positive market assumptions that the Combination will be consummated, the price of Mylan ordinary shares may decline if the Combination are not consummated for any reason or in a timely manner. Mylan may also be subject to additional risks if the Combination are not consummated, including:

- depending on the reasons for termination of the Business Combination Agreement, the requirement that Mylan pay Pfizer a termination fee of $322 million, or in the situation where Mylan's shareholders do not approve the Combination and the transaction is terminated, up to $96 million to reimburse Pfizer for its costs;
- the fact that substantial costs related to the Combination, such as legal, accounting, filing, financial advisory and financial printing fees, must be paid regardless of whether the Combination are completed; and
- possible negative reactions from our customers, regulators and employees.

The pendency of the Combination could adversely affect Mylan's business and operations.

Whether the Combination is ultimately consummated or not, its pendency could have a number of negative effects on our current business, including potentially disrupting our regular operations, diverting the attention of our workforce and management team, or increasing workforce turnover. The completion of the Combination, including for example, obtaining regulatory approvals, will require significant time and attention from Mylan management and may divert attention from the day-to-day operations of our business. Any uncertainty over the ability of Pfizer, Mylan and Upjohn to complete the Combination could make it more difficult for Mylan to retain key employees or attract new talent, or to pursue business strategies.

Parties with which we have business relationships, either contractual or operational, may experience uncertainty as to the future or desirability of such relationships and may delay or defer certain business decisions, seek alternative relationships with third parties or seek to alter their present business relationships with us. Parties with whom we otherwise may have sought to establish business relationships may seek alternative relationships with third parties. Additionally, we have contracts with

certain customers, suppliers, vendors, distributors, lenders, and other business partners, and these contracts may require us to obtain consent from these other parties in connection with the Combination. Obtaining such consents may be difficult and could impose costs on us, including renegotiating such contracts on terms less favorable to Mylan, which in turn may result in us suffering a loss of potential future revenue, incurring contractual liabilities or losing rights that are material to our business.

The Business Combination Agreement subjects us to restrictions on our business activities and obligates us to generally operate our business in the ordinary course in all material respects consistent with past practice prior to completion of the Combination. These restrictions could prevent us from pursuing attractive business opportunities that arise prior to the completion of the Combination and are outside the ordinary course of business, or otherwise have an adverse effect on our results of operations, cash flows and financial position. The Business Combination Agreement also subjects us to restrictions on our ability to pursue alternatives to the Combination and so we might have to forego another strategic transaction that would otherwise have been favorable to Mylan and our shareholders.

ITEM 6. *EXHIBITS*

31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Mylan N.V.
(Registrant)

By: /s/ HEATHER BRESCH
Heather Bresch
Chief Executive Officer
(Principal Executive Officer)

July 29, 2019

/s/ KENNETH S. PARKS
Kenneth S. Parks
Chief Financial Officer
(Principal Financial Officer)

July 29, 2019

Exhibit 31.1

Certification of Principal Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Heather Bresch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mylan N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ HEATHER BRESCH

Heather Bresch
Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2019

Exhibit 31.2

Certification of Principal Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Kenneth S. Parks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mylan N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH S. PARKS

Kenneth S. Parks
Chief Financial Officer
(Principal Financial Officer)

Date: July 29, 2019

Exhibit 32

Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Mylan N.V. (the "Company") for the period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ HEATHER BRESCH

Heather Bresch
Chief Executive Officer
(Principal Executive Officer)

/s/ KENNETH S. PARKS

Kenneth S. Parks
Chief Financial Officer
(Principal Financial Officer)

Date: July 29, 2019

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished in accordance with Securities and Exchange Commission Release No. 34-47551 and shall not be considered filed as part of the Form 10-Q.