Mylan N.V.
Form 10-Q
May 08, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-Q

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

For the quarterly period ended March 31, 2015
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)

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

Albany Gate, Darkes Lane, Potters Bar, Herts EN6 1AG, United Kingdom
(Address of principal executive offices)
+44 (0) 1707-853-000
(Registrant's telephone number, including area code)

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 þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes þ No ¨

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

Large accelerated filer þ	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

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

As of May 1, 2015, there were 490,033,276 of the issuer's €0.01 nominal value ordinary shares outstanding.

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March 31, 2015

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PART I — FINANCIAL INFORMATION

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

	Three Months Ended March 31,	
	2015	2014
Revenues:		
Net sales	$1,854.6	$1,703.0
Other revenues	17.1	12.6
Total revenues	1,871.7	1,715.6
Cost of sales	1,041.6	977.8
Gross profit	830.1	737.8
Operating expenses:		
Research and development	169.9	118.0
Selling, general and administrative	483.2	377.7
Litigation settlements, net	17.7	3.1
Total operating expenses	670.8	498.8
Earnings from operations	159.3	239.0
Interest expense	79.5	82.7
Other expense (income), net	18.5	4.6
Earnings before income taxes and noncontrolling interest	61.3	151.7
Income tax provision	4.7	35.1
Net earnings	56.6	116.6
Net earnings attributable to the noncontrolling interest	—	(0.7)
Net earnings attributable to Mylan N.V. ordinary shareholders	$56.6	$115.9
Earnings per ordinary share attributable to Mylan N.V. ordinary shareholders:		
Basic	$0.14	$0.31
Diluted	$0.13	$0.29
Weighted average ordinary shares outstanding:		
Basic	418.0	372.3
Diluted	443.8	396.7

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
	2015	2014
Net earnings	$56.6	$116.6
Other comprehensive (loss) earnings, before tax:		
Foreign currency translation adjustment	(602.6)	97.2
Change in unrecognized gain (loss) and prior service cost related to defined benefit plans	0.1	(1.5)
Net unrecognized loss on derivatives	(34.5)	(27.4)
Net unrealized gain on marketable securities	0.1	—
Other comprehensive (loss) earnings, before tax	(636.9)	68.3
Income tax benefit	(13.0)	(12.4)
Other comprehensive (loss) earnings, net of tax	(623.9)	80.7
Comprehensive (loss) earnings	(567.3)	197.3
Comprehensive earnings attributable to the noncontrolling interest	—	(0.7)
Comprehensive (loss) earnings attributable to Mylan N.V. ordinary shareholders	$(567.3)	$196.6

See Notes to Condensed Consolidated Financial Statements

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

	March 31, 2015	December 31, 2014
ASSETS		
Assets		
Current assets:		
Cash and cash equivalents	$277.2	$ 225.5
Accounts receivable, net	2,264.6	2,268.5
Inventories	1,908.3	1,651.4
Deferred income tax benefit	369.9	345.7
Prepaid expenses and other current assets	2,606.4	2,295.8
Total current assets	7,426.4	6,786.9
Property, plant and equipment, net	1,872.3	1,785.7
Intangible assets, net	6,770.6	2,347.1
Goodwill	5,115.8	4,049.3
Deferred income tax benefit	87.8	83.4
Other assets	850.9	834.2
Total assets	$22,123.8	$ 15,886.6
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities:		
Trade accounts payable	$997.0	$ 905.6
Short-term borrowings	169.2	330.7
Income taxes payable	63.9	160.7
Current portion of long-term debt and other long-term obligations	2,611.4	2,474.4
Deferred income tax liability	7.4	0.2
Other current liabilities	1,439.1	1,434.1
Total current liabilities	5,288.0	5,305.7
Long-term debt	5,750.4	5,732.8
Deferred income tax liability	613.8	235.4
Other long-term obligations	1,378.4	1,336.7
Total liabilities	13,030.6	12,610.6
Equity		
Mylan N.V. shareholders' equity		
Ordinary shares [1] — nominal value €0.01 per ordinary share as of March 31, 2015 and par value $0.50 per share as of December 31, 2014		
Shares authorized: 1,200,000,000 and 1,500,000,000 as of March 31, 2015 and December 31, 2014		
Shares issued: 489,493,548 and 546,658,507 as of March 31, 2015 and December 31, 2014	5.5	273.3
Additional paid-in capital	7,007.6	4,212.8
Retained earnings	3,671.1	3,614.5
Accumulated other comprehensive loss	(1,610.9)	(987.0)
	9,073.3	7,113.6
Noncontrolling interest	19.9	20.1
Less: Treasury stock — at cost		

Shares: zero and 171,435,200 as of March 31, 2015 and December 31, 2014	—	3,857.7
Total equity	9,093.2	3,276.0
Total liabilities and equity	$22,123.8	$ 15,886.6

(1) Common stock prior to February 27, 2015.

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net earnings	$56.6	$116.6
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	175.0	135.2
Share-based compensation expense	34.4	15.4
Change in estimated sales allowances	(92.1)	131.1
Deferred income tax benefit (provision)	12.8	(8.4)
Loss from equity method investments	24.7	22.7
Other non-cash items	46.3	50.0
Litigation settlements, net	17.7	3.1
Changes in operating assets and liabilities:		
Accounts receivable	469.0	49.1
Inventories	(136.7)	(88.0)
Trade accounts payable	(15.4)	(32.7)
Income taxes	(203.3)	(33.5)
Other operating assets and liabilities, net	(122.0)	(92.5)
Net cash provided by operating activities	267.0	268.1
Cash flows from investing activities:		
Capital expenditures	(48.1)	(72.3)
Purchase of marketable securities	(40.1)	(4.8)
Proceeds from sale of marketable securities	12.2	4.9
Payments for product rights and other, net	(11.5)	(129.0)
Net cash used in investing activities	(87.5)	(201.2)
Cash flows from financing activities:		
Payment of financing fees	(22.4)	(2.3)
Change in short-term borrowings, net	(161.6)	(71.1)
Proceeds from issuance of long-term debt	100.0	200.0
Payment of long-term debt	(100.0)	(260.0)
Proceeds from exercise of stock options	67.4	21.9
Taxes paid related to net share settlement of equity awards	(31.7)	(21.8)
Other items, net	39.3	18.7
Net cash used in financing activities	(109.0)	(114.6)
Effect on cash of changes in exchange rates	(18.8)	(0.6)
Net increase (decrease) in cash and cash equivalents	51.7	(48.3)
Cash and cash equivalents — beginning of period	225.5	291.3
Cash and cash equivalents — end of period	$277.2	$243.0
Supplemental disclosures of cash flow information —		
Non-cash transaction:		
Ordinary shares issued for acquisition	$6,305.8	$—

See Notes to Condensed Consolidated Financial Statements

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MYLAN N.V. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. General

As discussed in Note 4 of the Notes to the Condensed Consolidated Financial Statements, on February 27, 2015 (the "EPD Transaction Closing Date"), Mylan N.V. completed the transaction (the "EPD Transaction") by which it acquired Mylan Inc. and Abbott Laboratories' ("Abbott") non-U.S. developed markets specialty and branded generics business (the "EPD Business"). Pursuant to the terms of the Amended and Restated Business Transfer Agreement and Plan of Merger, dated as of November 4, 2014, by and among Mylan Inc., New Moon B.V. (which converted into a public limited company (naamloze vennootschap) and was renamed Mylan N.V. on the EPD Transaction Closing Date), Moon of PA Inc., and Abbott (the "EPD Transaction Agreement") on the Closing Date, Mylan N.V. acquired the EPD Business in consideration for Mylan N.V. ordinary shares, and Moon of PA Inc. merged with and into Mylan Inc., with Mylan Inc. surviving as a wholly owned indirect subsidiary of Mylan N.V. and each share of Mylan Inc. common stock issued and outstanding immediately prior to the effective date of the EPD Transaction was canceled and automatically converted into, and became the right to receive, one Mylan N.V. ordinary share. In connection with the EPD Transaction, Mylan Inc. and the EPD Business were reorganized under Mylan N.V., a new public company organized in the Netherlands. On February 18, 2015, the Office of Chief Counsel of the Division of Corporation Finance of the Securities and Exchange Commission ("SEC") issued a no-action letter to Mylan Inc. and Mylan N.V. that included its views that the EPD Transaction constituted a "succession" for purposes of Rule 12g-3(a) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and that Mylan N.V., as successor to Mylan Inc., is deemed a large accelerated filer for purposes of Exchange Act Rule 12b-2. As of March 2, 2015, Mylan N.V., and not Mylan Inc., traded on the NASDAQ Global Select Stock Market under the symbol "MYL".

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 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 and cash flows for the periods presented. For periods prior to the EPD Transaction, the Company's consolidated financial statements presented the accounts of Mylan Inc.

These interim financial statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto in Mylan Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014. The December 31, 2014 Condensed Consolidated Balance Sheet was derived from audited financial statements.

The interim results of operations, comprehensive earnings and cash flows for the three months ended March 31, 2015 are not necessarily indicative of the results to be expected for the full fiscal year or any other future period. The Company computed its provision for income taxes using an estimated effective tax rate for the full year with consideration of certain discrete tax items which occurred within the interim period.

2. Revenue Recognition and Accounts Receivable

The Company recognizes net sales when title and risk of loss pass to its customers and when provisions for estimates, including discounts, sales allowances, price adjustments, returns, chargebacks and other promotional programs are reasonably determinable. Accounts receivable are presented net of allowances relating to these provisions. No revisions were made to the methodology used in determining these provisions during the three months ended March 31, 2015. Such allowances were $1.58 billion and $1.63 billion at March 31, 2015 and December 31, 2014, respectively. Other current liabilities include $514.1 million and $581.3 million at March 31, 2015 and December 31, 2014, respectively, for certain sales allowances and other adjustments that are paid to indirect customers.

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 $620.6 million and $1.07 billion of securitized accounts receivable at March 31, 2015 and December 31, 2014, respectively.

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Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

3. Recent Accounting Pronouncements

In February 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2015-02, Amendments to Consolidation Analysis ("ASU 2015-02"). ASU 2015-02 revises the guidance with respect to the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. All legal entities are subject to reevaluation under the revised consolidation model. The revised guidance modifies the evaluation of whether certain limited partnerships and similar entities are variable interest entities ("VIE") or voting interest entities, impacts the consolidation analysis of VIEs, clarifies when fees paid to a decision maker should be factors to include in the consolidation of VIEs, amends the guidance for assessing how related party relationships affect VIE consolidation analysis and provides an exemption for certain registered money market funds. This guidance is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015 and can be applied using a modified retrospective approach. The Company is currently assessing the impact of the adoption of this guidance on its financial condition, results of operations and cash flows.

In May 2014, the FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which revised accounting guidance on revenue recognition that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principal of this guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. This guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This guidance is effective for fiscal years beginning after December 15, 2017, and for interim periods within those fiscal years, and can be applied using a full retrospective or modified retrospective approach. The Company is currently assessing the impact of the adoption of this guidance on its financial condition, results of operations and cash flows.

4. Acquisitions and Other Transactions

EPD Business

On July 13, 2014, Mylan N.V., Mylan Inc., and Moon of PA Inc. entered into a definitive agreement with Abbott to acquire the EPD Business in an all-stock transaction. On November 4, 2014, Mylan N.V., Mylan Inc., Moon of PA Inc. and Abbott entered into the EPD Transaction Agreement. The EPD Transaction closed on February 27, 2015, after receiving approval from Mylan Inc.'s shareholders on January 29, 2015. At closing, Abbott transferred the EPD Business to Mylan N.V. in exchange for 110 million ordinary shares of Mylan N.V. Immediately after the transfer of the EPD Business, Mylan Inc. merged with Moon of PA Inc., a wholly owned subsidiary of Mylan N.V., with Mylan Inc. becoming a wholly owned subsidiary of Mylan N.V. Mylan Inc.'s outstanding common stock was exchanged on a one to one basis for Mylan N.V. ordinary shares. As a result of the EPD Transaction, Mylan N.V.'s corporate seat is located in Amsterdam, the Netherlands, and its principal executive offices are located in Potters Bar, United Kingdom.

The EPD Business includes more than 100 specialty and branded generic pharmaceutical products in five major therapeutic areas and includes several patent protected, novel and/or hard-to-manufacture products. As a result of the acquisition, Mylan N.V. has significantly expanded and strengthened its product portfolio in Europe, Japan, Canada, Australia and New Zealand.

The purchase price for Mylan N.V. of the EPD Business, which was on a debt-free basis, was $6.31 billion based on the closing price of Mylan Inc.'s stock as of the EPD Transaction Closing Date, as reported by the NASDAQ Global Select Stock Market. At the EPD Transaction Closing Date, former shareholders of Mylan Inc. owned approximately 78% of Mylan N.V.'s ordinary shares and certain affiliates of Abbott (the "Abbott Shareholders") owned approximately 22% of Mylan N.V.'s ordinary shares. On the EPD Transaction Closing Date, Mylan N.V., Abbott and Abbott Shareholders entered into a shareholder agreement (the "Shareholder Agreement"). Following an underwritten public

offering of Abbott Shareholders of a portion of Mylan N.V.'s ordinary shares held by them, which offering closed on April 6, 2015, the Abbott Shareholders collectively owned approximately 14.2% of Mylan N.V.'s outstanding ordinary shares as of May 1, 2015.

In accordance with U.S. GAAP, Mylan N.V. used the purchase method of accounting to account for the EPD Transaction, with Mylan Inc. being treated as the accounting acquirer. Under the purchase method of accounting, the assets acquired and liabilities assumed in the EPD Transaction were recorded at their respective estimated fair values at the EPD

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Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

Transaction Closing Date. The preliminary allocation of the $6.31 billion purchase price to the assets acquired and liabilities assumed for the EPD Business is as follows:

(In millions)	
Accounts receivable	$462.5
Inventories	196.3
Other current assets	70.1
Property, plant and equipment	140.8
Identified intangible assets	4,843.0
Goodwill	1,285.7
Other assets	15.5
Total assets acquired	7,013.9
Current liabilities	(269.0)
Deferred tax liabilities	(382.1)
Other non-current liabilities	(57.0)
Net assets acquired	$6,305.8

The identified intangible assets of $4.84 billion are comprised of $4.52 billion of product rights and licenses that have a weighted average useful life of 13 years and $320 million of contractual rights that have weighted average useful lives ranging from two to five years. The goodwill of $1.29 billion arising from the acquisition primarily relates to the expected synergies of the combined company and the value of the employee workforce. All of the goodwill was assigned to the Generics segment. The allocation of the goodwill to the individual reporting units within the Generics segment has not been completed. Goodwill of $766.9 million is currently expected to be deductible for income tax purposes. Acquisition related costs of approximately $62.1 million and $50.2 million were incurred during the three months ended March 31, 2015 and year ended December 31, 2014, respectively, which were recorded as a component of selling, general and administrative (“SG&A”) expense in the Condensed Consolidated Statements of Operations.

Significant assumptions utilized in the valuation of identified intangible assets were based on company specific information and projections which are not observable in the market and are thus considered Level 3 measurements as defined by U.S. GAAP. The preliminary fair value estimates for assets acquired and liabilities assumed were based upon preliminary calculations, valuations and assumptions that are subject to change as the Company obtains additional information during the measurement period (up to one year from the acquisition date). The primary areas of those preliminary estimates that are not yet finalized relate to post-employment benefits, the working capital adjustment and deferred income taxes.

The operating results of the EPD Business have been included in the Company’s Condensed Consolidated Statements of Operations since February 27, 2015. The revenues of the EPD Business for the period from the acquisition date to March 31, 2015 were $147.4 million and the net loss, net of tax, was $54.3 million. The net loss, net of tax, includes the effects of the purchase accounting adjustments and acquisition related costs.

Unaudited Pro Forma Financial Results

The following table presents supplemental unaudited pro forma information as if the acquisition of the EPD Business had occurred on January 1, 2014. The unaudited pro forma results reflect certain adjustments related to past operating performance and acquisition accounting adjustments, such as increased amortization expense based on the fair valuation of assets acquired, the impact of transaction costs and the related income tax effects. The unaudited pro

forma results do not include any anticipated synergies which may be achievable subsequent to the EPD Transaction Closing Date. Accordingly, the unaudited pro forma results are not necessarily indicative of the results that actually would have occurred had the acquisition been completed on January 1, 2014, nor are they indicative of the future operating results of Mylan N.V.

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Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

	Three Months Ended March 31, 2015	
(Unaudited, in millions, except per share amounts)	2015	2014
Total revenues	$2,118.7	$2,166.7
Net earnings (loss) attributable to Mylan N.V. ordinary shareholders	$76.9	$(83.6)
Earnings (loss) per ordinary share attributable to Mylan N.V. ordinary shareholders:		
Basic	$0.16	$(0.17)
Diluted	$0.15	$(0.16)
Weighted average ordinary shares outstanding:		
Basic	491.3	482.3
Diluted	517.1	506.7

Other Transactions

On April 24, 2015, Mylan N.V. issued a Rule 2.5 announcement under the Irish Takeover Rules setting forth its legally-binding commitment to commence an offer for the entire issued and to be issued share capital of Perrigo Company plc ("Perrigo") (the "Perrigo Proposal"). Under the terms of the offer, amended on April 29, 2015, Perrigo shareholders would receive $75 in cash and 2.3 Mylan N.V. ordinary shares for each Perrigo ordinary share. The offer is subject to certain conditions and other terms set forth in the formal Rule 2.5 announcement, including approval by Mylan N.V. ordinary shareholders. The offer is fully financed, cash confirmed and not conditional on due diligence. The making of the offer is pre-conditioned on one of the following having occurred: (i) the expiration or termination of all applicable waiting periods (including any extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, of the United States and the rules and regulations thereunder (the "HSR Act"), (ii) a final decision to clear or approve the consummation of the acquisition of Perrigo contemplated by the offer under the HSR Act having been obtained, irrespective of the conditions attaching thereto, or (iii) September 13, 2015. The offer is subject to customary conditions for an offer governed by the Irish Takeover Rules.

Subsequent to March 31, 2015, the Company entered into agreements with multiple counterparties to acquire certain marketed pharmaceutical products for upfront payments totaling approximately $360 million. These transactions are expected to close during 2015. In addition, under the terms of one of the agreements, the Company may be required to make future sales and other contingent milestone payments.

On February 2, 2015, the Company signed a definitive agreement to acquire certain female health care businesses from Famy Care Limited, a specialty women's health care company with global leadership in generic oral contraceptive products. The purchase price is $750 million in cash plus additional contingent payments of up to $50 million. The transaction is expected to close in the second half of 2015, subject to regulatory approvals and certain closing conditions.

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 TD-4208, a novel once-daily nebulized long-acting muscarinic antagonist for chronic obstructive pulmonary disease ("COPD") and other respiratory diseases. Under the terms of the agreement, Mylan and Theravance Biopharma will co-develop nebulized TD-4208 for COPD and other respiratory diseases. Theravance Biopharma will lead the U.S. registrational development program and Mylan will be responsible for reimbursement of Theravance Biopharma's development costs for that program up until the approval of the first new drug application, after which costs will be shared. In addition, Mylan will be responsible for commercial manufacturing. In the U.S., Mylan will lead commercialization and Theravance Biopharma will retain the right to

co-promote the product under a profit-sharing arrangement. In addition to funding the U.S. registrational development program, the Company made a $30 million investment in Theravance Biopharma during the first quarter of 2015, which was accounted for as an available-for-sale security. The Company has accrued $15 million in upfront development costs, which will be paid to Theravance Biopharma in the second quarter of 2015. Under the terms of the agreement, Theravance Biopharma is eligible to receive potential development and sales milestone payments totaling $220 million in the aggregate.

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Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

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 shares and units, performance awards ("PSU"), other stock-based awards and short-term cash awards. Stock option awards are granted at the fair value of the shares underlying the options at the date of the grant, generally become exercisable over periods ranging from three to four years, and generally expire in ten years. Upon approval of the 2003 Plan, no further grants of stock options have been made under any other previous plans.

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

	Number of Shares Under Stock Awards	Weighted Average Exercise Price per Share
Outstanding at December 31, 2014	16,207,777	$33.21
Granted	293,010	55.47
Exercised	(3,775,134)	22.68
Forfeited	(52,916)	48.29
Outstanding at March 31, 2015	12,672,737	$36.80
Vested and expected to vest at March 31, 2015	12,314,675	$36.56
Exercisable at March 31, 2015	6,007,826	$21.71

As of March 31, 2015, stock awards outstanding, stock awards vested and expected to vest and stock awards exercisable had average remaining contractual terms of 7.2 years, 7.2 years and 5.3 years, respectively. Also, at March 31, 2015, stock awards outstanding, stock awards vested and expected to vest and stock awards exercisable had aggregate intrinsic values of $285.8 million, $280.6 million and $226.1 million, respectively.

During the first quarter of 2015, the Company recorded additional share-based compensation expense of approximately $15.2 million related to the accelerated vesting of equity awards as a result of the EPD Transaction.

A summary of the status of the Company's nonvested restricted stock and restricted stock unit awards, including PSUs (together, "restricted stock awards"), as of March 31, 2015 and the changes during the three months ended March 31, 2015 are presented below:

	Number of Restricted Stock Awards	Weighted Average Grant-Date Fair Value per Share
Nonvested at December 31, 2014	3,670,238	$34.98
Granted	935,251	55.61
Released	(1,448,843)	33.72
Forfeited	(34,603)	29.08
Nonvested at March 31, 2015	3,122,043	$41.78

As of March 31, 2015, the Company had $154.9 million of total unrecognized compensation expense, net of estimated forfeitures, related to all of its stock-based awards, which will be recognized over the remaining weighted average vesting period of 2.8 years. The total intrinsic value of stock-based awards exercised and restricted stock units converted during the three months ended March 31, 2015 and 2014 was $203.2 million and $96.3 million, respectively.

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Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

6. Balance Sheet Components

Selected balance sheet components consist of the following:

(In millions)	March 31, 2015	December 31, 2014
Inventories:		
Raw materials	$598.7	$ 549.5
Work in process	324.6	298.4
Finished goods	985.0	803.5
	$1,908.3	$ 1,651.4
Property, plant and equipment:		
Land and improvements	$116.9	$88.3
Buildings and improvements	880.0	826.4
Machinery and equipment	1,779.7	1,739.3
Construction in progress	285.6	301.8
	3,062.2	2,955.8
Less accumulated depreciation	1,189.9	1,170.1
	$1,872.3	$1,785.7
Other current liabilities:		
Legal and professional accruals, including litigation accruals	$109.7	$81.8
Payroll and employee benefit plan accruals	221.9	282.6
Accrued sales allowances	514.1	581.3
Accrued interest	49.4	63.8
Fair value of financial instruments	105.7	52.2
Other	438.3	372.4
	$1,439.1	$1,434.1

Contingent consideration included in other current liabilities totaled $20 million at March 31, 2015 and December 31, 2014. Contingent consideration included in other long-term obligations is $459.2 million and $450.0 million at March 31, 2015 and December 31, 2014, respectively. Included in prepaid expenses and other current assets is $130.9 million and $134.1 million of restricted cash at March 31, 2015 and December 31, 2014, respectively. An additional $100 million of restricted cash is classified in other long-term assets at March 31, 2015 and December 31, 2014, principally related to amounts deposited in escrow, or restricted amounts, for potential contingent consideration payments related to the Agila acquisition.

The Company’s equity method investments in clean energy investments, whose activities qualify for income tax credits under section 45 of the U.S. Internal Revenue Code, totaled $425.3 million and $437.5 million at March 31, 2015 and December 31, 2014, respectively, and are included in other assets in the Condensed Consolidated Balance Sheets. Liabilities related to these investments totaled $462.9 million and $472.7 million at March 31, 2015 and December 31, 2014, respectively. Of these liabilities, $401.4 million and $412.9 million are included in other long-term obligations in the Condensed Consolidated Balance Sheets at March 31, 2015 and December 31, 2014, respectively. The remaining $61.5 million and $59.8 million are included in other current liabilities in the Condensed Consolidated Balance Sheets at March 31, 2015 and December 31, 2014, respectively.

The Company holds a 50% ownership interest in Sagent Agila LLC (“Sagent Agila”), which is accounted for using the equity method of accounting. Sagent Agila was established to allow for the development, manufacturing and distribution of certain generic injectable products in the U.S. market. The equity method investment included in other assets in the Condensed Consolidated Balance Sheets totaled $105.8 million and $109.9 million at March 31, 2015 and December 31, 2014, respectively.

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7. Earnings per Ordinary Share Attributable to Mylan N.V.

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

On September 15, 2008, concurrent with the sale of $575 million aggregate principal amount of Cash Convertible Notes due 2015 (the "Cash Convertible Notes"), Mylan Inc. entered into convertible note hedge and warrant transactions with certain counterparties. In connection with the consummation of the EPD Transaction, the terms of convertible note hedge were adjusted so that the cash settlement value will be based on Mylan N.V. ordinary shares. The terms of the warrant transactions were also adjusted so that, from and after the consummation of the EPD Transaction, the Company may settle the obligations under the warrant transaction by delivering Mylan N.V. ordinary shares. Pursuant to the warrant transactions, and a subsequent amendment in 2011, there are approximately 43.2 million warrants outstanding, with approximately 41.0 million of the warrants having an exercise price of $30.00. The remaining warrants have an exercise price of $20.00. The warrants meet the definition of derivatives under the FASB's guidance regarding accounting for derivative instruments and hedging activities; however, because these instruments have been determined to be indexed to the Company's own ordinary shares and meet the criteria for equity classification under the FASB's guidance regarding contracts in an entity's own equity, the warrants have been recorded in shareholders' equity in the Condensed Consolidated Balance Sheets. The dilutive impact of the warrants is included in the calculation of diluted earnings per ordinary share based upon the average market value of the Company's ordinary shares during the period as compared to the exercise price. For the three months ended March 31, 2015 and 2014, 20.8 million and 16.9 million warrants, respectively, were included in the calculation of diluted earnings per ordinary share.

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

	Three Months Ended March 31,	
(In millions, except per share amounts)	2015	2014
Basic earnings attributable to Mylan N.V. ordinary shareholders (numerator):		
Net earnings attributable to Mylan N.V. ordinary shareholders	$56.6	$115.9
Shares (denominator):		
Weighted average ordinary shares outstanding	418.0	372.3
Basic earnings per ordinary share attributable to Mylan N.V. ordinary shareholders	$0.14	$0.31
Diluted earnings attributable to Mylan N.V. ordinary shareholders (numerator):		
Net earnings attributable to Mylan N.V. ordinary shareholders	$56.6	$115.9
Shares (denominator):		
Weighted average ordinary shares outstanding	418.0	372.3
Share-based awards and warrants	25.8	24.4
Total dilutive shares outstanding	443.8	396.7
Diluted earnings per ordinary share attributable to Mylan N.V. ordinary shareholders	$0.13	$0.29

Additional stock awards and restricted stock awards were outstanding during the periods ended March 31, 2015 and 2014, but were not included in the computation of diluted earnings per ordinary share for each respective period because the effect would be anti-dilutive. Such anti-dilutive awards represented 1.4 million and 2.5 million shares for the three months ended March 31, 2015 and 2014, respectively.

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8. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill for the three months ended March 31, 2015 are as follows:

(In millions)	Generics Segment	Specialty Segment	Total
Balance at December 31, 2014:			
Goodwill	$3,700.2	$734.1	$4,434.3
Accumulated impairment losses	—	(385.0)	(385.0)
	3,700.2	349.1	4,049.3
Acquisitions	1,285.7	—	1,285.7
Foreign currency translation	(219.2)	—	(219.2)
	$4,766.7	$349.1	$5,115.8
Balance at March 31, 2015:			
Goodwill	$4,766.7	$734.1	$5,500.8
Accumulated impairment losses	—	(385.0)	(385.0)
	$4,766.7	$349.1	$5,115.8

Intangible assets consist of the following components at March 31, 2015 and December 31, 2014:

(In millions)	Weighted Average Life (Years)	Original Cost	Accumulated Amortization	Net Book Value
March 31, 2015				
Amortized intangible assets:				
Patents and technologies	20	$116.6	$ 100.3	$16.3
Product rights and licenses	12	7,751.9	2,126.6	5,625.3
Other [1]	6	458.9	80.0	378.9
		8,327.4	2,306.9	6,020.5
In-process research and development		750.1	—	750.1
		$9,077.5	$ 2,306.9	$6,770.6
December 31, 2014				
Amortized intangible assets:				
Patents and technologies	20	$116.6	$ 99.2	$17.4
Product rights and licenses	10	3,617.0	2,127.8	1,489.2
Other [1]	8	162.2	70.6	91.6
		3,895.8	2,297.6	1,598.2
In-process research and development		748.9	—	748.9
		$4,644.7	$ 2,297.6	$2,347.1

[1] Other intangible assets consist principally of customer lists and contracts.

Amortization expense, which is classified primarily within cost of sales in the Condensed Consolidated Statements of Operations, for the three months ended March 31, 2015 and 2014, was $130.5 million and $92.6 million, respectively. Amortization expense, inclusive of the intangible assets acquired as a result of the acquisition of the EPD Business in the first quarter of 2015, is expected to be approximately $612 million for the remainder of 2015 and $721 million, $615 million, $562 million and $503 million for the years ended December 31, 2016 through 2019, respectively. During the three months ended March 31, 2014, approximately $6.9 million was reclassified from acquired in-process research and development to product rights and licenses.

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9. 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 foreign currency risk, 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 fair value are included in earnings or deferred through accumulated other comprehensive earnings (“AOCE”), depending on the nature and effectiveness of the offset. Any ineffectiveness in a cash flow hedging relationship is recognized immediately in earnings in the Condensed Consolidated Statements of Operations.

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. These derivative instruments are measured at fair value and reported as current assets or current liabilities in the Condensed Consolidated Balance Sheets.

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

The Company’s interest rate swaps designated as fair value hedges convert the fixed rate on a portion of the Company’s fixed-rate senior notes to a variable rate. These interest rate swaps designated as fair value hedges are measured at fair value and reported as current assets or current liabilities in the Condensed Consolidated Balance Sheets. Any changes in the fair value of these derivative instruments, as well as the offsetting change in fair value of the portion of the fixed-rate debt being hedged, is included in interest expense.

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 maintains significant credit exposure arising from the convertible note hedge on its Cash Convertible Notes. In connection with the consummation of the EPD Transaction, Mylan Inc. and Mylan N.V. executed a supplemental indenture that amended the indenture governing the Cash Convertible Notes so that, among other things, all relevant determinations for purposes of the cash conversion rights to which holders may be entitled from time-to-time in accordance with such indenture shall be made by reference to Mylan N.V. ordinary shares. As adjusted in connection with the consummation of the EPD Transaction, holders may convert their Cash Convertible Notes subject to certain conversion provisions determined by a) the market price of Mylan N.V.’s ordinary shares, b) specified distributions to ordinary shareholders, c) a fundamental change, as defined in the indenture, or d) certain time periods specified in the indenture. The conversion feature can only be settled in cash and, therefore, it is bifurcated from the Cash Convertible Notes and treated as a separate derivative instrument. In order to offset the cash flow risk associated with the cash conversion feature, Mylan Inc. entered into a convertible note hedge with certain counterparties. In connection with the consummation of the EPD Transaction, the terms of the convertible note hedge were adjusted so that the cash settlement value will be based on Mylan N.V. ordinary shares. Both the cash conversion

feature and the purchased convertible note hedge are measured at fair value with gains and losses recorded in the Company's Condensed Consolidated Statements of Operations. Also, in conjunction with the issuance of the Cash Convertible Notes, Mylan Inc. entered into warrant transactions with certain counterparties. In connection with the

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consummation of the EPD Transaction, the terms of the warrant transactions were adjusted so that the Company may settle the obligations under the warrant transactions by delivering Mylan N.V. ordinary shares. The warrants meet the definition of derivatives; however, because these instruments have been determined to be indexed to the Company's own ordinary shares, and have been recorded in shareholders' equity in the Company's Condensed Consolidated Balance Sheets, the instruments are exempt from the scope of the FASB's guidance regarding accounting for derivative instruments and hedging activities and are not subject to the fair value provisions set forth therein.

At March 31, 2015, the convertible note hedge had a total fair value of $1.98 billion, which reflects the maximum loss that would be incurred should the parties fail to perform according to the terms of the contract. The counterparties are highly rated diversified financial institutions with both commercial and investment banking operations. The counterparties are required to post collateral against this obligation should they be downgraded below thresholds specified in the contract. Eligible collateral is comprised of a wide range of financial securities with a valuation discount percentage reflecting the associated risk.

The Company regularly reviews the creditworthiness of its financial counterparties and does not expect to incur a significant loss from failure of any counterparties to perform under any agreements.

The Company records all derivative instruments on a gross basis in the Condensed Consolidated Balance Sheets. Accordingly, there are no offsetting amounts that net assets against liabilities. The asset and liability balances presented in the tables below reflect the gross amounts of derivatives recorded in the Company's interim financial statements. Certain immaterial prior period amounts disclosed within the tables below have been revised in the current period presentation.

Fair Values of Derivative Instruments
Derivatives Designated as Hedging Instruments

	Asset Derivatives			
	March 31, 2015		December 31, 2014	
(In millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps	Prepaid expenses and other current assets	$46.2	Prepaid expenses and other current assets	$30.4
Foreign currency forward contracts	Prepaid expenses and other current assets	26.8	Prepaid expenses and other current assets	12.9
Total		$73.0		$43.3

	Liability Derivatives			
	March 31, 2015		December 31, 2014	
(In millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps	Other current liabilities	$101.1	Other current liabilities	$49.9
Total		$101.1		$49.9

Fair Values of Derivative Instruments
Derivatives Not Designated as Hedging Instruments

	Asset Derivatives			
	March 31, 2015		December 31, 2014	
(In millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency forward contracts	Prepaid expenses and other current assets	$5.7	Prepaid expenses and other current assets	$5.5

Purchased cash convertible note hedge	Prepaid expenses and other current assets	1,981.2	Prepaid expenses and other current assets	1,853.5
Total		$1,986.9		$1,859.0

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	Liability Derivatives			
	March 31, 2015		December 31, 2014	
(In millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency forward contracts	Other current liabilities	$4.6	Other current liabilities	$2.3
Cash conversion feature of Cash Convertible Notes	Current portion of long-term debt and other long-term obligations	1,981.2	Current portion of long-term debt and long-term obligations	1,853.5
Total		$1,985.8		$1,855.8

The Effect of Derivative Instruments on the Condensed Consolidated Statements of Operations
Derivatives in Fair Value Hedging Relationships

		Amount of Gain or (Loss) Recognized in Earnings on Derivatives	
	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Three Months Ended March 31,	
(In millions)		2015	2014
Interest rate swaps	Interest expense	$20.5	$24.1
Total		$20.5	$24.1

		Amount of (Loss) or Gain Recognized in Earnings on Hedged Items	
	Location of (Loss) or Gain Recognized in Earnings on Hedged Items	Three Months Ended March 31,	
(In millions)		2015	2014
2018 Senior Notes (6.000% coupon)	Interest expense	$—	$1.1
2023 Senior Notes (3.125% coupon)	Interest expense	(15.9)	(16.5)
Total		$(15.9)	$(15.4)

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

	Amount of (Loss) or Gain Recognized in AOCE (Net of Tax) on Derivative (Effective Portion) Three Months Ended March 31,	
(In millions)	2015	2014
Foreign currency forward contracts	$(0.8)	$11.6
Interest rate swaps	(32.4)	(42.5)
Total	$(33.2)	$(30.9)

	Location of Loss Reclassified from AOCE into Earnings (Effective Portion)	Amount of Loss Reclassified from AOCE into Earnings (Effective Portion) Three Months Ended March 31,	
(In millions)		2015	2014
Foreign currency forward contracts	Net sales	$(11.7)	$(15.3)
Interest rate swaps	Interest expense	(0.2)	(0.2)
Total		$(11.9)	$(15.5)

	Location of Gain Excluded from the Assessment of Hedge Effectiveness	Amount of Gain Excluded from the Assessment of Hedge Effectiveness Three Months Ended March 31,	
(In millions)		2015	2014
Foreign currency forward contracts	Other expense (income), net	$8.6	$22.8
Total		$8.6	$22.8

At March 31, 2015, the Company expects that approximately $16.8 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

	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives

(In millions)		Three Months Ended March 31, 2015	2014
Foreign currency forward contracts	Other expense (income), net	$0.1	$4.6
Cash conversion feature of Cash Convertible Notes	Other expense (income), net	(127.7)	(231.8)
Purchased cash convertible note hedge	Other expense (income), net	127.7	231.8
Total		$0.1	$4.6

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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.

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

	March 31, 2015			
(In millions)	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial Assets				
Cash equivalents:				
Money market funds	$83.9	$—	$—	$83.9
Total cash equivalents	83.9	—	—	83.9
Trading securities:				
Equity securities — exchange traded funds	21.0	—	—	21.0
Total trading securities	21.0	—	—	21.0
Available-for-sale fixed income investments:				
U.S. Treasuries	—	8.2	—	8.2
Corporate bonds	—	15.4	—	15.4
Agency mortgage-backed securities	—	1.2	—	1.2
Asset backed securities	—	2.3	—	2.3
Other	—	1.2	—	1.2
Total available-for-sale fixed income investments	—	28.3	—	28.3
Available-for-sale equity securities:				
Marketable securities	27.4	—	—	27.4
Total available-for-sale equity securities	27.4	—	—	27.4
Foreign exchange derivative assets	—	32.5	—	32.5
Interest rate swap derivative assets	—	46.2	—	46.2
Purchased cash convertible note hedge	—	1,981.2	—	1,981.2
Total assets at recurring fair value measurement	$132.3	$2,088.2	$—	$2,220.5
Financial Liabilities				
Foreign exchange derivative liabilities	$—	$4.6	$—	$4.6
Interest rate swap derivative liabilities	—	101.1	—	101.1
Cash conversion feature of Cash Convertible Notes	—	1,981.2	—	1,981.2
Contingent consideration	—	—	479.2	479.2
Total liabilities at recurring fair value measurement	$—	$2,086.9	$479.2	$2,566.1

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	December 31, 2014			
(In millions)	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial Assets				
Cash equivalents:				
Money market funds	$122.2	$—	$—	$122.2
Total cash equivalents	122.2	—	—	122.2
Trading securities:				
Equity securities — exchange traded funds	20.2	—	—	20.2
Total trading securities	20.2	—	—	20.2
Available-for-sale fixed income investments:				
U.S. Treasuries	—	0.6	—	0.6
Corporate bonds	—	12.0	—	12.0
Agency mortgage-backed securities	—	13.3	—	13.3
Other	—	2.2	—	2.2
Total available-for-sale fixed income investments	—	28.1	—	28.1
Available-for-sale equity securities:				
Marketable securities	0.1	—	—	0.1
Total available-for-sale equity securities	0.1	—	—	0.1
Foreign exchange derivative assets	—	18.4	—	18.4
Interest rate swap derivative assets	—	30.4	—	30.4
Purchased cash convertible note hedge	—	1,853.5	—	1,853.5
Total assets at recurring fair value measurement	$142.5	$1,930.4	$—	$2,072.9
Financial Liabilities				
Foreign exchange derivative liabilities	$—	$2.3	$—	$2.3
Interest rate swap derivative liabilities	—	49.9	—	49.9
Cash conversion feature of Cash Convertible Notes	—	1,853.5	—	1,853.5
Contingent consideration	—	—	470.0	470.0
Total liabilities at recurring fair value measurement	$—	$1,905.7	$470.0	$2,375.7

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

- Cash equivalents — valued at observable net asset value prices.
- Trading securities — valued at the active quoted market price from broker or dealer quotations or transparent pricing sources at the reporting date.
- Available-for-sale fixed income investments — valued at the quoted market price from broker or dealer quotations or transparent pricing sources at the reporting date.
- Available-for-sale equity securities — valued using quoted stock prices from the London Exchange at the reporting date and translated to U.S. Dollars at prevailing spot exchange rates.
- 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.

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- Foreign exchange derivative assets and liabilities — valued using quoted forward foreign exchange prices at the reporting date. Counterparties to these contracts are highly rated financial institutions.
- Cash conversion feature of cash convertible notes and purchased convertible note hedge — valued using quoted prices for the Company's cash convertible notes, its implied volatility and the quoted yield on the Company's other long-term debt at the reporting date. Counterparties to the purchased convertible note hedge are highly rated financial institutions.

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, the Agila acquisition and certain other acquisitions. The measurement is calculated using unobservable inputs based on the Company's own assumptions. For the respiratory delivery platform and certain other acquisitions, significant unobservable inputs in the valuation include the probability and timing of future development and commercial milestones and future profit sharing payments. A discounted cash flow method was used to value contingent consideration at March 31, 2015 and December 31, 2014, which was calculated as the present value of the estimated future net cash flows using a market rate of return. Discount rates ranging from 0.9% to 9.8% were utilized in the valuations. For the contingent consideration related to the Agila acquisition, significant unobservable inputs in the valuation include the probability of future payments to the seller of amounts withheld at the closing date. Significant changes in unobservable inputs could result in material changes to the contingent consideration liability. During the three months ended March 31, 2015 and 2014, accretion of $9.2 million and $8.4 million, respectively was recorded in interest expense in the Condensed Consolidated Statements of Operations.

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

10. Debt

Bridge Credit Facility

On April 24, 2015, the Company entered into a bridge credit agreement, which bridge credit agreement was amended on April 29, 2015 (the "Bridge Credit Agreement") among Mylan, the lenders party thereto from time to time and Goldman Sachs Bank USA, as the administrative agent (in such capacity, the "Administrative Agent"), in connection with the Perrigo Proposal. The Bridge Credit Agreement provides for a bridge credit facility (the "Bridge Facility") under which the Company may obtain loans up to an aggregate amount of approximately $12.5 billion, consisting of a Tranche A Loan (the "Tranche A Loan") in an aggregate amount up to $11.0 billion, and a Tranche C Loan (the "Tranche C Loan", and collectively, the "Loans") in an aggregate amount up to approximately $1.5 billion. The proceeds of the Tranche A Loan and Tranche C Loan will be applied solely to (i) finance the acquisition of the ordinary shares of Perrigo pursuant to the terms of the Perrigo Proposal, (ii) repay Perrigo's outstanding term loans and (iii) pay other costs associated with the acquisition, including all non-periodic fees, expenses and taxes.

The commitments in respect of the Loans will be available until the earliest to occur of April 22, 2016 and certain events relating to the completion or termination of the Perrigo Proposal that are customary for "certain funds" financings in connection with acquisitions of Irish public companies and are specified in the Bridge Credit Agreement. The commitments will be reduced by the net cash proceeds received by the Company in connection with debt and equity issuances and non-ordinary course of business asset dispositions, other than certain debt and equity issuances, non-ordinary course asset dispositions and permitted reinvestments specified in the Bridge Credit Agreement.

The obligations of the lenders under the Bridge Credit Agreement to make the Loans are subject to the satisfaction of the following conditions precedent: (i) Mylan owns (or will own after giving effect to the application of the proceeds of the Loans) no less than 80% of the shares in the capital of Perrigo, (ii) the conditions applicable to the consummation of the Perrigo Proposal contained in the Company's announcement under Rule 2.5 of the Irish Takeover Rules and other offer-related documents have been satisfied or amended or waived in accordance with their terms and the terms of the Bridge Credit Agreement or as otherwise agreed by the arrangers of the Bridge Facility and Mylan has declared the offer wholly unconditional, (iii) the representations specified as "certain funds representations" in the

Bridge Credit Agreement are true and correct in all material respects, (iv) no event of default specified as a "certain funds event of default" in the Bridge Credit Agreement has occurred or is continuing, both before and after giving effect to the funding of the Loans, (v) the Administrative Agent and the arrangers of the Bridge Facility have been paid all fees and other amounts due to them, (vi) the making of the Loans or the consummation of the offer is not subject to any injunction or similar government order, judgment or decree or is

not otherwise unlawful and (vii) the Administrative Agent has received customary certifications by Mylan of certain of the foregoing and other documentary evidence that the offer may be consummated. In the event that the acquisition is consummated by a scheme of arrangement rather than an offer, the Bridge Credit Agreement contains analogous conditions precedent that would be applicable in that circumstance, including that Mylan owns (or will own after giving effect to the application of the proceeds of the Loans) 100% of the shares in the capital of Perrigo.

The Loans will bear interest at LIBOR (determined in accordance with the Bridge Credit Agreement) plus 1.500% per annum, if the Company chooses to make LIBOR borrowings, or at a base rate (determined in accordance with the Bridge Credit Agreement) plus 0.500% per annum. The applicable margins over LIBOR and the base rate for the Loans can fluctuate based on the long term unsecured senior, non-credit enhanced debt rating of the Company by Standard & Poor's Ratings Group and Moody's Investors Service Inc. Mylan will pay to each lender a ticking fee accruing from May 24, 2015 until the earlier of the date the Loans are funded and the date the commitments terminate at a rate equal to 0.175% per annum of each lender's commitments to make Tranche A Loans or Tranche C Loans. If the Tranche A Loans are funded, the Company will pay to each lender duration fees equal to 0.50%, 0.75% and 1.00% (or if the Company does not meet certain criteria with respect to its debt rating, 0.75%, 1.00% and 1.25%, respectively) of the principal amount of Tranche A Loans of each lender that are outstanding on the 90th, 180th and 270th, respectively, day after the day the Loans are funded.

The Loans will be unsecured and will be guaranteed by Mylan Inc., each subsidiary of Mylan that guarantees (or is otherwise a co-obligor of) third-party indebtedness of Mylan in excess of $350 million and, following consummation of the Perrigo Proposal, Perrigo. As of April 24, 2015, no subsidiary of Mylan other than Mylan Inc. is required to provide a guarantee of the Bridge Facility.

The Bridge Credit Agreement 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 other material events, maintenance of corporate existence and rights, business, property, and insurance and compliance with laws, as well as customary negative covenants for facilities of this type, including, among others, 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 the Company's line of business. The Bridge Credit Agreement also contains certain covenants related to the Perrigo Proposal that are customary in this context. The Bridge Credit Agreement contains a financial covenant requiring maintenance of a maximum ratio of 4.75 to 1.00 for consolidated total indebtedness as of the end of any quarter to consolidated EBITDA, as defined in the agreement, for the trailing four quarters. This financial covenant will first be tested at the quarter ending June 30, 2015.

The Bridge Credit Agreement contains default provisions customary for facilities of this type, which are subject to customary grace periods and materiality thresholds, including, among others, defaults related to payment failures, failure to comply with covenants, material misrepresentations, defaults under other material indebtedness, the occurrence of a "change in control", bankruptcy and related events, material judgments, certain events related to pension plans and the invalidity or revocation of any loan document or any guarantee agreement of Mylan or any subsidiary that becomes a guarantor as described above. If an event of default occurs under Bridge Credit Agreement, the lenders may, among other things, terminate their commitments and declare immediately payable all borrowings.

The Administrative Agent and the lenders have, from time to time, performed, are currently performing and may in the future perform, various financial advisory and commercial and investment banking services for Mylan, for which they received or will receive customary fees and expenses. The Tranche A Loans mature on the day that is 364 days after the Loans are funded, and the Tranche C Loans mature on the day that is six months after the Loans are funded. The entire principal amount on the Loans will be due and payable on their respective maturity dates. The Loans may be voluntarily prepaid without penalty or premium, other than customary breakage costs related to prepayments of LIBOR borrowings.

Receivables Facility

The Receivables Facility has a committed balance of $400 million, although from time-to-time, the available amount of the Receivables Facility may be less than $400 million based on accounts receivable concentration limits and other eligibility requirements. In January 2015, the Receivables Facility was amended and restated, and its maturity was extended through January 2018. As of March 31, 2015 and December 31, 2014, the Company’s short-term borrowings under the Receivables Facility were $150 million and $325 million, respectively in the Condensed Consolidated Balance Sheets.

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A summary of long-term debt is as follows:

(In millions)	Coupon		March 31, 2015	December 31, 2014
2014 Term Loan			$800.0	$ 800.0
Cash Convertible Notes	3.750	%	2,540.5	2,405.6
2016 Senior Notes [a]	1.800	%	500.1	500.2
2016 Senior Notes [b]	1.350	%	499.8	499.8
2018 Senior Notes [c]	2.600	%	649.1	649.0
2019 Senior Notes [a]	2.550	%	499.1	499.0
2020 Senior Notes [d]	7.875	%	1,010.1	1,010.5
2023 Senior Notes [a]	3.125	%	795.0	779.1
2023 Senior Notes [e]	4.200	%	498.3	498.2
2043 Senior Notes [e]	5.400	%	497.0	497.0
Other			3.7	0.1
			8,292.7	8,138.5
Less current portion			2,542.3	2,405.7
Total long-term debt			$5,750.4	$ 5,732.8

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(a) Instrument is callable by the Company at any time at the greater of 100% of the principal amount or the sum of the present values of the remaining scheduled payments of principal and interest discounted at the U.S. Treasury rate plus 0.20% plus, in each case, accrued and unpaid interest.

(b) Instrument is callable by the Company at any time at the greater of 100% of the principal amount or the sum of the present values of the remaining scheduled payments of principal and interest discounted at the U.S. Treasury rate plus 0.125% plus, in each case, accrued and unpaid interest.

(c) Instrument is callable by the Company at any time at the greater of 100% of the principal amount or the sum of the present values of the remaining scheduled payments of principal and interest discounted at the U.S. Treasury rate plus 0.30% plus, in each case, accrued and unpaid interest.

(d) Instrument is callable by the Company at any time prior to July 15, 2015 at 100% of the principal amount plus the greater of 1% of the principal amount and the excess over the principal of the present value of 103.938% of the principal amount plus all scheduled interest payments from the call date through July 15, 2015 discounted at the U.S. Treasury Rate plus 0.50% plus accrued and unpaid interest. Instrument is callable by the Company at any time on or after July 15, 2015 at the redemption prices set forth in the Indenture dated May 19, 2010, plus accrued and unpaid interest.

(e) Instrument is callable by the Company at any time at the greater of 100% of the principal amount or the sum of the present values of the remaining scheduled payments of principal and interest discounted at the U.S. Treasury rate plus 0.25% plus, in each case, accrued and unpaid interest.

Revolving Credit Agreement

In December 2014, the Company entered into a Revolving Credit Agreement with a syndicate of lenders, which contains a $1.5 billion revolving facility (the “Revolving Facility”), which expires on December 19, 2019. At March 31, 2015 and December 31, 2014, the Company had no amounts outstanding under the Revolving Facility.

On May 1, 2015, the Company entered into Amendment No. 1 (the “Revolving Amendment”) to the Revolving Credit Agreement dated as of December 19, 2014. The Revolving Amendment provides that following the closing of the Perrigo Proposal, the financial covenant in the Revolving Credit Agreement will be modified as follows: (i) for the four fiscal quarters following the closing of the Perrigo Proposal, the Company will be required to maintain a ratio of consolidated total indebtedness as of the end of any quarter to consolidated EBITDA, as defined in the agreement, for the trailing four quarters (the “Leverage Ratio”) not to exceed 4.75 to 1.00, (ii) for each of the subsequent two fiscal

quarters, the Company may be required to maintain a Leverage Ratio not to exceed 4.25 to 1.00 and (iii) for any fiscal quarter thereafter, the Company will be required to maintain a Leverage Ratio not to exceed 3.75 to 1.00. The Revolving Amendment also amends the event of default provisions to provide that any “change of control” or “change of control put rights” under any indebtedness of Perrigo or its

subsidiaries that are triggered as a result of the closing of the Perrigo Proposal will not result in an event of default so long as the Company or its subsidiaries refinances such indebtedness within 30 days of the closing of the Perrigo Proposal or makes any change of control offer required by the terms of such indebtedness and purchases all notes validly tendered pursuant thereto, respectively. The Revolving Amendment also effects certain technical amendments.

Term Credit Agreement

On May 1, 2015, the Company entered into Amendment No. 1 (the “Term Amendment”) to the Term Credit Agreement dated as of December 19, 2014. The Term Amendment provides that following the closing of the Perrigo Proposal, the financial covenant in the Term Credit Agreement will be modified as follows: (i) for the four fiscal quarters following the closing of the Perrigo Proposal, the Company will be required to maintain a Leverage Ratio not to exceed 4.75 to 1.00, (ii) for each of the subsequent two fiscal quarters, the Company will be required to maintain a Leverage Ratio not to exceed 4.25 to 1.00, and (iii) for any fiscal quarter thereafter, the Company will be required to maintain a Leverage Ratio not to exceed 3.75 to 1.00. The Term Amendment also amends the event of default provisions to provide that any “change of control” or “change of control put rights” under any indebtedness of Perrigo or its subsidiaries that are triggered as a result of the closing of the Perrigo Proposal will not result in an event of default so long as the Company or its subsidiaries refinances such indebtedness within 30 days of the closing of the Perrigo Proposal or makes any change of control offer required by the terms of such indebtedness and purchases all notes validly tendered pursuant thereto, respectively. The Term Amendment also effects certain technical amendments.

Senior Notes

During the first quarter of 2015, Mylan Inc. and Mylan N.V. completed consent solicitations relating to Mylan Inc.'s 3.750% Cash Convertible Notes due 2015, 7.875% Senior Notes due 2020, 3.125% Senior Notes due 2023, 1.800% Senior Notes due 2016, 2.600% Senior Notes due 2018, 1.350% Senior Notes due 2016, 2.550% Senior Notes due 2019, 4.200% Senior Notes due 2023 and 5.400% Senior Notes due 2043 (collectively, the "Senior Notes"). The consent solicitations modified the reporting covenants set forth in the indentures governing the Senior Notes so that, subject to certain conditions, the reports, information and other documents required to be filed with the SEC and furnished to holders of the Senior Notes may, at the option of Mylan Inc., be filed by and be those of any direct or indirect parent entity, rather than Mylan Inc. The Company incurred approximately $21.6 million of fees, which were capitalized as deferred financing costs in the Condensed Consolidated Balance Sheet.

Cash Convertible Notes

In 2008, Mylan Inc. issued $575 million aggregate principal amount of Cash Convertible Notes due 2015. The Cash Convertible Notes bear stated interest at a rate of 3.75% per year and an effective interest rate of 9.5%. The effective interest rate is based on the rate for a similar instrument that does not have a conversion feature. In connection with the consummation of the EPD Transaction, Mylan Inc. and Mylan N.V. executed a supplemental indenture that amended the indenture governing the Cash Convertible Notes so that, among other things, all relevant determinations for purposes of the cash conversion rights to which holders may be entitled from time-to-time in accordance with such indenture shall be made by reference to Mylan N.V. ordinary shares. The Cash Convertible Notes are not convertible into ordinary shares or any other securities under any circumstance.

On September 15, 2008, concurrent with the sale of the Cash Convertible Notes, Mylan Inc. entered into convertible note hedge and warrant transactions with certain counterparties. In connection with the consummation of the EPD Transaction, the terms of the convertible note hedge were adjusted so that the cash settlement will be based on Mylan N.V.’s ordinary shares. In connection with the consummation of the EPD Transaction, the terms of the warrant transactions were also adjusted so that, from and after the consummation of the EPD Transaction, the Company may settle the obligations under the warrant transaction by delivering Mylan N.V. ordinary shares. Pursuant to the warrant transactions, and a subsequent amendment in 2011, Mylan Inc. sold to the counterparties warrants to purchase in the aggregate up to approximately 43.2 million shares of Mylan Inc. common stock, of which approximately 41.0 million

have an exercise price of $30.00 and the remaining warrants have an exercise price of $20.00, subject to certain anti-dilution adjustments, which under most circumstances represents the maximum number of shares to which the Cash Convertible Notes relate (based on the conversion reference rate at the time of issuance). The warrants will be net share settled, meaning that the Company will issue a number of ordinary shares per warrant corresponding to the difference between its share price at each warrant expiration date and the exercise price. The warrants meet the definition of derivatives under the guidance in ASC 815; however, because these instruments have been determined to

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be indexed to the Company's own ordinary shares and meet the criteria for equity classification under ASC 815-40, the warrants have been recorded in shareholders' equity in the Condensed Consolidated Balance Sheets.

Below is the summary of the components of the Cash Convertible Notes:

(In millions)	March 31, 2015	December 31, 2014
Outstanding principal	$573.1	$ 573.1
Equity component carrying amount	1,981.2	1,853.5
Unamortized discount	(13.8)	(21.0)
Net debt carrying amount [(a)]	$2,540.5	$ 2,405.6
Purchased call options [(b)]	$1,981.2	$ 1,853.5

(a) As of March 31, 2015 and December 31, 2014, the cash convertible notes were classified as current portion of long-term on the Condensed Consolidated Balance Sheets.

(b) As of March 31, 2015 and December 31, 2014, purchased call options were classified as prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets.

As adjusted in connection with the consummation of the EPD Transaction, holders may convert their notes subject to certain conversion provisions including (i) during any quarter if the closing price of Mylan N.V.'s ordinary shares exceeds 130% of the respective conversion price per share during a defined period at the end of the previous quarter; (ii) during a defined period following five consecutive trading days in which the trading price per $1,000 principal amount was less than 98% of the product of the closing price of Mylan N.V.'s ordinary shares on such day and the applicable conversion reference rate; (iii) if Mylan N.V. makes specified distributions to holders of Mylan N.V.'s ordinary shares including sales of rights or ordinary shares on a preferential basis, certain distribution of assets or other securities or rights to all holders of Mylan N.V.'s ordinary shares or certain transactions resulting in substantially all of Mylan N.V.'s ordinary shares being converted into cash, securities or other property; or (iv) upon a certain business combinations or if Mylan N.V.'s ordinary shares cease to be traded on a major U.S. stock exchange.

As of March 31, 2015, because the closing price of the Company's ordinary shares for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day in the March 31, 2015 period was more than 130% of the applicable conversion reference price of $13.32, the $573 million of Cash Convertible Notes were convertible. As of March 31, 2015, the Company received conversion requests for $131.4 million of the Cash Convertible Notes, which will be paid in the second quarter of 2015. Upon an investor's election to convert, the Company is required to pay the full conversion value in cash. Should holders elect to convert, the Company intends to draw on the Receivables Facility and the Revolving Facility to fund any principal payments. The amount payable per $1,000 notional bond would be calculated as the product of 1) the conversion reference rate (currently 75.0751) and 2) the average Daily Volume Weighted Average Price per ordinary share for a specified period following the conversion date. Any payment above the principal amount is matched by a convertible note hedge.

Fair Value

At March 31, 2015 and December 31, 2014, the fair value of the Senior Notes was approximately $5.08 billion and $5.03 billion, respectively. At March 31, 2015 and December 31, 2014, the fair value of the Cash Convertible Notes was approximately $2.55 billion and $2.42 billion, respectively. The fair values of the Senior Notes and Cash Convertible 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 values of the Company's Term Credit Agreement which provided an $800 million term loan (the "2014 Term Loan")

and Revolving Facility, determined based on Level 2 inputs, approximate their carrying values at March 31, 2015 and December 31, 2014.

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Mandatory minimum repayments remaining on the outstanding long-term debt at March 31, 2015, excluding the discounts, premium and conversion features, are as follows for each of the periods ending December 31:

(In millions)	Total
2015	$573
2016	1,000
2017	800
2018	650
2019	500
Thereafter	2,750
Total	$6,273

11. Comprehensive Earnings

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

(In millions)	March 31, 2015	December 31, 2014
Accumulated other comprehensive loss:		
Net unrealized gains on marketable securities, net of tax	$0.4	$0.3
Net unrecognized losses and prior service cost related to defined benefit plans, net of tax	(19.5)	(19.5)
Net unrecognized losses on derivatives, net of tax	(49.8)	(28.4)
Foreign currency translation adjustment	(1,542.0)	(939.4)
	$(1,610.9)	$(987.0)

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Components of accumulated other comprehensive loss, before tax, consist of the following, for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31, 2015						
	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Marketable Securities	Defined Benefit Plan Items	Foreign Currency Translation Adjustment	Totals
(In millions)	Foreign currency forward contracts	Interest rate swaps	Total				
Balance at December 31, 2014, net of tax			$(28.4)	$ 0.3	$(19.5)	$(939.4)	$(987.0)
Other comprehensive (loss) earnings before reclassifications, before tax			(46.4)	0.1	(0.3)	(602.6)	(649.2)
Amounts reclassified from accumulated other comprehensive loss, before tax:							
Loss on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(11.7)		(11.7)				(11.7)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		(0.2)	(0.2)				(0.2)
Amortization of prior service costs included in SG&A expenses					(0.1)		(0.1)
Amortization of actuarial loss included in SG&A expenses					(0.3)		(0.3)
Amounts reclassified from accumulated other comprehensive loss, before tax			(11.9)	—	(0.4)	—	(12.3)
Net other comprehensive (loss) earnings, before tax			(34.5)	0.1	0.1	(602.6)	(636.9)
Income tax (benefit) provision			(13.1)	—	0.1	—	(13.0)
Balance at March 31, 2015, net of tax			$(49.8)	$ 0.4	$(19.5)	$(1,542.0)	$(1,610.9)

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	Three Months Ended March 31, 2014					
	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Marketable Securities	Defined Benefit Plan Items	Foreign Currency Translation Adjustment	Totals
(In millions)	Foreign currency forward contracts	Interest rate swaps	Total				
Balance at December 31, 2013, net of tax			$84.8	$ 0.3	$(8.7)	$(316.5)	$(240.1)
Other comprehensive (loss) earnings before reclassifications, before tax			(42.9)	—	(1.7)	97.2	52.6
Amounts reclassified from accumulated other comprehensive loss, before tax:							
Loss on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(15.3)		(15.3)				(15.3)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		(0.2)	(0.2)				(0.2)
Amortization of actuarial loss included in SG&A expenses					(0.2)		(0.2)
Amounts reclassified from accumulated other comprehensive loss, before tax			(15.5)	—	(0.2)	—	(15.7)
Net other comprehensive (loss) earnings, before tax			(27.4)	—	(1.5)	97.2	68.3
Income tax provision			11.9	—	0.5	—	12.4
Balance at March 31, 2014, net of tax			$69.3	$ 0.3	$(9.7)	$(219.3)	$(159.4)

12. Shareholders' Equity

A summary of the changes in shareholders' equity for the three months ended March 31, 2015 and 2014 is as follows:

(In millions)	Total Mylan N.V. Shareholders' Equity	Noncontrolling Interest	Total
December 31, 2014	$ 3,255.9	$ 20.1	$3,276.0
Net earnings	56.6	—	56.6
Other comprehensive loss, net of tax	(623.9)	—	(623.9)
Stock option activity	68.3	—	68.3
Share-based compensation expense	34.4	—	34.4
Issuance of restricted stock, net of shares withheld	(23.8)	—	(23.8)
Issuance of ordinary shares to purchase the EPD Business	6,305.8	—	6,305.8
Other	—	(0.2)	(0.2)

March 31, 2015	$ 9,073.3	$ 19.9	$9,093.2

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(In millions)	Total Mylan N.V. Shareholders' Equity	Noncontrolling Interest	Total
December 31, 2013	$ 2,941.8	$ 18.1	$2,959.9
Net earnings	115.9	0.7	116.6
Other comprehensive earnings, net of tax	80.7	—	80.7
Stock option activity	21.9	—	21.9
Share-based compensation expense	15.4	—	15.4
Issuance of restricted stock, net of shares withheld	(20.1)	—	(20.1)
Tax benefit of stock option plans	18.7	—	18.7
Other	—	(1.4)	(1.4)
March 31, 2014	$ 3,174.3	$ 17.4	$3,191.7

On February 27, 2015, Abbott transferred the EPD Business to Mylan N.V. in exchange for 110 million ordinary shares of Mylan N.V. As a result of the EPD Transaction, Mylan Inc. became a wholly owned subsidiary of Mylan N.V. Mylan Inc.'s outstanding common stock, par value $0.50 per share, was exchanged on a one to one basis for Mylan N.V. ordinary shares, nominal value €0.01 per ordinary share. Immediately prior to the EPD Transaction, each share of Mylan Inc. common stock held in treasury was eliminated and the total recorded amount was reclassified as additional paid-in-capital.

On April 3, 2015, the Company and Stichting Preferred Shares Mylan (the "Foundation") entered into a call option agreement (the "Call Option Agreement"). Pursuant to the terms of the Call Option Agreement, Mylan N.V. granted the Foundation a call option (the "Option"), permitting the Foundation to acquire from time-to-time Mylan N.V. preferred shares up to a maximum number equal to the total number of Mylan N.V. ordinary shares issued at such time to the extent such shares are not held by the Foundation. The exercise price of the Option is €0.01 per preferred share.

13. Segment Information

The Company has two segments, "Generics" and "Specialty." The Generics segment primarily develops, manufactures, sells and distributes generic or branded generic pharmaceutical products in tablet, capsule, injectable or transdermal patch form, as well as active pharmaceutical ingredients ("API"). The Specialty segment engages mainly in the development and sale of branded specialty nebulized and injectable products.

The Company's chief operating decision maker evaluates the performance of its segments based on total revenues and segment profitability. Segment profitability represents segment gross profit less direct research and development ("R&D") expenses and direct SG&A expenses. Certain general and administrative and R&D expenses not allocated to the segments, net charges for litigation settlements, impairment charges and other expenses not directly attributable to the segments, are reported in Corporate/Other. Additionally, amortization of intangible assets and other purchase accounting related items, as well as any other significant special items, are included in Corporate/Other. 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 the "Summary of Significant Accounting Policies" included in Mylan Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014. Intersegment revenues are accounted for at current market values and are eliminated at the consolidated level.

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Presented in the table below is segment information for the periods identified and a reconciliation of segment information to total consolidated information.

(In millions)	Generics Segment	Specialty Segment	Corporate / Other[1]	Consolidated
Three Months Ended March 31, 2015				
Total revenues				
Third party	$1,655.1	$216.6	$—	$1,871.7
Intersegment	1.5	2.0	(3.5)	—
Total	$1,656.6	$218.6	$(3.5)	$1,871.7
Segment profitability	$450.8	$102.2	$(393.7)	$159.3
Three Months Ended March 31, 2014				
Total revenues				
Third party	$1,514.5	$201.1	$—	$1,715.6
Intersegment	1.3	1.7	(3.0)	—
Total	$1,515.8	$202.8	$(3.0)	$1,715.6
Segment profitability	$388.2	$99.5	$(248.7)	$239.0

(1) Includes certain corporate general and administrative and R&D expenses; net charges for litigation settlements; certain intercompany transactions, including eliminations; amortization of intangible assets and certain purchase accounting items; impairment charges; and other expenses not directly attributable to segments.

14. Subsidiary Guarantors

The following tables present unaudited condensed consolidating financial information for (a) the Company (for purposes of this discussion and table, "Parent Guarantor"); (b) Mylan Inc., the issuer of the Cash Convertible Notes and the Senior Notes (“Issuer”); and (c) all other subsidiaries of the Parent Guarantor on a combined basis, none of which guarantee the Cash Convertible Notes or the Senior Notes ("Non-Guarantor Subsidiaries"). The consolidating adjustments primarily relate to eliminations of investments in subsidiaries and intercompany balances and transactions. The unaudited condensed consolidating financial statements present investments in subsidiaries using the equity method of accounting.

The Company was incorporated on July 7, 2014 as a wholly owned subsidiary of Mylan Inc. for the purpose of consummating the EPD Transaction. Upon consummation of the EPD Transaction, on February 27, 2015, Mylan Inc. became a wholly owned subsidiary of the Company, and the Company fully and unconditionally guaranteed the Cash Convertible Notes and the Senior Notes. For periods prior to February 27, 2015, the parent entity was Mylan Inc. Therefore, no Parent Guarantor column is presented for the periods prior to February 27, 2015.

The following financial information presents the related unaudited Condensed Consolidating Statements of Operations for the three months ended March 31, 2015 and 2014, the unaudited Condensed Consolidating Statements of Comprehensive Earnings for the three months ended March 31, 2015 and 2014, the unaudited Condensed Consolidating Balance Sheets as of March 31, 2015 and December 31, 2014 and the unaudited Condensed Consolidating Statements of Cash Flows for the three months ended March 31, 2015 and 2014. 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.”

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UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
Three Months Ended March 31, 2015

(In millions)	Mylan N.V. (Parent Guarantor)	Mylan Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Net sales	$—	$—	$—	$ 1,854.6	$—	$1,854.6
Other revenues	—	—	—	17.1	—	17.1
Total revenues	—	—	—	1,871.7	—	1,871.7
Cost of sales	—	—	—	1,041.6	—	1,041.6
Gross profit	—	—	—	830.1	—	830.1
Operating expenses:						
Research and development	—	—	—	169.9	—	169.9
Selling, general and administrative	—	201.0	—	282.2	—	483.2
Litigation settlements, net	—	—	—	17.7	—	17.7
Total operating expenses	—	201.0	—	469.8	—	670.8
Earnings from operations	—	(201.0)	—	360.3	—	159.3
Interest expense	—	63.7	—	15.8	—	79.5
Other expense (income), net	—	—	—	18.5	—	18.5
(Losses) earnings before income taxes and noncontrolling interest	—	(264.7)	—	326.0	—	61.3
Income tax provision	—	2.3	—	2.4	—	4.7
Earnings (losses) of equity interest subsidiaries	56.6	319.4	—	—	(376.0)	—
Net earnings	56.6	52.4	—	323.6	(376.0)	56.6
Net earnings attributable to noncontrolling interest	—	—	—	—	—	—
Net earnings attributable to Mylan N.V. ordinary shareholders	$56.6	$52.4	$—	$ 323.6	$(376.0)	$56.6

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MYLAN N.V. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
Three Months Ended March 31, 2014

(In millions)	Mylan Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:					
Net sales	$—	$—	$ 1,703.0	$—	$1,703.0
Other revenues	—	—	12.6	—	12.6
Total revenues	—	—	1,715.6	—	1,715.6
Cost of sales	—	—	977.8	—	977.8
Gross profit	—	—	737.8	—	737.8
Operating expenses:					
Research and development	—	—	118.0	—	118.0
Selling, general and administrative	123.0	—	254.7	—	377.7
Litigation settlements, net	—	—	3.1	—	3.1
Total operating expenses	123.0	—	375.8	—	498.8
(Losses) earnings from operations	(123.0)	—	362.0	—	239.0
Interest expense	68.1	—	14.6	—	82.7
Other expense (income), net	—	—	4.6	—	4.6
(Losses) earnings before income taxes and noncontrolling interest	(191.1)	—	342.8	—	151.7
Income tax provision	13.1	—	22.0	—	35.1
Earnings (losses) of equity interest subsidiaries	320.8	—	—	(320.8)	—
Net earnings	116.6	—	320.8	(320.8)	116.6
Net earnings attributable to noncontrolling interest	—	—	(0.7)	—	(0.7)
Net earnings attributable to Mylan N.V. ordinary shareholders	$116.6	$—	$ 320.1	$(320.8)	$115.9

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MYLAN N.V. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS
Three Months Ended March 31, 2015

(In millions)	Mylan N.V. (Parent Guarantor)	Mylan Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net earnings	$56.6	52.4	—	323.6	(376.0)	56.6
Other comprehensive (loss) earnings, before tax:						
Foreign currency translation adjustment	(602.6)	—	—	(602.6)	602.6	(602.6)
Change in unrecognized gain and prior service cost related to defined benefit plans	0.1	—	—	0.1	(0.1)	0.1
Net unrecognized (loss) gain on derivatives	(34.5)	(50.9)	—	16.4	34.5	(34.5)
Net unrealized gain on marketable securities	0.1	—	—	0.1	(0.1)	0.1
Other comprehensive (loss) earnings, before tax	(636.9)	(50.9)	—	(586.0)	636.9	(636.9)
Income tax (benefit) provision	(13.0)	(18.6)	—	5.6	13.0	(13.0)
Other comprehensive (loss) earnings, net of tax	(623.9)	(32.3)	—	(591.6)	623.9	(623.9)
Comprehensive earnings (loss)	(567.3)	20.1	—	(268.0)	247.9	(567.3)
Comprehensive earnings attributable to the noncontrolling interest	—	—	—	—	—	—
Comprehensive (loss) earnings attributable to Mylan N.V. ordinary shareholders	$(567.3)	$20.1	$—	$ (268.0)	$247.9	$(567.3)

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MYLAN N.V. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE EARNINGS
Three Months Ended March 31, 2014

(In millions)	Mylan Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net earnings	116.6	—	320.8	(320.8)	116.6
Other comprehensive (loss) earnings, before tax:					
Foreign currency translation adjustment	97.2	—	97.2	(97.2)	97.2
Change in unrecognized loss and prior service cost related to defined benefit plans	(1.5)	—	(1.5)	1.5	(1.5)
Net unrecognized (loss) gain on derivatives	(27.4)	—	39.8	(39.8)	(27.4)
Other comprehensive (loss) earnings, before tax	68.3	—	135.5	(135.5)	68.3
Income tax (benefit) provision	(12.4)	—	12.4	(12.4)	(12.4)
Other comprehensive (loss) earnings, net of tax	80.7	—	123.1	(123.1)	80.7
Comprehensive (loss) earnings	197.3	—	443.9	(443.9)	197.3
Comprehensive earnings attributable to the noncontrolling interest	(0.7)	—	(0.7)	0.7	(0.7)
Comprehensive earnings (loss) attributable to Mylan N.V. ordinary shareholders	$196.6	$—	$ 443.2	$(443.2)	$196.6

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MYLAN N.V. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET
As of March 31, 2015

(In millions)	Mylan N.V. (Parent Guarantor)	Mylan Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Assets						
Current assets:						
Cash and cash equivalents	$—	$60.5	$—	$ 216.7	$—	$277.2
Accounts receivable, net	—	13.2	—	2,251.4	—	2,264.6
Inventories	—	—	—	1,908.3	—	1,908.3
Intercompany receivables	29.0	—	—	8,547.3	(8,576.3)	—
Deferred income tax benefit	—	332.1	—	37.8	—	369.9
Prepaid expenses and other current assets	—	2,201.8	—	404.6	—	2,606.4
Total current assets	29.0	2,607.6	—	13,366.1	(8,576.3)	7,426.4
Property, plant and equipment, net	—	281.7	—	1,590.6	—	1,872.3
Investments in subsidiaries	9,064.2	10,348.8	—	—	(19,413.0)	—
Intercompany notes and interest receivable	—	5,950.0	—	18.3	(5,968.3)	—
Intangible assets, net	—	—	—	6,770.6	—	6,770.6
Goodwill	—	17.1	—	5,098.7	—	5,115.8
Deferred income tax benefit	—	45.9	—	41.9	—	87.8
Other assets	—	136.3	—	714.6	—	850.9
Total assets	$9,093.2	$19,387.4	$—	$ 27,600.8	$(33,957.6)	$22,123.8
LIABILITIES AND EQUITY						
Liabilities						
Current liabilities:						
Trade accounts payable	$—	$19.1	$—	$ 977.9	$—	$997.0
Short-term borrowings	—	—	—	169.2	—	169.2
Income taxes payable	—	—	—	63.9	—	63.9
Intercompany payables	—	8,575.3	—	1.0	(8,576.3)	—
Current portion of long-term debt and other long-term obligations	—	2,540.9	—	70.5	—	2,611.4
Deferred income tax liability	—	—	—	7.4	—	7.4
Other current liabilities	—	326.1	—	1,113.0	—	1,439.1
Total current liabilities	—	11,461.4	—	2,402.9	(8,576.3)	5,288.0
Long-term debt	—	5,748.5	—	1.9	—	5,750.4
Intercompany notes payable	—	18.3	—	5,950.0	(5,968.3)	—
Deferred income tax liability	—	—	—	613.8	—	613.8
Other long-term obligations	—	244.1	—	1,134.3	—	1,378.4
Total liabilities	—	17,472.3	—	10,102.9	(14,544.6)	13,030.6

Total equity	9,093.2	1,915.1	—	17,497.9	(19,413.0)	9,093.2
Total liabilities and equity	$9,093.2	$19,387.4	$—	$ 27,600.8	$(33,957.6)	$22,123.8

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MYLAN N.V. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2014

(In millions)	Mylan Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Assets					
Current assets:					
Cash and cash equivalents	$112.9	$—	$ 112.6	$—	$225.5
Accounts receivable, net	16.6	—	2,251.9	—	2,268.5
Inventories	—	—	1,651.4	—	1,651.4
Intercompany receivables	—	—	7,973.6	(7,973.6)	—
Deferred income tax benefit	4.7	—	341.0	—	345.7
Prepaid expenses and other current assets	1,955.6	—	340.2	—	2,295.8
Total current assets	2,089.8	—	12,670.7	(7,973.6)	6,786.9
Property, plant and equipment, net	283.6	—	1,502.1	—	1,785.7
Investments in subsidiaries	11,675.2	—	—	(11,675.2)	—
Intercompany notes and interest receivable	5,897.7	—	18.2	(5,915.9)	—
Intangible assets, net	—	—	2,347.1	—	2,347.1
Goodwill	17.2	—	4,032.1	—	4,049.3
Deferred income tax benefit	46.1	—	37.3	—	83.4
Other assets	117.0	—	717.2	—	834.2
Total assets	$20,126.6	$—	$ 21,324.7	$(25,564.7)	$15,886.6
LIABILITIES AND EQUITY					
Liabilities					
Current liabilities:					
Trade accounts payable	$31.4	$—	$ 874.2	$—	$905.6
Short-term borrowings	—	—	330.7	—	330.7
Income taxes payable	92.3	—	68.4	—	160.7
Intercompany payables	7,973.6	—	—	(7,973.6)	—
Current portion of long-term debt and other long-term obligations	2,406.1	—	68.3	—	2,474.4
Deferred income tax liability	—	—	0.2	—	0.2
Other current liabilities	352.9	—	1,081.2	—	1,434.1
Total current liabilities	10,856.3	—	2,423.0	(7,973.6)	5,305.7
Long-term debt	5,732.8	—	—	—	5,732.8
Intercompany notes payable	18.2	—	5,897.7	(5,915.9)	—
Deferred income tax liability	—	—	235.4	—	235.4
Other long-term obligations	243.3	—	1,093.4	—	1,336.7
Total liabilities	16,850.6	—	9,649.5	(13,889.5)	12,610.6
Total equity	3,276.0	—	11,675.2	(11,675.2)	3,276.0
Total liabilities and equity	$20,126.6	$—	$ 21,324.7	$(25,564.7)	$15,886.6

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MYLAN N.V. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
Three Months Ended March 31, 2015

(In millions)	Mylan N.V. (Parent Guarantor)	Mylan Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:						
Net cash provided by (used in) operating activities	$1.0	$(555.8)	$—	$ 821.8	$—	$ 267.0
Cash flows from investing activities:						
Capital expenditures	—	(9.5)	—	(38.6)	—	(48.1)
Purchase of marketable securities	—	—	—	(40.1)	—	(40.1)
Proceeds from sale of marketable securities	—	—	—	12.2	—	12.2
Investments in affiliates		(115.7)	—	—	115.7	—
Loans to affiliates	(16.4)	(1,473.3)	—	—	1,489.7	—
Repayments of loans from affiliates	—	—	—	(2,047.0)	2,047.0	—
Payments for product rights and other, net	—	—	—	(11.5)	—	(11.5)
Net cash (used in) provided by investing activities	(16.4)	(1,598.5)	—	(2,125.0)	3,652.4	(87.5)
Cash flows from financing activities:						
Payment of financing fees	—	(22.4)	—	—	—	(22.4)
Change in short-term borrowings, net	—	—	—	(161.6)	—	(161.6)
Proceeds from issuance of long-term debt	—	100.0	—	—	—	100.0
Payment of long-term debt	—	(100.0)	—	—	—	(100.0)
Proceeds from exercise of stock options	—	67.4	—	—	—	67.4
Taxes paid related to net share settlement of equity awards	—	(29.4)	—	(2.3)	—	(31.7)
Capital contribution from affiliates	—	—	—	115.7	(115.7)	—
Payments on borrowings from affiliates	—	2,047.0	—	—	(2,047.0)	—
Proceeds from borrowings from affiliates	—	15.4	—	1,474.3	(1,489.7)	—
Other items, net	15.4	23.9	—	—	—	39.3
Net cash provided by (used in) financing activities	15.4	2,101.9	—	1,426.1	(3,652.4)	(109.0)
Effect on cash of changes in exchange rates	—	—	—	(18.8)	—	(18.8)
Net (decrease) increase in cash and cash equivalents	—	(52.4)	—	104.1	—	51.7
Cash and cash equivalents — beginning of period	—	112.9	—	112.6	—	225.5
	$—	$60.5	$—	$ 216.7	$—	$ 277.2

Cash and cash equivalents — end of period						
Supplemental disclosures of cash flow information —						
Non-cash transaction:						
Ordinary shares issued for acquisition	$—	$6,305.8	$ —	$ —	$ —	$ 6,305.8

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MYLAN N.V. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
Three Months Ended March 31, 2014

(In millions)	Mylan Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash (used in) provided by operating activities	$(325.5)	$—	$ 593.6	$—	$268.1
Cash flows from investing activities:					
Capital expenditures	(25.1)	—	(47.2)	—	(72.3)
Purchase of marketable securities	—	—	(4.8)	—	(4.8)
Proceeds from sale of marketable securities	—	—	4.9	—	4.9
Investments in affiliates	(14.1)	—	—	14.1	—
Loans to affiliates	(875.8)	—	—	875.8	—
Repayments of loans from affiliates	—	—	(1,345.1)	1,345.1	—
Payments for product rights and other, net	(0.1)	—	(128.9)	—	(129.0)
Net cash (used in) provided by investing activities	(915.1)	—	(1,521.1)	2,235.0	(201.2)
Cash flows from financing activities:					
Payment of financing fees	(2.2)	—	(0.1)	—	(2.3)
Change in short-term borrowings, net	—	—	(71.1)	—	(71.1)
Proceeds from issuance of long-term debt	200.0	—	—	—	200.0
Payment of long-term debt	(260.0)	—	—	—	(260.0)
Proceeds from exercise of stock options	21.8	—	0.1	—	21.9
Taxes paid related to net share settlement of equity awards	(17.1)	—	(4.7)	—	(21.8)
Capital contribution from affiliates	—	—	14.1	(14.1)	—
Proceeds from borrowings from affiliates	—	—	875.8	(875.8)	—
Payments on borrowings from affiliates	1,345.1	—	—	(1,345.1)	—
Other items, net	18.7	—	—	—	18.7
Net cash provided by (used in) financing activities	1,306.3	—	814.1	(2,235.0)	(114.6)
Effect on cash of changes in exchange rates	—	—	(0.6)	—	(0.6)
Net increase (decrease) in cash and cash equivalents	65.7	—	(114.0)	—	(48.3)
Cash and cash equivalents — beginning of period	14.4	—	276.9	—	291.3
Cash and cash equivalents — end of period	$80.1	$—	$ 162.9	$—	$243.0

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MYLAN N.V. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

15. Contingencies

Legal Proceedings

The Company is involved in various disputes, governmental and/or regulatory inquiries and proceedings and litigation matters that arise from time to time, some of which are described below. The Company is also party to certain litigation matters for which Merck KGaA or Strides Arcolab Limited has agreed to indemnify the Company, pursuant to the respective sale and purchase agreements.

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 matters through litigation or other means is inherently uncertain, and it is not possible to predict the ultimate resolution of any such proceeding. It is possible that an unfavorable resolution of any of the matters described below, or the inability or denial of Merck KGaA, Strides Arcolab, 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. Unless otherwise disclosed below, the Company is unable to predict the outcome of the respective litigation or to provide an estimate of the range of reasonably possible losses. Legal costs are recorded as incurred and are classified in SG&A expenses in the Company's Condensed Consolidated Statements of Operations.

Lorazepam and Clorazepate

On June 1, 2005, a jury verdict was rendered against Mylan, MPI, and co-defendants Cambrex Corporation and Gyma Laboratories in the U.S. District Court for the District of Columbia in the amount of approximately $12.0 million, which has been accrued for by the Company. The jury found that Mylan and its co-defendants willfully violated Massachusetts, Minnesota and Illinois state antitrust laws in connection with API supply agreements entered into between the Company and its API supplier (Cambrex) and broker (Gyma) for two drugs, Lorazepam and Clorazepate, in 1997, and subsequent price increases on these drugs in 1998. The case was brought by four health insurers who opted out of earlier class action settlements agreed to by the Company in 2001 and represents the last remaining antitrust claims relating to Mylan's 1998 price increases for Lorazepam and Clorazepate. Following the verdict, the Company filed a motion for judgment as a matter of law, a motion for a new trial, a motion to dismiss two of the insurers and a motion to reduce the verdict. On December 20, 2006, the Company's motion for judgment as a matter of law and motion for a new trial were denied and the remaining motions were denied on January 24, 2008. In post-trial filings, the plaintiffs requested that the verdict be trebled and that request was granted on January 24, 2008. On February 6, 2008, a judgment was issued against Mylan and its co-defendants in the total amount of approximately $69.0 million, which, in the case of three of the plaintiffs, reflects trebling of the compensatory damages in the original verdict (approximately $11.0 million in total) and, in the case of the fourth plaintiff, reflects their amount of the compensatory damages in the original jury verdict plus doubling this compensatory damage award as punitive damages assessed against each of the defendants (approximately $58.0 million in total), some or all of which may be subject to indemnification obligations by Mylan. Plaintiffs are also seeking an award of attorneys' fees and litigation costs in unspecified amounts and prejudgment interest of approximately $8.0 million. The Company and its co-defendants appealed to the U.S. Court of Appeals for the D.C. Circuit and have challenged the verdict as legally erroneous on multiple grounds. The appeals were held in abeyance pending a ruling on the motion for prejudgment interest, which has been granted. Mylan has contested this ruling along with the liability finding and other damages awards as part of its appeal, which was filed in the Court of Appeals for the D.C. Circuit. On January 18, 2011, the Court of Appeals issued a judgment remanding the case to the District Court for further proceedings based on lack of diversity with respect to certain plaintiffs. On June 13, 2011, Mylan filed a certiorari petition with the U.S. Supreme Court requesting review of the judgment of the D.C. Circuit. On October 3, 2011, the certiorari petition was denied. The case is now proceeding before the District Court. On January 14, 2013, following limited court-ordered jurisdictional discovery, the plaintiffs filed a fourth amended complaint containing additional factual averments with

respect to the diversity of citizenship of the parties, along with a motion to voluntarily dismiss 775 (of 1,387) self-funded customers whose presence would destroy the District Court's diversity jurisdiction. The plaintiffs also moved for a remittitur (reduction) of approximately $8.1 million from the full damages award. Mylan's brief in response to the new factual averments in the complaint was filed on February 13, 2013. On July 29, 2014, the court granted both plaintiffs' motion to amend the complaint and their motion to dismiss 775 self-funded customers.

In connection with the Company's appeal of the judgment, the Company submitted a surety bond underwritten by a third-party insurance company in the amount of $74.5 million in February 2008. On May 30, 2012, the District Court ordered the amount of the surety bond reduced to $66.6 million.

Pricing and Medicaid Litigation

Dey L.P. (now known as Mylan Specialty L.P. and herein as "Mylan Specialty"), a wholly owned subsidiary of the Company, was named as a defendant in several class actions brought by consumers and third-party payors. Mylan Specialty reached a settlement of these class actions, which was approved by the court and all claims have been dismissed. Additionally, a complaint was filed under seal by a plaintiff on behalf of the United States of America against Mylan Specialty in August 1997. In August 2006, the Government filed its complaint-in-intervention and the case was unsealed in September 2006. The Government asserted that Mylan Specialty was jointly liable with a codefendant and sought recovery of alleged overpayments, together with treble damages, civil penalties and equitable relief. Mylan Specialty completed a settlement of this action in December 2010. These cases all have generally alleged that Mylan Specialty falsely reported certain price information concerning certain drugs marketed by Mylan Specialty, that Mylan Specialty caused false claims to be made to Medicaid and to Medicare, and that Mylan Specialty caused Medicaid and Medicare to make overpayments on those claims.

Under the terms of the purchase agreement with Merck KGaA, Mylan is fully indemnified for the claims in the preceding paragraph and Merck KGaA is entitled to any income tax benefit the Company realizes for any deductions of amounts paid for such pricing litigation. Under the indemnity, Merck KGaA is responsible for all settlement and legal costs, and, as such, these settlements had no impact on the Company's Consolidated Statements of Operations. At March 31, 2015, the Company has accrued approximately $63.3 million in other current liabilities, which represents its estimate of the remaining amount of anticipated income tax benefits due to Merck KGaA. Substantially all of Mylan Specialty's known claims with respect to this pricing litigation have been settled.

Modafinil Antitrust Litigation and FTC Inquiry

Beginning in April 2006, Mylan and four other drug manufacturers have been named as defendants in civil lawsuits filed in or transferred to the U.S. District Court for the Eastern District of Pennsylvania 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 allege violations of federal antitrust and state laws in connection with the generic defendants' settlement of patent litigation with Cephalon relating to Modafinil. Discovery has closed. On June 23, 2014, the court granted the defendants' motion for partial summary judgment (and denied the corresponding plaintiffs' motion) dismissing plaintiffs' claims that the defendants had engaged in an overall conspiracy to restrain trade. On January 28, 2015, the District Court denied the defendants' summary judgment motions based on factors identified in the Supreme Court's Actavis decision. Additional motions remain pending and a trial date has not been scheduled. On March 24, 2015, Mylan reached a settlement in principal with the putative indirect purchaser class. The settlement will be submitted to the District Court for review and approval. At March 31, 2015, the Company has accrued approximately $16.0 million related to this settlement.

In addition, by letter dated July 11, 2006, Mylan was notified by the U.S. Federal Trade Commission ("FTC") of an investigation relating to the settlement of the Modafinil patent litigation. In its letter, the FTC requested certain information from Mylan, MPI and Mylan Technologies, Inc. pertaining to the patent litigation and the settlement thereof. On March 29, 2007, the FTC issued a subpoena, and on April 26, 2007, the FTC issued a civil investigative demand to Mylan, requesting additional information from the Company relating to the investigation. Mylan has cooperated fully with the government's investigation and completed all requests for information. On February 13, 2008, the FTC filed a lawsuit against Cephalon in the U.S. District Court for the District of Columbia and the case has subsequently been transferred to the U.S. District Court for the Eastern District of Pennsylvania. That lawsuit is set for a non-jury trial beginning June 1, 2015 as to Cephalon only. On July 1, 2010, the FTC issued a third party subpoena to Mylan, requesting documents in connection with its lawsuit against Cephalon. Mylan has responded to the subpoena. Mylan is not named as a defendant in the FTC's lawsuit, although the complaint includes certain allegations pertaining

to Mylan's settlement with Cephalon.

Minocycline

On May 1, 2012, the FTC issued a civil investigative demand to Mylan pertaining to an investigation being conducted to determine whether Medicis Pharmaceutical Corporation, Mylan, and/or other generic companies engaged in unfair methods of competition with regard to Medicis' branded Solodyn® products and generic Solodyn® products, as well as the 2010 settlement of Medicis' patent infringement claims against Mylan and Matrix Laboratories Limited (now known as Mylan Laboratories Limited). Mylan has cooperated with the FTC and has responded to the requests for information.

Beginning in July 2013, Mylan and Mylan Laboratories Limited, along with other drug manufacturers, were named as defendants in civil lawsuits filed by a variety of plaintiffs in the U.S. District Court for the Eastern District of Pennsylvania, the

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District of Arizona, and the District of Massachusetts. Those lawsuits were consolidated in the U.S. District Court for the District of Massachusetts. The plaintiffs purport to represent direct and indirect purchasers of branded or generic Solodyn®, and assert violations of federal and state laws, including allegations in connection with separate settlements by Medicis with each of the other defendants of patent litigation relating to generic Solodyn®. Plaintiffs' consolidated amended complaint was filed on September 12, 2014. Mylan and Mylan Laboratories Limited are no longer named defendants in the consolidated amended complaint.

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 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 relating to Actos and Actoplus Met®. Plaintiffs filed an amended complaint on August 22, 2014. Mylan and the other defendants filed motions to dismiss the amended complaint on October 10, 2014 and a decision remains pending.

European Commission Proceedings

Perindopril

On or around July 8, 2009, the European Commission (the "Commission") stated that it had initiated antitrust proceedings pursuant to Article 11(6) of Regulation No. 1/2003 and Article 2(1) of Regulation No. 773/2004 to explore possible infringement of Articles 81 and 82 EC and Articles 53 and 54 of the European Economic Area Agreement by Les Laboratoires Servier ("Servier") as well as possible infringement of Article 81 EC by the Company's Indian subsidiary, Mylan Laboratories Limited, and four other companies, each of which entered into agreements with Servier relating to the product Perindopril. On July 30, 2012, the Commission issued a Statement of Objections to Servier SAS, Servier Laboratories Limited, Les Laboratories Servier, Adir, Biogaran, Krka, d.d. Novo mesto, Lupin Limited, Mylan Laboratories Limited, Mylan, Niche Generics Limited, Teva UK Limited, Teva Pharmaceutical Industries Ltd., Teva Pharmaceuticals Europe B.V. and Unichem Laboratories Limited. Mylan Inc. and Mylan Laboratories Limited filed responses to the Statement of Objections. On July 9, 2014, the Commission issued a decision finding that Mylan Laboratories Limited and Mylan, as well as the companies noted above (with the exception of Adir, a subsidiary of Servier), had violated European Union competition rules 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. On September 2014, the Company filed an appeal of the Commission's decision to the General Court of the European Union and the briefing is ongoing.

Citalopram

On March 19, 2010, Mylan and Generics [U.K.] Limited, a wholly owned subsidiary of the Company, received notice that the Commission had opened proceedings against Lundbeck with respect to alleged unilateral practices and/or agreements related to Citalopram in the European Economic Area. On July 25, 2012 a Statement of Objections was issued to Lundbeck, Merck KGaA, Generics [U.K.] Limited, Arrow, Resolution Chemicals, Xelia Pharmaceuticals, Alpharma, A.L. Industrier and Ranbaxy. Generics [U.K.] Limited filed a response to the Statement of Objections and vigorously defended itself against allegations contained therein. On June 19, 2013, the Commission issued a decision finding that Generics [U.K.] Limited, as well as the companies noted above, had violated European Union competition rules and fined Generics [U.K.] Limited approximately €7.8 million, jointly and severally with Merck KGaA. Generics [U.K.] Limited has appealed the Commission's decision to the General Court of the EU. Briefing on the appeal has been completed and no hearing date has been scheduled. The Company has accrued approximately $9.8 million and

$10.3 million as of March 31, 2015 and December 31, 2014, respectively, 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. Generics [U.K.] Limited has also sought indemnification from Merck KGaA with respect to the €7.8 million portion of the fine for which Merck KGaA and Generics [U.K.] Limited were held jointly and severally liable. Merck KGaA has counterclaimed against Generics [U.K.] Limited seeking the same indemnification.

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MYLAN N.V. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

U.K. Competition and Markets Authority
On August 12, 2011, Generics [U.K.] Limited received notice that the Office of Fair Trading (subsequently changed to the Competition and Markets Authority (the "CMA")) was opening an investigation to explore the possible infringement of the Competition Act 1998 and Article 101 and 102 of the Treaty on the Functioning of the European Union, with respect to alleged agreements related to Paroxetine. On April 19, 2013, a Statement of Objections was issued to GlaxoSmithKline, Generics [U.K.] Limited, Alpharma and Ivax LLC. Generics [U.K.] Limited filed a response to the Statement of Objections, defending itself against the allegations contained therein. The CMA issued a Supplementary Statement of Objections ("SSO") to the above-referenced parties on October 21, 2014 and a hearing with regard to the SSO took place on December 19, 2014. A decision remains pending.

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, including but not limited to its Fentanyl Transdermal System, Phenytoin, Propoxyphene and Alendronate. The Company believes that it has meritorious defenses to these lawsuits and claims and is vigorously defending itself with respect to those matters. 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 had accrued approximately $13.9 million at March 31, 2015 and $13.4 million at December 31, 2014. It is reasonably possible that we will incur additional losses above the amount accrued but we cannot estimate a range of such reasonably possible 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
In certain situations, the Company has used its business judgment to decide to market and sell products, 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. In the case of willful infringement, the definition of which is subjective, such 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 bioequivalent products. An adverse decision could have a material adverse effect on our business, financial condition, results of operations, cash flows and/or ordinary share price.

Other Litigation
The Company is involved in various other legal proceedings that are considered normal to its business, including but not limited to certain proceedings assumed as a result of the acquisition of the former Merck Generics business, Agila and the EPD Business. While it is not possible to predict the ultimate outcome of such other proceedings, the ultimate outcome of any such proceeding is not currently expected to be material to the Company's business, financial condition, results of operations, cash flows and/or ordinary share price.

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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, references to 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 Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014, 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 ("SEC") filings and public disclosures. The interim results of operations and cash flows for the three months ended March 31, 2015 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 proposed acquisition of Perrigo Company plc ("Perrigo") by Mylan (the "Perrigo Proposal"), Mylan's acquisition (the "EPD Transaction") of Mylan Inc. and Abbott Laboratories' ("Abbott") non-U.S. developed markets specialty and branded generics business (the "EPD Business"), the benefits and synergies of the Perrigo Proposal or EPD Transaction, future opportunities for Mylan, Perrigo, or the combined company and products, and any other statements regarding Mylan's, Perrigo's, or the combined company'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," "continue," "target" 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: uncertainties related to the Perrigo Proposal, including as to the timing of the offer and compulsory acquisition, whether Perrigo will cooperate with Mylan and whether Mylan will be able to consummate the offer and compulsory acquisition, whether Mylan shareholders will provide the requisite approvals for the Perrigo Proposal, the possibility that competing offers will be made, the possibility that the conditions to the consummation of the offer will not be satisfied, and the possibility that Mylan will be unable to obtain regulatory approvals for the offer and compulsory acquisition or be required, as a condition to obtaining regulatory approvals, to accept conditions that could reduce the anticipated benefits of the offer and compulsory acquisition; the ability to meet expectations regarding the accounting and tax treatments of a transaction relating to the Perrigo Proposal and the EPD Transaction; changes in relevant tax and other laws, including but not limited to changes in healthcare and pharmaceutical laws and regulations in the U.S. and abroad; the integration of Perrigo and the EPD Business being more difficult, time-consuming, or costly than expected; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients, or suppliers) being greater than expected following the Perrigo Proposal and the EPD Transaction; the retention of certain key employees of Perrigo and the EPD Business being difficult; the possibility that Mylan may be unable to achieve expected synergies and operating efficiencies in connection with the Perrigo Proposal and the EPD Transaction within the expected time-frames or at all and to successfully integrate Perrigo and the EPD Business; expected or targeted future financial and operating performance and results; challenges to our business and strategic plans posed by the recent unsolicited business proposal made by Teva Pharmaceutical Industries Ltd. ("Teva") to acquire all of our outstanding shares; the capacity to bring new products to market, including but not limited to where Mylan uses its business judgment and decides to manufacture, market, and/or sell products, directly or through third parties, notwithstanding the fact that allegations of patent infringement(s) have not been finally resolved by the courts (i.e., an "at-risk launch"); success of clinical trials and our ability to execute on new product opportunities; the scope, timing, and outcome of any ongoing legal proceedings and the impact of any such proceedings on financial condition, results of operations and/or cash flows; 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; changes in third-party relationships; the impact of competition; changes in the economic and financial conditions of the businesses of Mylan, Perrigo, or the combined company; the inherent challenges, risks, and costs in identifying, acquiring, and integrating complementary or strategic acquisitions of other companies, products or assets and in achieving anticipated synergies; uncertainties and matters beyond the control of management; 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 adjusted basis. For more detailed information on the risks and uncertainties associated with the Company's business activities, see the risks described in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 and our other filings with the SEC. These risks, as well as other risks associated with the Company,

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Perrigo, and the combined company are also more fully discussed in the Registration Statement on Form S-4 and the proxy statement that Mylan filed with the SEC on May 5, 2015 in connection with the Perrigo Proposal. You can access Mylan's filings with the SEC through the SEC website at www.sec.gov, and the Company strongly encourages you to do so. The Company undertakes no obligation to update any statements herein for revisions or changes after the filing date of this Form 10-Q.

Responsibility Statement

The directors of Mylan accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Irish Takeover Panel Act, 1997, Takeover Rules 2013 (the "Irish Takeover Rules"), if any person is, or becomes, 'interested' (directly or indirectly) in, 1% or more of any class of 'relevant securities' of Perrigo or Mylan, all 'dealings' in any 'relevant securities' of Perrigo or Mylan (including by means of an option in respect of, or a derivative referenced to, any such 'relevant securities') must be publicly disclosed by not later than 3:30 pm (New York time) on the 'business' day following the date of the relevant transaction. This requirement will continue until the date on which the 'offer period' ends. If two or more persons co-operate on the basis of any agreement, either express or tacit, either oral or written, to acquire an 'interest' in 'relevant securities' of Perrigo or Mylan, they will be deemed to be a single person for the purpose of Rule 8.3 of the Irish Takeover Rules.

Under the provisions of Rule 8.1 of the Irish Takeover Rules, all 'dealings' in 'relevant securities' of Perrigo by Mylan or 'relevant securities' of Mylan by Perrigo, or by any party acting in concert with either of them, must also be disclosed by no later than 12 noon (New York time) on the 'business' day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose 'relevant securities' 'dealings' should be disclosed, can be found on the Irish Takeover Panel's website at www.irishtakeoverpanel.ie.

Interests in securities arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Irish Takeover Rules, which can also be found on the Irish Takeover Panel's website. If you are in any doubt as to whether or not you are required to disclose a dealing under Rule 8, please consult the Irish Takeover Panel's website at www.irishtakeoverpanel.ie or contact the Irish Takeover Panel on telephone number +353 1 678 9020 or fax number +353 1 678 9289.

Profit Forecast

To the extent that the Mylan quarterly results contained, referred to or summarized in this document constitute a profit forecast for the purposes of Rule 28 of the Irish Takeover Panel Act, Takeover Rules, 2013, such results will (unless the Irish Takeover Panel consents otherwise) be reported on in accordance with that rule at the appropriate time. Except as described in the previous sentence, no statement in this document is intended to constitute a profit forecast for any period, nor should any statements be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for Mylan or Perrigo as appropriate. No statement in this document constitutes an asset valuation.

Additional Information

In connection with the Perrigo Proposal, Mylan filed a Registration Statement on Form S-4 (that includes an offer to exchange/prospectus) on May 5, 2015 (which Registration Statement has not yet been declared effective) and a preliminary proxy statement on Schedule 14A on May 5, 2015 with the SEC. In connection with the Perrigo Proposal, Mylan currently intends to file with the SEC a Tender Offer Statement on Schedule TO. INVESTORS AND SECURITYHOLDERS OF MYLAN AND PERRIGO ARE URGED TO READ THE OFFER TO EXCHANGE/PROSPECTUS, THE PROXY

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STATEMENT AND THE TENDER OFFER STATEMENT CAREFULLY AND IN THEIR ENTIRETY BEFORE MAKING AN INVESTMENT DECISION BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT MYLAN, PERRIGO AND THE PERRIGO PROPOSAL. Such documents will be available free of charge through the website maintained by the SEC at www.sec.gov or by directing a request to Mylan at 724-514-1813 or investor.relations@mylan.com. Any materials filed by Mylan with the SEC that are required to be mailed to shareholders of Perrigo and/or Mylan will also be mailed to such shareholders.

Executive Overview

Mylan is a leading global pharmaceutical company, which develops, licenses, manufactures, markets and distributes generic, branded generic and specialty pharmaceuticals. Mylan is committed to setting new standards in health care, and our mission is to provide the world's 7 billion people access to high quality medicine. To do so, we innovate to satisfy unmet needs; make reliability and service excellence a habit; do what's right, not what's easy; and impact the future through passionate global leadership.

Mylan offers one of the industry's broadest product portfolios, including around 1,400 marketed products, to customers in about 145 countries and territories. We operate a global, high quality vertically-integrated manufacturing platform, which includes approximately 40 manufacturing facilities around the world and one of the world's largest active pharmaceutical ingredient ("API") operations. We also operate a strong research and development ("R&D") network that has consistently delivered a robust product pipeline. Additionally, Mylan has a specialty business that is focused on respiratory and allergy therapies.

Mylan has two segments, "Generics" and "Specialty." Generics primarily develops, manufactures, sells and distributes generic or branded generic pharmaceutical products in tablet, capsule, injectable or transdermal patch form, as well as API. Our generic pharmaceutical business is conducted primarily in the United States ("U.S.") and Canada (collectively, "North America"); Europe; and India, Australia, Japan, New Zealand and Brazil as well as our export activity into emerging markets (collectively, "Rest of World"). Our API business is conducted through Mylan Laboratories Limited ("Mylan India"), which is included within Rest of World in our Generics segment. Specialty engages mainly in the development and sale of branded specialty injectable and nebulized products. We also report in Corporate/Other certain R&D expenses, general and administrative expenses, litigation settlements, amortization of intangible assets and certain purchase accounting items, impairment charges, if any, and other items not directly attributable to the segments.

Significant recent events include the following:

EPD Business

On July 13, 2014, Mylan N.V., Mylan Inc., and Moon of PA Inc. entered into a definitive agreement with Abbott to acquire the EPD Business in an all-stock transaction. On November 4, 2014, Mylan N.V., Mylan Inc., Moon of PA Inc. and Abbott entered into an amended and restated definitive agreement implementing the transaction (the "EPD Transaction Agreement"). The EPD Transaction closed on February 27, 2015 (the "EPD Transaction Closing Date"), after receiving approval from Mylan Inc.'s shareholders on January 29, 2015. At closing, Abbott transferred the EPD Business to Mylan N.V. in exchange for 110 million ordinary shares of Mylan N.V. Immediately after the transfer of the EPD Business, Mylan Inc. merged with Moon of PA Inc., a wholly owned subsidiary of Mylan N.V., with Mylan Inc. becoming a wholly owned subsidiary of Mylan N.V. Mylan Inc.'s outstanding common stock was exchanged on a one to one basis for Mylan N.V. ordinary shares. As a result of the EPD Transaction, Mylan N.V.'s corporate seat is located in Amsterdam, the Netherlands, and its principal executive offices are located in Potters Bar, United Kingdom.

The EPD Business includes more than 100 specialty and branded generic pharmaceutical products in five major therapeutic areas and includes several patent protected, novel and/or hard-to-manufacture products. As a result of the acquisition, Mylan N.V. has significantly expanded and strengthened its product portfolio in Europe, Japan, Canada, Australia and New Zealand.

The purchase price for Mylan N.V. of the EPD Business, which was on a debt-free basis, was $6.31 billion based on the closing price of Mylan Inc.'s stock as of the EPD Transaction Closing Date, as reported by the NASDAQ Global Select Stock Market. At the EPD Transaction Closing Date, former shareholders of Mylan Inc. owned approximately 78% of Mylan N.V.'s ordinary shares and certain affiliates of Abbott (the "Abbott Shareholders") owned approximately 22% of Mylan N.V.'s ordinary shares. On the EPD Transaction Closing Date, Mylan N.V., Abbott and Abbott Shareholders entered into a shareholder

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agreement (the "Shareholder Agreement"). Following an underwritten public offering of Abbott Shareholders of a portion of Mylan N.V.'s ordinary shares held by them, which offering closed on April 6, 2015, the Abbott Shareholders collectively owned approximately 14.2% of Mylan N.V.'s outstanding ordinary shares as of May 1, 2015.

In accordance with U.S. GAAP, Mylan N.V. used the purchase method of accounting to account for the EPD Transaction, with Mylan Inc. being treated as the accounting acquirer. Under the purchase method of accounting, the assets acquired and liabilities assumed in the EPD Transaction were recorded at their respective estimated fair values at the EPD Transaction Closing Date.

Other Transactions

On April 24, 2015, the Company issued a Rule 2.5 announcement under the Irish Takeover Rules setting forth its legally-binding commitment to commence an offer for the entire issued and to be issued share capital of Perrigo. Under the terms of the offer, amended on April 29, 2015, Perrigo shareholders would receive $75 in cash and 2.3 Mylan N.V. ordinary shares for each Perrigo ordinary share. The offer is subject to certain conditions and other terms set forth in the formal Rule 2.5 announcement, including approval by Mylan N.V. ordinary shareholders. The offer is fully financed, cash confirmed and not conditional on due diligence. The making of the offer is pre-conditioned on one of the following having occurred: (i) the expiration or termination of all applicable waiting periods (including any extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, of the United States and the rules and regulations thereunder (the "HSR Act"), (ii) a final decision to clear or approve the consummation of the acquisition of Perrigo contemplated by the offer under the HSR Act having been obtained, irrespective of the conditions attaching thereto, or (iii) September 13, 2015. The offer is subject to customary conditions for an offer governed by the Irish Takeover Rules.

Subsequent to March 31, 2015, the Company entered into agreements to acquire certain product rights for upfront payments totaling approximately $360 million. These transactions are expected to close during 2015. In addition, under the terms of the agreement, the Company may be required to make future sales and other milestone payments.

On February 2, 2015, the Company signed a definitive agreement to acquire certain female health care businesses from Famy Care Limited, a specialty women's health care company with global leadership in generic oral contraceptive products. The purchase price is $750 million in cash plus additional contingent payments of up to $50 million. The transaction is expected to close in the second half of 2015, subject to regulatory approvals and certain closing conditions.

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 TD-4208, a novel once-daily nebulized long-acting muscarinic antagonist ("LAMA") for chronic obstructive pulmonary disease ("COPD") and other respiratory diseases. Under the terms of the agreement, Mylan and Theravance Biopharma will co-develop nebulized TD-4208 for COPD and other respiratory diseases. Theravance Biopharma will lead the U.S. registrational development program and Mylan will be responsible for reimbursement of Theravance Biopharma's development costs for that program up until the approval of the first new drug application, after which costs will be shared. In addition, Mylan will be responsible for commercial manufacturing. In the U.S., Mylan will lead commercialization and Theravance Biopharma will retain the right to co-promote the product under a profit-sharing arrangement. In addition to funding the U.S. registrational development program, the Company made a $30 million investment in Theravance Biopharma during the first quarter of 2015, which was accounted for as an available-for-sale security. The Company has accrued $15 million in upfront development costs, which will be paid to Theravance Biopharma in the second quarter of 2015. Under the terms of the agreement, Theravance Biopharma is eligible to receive potential development and sales milestone payments totaling $220 million in the aggregate.

Other

On April 21, 2015, the Company received a letter from the President and Chief Executive Officer of Teva, containing a non-binding expression of interest from Teva to acquire Mylan for $82 per Mylan ordinary share, with the consideration to be comprised of approximately 50 percent cash and 50 percent Teva stock. Teva stated that its proposal was subject to customary conditions, including receipt of regulatory approvals, and was contingent on Mylan not completing the Perrigo Proposal or any other alternative transactions. On April 27, 2015, Mylan announced that its board of directors had unanimously rejected Teva’s unsolicited expression of interest.

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Financial Summary

For the three months ended March 31, 2015, Mylan reported total revenues of $1.87 billion, compared to $1.72 billion for the three months ended March 31, 2014. This represents an increase in revenues of $156.1 million, or 9.1%. Consolidated gross profit for the current quarter was $830.1 million, compared to $737.8 million in the comparable prior year period, an increase of $92.3 million, or 12.5%. For the current quarter, earnings from operations were $159.3 million, compared to $239.0 million for the three months ended March 31, 2014, a decrease of $79.7 million, or 33.3%. The decrease in earnings from operations during the current quarter is principally the result of $62.1 million of acquisition related costs and increased amortization expense of $39.3 million as a result of the acquisition of the EPD Business.

Net earnings attributable to Mylan N.V. ordinary shareholders decreased $59.3 million, or 51.2%, to $56.6 million for the three months ended March 31, 2015, compared to $115.9 million for the prior year comparable period. Diluted earnings per ordinary share attributable to Mylan N.V. ordinary shareholders decreased from $0.29 to $0.13 for the three months ended March 31, 2015 compared to the prior year comparable period.

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 measure of “constant currency” third party net sales and total revenues. This measure provides information on the change in net sales 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 third party net sales 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. The following table compares third party net sales on an actual and constant currency basis for each reportable segment and the geographic regions within the Generics segment for the three months ended March 31, 2015 and 2014.

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(In millions)	Three Months Ended March 31, 2015	2014	Three Months Ended Percent Change Actual	Constant Currency
Generics:				
Third party net sales				
North America	$844.8	$782.2	8 %	8 %
Europe	406.2	355.9	14 %	33 %
Rest of World	392.5	370.2	6 %	12 %
Total third party net sales	1,643.5	1,508.3	9 %	15 %
Other third party revenues	11.6	6.2		
Total third party revenues	1,655.1	1,514.5		
Intersegment sales	1.5	1.3		
Generics total revenues	1,656.6	1,515.8		
Specialty:				
Third party net sales	211.1	194.7	8 %	8 %
Other third party revenues	5.5	6.4		
Total third party revenues	216.6	201.1		
Intersegment sales	2.0	1.7		
Specialty total revenues	218.6	202.8		
Elimination of intersegment sales	(3.5)	(3.0)		
Consolidated total revenues	$1,871.7	$1,715.6	9 %	15 %

More information about other non-GAAP measures used by the Company as part of this discussion, including Adjusted Cost of Sales, Adjusted Gross Margins, Adjusted Earnings and Adjusted EPS 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 March 31, 2015, Compared to Three Months Ended March 31, 2014

Total Revenues and Gross Profit

For the current quarter, Mylan reported total revenues of $1.87 billion, compared to $1.72 billion for the comparable prior year period. Total revenues include both net sales and other revenues from third parties. Third party net sales for the current quarter were $1.85 billion, compared to $1.70 billion for the comparable prior year period, representing an increase of $151.6 million, or 8.9%. Other third party revenues for the current quarter were $17.1 million, compared to $12.6 million for the comparable prior year period, an increase of $4.5 million.

Mylan’s current quarter revenues 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 Europe, Japan and Australia. The unfavorable impact of foreign currency translation on current period total revenues was approximately $93 million, or 5%. As such, constant currency total revenues increased approximately $249 million, or 15%. The increase in constant currency total revenues was the result of an 8% increase in third party net sales in Specialty combined with constant currency third party net sales growth in Generics of 15%, which included the impact of the acquisition of the EPD Business. The contribution from net sales from acquired businesses totaled approximately $147.4 million and net sales from new products totaled approximately

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$125.7 million in the first quarter of 2015. On a constant currency basis, net sales from existing products decreased approximately $29 million as a result of a decline in volume of approximately $30 million.

Cost of sales for the three months ended March 31, 2015 was $1.04 billion, compared to $977.8 million for the comparable prior year period. Cost of sales for the current quarter was impacted by the amortization of acquired intangible assets of approximately $140.2 million and restructuring and other special items of approximately $20.3 million as described further in the section titled “Use of Non-GAAP Financial Measures.” The prior year comparable period cost of sales included similar purchase accounting of approximately $99.9 million and restructuring and other special items of approximately $27.9 million. The increase in current year purchase accounting and restructuring and other special items is principally the result of increased acquisition related costs and amortization expense. Excluding the amounts related to purchase accounting amortization, acquisition related costs and restructuring and other special items, Adjusted Cost of Sales in the current quarter increased to $881.1 million from $850.0 million, corresponding with the increase in sales.

Gross profit for the three months ended March 31, 2015 was $830.1 million, and gross margins were 44.4%. For the three months ended March 31, 2014, gross profit was $737.8 million, and gross margins were 43.0%. Excluding the purchase accounting amortization, acquisition related costs and restructuring and other special items discussed in the preceding paragraph, Adjusted Gross Margins would have been approximately 53% for the three months ended March 31, 2015, as compared to approximately 50% for the three months ended March 31, 2014. Adjusted Gross Margins were positively impacted in the current quarter as a result of new product introductions by approximately 130 basis points and the net sales from acquisitions by approximately 100 basis points.

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 launches and the amount, if any, of additional competition in the market. Our top ten products in terms of sales, in the aggregate, represented approximately 27% and 30% of the Company’s total revenues for the three months ended March 31, 2015 and 2014, respectively.

Generics Segment

For the current quarter, Generics third party net sales were $1.64 billion, compared to $1.51 billion for the comparable prior year period, an increase of $135.2 million, or 9.0%. In the Generics segment, the unfavorable impact of foreign currency translation on current period third party net sales was approximately $93 million, or 6%. As such, constant currency third party net sales increased by approximately $228 million, or 15% when compared to the prior year period.

Third party net sales from North America were $844.8 million for the current quarter, compared to $782.2 million for the comparable prior year period, representing an increase of $62.6 million, or 8.0%. The increase in current quarter third party net sales was principally due to net sales from new products, and to a lesser extent, net sales from acquired businesses, totaling approximately $117 million, as well as favorable pricing on existing products. This increase was partially offset by lower volumes of existing products. The effect of foreign currency translation was insignificant within North America.

Products generally contribute most significantly to revenues and gross margins at the time of their launch, 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.

Third party net sales from Europe were $406.2 million for the three months ended March 31, 2015, compared to $355.9 million for the comparable prior year period, an increase of $50.3 million, or 14.1%. The unfavorable impact of foreign currency translation on current period third party net sales was approximately $66 million, or 18% within Europe. As such, constant currency third party net sales increased by approximately $116 million, or 33% when compared to the prior year period. This increase was primarily the result of net sales from acquisitions, and to a lesser extent, net sales from new products, totaling approximately $102 million in the first quarter of 2015. Further contributing to this increase were higher volumes, primarily in Italy and France, which were partially offset by lower pricing throughout Europe as a result of government-imposed pricing reductions and competitive market conditions.

Local currency net sales from Mylan's business in France increased compared to the prior year as a result of higher volumes on existing products and net sales from acquisitions and new products, partially offset by lower pricing. Sales in France continue to be negatively impacted by government-imposed pricing reductions and an increasingly competitive market.

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Our market share in France, excluding acquisition-related activity, remained relatively stable in the first quarter of 2015 and we remain the market leader.

In Italy, local currency third party net sales increased in the current year versus the prior year as a result of increased volumes on existing products as well as new product introductions and the effect of acquisitions, partially offset by lower pricing.

In addition to France and Italy, certain other markets in which we do business, including Spain, 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.

A number of markets in which we operate 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 preferential reimbursement for a period of time. The tender system often results in companies underbidding one another by proposing low pricing in order to win the tender. The loss of a tender by a third party to whom we supply API can also have a negative impact on our sales and profitability. Sales, primarily in Germany, continue to be negatively affected by the impact of tender systems.

In Rest of World, third party net sales were $392.5 million for the three months ended March 31, 2015, compared to $370.2 million for the comparable prior year period, an increase of $22.3 million, or 6.0%. The unfavorable impact of foreign currency translation on current period third party net sales was approximately $24 million, or 6%. Rest of World constant currency third party net sales increased by approximately $46 million, or 12%. This increase was primarily driven by the impact of acquired businesses, new product launches in Australia, and to a lesser extent, higher third party net sales volumes from our operations in India, in particular, growth in the anti-retroviral (“ARV”) franchise. These increases were partially offset by lower volumes on existing products in this region.

In addition to third party net sales, the Rest of World region also supplies both finished dosage form generic products and API to Mylan subsidiaries in conjunction with the Company’s vertical integration strategy. Intercompany sales recognized by Rest of World were approximately $154.0 million and $166.5 million in the three months ended March 31, 2015 and 2014, respectively. These intercompany sales eliminate within, and therefore are not included in, Generics or consolidated third party net sales.

In Japan, local currency third party net sales increased as a result of net sales from acquisitions, and to a lesser extent, new products, partially offset by a decline in volume on existing products. The company continues to see Japan as a key region for future sales growth as the market expands. In Australia, local currency third party net sales increased versus the comparable prior year period as a result of new product sales, and to a lesser extent, net sales from acquisitions, partially offset by decreases in pricing as a result of significant government-imposed pricing reform. As in Europe, both Australia and Japan have undergone government-imposed price reductions that have had, and could continue to have, a negative impact on sales and gross profit in these markets.

Specialty Segment

For the current quarter, Specialty reported third party net sales of $211.1 million, an increase of $16.4 million, or 8.4%, from $194.7 million for the comparable prior year period. The increase in Specialty net sales was due to growth across the segment, including higher net sales of the EpiPen® Auto-Injector driven by increases in volumes.

Operating Expenses

Research & Development Expense

Research and development (“R&D”) expense for the three months ended March 31, 2015 was $169.9 million, compared to $118.0 million for the comparable prior year period, an increase of $51.9 million. R&D increased primarily due to the continued development of our respiratory, insulin and biologics programs. In addition, included in R&D for the current quarter is a $15 million upfront licensing payment that will be paid to Theravance Biopharma in the second quarter of 2015.

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Selling, General & Administrative Expense

Selling, general and administrative ("SG&A") expense for the current quarter was $483.2 million, compared to $377.7 million for the comparable prior year period, an increase of $105.5 million. Factors contributing to the increase in SG&A include acquisition related costs of approximately $62.1 million and increased selling and marketing costs of approximately $12.3 million, primarily related to the EpiPen® Auto-Injector, which includes our direct-to-consumer marketing campaign. Additionally, the impact of acquisitions increased SG&A by approximately $35.6 million during the current quarter.

Litigation Settlements, net

During the three months ended March 31, 2015 and 2014, the Company recorded a $17.7 million charge, net, and $3.1 million charge, net, respectively, for litigation settlements. The current period charge was primarily related to the settlement of an antitrust matter. In the prior year period, the Company recognized charges principally related to product liability claims.

Interest Expense

Interest expense for the three months ended March 31, 2015 totaled $79.5 million, compared to $82.7 million for the three months ended March 31, 2014. The decrease was primarily due to the refinancing of the 6.000% Senior Notes due 2018 in the fourth quarter of 2014, partially offset by higher interest expense related to the Company's clean energy investments, amortization of discounts and premiums and the accretion of contingent consideration. Included in interest expense is non-cash interest, primarily made up of the amortization of the discounts and premiums on our convertible debt instruments and senior notes totaling $7.9 million for the current quarter and $7.0 million for the comparable prior year period. Also included in interest expense is accretion of our contingent consideration liabilities related to certain acquisitions. The amount of accretion included in the current quarter was $9.2 million compared to $8.4 million for the comparable prior year period.

Other Expense (Income), Net

Other expense (income), net, was expense of $18.5 million in the current quarter, compared to expense of $4.6 million for the comparable prior year period. Other expense (income), net, includes losses from equity affiliates, foreign exchange gains and losses and interest and dividend income. In the first quarter of 2015, other expense (income), net included foreign exchange gains of $3.7 million and other individually insignificant gains, offset by losses from equity affiliates of $24.7 million, principally related to the Company's clean energy investments. In the first quarter of 2014, other expense (income), net, included foreign exchange gains of $14.9 million and other individually insignificant gains, offset by losses from equity affiliates of $22.7 million, principally related to the Company's clean energy investments.

Income Tax Provision

Income tax provision was $4.7 million for the three months ended March 31, 2015, compared to $35.1 million for the comparable prior year period. The effective tax rate was 7.7% and 23.1% for the three months ended March 31, 2015 and 2014, respectively. The effective tax rate for the three months ended March 31, 2015 was impacted by the income earned in jurisdictions with tax rates lower than the U.S.

Use of Non-GAAP Financial Measures

Whenever the Company uses non-GAAP financial measures, it will 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 set forth below 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 prescribed by U.S. GAAP and, therefore, may not be comparable to the calculation of similar measures of other companies.

Adjusted Cost of Sales and Adjusted Gross Margin

We use the non-GAAP financial measure “Adjusted Cost of Sales” and the corresponding “Adjusted Gross Margin.” We believe that these non-GAAP financial measures are useful supplemental information for our investors and when considered

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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 principal items excluded from Adjusted Cost of Sales include acquisition related items and restructuring and other special items, both of which are described in greater detail below.

A reconciliation between cost of sales, as reported under U.S. GAAP, and Adjusted Cost of Sales and Adjusted Gross Margin for the periods shown follows:

	Three Months Ended March 31,	
(In millions)	2015	2014
GAAP cost of sales	$1,041.6	$977.8
Deduct:		
Purchase accounting related amortization	(140.2)	(99.9)
Restructuring & other special items	(20.3)	(27.9)
Adjusted cost of sales	$881.1	$850.0
Adjusted gross profit [(a)]	$990.6	$865.6
Adjusted gross margin [(a)]		