Mylan N.V.
Form 10-Q
October 30, 2015
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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 September 30, 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.)

Building 4, Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9UL, England
(Address of principal executive offices)
+44 (0) 1707-853-000
(Registrant's telephone number, including area code)

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 October 28, 2015, there were 491,747,016 of the issuer's €0.01 nominal value ordinary shares outstanding.

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September 30, 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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Net sales	$2,676.2	$2,069.4	$6,887.8	$5,588.8
Other revenues	19.0	14.6	50.8	48.1
Total revenues	2,695.2	2,084.0	6,938.6	5,636.9
Cost of sales	1,379.9	1,071.6	3,785.1	3,077.9
Gross profit	1,315.3	1,012.4	3,153.5	2,559.0
Operating expenses:				
Research and development	174.8	158.2	512.9	431.6
Selling, general and administrative	537.1	418.3	1,584.5	1,200.1
Litigation settlements, net	2.3	20.9	19.1	47.2
Other operating income, net	—	(80.0)	—	(80.0)
Total operating expenses	714.2	517.4	2,116.5	1,598.9
Earnings from operations	601.1	495.0	1,037.0	960.1
Interest expense	95.1	83.9	268.5	251.2
Other expense (income), net	50.9	(1.5)	71.4	6.8
Earnings before income taxes and noncontrolling interest	455.1	412.6	697.1	702.1
Income tax provision (benefit)	26.5	(86.8)	44.0	(40.5)
Net earnings	428.6	499.4	653.1	742.6
Net earnings attributable to the noncontrolling interest	—	(0.3)	(0.1)	(2.4)
Net earnings attributable to Mylan N.V. ordinary shareholders	$428.6	$499.1	$653.0	$740.2
Earnings per ordinary share attributable to Mylan N.V. ordinary shareholders:				
Basic	$0.87	$1.33	$1.40	$1.98
Diluted	$0.83	$1.26	$1.32	$1.86
Weighted average ordinary shares outstanding:				
Basic	490.5	374.1	466.2	373.4
Diluted	514.0	397.3	493.2	397.1

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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net earnings	$428.6	$499.4	$653.1	$742.6
Other comprehensive loss, before tax:				
Foreign currency translation adjustment	(148.4)	(453.8)	(526.7)	(317.2)
Change in unrecognized gain (loss) and prior service cost related to defined benefit plans	—	1.4	3.9	(3.7)
Net unrecognized loss on derivatives	(84.2)	(23.1)	(67.4)	(98.3)
Net unrealized loss on marketable securities	(0.2)	(0.1)	(0.4)	—
Other comprehensive loss, before tax	(232.8)	(475.6)	(590.6)	(419.2)
Income tax benefit	(30.8)	(8.0)	(24.0)	(39.0)
Other comprehensive loss, net of tax	(202.0)	(467.6)	(566.6)	(380.2)
Comprehensive earnings	226.6	31.8	86.5	362.4
Comprehensive earnings attributable to the noncontrolling interest	—	(0.3)	(0.1)	(2.4)
Comprehensive earnings attributable to Mylan N.V. ordinary shareholders	$226.6	$31.5	$86.4	$360.0

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)

	September 30, 2015	December 31, 2014
ASSETS		
Assets		
Current assets:		
Cash and cash equivalents	$ 587.0	$ 225.5
Accounts receivable, net	2,917.1	2,268.5
Inventories	1,944.1	1,651.4
Deferred income tax benefit	444.0	345.7
Prepaid expenses and other current assets	593.7	2,295.8
Total current assets	6,485.9	6,786.9
Property, plant and equipment, net	1,884.7	1,785.7
Intangible assets, net	6,888.2	2,347.1
Goodwill	5,125.3	4,049.3
Deferred income tax benefit	78.0	83.4
Other assets	854.4	834.2
Total assets	$ 21,316.5	$ 15,886.6
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities:		
Trade accounts payable	$ 1,236.2	$ 905.6
Short-term borrowings	0.8	330.7
Income taxes payable	100.2	160.7
Current portion of long-term debt and other long-term obligations	567.5	2,474.4
Deferred income tax liability	2.3	0.2
Other current liabilities	1,777.1	1,434.1
Total current liabilities	3,684.1	5,305.7
Long-term debt	5,845.8	5,732.8
Deferred income tax liability	613.1	235.4
Other long-term obligations	1,358.5	1,336.7
Total liabilities	11,501.5	12,610.6
Equity		
Mylan N.V. shareholders’ equity		
Ordinary shares [1] — nominal value €0.01 per ordinary share as of September 30, 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 September 30, 2015 and December 31, 2014		
Shares issued: 491,736,385 and 546,658,507 as of September 30, 2015 and December 31, 2014	5.5	273.3
Additional paid-in capital	7,094.2	4,212.8
Retained earnings	4,267.5	3,614.5
Accumulated other comprehensive loss	(1,553.6)	(987.0)
	9,813.6	7,113.6
Noncontrolling interest	1.4	20.1
Less: Treasury stock — at cost		

Shares: zero and 171,435,200 as of September 30, 2015 and December 31, 2014	—	3,857.7
Total equity	9,815.0	3,276.0
Total liabilities and equity	$ 21,316.5	$ 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)

	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net earnings	$653.1	$742.6
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	691.4	398.1
Share-based compensation expense	66.4	48.0
Change in estimated sales allowances	399.8	462.0
Deferred income tax provision	(62.2)	(250.5)
Loss from equity method investments	77.5	65.5
Other non-cash items	206.2	120.3
Litigation settlements, net	19.1	47.2
Changes in operating assets and liabilities:		
Accounts receivable	(454.1)	(339.2)
Inventories	(288.4)	(163.4)
Trade accounts payable	242.5	(126.8)
Income taxes	(178.5)	30.4
Other operating assets and liabilities, net	(16.3)	(146.0)
Net cash provided by operating activities	1,356.5	888.2
Cash flows from investing activities:		
Capital expenditures	(207.3)	(220.3)
Cash paid for acquisitions, net	—	(50.0)
Proceeds from sale of property, plant and equipment	2.3	8.8
Purchase of marketable securities	(59.1)	(17.6)
Proceeds from sale of marketable securities	29.4	16.4
Payments for product rights and other, net	(404.6)	(454.2)
Net cash used in investing activities	(639.3)	(716.9)
Cash flows from financing activities:		
Payment of financing fees	(114.7)	(2.4)
Change in short-term borrowings, net	(329.7)	(75.1)
Proceeds from convertible note hedge	1,970.8	—
Proceeds from issuance of long-term debt	2,390.0	635.0
Payment of long-term debt	(4,334.1)	(695.0)
Proceeds from exercise of stock options	92.8	34.2
Taxes paid related to net share settlement of equity awards	(31.7)	(22.8)
Payments for contingent consideration	—	(150.0)
Acquisition of noncontrolling interest	(11.7)	—
Other items, net	49.6	22.4
Net cash used in financing activities	(318.7)	(253.7)
Effect on cash of changes in exchange rates	(37.0)	(9.3)
Net increase (decrease) in cash and cash equivalents	361.5	(91.7)
Cash and cash equivalents — beginning of period	225.5	291.3
Cash and cash equivalents — end of period	$587.0	$199.6
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 EPD Transaction Closing Date, Mylan N.V. acquired the EPD Business in consideration for Mylan N.V. ordinary shares, Moon of PA Inc. merged with and into Mylan Inc., with Mylan Inc. surviving as an indirect wholly owned subsidiary of Mylan N.V. and each share of Mylan Inc. common stock issued and outstanding immediately prior to the EPD Transaction Closing Date 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 (the “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 present 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, as amended on April 30, 2015 and as updated by the Company’s Current Report on Form 8-K filed on June 11, 2015. The December 31, 2014 Condensed Consolidated Balance Sheet was derived from audited financial statements.
The interim results of operations and comprehensive earnings for the three and nine months ended September 30, 2015 and cash flows for the nine months ended September 30, 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 nine months ended September 30, 2015. Such allowances were $1.82 billion and $1.63 billion at September 30, 2015 and December 31, 2014, respectively. Other current liabilities include $774.4 million and $581.3 million at September 30, 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 $962.3 million and $1.07 billion of securitized accounts receivable at September 30, 2015 and December 31, 2014, respectively.

3. Recent Accounting Pronouncements

In September 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2015-16, Business Combinations (Topic 805) - Simplifying the Accounting for Measurement-Period Adjustments ("ASU 2015-16"), which requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments in ASU 2015-16 require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. An entity is required to present separately on the face of the income statement or disclose in the notes thereto the portion of the amount recorded in current period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. This guidance is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015 and should be applied prospectively to adjustments to provisional amounts that occur after the effective date with earlier adoption permitted for financial statements that have not been issued. The Company is currently assessing the impact of the adoption of this guidance on its financial condition, results of operations and cash flows.

In August 2015, the FASB issued Accounting Standards Update 2015-15, Interest - Imputation of Interest, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements ("ASU 2015-15"), which states that given the absence of authoritative guidance for debt issuance costs related to line-of-credit arrangements within ASU 2015-03, defined below, the SEC staff would not object to an entity deferring and presenting such costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of credit arrangement. The Company is currently assessing the impact of the adoption of this guidance on its financial presentation.

In April 2015, the FASB issued Accounting Standards Update 2015-03, Interest – Imputation of Interest ("ASU 2015-03"), which simplifies the presentation of debt issuance costs by requiring that debt issue costs for term debt be presented on the balance sheet as a direct reduction of the term debt liability as opposed to a deferred charge within other non-current assets. The change is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015. Retrospective application is required and early adoption is permitted. The Company is currently assessing the impact of the adoption of this guidance on its financial presentation.

In February 2015, the 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 revises 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.

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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., an indirect wholly owned subsidiary of Mylan N.V., with Mylan Inc. becoming an indirect wholly owned subsidiary of Mylan N.V. In addition, 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, its principal executive offices are located in Hatfield, Hertfordshire, England and its global headquarters are located in Canonsburg, Pennsylvania.

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 closing of the EPD Transaction, 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.

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. 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 area of those preliminary estimates that is not yet finalized relates to deferred income taxes. During the second and third quarter of 2015, adjustments were made to the preliminary purchase price recorded at February 27, 2015. These adjustments related to working capital amounts and liabilities for post-employment benefits. These adjustments are reflected in the values presented below. The preliminary allocation of the $6.31 billion purchase price (as valued on the EPD Transaction Closing Date) to the assets acquired and liabilities assumed for the EPD Business is as follows:

(In millions)	Preliminary Purchase Price Allocation as of February 27, 2015 [(a)]	Measurement Period Adjustments [(b)]	Preliminary Purchase Price Allocation as of September 30, 2015 (as adjusted)
Accounts receivable	$462.5	$ (18.7)	$443.8
Inventories	196.3	2.2	198.5
Other current assets	70.1	—	70.1
Property, plant and equipment	140.8	—	140.8
Identified intangible assets	4,843.0	—	4,843.0
Goodwill	1,285.7	18.3	1,304.0
Other assets	15.5	—	15.5
Total assets acquired	7,013.9	1.8	7,015.7
Current liabilities	(269.0)	—	(269.0)
Deferred tax liabilities	(382.1)	—	(382.1)
Other non-current liabilities	(57.0)	(1.8)	(58.8)
Net assets acquired	$6,305.8	$ —	$6,305.8

(a) As originally reported in the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2015.

(b) The measurement period adjustments are for 1) certain working capital adjustments to reflect facts and circumstances that existed as of the acquisition date, 2) an increase in the liability recorded for post-employment benefit programs to reflect updated opening balance sheet actuarial valuations and 3) the tax implications of these adjustments. These adjustments did not have a significant impact on the Company's previously reported condensed consolidated financial statements and accordingly, the Company has not retrospectively adjusted those financial statements.

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. 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 goodwill of $1.30 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. Goodwill of $849 million is currently expected to be deductible for income tax purposes. Acquisition related costs of approximately $85.1 million were incurred during the nine months ended September 30, 2015, which were recorded as a component of selling, general and administrative ("SG&A") expense in the Condensed Consolidated Statements of Operations. During the year ended December 31, 2014, the Company incurred approximately $50.2 million of acquisition related costs, which were recorded as a component of SG&A in the Consolidated Statements of Operations.

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 September 30, 2015 were $1.01 billion and the net loss, net of tax, was $68.6 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 value 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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MYLAN N.V. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Unaudited, in millions, except per share amounts)	2015	2014	2015	2014
Total revenues	$2,695.2	$2,603.0	$7,185.5	$7,097.9
Net earnings attributable to Mylan N.V. ordinary shareholders	$428.6	$504.6	$721.7	$432.7
Earnings per ordinary share attributable to Mylan N.V. ordinary shareholders:				
Basic	$0.87	$1.05	$1.47	$0.90
Diluted	$0.83	$0.99	$1.39	$0.85
Weighted average ordinary shares outstanding:				
Basic	490.5	484.1	490.6	483.4
Diluted	514.0	507.3	517.6	507.1

Other Transactions

On April 24, 2015, Mylan N.V. issued a Rule 2.5 announcement under the Irish Takeover Panel Act, 1997, Takeover Rules, 2013 (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, as described in the Rule 2.5 announcement (as amended on April 29, 2015 and on August 13, 2015) and as further described in the Offer to Exchange/Prospectus dated September 14, 2015 (the “Offer to Exchange/Prospectus”) (being the offer document for the purposes of the Irish Takeover Rules), 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 and the Offer to Exchange/Prospectus, including approval by Mylan N.V. shareholders. On August 28, 2015, Mylan N.V. shareholders approved the Perrigo Proposal at an extraordinary general meeting of shareholders of Mylan N.V. On September 14, 2015, Mylan officially commenced its formal offer to acquire all outstanding ordinary shares of Perrigo. The offer and withdrawal rights are scheduled to expire at 1:00 PM (Irish time)/8:00 AM (New York City time) on November 13, 2015, unless the offer is extended with the consent of the Irish Takeover Panel. The offer is fully financed, cash confirmed and not conditional on due diligence. The offer is subject to customary conditions for an offer governed by the Irish Takeover Rules.

During 2015, the Company entered into agreements with multiple counterparties to acquire certain marketed pharmaceutical products for upfront payments totaling approximately $360.8 million, which was paid during the nine months ended September 30, 2015 and is included in investing activities in the Condensed Consolidated Statements of Cash Flows. The Company is subject to potential future sales and other contingent milestone payments under the terms of one of the agreements.

On February 2, 2015, the Company signed a definitive agreement to acquire certain female health care businesses from Famy Care Limited (such businesses “Jai Pharma Limited”), a specialty women’s health care company with global leadership in generic oral contraceptive products. The purchase price is $750 million in cash at closing plus additional contingent payments of up to $50 million. The transaction is expected to close in the fourth quarter of 2015.

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. On September 14, 2015, Mylan announced the initiation of the Phase 3 program that will support the registrational development program of TD-4208 in the U.S. In addition to funding the U.S. registrational development program, the Company made a $30 million investment in Theravance Biopharma’s common stock during the first quarter of 2015, which is being accounted for as an available-for-sale security. The Company incurred $15 million in upfront development costs during the nine months ended September 30, 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.

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, other stock-based awards and short-term cash awards. Stock option awards are granted at the fair market 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	555,558	59.20
Exercised	(4,892,485)	22.28
Forfeited	(163,692)	45.50
Converted	(4,100,000)	53.33
Outstanding at September 30, 2015	7,607,158	$31.01
Vested and expected to vest at September 30, 2015	7,260,973	$30.24
Exercisable at September 30, 2015	5,208,129	$23.11

As of September 30, 2015, stock awards outstanding, stock awards vested and expected to vest and stock awards exercisable had average remaining contractual terms of 6.4 years, 6.3 years and 5.3 years, respectively. Also, at September 30, 2015, stock awards outstanding, stock awards vested and expected to vest and stock awards exercisable had aggregate intrinsic values of $97.1 million, $96.5 million and $93.2 million, respectively.

On June 10, 2015, 4.1 million shares of the Company's performance-based SARs were converted into 1.1 million restricted ordinary shares (the "Restricted Ordinary Shares") pursuant to the terms of Mylan's One-Time Special Performance-Based Five-Year Realizable Value Incentive Program implemented in 2014 (the "2014 Program"). In addition, the maximum number of the Company's performance restricted stock units ("PRSU") granted under the 2014 Program that could vest was fixed at 1.4 million units. The fair value of the performance-based SARs and PRSUs were determined using a Monte Carlo simulation as both the SARs and PRSUs contain the same performance and market conditions. In determining the fair value of the performance-based SARs and PRSUs, the Company considered the achievement of the market condition in determining the estimated fair value. The Restricted Ordinary Shares and PRSUs remain subject to the achievement of the performance condition and the employee's continued service. During the nine months ended September 30, 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.

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A summary of the status of the Company’s nonvested restricted stock and restricted stock unit awards, including PRSUs and Restricted Ordinary Shares (collectively, “restricted stock awards”), as of September 30, 2015 and the changes during the nine months ended September 30, 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	939,295	55.35
Released	(1,464,571)	33.84
Forfeited	(90,043)	43.47
Converted	1,107,207	34.92
Nonvested at September 30, 2015	4,162,126	$39.96

As of September 30, 2015, the Company had $124.8 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 2.5 years. The total intrinsic value of stock awards exercised and restricted stock units released during the nine months ended September 30, 2015 and 2014 was $254.9 million and $118.1 million, respectively.

6. Balance Sheet Components

Selected balance sheet components consist of the following:

(In millions)	September 30, 2015	December 31, 2014
Inventories:		
Raw materials	$ 594.2	$ 549.5
Work in process	416.7	298.4
Finished goods	933.2	803.5
	$ 1,944.1	$ 1,651.4
Property, plant and equipment:		
Land and improvements	$125.2	$88.3
Buildings and improvements	887.9	826.4
Machinery and equipment	1,841.9	1,739.3
Construction in progress	291.2	301.8
	3,146.2	2,955.8
Less accumulated depreciation	1,261.5	1,170.1
	$1,884.7	$1,785.7

(In millions)	September 30, 2015	December 31, 2014
Other current liabilities:		
Legal and professional accruals, including litigation accruals	$ 129.4	$ 81.8
Payroll and employee benefit plan accruals	326.5	282.6
Accrued sales allowances	774.4	581.3
Accrued interest	41.8	63.8
Fair value of financial instruments	23.1	52.2
Other	481.9	372.4
	$ 1,777.1	$ 1,434.1

Contingent consideration included in other current liabilities totaled $35.0 million and $20.0 million at September 30, 2015 and December 31, 2014, respectively. Contingent consideration included in other long-term obligations was $463.5 million and $450.0 million at September 30, 2015 and December 31, 2014, respectively. During the third quarter, the Company reclassified $15.0 million of contingent consideration from other long-term obligations to other current liabilities representing milestone payments that are expected to be made in the fourth quarter of 2015 and first quarter of 2016. Included in prepaid expenses and other current assets was $106.5 million and $134.1 million of restricted cash at September 30, 2015 and December 31, 2014, respectively. An additional $100 million of restricted cash was classified in other long-term assets at September 30, 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, as amended, totaled $398.1 million and $437.5 million at September 30, 2015 and December 31, 2014, respectively, and are included in other assets in the Condensed Consolidated Balance Sheets. Liabilities related to these investments totaled $436.1 million and $472.7 million at September 30, 2015 and December 31, 2014, respectively. Of these liabilities, $373.8 million and $412.9 million are included in other long-term obligations in the Condensed Consolidated Balance Sheets at September 30, 2015 and December 31, 2014, respectively. The remaining $62.3 million and $59.8 million are included in other current liabilities in the Condensed Consolidated Balance Sheets at September 30, 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 $98.8 million and $109.9 million at September 30, 2015 and December 31, 2014, respectively.

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 the 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.

Settlement of the warrants will occur beginning in the fourth quarter of 2015 and ending in the second quarter of 2016. 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 and nine months ended September 30, 2015, 20.3 million and 22.1 million warrants, respectively, were included in the calculation of diluted earnings per ordinary share. For the three and nine months ended September 30, 2014, 17.0 million and 17.1 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 September 30,		Nine Months Ended September 30,	
(In millions, except per share amounts)	2015	2014	2015	2014
Basic earnings attributable to Mylan N.V. ordinary shareholders (numerator):				
Net earnings attributable to Mylan N.V. ordinary shareholders	$428.6	$499.1	$653.0	$740.2
Shares (denominator):				
Weighted average ordinary shares outstanding	490.5	374.1	466.2	373.4
Basic earnings per ordinary share attributable to Mylan N.V. ordinary shareholders	$0.87	$1.33	$1.40	$1.98
Diluted earnings attributable to Mylan N.V. ordinary shareholders (numerator):				
Net earnings attributable to Mylan N.V. ordinary shareholders	$428.6	$499.1	$653.0	$740.2
Shares (denominator):				
Weighted average ordinary shares outstanding	490.5	374.1	466.2	373.4
Share-based awards and warrants	23.5	23.2	27.0	23.7
Total dilutive shares outstanding	514.0	397.3	493.2	397.1
Diluted earnings per ordinary share attributable to Mylan N.V. ordinary shareholders	$0.83	$1.26	$1.32	$1.86

Additional stock awards and restricted stock awards were outstanding during the periods ended September 30, 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. Excluded shares at September 30, 2015 include certain share based compensation awards and Restricted Ordinary Shares whose performance conditions had not been fully met. Such excluded and anti-dilutive awards represented 3.9 million shares for the three and nine months ended September 30, 2015, and 7.1 million and 5.8 million shares for the three and nine months ended September 30, 2014, respectively.

8. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill for the nine months ended September 30, 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	1,304.0	—	1,304.0
Foreign currency translation	(228.0)	—	(228.0)
	$4,776.2	$349.1	$5,125.3
Balance at September 30, 2015:			
Goodwill	$4,776.2	$734.1	$5,510.3
Accumulated impairment losses	—	(385.0)	(385.0)
	$4,776.2	$349.1	$5,125.3

Intangible assets consist of the following components at September 30, 2015 and December 31, 2014:

(In millions)	Weighted Average Life (Years)	Original Cost	Accumulated Amortization	Net Book Value
September 30, 2015				
Amortized intangible assets:				
Patents and technologies	20	$116.6	$ 102.7	$13.9
Product rights and licenses	11	8,301.6	2,486.1	5,815.5
Other [1]	6	477.2	152.4	324.8
		8,895.4	2,741.2	6,154.2
In-process research and development		734.0	—	734.0
		$9,629.4	$ 2,741.2	$6,888.2
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

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[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 nine months ended September 30, 2015 and 2014, was $559.8 million and $269.3 million, respectively. Amortization expense, inclusive of the intangible assets acquired as a result of the acquired EPD Business in the first quarter of 2015, but excluding amounts related to the acquisition of Jai Pharma Limited, is expected to be approximately $229 million for the remainder of 2015 and $823 million, $714 million, $661 million and $578 million for the years ended December 31, 2016 through 2019, respectively.

During the nine months ended September 30, 2014, approximately $6.3 million was reclassified from acquired in-process research and development to product rights and licenses.

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.

In September 2015, the Company entered into a series of forward starting swaps to hedge against changes in interest rates related to future debt issuances. These swaps are designated as cash flow hedges of expected future issuances of long-term bonds. The Company executed $500 million of notional value swaps with an effective date of June 2016 and an additional $500 million of notional value swaps with an effective date of November 2016. Both sets of swaps have a maturity of 10 years.

In September 2015, the Company terminated certain forward starting swaps designated as cash flow hedges of expected future issuances of long-term bonds. As a result of this termination, the Company incurred losses, net of tax, of approximately $22.4 million which will remain in AOCE until the issuance of bonds in the fourth quarter of 2015 or early 2016.

In August 2015, the Company terminated certain forward starting swaps designated as cash flow hedges of expected future issuances of long-term bonds. As a result of this termination, the Company incurred losses, net of tax, of approximately $32.9 million which will remain in AOCE until the issuance of bonds in the fourth quarter of 2015 or early 2016.

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. 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 is not subject to any obligations to post collateral under derivative instrument contracts.

The Company's convertible note hedge on its Cash Convertible Notes, which was entered into in order to offset the cash flow risk associated with the cash conversion feature of the Cash Convertible Notes, was settled in conjunction with the maturity and full redemption of the Cash Convertible Notes on September 15, 2015. In conjunction with the issuance of the Cash Convertible Notes, Mylan Inc. entered into warrant transactions with certain counterparties. In connection with the 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. Settlement of the warrants will occur beginning in the fourth quarter of 2015 and ending in the second quarter of 2016. 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.

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.

Fair Values of Derivative Instruments
Derivatives Designated as Hedging Instruments

	Asset Derivatives			
	September 30, 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	$50.7	Prepaid expenses and other current assets	$30.4
Foreign currency forward contracts	Prepaid expenses and other current assets	10.5	Prepaid expenses and other current assets	12.9
Total		$61.2		$43.3

	Liability Derivatives			
	September 30, 2015		December 31, 2014	
(In millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps	Other current liabilities	$20.1	Other current liabilities	$49.9
Total		$20.1		$49.9

Fair Values of Derivative Instruments
Derivatives Not Designated as Hedging Instruments

	Asset Derivatives			
	September 30, 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	$5.9	Prepaid expenses and other current assets	$5.5
Purchased cash convertible note hedge	Prepaid expenses and other current assets	—	Prepaid expenses and other current assets	1,853.5

Total	$5.9	$1,859.0

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(In millions)	Liability Derivatives September 30, 2015 Balance Sheet Location	Fair Value	December 31, 2014 Balance Sheet Location	Fair Value
Foreign currency forward contracts	Other current liabilities	$3.0	Other current liabilities	$2.3
Cash conversion feature of Cash Convertible Notes	Current portion of long-term debt and other long-term obligations	—	Current portion of long-term debt and long-term obligations	1,853.5
Total		$3.0		$1,855.8

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

(In millions)	Location of Gain Recognized in Earnings on Derivatives	Amount of Gain Recognized in Earnings on Derivatives Three Months Ended September 30,		Nine Months Ended September 30,	
		2015	2014	2015	2014
Interest rate swaps	Interest expense	$29.5	$2.4	$34.1	$50.2
Total		$29.5	$2.4	$34.1	$50.2

(In millions)	Location of (Loss) or Gain Recognized in Earnings on Hedged Items	Amount of (Loss) or Gain Recognized in Earnings on Hedged Items Three Months Ended September 30,		Nine Months Ended September 30,	
		2015	2014	2015	2014
2016 Senior Notes (1.800% coupon)	Interest expense	$—	$1.0	$—	$0.1
2018 Senior Notes (6.000% coupon)	Interest expense	—	2.8	$—	$3.9
2023 Senior Notes (3.125% coupon)	Interest expense	(25.0)	2.3	(20.4)	(28.6)
Total		$(25.0)	$6.1	$(20.4)	$(24.6)

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

(In millions)	Amount of Loss Recognized in AOCE (Net of Tax) on Derivative (Effective Portion) Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Foreign currency forward contracts	$(21.3)	$(17.7)	$(36.5)	$(11.8)
Interest rate swaps	(40.3)	(7.7)	(37.0)	(84.6)
Total	$(61.6)	$(25.4)	$(73.5)	$(96.4)

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(In millions)	Location of Loss Reclassified from AOCE into Earnings (Effective Portion)	Amount of Loss Reclassified from AOCE into Earnings (Effective Portion) Three Months Ended September 30, 2015	2014	Nine Months Ended September 30, 2015	2014
Foreign currency forward contracts	Net sales	$(8.1)	$(10.1)	$(30.4)	$(35.4)
Interest rate swaps	Interest expense	(0.2)	(0.2)	(0.5)	(0.5)
Total		$(8.3)	$(10.3)	$(30.9)	$(35.9)

(In millions)	Location of Gain Excluded from the Assessment of Hedge Effectiveness	Amount of Gain Excluded from the Assessment of Hedge Effectiveness Three Months Ended September 30, 2015	2014	Nine Months Ended September 30, 2015	2014
Foreign currency forward contracts	Other expense (income), net	$11.7	$17.8	$35.1	$59.9
Total		$11.7	$17.8	$35.1	$59.9

At September 30, 2015, the Company expects that approximately $36.9 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

(In millions)	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives Three Months Ended September 30, 2015	2014	Nine Months Ended September 30, 2015	2014
Foreign currency forward contracts	Other expense (income), net	$22.2	$(60.3)	$29.8	$(52.7)
Cash conversion feature of Cash Convertible Notes	Other expense (income), net	1,689.3	262.4	1,853.5	(84.6)
Purchased cash convertible note hedge	Other expense (income), net	(1,689.3)	(262.4)	(1,853.5)	84.6
Total		$22.2	$(60.3)	$29.8	$(52.7)

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.

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Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued

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

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

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

	September 30, 2015			
(In millions)	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial Assets				
Cash equivalents:				
Money market funds	$76.6	$—	$—	$76.6
Total cash equivalents	76.6	—	—	76.6
Trading securities:				
Equity securities — exchange traded funds	21.4	—	—	21.4
Total trading securities	21.4	—	—	21.4
Available-for-sale fixed income investments:				
U.S. Treasuries	—	4.5	—	4.5
Corporate bonds	—	15.9	—	15.9
Agency mortgage-backed securities	—	3.7	—	3.7
Asset backed securities	—	2.3	—	2.3
Other	—	1.5	—	1.5
Total available-for-sale fixed income investments	—	27.9	—	27.9
Available-for-sale equity securities:				
Marketable securities	27.3	—	—	27.3
Total available-for-sale equity securities	27.3	—	—	27.3
Foreign exchange derivative assets	—	16.4	—	16.4
Interest rate swap derivative assets	—	50.7	—	50.7
Total assets at recurring fair value measurement	$125.3	$95.0	$—	$220.3
Financial Liabilities				
Foreign exchange derivative liabilities	$—	$3.0	$—	$3.0
Interest rate swap derivative liabilities	—	20.1	—	20.1
Contingent consideration	—	—	498.5	498.5
Total liabilities at recurring fair value measurement	$—	$23.1	$498.5	$521.6

	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 public exchanges at the reporting date and translated to the U.S. Dollar 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.

- 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 were 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 September 30, 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 0.4% 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 and nine months ended September 30, 2015, accretion of $9.7 million and $28.5 million, respectively, was recorded in interest expense in the Condensed Consolidated Statements of Operations. During the three and nine months ended September 30, 2014, accretion of $9.0 million and $26.1 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

2015 Term Credit Agreement

On July 15, 2015, the Company entered into a term credit agreement (the "2015 Term Credit Agreement") among the Company, as guarantor, Mylan Inc. (the "Borrower"), certain lenders and PNC Bank, National Association as the administrative agent (in such capacity, the "Credit Agreement Administrative Agent"). The 2015 Term Credit Agreement provided for a delayed-draw term loan credit facility (the "Credit Facility") under which the Borrower obtained loans in the aggregate amount of $1.6 billion, consisting of (i) a closing date term loan (the "Closing Date Loan") in the amount of $1.0 billion, borrowed on July 15, 2015, which was used to redeem the Company's 7.875% Senior Notes due 2020 (the "2020 Senior Notes") and (ii) a delayed draw term loan (the "Delayed Draw Loan," and together with the Closing Date Loan, the "2015 Term Loans") in the amount of $600.0 million, borrowed on September 15, 2015, which was primarily used to repay the notional amount of the Company's Cash Convertible Notes that matured on September 15, 2015.
The loans under the 2015 Term Credit Agreement bear interest at LIBOR (determined in accordance with the 2015 Term Credit Agreement) plus 1.375% per annum, if the Borrower chooses to make LIBOR borrowings, or at a base rate (determined in accordance with the 2015 Term Credit Agreement) plus 0.375% 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 Inc. has the option to designate the Company as a co-borrower or a successor borrower under the 2015 Term Credit Agreement, upon satisfaction of certain conditions set forth therein. The 2015 Term Loans are unsecured and are guaranteed by the Company and each subsidiary of the Company that guarantees (or is otherwise a co-obligor of) third-party indebtedness of the Company in excess of $350 million. As of September 30, 2015, no subsidiary of the Company is required to provide a guarantee of the Credit Facility.

The 2015 Term 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 2015 Term Credit Agreement contains a financial covenant requiring maintenance of a maximum ratio of 3.75 to 1.00 for consolidated total indebtedness as of the end of any quarter to consolidated EBITDA, as defined in the agreement, for the trailing four quarters. This financial covenant was tested at the quarter ending September 30, 2015, and the Company has been in compliance. Following certain qualifying acquisitions (other than the Perrigo Proposal), at the Company's election, the maximum ratio of the financial covenant will be increased to 4.25 to 1.00 for the three full quarters following such qualifying acquisition. In addition, (i) for the four fiscal quarters following the closing of the Company's offer for the entire issued and to be issued share capital of Perrigo, the maximum ratio in the financial covenant will be increased to 4.75 to 1.00, (ii) for each of the subsequent two fiscal quarters, the maximum ratio in the financial covenant will be decreased to 4.25 to 1.00, and (iii) for any fiscal quarter thereafter, the maximum ratio in the financial covenant will return to 3.75 to 1.00, subject to increase following certain qualifying acquisitions as described in the preceding sentence.

The 2015 Term 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 Inc., the Company or any subsidiary that becomes a guarantor as described above. If an event of default occurs under the 2015 Term Credit Agreement, the lenders may, among other things, terminate their commitments and declare immediately payable all borrowings.

The 2015 Term Loans mature on July 15, 2017, subject to extension to the earlier of (a) December 19, 2017, and (b) if different, the maturity date of the 2014 Term Credit Agreement dated December 19, 2014, as amended by Amendment No. 1 thereto dated May 1, 2015 and by Amendment No. 2 thereto dated October 28, 2015 among Mylan Inc., the Company, certain lenders and Bank of America, N.A., as administrative agent.

On October 28, 2015, the Company entered into Amendment No. 1 (the "2015 Term Amendment") to the 2015 Term Credit Agreement. The 2015 Term Amendment clarifies that the financial covenant modifications that are triggered upon the closing of the Perrigo Proposal will go into effect when the Company acquires a majority of shares in the capital of Perrigo. The 2015 Term Amendment also amends the event of default provisions to provide that any "change of control" under any indebtedness of Perrigo or its subsidiaries that is 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 or amends such indebtedness within 60 days of the closing of the Perrigo Proposal.

Senior Notes Redemption

On June 15, 2015, the Company announced its intention to redeem all of its outstanding 2020 Senior Notes on July 15, 2015 at a redemption price of 103.938% of the principal amount, together with accrued and unpaid interest at the redemption date. On July 15, 2015, the Company utilized the proceeds of the Closing Date Loan to complete its redemption of the 2020 Senior Notes for a total of approximately $1.08 billion, including a $39.4 million redemption premium and approximately $39.4 million of accrued interest. In addition, the Company expensed approximately $11.1 million of previously recorded deferred financing fees offset by the write-off of the remaining unamortized premium of approximately $9.7 million related to the 2020 Senior Notes.

Bridge Credit Facility

On April 24, 2015, the Company entered into a bridge credit agreement, which was amended on April 29, 2015 and on August 6, 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, in one or more drawings, up to an aggregate amount of approximately $12.5 billion, consisting of Tranche A Loans (the "Tranche A Loans") in an aggregate amount up to $11.0 billion, and

Tranche C Loans (the “Tranche C Loans”, and collectively, the “Loans”) in an aggregate amount up to approximately $1.5 billion. The proceeds of the Tranche A Loans and Tranche C Loans 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 at the initial closing of the offer and during any subsequent offer period in connection with the offer, subject to the conditions in the Bridge Credit Agreement. The commitments will terminate upon 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 each borrowing of the Loans, and 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. Furthermore, starting from the date Mylan first draws on the loans under the Bridge Credit Agreement, any dividends or distributions (including intercompany loans) from Perrigo to the Company that exceed an aggregate amount of $150 million will require Mylan to prepay the loans under the Bridge Credit Agreement, or if no such loans are then outstanding, will result in a reduction in the commitments, in each case, equal to the amount of such dividends or distributions.

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 a majority 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. During the nine months ended September 30, 2015, the Company paid approximately $89.1 million in commitment fees under the Bridge Facility, which are being amortized over the life of the Bridge Facility as deferred financing fees.

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 September 30, 2015, no subsidiary of Mylan other than Mylan Inc. is required to provide a guarantee of the Bridge Facility. Under the Bridge Credit Agreement, Perrigo's guarantee is required not later than the earlier of the date that is five months following Mylan having received acceptances of the offer in respect of not less than 75% of the issued and to be issued share capital of Perrigo (the “Perrigo Shares”) and the date that is three months following the date on which Mylan is entitled to commence the compulsory acquisition procedures available under sections 456 to 460 of the Companies Act, 2014 of Ireland with respect to the holders of the Perrigo Shares that have not tendered into the offer.

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 provides that during the period, if any, starting when Mylan acquires greater than 50% of the Perrigo Shares and until such time as Mylan acquires at least 80% of the Perrigo Shares the aggregate amount of (a) new indebtedness that Mylan will be permitted to cause Perrigo to incur (other than any such indebtedness owing to Mylan or its subsidiaries the proceeds of which are used to refinance certain existing indebtedness of Perrigo) and (b) investments that Mylan will be permitted to make in Perrigo (other than any such investments the proceeds of which are used to refinance existing indebtedness of Perrigo), will, in each case, be limited to $350 million.

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. The Company was in compliance with the financial covenant at September 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 the 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 September 30, 2015, the Company had no short-term borrowings under the Receivables Facility. As of December 31, 2014, the Company’s short-term borrowings under the Receivables Facility were $325 million in the Condensed Consolidated Balance Sheets.

A summary of long-term debt is as follows:

(In millions)	Coupon		September 30, 2015	December 31, 2014
2015 Term Loans			$ 1,600.0	$ —
2014 Term Loan			800.0	800.0
Cash Convertible Notes [(a)]	3.750	%	—	2,405.6
2016 Senior Notes [(b)]	1.800	%	500.1	500.2
2016 Senior Notes [(c)]	1.350	%	499.9	499.8
2018 Senior Notes [(d)]	2.600	%	649.2	649.0
2019 Senior Notes [(f)]	2.550	%	499.2	499.0
2020 Senior Notes [(e)]	7.875	%	—	1,010.5
2023 Senior Notes [(f)]	3.125	%	799.5	779.1
2023 Senior Notes [(g)]	4.200	%	498.4	498.2
2043 Senior Notes [(g)]	5.400	%	497.0	497.0
Other			4.5	0.1
			6,347.8	8,138.5
Less current portion			502.0	2,405.7
Total long-term debt			$ 5,845.8	$ 5,732.8

(a) The Cash Convertible Notes matured on September 15, 2015 and the remaining amount outstanding was repaid in full by the Company utilizing proceeds from the Delayed Draw Loan, included in 2015 Term Loans above. In addition, the convertible note hedge was settled during the third quarter of 2015.

(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 0.20% plus, in each case, accrued and unpaid interest. Instrument is due on June 24, 2016 and is included in current portion of long-term debt and other long-term obligations in the Condensed Consolidated Balance Sheets at September 30, 2015.

(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 0.125% plus, in each case, accrued and unpaid interest.

(d) 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.

(e) Instrument was called by the Company on July 15, 2015 at a redemption price of 103.938% of the principal amount, together with accrued and unpaid interest at the redemption date.

(f) 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.

(g) 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

On December 19, 2014, the Company entered into a Revolving Credit Agreement (the “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. On May 1, 2015, the Company entered into an amendment to the Revolving Credit Agreement (the “Revolving Amendment No. 1”). The Revolving Amendment No. 1 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 No. 1 also amends the event of default provisions to provide that any “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 makes any change of control offer required by the terms of such indebtedness and purchases all notes validly tendered pursuant thereto. The Revolving Amendment No. 1 also effects certain technical amendments.

On June 19, 2015, the Company entered into an additional amendment to the Revolving Credit Agreement (the “Incremental Amendment”). The Incremental Amendment provides that ING Bank N.V. will make available $150 million of additional revolving commitments under the Revolving Facility (the “Increased Commitments”), increasing the aggregate principal amount of the revolving commitments available under the Revolving Facility from $1.5 billion to $1.65 billion. Proceeds from the Increased Commitments will be used for working capital, capital expenditures and other lawful corporate purposes. At September 30, 2015 and December 31, 2014, the Company had no amounts outstanding under the Revolving Facility.

On October 28, 2015, the Company entered into Amendment No. 2 (the “Revolving Amendment No. 2”) to the Revolving Credit Agreement. The Revolving Amendment No. 2 clarifies that the financial covenant modifications that are triggered upon the closing of the Perrigo Proposal will go into effect when the Company acquires a majority of shares in the capital of Perrigo. The Revolving Amendment No. 2 also amends the event of default provisions to provide that any “change of control” under any indebtedness of Perrigo or its subsidiaries that is 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 or amends such indebtedness within 60 days of the closing of the Perrigo Proposal.

Term Credit Agreement

On May 1, 2015, the Company entered into Amendment No. 1 (the “Term Amendment No. 1”) to the Term Credit Agreement dated as of December 19, 2014 (the “2014 Term Loan”). The Term Amendment No. 1 provides that following the closing of the Perrigo Proposal, the financial covenant in the 2014 Term Loan 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 No. 1 also amends the event of default provisions to provide that any “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 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 No. 1 also effects certain technical amendments.

On October 28, 2015, the Company entered into Amendment No. 2 (the “Term Amendment No. 2”) to the 2014 Term Loan. The Term Amendment No. 2 clarifies that the financial covenant modifications that are triggered upon the closing of the Perrigo Proposal will go into effect when the Company acquires a majority of shares in the capital of Perrigo. The Term Amendment No. 2 also amends the event of default provisions to provide that any “change of control” under any indebtedness of Perrigo or its subsidiaries that is 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 or amends such indebtedness within 60 days of the closing of the Perrigo Proposal.

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. During the nine months ended September 30, 2015, the Company incurred approximately $21.8 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 had a stated interest at a rate of 3.75% per year and an effective interest rate of 9.5%. The effective interest rate was 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 were 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. Settlement of the warrants will occur beginning in the fourth quarter of 2015 and ending in the second quarter of 2016. 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 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.

The Cash Convertible Notes matured on September 15, 2015, and the Company utilized proceeds from the Delayed Draw Loan to repay in full the remaining notional amounts outstanding. The Company's convertible note hedge was settled in 2015 in conjunction with the maturity and full redemption of the Cash Convertible Notes. During the nine months ended September 30, 2015, the Company paid $2.54 billion in connection with the maturity of the Cash Convertible Notes, and the Company received proceeds of $1.97 billion from the convertible note hedge, which are included in financing activities in the Condensed Consolidated Statements of Cash Flows.

Fair Value

At September 30, 2015 and December 31, 2014, the fair value of the Senior Notes was approximately $3.86 billion and $5.03 billion, respectively. At December 31, 2014, the fair value of the Cash Convertible Notes was approximately $2.42 billion. 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 2015 Term Loans and 2014 Term Loan, determined based on Level 2 inputs, approximate their carrying values at September 30, 2015 and December 31, 2014.

Mandatory minimum repayments remaining on the outstanding long-term debt at September 30, 2015, excluding the discounts, premium and conversion features, are as follows for each of the periods ending December 31:

(In millions)	Total

2015	$—
2016	1,000
2017	2,400
2018	650
2019	500
Thereafter	1,750
Total	$6,300

11. Comprehensive Earnings

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

(In millions)	September 30, 2015	December 31, 2014
Accumulated other comprehensive loss:		
Net unrealized gains on marketable securities, net of tax	$ 0.1	$ 0.3
Net unrecognized losses and prior service cost related to defined benefit plans, net of tax	(16.6)	(19.5)
Net unrecognized losses on derivatives, net of tax	(71.0)	(28.4)
Foreign currency translation adjustment	(1,466.1)	(939.4)
	$ (1,553.6)	$ (987.0)

Components of accumulated other comprehensive loss, before tax, consist of the following, for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30, 2015						
	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Marketable Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
(In millions)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total				
Balance at June 30, 2015, net of tax			$(17.6)	$ 0.1	$(16.4)	$(1,317.7)	$(1,351.6)
Other comprehensive (loss) earnings before reclassifications, before tax			(92.5)	(0.2)	0.1	(148.4)	(241.0)
Amounts reclassified from accumulated other comprehensive loss, before tax:							
Loss on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(8.1)		(8.1)				(8.1)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		(0.2)	(0.2)				(0.2)
Amortization of actuarial gain included in SG&A expenses					0.1		0.1
Amounts reclassified from accumulated other comprehensive loss, before tax			(8.3)	—	0.1	—	(8.2)
Net other comprehensive loss, before tax			(84.2)	(0.2)	—	(148.4)	(232.8)
Income tax (benefit) provision			(30.8)	(0.2)	0.2	—	(30.8)
Balance at September 30, 2015, net of tax			$(71.0)	$ 0.1	$(16.6)	$(1,466.1)	$(1,553.6)

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	Nine Months Ended September 30, 2015						
	Gains and Losses on Derivatives in Cash Flow Hedging Relationships			Gains and Losses on Marketable Securities	Defined Pension Plan Items	Foreign Currency Translation Adjustment	Totals
(In millions)	Foreign Currency Forward Contracts	Interest Rate Swaps	Total				
Balance at December 31, 2014, net of tax			$(28.4)	$ 0.3	$(19.5)	$(939.4)	$(987.0)
Other comprehensive (loss) earnings before reclassifications, before tax			(98.3)	(0.4)	4.5	(526.7)	(620.9)
Amounts reclassified from accumulated other comprehensive loss, before tax:							
Loss on foreign exchange forward contracts classified as cash flow hedges, included in net sales	(30.4)		(30.4)				(30.4)
Loss on interest rate swaps classified as cash flow hedges, included in interest expense		(0.5)	(0.5)				(0.5)
Amortization of prior service costs included in SG&A expenses					0.2		0.2
Amortization of actuarial gain included in SG&A expenses							