UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2020

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 001-38485

Amneal Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**32-0546926**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
Amneal Pharmaceuticals, Inc. 400 Crossing Boulevard, Bridgewater, NJ	**08807**
(Address of principal executive offices)	**(Zip Code)**

(908) 947-3120
(Registrant's telephone number, including area code)
Not applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Class A Common Stock, par value $0.01 per share	AMRX	New York Stock Exchange

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

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

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

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

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

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

As of April 30, 2020, there were 147,314,497 shares of Class A common stock outstanding and 152,116,890 shares of Class B common stock outstanding, both with a par value of $0.01.

Amneal Pharmaceuticals, Inc.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q and Amneal Pharmaceuticals, Inc.'s other publicly available documents contain "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Management and representatives of Amneal Pharmaceuticals, Inc. and its subsidiaries (the "Company") also may from time to time make forward-looking statements. Forward-looking statements do not relate strictly to historical or current facts and reflect management's assumptions, views, plans, objectives and projections about the future. Forward-looking statements may be identified by the use of words such as "plans," "expects," "will," "anticipates," "estimates" and other words of similar meaning in conjunction with, among other things: discussions of future operations; expected operating results and financial performance; impact of planned acquisitions and dispositions; the Company's strategy for growth; product development; regulatory approvals; market position and expenditures.

Because forward-looking statements are based on current beliefs, expectations and assumptions regarding future events, they are subject to uncertainties, risks and changes that are difficult to predict and many of which are outside of the Company's control. Investors should realize that if underlying assumptions prove inaccurate, known or unknown risks or uncertainties materialize, or other factors or circumstances change, the Company's actual results and financial condition could vary materially from expectations and projections expressed or implied in its forward-looking statements. Investors are therefore cautioned not to rely on these forward-looking statements.
Such risks and uncertainties include, but are not limited to:

- the impact of global economic conditions;
- the anticipated impact of the COVID-19 pandemic on our business, manufacturing, supply chain, financial results, financial condition, and planned capital expenditures.
- our ability to successfully develop, license, acquire and commercialize new products on a timely basis;
- our ability to obtain exclusive marketing rights for our products;
- the competition we face in the pharmaceutical industry from brand and generic drug product companies, and the impact of that competition on our ability to set prices;
- our ability to manage our growth through acquisitions and otherwise;
- our dependence on the sales of a limited number of products for a substantial portion of our total revenues;
- the risk of product liability and other claims against us by consumers and other third parties;
- risks related to changes in the regulatory environment, including United States federal and state laws related to healthcare fraud abuse and health information privacy and security and changes in such laws;
- changes to FDA product approval requirements;
- risks related to federal regulation of arrangements between manufacturers of branded and generic products;
- the impact of healthcare reform and changes in coverage and reimbursement levels by governmental authorities and other third-party payers;
- the continuing trend of consolidation of certain customer groups;
- our reliance on certain licenses to proprietary technologies from time to time;
- our dependence on third-party suppliers and distributors for raw materials for our products and certain finished goods;
- our dependence on third-party agreements for a portion of our product offerings;
- our ability to identify and make acquisitions of or investments in complementary businesses and products on advantageous terms;
- legal, regulatory and legislative efforts by our brand competitors to deter competition from our generic alternatives;
- the significant amount of resources we expend on research and development;
- our substantial amount of indebtedness and our ability to generate sufficient cash to service our indebtedness in the future, and the impact of interest rate fluctuations on such indebtedness; and
- the high concentration of ownership of our Class A Common Stock and the fact that we are controlled by the Amneal Group.

Investors also should carefully read our Annual Report on Form 10-K for the year ended December 31, 2019, including the section captioned "*Risk Factors*" for a description of certain risks that could, among other things, cause our actual results to differ materially from those expressed in our forward-looking statements. Investors should understand that it is not possible to predict or identify all such factors and should not consider the risks described above and in our Annual Report to be a complete statement of all potential risks and uncertainties. The Company does not undertake to publicly update any forward-looking statement that may be made from time to time, whether as a result of new information or future events or developments.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Amneal Pharmaceuticals, Inc.
Consolidated Statements of Operations
(unaudited; in thousands, except per share amounts)

	Three Months Ended March 31,	
	2020	**2019**
Net revenue	$ 498,533	$ 446,120
Cost of goods sold	313,578	309,743
Cost of goods sold impairment charges	1,456	53,297
Gross profit	183,499	83,080
Selling, general and administrative	77,976	84,436
Research and development	36,379	53,858
In-process research and development impairment charges	960	22,787
Intellectual property legal development expenses	1,270	4,166
Acquisition, transaction-related and integration expenses	2,575	6,032
Charges related to legal matters	4,500	—
Restructuring and other charges	2,048	6,161
Operating income (loss)	57,791	(94,360)
Other (expense) income:		
Interest expense, net	(39,899)	(43,281)
Foreign exchange loss, net	(5,181)	(5,464)
Gain on sale of international business	—	8,818
Other income, net	633	1,107
Total other expense, net	(44,447)	(38,820)
Income (loss) before income taxes	13,344	(133,180)
Benefit from income taxes	(108,173)	(8,428)
Net income (loss)	121,517	(124,752)
Less: Net (income) loss attributable to non-controlling interests	(6,450)	76,871
Net income (loss) attributable to Amneal Pharmaceuticals, Inc.	$ 115,067	$ (47,881)
Net income (loss) per share attributable to Amneal Pharmaceuticals, Inc.'s common stockholders:		
Class A and Class B-1 basic	$ 0.78	$ (0.37)
Class A and Class B-1 diluted	$ 0.78	$ (0.37)
Weighted-average common shares outstanding:		
Class A and Class B-1 basic	147,180	127,687
Class A and Class B-1 diluted	147,956	127,687

The accompanying notes are an integral part of these consolidated financial statements.

Amneal Pharmaceuticals, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(unaudited; in thousands)

	Three Months Ended March 31,	
	2020	**2019**
Net income (loss)	$ 121,517	$ (124,752)
Less: Net (income) loss attributable to non-controlling interests	(6,450)	76,871
Net income (loss) attributable to Amneal Pharmaceuticals, Inc.	115,067	(47,881)
Other comprehensive income (loss):		
Foreign currency translation adjustments:		
Foreign currency translation adjustments arising during the period	(5,135)	5,236
Less: Reclassification of foreign currency translation adjustment included in net loss	—	3,373
Foreign currency translation adjustments, net	(5,135)	8,609
Unrealized loss on cash flow hedge, net of tax	(62,658)	—
Less: Other comprehensive income (loss) attributable to non-controlling interests	34,456	(4,927)
Other comprehensive (loss) income attributable to Amneal Pharmaceuticals, Inc.	(33,337)	3,682
Comprehensive income (loss) attributable to Amneal Pharmaceuticals, Inc.	$ 81,730	$ (44,199)

The accompanying notes are an integral part of these consolidated financial statements.

Amneal Pharmaceuticals, Inc.
Consolidated Balance Sheets
(unaudited; in thousands)

	March 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 405,238	$ 151,197
Restricted cash	1,687	1,625
Trade accounts receivable, net	722,682	604,390
Inventories	437,959	381,067
Prepaid expenses and other current assets	204,409	70,164
Related party receivables	1,725	1,767
Total current assets	1,773,700	1,210,210
Property, plant and equipment, net	467,559	477,997
Goodwill	514,733	419,504
Intangible assets, net	1,475,161	1,382,753
Operating lease right-of-use assets	50,943	53,344
Operating lease right-of-use assets - related party	21,616	16,528
Financing lease right-of-use assets - related party	60,632	61,284
Other assets	26,456	44,270
Total assets	$ 4,390,800	$ 3,665,890
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 606,925	$ 507,483
Current portion of long-term debt, net	29,736	21,479
Revolving credit facility	300,000	—
Current portion of operating lease liabilities	12,125	11,874
Current portion of operating and financing lease liabilities - related party	4,084	3,601
Current portion of note payable- related party	1,000	—
Related party payable	11,195	5,969
Total current liabilities	965,065	550,406
Long-term debt, net	2,772,029	2,609,046
Note payable - related party	35,281	—
Operating lease liabilities	40,615	43,135
Operating lease liabilities - related party	19,874	15,469
Financing lease liabilities - related party	61,069	61,463
Other long-term liabilities	80,846	39,583
Total long-term liabilities	3,009,714	2,768,696
Commitments and contingencies (Notes 5 and 17)		
Redeemable non-controlling interests	12,563	—
Stockholders' Equity		
Preferred stock, $0.01 par value, 2,000 shares authorized; none issued at both March 31, 2020 and December 31, 2019	—	—
Class A common stock, $0.01 par value, 900,000 shares authorized at both March 31, 2020 and December 31, 2019; 147,311 and 147,070 shares issued at March 31, 2020 and December 31, 2019, respectively	1,472	1,470
Class B common stock, $0.01 par value, 300,000 shares authorized at both March 31, 2020 and December 31, 2019; 152,117 issued at both March 31, 2020 and December 31, 2019	1,522	1,522
Additional paid-in capital	611,600	606,966
Stockholders' accumulated deficit	(262,813)	(377,880)
Accumulated other comprehensive loss	(33,405)	(68)
Total Amneal Pharmaceuticals, Inc. stockholders' equity	318,376	232,010
Non-controlling interests	85,082	114,778
Total stockholders' equity	403,458	346,788
Total liabilities and stockholders' equity	$ 4,390,800	$ 3,665,890

The accompanying notes are an integral part of these consolidated financial statements.

Amneal Pharmaceuticals, Inc.
Consolidated Statements of Cash Flows
(unaudited; in thousands)

	Three Months Ended March 31,	
	2020	**2019**
Cash flows from operating activities:		
Net income (loss)	$ 121,517	$ (124,752)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	58,083	48,868
Amortization of Levothyroxine Transition Agreement asset	—	36,393
Unrealized foreign currency loss	5,514	6,490
Amortization of debt issuance costs and discount	2,004	1,601
Gain on sale of international business	—	(8,818)
Intangible asset impairment charges	2,416	76,084
Deferred tax benefit	—	(9,884)
Stock-based compensation	4,539	4,347
Inventory provision	15,200	15,650
Other operating charges and credits, net	1,266	1,109
Changes in assets and liabilities:		
Trade accounts receivable, net	(60,893)	(165,012)
Inventories	(2,778)	(14,180)
Income taxes receivable associated with the CARES Act	(110,069)	—
Prepaid expenses, other current assets and other assets	(26,383)	22,657
Related party receivables	76	(314)
Accounts payable, accrued expenses and other liabilities	34,839	695
Related party payables	3,695	656
Net cash provided by (used in) operating activities	49,026	(108,410)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(7,367)	(17,988)
Acquisition of intangible assets	(1,050)	—
Acquisitions, net of cash acquired	(253,625)	—
Cash sold with international business	—	(3,478)
Net cash used in investing activities	(262,042)	(21,466)
Cash flows from financing activities:		
Proceeds from issuance of debt	180,000	—
Payments of principal on debt and financing leases	(7,158)	(6,750)
Net borrowings on revolving credit facility	300,000	—
Payments of deferred financing costs	(4,102)	—
Proceeds from exercise of stock options	5	1,010
Employee payroll tax withholding on restricted stock unit vesting	(503)	—
Acquisition of non-controlling interest	—	(2,011)
Tax distribution to non-controlling interest	—	(13,494)
Payments of principal on financing lease - related party	(263)	(619)
Net cash provided by (used in) financing activities	467,979	(21,864)
Effect of foreign exchange rate on cash	(860)	(296)
Net increase (decrease) in cash, cash equivalents, and restricted cash	254,103	(152,036)
Cash, cash equivalents, and restricted cash - beginning of period	152,822	218,779
Cash, cash equivalents, and restricted cash - end of period	$ 406,925	$ 66,743
Cash and cash equivalents - end of period	$ 405,238	$ 63,946
Restricted cash - end of period	1,687	2,797
Cash, cash equivalents, and restricted cash - end of period	$ 406,925	$ 66,743
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 35,386	$ 40,032
Cash (paid) received for income taxes, net	$ (3,430)	$ 9,713
Supplemental disclosure of non-cash investing and financing activity:		
Notes payable for acquisitions - related party	$ 36,033	$ —
Receivable from the sale of international business	$ —	$ 35,837
Payable for acquisition of product rights and licenses	$ —	$ 50,000

The accompanying notes are an integral part of these consolidated financial statements.

Amneal Pharmaceuticals, Inc.
Consolidated Statement of Stockholders' Equity
(unaudited; in thousands)

	Class A Common Stock		Class B Common Stock		Additional Paid-in	Stockholders' Accumulated	Accumulated Other Comprehensive	Non-Controlling	Total	Redeemable Non-Controlling
	Shares	Amount	Shares	Amount	Capital	Deficit	Loss	Interests	Equity	Interests
Balance at January 1, 2020	147,070	$ 1,470	152,117	$ 1,522	$ 606,966	$ (377,880)	$ (68)	$ 114,778	$ 346,788	$ —
Net income	—	—	—	—	—	115,067	—	5,362	120,429	1,088
Foreign currency translation adjustment	—	—	—	—	—	—	(2,525)	(2,610)	(5,135)	—
Stock-based compensation	—	—	—	—	4,539	—	—	—	4,539	—
Exercise of stock options	1	—	—	—	5	—	—	—	5	—
Restricted stock unit vesting, net of shares withheld to cover payroll taxes	240	2	—	—	90	—	—	(602)	(510)	—
Unrealized loss on cash flow hedge, net of tax	—	—	—	—	—	—	(30,812)	(31,846)	(62,658)	—
Redeemable non-controlling interests issued for acquisitions	—	—	—	—	—	—	—	—	—	11,475
Balance at March 31, 2020	147,311	$ 1,472	152,117	$ 1,522	$ 611,600	$ (262,813)	$ (33,405)	$ 85,082	$ 403,458	$ 12,563

	Class A Common Stock		Class B Common Stock		Class B-1 Common Stock		Additional Paid-in	Stockholders' Accumulated	Accumulated Other Comprehensive	Non-Controlling	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	(Loss) Income	Interests	Equity
Balance at January 1, 2019	115,047	$ 1,151	171,261	$ 1,713	12,329	$ 123	$ 530,438	$ (20,920)	$ (7,755)	$ 391,613	$ 896,363
Net loss	—	—	—	—	—	—	—	(47,881)	—	(76,871)	(124,752)
Cumulative-effective adjustment from adoption of Topic 842, net of tax	—	—	—	—	—	—	—	4,957	—	8,604	13,561
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	2,238	2,998	5,236
Stock-based compensation	—	—	—	—	—	—	4,347	—	—	—	4,347
Exercise of stock options	197	2	—	—	—	—	748	—	(7)	267	1,010
Redemption of Class B Common Stock	320	3	(320)	(3)	—	—	1,124	—	(19)	(882)	223
Reclassification of foreign currency translation adjustment included in net loss	—	—	—	—	—	—	—	—	1,444	1,929	3,373
Tax distribution	—	—	—	—	—	—	—	—	—	(82)	(82)
Other	—	—	—	—	—	—	502	—	—	—	502
Balance at March 31, 2019	115,564	$ 1,156	170,941	$ 1,710	12,329	$ 123	$ 537,159	$ (63,844)	$ (4,099)	$ 327,576	$ 799,781

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations

Amneal Pharmaceuticals, Inc., formerly known as Atlas Holdings, Inc. (the "Company"), was formed along with its wholly owned subsidiary, K2 Merger Sub Corporation, a Delaware corporation ("Merger Sub"), on October 4, 2017, for the purpose of facilitating the combination of Impax Laboratories, Inc. (now Impax Laboratories, LLC), a Delaware corporation then listed on the Nasdaq Stock Market ("Impax") and Amneal Pharmaceuticals LLC, a Delaware limited liability company ("Amneal"). The Company is a holding company, whose principal assets are Amneal Common Units.

Amneal was formed in 2002 and operates through various subsidiaries. Amneal is a vertically integrated developer, manufacturer, and seller of generic pharmaceutical products. Amneal's pharmaceutical research includes analytical and formulation development and stability. Amneal operates principally in the United States, India, and Ireland. Amneal sells to wholesalers, distributors, hospitals, chain pharmacies and individual pharmacies, either directly or indirectly.

On October 17, 2017, Amneal, Impax, the Company and Merger Sub entered into the Business Combination Agreement, as amended on November 21, 2017 and December 16, 2017 (the "BCA").

On May 4, 2018, pursuant to the BCA, Impax and Amneal combined the generics and specialty pharmaceutical business of Impax with the generic drug development and manufacturing business of Amneal to create the Company as a new generics and specialty pharmaceutical company, through the following transactions (together, the "Combination", and the closing of the Combination, the "Closing"): (i) Merger Sub merged with and into Impax, with Impax surviving as a wholly owned subsidiary of the Company, (ii) each share of Impax's common stock, par value $0.01 per share ("Impax Common Stock"), issued and outstanding immediately prior to the Closing, other than Impax Common Stock held by Impax in treasury, by the Company or by any of their respective subsidiaries, was converted into the right to receive one fully paid and non-assessable share of Class A common stock of the Company, par value $0.01 per share ("Class A Common Stock"), (iii) Impax converted to a Delaware limited liability company, (iv) the Company contributed to Amneal all of the Company's equity interests in Impax, in exchange for Amneal common units ("Amneal Common Units"), (v) the Company issued an aggregate number of shares of Class B common stock of the Company, par value $0.01 per share ("Class B Common Stock", and collectively, with the Class A Common Stock and Class B-1 common stock of the Company, par value $0.01 , ("Class B-1 Common Stock"), the "Company Common Stock") to APHC Holdings, LLC, (formerly Amneal Holdings, LLC), the parent entity of Amneal as of the Closing ("Holdings"), and (vi) the Company became the managing member of Amneal.

Immediately upon the Closing, holders of Impax Common Stock prior to the Closing collectively held approximately 25% of the Company and Holdings held a majority interest in the Company with an effective voting interest of approximately 75% on a fully diluted and as converted basis through its ownership of Class B Common Stock. Holdings also held a corresponding number of Amneal Common Units, which entitled it to approximately 75% of the economic interests in the combined businesses of Impax and Amneal. The Company held an interest in Amneal of approximately 25% and became its managing member.

In connection with the Combination, on May 4, 2018, Holdings entered into definitive purchase agreements which provided for a private placement of certain shares of Class A Common Stock and Class B-1 Common Stock (the "PIPE Investment") with select institutional investors (the "PIPE Investors"). Pursuant to the terms of the purchase agreements, upon the Closing, Holdings exercised its right to cause the Company to redeem approximately 15% of its ownership interests in the Company in exchange for 34.5 million shares of Class A Common Stock and 12.3 million unregistered shares of Class B-1 Common Stock (the "Redemption"). The shares of Class A Common Stock and Class B-1 Common Stock received in the Redemption were sold immediately following the Closing by Holdings to the PIPE Investors at a per share purchase price of $18.25 for gross proceeds of $855 million. Following the PIPE Investment, the PIPE Investors owned collectively approximately 15% of the Company Common Stock on a fully diluted and as converted basis. On May 4, 2018, Holdings also caused Amneal to redeem (the "Closing Date Redemption") 6.9 million of Amneal Common Units held by Holdings for a like number of shares of Class A Common Stock, for future distribution to certain direct and indirect members of Holdings who were or are employees of the Company and to whom were previously issued (prior to the Closing) profit participation units ("PPUs") in Amneal. As a result of the PIPE Investment and Closing Date Redemption, the voting and economic interest of approximately 75% held by Holdings immediately upon Closing was reduced by approximately 18%. The overall interest percentage held by non-controlling interest holders (the "Amneal Group") upon the consummation of the Combination, PIPE Investment and Closing Date Redemption was approximately 57%. As of both March 31, 2020 and December 31, 2019, the overall interest percentage held by non-controlling interest holders was approximately 51%.

On July 5, 2018, Holdings distributed to its members all Amneal Common Units and shares of Class B Common Stock held by Holdings. As a result, as of March 31, 2020, Holdings did not hold any equity interest in Amneal or the Company.

During the year ended December 31, 2019, pursuant to the Company's certificate of incorporation, the Company converted all (12.3 million) of its issued and outstanding shares of Class B-1 Common Stock to Class A Common Stock and such shares of Class B-1 Common Stock have been retired and may not be reissued by the Company. The rights of Class A Common Stock and Class B-1 Common Stock were identical, except that the Class B-1 Common Stock had certain director appointment rights and the Class B-1 Common Stock had no voting rights (other than with respect to its director appointment right and as otherwise required by law).

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements, which are prepared in accordance with generally accepted accounting principles in the United States of America, should be read in conjunction with Amneal's annual audited financial statements for the year ended December 31, 2019 included in the Company's 2019 Annual Report on Form 10-K. Certain information and footnote disclosures normally included in annual financial statements have been omitted from the accompanying unaudited consolidated financial statements. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of the Company's financial position as of March 31, 2020, cash flows for the three months ended March 31, 2020 and 2019 and the results of its operations, its comprehensive income (loss) and changes in stockholders' equity for the three months ended March 31, 2020 and 2019. The consolidated balance sheet data at December 31, 2019 was derived from the Company's audited annual financial statements, but does not include all disclosures required by generally accepted accounting principles in the United States of America.

The accounting policies of the Company are set forth in *Note 2. Summary of Significant Accounting Policies* contained in the Company's 2019 Annual Report on Form 10-K, except for the impact of the adoption of new accounting standards discussed under *Recently Adopted Accounting Pronouncements*. The following new significant accounting policy relates to the acquisitions of AvKARE, Inc. and Dixon-Shane, LLC d/b/a R&S Northeast LLC (refer to *Note 3. Acquisitions and Divestitures*).

Chargebacks Receivable

When a sale occurs on a contracted item, the difference between the cost the Company pays to the manufacturer of that item and the contract price that the end customer has with the manufacturer is rebated to the Company by the manufacturer. The Company establishes a chargeback (rebate) receivable and a reduction to cost of goods sold in the same period as the related sale. At March 31, 2020, chargebacks receivable was $24 million, net of an immaterial allowance for doubtful accounts.

Use of Estimates

The preparation of financial statements requires the Company's management to make estimates and assumptions that affect the reported financial position at the date of the financial statements and the reported results of operations during the reporting period. Such estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. The following are some, but not all, of such estimates: the determination of chargebacks, sales returns, rebates, billbacks, distribution fees, allowances for accounts receivable, accrued liabilities, chargeback receivables, stock-based compensation, valuation of inventory balances, the determination of useful lives for product rights, allowances for deferred tax assets, measurement of assets acquired and liabilities assumed in business combinations at fair value and the assessment of expected cash flows used in evaluating goodwill and other long-lived assets for impairment. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement (Topic 82): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement,* which modifies the disclosure requirements on fair value measurement. The Company adopted ASU 2018-13 effective January 1, 2020 and it did not have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, guidance that changes the impairment model for most financial assets including trade receivables and certain other instruments that are not measured at fair value through net income. The standard will replace today's "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost and require entities to record allowances for available-for-sale debt securities rather than reduce the carrying amount, as they do today under the other-than-temporary impairment model. It also simplifies the accounting model for purchased credit-impaired debt securities and loans. Entities will apply the standard's provisions as a cumulative effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company adopted ASU 2016-13 effective January 1, 2020 and it did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform*, which provided elective amendments for entities that have contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments may be applied to impacted contracts and hedges prospectively through December 31, 2022. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

3. Acquisitions and Divestitures

AvKARE and R&S Acquisitions

On December 10, 2019, the Company, through its investment in Rondo Partners, LLC ("Rondo"), entered into an equity purchase and operating agreements to acquire approximately a 65.1% controlling financing interest in both AvKARE Inc., a Tennessee corporation, and Dixon-Shane, LLC d/b/a R&S Northeast LLC, a Kentucky limited liability company ("R&S") (collectively the "Acquisitions"). Prior to closing, AvKARE, Inc. converted to a limited liability company, AvKARE, LLC. AvKARE, LLC is one of the largest private label providers of generic pharmaceuticals in the U.S. federal agency sector, primarily focused on serving the Department of Defense and the Department of Veterans Affairs. R&S is a national pharmaceutical wholesaler focused primarily on offering 340b-qualified entities products to provide consistency in care and pricing.

On January 31, 2020, the Company completed the Acquisitions. The purchase price of $295 million, included cash of $254 million and the issuance of long-term promissory notes to the sellers with an aggregate principal amount of $44 million (estimated fair value of $35 million) (the "Sellers Notes") and a short-term promissory note (the "Short-Term Seller Note") with a principal amount of $1 million to the sellers. The cash purchase price was funded by $76 million of cash on hand and $178 million of proceeds from a $180 million term loan. The remaining $2 million consisted of working capital costs (refer to *Note 13. Debt*). For further detail of the preliminary purchase price, refer to the table below.

For the three months ended March 31, 2020, there were $1 million of transaction costs associated with the Acquisitions recorded in acquisition, transaction-related and integration expenses.

The Acquisitions were accounted for under the acquisition method of accounting, with Amneal as the accounting acquirer of AvKARE, LLC and R&S.

The preliminary purchase price is calculated as follows (in thousands):

Cash	$	254,000
Sellers Notes (1)		35,033
Settlement of Amneal trade accounts receivable from R&S (2)		7,440
Short-Term Seller Note (3)		1,000
Working capital adjustment (4)		(2,640)
Fair value consideration transferred	$	294,833

(1) In accordance with ASC 805, *Business Combinations,* all consideration transferred was measured at its acquisition-date fair value. The Sellers Notes are stated at the preliminary fair value estimate of $35 million, which is the $44 million aggregate principal amount less a $9 million discount. The fair value of the Sellers Notes was estimated using the Monte-Carlo simulation approach under the option pricing framework.

(2) Represents trade accounts receivable from R&S that was effectively settled upon closing of the Acquisitions.
(3) Represents the principal amount due on the Short-Term Seller Note, which approximates fair value.
(4) Represents estimated working capital adjustment pursuant to the terms of the purchase agreement.

The following is a summary of the preliminary purchase price allocation for the Acquisitions (in thousands):

	Preliminary Fair Values As of March 31, 2020
Restricted cash	$ 375
Trade accounts receivable, net	52,223
Inventories	72,615
Prepaid expenses and other current assets	33,525
Related party receivables	61
Property, plant and equipment	5,278
Goodwill	95,955
Intangible assets, net	137,400
Operating lease right-of-use assets - related party	5,544
Total assets acquired	402,976
Accounts payable and accrued expenses	89,592
Related party payables	1,532
Operating lease liabilities - related party	5,544
Total liabilities assumed	96,668
Redeemable non-controlling interests	11,475
Fair value of consideration transferred	$ 294,833

The acquired intangible assets are being amortized over their estimated useful lives as follows (in thousands):

	Preliminary Fair Values	Weighted-Average Useful Life
Government licenses	$ 66,700	7 years
Government contracts	28,600	4 years
National contracts	28,600	5 years
Customer relationships	13,000	10 years
Trade name	500	6 years
	$ 137,400	

The estimated fair values of the customer relationships, government contracts and national contracts were determined using the "income approach," which is a valuation technique that provides an estimate of the fair value of an intangible asset based on market participant expectations of the cash flows that an intangible asset would generate over its remaining useful life. The estimated fair value of the trade name was determined using the "relief from royalty method," which is a valuation technique that provides an estimate of the fair value of an intangible asset equal to the present value of the after-tax royalty savings attributable to owning the intangible asset. The estimated fair value of the government licenses was determined using the "with-and-without method," which is a valuation technique that provides an estimate of the fair value of an intangible asset that is equal to the difference between the present value of the prospective revenues and expenses for the business with and without the subject intangible asset in place. The assumptions, including the expected projected cash flows, utilized in the preliminary purchase price allocation and in determining the purchase price were based on management's best estimates as of the closing date of the Acquisitions on January 31, 2020.

Some of the more significant assumptions inherent in the development of those asset valuations include the estimated net cash flows for each year for each asset (including net revenues, cost of sales, selling and marketing costs and working capital / contributory asset charges), the appropriate discount rate to select in order to measure the risk inherent in each future cash flow stream, the assessment of each asset's life cycle, competitive trends impacting the asset and each cash flow stream, as well as other factors. No assurances can be given that the underlying assumptions used to prepare the discounted cash flow analysis will not change. For these and other reasons, actual results may vary significantly from estimated results.

The Company makes an initial allocation of the purchase price at the date of acquisition based upon its understanding of the fair value of the acquired assets, assumed liabilities and redeemable non-controlling interests. The Company obtains this information during due diligence and through other sources. In the months after closing, as the Company obtains additional information about these assets and liabilities and learns more about the newly acquired businesses, it is able to refine the estimates of fair value and more accurately allocate the purchase price. Only items identified as of the acquisition date are considered for subsequent adjustment. The Company is continuing to evaluate the acquired assets, assumed liabilities and redeemable non-controlling interests associated with the Acquisitions. The Company will make appropriate adjustments to the purchase price allocation prior to completion of the measurement period, as required.

The Sellers Notes and redeemable non-controlling interests were estimated using the Monte-Carlo simulation approach under the option pricing framework. The non-controlling interests are redeemable at the option of either the non-controlling interest holder and Amneal. The fair value of the redeemable non-controlling interests considers these redemption rights.

Of the $96 million of goodwill acquired in connection with the Acquisitions, approximately $65 million was allocated to the Company's AvKARE segment (refer to *Note 18. Segment Information*) and approximately $31 million was allocated to the Generics segment. Goodwill was allocated to the Generics segment as net revenue of products manufactured from Amneal and distributed by the Acquisitions is reflected in Generics' segment results. Goodwill is calculated as the excess of the fair value of the consideration transferred and the fair value of the redeemable non-controlling interests over the fair value of the net assets recognized. Factors that contributed to the recognition of goodwill include Amneal's intent to diversify its business and open growth opportunities in the large, complex and growing federal healthcare market.

For the three months ended March 31, 2020, the Acquisitions contributed total net revenue of approximately $65 million and operating loss of $1 million, which included approximately $6 million of amortization expense from intangible assets acquired in the Acquisitions, to the Company's consolidated results of operations.

Unaudited Pro Forma Information

The unaudited pro forma combined results of operations for the three months ended March 31, 2020 and 2019 (assuming the closing of the Acquisitions occurred on January 1, 2019) are as follows (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Net revenue	$ 525,303	$ 511,205
Net income (loss)	$ 122,521	$ (133,410)
Net income (loss) attributable to Amneal Pharmaceuticals, Inc.	$ 115,388	$ (50,463)

The pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the actual results of operations had the closing of the Acquisitions taken place on January 1, 2019. Furthermore, the pro forma results do not purport to project the future results of operations of the Company.

Adjustments to arrive at the unaudited pro forma information primarily related to increases in selling, general and administrative expenses for amortization of acquired intangible assets, net of the applicable tax impact.

U.K. Divestiture

On March 30, 2019, the Company sold 100% of the stock of its Creo Pharma Holding Limited subsidiary, which comprised substantially all of the Company's operations in the United Kingdom, to AI Sirona (Luxembourg) Acquisition S.a.r.l ("AI Sirona") for net cash consideration of approximately $32 million which was received in April 2019. The carrying value of the net assets sold was $22 million, including intangible assets of $7 million and goodwill of $5 million. As a result of the sale, the Company recognized a pre-tax gain of $9 million, inclusive of transaction costs and the recognition of accumulated foreign currency translation adjustment losses of $3 million, within gain on sale of international business for the three months ended March 31, 2019. As part of the disposition, the Company entered into a supply and license agreement with AI Sirona to supply certain products for a period of up to two years.

4. Revenue Recognition

Performance Obligations

The Company’s performance obligation is the supply of finished pharmaceutical and related products to its customers. The Company’s customers consist primarily of major wholesalers, retail pharmacies, managed care organizations, purchasing co-ops, hospitals, government agencies, institutions, and pharmaceutical companies. The Company’s customer contracts generally consist of both a master agreement, which is signed by the Company and its customer, and/or a customer submitted purchase order, which is governed by the terms and conditions of the master agreement. Customers purchase product by direct channel sales from the Company or by indirect channel sales through various distribution channels.

Revenue is recognized when the Company transfers control of its products to the customer, which typically occurs at a point-in-time, either upon shipment or delivery. Substantially all of the Company’s net revenues relate to products which are transferred to the customer at a point-in-time.

The Company offers standard payment terms to its customers and has elected the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing, since the period between when the Company transfers the product to the customer and when the customer pays for that product is one year or less. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues. The consideration amounts due from customers as a result of product sales are subject to variable consideration, as described further below.

The Company offers standard product warranties which provide assurance that the product will function as expected and in accordance with specifications. Customers cannot purchase warranties separately and these warranties do not give rise to a separate performance obligation.

The Company permits the return of product under certain circumstances, mainly upon product expiration, instances of shipping errors or where product is damaged in transit. The Company accrues for the customer’s right to return as part of its variable consideration. See below for further details.

Variable Consideration

The Company includes an estimate of variable consideration in its transaction price at the time of sale, when control of the product transfers to the customer. Variable consideration includes but is not limited to: chargebacks, distribution fees, rebates, group purchasing organization ("GPO") fees, prompt payment (cash) discounts, consideration payable to the customer, billbacks, Medicaid and other government pricing programs, price protection and shelf stock adjustments, sales returns, and profit shares.

The Company assesses whether or not an estimate of its variable consideration is constrained and has determined that the constraint does not apply, since it is probable that a significant reversal in the amount of cumulative revenue will not occur in the future when the uncertainty associated with the variable consideration is subsequently resolved. The Company’s estimates for variable consideration are adjusted as required at each reporting period for specific known developments that may result in a change in the amount of total consideration it expects to receive.

Chargebacks

In the case an indirect customer purchases product from their preferred wholesaler instead of directly from the Company, and the contract price charged to the indirect customer is lower than the wholesaler pricing, the Company pays the direct customer (wholesaler) a chargeback for the price differential. The Company estimates its chargeback accrual based on its estimates of the level of inventory of its products in the distribution

channel that remain subject to chargebacks and historical chargeback rates. The estimate of the level of products in the distribution channel is based primarily on data provided by key customers.

Rebates

The Company pays fixed or volume-based rebates to its customers based on a fixed amount, fixed percentage of product sales or based on the achievement of a specified level of purchases. The Company's rebate accruals are based on actual net sales, contractual rebate rates negotiated with customers, and expected purchase volumes / corresponding tiers based on actual sales to date and forecasted amounts.

Group Purchasing Organization Fees

The Company pays fees to GPOs for administrative services that the GPOs perform in connection with the purchases of product by the GPO participants who are the Company's customers. The Company's GPO fee accruals are based on actual net sales, contractual fee rates negotiated with GPOs and the mix of the products in the distribution channel that remain subject to GPO fees.

Prompt Payment (Cash) Discounts

The Company provides customers with prompt payment discounts which may result in adjustments to the price that is invoiced for the product transferred, in the case that payments are made within a defined period. The Company's prompt payment discount accruals are based on actual net sales and contractual discount rates.

Consideration Payable to the Customer

The Company pays administrative and service fees to its customers based on a fixed percentage of the product price. These fees are not in exchange for a distinct good or service and therefore are recognized as a reduction of the transaction price. The Company accrues for these fees based on actual net sales, contractual fee rates negotiated with the customer and the mix of the products in the distribution channel that remain subject to fees.

Billbacks

In the case an indirect customer purchases product from their preferred wholesaler instead of directly from the Company, and the contract price charged to the indirect customer is higher than contractual pricing, the Company pays the indirect customer a billback for the price differential. The Company estimates its billback accrual based on its estimates of the level of inventory of its products in the distribution channel that remain subject to billbacks and historical billback rates. The estimate of the level of products in the distribution channel is based primarily on data provided by key customers.

Medicaid and Other Government Pricing Programs

The Company complies with required rebates mandated by law under Medicaid and other government pricing programs. The Company estimates its government pricing accruals based on monthly sales, historical experience of claims submitted by the various states and jurisdictions, historical rates and estimated lag time of the rebate invoices.

Price Protection and Shelf Stock Adjustments

The Company provides customers with price protection and shelf stock adjustments which may result in an adjustment to the price charged for the product transferred, based on differences between old and new prices which may be applied to the customer's on-hand inventory at the time of the price change. The Company accrues for these adjustments when its expected value of an adjustment is greater than zero, based on contractual pricing, actual net sales, accrual rates based on historical average rates, and estimates of the level of inventory of its products in the distribution channel that remain subject to these adjustments. The estimate of the level of products in the distribution channel is based primarily on data provided by key customers.

Sales Returns

The Company permits the return of product under certain circumstances, mainly upon product expiration, instances of shipping errors or where product is damaged in transit, and occurrences of product recalls. The Company's product returns accrual is primarily based on estimates of future product returns based generally on actual net sales, estimates of the level of inventory of its products in the distribution channel that remain subject to returns, estimated lag time of returns and historical return rates. The estimate of the level of products in the distribution channel is based primarily on data provided by key customers.

Profit Shares

For certain product sale arrangements, the Company earns a profit share upon the customer's sell-through of the product purchased from the Company. The Company estimates its profit shares based on actual net sales, estimates of the level of inventory of its products in the distribution channel that remain subject to profit shares, and historical rates of profit shares earned. The estimate of the level of products in the distribution channel is based primarily on data provided by key customers.

Concentration of Revenue

The Company's three largest customers accounted for approximately 81% and 79% of total gross sales of products for the three months ended March 31, 2020 and 2019, respectively.

Disaggregated Revenue

The Company's significant therapeutic classes for its Generics and Specialty segments and sales channels for its AvKARE segment, as determined based on net revenue for each of the three months ended March 31, 2020 and 2019 are set forth below (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Generics		
Anti-Infective	$ 13,253	$ 5,942
Hormonal/Allergy	87,481	102,725
Antiviral	15,824	14,456
Central Nervous System (1)	101,575	124,775
Cardiovascular System	29,679	36,217
Gastroenterology	23,536	9,556
Oncology	15,966	14,959
Metabolic Disease/Endocrine	17,229	17,847
Respiratory	10,067	9,218
Dermatology	15,245	12,973
Other therapeutic classes	21,746	18,177
International and other	985	15,632
Total Generics net revenue	352,586	382,477
Specialty		
Hormonal/Allergy	13,954	10,899
Central Nervous System (1)	68,311	42,899
Gastroenterology	48	481
Metabolic Disease/Endocrine	273	541
Other therapeutic classes	5,391	8,823
Total Specialty net revenue	87,977	63,643
AvKARE		
Distribution	31,586	—
Government Label	21,378	—
Institutional	3,413	—
Other	1,593	—
Total AvKARE net revenue	57,970	—
Total net revenue	$ 498,533	$ 446,120

(1) During the three months ended September 30, 2019, operating results for Oxymorphone were reclassified from Generics to Specialty, where it is sold as a non-promoted product. Prior period results have not been restated to reflect the reclassification.

A rollforward of the major categories of sales-related deductions for the three months ended March 31, 2020 is as follows (in thousands):

	Contract Charge - Backs and Sales Volume Allowances	Cash Discount Allowances	Accrued Returns Allowance	Accrued Medicaid and Commercial Rebates
Balance at December 31, 2019	$ 829,807	$ 34,308	$ 150,361	$ 114,960
Impact from the Acquisitions	15,292	944	15,229	10
Provision related to sales recorded in the period	1,080,290	32,947	47,163	36,472
Credits/payments issued during the period	(1,244,302)	(35,371)	(26,301)	(40,067)
Balance at March 31, 2020	$ 681,087	$ 32,828	$ 186,452	$ 111,375

5. Alliance and Collaboration

The Company has entered into several alliance, collaboration, license, distribution and similar agreements with respect to certain of its products and services with third-party pharmaceutical companies. The consolidated statements of operations include revenue recognized under agreements the Company has entered into to develop marketing and/or distribution relationships with its partners to fully leverage the technology platform and revenue recognized under development agreements which generally obligate the Company to provide research and development services over multiple periods. The Company's significant arrangements are discussed below.

Levothyroxine License and Supply Agreement; Transition Agreement

On August 16, 2018, the Company entered into a license and supply agreement with Jerome Stevens Pharmaceuticals, Inc. ("JSP") for levothyroxine sodium tablets ("Levothyroxine"). This agreement designated the Company as JSP's exclusive commercial partner for Levothyroxine in the U.S. market for a 10-year term commencing on March 22, 2019. Additionally, under this license and supply agreement, the Company accrued the up-front license payment of $50 million on March 22, 2019, which was paid in April 2019. The agreement also provides for the Company to pay a profit share to JSP based on net profits of the Company's sales of Levothyroxine, after considering product costs.

On November 9, 2018, the Company entered into a transition agreement ("Transition Agreement") with Lannett Company (“Lannett”) and JSP. Under the terms of the Transition Agreement, the Company assumed the distribution and marketing of Levothyroxine from Lannett beginning December 1, 2018 through March 22, 2019, ahead of the commencement date of the license and supply agreement with JSP described above.

In accordance with the terms of the Transition Agreement, the Company made $47 million of non-refundable payments to Lannett. For the three months ended March 31, 2019, $37 million, was expensed to cost of goods sold, as the Company sold Levothyroxine (none in the three months ended March 31, 2020). As of December 31, 2018, the Company had a $4 million transition contract liability, which was fully settled in February 2019.

Additionally, during the year ended December 31, 2019, the Company recorded $1 million in cost of sales related to reimbursement due to Lannett for certain of its unsold inventory at the end of the transition period, which was fully settled in March 2020.

Biosimilar Licensing and Supply Agreement

On May 7, 2018, the Company entered into a licensing and supply agreement, with Mabxience S.L., for its biosimilar candidate for Avastin® (bevacizumab). The Company will be the exclusive partner in the U.S. market. The Company will pay development and regulatory milestone payments as well as commercial milestone payments on reaching pre-agreed sales targets in the market to Mabxience, up to $72 million. For the three months ended March 31, 2019 the Company expensed a milestone payment of $1 million, to research and development (none in the three months ended March 31, 2020).

Distribution, License, Development and Supply Agreement with AstraZeneca UK Limited

In January 2012, Impax entered into an agreement with AstraZeneca UK Limited ("AstraZeneca") to distribute branded products under the terms of a distribution, license, development and supply Agreement (the "AZ Agreement"). The parties subsequently entered into a First Amendment to the AZ Agreement dated May 31, 2016 (as amended, the "AZ Amendment"). Under the terms of the AZ Agreement, AstraZeneca granted to Impax an exclusive license to commercialize the tablet, orally disintegrating tablet and nasal spray formulations of Zomig® (zolmitriptan)

products for the treatment of migraine headaches in the United States and in certain U.S. territories, except during an initial transition period when AstraZeneca fulfilled all orders of Zomig® products on Impax's behalf and AstraZeneca paid to Impax the gross profit on such Zomig® products. Pursuant to the AZ Amendment, under certain conditions, and depending on the nature and terms of the study agreed to with the FDA, Impax agreed to conduct, at its own expense, the juvenile toxicity study and pediatric study required by the FDA under the Pediatric Research Equity Act ("PREA") for approval of the nasal formulation of Zomig ® for the acute treatment of migraine in pediatric patients ages six through eleven years old, as further described in the study protocol mutually agreed to by the parties (the "PREA Study"). In consideration for Impax conducting the PREA Study at its own expense, the AZ Amendment provides for the total royalty payments payable by Impax to AstraZeneca on net sales of Zomig ® products under the AZ Agreement to be reduced by an aggregate amount of $30 million to be received in quarterly amounts specified in the AZ Amendment beginning from the quarter ended June 30, 2016 and through the quarter ended December 31, 2020 . In the event the royalty reduction amounts exceed the royalty payments payable by Impax to AstraZeneca pursuant to the AZ Agreement in any given quarter, AstraZeneca will be required to pay Impax an amount equal to the difference between the royalty reduction amount and the royalty payment payable by Impax to AstraZeneca. Impax's commitment to perform the PREA Study may be terminated, without penalty, under certain circumstances as set forth in the AZ Amendment. The Company recognizes the amounts received from AstraZeneca for the PREA Study as a reduction to research and development expense.

In May 2013, Impax's exclusivity period for branded Zomig® tablets and orally disintegrating tablets expired and Impax launched authorized generic versions of those products in the United States. As discussed above, pursuant to the AZ Amendment, the total royalty payments payable by Impax to AstraZeneca on net sales of Zomig ® products under the AZ Agreement is reduced by certain specified amounts beginning from the quarter ended June 30, 2016 and through the quarter ended December 31, 2020, with such reduced royalty amounts totaling an aggregate amount of $30 million. The Company recorded cost of sales for royalties under this agreement of $4 million for both the three months ended March 31, 2020 and 2019.

During the three months ended March 31, 2020, AstraZeneca and the Company agreed to terminate the AZ Agreement and subsequent AZ Amendment effective January 2021.

For detail on the Company's related party agreements with Kashiv Biosciences, LLC, refer to *Note 19. Related Party Transactions*.

6. Restructuring and Other Charges

During the three months ended June 30, 2018, in connection with the Combination, the Company committed to a restructuring plan to achieve cost savings. The Company expected to integrate its operations and reduce its combined cost structure through workforce reductions that eliminated duplicative positions and consolidated certain administrative, manufacturing and research and development facilities. In connection with this plan, the Company announced on May 10, 2018 that it intended to close its Hayward, California-based operations.

On July 10, 2019, the Company announced a plan to restructure its operations that was intended to reduce costs and optimize its organizational and manufacturing infrastructure. Pursuant to the restructuring plan as revised, the Company expects to reduce its headcount by approximately 300 to 350 employees, primarily by ceasing manufacturing at its Hauppauge, NY facility. Collectively these actions comprise the "Plans".

The following table sets forth the components of the Company's restructuring and other charges (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Employee restructuring separation charges (1)	$ 46	$ 2,318
Other employee severance charges (2)	2,002	3,843
Total restructuring and other charges	$ 2,048	$ 6,161

(1) Employee restructuring separation charges include the cost of benefits provided pursuant to the Company's severance programs for employees impacted by the Plans at the Company's Hauppauge, NY, Hayward, CA and other facilities.

(2) Other employee severance charges are primarily associated with the cost of benefits for former senior executives.

The charges related to restructuring impacted segment earnings as follows (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Generics	$ 46	$ 996
Specialty	—	178
Corporate	—	1,144
Total employee restructuring charges	$ 46	$ 2,318

The following table shows the change in the employee separation-related liability associated with the Plans, which is included in accounts payable and accrued expenses (in thousands):

	Employee Restructuring
Balance at December 31, 2019	$ 3,900
Charges to income	46
Payments	(2,077)
Balance at March 31, 2020	$ 1,869

7. Earnings (Loss) per Share

Basic earnings (loss) per share of Class A Common Stock and Class B-1 Common Stock is computed by dividing net loss attributable to Amneal Pharmaceuticals, Inc. by the weighted-average number of shares of Class A Common Stock and Class B-1 Common Stock outstanding during the period. Diluted earnings (loss) per share of Class A Common Stock and Class B-1 Common Stock is computed by dividing net income (loss) attributable to Amneal Pharmaceuticals, Inc. by the weighted-average number of shares of Class A Common Stock and Class B-1 Common Stock outstanding, adjusted to give effect to potentially dilutive securities.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings (loss) per share of Class A Common Stock and Class B-1 Common Stock (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2020	2019
Numerator:		
Net income (loss) attributable to Amneal Pharmaceuticals, Inc.	$ 115,067	$ (47,881)
Denominator:		
Weighted-average shares of Class A Common Stock and Class B-1 Common Stock outstanding - basic (1)	147,180	127,687
Effect of dilutive securities:		
Stock options	230	—
Restricted stock units	546	—
Weighted-average shares of Class A Common Stock and Class B-1 Common Stock outstanding - diluted	147,956	127,687
Net earnings (loss) per share attributable to Amneal Pharmaceuticals, Inc.'s common stockholders:		
Class A and Class B-1 basic	$ 0.78	$ (0.37)
Class A and Class B-1 diluted	$ 0.78	$ (0.37)

(1) During the three months ended June 30, 2019, pursuant to the Company's certificate of incorporation, the Company converted all 12.3 million of its issued and outstanding shares of Class B-1 Common Stock and such shares of Class B-1 Common Stock have been retired and may not be reissued by the Company. The weighted-average shares for the three months ended March 31, 2020 do not include Class B-1 Common Stock.

Shares of the Company's Class B Common Stock do not share in the earnings or losses of the Company and, therefore, are not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B Common Stock under the two-class method has not been presented.

The following table presents potentially dilutive securities excluded from the computations of diluted earnings per share of Class A Common Stock and Class B-1 Common Stock (in thousands):

	Three Months Ended March 31,	
	2020	2019
Stock options	683 (1)	8,400 (4)
Restricted stock units	—	3,282 (4)
Performance stock units	3,054 (2)	520 (4)
Shares of Class B Common Stock	152,117 (3)	171,041 (3)

(1) Excluded from the computation of diluted earnings per share of Class A Common Stock because the exercise price of the stock options exceeded the average market price of the Class A Common Stock during the period (out-of-the-money).

(2) Excluded from the computation of diluted earnings per share of Class A Common Stock because the performance vesting conditions were not met for the three months ended March 31, 2020.

(3) Shares of Class B Common Stock are considered potentially dilutive shares of Class A Common Stock and Class B-1 Common Stock. Shares of Class B Common Stock have been excluded from the computations of diluted earnings per share of Class A Common Stock and Class B-1 Common Stock because the effect of their inclusion would have been anti-dilutive under the if-converted method. As noted above, the weighted-average shares for the three months ended March 31, 2020 do not include Class B-1 Common Stock.

(4) Excluded from the computation of diluted loss per share of Class A Common Stock and Class B-1 Common Stock because the effect of their inclusion would have been anti-dilutive since there was a net loss attributable to the Company for the three months ended March 31, 2019.

8. Income Taxes

For the three months ended March 31, 2020 and 2019, the Company's benefit from income taxes and effective tax rates were $108 million and (810.6%) and $8 million and 6.3%, respectively. The year over year change in benefit from income taxes was primarily related to the Company's full valuation allowance and the effects of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act.")

As of September 30, 2019, the Company established a valuation allowanced based upon all available objective and verifiable evidence both positive and negative, including historical levels of pre-tax income (loss) both on a consolidated basis and tax reporting entity basis, legislative developments, expectations and risks associated with estimates of future pre-tax income, and prudent and feasible tax planning strategies. The Company estimated that as of September 30, 2019 it had generated a cumulative consolidated three-year pre-tax loss, which continued as of December 31, 2019. As a result of the initial September 30, 2019 and December 31, 2019 analyses, the Company determined that it remained more likely than not that it will not realize the benefits of its gross DTAs and therefore recorded an additional valuation allowance of $428 million for the year ended December 31, 2019 to reduce the carrying value of these gross DTAs, net of the impact of the reversal of taxable temporary differences, to zero. As of March 31, 2020, based on its evaluation of available positive and negative evidence, the Company has maintained its position with respect to the valuation allowance.

On March 27, 2020, President Trump signed into law the CARES Act. The CARES Act is an emergency economic stimulus package in response to the coronavirus outbreak which, among other things, includes provisions relating to income and non-income-based tax laws. Some of the key income tax-related provisions include net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. Some of these tax provisions are effective retroactively for years ending before the date of enactment. Other non-income-based tax provisions include deferral of the employer share of Social Security payroll taxes due from the CARES Act date of enactment through December 31, 2020, and a potential 50% credit on qualified wages against employment taxes each quarter with any excess credits eligible for refunds. The Company continues to carefully analyze eligibility and application of both the income tax and non-income-based tax provisions.

The CARES Act permits net operating loss ("NOL") carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs originating in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate refunds of previously paid income taxes. As a result of the CARES Act, the Company expects to carry back approximately $345 million in NOLs generated in 2018 to prior taxable income years.

ASC 740 requires the effect from adjusting deferred tax assets or changes to valuation allowances due to the CARES Act to be recognized as a component of income taxes expense or benefit in the interim period that includes the period in which the new legislation is enacted (quarter ended March 31, 2020), and it cannot be allocated to subsequent interim periods by an adjustment of the estimated annual effective tax rate. In the three months ended March 31, 2020, the Company reclassified the 2018 NOL carryback amount for previously paid income tax to income tax receivable and reversed the corresponding valuation allowance. In carrying back the 2018 loss to an earlier year, the Company is able to benefit the losses at a 35% tax rate rather than the current U.S. corporate tax rate of 21%. Accordingly, the Company recorded a discrete income tax benefit of $110 million for the three months ended March 31, 2020.

In connection with the Combination, the Company entered into a tax receivable agreement ("TRA") for which it is generally required to pay the other holders of Amneal Common Units 85% of the applicable tax savings, if any, in U.S. federal and state income tax that it is deemed to realize as a result of certain tax attributes of their Amneal Common Units sold to the Company (or exchanged in a taxable sale) and that are created as a result of (i) the sales of their Amneal Common Units for shares of Class A Common Stock and (ii) tax benefits attributable to payments made under the TRA (including imputed interest). In conjunction with the valuation allowance recorded on the DTAs at September 30, 2019, the Company reversed the TRA liability, which had been recorded at the time of the Combination.

The projection of future taxable income involves significant judgment. Actual taxable income may differ from the Company's estimates, which could significantly impact the liability under the TRA. As noted above, the Company has determined it is more-likely-than-not it will be unable to utilize all of its DTAs subject to TRA; therefore, the Company has not accrued the liability under the TRA related to the tax savings it may realize from common units sold or exchanged through March 31, 2020. If utilization of these DTAs becomes more-likely- than-not in the future, at such time, Amneal will record liabilities under the TRA, which amounts to approximately $202 million as of March 31, 2020 as a result of basis adjustments under Internal Revenue Code Section 754. Any future recognition of these TRA liabilities will be recorded through charges in the Company's consolidated statements of operations. However, if the tax attributes are not utilized in future years, it is reasonably possible no amounts would be paid under the TRA. Should the Company determine that a DTA with a valuation allowance is realizable in a subsequent

period, the related valuation allowance will be released and if a resulting TRA payment is determined to be probable, a corresponding TRA liability will be recorded.

9. Trade Accounts Receivable, Net

Trade accounts receivable, net is comprised of the following (in thousands):

	March 31, 2020	December 31, 2019
Gross accounts receivable	$ 1,437,336	$ 1,470,706
Allowance for doubtful accounts	(739)	(2,201)
Contract charge-backs and sales volume allowances	(681,087)	(829,807)
Cash discount allowances	(32,828)	(34,308)
Subtotal	(714,654)	(866,316)
Trade accounts receivable, net	$ 722,682	$ 604,390

Receivables from customers representing 10% or more of the Company's gross trade accounts receivable reflected three customers at March 31, 2020, equal to 38%, 24%, and 21%, respectively. Receivables from customers representing 10% or more of the Company's gross trade accounts receivable reflected three customers at December 31, 2019, equal to 39%, 25%, and 25%, respectively.

10. Inventories

Inventories, net of reserves, are comprised of the following (in thousands):

	March 31, 2020	December 31, 2019
Raw materials	$ 162,725	$ 172,159
Work in process	53,071	58,188
Finished goods	222,163	150,720
Total inventories	$ 437,959	$ 381,067

11. Prepaid and Other Current Assets

Prepaid expenses and other current assets are comprised of the following (in thousands):

	March 31, 2020	December 31, 2019
Deposits and advances	$ 373	$ 1,123
Prepaid insurance	2,648	3,858
Prepaid regulatory fees	2,330	4,016
Income and other tax receivables (1)	124,527	13,740
Prepaid taxes	3,200	3,255
Other current receivables	16,364	15,996
Other prepaid assets	30,575	28,176
Chargebacks receivable (2)	24,392	—
Total prepaid expenses and other current assets	$ 204,409	$ 70,164

(1) On March 27, 2020, President Trump signed into law the CARES Act. The CARES Act is an emergency economic stimulus package in response to the coronavirus outbreak which, among other things, includes provisions relating to income and non-income-based tax laws. Amneal recorded a U.S. federal income tax receivable of $110 million related to benefits associated with the CARES Act. For further details, refer to *Note 8. Income Taxes*.

(2) When a sale occurs on a contract item, the difference between the cost paid to the manufacturer by the Company and the contract cost that the end customer has with the manufacturer is rebated back to the Company by the manufacturer. The Company establishes a chargeback (rebate) receivable and a reduction to cost of goods sold in the same period as the related sale.

12. Other Assets

Other assets are comprised of the following (in thousands):

	March 31, 2020	December 31, 2019
Deferred revolving credit facility costs	$ 3,434	$ 3,099
Security deposits	1,730	1,938
Long-term prepaid expenses	5,875	6,438
Interest rate swap	—	16,373
Financing lease right-of-use assets	10,703	11,442
Other long-term assets	4,714	4,980
Total other assets	$ 26,456	$ 44,270

13. Debt

The following is a summary of the Company's long-term debt (in thousands):

	March 31, 2020	December 31, 2019
Term Loan due May 2025	$ 2,652,126	$ 2,658,876
Rondo Term Loan due January 2025	180,000	—
Other	624	624
Total long-term debt	2,832,750	2,659,500
Less: debt issuance costs	(30,985)	(28,975)
Total debt, net of debt issuance costs	2,801,765	2,630,525
Less: current portion of long-term debt	(29,736)	(21,479)
Total long-term debt, net	$ 2,772,029	$ 2,609,046

Senior Secured Credit Facilities

On May 4, 2018 the Company entered into a senior credit agreement that provided a term loan ("Term Loan") with a principal amount of $2.7 billion and an asset backed revolving credit facility ("Revolving Credit Facility") under which loans and letters of credit up to a principal amount of $500 million, of which $194 million were available at March 31, 2020 (principal amount of up to $25 million is available for letters of credit) (collectively, the "Senior Secured Credit Facilities"). The Term Loan is repayable in equal quarterly installments at a rate of 1.00% of the original principal amount annually, with the balance payable at maturity on May 4, 2025. The Term Loan bears a variable annual interest rate, which is one-month LIBOR plus 3.5% at March 31, 2020. The Revolving Credit Facility bears an annual interest rate of one-month LIBOR plus 1.25% at March 31, 2020 and matures on May 4, 2023. The annual interest rate for the Revolving Credit Facility may be reduced or increased by 0.25% based on step-downs and step-ups determined by the average historical excess availability.

The proceeds of any loans made under the Senior Secured Credit Facilities can be used for capital expenditures, acquisitions, working capital needs and other general purposes, subject to covenants as described below. The Company pays a commitment fee based on the average daily unused amount of the Revolving Credit Facility at a rate based on average historical excess availability, between 0.25% and 0.375% per annum. At March 31, 2020, the Revolving Credit Facility commitment fee rate is 0.375% per annum.

During March 2020, as a precautionary measure to mitigate the uncertainty surrounding overall market liquidity due to COVID-19, the Company borrowed $300 million on the Revolving Credit Facility, all of which is outstanding at March 31, 2020. As the financial markets stabilized following a period of high volatility due to the COVID-19 pandemic, the Company repaid $200 million of borrowings under the Revolving Credit Facility in May 2020.

The Company incurred costs associated with the Term Loan due May 2025 of $38 million and the Revolving Credit Facility of $5 million, which have been capitalized and are being amortized over the life of the applicable debt agreement to interest expense using the effective interest method. The Term Loan has been recorded in the balance sheet net of issuance costs. Costs associated with the Revolving Credit Facility have been recorded in other assets because there were no borrowings outstanding on the effective date of the Revolving Credit Facility. For both the three months ended March 31, 2020 and 2019, amortization of deferred financing costs related to the Term Loan and the Revolving Credit Facility was $2 million.

The Senior Secured Credit Facilities contain a number of covenants that, among other things, create liens on Amneal's and its subsidiaries' assets. The Senior Secured Credit Facilities contain certain negative covenants that, among other things and subject to certain exceptions, restrict Amneal’s and its subsidiaries' ability to incur additional debt or guarantees, grant liens, make loans, acquisitions or other investments, dispose of assets, merge, dissolve, liquidate or consolidate, pay dividends or other payments on capital stock, make optional payments or modify certain debt instruments, modify certain organizational documents, enter into arrangements that restrict the ability to pay dividends or grant liens, or enter into or consummate transactions with affiliates. The Revolving Credit Facility also includes a financial covenant whereby Amneal must maintain a minimum fixed charge coverage ratio if certain borrowing conditions are met. The Senior Secured Credit Facilities contain customary events of

default, subject to certain exceptions. Upon the occurrence of certain events of default, the obligations under the Senior Secured Credit Facilities may be accelerated and the commitments may be terminated. At March 31, 2020, Amneal was in compliance with all covenants.

Acquisition Financing - Revolving Credit and Term Loan Agreement

On January 31, 2020, in connection with the Acquisitions, Rondo Intermediate Holdings, LLC ("Rondo Holdings"), a wholly-owned subsidiary of Rondo, entered into a revolving credit and term loan agreement ("Rondo Credit Facility") that provided a term loan ("Rondo Term Loan") with a principal amount of $180 million and a revolving credit facility ("Rondo Revolving Credit Facility") which loans up to a principal amount of $30 million. The Rondo Term Loan is repayable in equal quarterly installments at a rate of 5.0% of the original principal amount annually, with the balance payable at maturity on January 31, 2025. The Rondo Credit Facility bears a variable annual interest rate, which is one-month LIBOR plus 3.0% at March 31, 2020 and matures on January 31, 2025. The annual interest rate for borrowings under the Rondo Credit Facility may be reduced or increased by 0.25% based on step-downs and step-ups determined by the total net leverage ratio, as defined in that agreement. At March 31, 2020, the Company had no outstanding borrowings under the Rondo Revolving Credit Facility.

A commitment fee based on the average daily unused amount of the Rondo Credit Facility is assessed at a rate based on total net leverage ratio, between 0.25% and 0.50% per annum. At March 31, 2020, the Rondo Credit Facility commitment fee rate is 0.4% per annum.

Costs associated with the Rondo Term Loan of $3 million and the Rondo Credit Facility of $1 million, which have been capitalized and are being amortized over the life of the applicable debt instrument to interest expense using the effective interest method. The Rondo Term Loan has been recorded in the balance sheet net of issuance costs. Costs associated with the Rondo Revolving Credit Facility have been recorded in other assets. For the three months ended March 31, 2020, amortization of deferred financing costs associated with the Rondo Credit Facility were less than $1 million.

The Rondo Credit Facility contains a number of covenants that, among other things, create liens on the equity securities and assets of Rondo Holdings, Rondo, AvKARE, LLC and R&S. The Rondo Credit Facility contains certain negative, affirmative and financial covenants that, among other things, restrict the ability to incur additional debt, grant liens, transact in mergers and acquisitions, make certain investments and payments or engage in certain transactions with affiliates. The Rondo Credit Facility also contains customary events of default. Upon the occurrence of certain events of default, the obligations under the Rondo Credit Facility may be accelerated and/ or the interest rate may be increased. At March 31, 2020, Rondo was in compliance with all covenants. The Company is not party to the Rondo Credit Facility and is not a guarantor of any debt incurred thereunder.

The Term Loan and Rondo Term Loan require payments of $27 million and $9 million, respectively, per year for the next five years and the balance thereafter.

Acquisition Financing – Notes Payable-Related Party

The Sellers Notes with a stated aggregate principal amount of $44 million and the Short-Term Sellers Note with a stated principal amount of $1 million were issued by Rondo or its subsidiary, Rondo Top Holdings, LLC, on January 31, 2020, the closing date of the Acquisitions. The Sellers Notes are unsecured and accrue interest at a rate of 5% per annum, not compounded, until June 30, 2025. The Sellers Notes are subject to prepayment at the option of Rondo, as the obligor, without premium or penalty. Mandatory payment of the outstanding principal and interest is due on June 30, 2025 if certain financial targets are achieved, the borrowers' cash flows are sufficient (as defined in the Sellers Notes) and repayment is not prohibited by senior debt. If repayment of all outstanding principal and accrued interest on the Sellers Notes is not made on June 30, 2025, the requirements for repayment are revisited on June 30 of each subsequent year until all principal and accrued interest are satisfied no later than January 31, 2030 or earlier, upon a change in control. The Short-Term Sellers Note is also unsecured and accrues interest at a rate of 1.6% and is due on January 31, 2020.

In accordance with ASC 805, *Business Combinations,* all consideration transferred was measured at its acquisition-date fair value. The Sellers Notes were stated at the preliminary fair value estimate of $35 million, which was estimated using the Monte-Carlo simulation approach under the option pricing framework. The Short-Term Sellers Note of $1 million was recorded at the stated principal amount of $1 million, which approximates fair value. The $9 million discount on the Sellers Notes will be amortized to interest expense using the effective interest method from January 31, 2020 to June 30, 2025 and the carrying value of the Sellers Notes will accrete to the stated principal amount of $44 million.

The Sellers Notes and the Short-Term Sellers Note are recorded in notes payable-related party within long-term liabilities and notes payable-related party within current liabilities, respectively.

14. Other Long-Term Liabilities

Other long-term liabilities are comprised of the following (in thousands):

	March 31, 2020	December 31, 2019
Interest rate swap (1)	$ 46,285	$ —
Uncertain tax positions	3,601	5,088
Long-term compensation (2)	19,484	22,735
Financing lease liabilities	3,584	3,869
Other long-term liabilities	7,892	7,891
Total other long-term liabilities	$ 80,846	$ 39,583

(1) Refer to *Notes 15. Fair Value Measurement of Financial Instruments* and *16. Financial Instruments* for information about the Company's interest rate swap.

(2) Includes $12 million of long-term deferred compensation plan liabilities (refer to *Note 15. Fair Value Measurements of Financial Instruments*), $6 million of long-term employee benefits for the Company's international employees and $2 million of long-term severance liabilities (refer to *Note 6. Restructuring and Other Charges*).

15. Fair Value Measurements of Financial Instruments

Fair value is the exit price that would be received to sell an asset or paid to transfer a liability. Fair value is a market-based measurement that should be determined using assumptions that market participants would use in pricing an asset or liability. Valuation techniques used to measure fair value should maximize the use of observable inputs and minimize the use of unobservable inputs. To measure fair value, the Company uses the following fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Value is determined using pricing models, discounted cash flow methodologies, or similar techniques and also includes instruments for which the determination of fair value requires significant judgment or estimation.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company evaluates its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level of classification for each reporting period. The following table sets forth the Company's financial assets and liabilities that were measured at fair value on a recurring basis as of March 31, 2020 and December 31, 2019 (in thousands):

		Fair Value Measurement Based on		
March 31, 2020	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Liabilities				
Interest rate swap (1)	$ 46,285	$ —	$ 46,285	$ —
Deferred compensation plan liabilities (2)	13,854	—	13,854	—
December 31, 2019				
Assets				
Interest rate swap (1)	$ 16,373	$ —	$ 16,373	$ —
Liabilities				
Deferred compensation plan liabilities (2)	$ 18,396	$ —	$ 18,396	$ —

(1) The fair value measurement of the Company's interest rate swap classified within Level 2 of the fair value hierarchy is a model-derived valuation as of a given date in which all significant inputs are observable in active markets including certain financial information and certain assumptions regarding past, present, and future market conditions.

(2) As of March 31, 2020, deferred compensation plan liabilities of $2million and $12million were recorded in current and non-current liabilities, respectively. As of December 31, 2019, deferred compensation plan liabilities of $4 million and $14 million were recorded in current and non-current liabilities, respectively. They are recorded at the value of the amount owed to the plan participants, with changes in value recognized as compensation expense. The calculation of the deferred compensation plan obligation is derived from observable market data by reference to hypothetical investments selected by the participants.

There were no transfers between levels in the fair value hierarchy during the three months ended March 31, 2020.

Assets and Liabilities Not Measured at Fair Value on a Recurring Basis

The carrying amounts of cash, accounts receivable and accounts payable approximate their fair values due to the short-term maturity of these instruments.

The $2.7 billion Term Loan falls into the Level 2 category within the fair value level hierarchy. The fair value was determined using market data for valuation. The fair value of the Term Loan at March 31, 2020 and December 31, 2019 was approximately $2.3 billion and $2.4 billion, respectively.

The $180 million Rondo Term Loan entered into on January 31, 2020 falls into the Level 2 category within the fair value level hierarchy. The carrying value of $180 million at March 31, 2020 approximates fair value.

The Sellers Notes and the Short-Term Sellers Note fall into the Level 2 category within the fair value level hierarchy. At March 31, 2020, the carrying value of the Sellers Notes and the Short-Term Sellers Note of $35 million and $1 million, respectively, approximate their fair values.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

There were no non-recurring fair value measurements during the three months ended March 31, 2020 and 2019.

16. Financial Instruments

The Company uses an interest rate swap to manage its exposure to market risks for changes in interest rates.

Interest Rate Risk

The Company is exposed to interest rate risk on its debt obligations. Interest income earned on cash and cash equivalents may fluctuate as interest rates change; however, due to their relatively short maturities, the Company does not hedge these assets or their investment cash flows because the impact of interest rate risk is not material. The Company's debt obligations consist of variable-rate and fixed-rate debt instruments (for further details, refer to *Note 13. Debt*). The Company's primary objective is to achieve the lowest overall cost of funding while managing the variability in cash outflows within an acceptable range. In order to achieve this objective, the Company has entered into an interest rate swap on the Term Loan.

Interest Rate Derivative – Cash Flow Hedge

The interest rate swap involves the periodic exchange of payments without the exchange of underlying principal or notional amounts. In October 2019, the Company entered into an interest rate lock agreement for a total notional amount of $1.3 billion to hedge part of the Company's interest rate exposure associated with the variability in future cash flows from changes in the one-month LIBOR associated with its Term Loan.

As of March 31, 2020, the total loss, net of income taxes, related to the Company's cash flow hedge was $46 million, in which $23 million was recognized in accumulated other comprehensive loss and $23 million was recognized in non-controlling interests (none as of March 31, 2019).

A summary of the fair values of derivative instruments in the consolidated balance sheets was as follows (in thousands):

	March 31, 2020		December 31, 2019	
Derivatives Designated as Hedging Instruments	**Balance Sheet Classification**	**Fair Value**	**Balance Sheet Classification**	**Fair Value**
Variable-to-fixed interest rate swap	Other long-term liabilities	$ 46,285	Other assets	$ 16,373

17. Commitments and Contingencies

Commitments

Commercial Manufacturing, Collaboration, License, and Distribution Agreements

The Company continues to seek to enhance its product line and develop a balanced portfolio of differentiated products through product acquisitions and in-licensing. Accordingly, the Company, in certain instances, may be contractually obligated to make potential future development, regulatory, and commercial milestone, royalty and/or profit sharing payments in conjunction with collaborative agreements or acquisitions that the Company has entered into with third parties. The Company has also licensed certain technologies or intellectual property from various third parties. The Company is generally required to make upfront payments as well as other payments upon successful completion of regulatory or sales milestones. The agreements generally permit the Company to terminate the agreement with no significant continuing obligation. The Company could be required to make significant payments pursuant to these arrangements. These payments are contingent upon the occurrence of certain future events and, given the nature of these events, it is unclear when, if ever, the Company may be required to pay such amounts. Further, the timing of any future payment is not reasonably estimable.

Contingencies

Legal Proceedings

The Company's legal proceedings are complex, constantly evolving and subject to uncertainty. As such, the Company cannot predict the outcome or impact of the legal proceedings set forth below. Additionally, the Company is subject to legal proceedings that are not set forth below. While the Company believes it has valid claims and/or defenses to the matters described below, the nature of litigation is unpredictable, and the outcome of the following proceedings could include damages, fines, penalties and injunctive or administrative remedies. For any proceedings where losses are probable and reasonably capable of estimation, the Company accrues for a potential loss. While these accruals have been deemed reasonable by the Company’s management, the assessment process relies heavily on estimates and assumptions that may ultimately prove inaccurate or incomplete. Additionally, unforeseen circumstances or events may lead the Company to subsequently change its estimates and assumptions. Unless otherwise indicated below, the Company is at this time unable to estimate the possible loss, if any, associated with such litigation.

The Company currently intends to vigorously prosecute and/or defend these proceedings as appropriate. From time to time, however, the Company may settle or otherwise resolve these matters on terms and conditions that it believes to be in its best interest. For the three months ended March 31, 2020, the Company recorded a charge of approximately $5 million for commercial legal proceedings and claims. The ultimate resolution of any or all claims, legal proceedings or investigations could differ materially from our estimate and have a material adverse effect on the Company's results of operations and/or cash flow in any given accounting period, or on the Company's overall financial condition. As of March 31, 2020 and December 31, 2019, the Company had liabilities for commercial and governmental legal proceedings and claims of $15 million and $17 million, respectively.

Additionally, the Company manufactures and derives a portion of its revenue from the sale of pharmaceutical products in the opioid class of drugs, and may therefore face claims arising from the regulation and/or consumption of such products.

Although the outcome and costs of the asserted and unasserted claims is difficult to predict, based on the information presently known to management, the Company does not currently expect the ultimate liability, if any, for such matters to have a material adverse effect on its business, financial condition, results of operations, or cash flows.

Medicaid Reimbursement and Price Reporting Matters

The Company is required to provide pricing information to state agencies, including agencies that administer federal Medicaid programs. Certain state agencies have alleged that manufacturers have reported improper pricing information, which allegedly caused them to overpay reimbursement costs. Other agencies have alleged that manufacturers have failed to timely file required reports concerning pricing information. Reserves are periodically established by the Company for any potential claims or settlements of overpayment. The Company intends to vigorously defend against any such claims. The ultimate settlement of any potential liability for such claims may be higher or lower than estimated.

Patent Litigation

There is substantial litigation in the pharmaceutical, biological, and biotechnology industries with respect to the manufacture, use, and sale of new products which are the subject of conflicting patent and intellectual property claims. One or more patents often cover the brand name products for which the Company is developing generic versions and the Company typically has patent rights covering the Company’s branded products.

Under federal law, when a drug developer files an Abbreviated New Drug Application ("ANDA") for a generic drug seeking approval before expiration of a patent which has been listed with the FDA as covering the brand name product, the developer must certify its product will not infringe the listed patent(s) and/or the listed patent is invalid or unenforceable (commonly referred to as a "Paragraph IV" certification). Notices of such certification must be provided to the patent holder, who may file a suit for patent infringement within 45 days of the patent holder's receipt of such notice. If the patent holder files suit within the 45-day period, the FDA can review and tentatively approve the ANDA, but generally is prevented from granting final marketing approval of the product until a final judgment in the action has been rendered in favor of the generic drug developer, or 30 months from the date the notice was received, whichever is sooner. The Company's Generics segment is typically subject to patent infringement litigation brought by branded pharmaceutical manufacturers in connection with the Company's Paragraph IV certifications seeking an order delaying the approval of the Company's ANDA until expiration of the patent(s) at issue in the litigation. Likewise, the Company's Specialty segment is currently involved in patent infringement litigation against generic drug manufacturers that have filed Paragraph IV certifications to market their generic drugs prior to expiration of the Company's patents at issue in the litigation.

The uncertainties inherent in patent litigation make the outcome of such litigation difficult to predict. For the Company's Generics segment, the potential consequences in the event of an unfavorable outcome in such litigation include delaying launch of its generic products until patent expiration. If the Company were to launch its generic product prior to successful resolution of a patent litigation, the Company could be liable for potential damages measured by the profits lost by the branded product manufacturer rather than the profits earned by the Company if it is found to infringe a valid, enforceable patent, or enhanced treble damages in cases of willful infringement. For the Company's Specialty segment, an unfavorable outcome may significantly accelerate generic competition ahead of expiration of the patents covering the Company's branded products. All such litigation typically involves significant expense.

The Company is generally responsible for all of the patent litigation fees and costs associated with current and future products not covered by its alliance and collaboration agreements. The Company has agreed to share legal expenses with respect to third-party and Company products under the terms of certain of the alliance and collaboration agreements. The Company records the costs of patent litigation as expense in the period when incurred for products it has developed, as well as for products which are the subject of an alliance or collaboration agreement with a third-party.

Patent Infringement Matter

Impax Laboratories, LLC. v. Zydus Pharmaceuticals USA, Inc. and Cadila Healthcare Ltd. (Rytary ®)

On December 21, 2017, Impax filed suit against Zydus Pharmaceuticals USA, Inc. and Cadila Healthcare Ltd. (collectively, "Zydus") in the United States District Court for the District of New Jersey, alleging infringement of U.S. Patent No. 9,089,608, based on the filing of Zydus's ANDA relating to carbidopa and levodopa extended release capsules, generic to Rytary ®. Zydus answered the complaint on April 27, 2018, asserting counterclaims of non-infringement and invalidity of U.S. Pat. Nos. 7,094,427; 8,377,474; 8,454,998; 8,557,283; and 9,089,607. Impax answered Zydus's counterclaims on June 1, 2018. Zydus filed a motion for judgment on the pleadings regarding its counterclaims. On November 29, 2018, the Court granted Zydus's motion for judgment as to its counterclaims. A case schedule had been set with trial anticipated in April 2020, but that has been postponed indefinitely due to the COVID-19 pandemic.

Other Litigation Related to the Company's Business

Opana ER® FTC Antitrust Litigation

On February 25, 2014, Impax received a Civil Investigative Demand ("CID") from the Federal Trade Commission ("FTC") concerning its investigation into the drug Opana® ER and its generic equivalents. On March 30, 2016, the FTC filed a complaint against Impax, Endo Pharmaceuticals Inc. ("Endo"), and others in the United States District Court for the Eastern District of Pennsylvania, alleging that Impax and Endo violated antitrust laws when they entered into a June 2010 co-promotion and development agreement and a June 2010 settlement agreement that resolved patent litigation in connection with the submission of Impax's ANDA for generic original Opana® ER. In July 2016, the defendants filed a motion to dismiss the complaint, and a motion to sever the claims regarding Opana® ER from claims with respect to a separate settlement agreement that was challenged by the FTC. On October 20, 2016, the Court granted the motion to sever, formally terminating the suit against Impax, with an order that the FTC re-file no later than November 3, 2016 and dismissed the motion to dismiss as moot. On October 25, 2016, the FTC filed a notice of voluntary dismissal. On January 19, 2017, the FTC filed a Part 3 Administrative complaint against Impax with similar allegations regarding Impax's June 2010 settlement agreement with Endo that resolved patent litigation in connection with the submission of Impax's ANDA for generic original Opana® ER. Impax filed its answer to the Administrative Complaint on February 7, 2017. Trial concluded on November 15, 2017. On May 11, 2018, the Administrative Law Judge ruled in favor of Impax and dismissed the case in its entirety. The government appealed this ruling to the FTC. On March 28, 2019, the FTC issued an Opinion & Order reversing the Administrative Law Judge's initial dismissal decision. The FTC found that Impax had violated Section 5 of the FTC Act by engaging in an unfair method of competition, and accordingly entered an order enjoining Impax from entering into anticompetitive reverse patent settlements (or agreements with other generic original Opana® ER manufacturers) and requiring Impax to maintain an antitrust compliance program. On June 6, 2019, Impax filed a Petition for Review of the FTC's Opinion & Order with the United States Court of Appeals for the Fifth Circuit. Impax filed its opening appellate brief with the Fifth Circuit on October 3, 2019; the FTC filed its brief in response on December 9, 2019 and Impax filed a reply brief on December 30, 2019. Oral argument before the Fifth Circuit had been scheduled for April 27, 2020, but has been postponed indefinitely due to the COVID-19 pandemic.

On July 12, 2019, the Company received a CID from the FTC concerning an August 2017 settlement agreement between Impax and Endo, which resolved a dispute between the parties regarding, and amended, the above-referenced June 2010 settlement agreement related to Opana® ER. The

Company has been cooperating and intends to continue cooperating with the FTC regarding the CID. However, no assurance can be given as to the timing or outcome of the FTC's underlying investigation.

Opana ER® Antitrust Litigation

From June 2014 to April 2015, 14 complaints styled as class actions on behalf of direct purchasers and indirect purchasers (also known as end-payors) and several separate individual complaints on behalf of certain direct purchasers (the "opt-out plaintiffs") were filed against the manufacturer of the brand drug Opana ER® and Impax.

The direct purchaser plaintiffs comprise Value Drug Company and Meijer Inc. The end-payor plaintiffs comprise the Fraternal Order of Police, Miami Lodge 20, Insurance Trust Fund; Wisconsin Masons' Health Care Fund; Massachusetts Bricklayers; Pennsylvania Employees Benefit Trust Fund; International Union of Operating Engineers, Local 138 Welfare Fund; Louisiana Health Service & Indemnity Company d/b/a Blue Cross and Blue Shield of Louisiana; Kim Mahaffay; and Plumbers & Pipefitters Local 178 Health & Welfare Trust Fund. The opt-out plaintiffs comprise Walgreen Co.; The Kroger Co.; Safeway, Inc.; HEB Grocery Company L.P.; Albertson's LLC; Rite Aid Corporation; Rite Aid Hdqtrs. Corp.; and CVS Pharmacy, Inc.

On December 12, 2014, the United States Judicial Panel on Multidistrict Litigation (the "JPML") ordered the pending class actions transferred to the United States District Court for the Northern District of Illinois ("N.D. Ill.") for coordinated pretrial proceedings, as In Re: Opana ER Antitrust Litigation (MDL No. 2580). (Actions subsequently filed in other jurisdictions also were transferred by the JPML to the N.D. Ill. to be coordinated or consolidated with the coordinated proceedings, and the District Court likewise has consolidated the opt-out plaintiffs' actions with the direct purchaser class actions for pretrial purposes.)

In each case, the complaints allege that Endo engaged in an anticompetitive scheme by, among other things, entering into an anticompetitive settlement agreement with Impax to delay generic competition of Opana ER® and in violation of state and federal antitrust laws. Plaintiffs seek, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution. Discovery, including expert discovery, is ongoing. On March 25, 2019, plaintiffs filed motions for class certification and served opening expert reports. Defendants' oppositions to class certification and rebuttal expert reports were filed and served on August 29, 2019. On November 5, 2019, plaintiffs filed reply briefs in further support of their motions for class certification. On January 17, 2020, defendants filed a motion for leave to file joint surreply briefs in response thereto; plaintiffs filed responses on January 24, 2020. On February 5, 2020, the court granted defendants' motion for leave, and entered a case schedule to which the parties jointly stipulated, setting a trial date of March 15, 2021, though it will likely be delayed due to the COVID-19 pandemic. On April 15, 2020, defendants filed motions for summary judgement.

The Company believes it has substantial meritorious defenses to the claims asserted with respect to the litigation. However, any adverse outcome could negatively affect the Company and could have a material adverse effect on the Company's results of operations, cash flows and/or overall financial condition.

Attorney General of the State of Connecticut Interrogatories and Subpoena Duces Tecum

On July 14, 2014, Impax received a subpoena and interrogatories (the "Subpoena") from the State of Connecticut Attorney General ("Connecticut AG") concerning its investigation into sales of Impax's generic product, digoxin. According to the Connecticut AG, the investigation is to determine whether anyone engaged in a contract, combination or conspiracy in restraint of trade or commerce which has the effect of (i) fixing, controlling or maintaining prices or (ii) allocating or dividing customers or territories relating to the sale of digoxin in violation of Connecticut state antitrust law. The Company has produced documents and information in response to the Subpoena. However, no assurance can be given as to the timing or outcome of this investigation.

United States Department of Justice Investigations

On November 6, 2014, Impax disclosed that one of its sales representatives received a grand jury subpoena from the Antitrust Division of the United States Department of Justice (the "DOJ"). In connection with this same investigation, on March 13, 2015, Impax received a grand jury subpoena from the DOJ requesting the production of information and documents regarding the sales, marketing, and pricing of certain generic prescription medications. In particular, the DOJ's investigation currently focuses on four generic medications: digoxin tablets, terbutaline sulfate tablets, prilocaine/lidocaine cream, and calcipotriene topical solution. The Company has been cooperating and intends to continue cooperating with the investigation. However, no assurance can be given as to the timing or outcome of the investigation.

On April 30, 2018, Impax received a CID from the Civil Division of the DOJ (the "Civil Division"). The CID requests the production of information and documents regarding the pricing and sale of Impax's pharmaceuticals and Impax's interactions with other generic pharmaceutical manufacturers. According to the CID, the investigation concerns allegations that generic pharmaceutical manufacturers, including Impax, engaged in market allocation and price-fixing agreements, paid illegal remuneration, and caused false claims to be submitted to the Federal government. The Company has been cooperating and intends to continue cooperating with the Civil Division's investigation. However, no assurance can be given as to the timing or outcome of the investigation.

Texas State Attorney General Civil Investigative Demand

On May 27, 2014, a CID was served on Amneal by the Office of the Attorney General for the state of Texas (the "Texas AG") relating to products distributed by Amneal under a specific Amneal labeler code. Shortly thereafter, Amneal received a second CID with respect to the same products sold by Interpharm Holding, Inc. ("Interpharm"), the assets of which had been acquired by Amneal in June 2008. Amneal completed its production of the direct and indirect sales transaction data in connection with the products at issue and provided this information to the Texas AG in November 2015. In May 2016, the Texas AG delivered two settlement demands to Amneal in connection with alleged overpayments made by the State of Texas for such products under its Medicaid programs. For the Amneal and Interpharm products at issue, the Texas AG's initial demand was for an aggregate total of $36 million based on $16 million in alleged overpayments. After analyzing the Texas AG's demand, Amneal raised certain questions regarding the methodology used in the Texas AG's overpayment calculations, including the fact that the calculations treated all pharmacy claims after 2012 for the products at issue as claims for over-the-counter ("OTC") drugs, even though the products were prescription pharmaceuticals. This had the effect of increasing the alleged overpayment because the dispensing fee for OTC drugs was lower than that for prescription drugs. Therefore, the Texas AG's calculations were derived by subtracting a lower (and incorrect) OTC dispensing fee from the higher (and correct) prescription dispensing fee. The Texas AG later acknowledged this discrepancy. In March 2019, the Texas AG provided Amneal with a re-calculation of the alleged overpayment. In October 2019, Amneal reached an agreement in principle with the Texas AG to settle the matter. The parties executed a Settlement Agreement and Release as of March 5, 2020, and save for certain administrative obligations, the matter is now closed.

In Re Generic Pharmaceuticals Pricing Antitrust Litigation

Beginning in March 2016, numerous complaints styled as antitrust class actions on behalf of direct purchasers and indirect purchasers (or end-payors) and several separate individual complaints on behalf of certain direct and indirect purchasers (the "opt-out plaintiffs") have been filed against manufacturers of generic digoxin, lidocaine/prilocaine, glyburide-metformin, and metronidazole, including Impax.

The end-payor plaintiffs comprised Plaintiff International Union of Operating Engineers Local 30 Benefits Fund; Tulsa Firefighters Health and Welfare Trust; NECA-IBEW Welfare Trust Fund; Pipe Trade Services MN; Edward Carpinelli; Fraternal Order of Police, Miami Lodge 20, Insurance Trust Fund; Nina Diamond; UFCW Local 1500 Welfare Fund; Minnesota Laborers Health and Welfare Fund; The City of Providence, Rhode Island; Philadelphia Federation of Teachers Health and Welfare Fund; United Food & Commercial Workers and Employers Arizona Health and Welfare Trust; Ottis McCrary; Plumbers & Pipefitters Local 33 Health and Welfare Fund; Plumbers & Pipefitters Local 178 Health and Welfare Trust Fund; Unite Here Health; Valerie Velardi; and Louisiana Health Service Indemnity Company. The direct purchaser plaintiffs comprised KPH Healthcare Services, Inc. a/k/a Kinney Drugs, Inc.; Rochester Drug Co-Operative, Inc.; César Castillo, Inc.; Ahold USA, Inc.; and FWK Holdings, L.L.C. The opt-out plaintiffs comprised The Kroger Co.; Albertsons Companies, LLC; H.E. Butt Grocery Company L.P.; Humana Inc.; and United Healthcare Services, Inc.

On April 6, 2017, the JPML ordered the consolidation of all civil actions involving allegations of antitrust conspiracies in the generic pharmaceutical industry regarding 18 generic drugs in the United States District Court for the Eastern District of Pennsylvania ("E.D. Pa."), as In Re: Generic Pharmaceuticals Pricing Antitrust Litigation (MDL No. 2724). Consolidated class action complaints were filed on August 15, 2017 for each of the 18 drugs; Impax is named as a defendant in the 2 complaints respecting digoxin and lidocaine-prilocaine. Impax also is a defendant in the class action complaint filed with the MDL court on June 22, 2018 by certain direct purchasers of glyburide-metformin and metronidazole.

Each of the various complaints alleges a conspiracy to fix, maintain, stabilize, and/or raise prices, rig bids, and allocate markets or customers for the particular drug products at issue. Plaintiffs seek, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution. On October 16, 2018, the Court denied Impax and its co-defendants' motion to dismiss the digoxin complaint. On February 15, 2019, the Court granted in part and denied in part defendants' motions to dismiss various state antitrust, consumer protection, and unjust enrichment claims brought by two classes of indirect purchasers in the digoxin action. The Court dismissed seven state law claims in the end-payor plaintiffs' complaint and six state law claims in the indirect reseller plaintiffs' complaint. Motions to dismiss the glyburide-metformin and metronidazole complaint, as well as 2 of the complaints filed by certain opt-out plaintiffs, were filed February 21, 2019. On March 11, 2019, the Court issued an order approving a stipulation withdrawing the direct purchaser plaintiffs' glyburide-metformin claims against Impax.

On May 10, 2019, the Company was named in a civil lawsuit filed by the Attorneys General of 43 States and the Commonwealth of Puerto Rico in the United States District Court for the District of Connecticut against numerous generic pharmaceutical manufacturers, as well as certain of their current or former sales and marketing executives, regarding an alleged conspiracy to fix prices and allocate or divide customers or markets for various products, including, with respect to the Company, bethanechol chloride tablets, norethindrone acetate tablets, and ranitidine HCL tablets, in violation of federal and state antitrust and consumer protection laws. Plaintiff States seek, among other things, unspecified monetary damages (including treble damages and civil penalties), as well as equitable relief, including disgorgement and restitution. On June 4, 2019, the JPML transferred the lawsuit to the E.D. Pa. for coordination and consolidation with MDL No. 2724. On November 1, 2019, the State Attorneys General filed an Amended Complaint in their lawsuit, bringing claims on behalf of 9 additional states and territories against several defendants; the relief sought and allegations concerning the Company (including the products allegedly at issue) are unchanged from the original complaint.

On July 31, 2019, the Company and Impax were served with a Praecipe to Issue Writ of Summons and Writ of Summons filed in the Philadelphia County Court of Common Pleas by 87 health insurance companies and managed health care providers (America's 1st Choice of South Carolina, Inc., et al. v. Actavis Elizabeth, LLC, et al., No. 190702094), naming as defendants in the putative action the same generic pharmaceutical manufacturers and individuals named in the above-referenced State Attorneys General lawsuit. However, to date, no complaint has been filed or

served in this action. On December 12, 2019, the court entered an Order placing the case in deferred status pending further developments in MDL No. 2724.

On October 11, 2019, opt-out plaintiff United Healthcare Services, Inc. filed a second complaint, in the United States District Court for the District of Minnesota (United Healthcare Services, Inc. v. Teva Pharmaceuticals USA, Inc., et al., No. 0:19-cv-02696), following on and supplementing its original action, asserting antitrust claims against the Company and other generic pharmaceutical manufacturers arising from the facts alleged in the above-referenced State Attorneys General lawsuit. Plaintiff seeks, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution. The parties anticipate that the lawsuit will be transferred by the JPML to the E.D. Pa. for coordination and consolidation with MDL No. 2724.

On October 18, 2019, opt-out plaintiff Humana, Inc. also filed a second complaint, likewise following on supplementing its original action to assert antitrust claims against the Company and other generic pharmaceuticals manufacturers arising from the facts alleged in the above-referenced State Attorneys General lawsuit, and similarly seeking, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution. The lawsuit was filed in the E.D. Pa. (Humana Inc. v. Actavis Elizabeth, LLC, et al., No. 2:19-cv 04862), and likely will be incorporated into MDL No. 2724 for coordinated pretrial proceedings.

On November 14, 2019, the Company was named in a complaint filed in the Supreme Court of the State of New York, Nassau County, on behalf of 14 counties in the state of New York, who allege to be both direct and end-payor purchasers of generic pharmaceutical drugs (County of Nassau, et al., v. Actavis Holdco U.S., Inc., et al., No. 616029/2019). The complaint asserts antitrust claims against the Company and other generic pharmaceutical manufacturers arising from the facts alleged in the above-referenced State Attorneys General lawsuit. Plaintiff Counties seek, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution. On December 17, 2019, defendants removed the case to the United States District Court for the Eastern District of New York (No. 2:19-cv-07071) and, on January 3, 2020, the case was transferred by the JPML to the E.D. Pa. for coordination and consolidation with MDL No. 2724.

On December 11, 2019, the Company and Impax were named in a complaint filed in E.D. Pa. by Health Care Service Corp., a customer-owned health insurer opting out of the end-payor plaintiff class (Health Care Service Corp. v. Actavis Elizabeth, LLC, et al., No. 2:19-cv-05819-CMR). Plaintiff alleges a conspiracy among generic pharmaceutical manufacturers to fix prices and allocate or divide customers or markets for various products (including, with respect to the Company, bethanechol chloride tablets, norethindrone acetate tablets, and ranitidine HCL tablets; and with respect to Impax, digoxin, lidocaine-prilocaine, and metronidazole) in violation of federal and state antitrust and consumer protection laws. Plaintiff seeks, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution. The lawsuit likely will be incorporated into MDL No. 2724 for coordinated pretrial proceedings.

On December 16, 2019, a complaint was filed in the United States District Court for the District of Connecticut against Impax and against numerous generic pharmaceutical manufacturers on behalf of assignees of claims from third-party health benefit plans, opting out of the end-payor plaintiff class (MSP Recovery Claims, Series LLC, et al. v. Actavis Elizabeth, LLC, et al., No. 3:19-cv-01972-SRU), and alleging a conspiracy to fix prices and allocate or divide customers or markets for various products (including, with respect to Impax, digoxin and lidocaine-prilocaine) in violation of federal and state antitrust and consumer protection laws. Plaintiffs seek, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution. On January 10, 2020, the case was transferred by the JPML to the E.D. Pa. for coordination and consolidation with MDL No. 2724.

On December 19, 2019, the end-payor plaintiffs filed a new complaint, following on and supplementing their putative class action lawsuit pending in MDL No. 2724. Plaintiffs' new complaint, which names as defendants the Company, Amneal, Impax, and numerous generic pharmaceutical manufacturers, alleges a conspiracy to fix prices and allocate or divide customers or markets for various products (including, with respect to the Company/Amneal, bethanechol chloride tablets, norethindrone acetate tablets, ranitidine HCL tablets, naproxen sodium tablets, oxycodone/acetaminophen tablets, phenytoin sodium capsules, and warfarin sodium tablets; and with respect to Impax, metronidazole, amphetamine salts tablets, dextroamphetamine sulfate ER capsules, cyproheptadine HCL tablets, methylphenidate tablets, and pilocarpine HCL tablets) in violation of federal and state antitrust and consumer protection laws. Plaintiffs continue to seek, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution.

On December 20, 2019, the indirect-reseller plaintiffs filed a new complaint naming the Company, following on and supplementing their putative class action lawsuit pending in MDL No. 2724. The new complaint is brought on behalf of both independent pharmacies and hospitals, and asserts antitrust claims against the Company and other generic pharmaceutical manufacturers (as well as distributors of generic pharmaceuticals, including AmerisourceBergen Corp., Cardinal Health Inc., and McKesson Corporation) arising from the facts alleged in the above-referenced State Attorneys General lawsuit. Plaintiffs continue to seek, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution.

On December 27, 2019, the Company and Impax were named in a complaint filed in the United States District Court for the Northern District of California by Molina Healthcare, Inc., a publicly traded healthcare management organization opting out of the end-payor plaintiff class (Molina Healthcare, Inc. v. Actavis Elizabeth, LLC, et al., No. 3:19-cv-08438). Plaintiff alleges a conspiracy among generic pharmaceutical manufacturers to fix prices and allocate or divide customers or markets for various products (including, with respect to the Company, bethanechol chloride tablets, norethindrone acetate tablets, and ranitidine HCL tablets; and with respect to Impax, digoxin, lidocaine-prilocaine, and metronidazole) in violation of federal and state antitrust and consumer protection laws. Plaintiff seeks, among other things, unspecified monetary

damages and equitable relief, including disgorgement and restitution. On February 5, 2020, the case was transferred by the JPML, to the E.D. Pa. for coordination and consolidation with MDL No. 2724.

On February 7, 2020, the direct purchaser plaintiffs filed a new complaint, following on and supplementing their putative class action lawsuit pending in MDL No. 2724. Plaintiffs' new complaint, which names as defendants the Company, Amneal, Impax, and numerous generic pharmaceutical manufacturers, alleges a conspiracy to fix prices and allocate or divide customers or markets for various products (including, with respect to the Company/Amneal, bethanechol chloride tablets, ranitidine HCL tablets, naproxen sodium tablets, oxycodone/acetaminophen tablets, hydrocodone/acetaminophen tablets, phenytoin sodium capsules, and warfarin sodium tablets; and with respect to Impax, amphetamine salts tablets, dextroamphetamine sulfate ER capsules, methylphenidate tablets, and pilocarpine HCL tablets) in violation of federal and state antitrust and consumer protection laws. Plaintiffs continue to seek, among other things, unspecified monetary damages and equitable relief, including disgorgement and restitution.

On March 2, 2020, the Company, Amneal, and Amneal Pharmaceuticals of NY, LLC, were named in a complaint filed in the United States District Court for the Southern District of Texas by Harris County, Texas, which is the primary county for the Houston Metropolitan Area (Harris County, Texas v. Teva Pharmaceuticals USA, Inc., et al., No. 4:20-cv-00733). Plaintiff alleges a conspiracy among generic pharmaceutical manufacturers to fix prices and allocate or divide customers or markets for various products in violation of federal and state antitrust and consumer protection laws; specifically, plaintiff alleges that it has paid approximately $3.86 million since 2013 for products attributable to Amneal entities. On March 30, 2020, the JPML issued a conditional transfer order tagging the case for transfer to the E.D. Pa. for coordination and consolidation with MDL No. 2724.

Fact and document discovery in MDL No. 2724 are proceeding. On December 26, 2019, the MDL court entered a case management order extending by stipulation certain pretrial discovery deadlines, including leaving open-ended the date by which, after consultation with MDL court's appointed Special Master, the parties are to agree upon bellwether claims or cases for, inter alia, class certification and/or trials. On February 20, 2020, the Special Master issued a Report & Recommendation and Proposed Order providing for the establishment of two bellwether trial tracks; Track One would involve a jury trial of the overarching conspiracy claims presented in the States Attorneys General's May 10, 2019 complaint (in which the Company and Amneal are defendants), and Track Two would consist of a second round of trials on one of three different individual drug conspiracy complaints (none of which involve the Company or any Amneal entities). Briefing in support of and in opposition to the Special Master's proposal is underway.

The Company believes it has substantial meritorious defenses to the claims asserted with respect to the litigation. However, any adverse outcome could negatively affect the Company and could have a material adverse effect on the Company's results of operations, cash flows and/or overall financial condition.

Prescription Opioid Litigation

The Company and certain of its affiliates have been named as defendants in various matters relating to the promotion and sale of prescription opioid pain relievers. The Company is aware that other individuals and states and political subdivisions are filing comparable actions against, among others, manufacturers and parties that have promoted and sold prescription opioid pain relievers, and additional suits may be filed.

The complaints, asserting claims under provisions of different state and Federal law, generally contend that the defendants allegedly engaged in improper marketing of opioids, and seek a variety of remedies, including restitution, civil penalties, disgorgement of profits, treble damages, attorneys' fees and injunctive relief. None of the complaints specifies the exact amount of damages at issue. The Company and its affiliates that are defendants in the various lawsuits deny all allegations asserted in these complaints and have filed or intend to file motions to dismiss where possible. Each of the opioid-related matters described below is in its early stages. The Company intends to continue to vigorously defend these cases. In light of the inherent uncertainties of civil litigation, the Company is not in a position to predict the likelihood of an unfavorable outcome or provide an estimate of the amount or range of potential loss in the event of an unfavorable outcome in any of these matters.

On August 17, 2017, plaintiff Linda Hughes, as the mother of Nathan Hughes, decedent, filed a complaint in Missouri state court naming Amneal Pharmaceuticals of New York LLC, Impax, five other pharmaceutical company defendants, and three healthcare provider defendants. Plaintiff alleges that use of defendants' opioid medications caused the death of her son, Nathan Hughes. The complaint alleges causes of action against Amneal and Impax for strict product liability, negligent product liability, violation of Missouri Merchandising Practices Act and fraudulent misrepresentation. The case was removed to federal court on September 18, 2017. It was transferred to the United States District Court for the Northern District of Ohio on February 2, 2018 and is part of the multidistrict litigation pending as In Re National Prescription Opiate Litigation, MDL No. 2804 (the "MDL"). Plaintiff has filed a motion to remand the case to Missouri state court. That motion remains pending before the MDL court. All activity in the case is stayed by order of the MDL court.

On March 15, 2018, plaintiff Scott Ellington, purporting to represent the State of Arkansas, more than sixty counties and a dozen cities, filed a complaint in Arkansas state court naming Gemini Laboratories, LLC and fifty-one other pharmaceutical companies as defendants. Plaintiffs allege that Gemini and the other pharmaceutical company defendants improperly marketed, sold, and distributed opioid medications and failed to adequately warn about the risks of those medications. Plaintiffs allege causes of actions against Gemini and the other pharmaceutical company defendants for negligence and nuisance and alleged violations of multiple Arkansas statutes. Plaintiffs request past damages and restitution for monies allegedly spent by the State of Arkansas and the county and city plaintiffs for "extraordinary and additional services" for responding to

what plaintiffs term the "Arkansas Opioid Epidemic." Plaintiffs also seek prospective damages to allow them to "comprehensively intervene in the Arkansas Opioid Epidemic," punitive and treble damages as provided by law, and their costs and fees. The complaint does not include any specific damage amounts. Gemini filed a general denial and, on June 28, 2018, it joined the other pharmaceutical company defendants in moving to dismiss plaintiffs' complaint. On January 29, 2019, the Court granted without prejudice Gemini's motion to dismiss and dismissed Gemini from the litigation on March 22, 2019.

On March 27, 2018, plaintiff American Resources Insurance Company, Inc. filed a complaint in the United States District Court for the Southern District of Alabama against Amneal, Amneal Pharmaceuticals of New York, LLC, Impax, and thirty-five other pharmaceutical company defendants. Plaintiff seeks certification of a class of insurers that since January 1, 2010, allegedly have been wrongfully required to: (i) reimburse for prescription opioids that allegedly were promoted, sold, and distributed illegally and improperly by the pharmaceutical company defendants; and (ii) incur costs for treatment of overdoses of opioid medications, misuse of those medications, or addiction to them. The complaint seeks compensatory and punitive damages, but plaintiff's complaint does not include any allegation of specific damage amounts. On or about May 2, 2018, the case was transferred to the MDL. All activity in the case is stayed by order of the MDL court.

On May 30, 2018, plaintiff William J. Comstock filed a complaint in Washington state court against Amneal Pharmaceuticals of New York, LLC, and four other pharmaceutical company defendants. Plaintiff alleges he became addicted to opioid medications manufactured and sold by the pharmaceutical company defendants, which plaintiff contends caused him to experience opioid-induced psychosis, prolonged hospitalizations, pain, and suffering. Plaintiff asserts causes of action against Amneal and the other pharmaceutical company defendants for negligence, fraudulent misrepresentation, and violations of the Washington Consumer Protection Act. On July 12, 2018, Amneal and other defendants removed the case to the United States District Court for the Eastern District of Washington. On August 17, 2018, the case was transferred to the MDL. All activity in the case is stayed by order of the MDL court.

On June 18, 2018, a Subpoena and CID issued by the Office of the Attorney General of Kentucky, Office of Consumer Protection was served on Amneal. The CID contains eleven requests for production of documents pertaining to opioid medications manufactured and/or sold by Amneal, or for which Amneal holds an Abbreviated New Drug Application. The Company is evaluating the CID and has been in communication with the Office of the Attorney General about the scope of the CID, the response to the CID, and the timing of the response. It is unknown if the Office of the Attorney General will pursue any claim or file a lawsuit against Amneal.

On July 9, 2018, the Muscogee (Creek) Nation filed a First Amended Complaint in its case pending in the MDL against the Company and 55 other defendants consisting of pharmaceutical companies, wholesalers, distributors, and pharmacies. Plaintiff alleges it has been damaged by the Company and the other pharmaceutical company defendants as a result of alleged improper marketing, including off-label marketing, failure to adequately warn of the risks of opioid medications, and failure to properly monitor and control diversion of opioid medications within the Nation. The case has been designated as a bellwether motion to dismiss case for the MDL, meaning it is a test case for arguments directed at the complaints filed by Indian tribes in the MDL cases. On August 31, 2018, the Company moved to dismiss the First Amended Complaint, and also joined in separate motions to dismiss filed by different defense subgroups. Plaintiff opposed these motions. Additionally, on September 28, 2018, plaintiff filed a motion to add Amneal and Amneal Pharmaceuticals of New York, LLC, and to dismiss the Company from the complaint. The Company opposed that motion, and plaintiff filed a reply on October 19, 2018. On April 1, 2019, the MDL court's designated magistrate judge issued a Report and Recommendation as to the Company's motion to dismiss, recommending dismissal of plaintiff's Lanham Act claims and state-law claims based on an alleged duty to correct alleged misrepresentations of brand-name manufacturers, but recommending denial of relief as to all other claims. On April 12, 2019, the magistrate judge overruled the Company's objection to adding Amneal and Amneal Pharmaceuticals of New York, LLC, but dismissed the Company. Amneal and Amneal Pharmaceuticals of New York, LLC, filed an objection to the magistrate's Report and Recommendation as to the Company's motion to dismiss on April 29, 2019. On June 13, 2019, the MDL court denied the objections and subsequently ordered the defendants to file Answers to the First Amended Complaint. On August 16, 2019, Amneal and Amneal Pharmaceuticals of New York, LLC filed their respective answers. Further activity in the case is stayed by order of the MDL court.

On July 18, 2018, the County of Webb, Texas requested waivers of service from Amneal and Amneal Pharmaceuticals of New York, LLC, in its case pending in the MDL. Plaintiff's Amended Complaint, filed against Amneal and forty-one other defendants consisting of pharmaceutical companies, wholesalers, distributors, and pharmacy benefit managers, alleges damages as a result of Amneal's and the pharmaceutical company defendants' improper marketing, failure to adequately warn of the risks of opioid medications, and failure to properly monitor and control diversion of opioid medications in or affecting Webb County. Amneal and Amneal Pharmaceuticals of New York, LLC have returned the requested waivers. All activity in the case is stayed by order of the MDL court.

On August 24, 2018, the Tucson Medical Center filed a complaint against the Company and 18 other defendants consisting of pharmaceutical companies, distributors, and unidentified John Doe defendants, in the Superior Court of the State of Arizona, Pima County. Plaintiff alleges damages as a result of Amneal's and the pharmaceutical company defendants' improper marketing, failure to adequately warn of the risks of opioid medications, and failure to properly monitor and control diversion of opioid medications. Plaintiff seeks economic damages related to its purchase of opioid medications and for the costs of unreimbursed healthcare it has provided as a result of the opioid epidemic over and above ordinary healthcare services. In addition, plaintiff seeks compensatory damages, treble damages, punitive damages, awards of attorney's fees, and abatement of the alleged public nuisance, as provided by law. On September 24, 2018, the distributor defendants removed the case to the United States District Court for the District of Arizona. Plaintiff filed a motion to remand on September 25, 2018, which the distributor defendants opposed. The Company filed a motion to dismiss on October 1, 2018. On October 8, 2018, following the Court's denial of its remand motion, plaintiff voluntarily dismissed its Complaint without prejudice. Plaintiff re-filed its Complaint on October 9, 2018, in the Superior Court of the

State of Arizona, Pima County, along with a motion to designate the case as "complex." The distributor defendants filed a notice of removal on October 29, 2018. Plaintiff filed an Emergency Motion to Remand on October 30, 2018. On December 19, 2018, the Court granted plaintiff's motion and remanded the case to the Superior Court of Pima County, Arizona. On February 13, 2019, the Company again filed a motion to dismiss the complaint. The defendants (including the Company) also moved for a discovery stay pending resolution of their motions to dismiss. The Court entered an order on April 8, 2019 staying discovery until the earlier of June 25, 2019 or when the Court rules on the defendants' separate motions to dismiss. On June 12, 13, and 14, 2019, the Court held hearings on all pending motions to dismiss. Immediately prior to the hearing on Amneal's Motion to Dismiss, plaintiff agreed to a voluntary dismissal without prejudice of Amneal, which the parties then entered on the record. The co-defendants removed the case to federal court, but the federal court re-remanded the case to state court. Plaintiff initially amended its complaint in state court and attempted to name Amneal as a defendant; however, plaintiff did not serve that complaint on Amneal. On February 7, 2020, plaintiff filed a second amended complaint that did not name Amneal as a defendant. Accordingly, Amneal is not presently a defendant in this lawsuit.

On October 4, 2018, the City of Martinsville, Virginia, filed a complaint in Virginia state court, naming the Company, Amneal, Amneal Pharmaceuticals of New York, LLC, Impax, and 45 other pharmaceutical companies and other entities as defendants. Plaintiff alleges that the defendants are liable for the economic and non-economic injuries allegedly suffered by resident doctors, health care payors, and opioid-addicted individuals, as well as for the costs incurred in addressing the opioid epidemic. Plaintiff requests an unspecified amount of damages against the defendants. The case was removed to federal court on December 13, 2018 and was conditionally transferred to the MDL on December 27, 2018. Plaintiff opposed the transfer to the MDL and moved to remand the case to Virginia state court. On February 14, 2019, the United States District Court for the Western District of Virginia, Roanoke Division, remanded the case to the Martinsville Circuit Court in Martinsville, Virginia. Nine other Virginia municipalities have filed identical complaints naming the same defendants, but none have been served on the Company or its affiliates. The unserved Virginia cases were removed to federal court and subsequently transferred to the MDL. On April 24, 2019, the Martinsville Circuit Court stayed this case until it is determined whether the other Virginia cases that were removed to federal court will be remanded, or until the parties or the court may determine whether consolidation of this case with others is possible in Virginia state court. The removed cases were transferred to the MDL, but this case remains stayed in state court.

In October and November 2018, the SouthEast Alaska Regional Health Consortium, the Kodiak Area Native Association, and the Norton Sound Health Corporation requested that the Company execute waivers of service in their cases pending in the MDL. Plaintiffs' complaints name the Company and 37 other entities as defendants. Plaintiffs allege damages and seek injunctive relief, compensatory and statutory damages, "as well as the means to abate the epidemic" that they allege was "created by Defendants' wrongful and/or unlawful conduct." All activity in these cases is stayed by order of the MDL court.

On December 3, 2018, Appalachian Regional Healthcare, Inc., filed a complaint in Kentucky state court, naming Amneal and 32 other pharmaceutical companies and other entities as defendants. Plaintiff alleges that the defendants are liable for the economic and non-economic injuries allegedly suffered by Kentucky's hospitals and others. Plaintiff requested an unspecified amount of damages against the defendants. The case has now been removed to federal court, and all activity in these cases is stayed by order of the MDL court.

On January 23, 2019, Indian Health Council, Inc., requested that the Company execute a waiver of service in its case pending in the MDL. Plaintiff's complaint names the Company and 18 other pharmaceutical companies and other entities as defendants. Plaintiff, an intertribal health organization which provides healthcare services to its consortium's member tribes, alleges that the defendants are liable for the economic injuries it allegedly suffered as a result of its role in responding to an alleged "epidemic of opioid abuse". Plaintiff requests an unspecified amount of damages against the defendants. The case has been transferred to the MDL. All activity in the case is stayed by order of the MDL court.

On February 7, 2019, Kentucky River District Health Department requested that the Company execute a waiver of service in its case pending in the MDL. Plaintiff's putative class action complaint names Amneal and 20 other pharmaceutical companies and other entities as defendants. Plaintiff alleges that the defendants are liable for the economic injuries it suffered, on behalf of itself and similarly situated Kentucky health departments, as a result of their role in responding to an alleged "opioid epidemic." Plaintiff requests an unspecified amount of damages against the defendants. All activity in the case is stayed by order of the MDL court.

In February and March 2019, the Aleutian Pribilof Islands Association and Alaska Native Tribal Health Consortium requested that the Company execute waivers of service in their cases pending in the MDL. Plaintiffs' complaints name the Company and 37 other entities as defendants. Plaintiffs allege damages and seek injunctive relief, compensatory and statutory damages, "as well as the means to abate the epidemic" that they allege was "created by Defendants' wrongful and/or unlawful conduct." All activity in these cases is stayed by order of the MDL court.

In March 2019, Glynn County, Georgia, requested waivers of service from the Company and Amneal in its case pending in the MDL. Plaintiff's second amended short-form complaint, filed against Amneal and 39 other defendants consisting of pharmaceutical companies, wholesalers, retailers, and distributors, alleges damages as a result of defendants' alleged improper marketing, fraud, including RICO violations, failure to adequately warn of the risks of opioid medications, failure to properly monitor and control diversion of opioid medications in or affecting Glynn County, negligence, public nuisance, and unjust enrichment. All activity in the case is stayed by order of the MDL court.

On March 14, 2019, the City of Concord, New Hampshire, filed a short-form amendment to its Second Amended Complaint in the MDL court adding the Company, Amneal, and Impax, to 31 other defendants, including pharmaceutical companies, corporate officers of certain brand manufacturer pharmaceutical companies, and distributors. As to the Company, Amneal, and Impax, plaintiff asserts claims for violation of the New Hampshire Consumer Protection Act, public nuisance, unjust enrichment, and violation of RICO. Plaintiff alleges that defendants are liable

for economic injuries experienced by plaintiff, including unspecified restitution, civil penalties, disgorgement of unjust enrichment and attorneys' fees, as well as for injunctive relief as to defendants' further false or misleading statements as to opioids, and for exemplary damages. Amneal was served on April 25, 2019. All activity in the case is stayed by order of the MDL court.

On March 15, 2019, the International Union of Painters and Allied Trades, District Council No. 21 Welfare Fund, and, separately, the International Brotherhood of Electrical Workers Local 98 Health & Welfare Fund, and International Brotherhood of Electrical Workers Local 98 Sound and Communications Health and Welfare Fund, filed complaints in the Philadelphia County Common Pleas Court, naming Amneal, Impax, Amneal Pharmaceuticals of New York, LLC, and 29 other pharmaceutical companies as defendants. In each, plaintiffs allege that the defendants are liable for economic injuries allegedly suffered by the respective funds to the extent those funds paid for long term treatment of their benefit members with opioids, and for the costs incurred in addressing an alleged "opioid epidemic." Plaintiffs request an unspecified amount of damages against the defendants. On April 17, 2019, Amneal and Amneal Pharmaceuticals of New York, LLC were served with both complaints. On January 7, 2020, Karen Davidson, individually and as administratrix of the estate of John C. Davidson, filed a complaint in the Philadelphia County Common Pleas Court, naming the Company and Amneal, among other parties, as defendants. All three cases have been transferred to Delaware County, Pennsylvania, where numerous other opioid cases currently are pending. The cases are now stayed by order of the Delaware County court.

In March 2019, the State of New Mexico filed a Second Amended Complaint in its case pending against numerous generic drug manufacturers and distributors in the First District Court of Santa Fe County, naming as defendants Amneal and Amneal Pharmaceuticals of New York, LLC. Plaintiff seeks unspecified damages, and injunctive relief, "to eliminate the hazard to public health and safety caused by the opioid epidemic, to abate the nuisance, and to recoup State monies that have been spent" on account of defendants' alleged "false, deceptive and unfair marketing and/or unlawful diversion of prescription opioids." On July 17, 2019, the Amneal entities moved to dismiss for lack of personal jurisdiction and failure to state a claim upon which relief can be granted. On October 15, 2019, the court entered an order dismissing the plaintiff's negligence per se claims, but declining to dismiss the Amneal entities for lack of personal jurisdiction. The Amneal entities timely filed answers and moved for reconsideration of their jurisdictional motion on January 21, 2020. On March 27, 2020, the court held oral argument and denied the motion for reconsideration from the bench. The court entered an order denying the motion for reconsideration, without explanation, on April 6, 2020. The parties are now engaged in discovery.

In April 2019, several Virginia municipalities (the County Board of Arlington, Dinwiddie County, and Mecklenburg County) filed Complaints in their respective local circuit courts against the Company, Amneal, Amneal Pharmaceuticals of New York, LLC, and Impax along with numerous additional generic drug manufacturers, distributors, and pharmacies. In each Complaint, plaintiffs seek unspecified damages and equitable relief, alleging that defendants were negligent and/or grossly negligent in flooding the relevant municipalities with prescription opioid medications and engaged in civil conspiracies to do so. Each case had been removed to the United States District Court for the Eastern District of Virginia, but all three since have been remanded back to Virginia state court. The Company was nonsuited (dismissed) from the Arlington case. Amended Complaints were filed in the Dinwiddie and Mecklenburg cases at the end of November 2019, but they did not include the Amneal entities as defendants.

On June 10, 2019, in their cases currently pending in the MDL, West Virginia municipal-entity plaintiffs Cabell County Commission and the City of Huntington were granted leave to file, then filed, a Joint and Third Amended Complaint naming approximately 20 additional defendants, including the Company, Amneal, Amneal Pharmaceuticals of New York, LLC, and Impax. The plaintiff municipalities, seek unspecified actual, treble, and punitive damages and disgorgement "to eliminate the hazard to public health and safety, to abate the public nuisance caused by the opioid epidemic in the City and County and to compensate both for abatement measures undertaken or underway and damages sustained as a result of the opioid epidemic" they allege the defendants "proximately caused." These actions have been designated "Track Two" bellwether cases by the MDL court (intended to be adjudicated following the "Track One" cases for which bellwether trials had been scheduled for October 2019). On December 31, 2018, the MDL court entered an Order directing the then-parties in these Track Two actions to work with one of the MDL court's appointed Special Masters to prepare case management deadlines. On May 12, 2019, the Special Master entered an Order acknowledging that the press of issues surrounding ongoing litigation of the Track One cases had prevented both the parties and the MDL court from acting on the directives of the prior Track Two Order, and setting deadlines of June 10, 2019 for plaintiffs to amend their complaints, and June 14, 2019 for the submission of proposals for case management by the then-parties to the cases (the Amneal entities were not served with plaintiffs' Third Amended Complaints until June 25, 2019). On December 16, 2019, the MDL court granted plaintiffs' motion to sever all defendants from the Track Two cases except certain distributor defendants (AmerisourceBergen Drug Corporation, Cardinal Health, Inc., and McKesson Corporation). On January 3, 2020, the MDL court ordered that plaintiffs cannot take discovery of any severed Track Two defendant. On January 14, 2020, the Track Two cases were remanded to the United States District Court for the Southern District of West Virginia, without the severed defendants. To the extent Amneal entities were defendants in the Track Two cases but have been severed, the cases are now stayed by order of the MDL court.

In October 2019, the Company, Amneal, Amneal Pharmaceuticals of New York, LLC, and Impax were served with a putative class action complaint, which also names as defendants numerous manufacturers of opioid products (and certain corporate officers thereof), filed in the United States District Court for the Middle District of Tennessee by several individuals who allegedly purchased prescription opioid medication in cash and/or with an insurance co-payment (Rhodes, et al., v. Rhodes Technologies, Inc., et al., No. 3:19-cv-00885). Plaintiffs claim that they would not have purchased these prescription opioid products had defendants not allegedly misrepresented the products' "addiction propensities," and thereby suffered economic loss. Plaintiffs purport to represent a nationwide class of all individuals who directly or indirectly purchased prescription opioid medication from January 2008 to the present in 31 different states, allege causes of action for violations of those states'

antitrust laws and consumer protection statutes (and unjust enrichment), and seek, in addition to class certification, unspecified monetary damages (including actual, statutory, and punitive or treble damages) and equitable relief, including declaratory judgment and restitution.

There are currently 26 cases brought by various West Virginia and Kentucky hospitals that have been consolidated in the state-court West Virginia Opioid Litigation Multi-Litigation Panel (the "MLP"). On November 20, 2019, the manufacturer defendants collectively filed a motion to dismiss, in which Amneal joined, and the Company filed its own individual motion to dismiss. The MLP has denied the manufacturer defendants' motion to dismiss, but has not yet ruled on the Company's separate motion. There also are five additional cases brought by West Virginia municipalities against the Company, Amneal, Amneal Pharmaceuticals of New York, LLC, and Impax which have been transferred to the MLP. The Amneal entities' responsive pleading deadline is May 18, 2020, and we intend to file motions to dismiss in those cases. The MLP also ordered an early mediation on February 26 and 27, 2020, during which plaintiffs did not make a settlement demand. The MLP has ordered a public nuisance bench trial to occur beginning on March 22, 2021. Defendants have filed a motion for reconsideration of the order denying a jury trial.

Including the above-referenced cases, the Company and certain of its affiliates recently have been named in approximately 915 cases now pending in the MDL court or in various state and territorial courts, including cases brought by:

- Political subdivision / municipal entity plaintiffs from the states of Alabama, Arkansas, Arizona, California, Colorado, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Puerto Rico, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming;
- Third-party payor plaintiffs;
- Individual plaintiffs;
- Indian tribe plaintiffs; and
- Hospital / healthcare provider plaintiffs.

Requests for waivers for service of process have been transmitted by plaintiffs' counsel to defense counsel in relation to the Company and certain of its affiliates in most of these cases. In each case where service on the Company or its affiliates has been perfected, and the case is not stayed, responsive pleadings or pre-answer motions have been filed.

The Company believes it has substantial meritorious defenses to the claims asserted with respect to the litigation. However, any adverse outcome could negatively affect the Company and could have a material adverse effect on the Company's results of operations, cash flows and/or overall financial condition.

Securities Class Action

On April 17, 2017, lead plaintiff New York Hotel Trades Council & Hotel Association of New York City, Inc. Pension Fund filed an amended class action complaint in the United States District Court for the Northern District of California on behalf of itself and others similarly situated against Impax and four current or former Impax officers alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 (Fleming v. Impax Laboratories Inc., et al., No. 4:16-cv-06557-HSG). Plaintiff asserts claims regarding alleged misrepresentations about three generic drugs. Its principal claim alleges that Impax concealed that it colluded with competitor Lannett Corp. to fix the price of generic drug digoxin, and that its digoxin profits stemmed from this collusive pricing. Plaintiff also alleges that Impax concealed from the market anticipated erosion in the price of generic drug diclofenac and that Impax overstated the value of budesonide, a generic drug that it acquired from Teva. On June 1, 2017, Impax filed its motion to dismiss the amended complaint. On September 7, 2018, the Court granted Impax's motion, dismissing plaintiff's claims without prejudice and with leave to amend the complaint. Plaintiff filed a second amended complaint October 26, 2018. Impax filed a motion to dismiss the second amended complaint on December 6, 2018; plaintiffs' opposition thereto was filed on January 17, 2019; and Impax's reply in support of its motion to dismiss was filed on February 7, 2019. A hearing before the Court on the motion to dismiss took place on May 2, 2019. On August 12, 2019, the Court entered an order granting Impax's motion, dismissing plaintiff's second amended complaint with prejudice. On September 5, 2019, plaintiff filed a notice of appeal from both dismissal orders with the United States Court of Appeals for the Ninth Circuit. By order of the Ninth Circuit dated November 26, 2019, plaintiff's opening brief presently was filed on February 14, 2020, with Impax's answering brief due on May 15, 2020.

On December 18, 2019, Cambridge Retirement System filed a class action complaint in the Superior Court of New Jersey, Somerset County, on behalf of itself and others similarly situated against the Company and fourteen current or former officers alleging violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 (Cambridge Retirement System v. Amneal Pharmaceuticals, Inc., et al., No. SOM-L-001701-19). Plaintiff principally alleges that the amended registration statement and prospectus issued on May 7, 2018 in connection with the Amneal/Impax business combination was materially false and/or misleading, insofar as it purportedly failed to disclose that Amneal was an active participant in an alleged antitrust conspiracy with several other pharmaceutical manufacturers to fix generic drug prices, and that this secret collusion improperly bolstered Amneal's financial results reflected in the registration statement. Plaintiff seeks, among other things, certification of a class and unspecified compensatory and/or recessionary damages. On March 31, 2020, the Company filed a motion to dismiss the complaint.

The Company believes it has substantial meritorious defenses to the claims asserted with respect to the litigation. However, any adverse outcome could negatively affect the Company and could have a material adverse effect on the Company's results of operations, cash flows and/or overall financial condition.

United States Department of Justice / Drug Enforcement Administration Subpoenas

On July 7, 2017, Amneal Pharmaceuticals of New York, LLC received an administrative subpoena issued by the Long Island, NY District Office of the Drug Enforcement Administration (the "DEA") requesting information related to compliance with certain recordkeeping and reporting requirements pursuant to regulations promulgated by the DEA. The Company is cooperating with this request for information and has provided relevant information responsive to the request. The Company and the U.S. Attorney for the Eastern District of New York ("E.D.N.Y.") have entered into a tolling agreement (and several amendments thereto) with respect to the investigation. The material provisions of the tolling agreement (as amended) provide that the investigation is ongoing, that the U.S. Attorney will not file a claim against the Company on or before November 11, 2020, and requests that the Company agree that the applicable statute(s) of limitations be tolled during the period from January 19, 2018 through November 12, 2020. The Company cannot predict at this time whether the U.S. Attorney will file a lawsuit or other claims against the Company with respect to the investigation.

On March 14, 2019, Amneal received a subpoena (the "Subpoena") from an Assistant U.S. Attorney ("AUSA") for the Southern District of Florida. The Subpoena requests information and documents generally related to the marketing, sale, and distribution of oxymorphone. The Company has been cooperating and intends to continue to cooperate with the AUSA regarding the Subpoena. However, no assurance can be given as to the timing or outcome of its underlying investigation.

On May 28, 2019, Amneal received a subpoena (the "Subpoena") from an AUSA for the E.D.N.Y. requesting information and documents generally related to the Company's compliance with Controlled Substances Act regulations. The Company intends to cooperate with the AUSA regarding the Subpoena. The Company and the U.S. Attorney for the E.D.N.Y. have entered into a tolling agreement (and several amendments thereto) with respect to the investigation. The material provisions of the tolling agreement (as amended) provide that the E.D.N.Y. has made no decision as yet as to the appropriate resolution of its pending investigation, that the Company's time to present evidence and arguments to the E.D.N.Y. concerning the investigation is extended to November 12, 2020, and that the Company agrees that the applicable statute(s) of limitations are tolled during the period from April 12, 2019 through November 12, 2020. The Company cannot predict at this time whether the U.S. Attorney will file a lawsuit or other claims against the Company with respect to the investigation.

Ranitidine Lawsuits

On January 27, 2020, the Company and Amneal were named in a putative class action complaint filed in the United States District Court for the Northern District of Illinois by several named plaintiffs on behalf of consumers who purchased Zantac® (ranitidine) and have not been diagnosed with, but "live in constant fear of developing," cancer, alleging that the defendants, comprising various entities alleged to have manufactured or sold brand-name Zantac® or generic ranitidine, failed to disclose and/or concealed the product's "dangerous propensities" in respect of the alleged presence in the product of N-Nitrosodimethylamine (or NDMA) (White, et al., v. GlaxoSmithKline plc, et al., No. 1:19-cv-07773). The complaint purports to state claims for violations of state consumer protection acts, breaches of implied warranties, negligence/gross negligence, and fraudulent concealment (and seeks the certification of corresponding nationwide classes and subclasses). In addition to class certification, plaintiffs seek, among other things, unspecified monetary damages and equitable relief, including the implementation and funding of a medical monitoring program. The complaint is one of hundreds of similar putative class actions and personal injury/product liability lawsuits filed in federal courts nationwide. In November 2019, the JPML established In re Zantac/Ranitidine NDMA Litigation (MDL No. 2924) for coordinated or consolidated pretrial proceedings and, on February 6, 2020, ordered the MDL centralized in the Southern District of Florida. On February 24, 2020 this lawsuit was transferred to and consolidated with MDL No. 2924. On March 2, 2020, plaintiffs voluntarily dismissed their claims without prejudice against the generic ranitidine manufacturers named as defendants (including the Company and Amneal).

On March 6, 2020, plaintiff Kathy McMillian filed a personal injury / products liability complaint in the United States District Court for the Southern District of Alabama against brand and generic ranitidine product manufacturers (including Amneal), as well as Walmart, Inc., alleging that she developed kidney cancer as a result of her use of Zantac®, Equate®, and/or generic ranitidine, and that defendants knew about but failed to warn regarding an alleged "NDMA defect" in those products (McMillian v. Sanofi-Aventis U.S. LLC, et al., No. 1:20-cv-00141-N). Plaintiff seeks unspecified amounts of both compensatory and punitive damages, as well as attorneys' fees and other costs. On March 31, 2020, the case was transferred to and consolidated with MDL No. 2924 and, accordingly, responsive pleading deadlines are stayed.

On March 13, 2020, plaintiff Walter Jones, on behalf of decedent Sue Jones, filed an amended complaint naming the Company, Amneal, and Amneal Pharmaceuticals of New York, LLC, in his personal injury / products liability lawsuit against brand and generic ranitidine product manufacturers pending in the United States District Court for the Western District of Tennessee (Jones v. Boehringer Ingelheim Pharmaceuticals, Inc., et al., No. 1:20-cv-2157-JDB-JAY). Plaintiff alleges that his decedent spouse developed liver cancer and died as a result of six years of use with Zantac®, and that defendants knew about but failed to warn regarding an alleged "NDMA defect" in their ranitidine products. Plaintiff seeks unspecified amounts of both compensatory and punitive damages, as well as attorneys' fees and other costs. On March 31, 2020, the case was transferred to and consolidated with MDL No. 2924 and, accordingly, responsive pleading deadlines are stayed.

The Company believes it has substantial meritorious defenses to the claims asserted with respect to these lawsuits. However, any adverse outcome could negatively affect the Company and could have a material adverse effect on the Company's results of operations, cash flows and/or overall financial condition.

Metformin Notice & Demand Letter

On April 14, 2020, Amneal received a letter from counsel on behalf of Mohammed Rahman and a putative class of purchasers of prescription metformin, providing notice of alleged breaches of express and implied warranties and violations of state consumer protection laws regarding the quality and safety of the metformin allegedly purchased. Specifically, the letter alleges that because the metformin Mr. Rahman and the putative class purchased "contain[ed] NDMA," the product is "worthless," "unusable and unfit for human consumption." The letter demands that Amneal cease and desist from selling "defective metformin" and make full restitution to all purchasers of "defective metformin." The Company anticipates that it will be served with the putative class action lawsuit that was filed by Mr. Rahman and his counsel on April 7, 2020 in the United States District Court for the District of New Jersey (Rahman v. Amneal Pharmaceuticals LLC, No. 2:20-cv-03757-BRM-JAD).

The Company believes it has substantial meritorious defenses to the claims asserted with respect to this matter. However, any adverse outcome could negatively affect the Company and could have a material adverse effect on the Company's results of operations, cash flows and/or overall financial condition.

18. Segment Information

As a result of the Acquisitions, the Company added a third reportable segment, AvKARE, to its existing reportable segments, Generics and Specialty. Generics develops, manufactures and commercializes complex oral solids, injectables, ophthalmics, liquids, topicals, softgels, inhalation products and transdermals across a broad range of therapeutic categories. Generics' retail and institutional portfolio contains approximately 250 product families, many of which represent difficult-to-manufacture products or products that have a high barrier-to-entry, such as oncologics, anti-infectives and supportive care products for healthcare providers.

Specialty delivers proprietary medicines to the U.S. market. The Company offers a growing portfolio in core therapeutic categories including central nervous system disorders, endocrinology, parasitic infections and other therapeutic areas. The Company's specialty products are marketed through skilled specialty sales and marketing teams, who call on neurologists, movement disorder specialists, endocrinologists and primary care physicians in key markets throughout the U.S. Specialty also has a number of product candidates that are in varying stages of development.

AvKARE provides pharmaceuticals, medical and surgical products and services primarily to governmental agencies, primarily focused on serving the Department of Defense and the Department of Veterans Affairs. AvKARE is also a wholesale distributor of bottle and unit dose pharmaceuticals under the registered names of AvKARE and AvPAK, as well as medical and surgical products. AvKARE is also a packager and wholesale distributor of pharmaceuticals and vitamins to its retail and institutional customers who are located throughout the United States focused primarily on offering 340b-qualified entities products to provide consistency in care and pricing.

The Company's chief operating decision maker evaluates the financial performance of the Company's segments based upon segment operating income (loss). Items below income (loss) from operations are not reported by segment, since they are excluded from the measure of segment profitability reviewed by the Company's chief operating decision maker. Additionally, general and administrative expenses, certain selling expenses, certain litigation settlements, and non-operating income and expenses are included in "Corporate and Other." The Company does not report balance sheet information by segment since it is not reviewed by the Company's chief operating decision maker.

The tables below present segment information reconciled to total Company financial results, with segment operating income or loss including gross profit less direct selling expenses, research and development expenses, and other operating expenses to the extent specifically identified by segment (in thousands):

Three Months Ended March 31, 2020	Generics (1) (2)	Specialty (2)	AvKARE (1)	Corporate and Other	Total Company
Net revenue	$ 352,586	$ 87,977	$ 57,970	$ —	$ 498,533
Cost of goods sold	218,865	47,818	46,895	—	313,578
Cost of goods sold impairment charges	1,456	—	—	—	1,456
Gross profit	132,265	40,159	11,075	—	183,499
Selling, general and administrative	16,623	20,942	10,788	29,623	77,976
Research and development	29,034	7,345	—	—	36,379
In-process research and development impairment charges	960	—	—	—	960
Intellectual property legal development expenses	1,265	5	—	—	1,270
Charges related to legal matters	2,500	2,000	—	—	4,500
Other operating expenses	46	—	—	4,577	4,623
Operating income (loss)	$ 81,837	$ 9,867	$ 287	$ (34,200)	$ 57,791

(1) Operating results for the sale of Amneal products by AvKARE are included in Generics.

(2) During the three months ended September 30, 2019, operating results for Oxymorphone were reclassified from Generics to Specialty, where it is sold as a non-promoted product. Prior period results have not been restated to reflect the reclassification.

Three Months Ended March 31, 2019	Generics	Specialty	Corporate and Other	Total Company
Net revenue	$ 382,477	$ 63,643	$ —	$ 446,120
Cost of goods sold	278,878	30,865	—	309,743
Cost of goods sold impairment charges	53,297	—	—	53,297
Gross profit	50,302	32,778	—	83,080
Selling, general and administrative	24,148	21,327	38,961	84,436
Research and development	50,151	3,707	—	53,858
In-process research and development impairment charges	22,787	—	—	22,787
Intellectual property legal development expenses	3,121	1,045	—	4,166
Other operating expenses	4,678	2,062	5,453	12,193
Operating (loss) income	$ (54,583)	$ 4,637	$ (44,414)	$ (94,360)

19. Related Party Transactions

The Company has various business agreements with certain third-party companies in which there is some common ownership and/or management between those entities, on the one hand, and the Company, on the other hand. The Company has no direct ownership or management in any of such related party companies. The related party relationships that generated income and/ or expense in the respective reporting periods are described below.

Financing Lease - Related Party

The Company has a financing lease for two buildings located in Long Island, New York, that are used as an integrated manufacturing and office facility. For annual payments required under the terms of the non-cancelable lease agreement over the next five years and thereafter, refer to *Note 12. Leases* in the Company's 2019 Annual Report on Form 10-K.

Lease costs and interest expense related to this lease were each approximately $1 million for the three months ended March 31, 2020. Lease costs and interest expense related to this lease were each approximately $1 million for the three months ended March 31, 2019.

Kanan, LLC

Kanan, LLC ("Kanan") is an independent real estate company which owns Amneal's manufacturing facilities located at 65 Readington Road, Branchburg, New Jersey, 131 Chambers Brook Road, Branchburg, New Jersey and 1 New England Avenue, Piscataway, New Jersey. Amneal leases these facilities from Kanan under two separate triple-net lease agreements that expire in 2027 and 2031, respectively, at an annual rental cost of approximately $2 million combined, subject to CPI rent escalation adjustments as provided in the lease agreements. Rent expense paid to the related party for both of the three months ended March 31, 2020 and 2019 was $0.5 million.

Asana Biosciences, LLC

Asana Biosciences, LLC ("Asana") is an early stage drug discovery and research and development company focusing on several therapeutic areas, including oncology, pain and inflammation. Amneal provided research and development services to Asana under a development and manufacturing agreement. The total amount of income earned from this arrangement for the three months ended March 31, 2019 was $0.3 million (none in 2020). At both March 31, 2020 and December 31, 2019 receivables of approximately $1 million were due from the related party for research and development related services.

Industrial Real Estate Holdings NY, LLC

Industrial Real Estate Holdings NY, LLC is an independent real estate management entity, which is the landlord of Amneal's leased manufacturing facility located at 75 Adams Avenue, Hauppauge, New York. The lease expires in March 2026. Rent paid to the related party for both the three months ended March 31, 2020 and 2019 was $0.3 million.

Kashiv BioSciences, LLC

Kashiv BioSciences, LLC ("Kashiv") is an independent contract development organization focused primarily on the development of 505(b) (2) NDA products. Amneal has various business agreements with Kashiv.

The parties entered into a lease for parking spaces in Piscataway, NJ. The total amount of expense paid to Kashiv from this agreement for the three months ended March 31, 2020 was less than $0.1 million (none in 2019).

Amneal has also entered into various development and commercialization arrangements with Kashiv to collaborate on the development and commercialization of certain generic pharmaceutical products. The total reimbursable expenses associated with these arrangements for the three months ended March 31, 2020 and 2019 were $0.2 million and $0.8 million, respectively. Kashiv receives a percentage of net profits with respect to Amneal's sales of these products. The total profit share for the three months ended March 31, 2020 and 2019 was $3 million and $0.7 million, respectively.

Pursuant to a product development agreement, Amneal and Kashiv agreed to collaborate on the development and commercialization of Levothyroxine Sodium. Under the agreement, the intellectual property and ANDA for this product is owned by Amneal and Kashiv is to receive a profit share for all sales of the product made by Amneal. Amneal is precluded from selling the product made by Kashiv during the term of the license and supply agreement with JSP. Under the terms of the amended agreement with Kashiv, Amneal paid $2 million in July 2019 and may be required to pay up to an additional $18 million upon certain regulatory milestones being met.

In November 2019, Amneal and Kashiv entered into a licensing agreement for the development and commercialization of Kashiv's orphan drug K127 (pyridostigmine) for the treatment of Myasthenia Gravis. Under the terms of the agreement, Kashiv will be responsible for all development and clinical work required to secure Food and Drug Administration approval and Amneal will be responsible for filing the NDA and commercializing the product. The Company made an upfront payment of approximately $2 million to Kashiv in December 2019, which was recorded in research and development, and Kashiv is eligible to receive development and regulatory milestones totaling approximately $17 million. Kashiv is also eligible to receive tiered royalties from the low double-digits to mid-teens on net sales of K127. For the three months ended March 31, 2020, the Company recorded a $2 million (none in 2019), as research and development expense to compensate Kashiv for costs incurred to develop the product.

On February 20, 2020, the Company and Kashiv entered into a master services agreement covering certain services that Kashiv provides the Company for commercial product support for EluRyng and other products, including ranitidine and nitrofurantoin. For the three months ended March 31, 2020, the Company recorded $1 million (none in 2019), as cost of goods sold to compensate Kashiv for services performed.

At March 31, 2020 and December 31, 2019 payables of approximately $10 million and $6 million, respectively, were due to the related party for the aforementioned transactions. Additionally, at both March 31, 2020 and December 31, 2019 a receivable of $0.1 million was due from the related party.

On October 1, 2017, Amneal and Kashiv, entered into a license and commercialization agreement. Kashiv granted Amneal an exclusive license, under its New Drug Application, to distribute and sell two bio-similar products in the U.S. Kashiv is responsible for development, regulatory

filings, obtaining FDA approval, and manufacturing, and Amneal is responsible for marketing, selling and pricing activities. The term of the agreement is 10 - years from the respective product's launch date.

In connection with the agreement, Amneal paid an upfront amount of $2 million in October 2017 for execution of the agreement which was expensed in research and development. The agreement also provides for potential future milestone payments to Kashiv of (i) up to $21 million relating to regulatory approval, (ii) up to $43 million for successful delivery of commercial launch inventory, (iii) between $20 million and $50 million relating to number of competitors at launch for one product, and (iv) between $15 million and $68 million for the achievement of cumulative net sales for both products. The milestones are subject to certain performance conditions which may or may not be achieved, including FDA filing, FDA approval, launch activities and commercial sales volume objectives. In addition, the agreement provides for Amneal to pay a profit share equal to 50% of net profits, after considering manufacturing and marketing costs. The research and development expenses under this agreement for the three months ended March 31, 2020 and 2019 were immaterial.

PharmaSophia, LLC

PharmaSophia, LLC ("PharmaSophia") is a joint venture formed by Nava Pharma, LLC ("Nava") and Oakwood Laboratories, LLC for the purpose of developing certain products. Currently PharmaSophia is actively developing two injectable products. PharmaSophia and Nava are parties to a research and development agreement pursuant to which Nava provides research and development services to PharmaSophia. Nava subcontracted this obligation to Amneal, entering into a subcontract research and development services agreement pursuant to which Amneal provides research and development services to Nava in connection with the products being developed by PharmaSophia. The total amount of income earned from these agreements for the three months ended March 31, 2020 and 2019 was $0.2 million and $0.3 million, respectively. At March 31, 2020 and December 31, 2019 receivables of $0.6 million and $0.7 million, respectively, were due from the related party. Additionally, as of December 31, 2019 a payable of less than $0.1 million was due to the related party, which was settled in February 2020.

Fosun International Limited

Fosun International Limited ("Fosun") is a Chinese international conglomerate and investment company that is a shareholder of the Company. On June 6, 2019, the Company entered into a license and supply agreement with a subsidiary of Fosun, which is a Chinese pharmaceutical company. Under the terms of the agreement, the Company will hold the imported drug license required for pharmaceutical products manufactured outside of China and will supply Fosun with finished, packaged products for Fosun to then sell in the China market. Fosun will be responsible for obtaining regulatory approval in China and for shipping the product from Amneal's facility to Fosun's customers in China. In consideration for access to the Company's U.S. regulatory filings to support its regulatory filings in China and for the supply of product, Fosun paid the Company a $1 million non-refundable fee, net of tax, in July 2019 and will be required to pay the Company $0.3 million for each of 8 products upon the first commercial sale of each in China in addition to a supply price and a profit share. For the three months ended March 31, 2020, the Company has not recognized any revenue from this agreement.

Apace KY, LLC d/b/a Apace Packaging LLC

Apace KY, LLC d/b/a Apace Packaging LLC ("Apace") provides packaging solutions pursuant to an exclusive packaging agreement. Apace markets its services which include bottling and blistering for the pharmaceutical industry. The total amount of expenses from this arrangement for the three months ended March 31, 2020 was $2 million (none in 2019). At March 31, 2020, payables of approximately $1 million were due to the related party for packaging services.

Tracy Properties LLC

R&S leases operating facilities, office and warehouse space from Tracy Properties LLC. The total amount of expenses from this arrangement for the three months ended March 31, 2020 was $0.1 million (none in 2019). At March 31, 2020, payables of approximately less than $0.1 million were due to the related party for lease expenses.

AzaTech Pharma LLC

R&S purchases inventory from AzaTech Pharma LLC for resale. The total amount of expenses from this arrangement for the three months ended March 31, 2020 was $0.8 million (none in 2019). At March 31, 2020, payables of approximately less than $0.5 million were due to the related party for inventory purchases.

AvPROP, LLC

AvKARE LLC leases its operating facilities from AvPROP, LLC. Rent expense from this arrangement for the three months ended March 31, 2020 was $0.1 million.

Tarsadia Investments, LLC

Tarsadia Investments, LLC ("Tarsadia") is a private investment firm that provides financial services and is a shareholder of the Company. Tarsadia offers capital and strategic support for companies with substantial growth potential primarily in the healthcare, financial services, real estate, and clean technology sectors. The Company entered into an agreement in which Tarsadia will provide financial consulting services. The services are not expected to have a material impact to the Company's financial statements.

Tax Distributions

Under the terms of the Limited Liability Company Agreement, Amneal is obligated to make tax distributions to its members, which are also holders of non-controlling interests in the Company. For further details, refer to *Note 21. Stockholders' Equity* in the Company's 2019 Annual Report on Form 10-K.

Notes Payable – Related Party

The sellers of AvKARE, LLC and R&S hold the remaining 34.9% interest in Rondo ("Rondo Class B Units"). Certain holders of the Rondo Class B Units are also holders of the Sellers Notes and the Short-Term Sellers Note. For additional information, refer to *Note 13. Debt*.

20. Goodwill and Intangible Assets

The changes in goodwill for the three months ended March 31, 2020 and for the year ended December 31, 2019 were as follows (in thousands):

	March 31, 2020	December 31, 2019
Balance, beginning of period	$ 419,504	$ 426,226
Impax acquisition adjustment	—	(1,255)
Goodwill acquired during the period	95,955	—
Goodwill divested during the period	—	(5,175)
Currency translation	(726)	(292)
Balance, end of period	$ 514,733	$ 419,504

As of March 31, 2020, $361 million, $89 million, and $65 million of goodwill was allocated to the Specialty, Generics, and AvKARE segments, respectively. As of December 31, 2019, $361 million and $59 million of goodwill was allocated to the Specialty and Generics segment, respectively. For the year ended December 31, 2019, goodwill divested was associated with the sale of the Company's operations in the United Kingdom. For the year ended December 31, 2019, the adjustment to goodwill was associated with the Combination. Refer to *Note 3. Acquisitions and Divestitures* for additional information about the Acquisitions and the divestiture of the Company's operations in the United Kingdom.

Intangible assets at March 31, 2020 and December 31, 2019 are comprised of the following (in thousands):

		March 31, 2020			December 31, 2019		
	Weighted-Average Amortization Period (in years)	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Amortizing intangible assets:							
Product rights	9.7	$ 1,191,135	$ (229,959)	$ 961,176	$ 1,197,535	$ (198,857)	$ 998,678
Other intangible assets	6.1	140,400	(7,530)	132,870	3,000	(1,000)	2,000
Total		$ 1,331,535	$ (237,489)	$ 1,094,046	$ 1,200,535	$ (199,857)	$ 1,000,678
In-process research and development		381,115	—	381,115	382,075	—	382,075
Total intangible assets		$ 1,712,650	$ (237,489)	$ 1,475,161	$ 1,582,610	$ (199,857)	$ 1,382,753

The Company evaluated assets for potential impairment by comparing estimated future undiscounted net cash flows to the carrying amount of the asset. For the three months ended March 31, 2020, the Company recognized a total of $2 million of intangible asset impairment charges, of which $1 million was recognized in cost of goods sold impairment charges and $1 million was recognized in in-process research and development impairment charges.

The impairment charges for the three months ended March 31, 2020 are primarily related to two currently marketed products and two in-process research and development ("IPR&D") products, all acquired as part of the Combination. For the currently marketed products, 2 products experienced significant price erosion during 2020, without an offsetting increase in customer demand, resulting in significantly lower than

expected future cash flows and negative margins. The IPR&D charges are associated with two products, one of which experienced a delay in its estimated launch date and the other was canceled due to the withdrawal of our development partner.

During the three months ended March 31, 2020, the Company recognized $137 million of intangible assets associated with the Acquisitions, of which all are classified in other intangible assets in the table above. These intangible assets consist of government licenses, government contracts, national contracts, customer relationships and a trade name and are amortized to selling, general, and administrative over their estimated useful lives. Refer to *Note 3. Acquisitions and Divestitures* for additional information.

During the three months ended March 31, 2019, the Company recognized a $50 million product rights intangible asset for the exclusive rights to sell Levothyroxine in the U.S. market under a license and supply agreement with JSP. Refer to *Note 5. Alliance and Collaboration* for additional information.

For the three months ended March 31, 2019, included in the Company's divested United Kingdom operations were a net customer relationship intangible asset and a net trade name intangible asset of $5 million and $2 million, respectively. Refer to *Note 3. Acquisitions and Divestitures* for additional information.

Amortization expense related to intangible assets recognized is as follows (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Amortization	$ 42,576	$ 30,963

The following table presents future amortization expense for the next five years and thereafter, excluding $381 million of IPR&D intangible assets (in thousands):

	Future Amortization
Remainder of 2020	$ 137,058
2021	174,569
2022	159,512
2023	148,090
2024	140,704
Thereafter	334,113
Total	$ 1,094,046

21. Stockholders' Equity and Redeemable Non-Controlling Interests

Non-Controlling Interests

Under the terms of the Limited Liability Company Agreement, Amneal is obligated to make tax distributions to its members. For the three months ended March 31, 2020 and 2019, no tax distribution was recorded due to tax losses incurred. As of March 31, 2019, no liability was included in related-party payables for the tax distribution.

During December 2018, the Company acquired the non-controlling interests in one of Amneal's non-public subsidiaries for approximately $3 million. As of December 31, 2018, the Company recorded a $3 million related party payable for this transaction which was paid in full in 2019.

Redeemable Non-Controlling Interests

As discussed in *Note 3*. *Acquisitions and Divestitures*, the Company acquired a 65.1% interest in Rondo on January 31, 2020. The sellers of AvKARE, LLC and R&S hold the remaining 34.9% interest as Rondo Class B Units. Beginning on January 1, 2026, the holders of the Rondo Class B Units have the right ("Put Right") to require the Company to acquire the Rondo Class B Units for a purchase price that is based on a multiple of Rondo's earnings before income taxes, depreciation, and amortization (EBITDA) if certain financial targets and other conditions are met. Additionally, beginning on January 31, 2020, the Company has the right to acquire the Rondo Class B Units based on the same value and conditions as the Put Right. The Rondo Class B Units are also redeemable by the holders upon a change in control.

Since the redemption of the Rondo Class B Units is outside of the Company's control, the units have been presented outside of stockholders' equity as redeemable non-controlling interests. Upon closing of the Acquisitions on January 31, 2020, the redeemable non-controlling interests were recorded as a component of the fair value of consideration transferred at an estimated fair value of $11 million. The fair value of the redeemable non-controlling interests was estimated using the Monte-Carlo simulation approach under the option pricing framework, which considers the redemption rights of both the Company and the holders of the Rondo Class B Units.

The Company will attribute 34.9% of the net income of Rondo to the redeemable non-controlling interests. The Company will also accrete the redeemable non-controlling interests to redemption value upon an event that makes redemption probable.

Changes in Accumulated Other Comprehensive Loss by Component (in thousands):

	Foreign currency translation adjustment	Unrealized gain (loss) on cash flow hedge, net of tax	Accumulated other comprehensive loss
Balance December 31, 2018	$ (7,755)	$ —	$ (7,755)
Other comprehensive (loss) income before reclassification	(729)	7,764	7,035
Amounts reclassified from accumulated other comprehensive loss	1,461	—	1,461
Reallocation of ownership interests	(809)	—	(809)
Balance December 31, 2019	(7,832)	7,764	(68)
Other comprehensive loss before reclassification	(2,525)	(30,812)	(33,337)
Reallocation of ownership interests	(7)	7	—
Balance March 31, 2020	$ (10,364)	$ (23,041)	$ (33,405)

22. Subsequent Event

As the financial markets stabilized following a period of high volatility due to the COVID-19 pandemic, the Company repaid $200 million of the $300 million of borrowings under the Revolving Credit Facility in May 2020.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Amneal Pharmaceuticals, Inc. (the "Company," "we," "us," or "our") is a pharmaceutical company specializing in developing, manufacturing, marketing and distributing high-value generic pharmaceutical products across a broad array of dosage forms and therapeutic areas, as well as branded products. We were formed on October 4, 2017, under the name Atlas Holdings, Inc. for the purpose of facilitating the combination (the "Combination") of Impax Laboratories, Inc. ("Impax") and Amneal Pharmaceuticals LLC ("Amneal"), which closed on May 4, 2018.

The following discussion and analysis for the three months ended March 31, 2020 should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements for the year ended December 31, 2019 included in our 2019 Annual Report on Form 10-K.

On January 31, 2020, we acquired a 65.1% controlling interest in both AvKARE Inc., a Tennessee corporation now a limited liability company ("AvKARE, LLC"), and Dixon-Shane, LLC d/b/a R&S Northeast LLC, a Kentucky limited liability company ("R&S"). As a result of the AvKARE, LLC and R&S acquisitions (the "Acquisitions"), we now have three reportable segments, Generics, Specialty, and AvKARE.

Our Specialty segment is engaged in the development, promotion, sale and distribution of proprietary branded pharmaceutical products, with a focus on products addressing central nervous system ("CNS") disorders, including migraine and Parkinson's disease. Our portfolio of products includes Rytary®, an extended release oral capsule formulation of carbidopa-levodopa for the treatment of Parkinson's disease, post-encephalitic parkinsonism, and parkinsonism that may follow carbon monoxide intoxication or manganese intoxication. In addition to Rytary®, our promoted Specialty portfolio includes Zomig® (zolmitriptan) products, for the treatment of migraine headaches, which is sold under a license agreement with AstraZeneca U.K. Limited, Emverm® (mebendazole) 100 mg chewable tablets, for the treatment of pinworm, whipworm, common roundworm, common hookworm and American hookworm in single or mixed infections, and Unithroid® (levothyroxine sodium), for the treatment of hypothyroidism, which is sold under a license and distribution agreement with JSP.

For Specialty products, the majority of the product's commercial value is usually realized during the period in which the product has market exclusivity. In the U.S. and some other countries, when market exclusivity expires and generic versions of a product are approved and marketed, there can often be very substantial and rapid declines in the branded product's sales.

Our Generics segment includes approximately 250 product families covering an extensive range of dosage forms and delivery systems, including both immediate and extended release oral solids, powders, liquids, sterile injectables, nasal sprays, inhalation and respiratory products, ophthalmics (which are sterile pharmaceutical preparations administered for ocular conditions), films, transdermal patches and topicals (which are creams or gels designed to administer pharmaceuticals locally through the skin). We focus on developing products with substantial barriers-to-entry resulting from complex drug formulations or manufacturing, or legal or regulatory challenges. Generic products, particularly in the U.S., generally contribute most significantly to revenues and gross margins at the time of their launch, and even more so in periods of market exclusivity, or in periods of limited generic competition. As such, the timing of new product introductions can have a significant impact on the Company's financial results. The entrance into the market of additional competition generally has a negative impact on the volume and pricing of the affected products. Additionally, pricing is often affected by factors outside of the Company's control.

AvKARE provides pharmaceuticals, medical and surgical products and services primarily to governmental agencies, primarily focused on serving the Department of Defense and the Department of Veterans Affairs. AvKARE is a wholesale distributor of bottle and unit dose pharmaceuticals under the registered names of AvKARE and AvPAK, as well as medical and surgical products. AvKARE is also a packager and wholesale distributor of pharmaceuticals and vitamins to its retail and institutional customers who are located throughout the United States of America focused primarily on offering 340b-qualified entities products to provide consistency in care and pricing.

The pharmaceutical industry is highly competitive and highly regulated. As a result, we face a number of industry-specific factors and challenges, which can significantly impact our results. For a more detailed explanation of our business and its risks, refer to our *2019 Annual Report on Form 10-K.*

COVID-19 Pandemic

On March 11, 2020, the World Health Organization designated the outbreak of a novel strain of coronavirus ("COVID-19") as a global pandemic. Governments and businesses around the world have taken unprecedented actions to mitigate the spread of COVID-19, including imposing restrictions on movement and travel such as quarantines and shelter-in-place requirements, and restricting or prohibiting outright some or all commercial and business activity, including the manufacture and distribution of certain goods and the provision of non-essential services. These measures, though currently temporary in nature, may become more severe and continue indefinitely depending on the evolution of the outbreak.

The Company did not observe significant impacts on its business or results of operations for the three months ended March 31, 2020 due to the global emergence of COVID-19. However, during March and April 2020, as the infection rate of COVID-19 spread throughout New York and New Jersey, the governors of those states issued executive orders requiring residents, among other things, to remain at home with limited exceptions such as working at an essential business. Although as a pharmaceutical manufacturer Amneal is an essential business, we may experience increased manufacturing and packaging delays at our New York and New Jersey facilities during April and May 2020. These potential manufacturing and packaging delays may significantly impact our second quarter results of operations and cash flows. To mitigate any potential

overall market liquidity constraints, we borrowed $300 million under our revolving credit facility in March 2020 as a precautionary measure. As the financial markets stabilized following a period of high volatility due the COVID-19 pandemic, the Company repaid $200 million of the $300 million of borrowings under the Revolving Credit Facility in May 2020. (Refer to *Note 13. Debt,* for further details). As noted in our 2019 Annual Report on Form 10-K, several of our key domestic manufacturing, packaging, and R&D facilities are located in New York and New Jersey, the two states with the highest confirmed cases of COVID-19. To offset any potential decreased second quarter output, we will increase production during the third and fourth quarters, if necessary.

To the extent that COVID-19 continues or worsens, national, state, and local governments may impose additional restrictions or extend the restrictions already in place. The continuing spread of COVID-19 and the related safety and business operating restrictions could result in a number of adverse impacts to our business, including, but not limited to, additional disruption to the economy and our customers, additional work restrictions, and supply chains being interrupted or slowed. Also, governments may impose other laws, regulations, or taxes that could adversely impact our business, financial condition, or results of operations. Further, depending on the extent to which our customers are affected, they could delay or reduce purchases of services we provide. The potential effects of COVID-19 also could impact us in a number of other ways including, but not limited to, reductions to our profitability, fluctuations in foreign currency markets, the availability of future borrowings, the cost of borrowings, credit risks of our customers and counterparties, and potential impairment of the carrying amount of goodwill or other definite-lived assets.

We will continue to actively monitor the situation and may take further precautionary and preemptive actions as may be required by national, state, or local authorities or that we determine are in the best interests of our employees, customers, partners, suppliers, and shareholders. To the extent the pandemic worsens, we cannot predict the effects it may have on our business, in particular with respect to demand for our services, our strategy, and our prospects, the effects on our customers, or the impact on our financial results. Refer to Part II, *Item 1A "Risk Factors"* of this Quarterly Report on Form 10-Q for further discussion of the potential impact of the COVID-19 pandemic on our business.

Results of Operations

Consolidated Results

The following table sets forth our summarized, consolidated results of operations for the three months ended March 31, 2020 and 2019 (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Net revenue	$ 498,533	$ 446,120
Cost of goods sold	313,578	309,743
Cost of goods sold impairment charges	1,456	53,297
Gross profit	183,499	83,080
Selling, general and administrative	77,976	84,436
Research and development	36,379	53,858
In-process research and development impairment charges	960	22,787
Intellectual property legal development expenses	1,270	4,166
Acquisition, transaction-related and integration expenses	2,575	6,032
Charges related to legal matters	4,500	—
Restructuring and other charges	2,048	6,161
Operating income (loss)	57,791	(94,360)
Total other expense, net	(44,447)	(38,820)
Income (loss) before income taxes	13,344	(133,180)
Benefit from income taxes	(108,173)	(8,428)
Net income (loss)	$ 121,517	$ (124,752)

Net Revenue

Net revenue for the three months ended March 31, 2020 increased by 12%, or $53 million, to $499 million as compared to $446 million for the three months ended March 31, 2019. The increase over the prior year is primarily attributable to $58 million from the newly acquired AvKARE segment, $62 million from new product launches after March 31, 2019 in our Generics segment and $11 million primarily from volume increases in our Specialty segment, which were partially offset by price erosion in our Generics segment and a $15 million decline from the divestitures of our international businesses primarily in the U.K. and Germany.

Cost of Goods Sold and Gross Profit

Cost of goods sold, including impairment charges, decreased 13%, or $48 million, to $315 million for the three months ended March 31, 2020 as compared to $363 million for the three months ended March 31, 2019. The decrease in cost of goods sold was primarily attributable to a $52 million decrease in intangible asset impairments mainly in our Generics segment, a $36 million decrease in expenses related to the Levothyroxine transition agreement with Lannett Company ("Lannett") and a $6 million decline associated with the divestitures of our international businesses primarily in the U.K. and Germany, which were partially offset by a $47 million increase associated with the Acquisitions.

Accordingly, gross profit for the three months ended March 31, 2020 was $183 million (37% of total net revenue) as compared to gross profit of $83 million (19% of total net revenue) for the three months ended March 31, 2019. Our gross profit as a percentage of net revenue increased compared to the prior year primarily as a result of the $52 million decline in intangible impairment charges, as well as other factors described above.

Selling, General, and Administrative

Selling, General, and Administrative (“SG&A”) expenses for the three months ended March 31, 2020 were $78 million, as compared to $84 million for the three months ended March 31, 2019. The $6 million decrease from the prior year was primarily due to cost savings associated with our restructuring and integration programs. These decreases were partially offset by an $11 million increase associated with the Acquisitions.

Research and Development

Research and development (“R&D”) expenses for the three months ended March 31, 2020 were $36 million, as compared to $54 million for the three months ended March 31, 2019. The $18 million decrease compared to the prior year is primarily attributable to cost savings in our Generics segment associated with the Company’s restructuring programs and the timing of expenses in 2020 due to delayed spending as a result of COVID-19.

In-Process Research and Development Impairment Charges

We recognized in-process research and development (“IPR&D”) impairment charges of $1 million in our Generics segment for the three months ended March 31, 2020. The charges are primarily associated with two products. One of the products experienced a delay in its estimated launch date and the other product was canceled due to the withdrawal of our development partner.

We recognized IPR&D impairment charges for the three months ended March 31, 2019 of $23 million. The charges are primarily associated with two products in our Generics segment that were acquired as part of the Combination.

Intellectual Property Legal Development Expense

Intellectual property legal development expenses for the three months ended March 31, 2020 were $1 million as compared to $4 million for the three months ended March 31, 2019. These costs include, but are not limited to, formulation assessments, patent challenge opinions and strategy, and litigation expenses to defend the intellectual property.

Acquisition, Transaction-Related and Integration Expenses

We recognized approximately $3 million of acquisition, transaction-related and integration expenses for the three months ended March 31, 2020 as compared to $6 million for the three months ended March 31, 2019.

Expenses for the three months ended March 31, 2020 were primarily related to the Acquisitions. The decrease from the prior year is primarily related to substantial completion of integration activities related to the Combination.

Charges Related to Legal Matters

For the three months ended March 31, 2020, we recorded charges of $5 million for commercial legal proceedings and claims, approximately $3 million of which was recorded in our Generics segment and $2 million in our Specialty segment.

Restructuring and Other Charges

On July 10, 2019, we announced a plan to restructure our operations that is intended to reduce costs and optimize our organizational and manufacturing infrastructure. Pursuant to the restructuring plan as revised, we expect to reduce our headcount by approximately 300 to 350, primarily by ceasing manufacturing at our Hauppauge, NY facility.

Restructuring and other charges were $2 million for the three months ended March 31, 2020, and primarily consisted of charges associated with cash severance and other benefits provided pursuant to our severance programs for former senior executives.

Restructuring and other charges for the three months ended March 31, 2019 were $6 million and primarily consisted of charges of approximately $2 million for cash and other severance provided pursuant to our severance programs for employees at our Hayward, CA facility and other facilities and $4 million for cash severance charges associated with the cost of benefits for former senior executives.

Other Expense, Net

Other expense, net was $44 million for the three months ended March 31, 2020, as compared to $39 million for the three months ended March 31, 2019. The increase of $5 million was primarily attributable to a $9 million gain from the divestiture of our U.K. business in the prior year, partially offset by a $3 million decrease in interest expense as reductions in interest rates offset increased borrowings.

Benefit From Income Taxes

For the three months ended March 31, 2020 and 2019, the Company's benefit for income taxes and effective tax rates were $108 million and (810.6%) and $8 million and 6.3%, respectively. The year over year change is primarily associated with the $110 million benefit from the carryback of U.S. Federal deferred tax assets under the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), which the Company expects to receive in cash in the year ending December 31, 2020. The CARES Act is an emergency economic stimulus package in response to the coronavirus outbreak which, among other things, includes provisions relating to income and non-income-based tax laws. These deferred tax assets had a 100% valuation allowance as of December 31, 2019.

Net Income (Loss)

We recognized net income for the three months ended March 31, 2020 of $122 million as compared to net loss of $125 million for the three months ended March 31, 2019. The year over year increase of $246 million is primarily attributable to a $100 million favorable impact from income taxes, a $74 million decline of intangible asset impairment charges, a $36 million decrease in expenses related to the Levothyroxine transition agreement with Lannett, and a $18 million decline in R&D expenses. These beneficial net income factors were partially offset by a $9 million decline related to a gain from sale of our U.K. business in the prior year

Generics

The following table sets forth results of operations for our Generics segment for the three months ended March 31, 2020 and 2019 (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Net revenue	$ 352,586	$ 382,477
Cost of goods sold	218,865	278,878
Cost of goods sold impairment charges	1,456	53,297
Gross profit	132,265	50,302
Selling, general and administrative	16,623	24,148
Research and development	29,034	50,151
In-process research and development impairment charges	960	22,787
Charges related to legal matters	2,500	—
Intellectual property legal development expenses	1,265	3,121
Other operating expense	46	4,678
Operating income (loss)	$ 81,837	$ (54,583)

Net Revenue

Generics net revenue was $353 million for the three months ended March 31, 2020, a decrease of $29 million or 8% when compared with the same period in 2019. The year over year decrease was primarily driven by price erosion in our existing business primarily from Levothyroxine and Diclofenac Gel generic competition, a $13 million decline from the reclassification of Oxymorphone to our Specialty segment, and a $15 million decline from the divestitures of our international businesses primarily in the U.K. and Germany, partially offset by $62 million from new product launches after March 31, 2019, which included EluRyng and Sucralfate Oral Suspension.

Cost of Goods Sold and Gross Profit

Generics cost of goods sold, including impairment charges, for the three months ended March 31, 2020 was $220 million, a decrease of 34% or $112 million compared to the three months ended March 31, 2019. The year over year decrease was primarily associated with a $52 million decline in intangible asset impairment charges. Cost of goods sold was also favorably impacted by a $36 million decline of expenses related to the Levothyroxine transition agreement with Lannett and a $6 million decline associated with the divestitures of our international businesses primarily in the U.K and Germany.

Generics gross profit for the three months ended March 31, 2020 was $132 million (38% of Generics net revenue) as compared to gross profit of $50 million (13% of Generics net revenue) for the three months ended March 31, 2019. Our Generics gross profit as a percentage of sales increased compared to the prior year period primarily as a result of the $52 million decline in impairment charges and the other factors described above.

Selling, General, and Administrative

Generics SG&A expense for the three months ended March 31, 2020 was $17 million, as compared to $24 million for the three months ended March 31, 2019. The year over year decrease was primarily associated with cost savings initiatives associated with our restructuring and integration programs and the timing of expenses in 2020 due to delayed spending as a result of COVID-19.

Research and Development

Generics research and development expenses for the three months ended March 31, 2020 was $29 million, a decrease of 42% or $21 million compared to the three months ended March 31, 2019. The year over year decrease is primarily associated with cost savings associated with our restructuring programs.

In-Process Research and Development Impairment Charges

We recognized IPR&D impairment charges of $1 million for the three months ended March 31, 2020. The charges are primarily associated with two products. One of the products experienced a delay in its estimated launch date and the other product was canceled due to the withdrawal of our development partner.

We recognized IPR&D impairment charges for the three months ended March 31, 2019 of $23 million. The charges are primarily associated with two products in our Generics segment that were acquired as part of the Combination.

Charges Related to Legal Matters

For the three months ended March 31, 2020, we recorded charges of approximately $3 million for commercial legal claims.

Intellectual Property Legal Development Expenses

Generics intellectual property legal development expenses for the three months ended March 31, 2020 were $1 million as compared to $3 million for the prior year period. These costs include, but are not limited to, formulation assessments, patent challenge opinions and strategy, and litigation expenses to defend the intellectual property.

Other Operating Expenses

For the three months ended March 31, 2020, other operating expenses were immaterial. For the three months ended March 31, 2019, we recorded $5 million of other operating expenses. These expenses were primarily attributable to integration expenses associated with the Combination.

Specialty

The following table sets forth results of operations for our Specialty segment for the three months ended March 31, 2020 and 2019 (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Net revenue	$ 87,977	$ 63,643
Cost of goods sold	47,818	30,865
Gross profit	40,159	32,778
Selling, general and administrative	20,942	21,327
Research and development	7,345	3,707
Charges related legal matters	2,000	—
Intellectual property legal development expenses	5	1,045
Other operating expense	—	2,062
Operating income	$ 9,867	$ 4,637

Net Revenue

Specialty net revenue for the three months ended March 31, 2020 was $88 million, an increase of 38% or $24 million compared to the three months ended March 31, 2019. The increase from the prior year period was primarily due to $13 million from the reclassification of Oxymorphone from our Generics segment as well as an $8 million increase in our existing business primarily associated with volume increases in Rytary and Unithroid.

Cost of Goods Sold and Gross Profit

Specialty cost of goods sold, for the three months ended March 31, 2020 was $48 million, an increase of $17 million or 55% compared to the three months ended March 31, 2019. The increase from the prior year period was primarily due to the reclassification of Oxymorphone, $9 million of incremental royalty expense associated with the reclassification of Oxymorphone and $5 million of incremental amortization expense, as well as a volume increase in our existing business.

Accordingly, Specialty gross profit for the three months ended March 31, 2020 was $40 million (46% of Specialty net revenue) as compared to gross profit of $33 million (52% of Specialty net revenue) for the three months ended March 31, 2019.

Selling, General, and Administrative

Specialty SG&A expense of $21 million for the three months ended March 31, 2020 was flat with the prior year.

Research and Development

Specialty research and development expenses for the three months ended March 31, 2020 were $7 million, as compared to $4 million for the three months ended March 31, 2019. The $3 million increase from the prior year period was primarily due to a $2 million milestone achievement of one of our development partners.

Charges Related to Legal Matters

For the three months ended March 31, 2020, we recorded a charge of $2 million for commercial legal proceedings.

Other Operating Expenses

For the three months ended March 31, 2019, other operating expenses of $2 million were primarily attributable to integration expenses associated with the Combination (none in 2020).

AvKARE

The following table sets forth results of operations for our AvKARE segment for the three months ended March 31, 2020 (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Net revenue	$ 57,970	$ —
Cost of goods sold	46,895	—
Gross profit	11,075	—
Selling, general and administrative	10,788	—
Operating income	$ 287	$ —

Our AvKARE segment consists of the businesses we acquired in the Acquisitions on January 31, 2020. Prior to the Acquisitions, we did not have an AvKARE segment. Refer to *Note 3. Acquisitions and Divestitures*.

Liquidity and Capital Resources

Our primary source of liquidity is cash generated from operations, available cash and borrowings under debt financing arrangements, including $394 million of available additional capacity on our Revolving Credit Facility as of May 11, 2020, as defined below. We believe these sources are sufficient to fund our planned operations, meet our interest and contractual obligations and provide sufficient liquidity over the next 12 months. However, our ability to satisfy our working capital requirements and debt obligations will depend upon economic conditions and demand for our products, which are factors that may be out of our control.

Our primary uses of capital resources are to fund operating activities, including research and development expenses associated with new product filings, and pharmaceutical product manufacturing expenses, license payments, and spending on production facility expansions and capital equipment items.

On March 27, 2020, President Trump signed into law the CARES Act. The CARES Act is an emergency economic stimulus package in response to the coronavirus outbreak which, among other things, includes provisions relating to income and non-income-based tax laws. We anticipate receiving approximately $110 million in cash from U.S. federal tax refunds associated with the CARES Act (refer to *Note 8. Income Taxes*). Other non-income-based tax provisions include deferral of the employer share of Social Security payroll taxes due from the CARES Act date of enactment through December 31, 2020, and a potential 50% credit on qualified wages against employment taxes each quarter with any excess credits eligible for refunds The Company continues to carefully analyze eligibility and application of both the income tax and non-income-based tax provisions.

Over the next 12 months, we will make substantial payments for monthly interest and quarterly principal amounts due on our term loans, Revolving Credit Facility, severance and capital expenditures. We expect that we will continue to have sufficient cash resources to support our debt service payments and all other financial obligations over the next 12 months.

We are party to a tax receivable agreement that requires us to make cash payments to APHC Holdings LLC (formerly known as Amneal Holdings LLC) ("Holdings") in respect of certain tax benefits that we may realize or may be deemed to realize as a result of redemptions or exchanges of Amneal common units by Holdings. The tax receivable agreement also requires that we make an accelerated payment to Holdings equal to the present value of all future payments due under the agreement upon certain change of control and similar transactions. The timing of any payments under the tax receivable agreement will vary depending upon a number of factors, but payments could be substantial, and could be in excess of the tax savings that we ultimately realize. Because of the foregoing, our obligations under the tax receivable agreement could have a substantial negative impact on our liquidity. For further details, see *Item 1A. Risk Factors* and *Note 8. Income Taxes* in our 2019 Annual Report on Form 10-K.

In addition, pursuant to the limited liability operating agreement of Amneal, in connection with any tax period, Amneal will be required to make distributions to its members, on a pro rata basis in proportion to the number of Amneal Common Units held by each member, of cash until each member (other than the Company) has received an amount at least equal to its assumed tax liability and the Company has received an amount sufficient to enable it to timely satisfy all of its U.S. federal, state and local and non-U.S. tax liabilities, and meet its obligations pursuant to the tax receivable agreement. For the three months ended March 31, 2020, no tax distributions were made to Holdings.

At March 31, 2020, our cash and cash equivalents consist of cash on deposit and highly liquid investments. A portion of our cash flows are derived outside the United States. As a result, we are subject to market risk associated with changes in foreign exchange rates. We maintain cash balances at both U.S. based and foreign country based commercial banks. At various times during the year, our cash balances held in the United States may exceed amounts that are insured by the Federal Deposit Insurance Corporation (FDIC). We make our investments in accordance with our investment policy. The primary objectives of our investment policy are liquidity and safety of principal.

Cash Flows
(in thousands)

	Three Months Ended March 31,	
	2020	**2019**
Cash provided by (used in):		
Operating activities	$ 49,026	$ (108,410)
Investing activities	(262,042)	(21,466)
Financing activities	467,979	(21,864)
Effect of exchange rate changes on cash	(860)	(296)
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ 254,103	$ (152,036)

Cash Flows from Operating Activities

Net cash provided by operating activities was $49 million for the three months ended March 31, 2020 compared to net cash used in operating activities of $108 million for the three months ended March 31, 2019. The change was primarily attributed to favorable timing impacts from the collections of trade receivables and payments of accounts payable and accrued expenses, and a decrease in payments of employee separation benefits and interest, which were partially offset by an unfavorable impact from income taxes paid.

Cash Flows from Investing Activities

The increase in cash used in investing activities of $241 million for the three months ended March 31, 2020 compared to the three months ended March 31, 2019, was primarily related to an increase in cash paid for the Acquisitions, partially offset by a decrease in purchases of property, plant and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was $468 million for the three months ended March 31, 2020 compared to net cash used by financing activities of $22 million for the three months ended March 31, 2019. The change was primarily attributable to the net proceeds from a $300 million borrowing on our Revolving Credit Facility to mitigate the uncertainty surrounding overall market liquidity due to COVID-19, net proceeds from a $180 million term loan associated with the Acquisitions and a decrease in tax distributions to non-controlling interests.

As the impact of the COVID-19 pandemic on the economy and our operations evolves, we will continue to assess our liquidity needs. A continued worldwide disruption could materially affect our future access to sources of liquidity, particularly our cash flows from operations, and financial condition. In the event of a sustained market deterioration, we may need additional liquidity, which would require us to evaluate available alternatives and take appropriate actions.

Commitments and Contractual Obligations

The contractual obligations of the Company are set forth in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in the Company's 2019 Annual Report on Form 10-K. Other than the contractual obligations noted below, there have been no material changes to the disclosure presented in our 2019 Annual Report on Form 10-K.

	Payments Due by Period (in thousands)				
Contractual Obligations	**Total**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Rondo Term Loan (1)	$ 180,000	$ 6,750	$ 18,000	$ 18,000	$ 137,250
Revolving Credit Facility (2)	300,000	300,000	—	—	—
Interest payments on Rondo Term Loan (3)	36,507	6,338	15,651	13,966	552

(1) Rondo Term loan relates to the Acquisitions.
(2) Borrowings under the Company's Revolving Credit Facility provide liquidity to mitigate the uncertainty surrounding overall market liquidity due to COVID-19.
(3) Interest on the Rondo Term Loan was calculated based on the applicable rate at March 31, 2020.

The foregoing table does not include the $45 million of aggregate principal and the related interest due on the long-term promissory notes ("Sellers Notes") and the short-term promissory note ("Short-Term Sellers Note") issued in connection with the Acquisition because of the uncertainty as to when those amounts will be repaid. Refer to the section *Acquisition Financing – Notes Payable-Related Party* below for additional information. The foregoing table also does not include interest due on the Revolving Credit Facility drawn in connection with COVID-19 because of uncertainty as to when the amount will be repaid.

Levothyroxine License and Supply Agreement; Transition Agreement

On August 16, 2018, the Company entered into a license and supply agreement with Jerome Stevens Pharmaceuticals, Inc. ("JSP") for Levothyroxine. This agreement designated the Company as JSP's exclusive commercial partner for Levothyroxine in the U.S. market for a 10-year term commencing on March 22, 2019. Under this license and supply agreement with JSP, the Company accrued the up-front license payment of $50 million on March 22, 2019, which was paid in April 2019. The agreement also provides for the Company to pay a profit share to JSP based on net profits of the Company's sales of Levothyroxine, after considering product costs.

On November 9, 2018, the Company entered into a transition agreement ("Transition Agreement") with Lannett and JSP. Under the terms of the Transition Agreement, the Company assumed the distribution and marketing of Levothyroxine from Lannett beginning December 1, 2018 through March 22, 2019, ahead of the commencement date of the license and supply agreement with JSP described above.

In accordance with the terms of the Transition Agreement, the Company made $47 million of non-refundable payments to Lannett. For the three months ended March 31, 2019, $37 million (none in 2020) were expensed to cost of goods sold, as the Company sold Levothyroxine. As of December 31, 2018, the Company had a $4 million transition contract liability, which was fully settled in February 2019.

Additionally, during the year ended December 31, 2019, the Company recorded $1 million in cost of sales related to reimbursement due to Lannett for certain of its unsold inventory at the end of the Transition Period, which was fully settled in March 2020.

Outstanding Debt Obligations

Senior Secured Credit Facilities

On May 4, 2018 we entered into a senior credit agreement that provided a term loan ("Term Loan") with a principal amount of $2.7 billion and an asset backed revolving credit facility ("Revolving Credit Facility") under which loans and letters of credit up to a principal amount of $500 million, on which $394 million are available (principal amount of up to $25 million is available for letters of credit) (collectively, the "Senior Secured Credit Facilities"). The Term Loan is repayable in equal quarterly installments at a rate of 1.00% or the original principal amount annually, with the balance payable at maturity on May 4, 2025. The Term Loan bears a variable annual interest rate, which is one-month LIBOR plus 3.5% at March 31, 2020. The Revolving Credit Facility bears an annual interest rate of one-month LIBOR plus 1.25% at March 31, 2020 and matures on May 4, 2023. The annual interest rate for the Revolving Credit Facility may be reduced or increased by 0.25% based on step-downs and step-ups determined by the average historical excess availability.

The proceeds of any loans made under the Senior Secured Credit Facilities can be used for capital expenditures, acquisitions, working capital needs and other general purposes, subject to covenants as described below. We pay a commitment fee based on the average daily unused amount of the Revolving Credit Facility at a rate based on average historical excess availability, between 0.25% and 0.375% per annum. At March 31, 2020, the Revolving Credit Facility commitment fee rate is 0.375% per annum.

During March 2020, as a precautionary measure to mitigate the uncertainty surrounding overall market liquidity due to COVID-19, we borrowed $300 million on the Revolving Credit Facility all of which is outstanding at March 31, 2020. During May 2020, $200 million was repaid.

The Senior Secured Credit Facilities contain a number of covenants that, among other things, create liens on Amneal's and its subsidiaries' assets. The Senior Secured Credit Facilities contain certain negative covenants that, among other things and subject to certain exceptions, restrict Amneal's and its subsidiaries' ability to incur additional debt or guarantees, grant liens, make loans, acquisitions or other investments, dispose of assets, merge, dissolve, liquidate or consolidate, pay dividends or other payments on capital stock, make optional payments or modify certain debt instruments, modify certain organizational documents, enter into arrangements that restrict the ability to pay dividends or grant liens, or enter into or consummate transactions with affiliates. The Revolving Credit Facility also includes a financial covenant whereby Amneal must maintain a minimum fixed charge coverage ratio if certain borrowing conditions are met. The Senior Secured Credit Facilities contain customary events of default, subject to certain exceptions. Upon the occurrence of certain events of default, the obligations under the Senior Secured Credit Facilities may be accelerated and the commitments may be terminated. At March 31, 2020, Amneal was in compliance with all covenants under the Senior Secured Credit Facilities.

Acquisition Financing – Revolving Credit and Term Loan Agreement

On January 31, 2020, in connection with the Acquisitions, Rondo Intermediate Holdings, LLC ("Rondo Holdings"), a wholly-owned subsidiary of Rondo, entered into a revolving credit and term loan agreement ("Rondo Credit Facility") that provided a term loan ("Rondo Term Loan") with a principal amount of $180 million and a revolving credit facility ("Rondo Revolving Credit Facility") which loans up to a principal amount of $30 million. The Rondo Term Loan is repayable in equal quarterly installments at a rate of 5.0% of the original principal amount annually, with the balance payable at maturity on January 31, 2025. The Rondo Credit Facility bears a variable annual interest rate, which is one-month LIBOR plus 3.0% at March 31, 2020 and matures on January 31, 2025. The annual interest rate for borrowing under the Rondo Credit Facility may be reduced or increased by 0.25% based on step-downs and step-ups determined by the total net leverage ratio, as defined in that agreement. At March 31, 2020, the Company had no outstanding borrowings under the Rondo Revolving Credit Facility.

A commitment fee based on the average daily unused amount of the Rondo Credit Facility is assessed at a rate based on total net leverage ratio, between 0.25% and 0.50% per annum. At March 31, 2020, the Rondo Credit Facility commitment fee rate is 0.4% per annum.

The Rondo Credit Facility contains a number of covenants that, among other things, create liens on the equity securities and assets of Rondo Holdings, Rondo, AvKARE, LLC and R&S. The Rondo Credit Facility contains certain negative, affirmative and financial covenants that, among other things, restrict the ability to incur additional debt, grant liens, transact in mergers and acquisitions, make certain investments and payments or engage in certain transactions with affiliates. The Rondo Credit Facility also contains customary events of default. Upon the occurrence of certain events of default, the obligations under the Rondo Credit Facility may be accelerated and/ or the interest rate may be increased. At March 31, 2020, Rondo was in compliance with all covenants. The Company is not party to the Rondo Credit Facility and is not a guarantor of any debt incurred thereunder.

Acquisition Financing – Notes Payable-Related Party

The Sellers Notes with a stated principal amount of $44 million and the Short-Term Sellers Note with a stated principal amount of $1 million were issued by Rondo or its subsidiary, Rondo Top Holdings, LLC, on January 31, 2020, the closing date of the Acquisitions. The Sellers Notes are unsecured and accrue interest at a rate of 5% per annum, not compounded, until June 30, 2025. The Sellers Notes are subject to prepayment at the option of Rondo, as the obligor, without premium or penalty. Mandatory payment of the outstanding principal and interest is due on June 30, 2025 if certain financial targets are achieved, the borrowers' cash flows are sufficient (as defined in the Sellers Notes) and repayment is not prohibited by senior debt. If repayment of all outstanding principal and accrued interest on the Sellers Notes is not made on June 30, 2025, the requirements for repayment are revisited on June 30 of each subsequent year until all principal and accrued interest on the Sellers Notes are satisfied no later than January 31, 2030 or earlier, upon a change in control. The Short-Term Sellers Note is also unsecured and accrues interest at a rate of 1.6% and is due on January 31, 2020.

The Sellers Notes were recorded at a fair value of $35 million, which was estimated using the Monte-Carlo simulation approach under the option pricing framework. The Short-Term Sellers Note of $1 million was recorded at the stated principal amount of $1 million, which approximates fair value. The $9 million discount on the Sellers Notes will be amortized to interest expense using the effective interest method from January 31, 2020 to June 30, 2025 as the carrying value of the Sellers Notes will accrete to the stated principal amount of $44 million.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of March 31, 2020.

Critical Accounting Policies

For a discussion of the Company's critical accounting policies, see *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* in our 2019 Annual Report on Form 10-K. There have been no material changes to the disclosure presented in our 2019 Annual Report on Form 10-K.

Recently Issued Accounting Standards

Recently issued accounting standards are discussed in *Note 2. Summary of Significant Accounting Policies.*

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has not been any material change in our assessment of market risk as set forth in *Item 7A. Quantitative and Qualitative Disclosures About Market Risk*, in our 2019 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Co-Chief Executive Officers and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our Co-Chief Executive Officers and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Co-Chief Executive Officers and Chief Financial Officer concluded that our disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, were effective as of March 31, 2020 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2020, there were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Controls

Systems of disclosure controls and internal controls over financial reporting and their associated policies and procedures, no matter how well conceived and operated, are designed to provide a reasonable, but not an absolute, level of assurance that the objectives of the system of control are achieved. Further, the design of a control system must be balanced against resource constraints, and therefore the benefits of controls must be considered relative to their costs. Given the inherent limitations in all systems of controls, no evaluation of controls can provide absolute assurance all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Accordingly, given the inherent limitations in a cost-effective system of internal control, financial statement misstatements due to error or fraud may occur and may not be detected. Our disclosure controls and procedures are designed to provide a reasonable assurance of achieving their objectives. We conduct periodic evaluations of our systems of controls to enhance, where necessary, our control policies and procedures.

Part II – OTHER INFORMATION

Item 1. Legal Proceedings

Information pertaining to legal proceedings can be found in *Note 17. Commitments and Contingencies* and is incorporated by reference herein.

Item 1A. Risk Factors

Other than as set forth below, there have been no material changes to the disclosures presented in our 2019 Annual Report on Form 10-K under *Item 1A. Risk Factors.*

The spread of the novel coronavirus ("COVID-19") and other adverse public health developments could adversely affect our business and results of operations.

On March 11, 2020, the World Health Organization designated the outbreak of a novel strain of coronavirus ("COVID-19") as a global pandemic. Governments and businesses around the world have taken unprecedented actions to mitigate the spread of COVID-19, including imposing restrictions on movement and travel such as quarantines and shelter-in-place requirements, and restricting or prohibiting outright some or all commercial and business activity, including the manufacture and distribution of certain goods and the provision of non-essential services. These measures, though currently temporary in nature, may become more severe and continue indefinitely depending on the evolution of the outbreak. To date, no fully effective vaccines or treatments have been developed and effective vaccines or treatments may not be discovered soon enough to protect against a worsening of the outbreak or to prevent COVID-19 from becoming endemic.

Our business and results of operations could be adversely affected by the COVID-19 outbreak. In particular, the continued global spread of COVID-19 could adversely impact the Company's operations, including, among other things, its manufacturing operations, supply chain, sales and marketing and clinical trial operations. Any of these factors could adversely affect the Company's business, operating results or financial condition. The United States and China, two countries particularly hard hit by the outbreak, represent vital aspects of our direct and indirect supply chain and the United States is the largest end market for our products, representing the geographic source of almost our entire 2019 net revenue. We have taken precautionary measures intended to help minimize the risk of the virus to our employees, including requiring non-production employees to work remotely, suspending all non-essential travel worldwide, and restricting or prohibiting attendance at industry events and in-person work-related meetings. While these measures are temporary, they may continue until the outbreak is contained. The spread of COVID-19 could also negatively affect the operations of the third parties with whom we do business, including our raw material providers, aspects of our supply chain and our development, collaboration and commercial partners, for the same or different reasons that it is impacting our business directly. We expect the foregoing and other unanticipated challenges will cause delays or disruptions in the manufacture, supply and availability of our products, particularly those in New York and New Jersey and more generally will make it more difficult to operate our business.

The spread of COVID-19 could also adversely affect our clinical trial operations and other R&D activities in the United States and elsewhere, including our ability to recruit and retain volunteers, principal investigators and site staff who, as patients and healthcare providers, may have heightened exposure risks and sensitivities to COVID-19. Further, some patients may be unable to comply with clinical trial protocols if quarantines or travel restrictions impede patient movement or interrupt healthcare services or may become infected with COVID-19 themselves, any of which would delay our ability to conduct clinical trials or release clinical trial results. COVID-19 may also affect employees of third-party contract research organizations that we rely upon to carry out our clinical trials, which could result in inefficiencies due to reductions in staff and disruptions to work environments. The outbreak could impact the day-to-day operations of the FDA and other health authorities in their ability to respond to non-emergency matters, which could delay reviews and approvals of product candidates.

The continued spread of COVID-19 has adversely affected many industries as well as the economies and financial markets of many countries, including the United States and China, resulting in a significant deceleration of economic activity. This slowdown has reduced production, decreased the level of trade, and led to widespread corporate downsizing, causing a sharp increase in unemployment. In recent weeks, we have also seen significant disruption of and extreme volatility in the global capital markets, which could increase the cost of, or entirely restrict access to, capital. This volatility and uncertainty have adversely affected our stock price and may continue to do so. The impact of this outbreak on the U.S., Chinese and world economies is uncertain and, unless the outbreak is contained, these adverse impacts could worsen, impacting all segments of the global economy, and result in a significant recession or worse.

Considerable uncertainty still surrounds the COVID-19 virus and its potential effects, and the extent of and effectiveness of any responses taken on a local, national and global level. Infections may become more widespread and that could accelerate or magnify one or more of the risks described above. While we expect the coronavirus outbreak and related events will have a negative effect on our business, the full extent and scope of the impact on national, regional and global markets and economies, and therefore our business and industry, is highly uncertain and cannot be predicted. Accordingly, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively affected, any of which could have a material adverse impact on our business and our results of operation and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description of Document
10.1	Separation Agreement between Todd Branning, Amneal Pharmaceuticals, Inc. and Amneal Pharmaceuticals LLC, dated as of March 11, 2020 †
10.2	Employment Agreement by and among Amneal Pharmaceuticals LLC, Amneal Pharmaceuticals, Inc. and David Buchen, dated as of December 28, 2018. †
10.3	Separation Agreement between David Buchen, Amneal Pharmaceuticals, Inc. and Amneal Pharmaceuticals LLC, dated as of August 2, 2019. †
10.4	First Amendment to Separation Agreement between David Buchen, Amneal Pharmaceuticals, Inc. and Amneal Pharmaceuticals LLC, dated as of November 4, 2019. †
10.5	Employment Agreement dated March 11, 2020, by and among Amneal Pharmaceuticals LLC, Amneal Pharmaceuticals, Inc. and Anastasios (Tasos) G. Konidaris (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 12, 2020).†
10.6	Form of Amneal Pharmaceuticals, Inc. 2018 Incentive Plan Performance Restricted Stock Unit Grant Notice and Performance Restricted Stock Unit Agreement. †
10.7	Amended and Restated Operating Agreement of Rondo Partners, LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on February 3, 2020).
10.8	Revolving Credit and Term Loan Agreement, dated as of January 31, 2020, by and among Rondo Intermediate Holdings and LLC and Rondo Holdings, LLC, the lenders from time to time party thereto, and Trust Bank, as Administrative Agent (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K, filed on February 3, 2020).
31.1	Certification of the Co - Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Co - Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Co - Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification of the Co - Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.3	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 formatted in inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for each of the three months ended March 31, 2020 and 2019, (ii) Consolidated Statements of Comprehensive Income (Loss) for each of the three months ended March 31, 2020 and 2019, (iii) Consolidated Balance Sheets as of March 31, 2020 and December 31, 2019, (iv) Consolidated Statements of Cash Flows for each of the three months ended March 31, 2020 and 2019, (v) Consolidated Statements of Stockholders' Equity for each of the three months ended March 31, 2020 and 2019 and (vi) Notes to Consolidated Financial Statements. *
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

** This certificate is being furnished solely to accompany the report pursuant to 18 U.S.C. 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

† Denotes management compensatory plan or arrangement.

SIGNATURES

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

Date: May 11, 2020

Amneal Pharmaceuticals, Inc.
(Registrant)

By: /s/ Chirag Patel
Chirag Patel
President and Co-Chief Executive Officer
(Co-Principal Executive Officer)

By: /s/ Chintu Patel
Chintu Patel
Co-Chief Executive Officer
(Co-Principal Executive Officer)

By: /s/ Anastasios Konidaris
Anastasios Konidaris
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

March 11, 2020

Todd Branning
(by hand delivery)

Re: Notice of Employment Termination Dear Todd:
Reference is made to your Employment Agreement with Amneal Pharmaceuticals LLC and Amneal Pharmaceuticals, Inc. (together, "Amneal") dated January 21, 2019 (your "Employment Agreement"). Your status as an officer of Amneal ends effective as of today, March 11, 2020, and you are hereby relieved of all of your duties and responsibilities related to your officer position. Your employment with Amneal will continue until March 31, 2020 (the "Termination Date"), and this letter constitutes notice under Section 4.1.6 of your Employment Agreement that your employment with Amneal will terminate without cause effective as of the Termination Date.

In order to receive any severance benefits under Section 4.4.2 of your Employment Agreement, you must sign and deliver to Lou Ann Carroll, VP Human Resources, the attached Release Agreement within 45 days after the date of this letter (but no earlier than the Termination Date), and not revoke the Release Agreement within seven days after the date you sign and deliver it.

Thank you for your service to Amneal and we wish you all the best in your future endeavors.

Sincerely,

Amneal Pharmaceuticals, Inc.

/s/ Chirag Patel

Chirag Patel
Director & Co-CEO/President

Attachment: Release Agreement

Cc (via email w/out attachment): Paul Meister, Board Chairman

(To be signed within 45 days after March 11, 2020, and no earlier than March 31, 2020 (the "Termination Date").)

RELEASE AGREEMENT

1. Subject to me signing and delivering this Release Agreement to Amneal Pharmaceuticals, Inc. **("Parent")**within 45 days after March 11, 2020 (but no earlier than the Termination Date), and this Release Agreement becoming effective and irrevocable on the eighth day after I sign it (such date, the **"Effective Date"),** Parent will provide me with the severance benefits set forth on Exhibit A (the **"Severance Benefits")** in accordance with Section 4.4.2 of my Employment Agreement with Amneal Pharmaceuticals LLC (the **"Company")** and Parent, dated January 21, 2019 (the **"Employment Agreement").** The Severance Benefits will be subject to any applicable tax withholdings.

2. In exchange for my receipt of the Severance Benefits, and for other valuable consideration, the receipt and adequacy of which are hereby acknowledged, I do hereby release and forever discharge the **"Releasees"** hereunder, consisting of the Company and Parent, and each of their subsidiaries and affiliates, and, in their capacity as such, each of their predecessors, successors, partners, directors, officers, employees, attorneys and agents, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses , costs , attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent, in connection with or arising under my employment with the Company and Parent (hereinafter called **"Claims"),** which I now have or have ever had against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date I sign this Release Agreement. The Claims released herein include, but are not limited to: (1) all claims arising out of or in any way related to my service or employment relationship with any of the Releasees or the termination of that relationship; (2) all claims related to my compensation or benefits from the any of the Releasees, including salary, bonuses, commissions, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in Parent, the Company or any of their respective subsidiaries and affiliates (collectively, the **"Group Entities");** (3) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (4) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (5) all federal, state, and local statutory claims, including (without limitation) claims for discrimination, harassment, retaliation, attorneys' fees, and other claims arising under the Age Discrimination in Employment Act, as amended (the **"ADEA");** Title VII of the Civil Rights Act of 1964, as amended; the Equal Pay Act; the Civil Rights Act of 1866; the Family and Medical Leave Act of 1993, as amended; the Americans with Disabilities Act of 1990, as amended; the False Claims Act, as amended; the Employee Retirement Income Security Act, as amended; the Fair Labor Standards Act, as amended; the Sarbanes-Oxley Act of 2002; the Worker Adjustment Notification and Retraining Act; the New Jersey Law Against Discrimination; the New Jersey Conscientious Employee Protection Act; the New Jersey Family Leave Act; the New Jersey Wage Payment Law;

the New Jersey Wage and Hour Law; the New Jersey Equal Pay Act; and retaliation claims under the New Jersey Workers' Compensation Law.

3. Notwithstanding the foregoing, this Release Agreement shall not be construed in any way to release any Claim (i) to the Severance Benefits, (ii) to accrued or vested benefits I may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with any Group Entity, (iii) for indemnification and/or advancement of expenses, arising under any indemnification agreement between me and any Group Entity or under the bylaws, certificate of incorporation or other similar governing document of any Group Entity or to coverage under applicable directors' and officers' or other third party liability insurance policy(ies) maintained by the Company or any of its affiliates, (iv) to any rights or benefits that may not be waived pursuant to applicable law, including, without limitation, any right to unemployment insurance benefits, (v) that arises after the date I execute this Release Agreement, or (vi) to my right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator.

4. For the avoidance of doubt, nothing in this Release will be construed to prohibit me from filing a charge with, reporting possible violations to, or participating or cooperating with any governmental agency or entity, including but not limited to the EEOC, the Department of Justice, the Securities and Exchange Commission, the National Labor Relations Board, Congress, or any agency Inspector General, or making other disclosures that are protected under the whistleblower, anti-discrimination, or anti-retaliation provisions of federal, state or local law or regulation; provided, *however,* that I may not disclose information of the Releasees that is protected by the attorney-client privilege, except as otherwise required by law. I do not need the prior authorization of the applicable Releasee to make any such reports or disclosures, and I am not required to notify the applicable Releasee that I have made such reports or disclosures.

5. I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA, and that the consideration given for the waiver and release I am providing herein is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) my waiver and release do not apply to any rights or claims that may arise after the date I sign this Release Agreement; (b) I should consult with an attorney prior to signing this Release Agreement (although I may choose voluntarily not to do so); (c) I have 45 days to consider this Release Agreement (although I may choose voluntarily to sign this Release Agreement before the end of the 45-day period) and to return the signed Release Agreement to Parent; (d) I have seven days following the date I sign this Release Agreement (the **"Revocation Period")** to revoke the Release Agreement as described below; and (e) this Release Agreement shall not be effective until the date upon which the Revocation Period has expired, which shall be the eighth day after I sign this Release Agreement. I understand and agree that if I choose to revoke this Release Agreement, I must deliver notice of such revocation in writing, by personal delivery, email or mail, to Lou Ann Carroll, VP Human Resources (louann.carroll@amneal.com) at Parent, 400 Crossing Boulevard, Third Floor, Bridgewater, New Jersey 08807, no later than 5:00 p.m.

Eastern Time on the last day of the Revocation Period. If mailed, the revocation must be properly addressed and postmarked no later than the last day of the Revocation Period.

6. I represent that I have no lawsuits, claims or actions pending in my name, or on behalf of myself or any other person or entity, against any of the Releasees. I agree that I will not voluntarily provide assistance, information or advice, directly or indirectly (including through agents or attorneys), to any person or entity in connection with any actual or potential claim or cause of action of any kind against the Releasees and I shall not induce or encourage any person or entity to do so, unless compelled or authorized to do so by law. Notwithstanding the foregoing, I retain the right to file a charge with the Equal Employment Opportunity Commission and equivalent federal, state and local agencies, and to cooperate with investigations by any such agencies.

7. I acknowledge and represent that I have not suffered any discrimination or harassment by any of the Releasees on account of race, gender, national origin, religion, marital or registered domestic partner status, sexual orientation, age, disability, veteran status, medical condition or any other characteristic protected by applicable law. I acknowledge and represent that I have not been denied any leave, benefits or rights to which I may have been entitled under the FMLA or any other federal or state law, and that I have not suffered any job-related wrongs or injuries for which I might be entitled to compensation or relief. I further acknowledge and represent that, other than the Severance Benefits, I have been paid all wages, bonuses, compensation, benefits and other amounts that any of the Releasees has ever owed to me, and I am not entitled to any additional compensation, severance or benefits after the date on which my employment with the Group Entities terminated, with the sole exception of any benefit the right to which has vested under the express terms of a Group Entity benefit plan document.

8. In addition, I hereby acknowledge my continuing obligations under my Employee Confidentiality, Non-Solicitation and Ownership of Inventions Agreement with the Company and under Section 6 of the Employment Agreement, including (without limitation) my obligations not to use or disclose any proprietary or confidential information of the Group Entities. If I make a request to Parent to keep my company cell phone, then Parent shall, upon my return of the cell phone, wipe all Company and Parent confidential and proprietary information from the cell phone and will return the cell phone to me as soon as practicable thereafter, at which point I shall be the owner of the cell phone. Notwithstanding anything herein or in my Employee Confidentiality, Non Solicitation and Ownership of Inventions Agreement with the Company, I acknowledge and I agree that, pursuant to 18 USC Section 1833(b), I will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

9. I agree that if I commence any suit arising out of, based upon, or relating to any of the Claims released under this Release Agreement, then I will pay to the Releasees, and each of them, in addition to any other damages caused to the Releasees thereby, all attorneys'

fees incurred by the Releasees in defending or otherwise responding to such suit; provided, that, this paragraph shall not apply with respect to any compulsory counterclaims within the meaning of Rule l 3(a) of the Federal Rules of Civil Procedure, asserted by me against the Releasees bringing claims against me.

10. I agree that if any provision of this Release Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Release Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. I understand that this Release Agreement, together with my Employment Agreement, constitutes the complete, final and exclusive embodiment of the entire agreement between Parent, the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by Parent or the Company that is not expressly stated therein.

11. I acknowledge that in order for this Release Agreement to become effective, I must sign this Release Agreement and return it by email or mail to Lou Ann Carroll, VP Human Resources (louann.carroll@amneal.com) at Parent , 400 Crossing Boulevard, Third Floor, Bridgewater, New Jersey 08807, on or within 45 days after the date on which my employment terminated, and I must not exercise my right to revoke the Release Agreement as described above.

* * * * *

I have carefully read and fully understand this Release Agreement, and agree to be bound by its terms.

Name: Todd Branning
Signature: /s/ Todd Branning

Date: April 8, 2020

Acknowledged and agreed:

AMNEAL PHARMACEUTICALS, INC.

Chirag Patel
Co-Chief Executive Officer and President Date:

EXHIBIT A

Severance Benefits

Parent will provide me with the following Severance Benefits, subject to my execution and non revocation of the Release Agreement through the Effective Date. By signing the Release Agreement, I agree that the Severance Benefits set forth below represent all amounts and benefits owed to me under Section 4.4.2 of the Employment Agreement, and that I shall not be paid or provided any Severance Benefits if I revoke the Release Agreement before the Effective Date.

1. Parent will pay me an amount equal to $795,000 (which represents 1.5 times my base salary as in effect immediately before the Termination Date), which will be paid in equal installments on Parent's normal payroll dates over a period of 18 months following the Termination Date, with the first such installment to occur on the first payroll date following the Effective Date, and inclusive of any installments that would have been paid had the Release Agreement been immediately effective and irrevocable on the Termination Date. Each such payment will be deemed to be a separate payment under Section 409A of the Internal Revenue Code of 1986, as amended (the **"Code").**

2. Parent will pay me a pro-rated portion of my incentive bonus under Parent's annual incentive program for the year 2020 (which, before applying the pro-ration, is targeted at $265,000, equal to 50% of my base salary as in effect immediately before the Termination Date), based on the number of days I served Parent during 2020 and actual performance of the corporate goals for such incentive bonus, inclusive of any adjustments made by the Board that are applied to all other executive participants in the annual incentive program, such pro-rated incentive bonus to be paid in a lump sum in the year 2021 at the same time related bonuses are paid to executives who continue to be employed by Parent.

3. During the period commencing on the Termination Date and ending on the 18-month anniversary of the Termination Date, or, if earlier, the date on which I become eligible for comparable replacement coverage under a subsequent employer' s group health plan (in any case, the **"COBRA Period"),** subject to my valid election to continue healthcare coverage under Section 4980B of the Code and the regulations thereunder, Parent shall, in its sole discretion, either (A) continue to provide to me and my dependents, at Parent' s sole expense, or (B) reimburse me and my dependents for coverage under its group health plan (if any) at the same levels in effect on the Termination Date; *provided, however,* that if (1) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A of the Code under Treasury Regulation Section l .409A-l(a)(5), (2) Parent is otherwise unable to continue to cover me or my dependents under its group health plans, or (3) Parent cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining subsidy shall thereafter be paid to me in substantially equal monthly installments over the COBRA Period (or remaining portion thereof).

4. Outplacement services will be provided to me by a reputable national outplacement service provider for up to 12 months following the Termination Date.

Exhibit 10.2

EMPLOYMENT AGREEMENT

This Employment Agreement ("**Agreement**") is entered into as of December 28, 2018, by and among Amneal Pharmaceuticals LLC ("**Amneal**"), Amneal Pharmaceuticals, Inc. ("**Holdings**", and together with Amneal, the "**Company**") and David Buchen (the "**Executive**" and, collectively with Amneal and Holdings, the "**Parties**").

WITNESSETH:

WHEREAS, effective January 1, 2019 (the "**Effective Date**"), the Company desires to employ the Executive as Senior Vice President, Chief Legal Officer & Secretary, and the Executive desires to be so employed by the Company, upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, the Company and the Executive desire to enter into this Agreement as to the terms and conditions of the Executive's employment with the Company effective as of the Effective Date.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. EMPLOYMENT AND DUTIES

1.1 Term of Employment. Subject to Section 8.2 below, the Executive's initial term of employment under this Agreement shall commence on the Effective Date and shall continue until the third anniversary thereof (the "**Initial Term**"), unless further extended or earlier terminated as provided in this Agreement. This Agreement will automatically be renewed for single one-year periods unless written notice of non-renewal (a "**Non-Renewal Notice**") is provided by any party at least 90 days prior to the end of the Initial Term or the successive one-year period then in effect or unless earlier terminated as provided in this Agreement. Neither non-renewal of this Agreement for additional periods after the third anniversary of the Effective Date, nor expiration of this Agreement as a result of such non-renewal, shall, by itself, result in termination of the Executive's employment. The period of time between the Effective Date and the termination of the Executive's employment under this Agreement shall be referred to herein as the "**Term.**"

1.2 General.

1.2.1 Subject to the terms set forth herein, as of the Effective Date, the Executive shall serve as the Senior Vice President, Chief Legal Officer & Secretary of the Company and shall perform such duties as are customarily associated with such position and such other reasonable duties consistent with such position as may from time to time be assigned to Executive by the Company. During the Term, the Executive shall report to the President and Chief Executive Officer of the Company.

1.2.2 The Executive shall faithfully and diligently discharge his duties hereunder and use his reasonable best efforts to achieve the objectives assigned to him from time to time by the Company. The Executive shall devote substantially all of his business time, attention, knowledge and skills faithfully, diligently and to the best of his ability, in furtherance of the business and activities of the Company; provided, however, that nothing in this Agreement shall preclude the Executive from devoting reasonable periods of time required for:

(i) serving as a director or member of a committee, in each case, in a non-lead, non-chair role, of up to two publicly traded corporations and up to one private organization or corporation, in each case, that does not, in the good faith determination of the Board of Directors of Holdings (the "**Board**"), compete with the Company or otherwise create, or could create, in the good faith determination of the Board a conflict of interest with the business of the Company;

(ii) delivering lectures, fulfilling speaking engagements, and any writing or publication relating to his area of expertise; provided, however, that any fees, royalties or honorariums received therefrom shall be promptly turned over to the Company;

(iii) engaging in professional organization and program activities;

(iv) managing his personal passive investments and affairs; and

(v) participating in charitable or community affairs;

(vi) consulting with Executive's prior employers and their successors and assigns in connection with potential or pending investigations, proceedings or lawsuits for which Executive has been requested to provide relevant information or testimony;

provided that such activities do not, either individually or in the aggregate, materially interfere with the performance of his duties and responsibilities under this Agreement or create a conflict of interest with the business of the Company as determined in good faith by the Board.

1.3 Location. The Executive shall perform the services required by this Agreement principally at the Company's offices in or around West Palm Beach, Florida or, prior to the establishment of such offices, Executive's home office, subject to required travel in connection with the performance of Executive's duties.

1.4 Reimbursement of Expenses. The Company shall promptly reimburse the Executive for all reasonable, documented, out-of-pocket travel and other business expenses incurred by the Executive in the performance of the Executive's duties to the Company in accordance with the Company's applicable expense reimbursement policies and procedures as are in effect from time to time. To the extent any such reimbursements (and any other reimbursements of costs and expenses provided for herein) are includable in the Executive's gross income for Federal income tax purposes, all such reimbursements shall be made no later than March 15 of the calendar year next following the calendar year in which the expenses to be reimbursed are incurred.

2. COMPENSATION

2.1 Base Salary. During the Term, the Executive shall be entitled to receive a base salary at the annual rate of $575,000 (the "**Base Salary**"). The Base Salary shall be subject to increase but not decrease in the sole discretion of the Board, provided however, that any increase in Base Salary shall become the Base Salary under this Agreement and shall not be decreased from such increased amount. The Base Salary shall be paid in accordance with the payroll practices of the Company, but not less than monthly.

2.2 Incentive Bonuses. During the Term, the Executive shall be eligible to receive an annual bonus targeted at 60% of the Executive's Base Salary (the "**Incentive Bonus**") under the Company's annual incentive program, as may be amended from time to time. The amount of Incentive Bonus payable for any year shall be based on the achievement of reasonable performance objectives established by the Board, as determined in its discretion, and, based on achievement, may be between zero and 150% of the Executive's Base Salary. Except as provided herein, the Executive must be employed by the Company through the date of payment any Incentive Bonus in order to remain eligible for such Incentive Bonus. The target amount of the Incentive Bonus shall be subject to increase but not decrease in the sole discretion of the Board. The Incentive Bonus will be paid to Executive at the same general time as paid to other senior executives of the Company, but no later than 75 days following the end of the applicable fiscal year for which the Incentive Bonus is payable.

2.3 Sign-On Bonus. Within 30 days following the Effective Date, the Company shall pay the Executive a sign-on bonus equal to $75,000, less applicable deductions and withholding taxes (the "**Sign-On Bonus**"). The Executive acknowledges and agrees that the Sign-On Bonus will not be earned to any extent prior to the first anniversary of the Effective Date and will only be earned on the first anniversary of the Effective Date if the Executive remains continuously employed by the Company through such first anniversary. If the Company terminates the Executive's employment with the Company for Cause (as defined below) prior to the first anniversary of the Effective Date, the Executive shall repay to the Company the full amount of the Sign-On Bonus on the date of such termination. If the Executive resigns his employment with the Company for any reason prior to the first anniversary of the Effective Date, the Executive shall repay to the Company a prorated portion of the Sign-On Bonus, determined by multiplying the Sign-On Bonus by a fraction, the numerator of which equals the number of working days from the Executive's termination date through the first anniversary of the Effective Date, and the denominator of which equals 261.

2.4 Equity Awards.

2.4.1 Restricted Stock Units. No later than 30 days immediately following the Effective Date, Holdings shall grant to the Executive, subject to the approval of the Board, an award of restricted stock units (the "**Initial RSUs**") having a grant date fair value equal to $1,500,000. The Initial RSUs will vest in respect of 25% of the total number of Initial RSUs on each of the first four anniversaries of the Effective Date, subject to the Executive's continuous services to the Company through the applicable vesting date. The Initial RSUs shall otherwise be subject to the terms of the plan pursuant to which they are granted and an award agreement to be

entered into between the Executive and the Company and Section 4.4.2(iii) or 4.4.3(iii) (as applicable) below.

2.4.2 Stock Option Grant. No later than 30 days immediately following the Effective Date, the Company shall grant to the Executive, subject to the approval of the Board, an option to purchase (the "**Initial Option**") that number of shares of the Holdings common stock necessary for the Initial Option to have a grant date fair value of $1,500,000 (with such fair value determined on the same basis that grant values are determined for other senior executives of the Company). The per share exercise price of the Initial Option shall be equal to the per share fair market value of the Company's common stock on the date of grant. The Initial Option shall vest and become exercisable with respect to 25% of the total number of shares subject to the Initial Option on each of the first four anniversaries of the Effective Date, subject to the Executive's continuous service to the Company through the applicable vesting date. The Initial Option shall otherwise be subject to the terms of the plan pursuant to which they are granted and an award agreement to be entered into between the Executive and the Company and Section 4.4.2(iii) or 4.4.3(iii) (as applicable) below.

2.4.3 Future Equity Awards. Commencing in 2020, the Executive will be eligible to participate in the Company's Long Term Incentive Plan, and the Executive will be granted such stock options, restricted stock units and other equity incentive grants as determined by the Board in its sole discretion, if any.

2.5 Additional Compensation. During the Term, in addition to the foregoing, the Executive shall be eligible to receive such other compensation as may from time to time be awarded him by the Board or the Compensation Committee of the Board.

3. EMPLOYEE BENEFITS

(a) During the Term, the Executive shall be entitled to participate in and have the benefit of all group life, disability, hospital, surgical and major medical insurance plans and programs and other employee benefit plans and programs as generally are made available to executive personnel of the Company, as such benefit plans or programs may be amended or terminated in the sole discretion of the Board or the Compensation Committee of the Board, from time to time.

(b) The Executive shall be entitled to at least 25 (or such greater number as offered generally to other senior executives of the Company) paid days off per calendar year in accordance with the Company's PTO policy in effect from time to time, *provided that* any unused paid days off in any calendar year shall be carried over to the next calendar year subject to any caps under the Company's PTO policy.

4. TERMINATION OF EMPLOYMENT

4.1 General. The Executive's employment under this Agreement may be terminated without any breach of this Agreement only on the following circumstances:

4.1.1 Death. The Executive's employment under this Agreement shall terminate upon his death.

4.1.2 Disability. If the Executive suffers a Disability (as defined below), the Board may terminate the Executive's employment under this Agreement upon 30 days prior written notice; provided that the Executive has not returned to full time performance of his duties during such 30-day period. For purposes of this Agreement, "**Disability**" shall mean the Executive's inability to perform his duties and responsibilities hereunder, with or without reasonable accommodation, due to any physical or mental illness or incapacity, which condition either (i) has continued for a period of 180 consecutive days (including weekends and holidays) in any 365-day period, or (ii) is projected by the Board in good faith after consulting with a licensed physician mutually selected by the Board and the Executive (or, in the event of the Executive's incapacity, his legal representative), that the condition is likely to continue for a period of at least six consecutive months from its commencement.

4.1.3 Good Reason. The Executive may terminate his employment under this Agreement for Good Reason (as defined below). For purposes of this Agreement, "**Good Reason**" shall mean the occurrence of any of the following events without the Executive's express written consent:

(i) any action or inaction by the Company constituting a material breach of the Agreement by the Company;

(ii) a material diminution of the titles, positions, reporting line, authorities, duties, or responsibilities of the Executive set forth in Section 1.2 above (other than temporarily while the Executive is physically or mentally incapacitated and unable to properly perform such duties, as determined by the Board in good faith), or the assignment to the Executive of titles, authorities, duties, or responsibilities that are inconsistent with his position of Senior Vice President, Chief Legal Officer & Secretary of the Company;

(iii) the loss of any of the titles of the Executive with the Company set forth in Section 1.2 above;

(iv) a reduction by the Company in the Base Salary or in any of the percentages of the Base Salary payable as an Incentive Bonus except for across-the-board reductions, not to exceed 10%, of base salary or incentive bonus generally affecting senior executives of the Company on a similar percentage basis;

(v) the delivery by the Company to the Executive of a Non-Renewal Notice in accordance with Section 1.1; or

(vi) an adverse change in the reporting structure set forth in Section 1.2.1 hereof.

Notwithstanding the foregoing, the Executive may not terminate his employment for Good Reason under this Section 4.1.3 unless (i) the Executive provides written notice to the Board of the occurrence of an event constituting Good Reason within 30 days of the Executive's knowledge of its initial occurrence and (ii) if curable, the Board shall fail to cure such event constituting Good Reason within 30 days following its receipt of such written notice. The Date of Termination shall be the date the Board receives the Executive's Notice of Termination if the event constituting Good Reason is uncurable and 30 days after the date the Board receives the Executive's Notice of

Termination if the event constituting Good Reason is curable and remains uncured 30 days after the Board receives the Executive's Notice of Termination. The foregoing notwithstanding, if the event constituting Good Reason is the Company's delivery to the Executive of a Non-Renewal Notice as set forth in Section 4.l.3(v) prior to the date that is 30 days before the end of the Initial Term, then the Date of Termination shall be deemed to be the expiry of the Initial Term.

4.1.4 Without Good Reason. The Executive may voluntarily terminate his employment under this Agreement without Good Reason upon written notice by the Executive to the Board at least 60 days prior to the effective date of such termination (which termination the Board may, in its sole discretion, make effective earlier than the date set forth in the Notice of Termination (as defined below)).

4.1.5 Cause. The Board may terminate the Executive's employment under this Agreement at any time for Cause (as defined below). For purposes of this Agreement, termination for "**Cause**" shall mean any of the following as determined in good faith by the Board:

(i) the willful and continued failure by the Executive to substantially perform his obligations under this Agreement (other than any such failure resulting from the Executive's incapacity due to a Disability); provided, however, that the Board shall have provided the Executive with a Notice of Termination specifying such failure and the Executive shall have been afforded at least 15 business days within which to cure same;

(ii) the Executive's conviction of or plea of guilty or *nolo contendere* to a felony or a misdemeanor involving material dishonesty;

(iii) the Executive's willful misconduct in the performance of his duties hereunder (including theft, fraud, embezzlement, and securities law violations) that results in material economic or reputational harm to the Company;

(iv) the Executive's violation of the Company's Code of Conduct or other written policies made available to Executive or with respect to which he should reasonably be aware that results in material economic or reputational harm to the Company; provided, however, that the Board shall have provided the Executive with a Notice of Termination specifying such violation and the Executive shall have been afforded at least 15 business days within which to cure same; or

For purposes of this Section 4.1.5, no act or failure to act on the part of the Executive shall be considered "**willful**," unless done, or omitted to be done, in bad faith or without reasonable belief that his action or omission was in, or not opposed to, the best interest of the Company (including their reputation). For the avoidance of doubt, no act or failure to act on the part of the Executive based upon the direction or advice of legal counsel to the Company shall be deemed to constitute Cause hereunder.

Prior to any termination for Cause, the Board shall provide the Executive with a Notice of Termination specifying the event constituting Cause and shall give the Executive the opportunity to appear before the Board, with or without counsel, to present his views on the Cause event. If, after such hearing, at least two-thirds of the full Board (excluding the Executive) does not support such termination, the Notice of Termination shall be rescinded. After providing the notice in the

foregoing sentence, the Board may suspend the Executive with full pay and benefits until a final determination pursuant to this Section 4.1.5 has been made.

4.1.6 Without Cause. The Board may terminate the Executive's employment under this Agreement without Cause immediately upon written notice by the Board to the Executive, other than for death or Disability.

4.1.7 Definition of Change in Control. For purposes of this Agreement, a "**Change in Control**" shall be deemed to occur upon any of the following events that occurs after the Effective Date, provided that such an event constitutes a "change in control event" within the meaning of Section 409A of the Code (as defined below): (a) any "**person**" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the equity securities of the Company), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of equity securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding equity securities; (b) during any period of 12 consecutive months, the individuals who, at the beginning of such period, constitute the Board, and any new director whose election by the Board or nomination for election by the Company's equityholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the 12-month period (or the Effective Date if later than such date) or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board; (c) a merger or consolidation of the Company with any other corporation or other entity, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto (and held by persons that are not affiliates of the acquirer) continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (other than those covered by the exceptions in clause (a) of this Section 4.1.7) acquires more than 50% of the combined voting power of the Company's then outstanding securities shall not constitute a Change in Control; or (d) the consummation of a sale or other disposition by the Company of all or substantially all of the Company's assets, including a liquidation, other than the sale or other disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, more than 50% of the combined voting power of the outstanding voting securities of the Company immediately prior to the time of the sale or other disposition.

4.2 Notice of Termination. Any termination of the Executive's employment by the Board or by the Executive (other than termination by reason of the Executive's death) shall be communicated by written Notice of Termination to the other party of this Agreement. For purposes of this Agreement, a "**Notice of Termination**" shall mean a written notice which shall indicate the specific termination provision in this Agreement relied upon and, other than with respect to a termination pursuant to Section 4.1.6 hereof, shall set forth in reasonable detail the facts and circumstances claimed to provide the basis for such termination.

4.3 Date of Termination. The "**Date of Termination**" shall mean (a) if the termination is the result of the Executive's death, the date of his death, (b) if the termination is pursuant to Section 4.1.2 hereof, 30 days after the Notice of Termination is given (provided that the Executive shall not have returned to the performance of his duties on a full-time basis during such 30-day period), (c) if the termination is pursuant to Section 4.1.3 or Section 4.1.5 hereof, the date specified in the Notice of Termination after the expiration of any applicable cure period (subject to the last sentence of Section 4.1.3), (d) if the termination is pursuant to Section 4.1.4 hereof, the date specified in the Notice of Termination which shall be at least 60 days after the Notice of Termination is given, or such earlier date as the Board shall determine in its sole discretion, and (e) if the termination is pursuant to Section 4.1.6 hereof, the date on which the Notice of Termination is given.

4.4 Compensation Upon Termination.

4.4.1 Termination for Cause or without Good Reason. If the Executive's employment shall be terminated by the Board for Cause or by the Executive without Good Reason, the Company shall pay or provide to the Executive: (a) any earned but unpaid Base Salary through the Date of Termination, paid in accordance with the Company's standard payroll practices; (b) reimbursement for any unreimbursed expenses properly incurred and paid in accordance with Section 1.3 hereof through the Date of Termination; (c) payment for any accrued but unused vacation time in accordance with the Company's policy; (d) all equity awards previously granted to the Executive that have vested in accordance with the terms of such grants; and (e) such vested accrued benefits, and other payments, if any, as to which the Executive (and his eligible dependents) may be entitled under, and in accordance with the terms and conditions of, the employee benefit arrangements, plans and programs of the Company as of the Date of Termination, other than any severance pay plan (such amounts and benefits set forth in clauses (a) though (e) being referred to hereinafter as the "**Amounts and Benefits**"), and the Company shall have no further obligation with respect to this Agreement other than as provided in Sections 5, 6.5 and 7 hereof. Any equity awards previously granted to the Executive that have not vested in accordance with the terms of their grants as of the Date of Termination shall be forfeited as of the Date of Termination.

4.4.2 Termination Apart from a Change in Control. If, at any time prior to the expiration of the Term and other than during a Change in Control Period (as defined below), the Executive resigns from his employment hereunder with Good Reason, or the Board terminates the Executive's employment hereunder without Cause, then the Company shall pay or provide the Executive the Amounts and Benefits and, subject to Section 4.4.5, a severance payment and equity vesting as follows:

(i) an amount equal to two times the Base Salary as then in effect (without taking into account any reduction therein that constitutes a basis for Good Reason), with the aggregate amount due paid in equal installments on the Company's normal payroll dates for a period of 24 months from the Date of Termination in accordance with the normal payroll practices of the Company, with each such payment deemed to be a separate payment for the purposes of Section 409A of the Code;

(ii) (A) a pro-rated portion of the Incentive Bonus for the year during which the Date of Termination occurs based on the number of days the Executive serves the Company during such year and actual performance of the corporate goals for such Incentive Bonus, inclusive of any adjustments made by the Board that are applied to all other executive participants in the annual incentive program, such pro-rated Incentive Bonus to be paid in a lump sum at the same time related bonuses are paid to executives who continue to be employed by the Company and, in any event, in the calendar year following the year during which the Date of Termination occurs and (B) the prior year's Incentive Bonus to the extent not then already paid with the amount based on the higher of target or actual performance of the relevant goals, such prior year's Incentive Bonus to be paid in a lump sum at the same time related bonuses are paid to executives who continue to be employed by the Company;

(iii) the vesting, and if applicable, exercisability of each outstanding equity award granted to the Executive by the Company shall accelerate in respect of that number of shares of Company common stock (or other equity securities) that would have vested had the Executive's employment with the Company continued through the first anniversary of the Date of Termination and, to the extent applicable, shall remain exercisable for a period of not less than 12 months following the Date of Termination (unless doing so would not comply with Code Section 409A (as defined in Section 8.9 hereof));

(iv) during the period commencing on the Date of Termination and ending as of the second anniversary of the Date of Termination, or, if earlier, the date on which the Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan (in any case, the "**COBRA Period**"), subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Code and the regulations thereunder, the Company shall, in its sole discretion, either (A) continue to provide to the Executive and the Executive's dependents, at the Company's sole expense, or (B) reimburse the Executive and the Executive's dependents for coverage under its group health plan (if any) at the same levels in effect on the Date of Termination; *provided, however*, that if (1) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover the Executive or the Executive's dependents under its group health plans, or (3) the Company cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the COBRA Period (or remaining portion thereof); and

(v) outplacement services provided to the Executive by a reputable national outplacement service provider for up to two years following the Date of Termination.

4.4.3 Termination Following Change in Control. Anything contained herein to the contrary notwithstanding, in the event the Executive resigns from his employment hereunder with Good Reason, the Board terminates the Executive's employment hereunder without Cause or Executive's employment terminates by reason of death or Disability, in each case, within the period commencing three months prior to a Change in Control and ending 24 months following the Change in Control (a "**Change in Control Period**"), then, in lieu of any amount otherwise

payable pursuant to Section 4.4.2, the Company shall pay or provide the Executive the Amounts and Benefits and, subject to Section 4.4.5, a severance payment as follows:

(i) an amount equal to the sum of (x) two times the Base Salary as then in effect (without taking into account any reduction therein that constitutes a basis for Good Reason), plus (y) an amount equal to two times the Executive's target Incentive Bonus as then in effect (without taking into account any reduction therein that constitutes a basis for Good Reason), with the aggregate amount due paid in a lump sum on the first payroll date on or following the 60th day after the Date of Termination;

(ii) (A) a pro-rated portion of the Incentive Bonus for the year during which the Date of Termination occurs based on the number of days the Executive serves the Company during such year and actual performance of the corporate goals for such Incentive Bonus, inclusive of any adjustments made by the Board that are applied to all other executive participants in the annual incentive program, such pro-rated Incentive Bonus to be paid in a lump sum at the same time related bonuses are paid to executives who continue to be employed by the Company and, in any event, in the calendar year following the year during which the Date of Termination occurs and (B) the prior year's Incentive Bonus to the extent not then already paid with the amount based on the higher of target or actual performance of the relevant goals, such prior year's Incentive Bonus to be paid in a lump sum at the same time related bonuses are paid to executives who continue to be employed by the Company;

(iii) the vesting and, if applicable, exercisability of each equity award granted to the Executive by the Company shall accelerate in respect of 100% of the shares of the Company common stock subject thereto effective as of the Date of Termination and, to the extent applicable, shall remain exercisable for a period of not less than 12 months following the Date of Termination (unless doing so would not comply with Code Section 409A (as defined in Section 8.9 hereof));

(iv) during the COBRA Period, subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Code and the regulations thereunder, the Company shall, in its sole discretion, either (A) continue to provide to the Executive and the Executive's dependents, at the Company's sole expense, or (B) reimburse the Executive and the Executive's dependents for coverage under its group health plan (if any) at the same levels in effect on the Date of Termination; *provided, however*, that if (1) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover the Executive or the Executive's dependents under its group health plans, or (3) the Company cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the COBRA Period (or remaining portion thereof); and

(v) outplacement services provided to the Executive by a reputable national outplacement service provider for up to two years following the Date of Termination.

4.4.4 No Mitigation or Offset; Nature of Payments. The Executive shall not be required to mitigate the amount of any payment provided for in this Section 4.4 by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 4.4 be reduced by any compensation earned by the Executive as the result of employment by another employer or business or by profits earned by the Executive from any other source at any time before and after the Date of Termination. Any amounts due under this Section 4.4 are in the nature of severance payments considered to be reasonable by the Company and are not in the nature of a penalty.

4.4.5 Release. Notwithstanding any provision to the contrary in this Agreement, the Company's obligation to pay or provide the Executive with the payments and benefits under Sections 4.4.2 and 4.4.3 (other than the Amounts and Benefits), and any accelerated vesting with respect to the equity awards under Section 4.4.3, shall be conditioned on the Executive's execution and failure to revoke a waiver and general release in a form generally consistent with Exhibit B hereto (subject to such changes as may be necessary at the time of execution in order to make such release enforceable) (the "**Release**"). The Company shall provide the Release to the Executive within seven days following the applicable Date of Termination. In order to receive the payments and benefits under Sections 4.4.2 and 4.4.3 (other than the Amounts and Benefits) and the accelerated vesting with respect to the equity awards under Section 4.4.3, the Executive will be required to execute and deliver the Release within 45 days after the date it is provided to him and not to revoke it within seven days following such execution and delivery.

5. INSURABILITY; RIGHT TO INSURE

The Company shall have the right to maintain key man life insurance in its own name covering the Executive's life in an amount of up to $50,000,000.00. The Executive shall fully cooperate in the procuring of such insurance, including submitting to any required medical examination and by completing, executing and delivering such applications and other instrument in writing as may be reasonably required by any insurance company to which application for insurance may be made by the Company. The Company's ability to procure any key man life insurance covering Executive's life shall not be a condition of employment.

6. CONFIDENTIALITY; NON-COMPETITION; NON-SOLICITATION; NON- DISPARAGEMENT; COOPERATION

6.1 Confidential Information. The Parties acknowledge that the services to be performed by the Executive under this Agreement are unique and extraordinary and, as a result of such employment, the Executive shall be in possession of Confidential Information (as defined below) relating to the business practices of the Company and the members thereof. The term "**Confidential Information**" shall mean any and all information (oral and written) relating to the Company, or any of their respective activities, or of the clients, customers or business practices of the Company, except (i) as such disclosure or use may be required or appropriate in connection with his work as an employee of the Company, (ii) when required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order him to divulge, disclose or make accessible such information, (iii) as to such confidential information that becomes generally known to the public or trade without his violation of this

Section 6.1, or (iv) to the Executive's spouse, attorney and/or his personal tax and financial advisors as reasonably necessary or appropriate to advance the Executive's tax, financial and other personal planning (each an "**Exempt Person**"), *provided, however*, that any disclosure or use of any trade secret or proprietary or confidential information of the Company by an Exempt Person shall be deemed to be a breach of this Section 6.1 by the Executive.

6.2 Confidential Information includes, but it not limited to, information that the Executive creates, develops, derives, obtains, makes known, or learns about which has commercial value in the business in which the Company is involved and which is treated by the Company as confidential, such as trade secrets, ideas, processes, formulas, compounds, compositions, research and clinical data, know-how, discoveries, developments, designs, innovations, plans, strategies, pricing, costs, financial information, employee information, forecasts and current and prospective customer and supplier lists. The Executive shall not, during the Term or at any time thereafter, except as may be required in the course of the performance of his duties hereunder (including pursuant to Section 6.6 below) and except with respect to any litigation or arbitration involving this Agreement (or otherwise between the Executive and the Company), including the enforcement hereof, directly or indirectly, use, communicate, disclose or disseminate to any person, firm or corporation any Confidential Information acquired by the Executive during, or as a result of, his employment with the Company, without the prior written consent of the Board. Without limiting the foregoing, the Executive understands that the Executive shall be prohibited from misappropriating any trade secret of the Company or of the clients or customers of the Company acquired by the Executive during, or as a result of, his employment with the Company, at any time during or after the Term. Further without limiting the foregoing, as a condition of Executive's employment with the Company, the Executive shall enter into the Company's standard Confidentiality and Ownership of Inventions Agreement (the "**Proprietary Information Agreement**"). In the event of a conflict between this Agreement and the Proprietary Information Agreement, this Agreement shall control.

6.3 Return of Property. Upon the termination of the Executive's employment for any reason all property of the Company that is in the possession of the Executive, including all documents, records, drug formulations, notebooks, equipment, price lists, specifications, programs, customer and prospective customer lists and other materials that contain Confidential Information that are in the possession of the Executive, including all copies thereof, shall be promptly returned to the Company. Anything to the contrary herein notwithstanding, the Executive shall be entitled to retain (i) papers and other materials of a personal nature, including photographs, correspondence, personal diaries, calendars and rolodexes, personal files and phone books, (ii) information showing his compensation or relating to reimbursement of expenses, (iii) information that he reasonably believes may be needed for tax purposes and (iv) copies of plans, programs and agreements relating to his employment, or termination thereof, with the Company.

6.4 Non-Competition. The Executive acknowledges that the Executive has been provided with Confidential Information and, during the Term, the Company from time to time will provide Executive with access to Confidential Information. Ancillary to the rights provided to the Executive as set forth in this Agreement, the Executive's continued employment with the Company during the Term (subject to earlier termination as provided herein), and the Company's provision of Confidential Information, and the Executive's agreements regarding the use of same, in order to protect the value of any Confidential Information, and in consideration for good and

valuable consideration received by the Executive, the Parties agree to the following provisions against unfair competition, which the Executive acknowledges represent a fair balance of the Company's rights to protect its business and the Executive's right to pursue employment. The Executive hereby agrees that he shall not, during the Term and, except as provided below, for a period of 9 months thereafter, directly or indirectly, engage or have an interest in, or render any services to, any business (whether as owner, manager, operator, licensor, licensee, lender, partner, stockholder, joint venturer, employee, consultant or otherwise) (such activities hereinafter referred to collectively as "**Engaging**") that (i) competes directly with the Company and (ii) then constitutes one of the four top competitors of the Company by volume as determined by IQVIA. Notwithstanding the foregoing, nothing herein shall prevent the Executive from (i) owning securities in a publicly traded entity whose activities compete with those of the Company, provided that such securities holdings are not greater than five percent of the equity ownership in such entity or making passive investments in private equity funds, hedge funds, mutual funds or similar investment vehicles; (ii) Engaging in the business of the ownership and licensing (as licensor) of trademarks and brands if the products or services carrying such trademarks and brands do not compete with the products or services carrying the trademarks and brands owned and licensed (as licensor) by the Company, or that the Company is actively planning to own or license (as licensor), during the Term; or (iii) Engaging in an operating company (including ownership of securities of such operating company's holding company) with annual revenues not in excess of $10,000,000. The non-competition restrictions in this Section 6.4 shall cease to apply following the end of the Term if the Company provides a Non-Renewal Notice pursuant to Section 1.1 hereof.

6.5 Prohibition on Use of Confidential Information to Solicit Customers and Prospects. During the Executive's employment, the Executive shall not engage in any other employment or activity that might materially interfere with the interests of the Company. Furthermore, the Executive shall not, except in the furtherance of the Executive's duties hereunder, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, (i) during the Term (except in the good faith performance of his duties) and for a period of 24 months thereafter, solicit, aid or induce any employee, representative or agent of the Company to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or hire or retain any such employee, representative or agent, or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, representative or agent, other (x) than any such employee, representative or agent whose employment has been terminated by the Company and (y) his personal assistant(s), (ii) during the Term (except in the good faith performance of his duties) and for a period of 12 months thereafter, solicit, aid or induce (or attempt to do any of the foregoing) directly or indirectly, any current or prospective customer of the Company with whom the Executive substantially dealt with at any time during the last two years of the Executive's employment to purchase goods or services then sold by the Company from another person, firm, corporation or other entity or assist or aid any other persons or entity in identifying or soliciting any such customer or (iii) during the Term (except in the good faith performance of his duties) and for a period of 24 months thereafter, interfere in any manner with the relationship of the Company and any of its vendors. An employee, representative or agent shall be deemed covered by this Section 6.5 while so employed or retained by the Company and for six months thereafter. Anything to the contrary herein notwithstanding, the following shall not be deemed a violation of this Section 6.5: (a) the Executive's solicitation of the Company's customers and/or vendors in connection with, and directly related to, his

Engaging in a business that complies with Sections 6.3(ii) or (iii); (b) the Executive's responding to an unsolicited request for an employment reference regarding any former employee of the Company from such former employee, or from a third party, by providing a reference setting forth his personal views about such former employee; or (c) if an entity with which the Executive is associated hires or engages any employee of the Company, if the Executive was not, directly or indirectly, involved in hiring or identifying such person as a potential recruit or assisting in the recruitment of such employee. For purposes hereof, the Executive shall be deemed to have been involved "**indirectly**" in soliciting, hiring or identifying an employee only if the Executive (x) directs a third party to solicit or hire the Employee, (y) identifies an employee to a third party as a potential recruit or (z) aids, assists or participates with a third party in soliciting or hiring an employee.

6.6 Non-Disparagement. At no time during or within five years after the Term shall (x) the Executive, directly or indirectly, disparage the Company or any of the Company's past or present employees, directors, products or services and (y) the Company, including its subsidiaries, parents and affiliates, directly or indirectly, disparage the Executive. In addition, the Company shall instruct and shall use reasonable efforts so that each director and officer of the Company and its subsidiaries and parents not to, directly or indirectly, disparage the Executive. Notwithstanding the foregoing, nothing in this Section 6.6 shall prevent any entity or person from making any truthful statement to the extent (i) necessary to rebut any untrue public statements made about him or her or it; (ii) necessary with respect to any litigation, arbitration or mediation involving this Agreement and the enforcement thereof; (iii) required by law or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with jurisdiction over such person; (iv) made as good faith competitive statements in the ordinary course of business or (v) made in good faith in the performance of duties (e.g., in the course of providing performance reviews).

6.7 Cooperation. Upon the receipt of reasonable notice from the Company (including outside counsel), the Executive shall, while employed by the Company and thereafter, respond and provide information with regard to matters of which the Executive has knowledge as a result of the Executive's employment with the Company and will provide reasonable assistance to the Company and its representatives in defense of any claims that may be made against the Company, and will provide reasonable assistance to the Company in the prosecution of any claims that may be made by the Company, to the extent that such claims may relate to matters related to the Executive's period of employment with the Company. Any request for such cooperation shall take into account the Executive's personal and business commitments and is subject to his personal and business schedule. The Executive shall promptly inform the Board (to the extent the Executive is legally permitted to do so) if the Executive is asked to assist in any investigation of the Company or their actions, regardless of whether a lawsuit or other proceeding has then been filed with respect to such investigation. If the Executive is required to provide any services pursuant to this Section 6.7 following the Term, upon presentation of appropriate documentation, the Company shall promptly reimburse the Executive for reasonable out-of-pocket travel, lodging, communication and duplication expenses incurred in connection with the performance of such services and in accordance with the Company's expense policy for its senior officers (provided that it shall be in Executive's discretion to travel via first or business class, which costs shall be reimbursable by the Company), for reasonable legal fees to the extent the Executive in good faith believes that separate legal representation is reasonably required, and for the Executive's time at a rate equivalent to the

Executive's most recent base salary. In addition, if the Executive's cooperation exceeds two days in any calendar month, then the Executive shall be compensated at a per diem rate of $5,000 for any full or partial day of such cooperation. The Executive's entitlement to reimbursement of such costs and expenses, including legal fees, pursuant to this Section 6.7, shall in no way affect the Executive's rights, if any, to be indemnified and/or advanced expenses in accordance with the Company's (or any of its subsidiaries') corporate or other organizational documents, any applicable insurance policy, and/or in accordance with this Agreement.

6.8 Remedies and Reformation. Without intending to limit the remedies available to the Company, the Executive acknowledges that a breach of any of the covenants contained in this Section 6 may result in material and irreparable injury to the Company for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat the Company shall be entitled to seek a temporary restraining order and/or a preliminary or permanent injunction in a court of jurisdiction restraining the Executive from engaging in activities prohibited by this Section 6 or such other relief as may be required specifically to enforce any of the covenants in this Section 6. If for any reason it is held that the restrictions under this Section 6 are not reasonable or that consideration therefor is inadequate, such restrictions shall be interpreted or modified to include as much of the duration and scope identified in this Section 6 as will render such restrictions valid and enforceable.

6.9 Violations. In the event of any violation of the provisions of this Section 6, the Executive acknowledges and agrees that: (a) the post-termination restrictions contained in this Section 6 shall be extended by a period of time equal to the period of such violation, it being the intention of the Parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation; (b) any severance payable which remains unpaid or other benefits yet to be received under Section 4.4.2 or 4.4.3 shall be forfeited by the Executive; and (c) any vested options not exercised as of the date of any violation of the provisions of this Section 6 shall be forfeited.

7. INDEMNIFICATION; DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the Term and thereafter, the Company shall indemnify and hold harmless the Executive and his heirs and representatives as, and to the extent, provided in the Company's organizational documents. In addition, the Executive shall be entitled to enter into a form of indemnification agreement on terms and conditions no less favorable than the indemnification agreement entered into between the Company and members of the Board. The Company agrees to continue and maintain a directors and officers' liability insurance policy covering the Executive to the extent the Company provides such coverage for its other executive officers.

8. MISCELLANEOUS

8.1 Notices. All notices or communications hereunder shall be in writing, addressed as follows (or to such other address as either party may have furnished to the other in writing by like notice):

To the Company: Amneal Pharmaceuticals LLC
400 Crossing Boulevard

Bridgewater, NJ 08807
Attention: President and Chief Executive Officer

To the Executive: At the last address for the Executive on the books of the Company.

All such notices shall be conclusively deemed to be received and shall be effective (i) if sent by hand delivery, upon receipt, (ii) if sent by telecopy or facsimile transmission, upon confirmation of receipt by the sender of such transmission, (iii) if sent by overnight courier, one business day after being sent by overnight courier, or (iv) if sent by registered or certified mail, postage prepaid, return receipt requested, on the fifth day after the day on which such notice is mailed.

8.2 Testing; Verification. As a condition of the Executive's employment with the Company, the Executive will be required to successfully complete the Company's standard onboarding procedures, including any background check and drug testing, the cost of which shall be paid by the Company. In addition, to comply with Department of Homeland Security, the Executive will be required to provide verification of the Executive's identity and legal right to work in the United States and must complete a Form I-9 within the first three days of the Effective Date. The Company shall notify the Executive of the identity of a clinic for drug testing that is local to the Executive, and the Executive hereby agrees to schedule an appointment with such clinic within 48 hours of the date of this Agreement. In the event the Executive fails any such tests or such verification, then this Agreement shall be void *ab initio* and of no further force or effect.

8.3 Severability. Each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

8.4 Binding Effect; Benefits. The Executive may not delegate his duties or assign his rights hereunder. Except as explicitly provided in the Agreement, no rights or obligations of the Company under this Agreement may be assigned or transferred by the Company other than pursuant to a merger or consolidation in which the Company is not the continuing entity, or a sale, liquidation or other disposition of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets or businesses of the Company and assumes the liabilities, obligations and duties of the Company under this Agreement, either contractually or by operation of law. The Company further agree that, in the event of any disposition of their business and assets described in the preceding sentence, they shall use their best efforts to cause such assignee or transferee expressly to assume the liabilities, obligations and duties of the Company hereunder.

8.5 Entire Agreement. This Agreement, collectively with the Exhibits hereto and the Proprietary Information Agreement, represent the entire agreement of the Parties with respect to the subject matter hereof and shall supersede any and all previous contracts, arrangements, proposed terms or understandings between the Parties. This Agreement (including any of the Exhibits hereto) may be amended, modified or replaced at any time by mutual written agreement

of the Parties. In the case of any conflict between any term or provision of this Agreement and any term or provision contained in any agreement, policy, plan, program, arrangement, employment manual, memorandum or other written document between or relating to the Company and the Executive or any rule of general applicability of the Company, this Agreement shall control and prevail.

8.6 Withholding. The payment of any amount pursuant to this Agreement shall be subject to applicable withholding and payroll taxes, and such other deductions as may be required by applicable law.

8.7 Governing Law. This Agreement and the performance of the Parties hereunder shall be governed by the internal laws (and not the law of conflicts) of the State of Florida, unless superseded by federal law.

8.8 Arbitration. Any dispute or controversy, including, but not limited to, discrimination claims and claims involving a class, arising under or in connection with this Agreement or the Executive's employment with the Company, other than injunctive relief under Section 6.8 hereof, shall be settled exclusively by arbitration, conducted before a single arbitrator in Palm Beach County, Florida (applying Florida law) in accordance with the Commercial Arbitration Rules and Procedures of the American Arbitration Association then in effect. The decision of the arbitrator will be final and binding upon the Parties hereto. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The Parties acknowledge and agree that in connection with any such arbitration and regardless of outcome (a) each party shall pay all its own costs and expenses, including without limitation its own legal fees and expenses, and (b) joint expenses shall be borne equally among the Parties. EACH PARTY WAIVES THE RIGHT TO TRIAL BY JURY.

8.9 Section 409A of the Code.

8.9.1 General. It is intended that the provisions of this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and the regulations and guidance promulgated thereunder (collectively "**Code Section 409A**"), and all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Code Section 409A. If any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would cause the Executive to incur any additional tax or interest under Code Section 409A, the Company shall, upon the specific request of the Executive, use its reasonable business efforts to in good faith reform such provision to comply with Code Section 409A; provided, that to the maximum extent practicable, the original intent and economic benefit to the Parties of the applicable provision shall be maintained. The Company shall timely use its reasonable business efforts to amend any plan or program in which the Executive participates to bring it in compliance with Code Section 409A.

8.9.2 Separation from Service; Six-Month Delay. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "**Separation from Service**" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "**resignation**,"

"**termination**," "**termination of employment**" or like terms shall mean Separation from Service. If the Executive is deemed on the Date of Termination to be a "**specified employee**," within the meaning of that term under Section (a)(2)(B) of Code Section 409A ("**Code Section 409(a)(2)(B)**") and using the identification methodology selected by the Company, as applicable, from time to time, or if none, the default methodology, then with regard to any payment, the providing of any benefit or any distribution of equity made subject to this Section 8.9.2, to the extent required to be delayed in compliance with Code Section 409A(a)(2)(B), and any other payment, the provision of any other benefit or any other distribution of equity that is required to be delayed in compliance with Code Section 409A(a)(2)(B), such payment, benefit or distribution shall not be made or provided prior to the earlier of (i) the expiration of the six-month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death. On the first day of the seventh month following the date of the Executive's Separation from Service or, if earlier, on the date of his death, (x) all payments delayed pursuant to this Section 8.9.2 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein and (y) all distributions of equity delayed pursuant to this Section 8.9.2 shall be made to the Executive. In addition to the foregoing, to the extent required by Code Section 409A(a)(2)(B), prior to the occurrence of both a Disability termination as provided in Section 4.1.2 hereof and the Executive's becoming "disabled" under Code Section 409A, the payment of any compensation to the Executive under this Agreement shall be suspended for a period of six months commencing at such time that the Executive shall be deemed to have had a Separation from Service because either (A) a sick leave ceases to be a bona fide sick leave of absence, or (B) the permitted time period for a sick leave of absence expires (an "**SFS Disability**"), without regard to whether such SFS Disability actually results in a Disability termination. Promptly following the expiration of such six-month period, all compensation suspended pursuant to the foregoing sentence (whether it would have otherwise been payable in a single sum or in installments in the absence of such suspension) shall be paid or reimbursed to the Executive in a lump sum. On any delayed payment date under this Section 8.9.2, there shall be paid to the Executive or, if the Executive has died, to his estate, in a single cash lump sum together with the payment of such delayed payment, interest on the aggregate amount of such delayed payment at the Delayed Payment Interest Rate (as defined below) computed from the date on which such delayed payment otherwise would have been made to the Executive until the date paid. For purposes of the foregoing, the "**Delayed Payment Interest Rate**" shall mean the prime interest rate as reported in *The Wall Street Journal* as of the business day immediately preceding the payment date for the applicable delayed payment.

8.9.3 Expense Reimbursement. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Code Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided that the foregoing clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Internal Revenue Code and the regulations and guidance promulgated thereunder solely because such expenses are subject to a limit related to the period the arrangement

is in effect and (iii) such payments shall be made on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred.

8.10 Consultants/Attorney's Fees. The Company shall promptly pay directly or reimburse the Executive for all consultants and attorneys' fees, disbursements and costs incurred by the Executive in connection with the negotiation, preparation and execution of this Agreement, which in the aggregate shall not exceed $7,500.

8.11 Survivorship. Except as otherwise expressly set forth in this Agreement, upon the expiration of the Term, the respective rights and obligations of the Parties shall survive such expiration to the extent necessary to carry out the intentions of the Parties as embodied in this Agreement. This Agreement shall continue in effect until there are no further rights or obligations of the Parties outstanding hereunder and shall not be terminated by either party without the express prior written consent of all Parties.

8.12 Counterparts. This Agreement may be executed in counterparts (including by electronic transmission) which, when taken together, shall constitute one and the same agreement of the Parties.

8.13 Company Representations. As of the Effective Date, the Company represents and warrants to the Executive that (i) the execution, delivery and performance of this Agreement (and the agreements referred to herein) by the Company has been fully and validly authorized by all necessary corporate action, (ii) the officer or director signing this Agreement on behalf of the Company is duly authorized to do so, (iii) the execution, delivery and performance of this Agreement does not violate any applicable law, regulation, order, judgment or decree or any agreement, plan or corporate governance document to which the Company is a party or by which it is bound and (iv) upon execution and delivery of this Agreement by the Executive and the Company, it shall be a valid and binding obligation of the Company enforceable against it in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

[Signature Page Follows]

Amneal, Holdings and Executive have each signed this Agreement as of the date first set forth above.

Amneal Pharmaceuticals LLC

By: /s/ Rob Stewart
Name: Rob Stewart
Title: President and Chief Executive Officer

Amneal Pharmaceuticals, Inc.

By: /s/ Rob Stewart
Name: Rob Stewart
Title: President and Chief Executive Officer

/s/ David Buchen
David Buchen

Exhibit A

(To be signed on or within 45 days after termination. Please do not sign before the date of termination.)

RELEASE AGREEMENT
(Age 40 or Older)

In exchange for my receipt of the severance payments and benefits set forth in Sections 4.4.2 and 4.4.3 of my Employment Agreement, dated [_____], 201[8] (as amended, my "**Employment Agreement**"), with Amneal Pharmaceuticals LLC (the "**Company**") and Amneal Pharmaceuticals, Inc. ("**Parent**"), and for other valuable consideration, the receipt and adequacy of which are hereby acknowledged, I do hereby release and forever discharge the "**Releasees**" hereunder, consisting of the Company and Parent, and each of their subsidiaries and affiliates, and, in their capacity as such, each of their predecessors, successors, partners, directors, officers, employees, attorneys and agents, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent, in connection with or arising under my employment with the Company and Parent (hereinafter called "**Claims**"), which I now have or have ever had against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date I sign this Release Agreement. The Claims released herein include, but are not limited to: (1) all claims arising out of or in any way related to my service or employment relationship with any of the Releasees or the termination of that relationship; (2) all claims related to my compensation or benefits from the any of the Releasees, including salary, bonuses, commissions, Paid Time Off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in Parent, the Company or any of their respective subsidiaries and affiliates (collectively, the "**Group Entities**"); (3) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (4) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (5) all federal, state, and local statutory claims, including (without limitation) claims for discrimination, harassment, retaliation, attorneys' fees, and other claims arising under the Age Discrimination in Employment Act, as amended (the "**ADEA**"); Title VII of the Civil Rights Act of 1964, as amended; the Equal Pay Act; the Civil Rights Act of 1866; the Family and Medical Leave Act of 1993, as amended; the Americans with Disabilities Act of 1990, as amended; the False Claims Act, as amended; the Employee Retirement Income Security Act, as amended; the Fair Labor Standards Act, as amended; the Sarbanes-Oxley Act of 2002; the Worker Adjustment Notification and Retraining Act; the New Jersey Law Against Discrimination; the New Jersey Conscientious Employee Protection Act; the New Jersey Family Leave Act; the New Jersey Wage Payment Law; the New Jersey Wage and Hour Law; the New Jersey Equal Pay Act; retaliation claims under the New Jersey Workers' Compensation Law; the Florida Civil Rights Act; the Florida Whistleblower Protection Act; the Florida Workers' Compensation Retaliation provision; and the Florida Minimum Wage Act.

Notwithstanding the foregoing, this Release Agreement shall not be construed in any way to release any Claim (i) to payments and benefits under Section 4.4.2 and 4.4.3 of my Employment

Agreement, (ii) to accrued or vested benefits I may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with any Group Entity, (iii) for indemnification and/or advancement of expenses, arising under any indemnification agreement between me and any Group Entity or under the bylaws, certificate of incorporation or other similar governing document of any Group Entity or to coverage under applicable directors' and officers' or other third party liability insurance policy(ies) maintained by the Company or any of its affiliates, (iv) to any rights or benefits that may not be waived pursuant to applicable law, including, without limitation, any right to unemployment insurance benefits, (v) that arises after the date I execute this Release Agreement, or (vi) to my right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator.

For the avoidance of doubt, nothing in this Release will be construed to prohibit me from filing a charge with, reporting possible violations to, or participating or cooperating with any governmental agency or entity, including but not limited to the EEOC, the Department of Justice, the Securities and Exchange Commission, the National Labor Relations Board, Congress, or any agency Inspector General, or making other disclosures that are protected under the whistleblower, anti-discrimination, or anti-retaliation provisions of federal, state or local law or regulation; *provided, however*, that I may not disclose information of the Releasees that is protected by the attorney-client privilege, except as otherwise required by law. I do not need the prior authorization of the applicable Releasee to make any such reports or disclosures, and I am not required to notify the applicable Releasee that I have made such reports or disclosures.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA, and that the consideration given under my Employment Agreement for the waiver and release I am providing herein is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) my waiver and release do not apply to any rights or claims that may arise after the date I sign this Release Agreement; (b) I should consult with an attorney prior to signing this Release Agreement (although I may choose voluntarily not to do so); (c) I have 45 days to consider this Release Agreement (although I may choose voluntarily to sign this Release Agreement before the end of the 45-day period) and to return the signed Release Agreement to the Company; (d) I have seven days following the date I sign this Release Agreement (the "**Revocation Period**") to revoke the Release Agreement as described below; and (e) this Release Agreement shall not be effective until the date upon which the Revocation Period has expired, which shall be the eighth day after I sign this Release Agreement (the "**Effective Date**"). I understand and agree that if I choose to revoke this Release Agreement, I must deliver notice of such revocation in writing, by personal delivery, email or mail, to [NAME], [TITLE] (_____@_____.com) at the Company, [ADDRESS], no later than 5:00 p.m. Pacific Time on the last day of the Revocation Period. If mailed, the revocation must be properly addressed and postmarked no later than the last day of the Revocation Period.

I represent that I have no lawsuits, claims or actions pending in my name, or on behalf of myself or any other person or entity, against any of the Releasees. I agree that I will not voluntarily provide assistance, information or advice, directly or indirectly (including through agents or attorneys), to any person or entity in connection with any actual or potential claim or cause of action of any kind against the Releasees and I shall not induce or encourage any person or entity to do so, unless compelled or authorized to do so by law. Notwithstanding the foregoing, I retain

the right to file a charge with the Equal Employment Opportunity Commission and equivalent federal, state and local agencies, and to cooperate with investigations by any such agencies.

I acknowledge and represent that I have not suffered any discrimination or harassment by any of the Releasees on account of race, gender, national origin, religion, marital or registered domestic partner status, sexual orientation, age, disability, veteran status, medical condition or any other characteristic protected by applicable law. I acknowledge and represent that I have not been denied any leave, benefits or rights to which I may have been entitled under the FMLA or any other federal or state law, and that I have not suffered any job-related wrongs or injuries for which I might be entitled to compensation or relief. I further acknowledge and represent that, other than the benefits that will be provided to me pursuant to Sections 4.4.2 and 4.4.3 of my Employment Agreement, I have been paid all wages, bonuses, compensation, benefits and other amounts that any of the Releasees has ever owed to me, and I am not entitled to any additional compensation, severance or benefits after the date on which my employment with the Group Entities terminated, with the sole exception of any benefit the right to which has vested under the express terms of a Group Entity benefit plan document.

In addition, I hereby acknowledge my continuing obligations under my Employee Confidentiality, Non-Solicitation and Ownership of Inventions Agreement with the Company and under Section 6 of the Employment Agreement, including (without limitation) my obligations not to use or disclose any proprietary or confidential information of the Group Entities. Notwithstanding anything herein or in my Employee Confidentiality, Non-Solicitation and Ownership of Inventions Agreement with the Company, I acknowledge and I agree that, pursuant to 18 USC Section 1833(b), I will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

I agree that if I commence any suit arising out of, based upon, or relating to any of the Claims released under this Release Agreement, then I will pay to the Releasees, and each of them, in addition to any other damages caused to the Releasees thereby, all attorneys' fees incurred by the Releasees in defending or otherwise responding to such suit; provided, that, this paragraph shall not apply with respect to any compulsory counterclaims within the meaning of Rule 13(a) of the Federal Rules of Civil Procedure, asserted by me against the Releasees bringing claims against me.

I agree that if any provision of this Release Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Release Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the Parties insofar as possible under applicable law. I understand that this Release Agreement, together with my Employment Agreement, constitutes the complete, final and exclusive embodiment of the entire agreement between Parent, the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by Parent or the Company that is not expressly stated therein.

I acknowledge that in order for this Release Agreement to become effective, I must sign this Release Agreement and return it by email or mail to [NAME], [TITLE] (_____@_____.com) at the Company, [ADDRESS], on or within 45 days after the date on which my employment terminated, and I must not exercise my right to revoke the Release Agreement as described above.

I have carefully read and fully understand this Release Agreement, and agree to be bound by its terms.

Printed Name:

Signature:

Date:

SEPARATION AGREEMENT

This Separation Agreement is entered into between **David Buchen** (“Executive") and **Amneal Pharmaceuticals LLC and Amneal Pharmaceuticals, Inc.** ("Amneal" or the "Company") as of August 2, 2019 (the "Effective Date"). Capitalized terms not otherwise defined herein shall have the meanings set forth in that certain Employment Agreement between Executive and the Company entered into as of December 28, 2018 (and effective as of January 1, 2019) ("Employment Agreement") as amended from time to time.

In consideration of the mutual covenants and agreements hereinafter set forth, and intending to be legally bound, the parties agree as follows:

1. **Termination of Employment.** Executive and Company hereby acknowledge and agree to the termination of Executive' s employment by the Company without Cause, effective as of the close of business on **November 5, 2019** (the "Termination Date"). Unless the Termination Date is extended by the mutual agreement of Company and Executive, Executive will not be required to, and will not in fact, render any services on behalf of the Company after the Termination Date.

2. **Severance Pay and Benefits.** Subject to Executive's execution on or within forty-five (45) days following the Termination Date and Executive's non-revocation thereof of the Release set forth in Attachment A (the “Release”), commencing on the Termination Date Executive shall receive the severance pay and benefits as set f011h in Section 4.4.2 or, as applicable, Section 4.4.3 of the Employment Agreement. If Executive's employment is terminated by reason of Executive's death or Disability prior to the Termination Date, Executive shall be entitled to the severance pay and benefits as set forth in Sections 4.4.2 or, as applicable, 4.4.3 of the Employment Agreement.

3. **Resignation from Directorships and Company Positions.** Effective as of the Termination Date, Executive agrees to and hereby does resign from any and all offices and directorships with the Company and all of its direct and indirect subsidiaries and affiliates ("Appointments"), and agrees to execute all documents reasonably requested by the Company to effectuate such resignations. In the event Company appoints a new Chief Legal Officer (or officer of similar• title) prior to the Termination Date, Executive shall, upon Company's request, resign from such Appointments prior to the Te1mination Date.

4. **Governing Law; Dispute Arising out of this Separation Agreement.** Except to the extent governed by federal law, this Separation Agreement shall be governed by and construed under the laws of the State of Florida, without reference to Florida's choice of law principles. Any dispute or controversy arising out of or related to this Separation Agreement shall be resolved exclusively by final and binding arbitration to be conducted pursuant to Section 8.8 of the Employment Agreement.

5. **Modifications.** This Separation Agreement may not be released, discharged, abandoned, supplemented, changed or modified in any manner, orally or otherwise, except by an instrument in writing of concurrent or subsequent date signed by Executive and a

duly authorized officer of Amneal. Executive's or the Company' s failure to insist upon strict compliance with any provision of this Separation Agreement or the failure to asset1 any right that Executive or the Company may have under this Separation Agreement shall not be deemed a waiver of such provision or right or any other provision or right under this Separation Agreement. This Separation Agreement and the Employment Agreement contain and constitute the entire understanding and agreement of the patties with respect to the subject matter hereof.

6. **Construction of Separation Agreement.** The patties agree that there shall be no presumption that any ambiguity in this Separation Agreement is to be construed against the drafter.

DAVID BUCHEN

By: /s/ David Buchen
Print Name: David Buchen
Date: August 2, 2019

AMNEAL PHARMACEUTICALS,INC. AMNEAL PHARMACEUTICALS LLC

By: /s/ Nikita Shah
Print Name: Nikita Shah
Date: August 2, 2019

ATTACHMENT A

RELEASE AGREEMENT
(Age 40 or Older)

In exchange for my receipt of the severance payments and benefits set forth in Sections 4.4.2 and 4.4.3 of my Employment Agreement, dated December 28, 2018 (as amended, my **"Employment Agreement"),** with Amneal Pharmaceuticals LLC (the **"Company")** and Amneal Pharmaceuticals, Inc. **("Parent"),** and for other valuable consideration, the receipt and adequacy of which are hereby acknowledged, I, on behalf of myself and my heirs, estate, successors and assigns, do hereby release and forever discharge the **"Releasees"** hereunder, consisting of the Company and Parent, and each of their subsidiaries and affiliates, and, in their capacity as such, each of their predecessors, successors, partners, directors, officers, employees, attorneys and agents, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, *suits,* debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent, in connection with or arising under my employment with the Company and Parent (hereinafter called **"Claims"),** which I now have or have ever had against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date I sign this Release Agreement. The Claims released herein include, but are not limited to: (1) all claims arising out of or in any way related to my service or employment relationship with any of the Releasees or the termination of that relationship; (2) all claim s related to my compensation or benefits from the any of the Releasees, including salary, bonuses, commissions, Paid Time Off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in Parent, the Company or any of their respective subsidiaries and affiliates (collectively, the **"Group Entities");** (3) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (4) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (5) all federal, state, and local statutory claims, including (without limitation) claims for discrimination, harassment, retaliation, attorneys' fees, and other claims arising under the Age Discrimination in Employment Act, as amended (the **"ADEA");** Title VII of the Civil Rights Act of 1964, as amended; the Equal Pay Act; the Civil Rights Act of 1866; the Family and Medical Leave Act of 1993, as amended; the Americans with Disabilities Act of 1990, as amended; the False Claims Act, as amended; the Employee Retirement Income Security Act, as amended; the Fair Labor Standards Act, as amended; the Sarbanes-Oxley Act of 2002; the Worker Adjustment Notification and Retraining Act; the New Jersey Law Against Discrimination; the New Jersey Conscientious Employee Protection Act; the New Jersey Family Leave Act; the New Jersey Wage Payment Law; the New Jersey Wage and Hour Law; the New Jersey Equal Pay Act; retaliation claims under the New Jersey Workers' Compensation Law; the Florida Civil Rights Act; the Florida Whistleblower Protection Act; the Florida Workers' Compensation Retaliation provision; and the Florida Minimum Wage Act.

Notwithstanding the foregoing, this Release Agreement shall not be construed in any way to release any Claim (i) to payments and benefits under Section 4.4.2 and 4.4.3 of my Employment Agreement, (ii) to accrued or vested benefits I may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with any Group Entity, (iii) for indemnification and/or advancement of expenses, arising under any indemnification agreement between me and any Group Entity (including the Employment Agreement) or under the bylaws, certificate of incorporation or other similar governing document of any Group Entity or to

coverage under applicable directors' and officers' or other third party liability insurance policy(ies) maintained by the Company or any of its affiliates, (iv) to any rights or benefits that may not be waived pursuant to applicable law, including, without limitation, any right to unemployment insurance benefits, (v) that arises after the date I execute this Release Agreement, or (vi) to my right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator.

For the avoidance of doubt, nothing in this Release will be construed to prohibit me from filing a charge with, reporting possible violations to, or participating or cooperating with any governmental agency or entity, including but not limited to the EEOC, the Department of Justice, the Securities and Exchange Commission, the National Labor Relations Board, Congress, or any agency Inspector General, or making other disclosures that are protected under the whistleblower, anti-discrimination, or anti-retaliation provisions of federal, state or local law or regulation; *provided, however,* that I may not disclose information of the Releasees that is protected by the attorney-client privilege, except as otherwise required by law. I do not need the prior authorization of the applicable Releasee to make any such reports or disclosures, and I am not required to notify the applicable Releasee that I have made such reports or disclosures.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA, and that the consideration given under my Employment Agreement for the waiver and release I run providing herein is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) my waiver and release do not apply to any rights or claims that may arise after the date I sign this Release Agreement; (b) I should consult with an attorney prior to signing this Release Agreement (although I may choose voluntarily not to do so); (c) I have 45 days to consider this Release Agreement (although I may choose voluntarily to sign this Release Agreement before the end of the 45-day period) and to return the signed Release Agreement to the Company; (d) I have seven days following the date I sign this Release Agreement (the **"Revocation Period")** to revoke the Release Agreement as described below; and (e) this Release Agreement shall not be effective until the date upon which the Revocation Period has expired, which shall be the eighth day after I sign this Release Agreement (the **"Effective Date").** I understand and agree that if I choose to revoke this Release Agreement, I must deliver notice of such revocation in writing, by personal delivery, email or mail, to Nikita Shah, Chief Human Resources Officer NShah@AmneaJ.com), at the Company, 400 Crossing Boulevard, Bridgewater, NJ, 08807, no later than 5:00 p.m. Pacific Time on the last day of the Revocation Period. If mailed, the revocation must be properly addressed and postmarked no later than the last day of the Revocation Period.

I represent that I have no lawsuits, claims or actions pending in my name, or on behalf of myself or any other person or entity, against any of the Releasees. I agree that *I* will not voluntarily provide assistance, information or advice, directly or indirectly (including through agents or attorneys), to any person or entity in connection with any actual or potential claim or cause of action of any kind against the Releasees and I shall not induce or encourage any person or entity to do so, unless compelled or authorized to do so by law. Notwithstanding the foregoing, I retain the right to file a charge with the Equal Employment Opportunity Commission and equivalent federal, state and local agencies, and to cooperate with investigations by any such agencies.

I acknowledge and represent that I have not suffered any discrimination or harassment by any of the Releasee s on account of race, gender, national origin, religion, marital or registered domestic partner status, sexual orientation, age, disability, veteran status, medical condition or any

other characteristic protected by applicable law. I acknowledge and represent that l have not been denied any leave, benefits or rights to which I may have been entitled under the FMLA or any other federal or state law, and that I have not suffered any job-related wrongs or injuries for which I might be entitled to compensation or relief. I further acknowledge and represent that, other than the benefits that will be provided to me pursuant to Sections 4.4.2 and 4.4.3 of my Employment Agreement, I have been paid all wages, bonuses, compensation, benefits and other an10unts that any of the Releasees has ever owed to me, and I am not entitled to any additional compensation, severance or benefits after the date on which my employment with the Group Entities terminated, with the sole exception of any benefit the right to which has vested under the express terms of a Group Entity benefit plan document.

In addition, I hereby acknowledge my continuing obligations under my Employee Confidentiality, Non-Solicitation and Ownership of Inventions Agreement with the Company and under Section 6 of the Employment Agreement, including (without limitation) my obligations not to use or disclose any proprietary or confidential information of the Group Entities. Notwithstanding anything herein or in my Employee Confidentiality, Non-Solicitation and Ownership of Inventions Agreement with the Company, I acknowledge and I agree that, pursuant to 18 USC Section 1833(b), I will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of repo1ting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

I agree that if I commence any suit arising out of, based upon, or relating to any of the Claims released under this Release Agreement, then I will pay to the Releasees, and each of them, in addition to any other damages caused to the Releasees thereby, all attorneys' fees incurred by the Releasees in defending or otherwise responding to such suit; provided, that, this paragraph shall not apply with respect to any compulsory counterclaims within the meaning of Rule 13(a) of the Federal Rules of Civil Procedure, asserted by me against the Releasees bringing claims against me.

I agree that if any provision of this Release Agreement is dete1mined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Release Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the Parties insofar as possible under applicable law. I understand that this Release Agreement, together with my Employment Agreement, constitutes the complete, final and exclusive embodiment of the entire agreement between Parent, the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by Parent or the Company that is not expressly stated therein.

I acknowledge that in order for this Release Agreement to become effective, I must sign this Release Agreement and return it by email or mail to Nikita Shah, Chief Human Resources Officer NShah@Amneal.com), at the Company, 400 Crossing Boulevard, Bridgewater, NJ, 08807, on or within 45 days after the date on which my employment terminated, and I must not exercise my right to revoke the Release Agreement as described above.

I have carefully read and fully understand this Release Agreement, and agree to be bound by its terms.

Printed Name:

Signature:

Date:

Exhibit 10.4

FIRST AMENDMENT TO SEPARATION AGREEMENT

This First *Amendment* to Separation Agreement is entered into between **David Buchen** ("Executive") and **Amneal Pharmaceuticals LLC and Amneal Pharmaceuticals, Inc.** ("Amneal" or the "Company") as of November 4, 2019 (the "Amendment Effective Date").

WHEREAS, Executive and the Company are parties to that certain Separation Agreement dated August 2, 2019 the ("Separation Agreement"); and

WHEREAS, Executive and the Company desire to amend the Separation Agreement as set forth herein.

NOW THEREFORE, EXECUTIVE AND THE COMPANY HEREBY AGREE AS FOLLOWS:

1. Section 1 of the Separation Agreement entitled "Termination of Employment" is hereby amended by deleting "November 5, 2019" and replacing it with "February 3, 2020."

2. Except as specifically amended by this First Amendment to Separation Agreement, all other terms and provisions of the Separation Agreement remain in full force and effect. Any signature on this First Amendment to Separation Agreement transmitted via electronic mail or otherwise transmitted in portable document format (.pdf) shall have the full force and effect of an original signature.

DAVID BUCHEN

By: /s/ David Buchen

Print Name: David Buchen

AMNEAL PHARMACEUTICALS, INC. AMNEAL PHARMACEUTICALS LLC

By: /s/ Nikita Shah

Print Name: Nikita Shah

Exhibit 10.6

AMNEAL PHARMACEUTICALS, INC.
2018 INCENTIVE AWARD PLAN

PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

Amneal Pharmaceuticals, Inc., a Delaware corporation (the "Company"), pursuant to its 2018 Incentive Award Plan, as amended from time to time (the "Plan"), hereby grants to the holder listed below ("Participant") the target number of Performance Restricted Stock Units set forth below (the "PSUs"). The PSUs are subject to the terms and conditions set forth in this Performance Restricted Stock Unit Grant Notice (the "Grant Notice"), the Plan, the Performance Restricted Stock Unit Agreement attached as Exhibit A (the "Agreement") and the special provisions for Participant's country of residence, if any, attached hereto as Exhibit B (the "Foreign Appendix"), each of which is incorporated into this Grant Notice by reference. Unless otherwise defined herein, the terms used in this Grant Notice and the Agreement shall have the meanings ascribed to such terms in the Plan.

Participant:	[_____]
Grant Date:	[_____]
Performance Period:	March 1, 2020 through February 28, 2023
Target Number of PSUs:	[_____]. A number of PSUs greater than or less than the Target Number of PSUs may actually vest and be settled in Shares depending upon the level of attainment of the performance-vesting requirements.

By Participant's signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement, the Foreign Appendix, if applicable, and the Grant Notice. Participant has reviewed the Agreement, the Plan, the Foreign Appendix, if applicable, and the Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement, the Foreign Appendix, if applicable, and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice, the Foreign Appendix, if applicable, or the Agreement.

AMNEAL PHARMACEUTICALS, INC.	**PARTICIPANT**
By:	By:
Print Name: [_____]	Print Name: [_____]
Title: [_____]	

EXHIBIT A
TO PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the target number of PSUs set forth in the Grant Notice.

ARTICLE I.
GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice. For purposes of this Agreement,

(a) "Cessation Date" shall mean the date of Participant's Termination of Service (regardless of the reason for such termination).

(b) "Company Group" shall mean the Company and its Subsidiaries.

(c) "Company Group Member" shall mean each member of the Company Group.

1.2 Incorporation of Terms of Plan and Foreign Appendix. The PSUs and the shares of Common Stock ("Stock") to be issued to Participant hereunder ("Shares") are subject to the terms and conditions set forth in this Agreement, the Plan and the Foreign Appendix, if applicable, each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.
AWARD OF PERFORMANCE RESTRICTED STOCK UNITS

2.1 Award of PSUs. In consideration of Participant's past and/or continued employment with or service to any Company Group Member and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the target number of PSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan, this Agreement and the Foreign Appendix, if applicable, subject to adjustments as provided in Article 12 of the Plan. Each PSU represents the right to receive one Share or, at the option of the Company, an amount of cash as set forth in Section 2.3(b), in either case, at the times and subject to the conditions set forth herein. However, unless and until the PSUs have vested, Participant will have no right to any payment or any Shares subject thereto. Prior to the actual delivery of any Shares, the PSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

2.2 Vesting of PSUs; Forfeiture.

(a) Subject to the terms of this Agreement, the PSUs will be earned at a level of up to 200% based on the Company's achievement of the performance conditions set forth in Appendix A and will, to the extent so earned, vest in full on the last day of the Performance Period. Any PSUs that are not earned in accordance with the performance conditions set forth in Appendix A will immediately and automatically be cancelled and forfeited without consideration as of the last day of the Performance Period.

(b) In the event Participant incurs a Termination of Service by the Company without "cause" (as such term is defined in the sole discretion of the Administrator) prior to the end of the Performance Period, the number of PSUs earned pursuant to this Agreement will be determined by the Administrator as of the Cessation Date, consistent with the provisions of Appendix A, based on actual performance through the Cessation Date (treating such date as the end of the Performance Period) and all PSUs granted hereunder which have not been earned on or prior to the Cessation Date shall be cancelled and forfeited without consideration. Such PSUs that are deemed earned pursuant to this Section 2.2(c) will vest on the last day of the Performance Period and will be settled promptly thereafter in accordance with Section 2.3. In the event Participant incurs a Termination of Service for any other reason, subject to Section 12.2 of the Plan and except as may be otherwise provided by the Administrator or as set forth in a written agreement between Participant and the Company, Participant shall immediately forfeit any and all PSUs granted under this Agreement which have not vested or do not vest on or prior to the Cessation Date, and Participant's rights in any such PSUs which are not so vested shall lapse and expire.

(c) Notwithstanding any provision of this Agreement to the contrary, in the event a Change in Control occurs before the end of the Performance Period, the number of PSUs earned pursuant to this Agreement will be determined by the Administrator as of the date of the Change in Control, consistent with the provisions of Appendix A, based on actual performance through the date of the Change in Control (treating such date as the end of the Performance Period). Such PSUs that are deemed earned pursuant to this Section 2.2(c) will vest on the date of the Change in Control, subject to Participant's continued employment or service to a Company Group Member through the date of the Change in Control, and will be settled promptly thereafter in accordance with Section 2.3.

2.3 Distribution or Payment of PSUs.

(a) Participant's PSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable PSU pursuant to Section 2.2, and, in any event, within sixty (60) days following such vesting. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of PSUs if it reasonably determines that such payment or distribution will violate Federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and provided further that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A.

(b) In the event that the Company elects to make payment of Participant's PSUs in cash, the amount of cash payable with respect to each PSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional Share shall be distributed in cash in an amount equal to the value of such fractional Share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions: (A) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, and (C) the

obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company Group has the authority to deduct or withhold, or require Participant to remit to the applicable Company Group Member, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Company Group may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company Group Member with respect to which the withholding obligation arises;

(ii) with respect to any withholding taxes arising in connection with the distribution of the PSUs, with the consent of the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of Shares otherwise issuable pursuant to the PSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company Group based on the maximum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iii) with respect to any withholding taxes arising in connection with the distribution of the PSUs, with the consent of the Administrator, by tendering to the Company vested Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company Group based on the maximum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iv) with respect to any withholding taxes arising in connection with the distribution of the PSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the PSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company Group Member with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the applicable Company Group Member at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(v) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the PSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the PSUs to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the PSUs or any other taxable event related to the PSUs.

(c) In the event any tax withholding obligation arising in connection with the PSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm

determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of Shares from those Shares then issuable to Participant pursuant to the PSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company Group Member with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares in settlement of the PSUs to Participant until the foregoing tax withholding obligations are satisfied, provided that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs, regardless of any action the Company Group Member takes with respect to any tax withholding obligations that arise in connection with the PSUs. No Company Group Member makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the subsequent sale of Shares. The Company Group does not commit and is under no obligation to structure the PSUs to reduce or eliminate Participant's tax liability.

2.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III.
OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice, this Agreement and the Foreign Appendix, as applicable, as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice, this Agreement or the Foreign Appendix, as applicable.

3.2 PSUs Not Transferable. The PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the PSUs have been issued, and all restrictions applicable to such Shares have lapsed. No PSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

3.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the PSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the PSUs and the Shares subject to the PSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 12.2 of the Plan.

3.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice, this Agreement and the Foreign Appendix, as applicable, are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the PSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, shall be deemed amended to the extent necessary to conform to Applicable Law.

3.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board*, provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the PSUs in any material way without the prior written consent of Participant.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 4.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the PSUs, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of any Company Group Member or shall interfere with or restrict in any way the rights of the Company Group, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between a Company Group Member and Participant.

3.12 Acknowledgment of Nature of Plan. In accepting the PSUs, Participant acknowledges that:

(a) the award of the PSUs the Company is making under the Plan is unilateral and discretionary and will not give rise to any future obligation on the Company to make further Awards under the Plan to Participant;

(b) for labor law purposes, the PSUs are not part of normal or expected wages or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for any Company Group Member or any affiliate thereof;

(c) Participant is voluntarily participating in the Plan;

(d) the PSUs are not intended to replace any pension rights or compensation;

(e) neither the PSUs nor any provision of this Agreement, the Plan or the policies adopted pursuant to the Plan confer upon Participant any right with respect to employment or continuation of current employment and shall not be interpreted to form an employment contract or relationship with any Company Group Member or any affiliate thereof, and any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment;

(f) in consideration of the grant of the PSUs hereunder, no claim or entitlement to compensation or damages arises from termination of the PSUs, and no claim or entitlement to compensation or damages shall arise from forfeiture of the PSUs resulting from termination of Participant's employment by any Company Group Member or any affiliate thereof (for any reason whatsoever and whether or not in breach of local labor laws) and Participant irrevocably releases each Company Group Member from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue such claim.

3.13 Consent to Personal Data Processing and Transfer. By acceptance of the PSUs, Participant acknowledges and consents to the collection, use, processing and transfer of personal data as described below. The Company Group holds certain personal information, including Participant's name, home address and telephone number, date of birth, social security number or other employee tax identification number, employment history and status, salary, nationality, job title, and any equity compensation grants or Shares awarded, cancelled, purchased, vested, unvested or outstanding in Participant's favor, for the purpose of managing and administering the Plan ("Data"). Participant is aware that providing the Company with Participant's Data is necessary for the performance of this Agreement and that Participant's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect Participant's ability to participate in the Plan. The Company Group will transfer Data to third parties in the course of its or their business, including for the purpose of assisting the Company in the implementation, administration and management of the Plan. However, from time to time and without notice, the Company Group may retain additional or different third parties for any of the purposes

mentioned. The Company Group may also make Data available to public authorities where required under Applicable Law. Such recipients may be located in the jurisdiction which Participant is based or elsewhere in the world, which Participant separately and expressly consents to, accepting that outside the jurisdiction which Participant is based, data protection laws may not be as protective as within. Participant hereby authorizes the Company Group and all such third parties to receive, possess, use, retain, process and transfer Data, in electronic or other form, in the course of the Company Group's business, including for the purposes of implementing, administering and managing participation in the Plan, and including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of Participant to a third party to whom Participant may have elected to have payment made pursuant to the Plan. Participant understands that he or she may request a list with the names and addresses of any potential recipients of Data by contacting Participant's local human resources representative. Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company through its local human resources representative; however, withdrawing the consent may affect Participant's ability to participate in the Plan and receive the benefits intended by the PSUs. Data will only be held as long as necessary to implement, administer and manage Participant's participation in the Plan and any subsequent claims or rights.

3.14 Entire Agreement. The Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. [For the avoidance of doubt, absent the express written consent of the Company following the Grant Date, notwithstanding anything to the contrary in any employment, severance or similar arrangement effective prior to the Grant Date pursuant to which Participant is a party or eligible individual, no provisions of such employment, severance or similar arrangement which could be construed to apply to this Award upon or in connection with Participant's Termination of Service (including, without limitation, any provision providing for accelerated vesting upon or in connection with Participant's Termination of Service) shall be applicable to this Award.][1]

3.15 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice, this Agreement or the Foreign Appendix, if applicable, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice, this Agreement or the Foreign Appendix, if applicable, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.16 Agreement Severable. In the event that any provision of the Grant Notice, this Agreement or the Foreign Appendix, if applicable, is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

3.17 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general

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1 Note to Draft: To insert for each Participant (except for and Boyer).

unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs.

3.18 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

3.19 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 2.5(a)(v) or Section 2.5(c): (a) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (c) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (e) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (f) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company Group Member with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company Group Member's withholding obligation.

Appendix A

Performance Goals
The performance measure for the PSU award is the Company's Absolute Stock Price. The "Absolute Stock Price," for purposes of this Appendix A, shall mean, as of any date, the trailing average closing price per share of the Common Stock over the 60 calendar days preceding such date.

Payout Calculation
During the Performance Period, the PSUs subject to this Agreement will become earned as detailed in the following table.

Absolute Stock Price	Shares Earned as Percent of Target Number of PSUs*
$8.00	50%
$10.00	75%
$12.00	100%
$14.00	125%
$16.00	150%
$18.00	175%
$20.00	200%

*In determining the number of shares earned, straight line interpolation shall be applied for Absolute Stock Prices between $12.00 and $14.00, $14.00 and $16.00, $16.00 and $18.00, and $18.00 and $20.00

If the earned PSUs are being paid in cash, the actual payout under the Plan at the end of the Performance Period will be determined as set forth in Section 2.3.

EXHIBIT B
TO PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

SPECIAL PROVISIONS FOR PERFORMANCE RESTRICTED STOCK UNITS FOR PARTICIPANTS OUTSIDE THE U.S.

This Exhibit B (this "Appendix") includes special terms and conditions applicable to Participants in the countries below. These terms and conditions are in addition to those set forth in the Agreement and the Plan and to the extent there are any inconsistencies between these terms and conditions and those set forth in the Agreement, these terms and conditions shall prevail.

This Appendix also includes information relating to exchange control and other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of February 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Option is exercised or Shares acquired under the Plan are sold.

In addition, the information is general in nature and may not apply to the particular situation of Participant, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. If Participant is a citizen or resident of a country other than the one in which he or she is currently working, the information contained herein may not be applicable to Participant.

The Participant should be aware that the tax consequences in connection with the grant of the PSUs and the disposal of the resulting Shares vary from country to country and are subject to change from time to time and understand that the Participant may suffer adverse tax consequences as a result of the PSUs and the Participant's disposal of the Shares. By signing the Agreement the Participant acknowledges that he or she is not relying on the Company for tax advice and will seek his or her own tax advice as required.

INDIA

The following provisions shall be added as Sections 3.20 and 3.21 of the Agreement:

3.20 Foreign Assets Reporting Information. You must declare foreign bank accounts and any foreign financial assets (including Ordinary Shares subject to the PSUs held outside India) in your annual tax return. It is your responsibility to comply with this reporting obligation and you should consult with your personal tax advisor in this regard.

3.21 Exchange Control Information. You must repatriate any proceeds from the sale of Ordinary Shares acquired under the Plan or the receipt of any dividends to India within 90 days of receipt. You must obtain a foreign inward remittance certificate ("***FIRC***") from the bank where you deposit the foreign currency and maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or your employer requests proof of repatriation.

IRELAND

The following provision shall be added as Section 3.20 of the Agreement:

3.20 Director Reporting Obligation. If Participant is a director, shadow director or secretary of the Company's Irish parent, subsidiary or affiliate, Participant must notify the Irish parent, subsidiary or affiliate in writing within five (5) business days of receiving or disposing of an interest in the Company (e.g., PSUs, etc.), or within five (5) business days of becoming aware of the event giving rise to the notification requirement or within five (5) days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or children under the age of 18 (whose interests will be attributed to the director, shadow director or secretary).

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Chirag Patel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020 of Amneal Pharmaceuticals, Inc.;

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

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

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

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

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

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

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

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

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

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

May 11, 2020

By: /s/ Chirag Patel
Chirag Patel
President and Co-Chief Executive Officer
(Co-Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Chintu Patel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020 of Amneal Pharmaceuticals, Inc.;

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

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

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

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

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

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

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

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

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

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

May 11, 2020

By: /s/ Chintu Patel
Chintu Patel
Co-Chief Executive Officer
(Co-Principal Executive Officer)

Exhibit 31.3

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Anastasios Konidaris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020 of Amneal Pharmaceuticals, Inc.;

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

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

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

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

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

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

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

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

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

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

May 11, 2020

By: /s/ Anastasios Konidaris
Anastasios Konidaris
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Amneal Pharmaceuticals, Inc. (the "Company") for the fiscal quarter ended March 31, 2020 (the "Report"), Chirag Patel, President and Co-Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

May 11, 2020

By:/s/ Chirag Patel
Chirag Patel
President and Co-Chief Executive Officer
(Co-Principal Executive Officer)

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

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Amneal Pharmaceuticals, Inc. (the "Company") for the fiscal quarter ended March 31, 2020 (the "Report"), Chintu Patel, Co-Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

May 11, 2020

By:/s/ Chintu Patel
Chintu Patel
Co-Chief Executive Officer
(Co-Principal Executive Officer)

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

Exhibit 32.3

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Amneal Pharmaceuticals, Inc. (the "Company") for the fiscal quarter ended March 31, 2020 (the "Report"), Anastasios Konidaris, Senior Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

May 11, 2020

By:/s/ Anastasios Konidaris
Anastasios Konidaris
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

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