THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

September 1, 2016

Mr. Douglas J. Leech
Chair, Nominating and Governance Committee
Mylan N.V.
Attn: Corporate Secretary
Building 4, Trident Place
Mosquito Way, Hatfield,
Hertfordshire, AL10 9UL England

Re: Effects of EpiPen Price Hikes

Dear Mr. Leech:

I write on behalf of the New York City Pension Funds (the "NYC Funds") to express alarm with Mylan NV's exorbitant price hikes for its life-saving EpiPen and the risk these actions pose for the company's long-term value. The price hikes have not only prompted a public backlash, raised Congressional scrutiny and regulatory risk, damaged the company's reputation, and fueled deepening underperformance — with a nearly 10% decline in the company's share price in the past month alone — but they reinforce the NYC Funds' longstanding concerns with the board of directors' oversight, independence, and accountability. Below, I outline the NYC Funds' specific concerns, followed by specific recommendation to strengthen Mylan's board oversight.

The EpiPen debacle appears to be the costly consequence of weak board oversight of management decisions that prioritize short-term profit at the expense of long-term value creation. The NYC Funds, which have $163 billion in assets, are substantial long-term Mylan shareowners, with 1,059,357 shares of common stock valued at approximately $45 million, the overwhelming majority of which are held through passively-managed, indexed investment strategies.

As long-term shareowners, we rely on the Mylan board to create and protect sustainable shareowner value. That requires overseeing material legal, regulatory and reputational risks as well as aligning CEO compensation with long-term performance; the board has failed on both counts. The NYC Funds have had longstanding concerns with Mylan's board and compensation practices, which we have repeatedly sought to address through proxy voting and shareowner engagement, including submitting shareowner proposals to enhance the board's independence and accountability at each of the company's past four annual meetings.

Mylan's gross mismanagement of its EpiPen pricing strategy exacerbates the company's protracted history of weak board oversight, which has prompted both widespread investor concerns and repeated opposition votes and shareowner proposals by the NYC Funds:

- Mylan's executive pay practices have consistently received amongst the lowest levels of investor support in the S&P 500 Index; investors cast only 60% of their votes for the company's practices in 2014 and 65% (or an estimated 55% excluding Allergan's 69.75 million share stake) when the company next held an advisory vote on pay at its 2016 annual meeting. The NYC Funds have consistently opposed the company's pay practices, voting against its pay plan at the past four annual meetings and against Compensation Committee members at three of the past four annual meetings.

- Mylan has failed to establish independent board leadership, despite substantial investor support (ranging from 35% to 42% of votes cast despite management opposition) for shareowner resolutions submitted by the NYC Funds requesting an independent chairman at the 2012, 2013 and 2014 annual meetings.

- Mylan has failed to comprise its key board committees with fully independent directors who have no material relationship to the company. Lead independent director, Rodney Piatt, who currently serves as a member of the Audit Committee and the Nominating and Governance Committee, has alleged land dealings with the company that have prompted an ongoing investigation by the Securities and Exchange Commission. The NYC Funds consider that a director may only be deemed genuinely independent when he has no material relationships to the company on whose board he is serving, a standard consistent with the policies of the Council of Institutional Investors.

- Concerns with Mylan's excessive CEO compensation and inadequate board independence and responsiveness prompted the NYC Funds to submit a proposal in fall 2014 requesting that the board adopt a proxy access bylaw, a resolution that the company was able to exclude from its proxy statement due to its subsequent inversion and incorporation in the Netherlands, a jurisdiction that provides proxy access to investors as-of-right.

- A review of the Mylan committee charters does not reveal any designated responsibility for oversight of the firm's pricing strategies and the regulatory and legal risks inherent to those strategies, such as those related to the current EpiPen debacle. Although the board is not in a position to review every product pricing decision, we believe it is in investors' interests for the board to be informed of, and able to review, strategic pricing decisions that may prompt intense legal and regulatory risks associated with the pricing strategy and jeopardize long-term firm value.

Mylan faces a critical juncture. Legal and regulatory risks are escalating as both the House Committee on Oversight and Government Reform and a growing number of U.S. Senators have demanded explanations for the company's astronomical increases in the provision of a life-saving pharmaceutical product. In addition to the drop in Mylan's share price of more than 10% in the last month, the company's trailing performance of 6% total returns over the past 3 years substantially underperforms the median 18% performance for its pharmaceutical industry peers (Bloomberg, 8/31/16).

Given the extraordinary backlash prompted by management's most recent misstep, which has harmed both the company and the many children and families that depend on affordable access to the life-saving EpiPen, we believe it is incumbent upon the independent members of the board to take the steps necessary to restore public and investor confidence in the board and its oversight, including of drug pricing strategies. Therefore, we write you in your capacity as Chair of the Nominating and Governance Committee to urge you and the board to:

1. Name an Independent Board Chair;
2. Ensure robust, independent board oversight of management by removing non-independent directors from the Audit Committee and the Nominating and Governance Committee and ensuring each key board committee is comprised exclusively of independent directors with no material relationship to the company;
3. Establish clear and robust board-level oversight of the risks inherent in the company's drug pricing strategy by assigning board oversight of drug pricing strategies and the risks thereof to the board or an appropriate board committee comprised entirely of independent, non-affiliated directors, such as the Compliance Committee or the Audit Committee; and
4. Provide clearer disclosure of the company's drug pricing risks by annually detailing the process and oversight the company follows in order to avoid recurrence of this current debacle and better preserve value on behalf of shareowners.

Expeditious board action is crucial in order for the board to assert its independence and restore and protect Mylan's long-term value. Only the concrete actions outlined above will enhance the board's oversight and better position Mylan for stable and sustainable value growth, upon which the NYC Funds rely. We urge you to swiftly take steps to implement the steps outlined above.

Thank you for your prompt consideration. I look forward to your written response by September 15, 2016.

Sincerely,

Scott M. Stringer
New York City Comptroller

cc: Board of Directors, Mylan NV
Proxy Committee, Teachers' Retirement System of the City of New York
Proxy Committee, New York City Employees' Retirement System
Proxy Committee, New York City Police Pension Fund
Proxy Committee, New York City Fire Department Pension Fund
Proxy Committee, Board of Education Retirement System of the City of New York