
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported): **August 6, 2018**



AMAG PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-10865

(Commission File
Number)

04-2742593

(IRS Employer Identification
No.)

1100 Winter St.

Waltham, Massachusetts

(Address of principal executive
offices)

02451

(Zip Code)

(617) 498-3300

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.01 Completion of Acquisition or Disposition of Assets

On August 6, 2018, AMAG Pharmaceuticals, Inc., a Delaware corporation (the “Company”) completed its previously announced sale (the “Transaction”) of its wholly-owned subsidiary, CBR Acquisition Holdings Corp., a Delaware corporation (“CBR Holdings”), and its Cord Blood Registry® (CBR®) business to GI Chill Acquisition LLC, a Delaware limited liability company and affiliate of GI Partners, a private equity investment firm (together, “GI”). The Transaction was completed pursuant to the Stock Purchase Agreement (the “Purchase Agreement”) between the Company and GI, dated June 14, 2018, pursuant to which the Company agreed to sell CBR Holdings and the CBR business to GI on a cash-free, debt-free basis for \$530.0 million in cash, subject to ordinary purchase price adjustments. The Company intends to use a majority of the net proceeds from the CBR sale to redeem its remaining \$475.0 million aggregate principal amount of its 7.875% senior notes due 2023 (the “Notes”). The redemption date for the Notes is scheduled for September 5, 2018, at which time, the Company expects to pay an aggregate redemption price, including premium and accrued interest, of approximately \$503.5 million.

The Purchase Agreement contains certain representations and warranties regarding CBR Holdings and the CBR business, including with respect to CBR Holdings’ organization and authority, financial statements, contracts and commitments, employee matters, intellectual property, and compliance with law, as well as other customary representations and warranties. Pursuant to the terms of the Purchase Agreement, each party has agreed to indemnify the other for losses arising from certain breaches of the Purchase Agreement, including breaches of certain representations and warranties, and for certain other matters as more fully described in the Purchase Agreement.

The parties also entered into certain ancillary agreements in connection with their entry into the Purchase Agreement, including a transition services agreement outlining certain services the Company will provide to CBR Holdings and its subsidiaries following the closing, and a non-compete agreement whereby the Company has agreed to refrain from, among other things, collecting, processing, storing and/or testing cord blood and/or cord tissue (*i.e.*, stem cells in connection with cord blood and/or cord tissue services, other than where such activities would be in connection with or incidental to an intended therapeutic use of stem cells) on a world-wide basis for three years, effective as of the closing.

The foregoing descriptions of the Transaction and the Purchase Agreement do not purport to be complete and are qualified in their entirety by reference to the complete text of the Purchase Agreement, a copy of which is incorporated by reference as Exhibit 2.1 hereto, which is incorporated herein by reference. Additional details regarding the Transaction, including the impact on the Company’s financial statements, can be found in the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, filed on August 3, 2018.

In connection with the completion of the Transaction, the Company is attaching as Exhibit 99.2 hereto certain pro forma financial information giving pro forma effect to the Transaction as of the dates indicated therein.

Item 7.01. Regulation FD Disclosure.

A copy of the press release announcing the closing of the Transaction is furnished herewith as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(b) Pro forma financial information.

Attached as Exhibit 99.2 hereto and incorporated by reference herein is the pro forma financial information required to be furnished under this Item 9.01(b).

(d) Exhibits.

Exhibit Number	Description
2.1*	Stock Purchase Agreement, dated June 14, 2018, by and among AMAG Pharmaceuticals, Inc., CBR Acquisition Holdings Corp. and GI Chill Acquisition LLC (incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the Commission on June 15, 2018)
99.1	Press release entitled issued by AMAG Pharmaceuticals, Inc. on August 6, 2018 (furnished herewith)
99.2	Pro forma financial information

* Schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the Commission.

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Any statements contained herein which do not describe historical facts, including, among others, the Company's plans to use a majority of the net proceeds from the Transaction to redeem the Notes, are forward-looking statements which involve risks and uncertainties that could cause actual results to differ materially from those discussed in such forward-looking statements. Such risks and uncertainties include those risks identified in the Company's filings with the U.S. Securities and Exchange Commission (the "Commission"), including its Annual Report on Form 10-K for the year ended December 31, 2017, the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, and subsequent filings with the Commission. Any such risks and uncertainties could materially and adversely affect the Company's results of operations, its profitability and its cash flows, which would, in turn, have a significant and adverse impact on the Company's stock price. The Company cautions you not to place undue reliance on any forward-looking statements, which speak only as of the date they are made. The Company disclaims any obligation to publicly update or revise any such statements to reflect any change in expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

AMAG Pharmaceuticals® is a registered trademark of the Company.

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 hereunto duly authorized.

AMAG PHARMACEUTICALS, INC.

By: /s/ Edward Myles
Edward Myles
Executive Vice President of Finance, Chief Financial Officer and
Treasurer

Dated: August 9, 2018

**FOR IMMEDIATE RELEASE****AMAG PHARMACEUTICALS COMPLETES DIVESTITURE OF CORD BLOOD REGISTRY®**

WALTHAM, Mass., August 06, 2018 — AMAG Pharmaceuticals, Inc. (NASDAQ:AMAG) today announced it has closed the previously announced divestiture of Cord Blood Registry (CBR®) to GI Partners, a private equity investment firm, for \$530 million in an all cash sale. The purchase price is subject to customary purchase price adjustments with respect to working capital, cash, indebtedness and transaction expenses as previously disclosed. The company intends to use the majority of the transaction proceeds to pay off the remaining \$475 million of principal of its 7.875% senior notes.

“Completing the divestiture of CBR is an important step in the successful execution of AMAG’s strategic plan which focuses on growing and diversifying our pharmaceutical business,” said William Heiden, president and chief executive officer at AMAG. “Paying off our high-yield notes will align the balance sheet with our long-term growth plans and provide us with flexibility to develop and deliver innovative therapies for patients with unmet medical needs.”

On August 2, the company provided updated 2018 revenue, operating income and adjusted EBITDA guidance, which remains unchanged. The updated financial guidance reflects the CBR divestiture, strong financial performance in the first half from the company’s pharmaceutical products as well forecasted performance for the second half of the year.

About AMAG

AMAG is a pharmaceutical company focused on bringing innovative products to patients with unmet medical needs. The company does this by leveraging its development and commercial expertise to invest in and grow its pharmaceutical products across a range of therapeutic areas, including women’s health. In addition, AMAG seeks to collaborate on and acquire promising therapies at various stages of development, and advance them through the clinical and regulatory process to deliver new treatment options to patients. For additional company information, please visit www.amagpharma.com.

Forward Looking Statements

This press release contains forward-looking information about AMAG within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Any statements contained herein which do not describe historical facts, including, among others, AMAG’s beliefs that the divestiture of CBR is an important step in aligning AMAG’s balance sheet with its strategic growth plan and expectations that AMAG will use the transaction proceeds to pay off its high-yield debt, are based on management’s current expectations and beliefs and are forward-looking statements which involve risks and uncertainties that could cause actual results to differ materially from those discussed in such forward-looking statements.

Such risks and uncertainties include those risks identified in AMAG’s filings with the U.S. Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31,

2017, its Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 and subsequent filings with the SEC, which are available at the SEC's website at www.sec.gov. Any such risks and uncertainties could materially and adversely affect AMAG's results of operations, its profitability and its cash flows, which would, in turn, have a significant and adverse impact on AMAG's stock price. AMAG cautions you not to place undue reliance on any forward-looking statements, which speak only as of the date they are made.

AMAG disclaims any obligation to publicly update or revise any such statements to reflect any change in expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

AMAG Pharmaceuticals® is a registered trademark of AMAG Pharmaceuticals, Inc. Cord Blood Registry® and CBR® are registered trademarks of Cbr Systems, Inc.

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AMAG PHARMACEUTICALS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On August 6, 2018, AMAG Pharmaceuticals, Inc., a Delaware corporation (the “Company” or “AMAG”) completed its previously announced sale (the “Transaction”) of its wholly-owned subsidiary, CBR Acquisition Holdings Corp., a Delaware corporation (“CBR Holdings”), and its Cord Blood Registry® (CBR®) business to GI Chill Acquisition LLC, a Delaware limited liability company and affiliate of GI Partners, a private equity investment firm (together, “GI”). The Transaction was completed pursuant to the Stock Purchase Agreement (the “Purchase Agreement”) between the Company and GI dated June 14, 2018, pursuant to which the Company agreed to sell CBR Holdings and the CBR business to GI on a cash-free, debt-free basis for \$530.0 million in cash, subject to ordinary purchase price adjustments. The Company intends to use a majority of the net proceeds from the CBR sale to redeem the remaining \$475.0 million aggregate principal amount of its 7.875% senior notes due 2023 (the “Notes”). The redemption date for the Notes is scheduled for September 5, 2018, at which time, the Company expects to pay an aggregate redemption price, including premium and accrued interest, of approximately \$503.5 million.

The accompanying unaudited pro forma condensed consolidated balance sheet of AMAG as of June 30, 2018 is presented as if the disposition of CBR occurred as of June 30, 2018 and gives effect to the elimination of the historical CBR net assets due to the CBR sale, as well as other pro forma adjustments as described in the accompanying notes.

The accompanying unaudited pro forma condensed consolidated statements of operations of AMAG for the six months ended June 30, 2018 and for the fiscal year ended December 31, 2017 are presented as if the disposition of CBR occurred as of January 1, 2017 and give effect to the elimination of the historical CBR financial results due to the CBR sale, as well as other pro forma adjustments, as described in the accompanying notes. The accompanying unaudited pro forma condensed consolidated statements of operations of AMAG for the fiscal years ended December 31, 2016 and 2015 only give effect to the elimination of the historical CBR financial results as if the CBR sale had occurred as of January 1, 2015. AMAG acquired CBR on August 17, 2015. The 2015 results of operations attributable to CBR are eliminated from this date forward only.

The accompanying pro forma financial statements are based on information currently available and have been prepared using certain assumptions and estimates. These unaudited pro forma financial statements are intended for informational purposes only and the unaudited pro forma financial information is not necessarily indicative of the results of operations or financial position that might have been achieved for the dates or periods indicated, nor is it necessarily indicative of the results of operations or financial position that may occur in the future.

These unaudited pro forma condensed consolidated financial statements have been derived from AMAG’s historical consolidated financial statements as of and for the fiscal years ended December 31, 2017, 2016 and 2015, and the interim unaudited period ended June 30, 2018. The unaudited pro forma condensed consolidated financial statements and the accompanying notes should be read in conjunction with AMAG’s historical consolidated financial statements and related notes for the periods presented.

The following is a brief description of the amounts recorded under each of the column headings in the unaudited pro forma consolidated statements of operations and balance sheet:

Historical

This column was derived from AMAG’s historical consolidated financial statements for the periods, and as of the date presented and does not reflect any adjustments related to the CBR sale or related events.

CBR Sale

This column was derived from AMAG’s historical consolidated financial statements and the related accounting records for the fiscal years ended December 31, 2017, 2016, and 2015 and the unaudited consolidated financial statements and accounting records as of and for the six months ended June 30, 2018 and reflects the elimination of the historical operating results of CBR. These amounts do not include allocations of corporate overhead expenses. The CBR Sale column of the unaudited pro forma condensed consolidated balance sheet as of June 30, 2018 reflects the value of CBR assets and liabilities as of that date and also reflects the cash that would have been received if the closing of the CBR sale had occurred on that date.

Pro Forma Adjustments

This column reflects additional pro forma adjustments that are (1) directly attributable to the CBR sale, (2) factually supportable, and (3) with respect to the unaudited pro forma condensed consolidated statements of operations, expected to have a continuing impact on AMAG’s financial results. These adjustments are further described in the accompanying notes and relate to the Company’s intention to use a majority of the net proceeds from the CBR sale to redeem the remaining \$475.0 million aggregate principal amount of the Notes assuming the redemption occurred as of June 30, 2018 for balance sheet purposes and on January 1, 2017 for statement of operations purposes.

AMAG PHARMACEUTICALS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2018
(in thousands, except share and per share data)

	Historical	CBR Sale	Pro Forma Adjustments	AMAG Pro Forma
Current assets:				
Cash and cash equivalents	\$ 212,499	\$ 571,900(a)	\$ (515,558)(d)	\$ 268,841
Marketable securities	138,672	—	—	138,672
Accounts receivable, net	103,353	—	—	103,353
Inventories	30,674	—	—	30,674
Prepaid and other current assets	12,465	—	—	12,465
Assets held for sale	77,161	(77,161)(b)	—	—
Total current assets	574,824	494,739	(515,558)	554,005
Property, plant and equipment, net	7,340	—	—	7,340
Goodwill	422,513	—	—	422,513
Intangible assets, net	261,692	—	—	261,692
Deferred tax asset	1,151	—	—	1,151
Restricted cash	495	—	—	495
Other long-term assets	103	—	—	103
Assets held for sale, net of current position	559,300	(559,300)(b)	—	—
Total Assets	\$ 1,827,418	\$ (64,561)	\$ (515,558)	\$ 1,247,299
Current liabilities:				
Accounts payable	\$ 10,738	\$ —	\$ —	\$ 10,738
Accrued expenses	194,053	—	(12,458)(e)	181,595
Current portion of long-term debt	20,727	—	—	20,727
Current portion of acquisition-related contingent consideration	210	—	—	210
Deferred revenues	182	—	—	182
Liabilities held for sale	52,962	(52,962)(b)	—	—
Total current liabilities	278,872	(52,962)	(12,458)	213,452
Long-term liabilities:				
Long-term debt, net	466,906	—	(466,906)(f)	—
Convertible notes, net	254,902	—	—	254,902
Acquisition-related contingent consideration	631	—	—	631
Other long-term liabilities	918	—	—	918
Non-current liabilities held for sale	98,285	(98,285)(b)	—	—
Total Liabilities	1,100,514	(151,247)	(479,364)	469,903
Stockholders' Equity				
Preferred stock, par value \$0.01 per share, 2,000,000 shares authorized; none issued	—	—	—	—
Common stock, par value \$0.01 per share, 117,500,000 shares authorized; 34,390,068 shares issued and outstanding at June 30, 2018	344	—	—	344
Additional paid-in capital	1,281,858	—	—	1,281,858
Accumulated other comprehensive loss	(4,295)	—	—	(4,295)
Accumulated deficit	(551,003)	86,686(c)	(36,194)(g)	(500,511)
Total Equity	726,904	86,686	(36,194)	777,396
Total Liabilities and Equity	\$ 1,827,418	\$ (64,561)	\$ (515,558)	\$ 1,247,299

AMAG PHARMACEUTICALS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE 6 MONTHS ENDED JUNE 30, 2018
(in thousands, except per share data)

	Historical	Pro Forma Adjustments	AMAG Pro Forma
Revenues:			
Product sales, net	\$ 263,567	\$ —	\$ 263,567
Other revenues	75	—	75
Total revenues	<u>263,642</u>	<u>—</u>	<u>263,642</u>
Costs and expenses:			
Cost of product sales	140,688	—	140,688
Research and development expenses	22,502	—	22,502
Acquired in-process research and development	20,000	—	20,000
Selling, general and administrative expenses	89,329	—	89,329
Total costs and expenses	<u>272,519</u>	<u>—</u>	<u>272,519</u>
Operating loss	<u>(8,877)</u>	<u>—</u>	<u>(8,877)</u>
Other income (expense):			
Interest expense	(32,034)	(19,318)(i)	(12,716)
Interest and dividend income	1,595	—	1,595
Other expense	(44)	—	(44)
Total other expense, net	<u>(30,483)</u>	<u>(19,318)</u>	<u>(11,165)</u>
Loss from continuing operations before income taxes	(39,360)	(19,318)	(20,042)
Income tax expense (benefit)	44,556	(748)(j)	45,304
Net loss from continuing operations	<u>\$ (83,916)(h)</u>	<u>\$ (18,570)</u>	<u>\$ (65,346)</u>
Net loss per share:			
Basic and diluted net loss per share	\$ (2.45)		\$ (1.91)
Weighted average shares outstanding used to compute net loss per share:			
Basic and diluted	34,261		34,261

AMAG PHARMACEUTICALS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE 12 MONTHS ENDED DECEMBER 31, 2017
(in thousands, except per share data)

	Historical	CBR Sale	Pro Forma Adjustments	AMAG Pro Forma
Revenues:				
Product sales, net	\$ 495,645	\$ —	\$ —	\$ 495,645
Service revenues, net	114,177	114,177(k)	—	—
License fee, collaboration and other revenues	124	—	—	124
Total revenues	<u>609,946</u>	<u>114,177</u>	<u>—</u>	<u>495,769</u>
Costs and expenses:				
Cost of product sales (excluding impairment)	161,349	—	—	161,349
Cost of services	21,817	21,817(k)	—	—
Research and development expenses	75,017	—	—	75,017
Acquired in-process research and development	65,845	—	—	65,845
Selling, general and administrative expenses	259,933	81,782(k)	—	178,151
Impairment of intangible assets	319,246	—	—	319,246
Total costs and expenses	<u>903,207</u>	<u>103,599</u>	<u>—</u>	<u>799,608</u>
Operating (loss) income	<u>(293,261)</u>	<u>10,578</u>	<u>—</u>	<u>(303,839)</u>
Other income (expense):				
Interest expense	(68,382)	—	(40,180)(i)	(28,202)
Loss on debt extinguishment	(10,926)	—	—	(10,926)
Interest and dividend income	2,810	—	—	2,810
Other expense	(335)	(265)(k)	—	(70)
Total other expense, net	<u>(76,833)</u>	<u>(265)</u>	<u>(40,180)</u>	<u>(36,388)</u>
(Loss) income before income taxes	(370,094)	10,313	(40,180)	(340,227)
Income tax (benefit) expense	(170,866)	4,388(k)	(15,344)(j)	(159,910)
Net (loss) income	<u>\$ (199,228)</u>	<u>\$ 5,925</u>	<u>\$ (24,836)</u>	<u>\$ (180,317)</u>
Net loss per share:				
Basic and diluted net loss per share	\$ (5.71)			\$ (5.17)
Weighted average shares outstanding used to compute net loss per share:				
Basic and diluted	34,907			34,907

AMAG PHARMACEUTICALS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE 12 MONTHS ENDED DECEMBER 31, 2016
(in thousands, except per share data)

	<u>Historical</u>	<u>CBR Sale</u>	<u>AMAG Pro Forma</u>
Revenues:			
Product sales, net	\$ 432,170	\$ —	\$ 432,170
Service revenues, net	99,604	99,604(k)	—
License fee, collaboration and other revenues	317	—	317
Total revenues	<u>532,091</u>	<u>99,604</u>	<u>432,487</u>
Costs and expenses:			
Cost of product sales (excluding impairment)	96,314	—	96,314
Cost of services	20,575	20,575(k)	—
Research and development expenses	66,084	523(k)	65,561
Selling, general and administrative expenses	249,870	80,402(k)	169,468
Impairment of intangible assets	19,663	3,700(k)	15,963
Restructuring expenses	715	374(k)	341
Total costs and expenses	<u>453,221</u>	<u>105,574</u>	<u>347,647</u>
Operating income (loss)	<u>78,870</u>	<u>(5,970)</u>	<u>84,840</u>
Other income (expense):			
Interest expense	(73,153)	—	(73,153)
Interest and dividend income	3,149	—	3,149
Other income	189	—	189
Total other expense, net	<u>(69,815)</u>	<u>—</u>	<u>(69,815)</u>
Income (loss) before income taxes	9,055	(5,970)	15,025
Income tax expense (benefit)	11,538	(1,633)(k)	13,171
Net (loss) income	<u>\$ (2,483)</u>	<u>\$ (4,337)</u>	<u>\$ 1,854</u>
Net (loss) income per share:			
Basic net (loss) income per share	\$ (0.07)		\$ 0.05
Diluted net (loss) income per share	\$ (0.07)		\$ 0.05
Weighted average shares outstanding used to compute net (loss) income per share:			
Basic	34,346		34,346
Diluted	34,346		34,833

AMAG PHARMACEUTICALS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE 12 MONTHS ENDED DECEMBER 31, 2015
(in thousands, except per share data)

	<u>Historical</u>	<u>CBR Sale</u>	<u>AMAG Pro Forma</u>
Revenues:			
Product sales, net	\$ 341,816	\$ —	\$ 341,816
Service revenues, net	24,132	24,132(k)	—
License fee, collaboration and other revenues	52,328	—	52,328
Total revenues	<u>418,276</u>	<u>24,132</u>	<u>394,144</u>
Costs and expenses:			
Cost of product sales	78,509	—	78,509
Cost of services	9,992	9,992(k)	—
Research and development expenses	42,878	168(k)	42,710
Selling, general and administrative expenses	160,309	29,182(k)	131,127
Acquisition-related costs	11,232	—	11,232
Restructuring expenses	4,136	1,862(k)	2,274
Total costs and expenses	<u>307,056</u>	<u>41,204</u>	<u>265,852</u>
Operating income (loss)	<u>111,220</u>	<u>(17,072)</u>	<u>128,292</u>
Other income (expense):			
Interest expense	(53,251)	—	(53,251)
Loss on debt extinguishment	(10,449)	—	(10,449)
Interest and dividend income	1,512	11(k)	1,501
Other expense	(9,188)	(15)(k)	(9,173)
Total other expense, net	<u>(71,376)</u>	<u>(4)</u>	<u>(71,372)</u>
Income (loss) before income taxes	39,844	(17,076)	56,920
Income tax expense (benefit)	7,065	(5,699)(k)	12,764
Net income (loss)	<u>\$ 32,779</u>	<u>\$ (11,377)</u>	<u>\$ 44,156</u>
Net income per share:			
Basic net income per share	\$ 1.04		\$ 1.40
Diluted net income per share	\$ 0.93		\$ 1.25
Weighted average shares outstanding used to compute net income per share:			
Basic	31,471		31,471
Diluted	35,308		35,308

Note 1. Description of Sale

On August 6, 2018, the Company completed its previously announced sale of CBR Holdings and its CBR business to GI. The Transaction was completed pursuant to the Purchase Agreement between the Company and GI dated June 14, 2018, pursuant to which the Company agreed to sell CBR Holdings and the CBR business to GI on a cash-free, debt-free basis for \$530.0 million in cash, subject to ordinary purchase price adjustments. The Company intends to use a majority of the net proceeds from the CBR sale to redeem the remaining \$475.0 million aggregate principal amount of its Notes. The redemption date for the Notes is scheduled for September 5, 2018, at which time, the Company expects to pay an aggregate redemption price, including premium and accrued interest, of approximately \$503.5 million.

Note 2. Basis of Presentation

The historical condensed consolidated financial statements have been adjusted in the accompanying unaudited pro forma condensed consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the CBR sale, (2) factually supportable, and, (3) with respect to the unaudited pro forma condensed consolidated statements of operations, expected to have a continuing impact on AMAG's results.

The unaudited pro forma condensed consolidated financial statements do not necessarily reflect what the consolidated Company's financial condition or results of operations would have been had the transaction occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the Company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein.

Note 3. Unaudited Pro Forma Condensed Consolidated Balance Sheet Adjustments

- (a) Represents estimated cash proceeds, net of unpaid transaction costs, as if the CBR sale was completed on June 30, 2018.

Pro forma adjustments to Cash and cash equivalents (in millions):

Cash to be received, net	\$	582.3
Less: Unpaid transaction costs (1)		(10.4)
Net cash proceeds	\$	571.9

- (b) Represents the elimination of the assets and liabilities associated with the CBR business, which were reported as held for sale in the Company's Form 10-Q filed with the U.S. Securities and Exchange Commission (the "Commission") on August 3, 2018.
- (c) Represents the estimated net gain on the sale of CBR. This amount does not reflect the final amount to be realized upon completion of the CBR sale, primarily as a result of the actual closing date being August 6, 2018 as opposed to June 30, 2018. The gain on the sale is not included in the unaudited pro forma condensed consolidated statements of operations, as this gain represents a material nonrecurring credit which results directly from the transaction.

Pro forma adjustments to Accumulated deficit (in millions):

Cash to be received, net	\$	582.3
Less: Net assets of CBR		(485.2)
Unpaid transaction costs(1)		(10.4)
Estimated gain before taxes		86.7
Estimated taxes		—
Estimated gain on sale, net of taxes	\$	86.7

(1) Net assets of CBR as of June 30, 2018 included \$3.8 million of prepaid transaction costs. Total estimated transaction costs are \$14.2 million.

- (d) Represents cash to be used to repay the outstanding principal, accrued but unpaid interest, and related repayment premium on the Notes. The \$28.1 million premium is based on a redemption price of 105.906%, which reflects the premium to be paid at the repayment date. The premium associated with the repayment of the Notes is not reflected in the unaudited pro forma condensed consolidated statements of operations as the premium represents a material nonrecurring charge which results directly from the transaction.

Pro forma adjustments to Cash and cash equivalents (in millions):

Principal on the Notes	\$	475.0
Premium on repayment of the Notes		28.1
Accrued, unpaid interest		12.5
Total cash to be used for repayment	\$	515.6

- (e) Represents accrued, unpaid interest related to the Notes.
- (f) Represents the Notes, net of debt discount, issuance costs and other lender fees and expenses of \$8.1 million, which the Company will repay on September 5, 2018 with the net proceeds from the CBR sale.
- (g) Represents the estimated loss on redemption of the Notes.

Pro forma adjustments to Accumulated deficit (in millions):

Premium on repayment of the Notes	\$	28.1
Write-off of unamortized debt issuance costs and debt discount		8.1
Loss on redemption	\$	36.2

Note 4. Unaudited Pro Forma Condensed Consolidated Statements of Operations Adjustments

- (h) Represents the operating results of the continuing business for the six months ended June 30, 2018 as the results of the CBR business were reported as discontinued operations in the Form 10-Q filed with the Commission on August 3, 2018.
- (i) Represents the elimination of interest expense on the Notes as described in footnote (d) above, which the Company will repay on September 5, 2018 with the net proceeds from the CBR sale.
- (j) Represents the tax effect of pro forma adjustments using the applicable statutory income tax rates in effect during the periods presented.
- (k) Represents the elimination of the revenues and expenses associated with the CBR business. Historical annual periods will be presented as discontinued operations beginning with the Company's Form 10-K for the year ended December 31, 2018.