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 December 31, 2004

OR

o **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 1-9114

MYLAN LABORATORIES INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	25-1211621
(State of incorporation)	(I.R.S. Employer Identification No.)

1500 Corporate Drive
Canonsburg, Pennsylvania 15317
(Address of principal executive offices)
(Zip Code)

(724) 514-1800
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve 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 o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES ☑ NO o

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

Class of Common Stock	Outstanding at February 3, 2005
$0.50 par value	269,241,972

MYLAN LABORATORIES INC. AND SUBSIDIARIES

FORM 10-Q
For the Quarterly Period Ended
December 31, 2004

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MYLAN LABORATORIES INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Earnings
(unaudited; in thousands, except per share amounts)

Period Ended December 31,	Three Months		Nine Months	
	2004	2003	2004	2003
Revenues:				
Net revenues	$ 290,972	$ 336,543	$ 936,939	$ 1,027,344
Other revenue	—	13,243	—	13,910
Total revenues	290,972	349,786	936,939	1,041,254
Cost of sales	155,625	150,602	466,586	456,933
Gross profit	135,347	199,184	470,353	584,321
Operating expenses:				
Research & development	23,167	25,248	66,704	73,933
Selling & marketing	19,661	18,027	59,552	53,137
General & administrative	43,537	33,096	121,080	95,016
Litigation settlements, net	—	(2,676)	(25,985)	(24,345)
Total operating expenses	86,365	73,695	221,351	197,741
Earnings from operations	48,982	125,489	249,002	386,580
Other income, net	3,699	4,194	6,295	14,727
Earnings before income taxes	52,681	129,683	255,297	401,307
Provision for income taxes	17,911	45,065	89,840	141,548
Net earnings	$ 34,770	$ 84,618	$ 165,457	$ 259,759
Earnings per common share:				
Basic	$ 0.13	$ 0.32	$ 0.62	$ 0.97
Diluted	$ 0.13	$ 0.31	$ 0.60	$ 0.94
Weighted average common shares:				
Basic	269,165	268,560	268,888	269,141
Diluted	273,139	276,881	273,826	276,478
Cash dividend declared per common share	$ 0.03	$ 0.03	$ 0.09	$ 0.07

See Notes to Condensed Consolidated Financial Statements

MYLAN LABORATORIES INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(unaudited; in thousands)

	December 31, 2004	March 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	$ 183,313	$ 101,713
Marketable securities	651,952	585,445
Accounts receivable, net	196,390	191,094
Inventories	292,385	320,797
Deferred income tax benefit	84,083	78,477
Other current assets	31,567	40,315
Total current assets	1,439,690	1,317,841
Property, plant and equipment, net	316,902	273,051
Intangible assets, net	123,274	134,601
Goodwill	102,579	102,579
Other assets	46,149	47,218
Total assets	$ 2,028,594	$ 1,875,290
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
Trade accounts payable	$ 60,857	$ 40,639
Income taxes payable	—	23,837
Other current liabilities	108,742	109,292
Total current liabilities	169,599	173,768
Long-term obligations	18,747	19,130
Deferred income tax liability	25,222	22,604
Total liabilities	213,568	215,502
Shareholders' equity		
Common stock	152,185	151,777
Additional paid-in capital	352,533	338,143
Retained earnings	1,778,745	1,637,497
Accumulated other comprehensive earnings	1,688	2,496
	2,285,151	2,129,913
Less:		
Treasury stock at cost	470,125	470,125
Total shareholders' equity	1,815,026	1,659,788
Total liabilities and shareholders' equity	$ 2,028,594	$ 1,875,290

See Notes to Condensed Consolidated Financial Statements

MYLAN LABORATORIES INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
(unaudited; in thousands)

Nine Months Ended December 31,	2004	2003
Cash flows from operating activities:		
Net earnings	$ 165,457	$ 259,759
Adjustments to reconcile net earnings to net cash provided from operating activities:		
Depreciation and amortization	33,426	32,718
Deferred income tax (benefit) expense	(1,883)	25,942
Net earnings from equity method investees	2,146	2,774
Cash received from Somerset	—	10,000
Changes in estimated sales allowances	2,934	(6,773)
Gain on sale of building	—	(5,000)
Other non-cash items	6,558	(1,643)
Gain from litigation settlements, net	(25,985)	(24,345)
Receipts from (payments for) litigation settlements, net	42,985	(16,630)
Changes in operating assets and liabilities:		
Accounts receivable	(12,806)	(13,039)
Inventories	28,412	(73,828)
Trade accounts payable	20,218	(2,368)
Income taxes	(22,009)	34,328
Other operating assets and liabilities, net	(17,230)	(12,910)
Net cash provided from operating activities	222,223	208,985
Cash flows from investing activities:		
Capital expenditures	(63,205)	(88,979)
Purchase of marketable securities	(607,144)	(581,139)
Proceeds from sale of marketable securities	539,345	441,791
Liquidation of equity investment	—	7,269
Proceeds from sale of building	—	12,000
Other items	5,204	(1,498)
Net cash used in investing activities	(125,800)	(210,556)
Cash flows from financing activities:		
Cash dividends paid	(24,184)	(17,980)
Purchase of common stock	—	(133,088)
Proceeds from exercise of stock options	9,361	24,369
Net cash used in financing activities	(14,823)	(126,699)
Net increase (decrease) in cash and cash equivalents	81,600	(128,270)
Cash and cash equivalents - beginning of period	101,713	258,902
Cash and cash equivalents - end of period	$ 183,313	$ 130,632
Additional disclosures:		
Cash paid for income taxes	$ 115,192	$ 81,279
Non-cash financing activities:		
Issuance of restricted stock	$ —	$ 11,740

See Notes to Condensed Consolidated Financial Statements

MYLAN LABORATORIES INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
(unaudited; in thousands, except share and per share amounts)

1. General

In the opinion of management, the accompanying unaudited condensed consolidated financial statements (interim financial statements) of Mylan Laboratories Inc. and subsidiaries ("Mylan" or "the Company") were prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the Securities and Exchange Commission for reporting on Form 10-Q; therefore, as permitted under these rules, certain footnotes and other financial information included in audited financial statements were condensed or omitted. The interim financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the interim results of operations, financial position and cash flows for the periods presented.

These interim financial statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2004.

Certain prior year amounts were reclassified to conform to the current year presentation. Such reclassifications had no impact on reported net earnings, earnings per share or shareholders' equity.

The interim results of operations for the three and nine months ended December 31, 2004, and the interim cash flows for the nine months ended December 31, 2004, are not necessarily indicative of the results to be expected for the full fiscal year or any other future period.

2. Revenue Recognition and Accounts Receivable

Revenue is recognized for product sales upon shipment when title and risk of loss transfer to the Company's customers and when provisions for estimates, including discounts, rebates, price adjustments, returns, chargebacks and other promotional programs are reasonably determinable. No revisions were made to the methodology used in determining these provisions during the three and nine month periods ended December 31, 2004. Accounts receivable are presented net of allowances relating to these provisions. Such allowances were $269,044 and $264,170 as of December 31, 2004, and March 31, 2004. Other current liabilities include $26,238 and $28,178 at December 31, 2004, and March 31, 2004, for certain rebates and other adjustments that are payable to indirect customers.

The following is a rollforward of the most significant provisions for estimated sales allowances during the nine months ended December 31, 2004:

	Balance March 31, 2004	Checks/Credits Issued to Third Parties	Provisions Recorded in Current Period	Balance December 31, 2004
Chargebacks	$ 144,121	$ (652,086)	$ 651,271	$ 143,306
Customer performance and promotions	$ 61,058	$ (144,753)	$ 148,474	$ 64,779
Returns	$ 45,311	$ (27,346)	$ 25,610	$ 43,575

3. Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123(R), *Share-Based Payment.* SFAS 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services. Under SFAS 123(R), companies will no longer be able to account for share-based compensation transactions using the intrinsic method in accordance with Accounting Principles Board Opinion ("APB") No. 25, *Accounting for Stock Issued to Employees*. Instead, companies will be required to account for such transactions using a fair-value method and to recognize compensation expense over the period during which an employee is required to provide services in exchange for the award. The provisions of SFAS 123 (R) are effective for periods beginning after June 15, 2005, and apply to all awards that vest after the required effective date and to awards that are granted, modified, repurchased, or cancelled after that date. Management is currently assessing the impact that adoption of this Statement will have on the Company's Consolidated Financial Statements.

4. Balance Sheet Components

Selected balance sheet components consist of the following:

	December 31, 2004	March 31, 2004
Inventories:		
Raw materials	$ 124,324	$ 149,048
Work in process	37,626	34,511
Finished goods	130,435	137,238
	$ 292,385	$ 320,797
Property, plant and equipment:		
Land and improvements	$ 9,761	$ 9,704
Buildings and improvements	148,118	132,983
Machinery and equipment	259,573	240,594
Construction in progress	82,178	54,181
	499,630	437,462
Less — accumulated depreciation	182,728	164,411
	$ 316,902	$ 273,051
Other current liabilities:		
Accrued rebates	$ 26,238	$ 28,178
Payroll and employee benefit plan accruals	35,913	20,644
Royalties and product license fees	9,689	20,493
Legal and professional	15,203	13,650
Cash dividends payable	8,076	8,052
Current portion of long-term obligations	1,604	1,586
Other	12,019	16,689
	$ 108,742	$ 109,292

5. Earnings per Common Share

Basic earnings per common share is computed by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is computed by dividing net earnings by the weighted average number of common shares outstanding during the period adjusted for the dilutive effect of stock options and restricted stock outstanding. The effect of dilutive stock options on the weighted average number of common shares outstanding was 3,974,000 and 8,321,000 for the three months ended December 31, 2004 and 2003 and 4,938,000 and 7,337,000 for the nine months ended December 31, 2004 and 2003.

Options to purchase 6,804,000 and 35,000 shares of common stock were outstanding as of December 31, 2004 and 2003, but were not included in the computation of diluted earnings per share for the three months then ended because to do so would have been antidilutive.

6. Intangible Assets

Intangible assets consist of the following components:

	Weighted Average Life (years)	Original Cost	Accumulated Amortization	Net Book Value
December 31, 2004				
Amortized intangible assets:				
Patents and technologies	19	$ 117,435	$ 46,934	$ 70,501
Product rights and licenses	12	111,433	67,367	44,066
Other	20	14,267	6,343	7,924
		$ 243,135	$ 120,644	122,491
Intangible assets no longer subject to amortization:				
Trademarks				783
				$ 123,274
March 31, 2004				
Amortized intangible assets:				
Patents and technologies	19	$ 117,435	$ 42,304	$ 75,131
Product rights and licenses	12	109,333	59,111	50,222
Other	20	14,267	5,802	8,465
		$ 241,035	$ 107,217	133,818
Intangible assets no longer subject to amortization:				
Trademarks				783
				$ 134,601

Amortization expense for the nine months ended December 31, 2004, and 2003 was $13,427 and $15,003 and is expected to be $14,341, $14,063, $13,611, $13,300 and $12,282 for fiscal years 2006 through 2010, respectively.

7. Comprehensive Earnings

Comprehensive earnings consist of the following:

Period Ended December 31,	Three Months 2004	Three Months 2003	Nine Months 2004	Nine Months 2003
Net earnings	$ 34,770	$ 84,618	$ 165,457	$ 259,759
Other comprehensive earnings net of tax:				
Net unrealized (loss) gain on marketable securities	(490)	(891)	(893)	1,722
Reclassification for (gains) losses included in net earnings	(29)	(1,953)	85	(2,228)
	(519)	(2,844)	(808)	(506)
Comprehensive earnings	$ 34,251	$ 81,774	$ 164,649	$ 259,253

Accumulated other comprehensive earnings, as reflected on the balance sheet, is comprised solely of the net unrealized gain on marketable securities, net of deferred income taxes.

8. Common Stock

As of December 31, 2004, and March 31, 2004, there were 600,000,000 shares of common stock authorized with 304,369,702 and 303,553,121 shares issued. Treasury shares held as of both December 31, 2004, and March 31, 2004, were 35,129,643.

In May 2002, the Board of Directors approved a Stock Repurchase Program to purchase up to 22,500,000 shares of the Company’s outstanding common stock. During the nine months ended December 31, 2003, the Company purchased 6,458,700 shares for approximately $133,088. The Stock Repurchase Program was completed on November 18, 2003.

9. Stock Option Plans

On July 25, 2003, Mylan shareholders approved the Mylan Laboratories Inc. 2003 Long-Term Incentive Plan ("the 2003 Plan"). Under the 2003 Plan, 22,500,000 shares of common stock are reserved for issuance to key employees, consultants, independent contractors and non-employee directors of Mylan through a variety of incentive awards including: stock options, stock appreciation rights, restricted shares and units, performance awards, other stock based awards and short-term cash awards. Upon approval of the 2003 Plan, the Mylan Laboratories Inc. 1997 Incentive Stock Option Plan was frozen and no further grants of stock options will be made under that plan.

In accordance with the provisions of SFAS No. 123, *Accounting for Stock-Based Compensation* and SFAS No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123*, the Company accounts for stock option plans under the intrinsic-value-based method as defined in APB 25. The following table illustrates the effect on net earnings and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation:

	Three Months		Nine Months	
Period ended December 31,	2004	2003	2004	2003
Net earnings as reported	$ 34,770	$ 84,618	$ 165,457	$ 259,759
Add: Stock-based compensation expense included in reported net income, net of related tax effects	986	985	2,937	1,403
Deduct: Total compensation expense determined under the fair value based method for all stock awards, net of related tax effects	(3,789)	(6,611)	(12,578)	(19,030)
Pro forma net earnings	$ 31,967	$ 78,992	$ 155,816	$ 242,132
Earnings per share:				
Basic — as reported	$ 0.13	$ 0.32	$ 0.62	$ 0.97
Basic — pro forma	$ 0.12	$ 0.29	$ 0.58	$ 0.90
Diluted — as reported	$ 0.13	$ 0.31	$ 0.60	$ 0.94
Diluted — pro forma	$ 0.12	$ 0.29	$ 0.57	$ 0.88

10. Segment Reporting

Segment net revenues represent revenues from unrelated third parties. For the Generic and Brand Segments, segment profit represents segment gross profit less direct research and development, selling and marketing and general and administrative expenses. Corporate/Other includes certain general and administrative expenses, such as legal expenditures, litigation settlements and non-operating income and expense.

The following table presents the results of operations for each of the Company's operating segments:

	Three Months		Nine Months	
Period Ended December 31,	2004	2003	2004	2003
Consolidated:				
Total revenues	$ 290,972	$ 349,786	$ 936,939	$ 1,041,254
Pretax earnings	52,681	129,683	255,297	401,307
Generic:				
Total revenues	$ 238,357	$ 277,446	$ 753,572	$ 832,157
Segment profit	79,967	130,449	289,184	395,103
Brand:				
Total revenues	$ 52,615	$ 72,340 [1]	$ 183,367	$ 209,097 [1]
Segment profit	3,392	17,052	28,023	38,514
Corporate/Other:				
Loss	$ (30,678)	$ (17,818)	$ (61,910)	$ (32,310)

[1] Includes $13,243 and $13,910 related to the sale of the U.S. and Canadian rights for sertaconazole nitrate 2% cream in the three and nine months ended December 31, 2003.

11. Contingencies

(Dollar amounts in this Note 11 are as stated)

Legal Proceedings and Investigations

While it is not possible to determine with any degree of certainty the ultimate outcome of the following legal proceedings and investigations, the Company believes that it has meritorious defenses with respect to the claims asserted against it and intends to vigorously defend its position. An adverse outcome in any of these proceedings could have a material adverse effect on the Company's financial position and results of operations. No amounts have been accrued at December 31, 2004, with respect to any of these matters.

Omeprazole

In fiscal 2001, Mylan Pharmaceuticals Inc. ("MPI"), a wholly-owned subsidiary of Mylan Laboratories Inc. ("Mylan Labs"), filed an Abbreviated New Drug Application ("ANDA") seeking approval from the Food and Drug Administration ("FDA") to manufacture, market and sell omeprazole delayed-release capsules, and made "Paragraph IV" certifications to several patents owned by AstraZeneca PLC ("AstraZeneca") that were listed in the FDA's "Orange Book". On September 8, 2000, AstraZeneca filed suit against MPI and Mylan Labs in the U.S. District Court for the Southern District of New York alleging infringement of several of AstraZeneca's patents. MPI filed a motion for summary judgment as to all claims of infringement, and the summary judgment motion remains pending. On May 29, 2003, the FDA approved MPI's ANDA for the 10 mg and 20 mg strengths of omeprazole delayed-release capsules and, on August 4, 2003, Mylan Labs announced that MPI had commenced the sale of omeprazole 10 mg and 20 mg delayed-release capsules. AstraZeneca then amended the pending lawsuit to assert claims against Mylan Labs and MPI, and filed a separate lawsuit against MPI's supplier, Esteve Quimica S.A.

("Esteve"), for unspecified money damages and a finding of willful infringement which could result in treble damages, injunctive relief, attorneys' fees, costs of litigation and such further relief as the court deems just and proper.

In November 2002, MPI filed suit in the U.S. District Court for the District of Delaware against Kremers Urban Development Company ("KUDCo") and several other companies affiliated with Schwarz Pharma AG (the "Schwarz Pharma Group") alleging KUDCo and the Schwarz Pharma Group are infringing U.S. patent 5,626,875 (the "'875 Patent") in connection with KUDCo's manufacture and sale of omeprazole capsules in the U.S. KUDCo and the Schwarz Pharma Group asserted defenses and counterclaims in that action alleging the inventors listed on the '875 patent are not the actual inventors of the invention described therein, and further seeking money damages alleging the infringement action was not proper. On August 7, 2003, KUDCo and an individual filed a lawsuit against MPI and Esteve in the U.S. District Court for the District of Columbia asserting claims that were not asserted in the Delaware action. During the first quarter of fiscal 2005, a settlement was agreed to with respect to the cases involving MPI, KUDCo and the Schwarz Pharma Group, and these lawsuits have been dismissed, with prejudice. Under the settlement, MPI received a payment of $37,500,000, a portion of which represented the reimbursement of legal expenses.

Paclitaxel

In June 2001, Tapestry Pharmaceuticals, Inc. (formerly NAPRO Biotherapeutics Inc.) ("Tapestry") and Abbott Laboratories Inc. ("Abbott") filed suit against Mylan Labs, MPI and UDL Laboratories Inc. ("UDL"), also a wholly-owned subsidiary of Mylan Labs, in the U.S. District Court for the Western District of Pennsylvania alleging that the manufacture, use and sale of MPI's paclitaxel product, which MPI began selling in July 2001, infringes certain patents owned by Tapestry and allegedly licensed to Abbott. During the first quarter of fiscal 2005, all parties agreed to a settlement of this case and the lawsuit has been dismissed, with prejudice. MPI paid $9,000,000 pursuant to the settlement.

Pricing and Medicaid Litigation and Investigations

On September 26, 2003, the Commonwealth of Massachusetts sued Mylan Labs and 12 other generic drug companies alleging unlawful manipulation of reimbursements under the Massachusetts Medicaid program. The lawsuit identifies three drug products sold by MPI, and seeks equitable relief, attorneys' fees, cost of litigation and monetary damages in unspecified sums. All defendants have joined in a motion to dismiss the complaint. The court has not yet ruled on the motion to dismiss.

On June 26, 2003, UDL and MPI received requests from the U.S. House of Representatives Energy and Commerce Committee requesting information about certain drug products sold by UDL and MPI, in connection with the Committee's investigation into pharmaceutical reimbursement and rebates under Medicaid. UDL and MPI are cooperating with this inquiry and provided information in response to the Committee's requests in 2003. Several states' Attorneys General ("AGs") have also sent letters to MPI, UDL and Mylan Bertek Pharmaceuticals, Inc., a wholly-owned subsidiary of Mylan Labs, demanding that those companies retain documents relating to Medicaid reimbursement and rebate calculations pending the outcome of unspecified investigations by those AGs into such matters. In addition, in July 2004, Mylan Labs received subpoenas from the AGs of California and Florida in connection with civil investigations purportedly related to price reporting and marketing practices regarding various drugs. Mylan is cooperating with each of these investigations and has begun producing information in response to the subpoenas.

On August 4, 2004, the City of New York filed a civil lawsuit against 44 pharmaceutical companies, including Mylan Labs, in the U.S. District Court for the Southern District of New York alleging violations of federal and state Medicaid laws, Medicaid and common law fraud, breach of contract, other New York statutes and regulations, and unjust enrichment, and on January 26, 2005, the plaintiff filed an amended complaint naming MPI and UDL as defendants. The case has been transferred to the AWP multi-district litigation proceedings pending in the U.S. District Court for the District of Massachusetts for pretrial proceedings. A similar suit was filed by the Commonwealth of Kentucky on November 4, 2004, against Mylan Labs, MPI and approximately 40 other pharmaceutical companies in the Franklin County Circuit Court alleging violations of the Kentucky Consumer Protection Act, the Kentucky Medicaid Fraud Statute, the Kentucky False Advertising Statute, fraud and negligent

misrepresentation relating to reporting of "average wholesale prices" ("AWP"). In addition, on December 6, 2004, the State of Wisconsin sued Mylan Labs, MPI and approximately 35 other pharmaceutical companies in the Circuit Court for Dane County, Wisconsin alleging violations of Wisconsin false advertising, price reporting and fraud statutes and, the Wisconsin Trusts and Monopolies Act, and also asserting a claim for unjust enrichment. Nassau County, New York filed a similar complaint in the U.S. District Court for the Eastern District of New York on November 24, 2004 containing federal and state claims against numerous pharmaceutical companies including Mylan Labs, MPI and UDL. On January 26, 2005, the Counties of Rockland, Suffolk and Westchester filed amended complaints in the U.S. District Court for the District of Massachusetts against approximately 50 pharmaceutical companies, including Mylan Labs, MPI and UDL, alleging violations of federal and state Medicaid laws, Medicaid and common law fraud, breach of contract, other New York statutes and regulations and unjust enrichment. Onondaga County, New York filed a substantially similar complaint in the U.S. District Court for the Northern District of New York in January 2005. Also on January 26, 2005, the State of Alabama filed suit against 79 pharmaceutical companies, including Mylan Labs, MPI and UDL, in the Circuit Court of Montgomery County, Alabama, alleging that Alabama has been defrauded by false reporting of AWP, WAC and "direct prices" and asserts claims for fraud, "wantonness" and unjust enrichment, seeking compensatory and punitive damages and injunctive relief. In each case, the plaintiff seeks money damages and civil penalties in unspecified amounts and declaratory and injunctive relief, and in each matter Mylan Labs and its subsidiaries have not yet been required to respond to the complaint or the amended complaint, as applicable.

By letter dated January 12, 2005, MPI was notified by the U.S. Department of Justice of an investigation concerning MPI's calculations of Medicaid drug rebates. To the best of MPI's information, the investigation is in its early stages. The government has not asked MPI for information.

Shareholder Litigation

On November 22, 2004, an individual purporting to be a Mylan Labs shareholder, filed a civil action in the Court of Common Pleas of Allegheny County, Pennsylvania, against Mylan Labs and all members of its Board of Directors alleging that the Board members had breached their fiduciary duties by approving the planned acquisition of King Pharmaceuticals, Inc. ("King") and by declining to dismantle the Company's anti-takeover defenses to permit an auction of the Company to Carl Icahn or other potential buyers of the Company, and also alleging that certain transactions between the Company and its directors (or their relatives or companies with which they were formerly affiliated) may have been wasteful. On November 23, 2004, a substantially identical complaint was filed in the same court by another purported Mylan Labs shareholder. The actions are styled as shareholder derivative suits on behalf of Mylan Labs and class actions on behalf of all Mylan Labs' shareholders, and have been consolidated by the court under the caption "In re Mylan Laboratories Inc. Shareholder Litigation." On January 19, 2005, the plaintiffs amended their complaints to add Bear Stearns & Co., Inc., Goldman Sachs & Co., Richard C. Perry, Perry Corp., American Stock Transfer & Trust Company, and "John Does 1-100" as additional defendants, and to add claims regarding trading activity by the additional defendants and the implications on Mylan Labs' shareholder rights agreement. The plaintiffs are seeking injunctive and declaratory relief and undisclosed damages. Mylan Labs' and its directors' preliminary objections seeking dismissal of the complaints are pending before the court.

On December 10, 2004, High River Limited Partnership, an entity controlled by Carl Icahn, filed suit in the U.S. District Court for the Middle District of Pennsylvania against Mylan Labs, its Vice Chairman and Chief Executive Officer Robert J. Coury, Richard C. Perry, Perry Corp. and "John Does 1-100", asserting against the Company a claim for violation of federal securities laws and against the Company and Mr. Coury a claim for alleged breaches of Pennsylvania statutory and common law, in connection with SEC filings and other public statements concerning the planned King acquisition. The complaint also asserts claims under the federal securities laws and Pennsylvania corporate law concerning a possible shareholder vote relating to the proposed merger. On January 27, 2005, the court granted a motion by defendants Perry Corp. and Mr. Perry to transfer the case to the U.S. District Court for the Southern District of New York. Mylan Labs, Mr. Coury and the other defendants have filed motions to dismiss the complaint in its entirety, which motions are currently pending before the court.

Other Litigation

The Company is involved in various other legal proceedings that are considered normal to its business. While it is not feasible to predict the ultimate outcome of such other proceedings at this time, the Company believes that the ultimate outcome of such other proceedings will not have a material adverse effect on its financial position or results of operations.

12. Pending Acquisition of King Pharmaceuticals

(Dollar amounts in this Note 12 are as stated)

On July 23, 2004, the Company entered into an Agreement and Plan of Merger ("Agreement") to acquire King Pharmaceuticals, Inc. ("King") in a stock-for-stock transaction. King is a branded pharmaceutical company headquartered in Bristol, Tennessee.

Under the terms of the Agreement, each of King's shareholders will receive .9 shares of Mylan common stock for every common share of King held upon closing. At July 22, 2004, King had approximately 241,400,000 shares of common stock issued and outstanding, which would translate into approximately 217,300,000 shares of Mylan's common stock being issued to the King shareholders. In addition, at July 22, 2004, King had approximately 6,700,000 outstanding options, which would translate into approximately 6,000,000 shares of Mylan's common stock being reserved upon closing for exercise of such options after the date the acquisition is consummated. The Agreement contains a provision whereby if the acquisition is not completed, either party may be obligated to pay a termination fee of $85,000,000 under certain limited circumstances.

The acquisition contemplated under the Agreement, which was approved by the Boards of Directors of Mylan and King, is subject to customary closing conditions, and would qualify as a "tax-free" reorganization for U.S. federal income tax purposes.

During the third quarter of fiscal 2005, King announced that it would restate previously reported financial results for 2002, 2003 and the first six months of 2004, and that it was evaluating whether financial results for any earlier periods require restatement. Any restatement of King's financial statements results in a failure to satisfy a condition of Mylan's obligation to close the acquisition of King. In January 2005, Mylan announced that while it was monitoring and reviewing King's accounting issues and a number of other matters concerning King, in light of timing issues, Mylan believed it was highly unlikely that the parties would be able to consummate the merger contemplated by the Agreement by February 28, 2005, which is the date in the Agreement after which generally either Mylan or King may terminate the Agreement.

Mylan also indicated that, in light of its ongoing review, Mylan believed it was unlikely that Mylan would consummate the acquisition of King on the terms, including the economic terms, set forth in the Agreement. While the Company's continued assessment may lead to a renegotiation of the Agreement, there can be no assurance that a revised agreement will be reached or that any transaction will occur.

As of December 31, 2004, the Company has incurred certain acquisition related costs in the amount of approximately $12,000,000 which are recorded in the accompanying condensed consolidated balance sheet within other current assets. In the event that the acquisition is terminated, these costs would be expensed in the period in which the termination occurs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis addresses material changes in the results of operations and financial condition of Mylan Laboratories Inc. and Subsidiaries ("the Company", "Mylan" or "we") for the periods presented. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements, the related Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Results of Operations and Financial Condition included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2004, the unaudited interim Condensed Consolidated Financial Statements and related Notes included in Item 1 of this Report on Form 10-Q ("Form 10-Q") and the Company's other SEC filings and public disclosures.

This Form 10-Q may contain "forward-looking statements". These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, statements about the Company's market opportunities, strategies, competition and expected activities and expenditures, and at times may be identified by the use of words such as "may", "will", "could", "should", "would", "project", "believe", "anticipate", "expect", "plan", "estimate", "forecast", "potential", "intend", "continue" and variations of these words or comparable words. Forward-looking statements inherently involve risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the risks described below under "Risk Factors" in this Item 2. The Company undertakes no obligation to update any forward-looking statements for revisions or changes after the date of this Form 10-Q.

Overview

Mylan's financial results for the three months ended December 31, 2004, included net revenues of $291.0 million, net earnings of $34.8 million and earnings per diluted share of $0.13. Comparatively, the three months ended December 31, 2003, included revenues of $349.8 million, net earnings of $84.6 million and earnings per diluted share of $0.31. This represents a decrease of 17% in revenues, 59% in net earnings and 58% in earnings per diluted share when compared to the same prior year period. The principal items impacting the results of the current quarter were:

- **Competition on omeprazole subsequent to launch —** During the past year, additional generic competition has entered the omeprazole market. In general, additional generic competition usually results in lower pricing and volume. Competition caused significantly lower pricing on omeprazole sales compared to the prior year, during which the product was launched. However, greater volume was realized due primarily to expanding the customer base which helped to partially offset the impact of the unfavorable pricing. In addition to other generics, Mylan faced competition on omeprazole from an over-the-counter product and other competing branded products.

- **Competition on carbidopa/levodopa —** For the past several years, Mylan had been the only generic market entrant for carbidopa/levodopa. During fiscal 2005, however, several additional generic competitors have launched carbidopa/levodopa. Similar to omeprazole, this additional competition has had negative implications on pricing as well as volume related to carbidopa/levodopa sales.

- **Unexpected delay of fentanyl launch —** In the third quarter of fiscal 2004, Mylan received final FDA approval for its fentanyl transdermal system, the generic equivalent of Alza Corporation's ("Alza") Duragesic®. Mylan was, therefore, prepared to launch this product upon patent expiration in July 2004. However, the FDA in June 2004, rescinded Mylan's final Abbreviated New Drug Application ("ANDA") approval. The actions of the FDA prevented Mylan from launching fentanyl in July 2004, which was expected to contribute significantly to fiscal 2005 net revenues and net earnings. Subsequent to December 31, 2004, on January 28, 2005, the FDA granted Mylan final approval for fentanyl, following the denial of the pending citizen's petitions. Mylan launched the product immediately after receiving this approval. However, the pre-marketing of fentanyl by certain competitors, who represented that they would be in the market at market formation, despite not having a tentative or final approval from the FDA, coupled with strategies used by the authorized generic, caused what the Company believes was irrational pricing of fentanyl at market formation. Mylan believes that there could be further price erosion as additional competitors enter the fentanyl market.

Consolidated gross profit for the current quarter decreased 32% or $63.8 million to $135.3 million and gross margins decreased to 47% from 57% when compared to the same prior year period. These decreases were realized by both the Generic and Brand Segments.

Generic Segment third quarter net revenues decreased 14% or $39.1 million to $238.4 million, while gross profit decreased $46.3 million or 30% to $107.2 million when compared to the same prior year period. Generic operating income decreased as well, primarily as a result of the decrease in gross profit. Brand Segment third quarter revenues decreased 27% or $19.7 million to $52.6 million and gross profit decreased 38% or $17.5 million to $28.1 million. Brand Segment operating income decreased 80% or $13.7 million, also as a result of lower gross profit. Brand Segment results for the third quarter of fiscal 2004 included $13.2 million from the sale of the U.S. and Canadian rights for sertaconazole nitrate 2% cream ("sertaconazole"). A more thorough discussion of operating results by segment is provided under the heading "Results of Operations".

Pending Acquisition of King Pharmaceuticals

On July 23, 2004, the Company entered into an Agreement and Plan of Merger ("Agreement") to acquire King Pharmaceuticals, Inc. ("King") in a stock-for-stock transaction. Under the terms of the Agreement, each of King's shareholders will receive .9 shares of Mylan common stock for every common share of King held upon closing. The acquisition contemplated under the Agreement, which was approved by the Boards of Directors of Mylan and King, is subject to customary closing conditions and would qualify as a "tax-free" reorganization for U.S. federal income tax purposes.

During the third quarter of fiscal 2005, King announced that it would restate previously reported financial results for 2002, 2003 and the first six months of 2004, and that it was evaluating whether financial results for any earlier periods require restatement. Any restatement of King's financial statements results in a failure to satisfy a condition of Mylan's obligation to close the acquisition of King. In January 2005, Mylan announced that while it was monitoring and reviewing King's accounting issues and a number of other matters concerning King, in light of timing issues, Mylan believed it was highly unlikely that the parties would be able to consummate the merger contemplated by the Agreement by February 28, 2005, which is the date in the Agreement after which generally either Mylan or King may terminate the Agreement.

Mylan also indicated that, in light of its ongoing review, Mylan believed it was unlikely that Mylan would consummate the acquisition of King on the terms, including the economic terms, set forth in the Agreement. While the Company's continued assessment may lead to a renegotiation of the Agreement, there can be no assurance that a revised agreement will be reached or that any transaction will occur.

EMSAM®

In December 2004, Somerset Pharmaceuticals, Inc., in which Mylan owns a 50% equity interest, entered into an agreement with Bristol-Myers Squibb for the commercialization and distribution of Somerset's EMSAM (selegiline transdermal system). Somerset received an "Approvable" letter from the FDA for EMSAM in February 2004, and if approved by the FDA, EMSAM would be the first transdermal treatment for major depressive disorder.

Results of Operations

The following table illustrates the financial results for the consolidated company and by operating segment:

(in thousands)

Period Ended December 31,	Three Months 2004	Three Months 2003	Nine Months 2004	Nine Months 2003
Consolidated:				
Total revenues	$ 290,972	$ 349,786	$ 936,939	$ 1,041,254
Gross profit	135,347	199,184	470,353	584,321
Research and development	23,167	25,248	66,704	73,933
Selling and marketing	19,661	18,027	59,552	53,137
General and administrative	43,537	33,096	121,080	95,016
Litigation settlements	—	(2,676)	(25,985)	(24,345)
Other income, net	3,699	4,194	6,295	14,727
Pretax earnings	$ 52,681	$ 129,683	$ 255,297	$ 401,307
Generic Segment:				
Total revenues	$ 238,357	$ 277,446	$ 753,572	$ 832,157
Gross profit	107,249	153,582	367,136	461,249
Research and development	18,071	14,436	50,880	42,077
Selling and marketing	3,108	2,743	8,979	8,260
General and administrative	6,103	5,954	18,093	15,809
Segment profit	$ 79,967	$ 130,449	$ 289,184	$ 395,103
Brand Segment:				
Total revenues	$ 52,615	$ 72,340	$ 183,367	$ 209,097
Gross profit	28,098	45,602	103,217	123,072
Research and development	5,096	10,812	15,824	31,856
Selling and marketing	16,553	15,284	50,573	44,877
General and administrative	3,057	2,454	8,797	7,825
Segment profit	$ 3,392	$ 17,052	$ 28,023	$ 38,514
Corporate/Other:				
Loss	$ (30,678)	$ (17,818)	$ (61,910)	$ (32,310)

Segment total revenues represent revenues from unrelated third parties. For the Generic and Brand Segments, segment profit represents segment gross profit less direct research and development, selling and marketing and general and administrative expenses. Corporate/Other includes certain general and administrative expenses, such as legal expenditures, litigation settlements and non-operating income and expense.

Quarter Ended December 31, 2004, Compared to Quarter Ended December 31, 2003

Total Revenues and Gross Profit

Revenues for the current quarter decreased 17% or $58.8 million to $291.0 million compared to $349.8 million in the third quarter of fiscal 2004. In arriving at net revenues, gross revenues are reduced by provisions for estimates, including discounts, customer performance and promotions, price adjustments, returns and chargebacks. See “Application of Critical Accounting Policies” in the Company’s Form 10-K for the fiscal year ended March 31,

2004, for a thorough discussion of its methodology with respect to such provisions. For the quarter ended December 31, 2004, the most significant amounts charged against gross revenues were for chargebacks in the amount of $213.3 million and customer performance and promotions in the amount of $48.0 million. For the quarter ended December 31, 2003, chargebacks of $218.6 million and customer performance and promotions of $46.5 million were charged against gross revenues.

The decrease in net revenues was realized by both the Generic Segment, for which revenues decreased 14% or $39.1 million to $238.4 million, and the Brand Segment, for which revenues decreased 27% or $19.7 million to $52.6 million.

With respect to Generic net revenues, the decrease in revenues was the result of increased pressure on pricing, including the effect of additional competition, on the Company's product portfolio. Omeprazole, which was launched during the second quarter of fiscal 2004, experienced significantly lower pricing as a direct result of additional generic competition. Despite the additional competition, omeprazole sales volume increased due primarily to expanding the customer base and capitalizing on a higher generic conversion rate, and Mylan was able to establish its position as market leader, based on omeprazole prescriptions dispensed. On an overall basis however, Generic volume shipped for the quarter decreased nearly 2% to 2.8 billion doses compared with the same prior year period.

Increased competition also resulted in unfavorable pricing on carbidopa/levodopa. As is the case in the generic industry, the entrance into the market of other generic competition generally has a negative impact on the volume and pricing of the affected products. In the near term, it is likely that unfavorable pricing will continue to impact certain products in the Company's portfolio.

New products launched subsequent to December 31, 2003, contributed net revenues of $11.8 million in the third quarter of fiscal 2005. By comparison, new products in the third quarter of fiscal 2004 contributed net revenues of $29.5 million, largely due to omeprazole.

For the Brand Segment, revenues for the third quarter decreased 27% or $19.7 million to $52.6 million from $72.3 million in the same prior year period. Included in revenues for the third quarter of fiscal 2004 was $13.2 million related to the sale of sertaconazole. Unfavorable pricing, the result of increased competition on Amnesteem™, was primarily responsible for the remainder of the decrease in revenues.

Consolidated gross profit decreased 32% or $63.8 million to $135.3 million and gross margins decreased to 47% from 57%. For the Generic Segment, gross profit decreased to $107.2 million from $153.6 million while gross margins decreased to 45% from 55% in the third quarter of fiscal 2004. The decrease in Generic Segment gross margin is primarily the result of additional generic competition on certain products, primarily omeprazole and carbidopa/levodopa.

For the Brand Segment, gross profit decreased 38% or $17.5 million to $28.1 million from $45.6 million and gross margins decreased from 63% to 53%. The decrease in Brand gross margin was primarily the result of the sale of sertaconazole in the prior year. Excluding the effects of this sale, the decrease in Brand Segment gross margin during the third quarter of fiscal 2005 was not significant.

Operating Expenses

Research and development ("R&D") expenses for the current quarter decreased 8% or $2.1 million to $23.2 million from $25.2 million. The Brand Segment, for which R&D expenses decreased 53% or $5.7 million to $5.1 million, was responsible for the overall decrease, partially offset by a 25% increase in R&D expenses in the Generic Segment to $18.1 million. The decrease in Brand Segment R&D expenses is primarily the result of the completion, during fiscal 2004, of the Phase III clinical studies for nebivolol, for which a New Drug Application ("NDA") was submitted to the FDA on April 30, 2004, and accepted for filing by the FDA on June 29, 2004. The increase in Generic Segment R&D expenses was due primarily to an increase in the number of current R&D projects.

Selling and marketing expenses for the current quarter increased 9% or $1.6 million to $19.7 million from $18.0 million. The Brand Segment was primarily responsible for this increase, due primarily to pre-marketing costs associated with nebivolol.

General and administrative ("G&A") expenses for the quarter increased 32% or $10.4 million to $43.5 million from $33.1 million. Of this increase, $9.7 million was attributable to higher corporate expenses, with increased consulting costs and higher payroll and payroll related costs contributing equally to the increase. Consulting cost increased due to the announced (but not completed) acquisition and integration of King and the implementation of an enterprise resource planning system.

Other Income, net

Other income, net of non-operating expenses, was $3.7 million in the third quarter of fiscal 2005 compared to $4.2 million in the same prior year period.

Nine Months Ended December 31, 2004, Compared to Nine Months Ended December 31, 2003

Total Revenues and Gross Profit

Revenues for the nine months ended December 31, 2004, decreased 10% or $104.3 million to $936.9 million, compared to $1.04 billion in the corresponding period of fiscal 2004. In arriving at net revenues, gross revenues are reduced by provisions for estimates, including discounts, customer performance and promotions, price adjustments, returns and chargebacks. See "Application of Critical Accounting Policies" in the Company's Form 10-K for the fiscal year ended March 31, 2004, for a thorough discussion of its methodology with respect to such provisions. For the nine months ended December 31, 2004, the most significant amounts charged against gross revenues were for chargebacks in the amount of $651.3 million and customer performance and promotions in the amount of $148.5 million. For the nine months ended December 31, 2003, chargebacks of $615.4 million and customer performance and promotions of $159.6 million were charged against gross revenues. The increase in the amounts charged against gross revenues for chargebacks in the current year is primarily the result of pricing pressures on certain products in the Company's portfolio, most notably omeprazole and carbidopa/levodopa, as well as a shift in the percentage of sales in the current year to customers to whom chargebacks are applicable.

The decrease in net revenues was realized by both the Generic Segment, for which revenues decreased 9% or $78.6 million to $753.6 million, and the Brand Segment for which revenues decreased 12% or $25.7 million to $183.4 million.

The decrease in Generic net revenues was primarily the result of overall unfavorable pricing, partially offset by increased sales of certain other products, including new product sales of $38.0 million. Additional generic competition on omeprazole and carbidopa/levodopa were the primary reasons for the unfavorable pricing as well as the overall decrease in sales. Despite the additional competition, omeprazole did realize favorable volume as a result of nine months of sales in fiscal 2005 as compared to two months of sales in the same prior year period. In addition, Mylan expanded its customer base on omeprazole and capitalized on a higher generic conversion rate. Overall, Generic Segment volume for the nine months ended December 31, 2004, increased approximately 5% to 8.7 billion doses shipped.

For the Brand Segment, revenues for the nine months ended December 31, 2004, decreased 12% or $25.7 million to $183.4 million from $209.1 million in the same prior year period. Excluding sertaconazole, the decrease in sales of $11.8 million was primarily driven by increased competition on certain products such as Amnesteem, Digitek® and Acticin®, partially offset by higher revenues from phenytoin.

Consolidated gross profit for the first nine months of fiscal 2005 decreased 20% or $114.0 million to $470.4 million and gross margins decreased to 50% from 56%. For the Generic Segment, gross profit decreased to $367.1 million from $461.2 million while gross margins decreased to 49% from 55% for the nine months ended December 31, 2004. The decrease in Generic Segment gross margin is primarily the result of the impact on pricing of additional generic competition on certain products, as discussed above.

For the Brand Segment, gross profit decreased 16% or $19.9 million to $103.2 million from $123.1 million while gross margins decreased from 59% to 56%. However, excluding sertaconazole, Brand Segment gross margins for the nine months ended December 31, 2004, increased slightly. This increase is primarily the result of favorable product mix, with phenytoin comprising a higher percentage of sales, and Amnesteem, which contributes lower gross margins as a result of royalties paid under a supply and distribution agreement, comprising a smaller percentage of sales.

Operating Expenses

R&D expenses for the current year to date period decreased 10% or $7.2 million to $66.7 million from $73.9 million. The Brand Segment, for which R&D expenses decreased 50% or $16.0 million to $15.8 million, was responsible for the overall decrease, partially offset by a 21% increase in R&D expenses in the Generic Segment to $50.9 million. The decrease in Brand Segment R&D expenses is primarily the result of the completion, during fiscal 2004, of the Phase III clinical studies for nebivolol. For the Generic Segment, a greater number of current R&D projects resulted in $4.5 million more R&D expense in the current year, and payroll and payroll related costs increased $3.4 million, accounting for a majority of the overall increase.

Selling and marketing expenses for fiscal 2005 increased 12% or $6.4 million to $59.6 million from $53.1 million. The Brand Segment was primarily responsible for this increase, due primarily to costs incurred with respect to nebivolol and the launch of Apokyn™.

G&A expenses for the nine months ended December 31, 2004, increased 27% or $26.1 million to $121.1 million from $95.0 million. Of this increase, $22.8 million was attributable to higher corporate expenses. For Corporate G&A expenses, the majority of the increase is due equally to higher payroll and payroll related costs, and increased consulting expenses, including legal expenses. Consulting expenses increased as a result of the announced (but not completed) acquisition and integration of King and the implementation of an enterprise resource planning system. Legal expenses continue to be an integral part of the Company's ability to continue to deliver new generic products to the market.

Litigation Settlements

Net gains of $26.0 million were recorded in the first nine months of fiscal 2005 with respect to the settlement of various lawsuits. In June 2004, Mylan received $37.5 million in settlement of certain patent litigation claims involving omeprazole. A portion of this settlement represented reimbursement of legal fees and expenses related to the litigation. Partially offsetting this gain, Mylan agreed, also in June 2004, to a $9.0 million settlement resolving all pending litigation with respect to paclitaxel. Net gains of $24.3 million, also from the settlement of litigation, were recorded in the first nine months of the prior year.

Other Income, net

Other income, net of non-operating expenses, was $6.3 million in fiscal 2005 compared to $14.7 million in the same prior year period. The prior year results included a gain of $5.0 million on the sale of an office building.

Liquidity and Capital Resources

The Company's primary source of liquidity continues to be cash flows from operating activities, which were $222.2 million for the nine months ended December 31, 2004. Working capital as of December 31, 2004, was $1.27 billion, an increase of $126.0 million from the balance at March 31, 2004. The majority of this increase was the result of higher cash and cash equivalents and marketable securities, partially offset by lower inventories. The decrease in inventory corresponds to the overall increase in sales volume experienced during the nine months ended December 31, 2004, as well as lower inventories carried with respect to certain products. Trade accounts payable increased $20.2 million and income taxes payable decreased $23.8 million, primarily due to the timing of cash payments.

In the prior year, inventory at December 31, 2003, increased from March 31, 2003, due to new product launches and planned production increases in order to meet forecasted demand. The effect on cash of the increase in working

capital items, primarily inventory, along with the favorable impact of net cash from litigation settlements, were primarily responsible for the increase in cash from operations during the nine months ended December 31, 2004.

During the first quarter of fiscal 2005, Mylan received $52.0 million from the settlement of various lawsuits. Of this amount, approximately $35.0 million related to the settlement of certain patent litigation claims involving omeprazole and $17.0 million related to lawsuits which were settled in prior periods.

During the second quarter of fiscal 2005, Mylan paid $9.0 million to resolve all pending litigation with respect to paclitaxel.

Cash used in investing activities for the nine months ended December 31, 2004, was $125.8 million. Of the Company's $2.0 billion of total assets at December 31, 2004, $835.3 million was held in cash, cash equivalents and marketable securities. Investments in marketable securities consists of a variety of high credit quality debt securities, including U.S. government, state and local government and corporate obligations. These investments are highly liquid and available for working capital needs. As these instruments mature, the funds are generally reinvested in instruments with similar characteristics.

Capital expenditures during the nine months ended December 31, 2004, were $63.2 million. These expenditures were incurred primarily with respect to the Company's planned expansions. As such expansions continue, capital expenditures are expected to be approximately $80.0 million to $100.0 million for fiscal 2005, primarily due to the timing of payments and the delay of certain projects as the Company assesses the announced (but not completed) acquisition and integration of King.

Cash used in financing activities was $14.8 million for the nine months ended December 31, 2004. Included in financing activities in the prior year was $133.1 million to purchase shares of the Company's stock under a stock repurchase program. This program was completed on November 18, 2003.

In the third quarter of fiscal 2004, the Board voted to increase the quarterly dividend 35% to 3.0 cents per share. Dividend payments totaled $24.2 million during the nine months ended December 31, 2004.

The Company is involved in various legal proceedings that are considered normal to its business (see Note 11 to Condensed Consolidated Financial Statements). While it is not feasible to predict the outcome of such proceedings, an adverse outcome in any of these proceedings could materially affect the Company's financial position and results of operations.

The Company is actively pursuing, and is currently involved in, joint projects related to the development, distribution and marketing of both generic and brand products. Many of these arrangements provide for payments by the Company upon the attainment of specified milestones. While these arrangements help to reduce the financial risk for unsuccessful projects, fulfillment of specified milestones or the occurrence of other obligations may result in fluctuations in cash flows from operating activities.

In order to provide additional operating leverage, if necessary, the Company maintains a revolving line of credit with a commercial bank providing for borrowings of up to $50.0 million. As of December 31, 2004, no funds have been advanced under this line of credit. Additionally, the Company is continuously evaluating the potential acquisition of products, as well as companies, as a strategic part of its future growth. Consequently, the Company may utilize current cash reserves or incur additional indebtedness to finance any such acquisitions, which could impact future liquidity. On July 23, 2004, the Company entered into an Agreement to acquire King in a stock-for-stock transaction, for which the Company expects to continue to incur acquisition related costs.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. (R), *Share-Based Payment.* SFAS 123® establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services. Under SFAS 123®, companies will no longer be able to account for share-based compensation transactions using the intrinsic method in accordance with Accounting Principles Board Opinion ("APB") No. 25, *Accounting for Stock Issued to Employees*. Instead, companies will be required to account for such transactions using a fair-value method and to recognize compensation expense over the period during which an employee is required to provide services in exchange for the award. The provisions of SFAS 123 ® are effective for periods beginning after June 15, 2005, and apply to all awards that vest after the required effective date and to awards that are granted, modified, repurchased, or cancelled after that date. Management is currently assessing the impact that adoption of this Statement will have on the Company's Consolidated Financial Statements.

Risk Factors

The following risk factors could have a material adverse effect on our business, financial position or results of operations. These risk factors may not include all of the important factors that could affect our business or our industry or that could cause our future financial results to differ materially from historic or expected results or cause the market price of our common stock to fluctuate or decline. Please refer to our other periodic reports filed with the Securities and Exchange Commission ("SEC") including our Annual Report on Form 10-K for the fiscal year ended March 31, 2004, and our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2004 and September 30, 2004. Lastly, please note that the risk factors included in our periodic reports are reviewed and updated for each filing, and from time to time we may supplement or highlight an existing risk factor.

OUR FUTURE REVENUE GROWTH AND PROFITABILITY ARE DEPENDENT UPON OUR ABILITY TO DEVELOP AND LICENSE, OR OTHERWISE ACQUIRE, AND INTRODUCE NEW PRODUCTS ON A TIMELY BASIS IN RELATION TO OUR COMPETITORS' PRODUCT INTRODUCTIONS. OUR FAILURE TO DO SO SUCCESSFULLY COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Our future revenues and profitability will depend, to a significant extent, upon our ability to successfully develop and license, or otherwise acquire, and commercialize new generic and patent or statutorily protected (usually brand) pharmaceutical products in a timely manner. Product development is inherently risky, especially for new drugs for which safety and efficacy have not been established, and the market is not yet proven. Likewise, product licensing involves inherent risks including uncertainties due to matters that may affect the achievement of milestones, as well as the possibility of contractual disagreements with regard to terms such as license scope or termination rights. The development and commercialization process, particularly with regard to new drugs, also requires substantial time, effort and financial resources. We may not be successful in commercializing any of the products that we are developing or licensing on a timely basis, if at all, which could adversely affect our product introduction plans, financial position and results of operations and could cause the market value of our common stock to decline.

FDA approval is required before any prescription drug product, including generic drug products, can be marketed. The process of obtaining FDA approval to manufacture and market new and generic pharmaceutical products is rigorous, time-consuming, costly and largely unpredictable. We may be unable to obtain requisite FDA approvals on a timely basis for new generic or brand products that we may develop, license or otherwise acquire. Also, for products pending approval, we may obtain raw materials or produce batches of inventory to be used in efficacy and bioequivalency testing, as well as in anticipation of the product's launch. In the event that FDA approval is denied or delayed we could be exposed to the risk of this inventory becoming obsolete. The timing and cost of obtaining FDA approvals could adversely affect our product introduction plans, financial position and results of operations and could cause the market value of our common stock to decline.

The ANDA approval process often results in the FDA granting final approval to a number of ANDAs for a given product at the time a patent claim for a corresponding brand product or other market exclusivity expires. This often forces us to face immediate competition when we introduce a generic product into the market. Additionally, ANDA

approvals often continue to be granted for a given product subsequent to the initial launch of the generic product. These circumstances generally result in significantly lower prices, as well as reduced margins, for generic products compared to brand products. New generic market entrants generally cause continued price and margin erosion over the generic product life cycle.

The Waxman-Hatch Act provides for a period of 180 days of generic marketing exclusivity for each ANDA applicant that is first to file an ANDA containing a certification of invalidity, non-infringement or unenforceability related to a patent listed with respect to a reference drug product, commonly referred to as a Paragraph IV certification. During this exclusivity period, the FDA cannot grant final approval to any other generic equivalent. If an ANDA containing a Paragraph IV certification is successful, it generally results in higher market share, net revenues and gross margin for that applicant. Even if we obtain FDA approval for our generic drug products, if we are not the first ANDA applicant to challenge a listed patent for such a product, we may lose significant advantages to a competitor who filed its ANDA containing such a challenge. Such a situation could have a material adverse effect on our ability to market that product profitably and on our financial position and results of operations, and the market value of our common stock could decline.

OUR APPROVED PRODUCTS MAY NOT ACHIEVE EXPECTED LEVELS OF MARKET ACCEPTANCE, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR PROFITABILITY, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Even if we are able to obtain regulatory approvals for our new pharmaceutical products, generic or brand, the success of those products is dependent upon market acceptance. Levels of market acceptance for our new products could be impacted by several factors, including:

- the availability of alternative products from our competitors;
- the price of our products relative to that of our competitors;
- the timing of our market entry;
- the ability to market our products effectively to the retail level; and
- the acceptance of our products by government and private formularies.

Some of these factors are not within our control. Our new products may not achieve expected levels of market acceptance. Additionally, continuing studies of the proper utilization, safety and efficacy of pharmaceutical products are being conducted by the industry, government agencies and others. Such studies, which increasingly employ sophisticated methods and techniques, can call into question the utilization, safety and efficacy of previously marketed products. In some cases, these studies have resulted, and may in the future result, in the discontinuance of product marketing. These situations, should they occur, could have a material adverse effect on our profitability, financial position and results of operations, and the market value of our common stock could decline.

A RELATIVELY SMALL GROUP OF PRODUCTS MAY REPRESENT A SIGNIFICANT PORTION OF OUR NET REVENUES OR NET EARNINGS FROM TIME TO TIME. IF THE VOLUME OR PRICING OF ANY OF THESE PRODUCTS DECLINES, IT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Sales of a limited number of our products often represent a significant portion of our net revenues and net earnings. If the volume or pricing of our largest selling products declines in the future, our business, financial position and results of operations could be materially adversely affected, and the market value of our common stock could decline.

WE FACE VIGOROUS COMPETITION FROM OTHER PHARMACEUTICAL MANUFACTURERS THAT THREATENS THE COMMERCIAL ACCEPTANCE AND PRICING OF OUR PRODUCTS, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Our competitors may be able to develop products and processes competitive with or superior to our own for many reasons, including that they may have:

- proprietary processes or delivery systems;
- larger research and development and marketing staffs;
- larger production capabilities in a particular therapeutic area;
- more experience in preclinical testing and human clinical trials;
- more products; or
- more experience in developing new drugs and financial resources, particularly with regard to brand manufacturers.

Any of these factors and others could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

BECAUSE THE PHARMACEUTICAL INDUSTRY IS HEAVILY REGULATED, WE FACE SIGNIFICANT COSTS AND UNCERTAINTIES ASSOCIATED WITH OUR EFFORTS TO COMPLY WITH APPLICABLE REGULATIONS. SHOULD WE FAIL TO COMPLY WE COULD EXPERIENCE MATERIAL ADVERSE EFFECTS ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS, AND THE MARKET VALUE OF OUR COMMON STOCK COULD DECLINE.

The pharmaceutical industry is subject to regulation by various federal and state governmental authorities. For instance, we must comply with FDA requirements with respect to the manufacture, labeling, sale, distribution, marketing, advertising, promotion and development of pharmaceutical products. Failure to comply with FDA and other governmental regulations can result in fines, disgorgement, unanticipated compliance expenditures, recall or seizure of products, total or partial suspension of production and/or distribution, suspension of the FDA's review of NDAs or ANDAs, enforcement actions, injunctions and criminal prosecution. Under certain circumstances, the FDA also has the authority to revoke previously granted drug approvals. Although we have internal regulatory compliance programs and policies and have had a favorable compliance history, there is no guarantee that these programs, as currently designed, will meet regulatory agency standards in the future. Additionally, despite our efforts at compliance, there is no guarantee that we may not be deemed to be deficient in some manner in the future. If we were deemed to be deficient in any significant way, our business, financial position and results of operations could be materially affected and the market value of our common stock could decline.

In addition to the new drug approval process, the FDA also regulates the facilities and operational procedures that we use to manufacture our products. We must register our facilities with the FDA. All products manufactured in those facilities must be made in a manner consistent with current good manufacturing practices ("cGMP"). Compliance with cGMP regulations requires substantial expenditures of time, money and effort in such areas as production and quality control to ensure full technical compliance. The FDA periodically inspects our manufacturing facilities for compliance. FDA approval to manufacture a drug is site-specific. Failure to comply with cGMP regulations at one of our manufacturing facilities could result in an enforcement action brought by the FDA which could include withholding the approval of NDAs, ANDAs or other product applications of that facility. If the FDA were to require one of our manufacturing facilities to cease or limit production, our business could be adversely affected. Delay and cost in obtaining FDA approval to manufacture at a different facility also could have a

material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

We are subject, as are generally all manufacturers, to various federal, state and local laws regulating working conditions, as well as environmental protection laws and regulations, including those governing the discharge of materials into the environment. Although we have not incurred significant costs associated with complying with environmental provisions in the past, if changes to such environmental laws and regulations are made in the future that require significant changes in our operations or if we engage in the development and manufacturing of new products requiring new or different environmental controls, we may be required to expend significant funds. Such changes could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

OUR REPORTING AND PAYMENT OBLIGATIONS UNDER THE MEDICAID REBATE PROGRAM AND OTHER GOVERNMENTAL PRICING PROGRAMS ARE COMPLEX AND MAY INVOLVE SUBJECTIVE DECISIONS. ANY DETERMINATION OF FAILURE TO COMPLY WITH THOSE OBLIGATIONS COULD SUBJECT US TO PENALTIES AND SANCTIONS WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS, AND THE MARKET VALUE OF OUR COMMON STOCK COULD DECLINE.

As previously discussed in this Form 10-Q, we and other pharmaceutical companies are defendants in a number of suits filed by state attorneys general and have been notified of an investigation by the U.S. Department of Justice with respect to Medicaid reimbursement and rebates. Although the regulations regarding reporting and payment obligations are complex, we believe we are properly and accurately calculating and reporting the amounts owed in respect of Medicaid and other governmental pricing programs; however, our calculations are subject to review and challenge by the applicable governmental agencies, and it is possible that any such review could result in material changes. In addition, because our processes for these calculations and the judgments involved in making these calculations involve, and will continue to involve, subjective decisions, these calculations are subject to the risk of errors. Any governmental agencies that have commenced, or may commence, an investigation of the Company could impose, based on a claim of violation of fraud and false claims laws or otherwise, civil and/or criminal sanctions, including fines, penalties and possible exclusion from federal health care programs (including Medicaid and Medicare). Some of the applicable laws may impose liability even in the absence of specific intent to defraud. Furthermore, should there be ambiguity with regard to how to properly calculate and report payments – and even in the absence of any such ambiguity – a governmental authority may take a position contrary to a position we have taken, and may impose civil and/or criminal sanctions. Any such penalties or sanctions could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE EXPEND A SIGNIFICANT AMOUNT OF RESOURCES ON RESEARCH AND DEVELOPMENT EFFORTS THAT MAY NOT LEAD TO SUCCESSFUL PRODUCT INTRODUCTIONS. FAILURE TO SUCCESSFULLY INTRODUCE PRODUCTS INTO THE MARKET COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS, AND THE MARKET VALUE OF OUR COMMON STOCK COULD DECLINE.

Much of our development effort is focused on technically difficult-to-formulate products and/or products that require advanced manufacturing technology. We conduct research and development primarily to enable us to manufacture and market FDA-approved pharmaceuticals in accordance with FDA regulations. Typically, research expenses related to the development of innovative compounds and the filing of NDAs are significantly greater than those expenses associated with ANDAs. As we continue to develop new products, our research expenses will likely increase. Because of the inherent risk associated with research and development efforts in our industry, particularly with respect to new drugs, our research and development expenditures may not result in the successful introduction of FDA approved new pharmaceutical products. Also, after we submit an NDA or ANDA, the FDA may request that we conduct additional studies and as a result, we may be unable to reasonably determine the total research and development costs to develop a particular product. Finally, we cannot be certain that any investment made in developing products will be recovered, even if we are successful in commercialization. To the extent that we expend significant resources on research and development efforts and are not able, ultimately, to introduce successful new

products as a result of those efforts, our business, financial position and results of operations may be materially adversely affected, and the market value of our common stock could decline.

A SIGNIFICANT PORTION OF OUR NET REVENUES ARE DERIVED FROM SALES TO A LIMITED NUMBER OF CUSTOMERS. ANY SIGNIFICANT REDUCTION OF BUSINESS WITH ANY OF THESE CUSTOMERS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS, AND THE MARKET VALUE OF OUR COMMON STOCK COULD DECLINE.

A significant portion of our net revenues are derived from sales to a limited number of customers. As such, a reduction in or loss of business with one customer, or if one customer were to experience difficulty in paying us on a timely basis, our business, financial position and results of operations could be materially adversely affected, and the market value of our common stock could decline.

THE USE OF LEGAL, REGULATORY AND LEGISLATIVE STRATEGIES BY COMPETITORS, BOTH BRAND AND GENERIC, INCLUDING SO-CALLED "AUTHORIZED GENERICS" AND CITIZEN'S PETITIONS, AS WELL AS THE POTENTIAL IMPACT OF PROPOSED LEGISLATION, MAY INCREASE OUR COSTS ASSOCIATED WITH THE INTRODUCTION OR MARKETING OF OUR GENERIC PRODUCTS OR COULD DELAY OR PREVENT SUCH INTRODUCTION. THESE FACTORS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Our competitors, both brand and generic, often pursue strategies to prevent or delay competition from generic alternatives to brand products. These strategies include, but are not limited to:

- entering into agreements whereby other generic companies will begin to market a so-called "authorized generic", a generic equivalent of a branded product, at the same time generic competition initially enters the market;
- filing citizen's petitions with the FDA, including timing the filings so as to thwart generic competition by causing delays of our product approvals;
- seeking to establish regulatory and legal obstacles that would make it more difficult to demonstrate bioequivalence;
- initiating legislative efforts in various states to limit the substitution of generic versions of brand pharmaceuticals;
- filing suits for patent infringement that automatically delay FDA approval of many generic products;
- introducing "next-generation" products prior to the expiration of market exclusivity for the reference product, which often materially reduces the demand for the first generic product for which we seek FDA approval;
- obtaining extensions of market exclusivity by conducting clinical trials of brand drugs in pediatric populations or by other potential methods as discussed below;
- persuading the FDA to withdraw the approval of brand name drugs for which the patents are about to expire, thus allowing the brand name company to obtain new patented products serving as substitutes for the products withdrawn; and
- seeking to obtain new patents on drugs for which patent protection is about to expire.

The Food and Drug Modernization Act of 1997 includes a pediatric exclusivity provision that may provide an additional six months of market exclusivity for indications of new or currently marketed drugs if certain agreed

upon pediatric studies are completed by the applicant. Brand companies are utilizing this provision to extend periods of market exclusivity.

Some companies have lobbied Congress for amendments to the Waxman-Hatch legislation that would give them additional advantages over generic competitors. For example, although the term of a company's drug patent can be extended to reflect a portion of the time an NDA is under regulatory review, some companies have proposed extending the patent term by a full year for each year spent in clinical trials, rather than the one-half year that is currently permitted.

If proposals like these were to become effective, our entry into the market and our ability to generate revenues associated with new products may be delayed, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE DEPEND ON THIRD-PARTY SUPPLIERS AND DISTRIBUTORS FOR THE RAW MATERIALS, PARTICULARLY THE CHEMICAL COMPOUND(S) COMPRISING THE ACTIVE PHARMACEUTICAL INGREDIENT, THAT WE USE TO MANUFACTURE OUR PRODUCTS, AS WELL AS CERTAIN FINISHED GOODS. A PROLONGED INTERRUPTION IN THE SUPPLY OF SUCH PRODUCTS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS, AND THE MARKET VALUE OF OUR COMMON STOCK COULD DECLINE.

We typically purchase the active pharmaceutical ingredient (i.e. the chemical compounds that produce the desired therapeutic effect in our products), and other materials and supplies that we use in our manufacturing operations, as well as certain finished products, from many different foreign and domestic suppliers.

Additionally, we maintain safety stocks in our raw materials inventory, and in certain cases where we have listed only one supplier in our applications with the FDA, have received FDA approval to use alternative suppliers should the need arise. However, there is no guarantee that we will always have timely and sufficient access to a critical raw material or finished product. A prolonged interruption in the supply of a single-sourced raw material, including the active ingredient, or finished product could cause our financial position and results of operations to be materially adversely affected, and the market value of our common stock could decline. In addition, our manufacturing capabilities could be impacted by quality deficiencies in the products which our suppliers provide, which could have a material adverse effect on our business, financial position and results of operations, and the market value of our common stock could decline.

WE USE SEVERAL MANUFACTURING FACILITIES TO MANUFACTURE OUR PRODUCTS. HOWEVER, A SIGNIFICANT NUMBER OF OUR GENERIC PRODUCTS ARE PRODUCED AT ONE LOCATION. PRODUCTION AT THIS FACILITY COULD BE INTERRUPTED, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Although we have other facilities, we produce a significant number of our generic products at our largest manufacturing facility. A significant disruption at that facility, even on a short-term basis, could impair our ability to produce and ship products to the market on a timely basis, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE MAY EXPERIENCE DECLINES IN THE SALES VOLUME AND PRICES OF OUR PRODUCTS AS THE RESULT OF THE CONTINUING TREND TOWARD CONSOLIDATION OF CERTAIN CUSTOMER GROUPS, SUCH AS THE WHOLESALE DRUG DISTRIBUTION AND RETAIL

PHARMACY INDUSTRIES, AS WELL AS THE EMERGENCE OF LARGE BUYING GROUPS. THE RESULT OF SUCH DEVELOPMENTS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

We make a significant amount of our sales to a relatively small number of drug wholesalers and retail drug chains. These customers represent an essential part of the distribution chain of generic pharmaceutical products. Drug wholesalers and retail drug chains have undergone, and are continuing to undergo, significant consolidation. This consolidation may result in these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures facing our business. Additionally, the emergence of large buying groups representing independent retail pharmacies and the prevalence and influence of managed care organizations and similar institutions potentially enable those groups to attempt to extract price discounts on our products. The result of these developments may have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE MAY BE UNABLE TO PROTECT OUR INTELLECTUAL AND OTHER PROPRIETARY PROPERTY IN AN EFFECTIVE MANNER, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Although our brand products may have patent protection, our brand products may not prevent other companies from developing functionally equivalent products or from challenging the validity or enforceability of our patents. If our patents are found to be non-infringed, invalid or not enforceable, we could experience an adverse effect on our ability to commercially promote patented products. We could be required to enforce our patent or other intellectual property rights through litigation, which can be protracted and involve significant expense and an inherently uncertain outcome. Any negative outcome could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

OUR COMPETITORS OR OTHER THIRD PARTIES MAY ALLEGE THAT WE ARE INFRINGING THEIR INTELLECTUAL PROPERTY, FORCING US TO EXPEND SUBSTANTIAL RESOURCES IN RESULTING LITIGATION, THE OUTCOME OF WHICH IS UNCERTAIN. ANY UNFAVORABLE OUTCOME OF SUCH LITIGATION COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Companies that produce brand pharmaceutical products routinely bring litigation against ANDA applicants who seek FDA approval to manufacture and market generic forms of their branded products. These companies allege patent infringement or other violations of intellectual property rights as the basis for filing suit against an ANDA applicant. Likewise, patent holders may bring patent infringement suits against companies who are currently marketing and selling their approved generic products. Litigation often involves significant expense and can delay or prevent introduction or sale of our generic products.

There may also be situations where the Company uses its business judgment and decides to market and sell products, notwithstanding the fact that allegations of patent infringement(s) by our competitors have not been finally resolved by the courts. The risk involved in doing so can be substantial because the remedies available to the owner of a patent for infringement include, among other things, damages measured by the profits lost by the patent owner and not by the profits earned by the infringer. In the case of a willful infringement, the definition of which is unclear, such damages may be trebled. Moreover, because of the discount pricing typically involved with bioequivalent products, patented brand products generally realize a substantially higher profit margin than bioequivalent products. An adverse decision in a case such as this or in other similar litigation could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE MAY EXPERIENCE REDUCTIONS IN THE LEVELS OF REIMBURSEMENT FOR PHARMACEUTICAL PRODUCTS BY GOVERNMENTAL AUTHORITIES, HMOS OR OTHER THIRD-PARTY PAYERS. ANY SUCH REDUCTIONS COULD HAVE A MATERIAL ADVERSE EFFECT ON

OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Various governmental authorities and private health insurers and other organizations, such as HMOs, provide reimbursement to consumers for the cost of certain pharmaceutical products. Demand for our products depends in part on the extent to which such reimbursement is available. Third-party payers increasingly challenge the pricing of pharmaceutical products. This trend and other trends toward the growth of HMOs, managed healthcare and legislative healthcare reform create significant uncertainties regarding the future levels of reimbursement for pharmaceutical products. Further, any reimbursement may be reduced in the future, perhaps to the point that market demand for our products declines. Such a decline could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

LEGISLATIVE OR REGULATORY PROGRAMS THAT MAY INFLUENCE PRICES OF PRESCRIPTION DRUGS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Current or future federal or state laws and regulations may influence the prices of drugs and, therefore, could adversely affect the prices that we receive for our products. Programs in existence in certain states seek to set prices of all drugs sold within those states through the regulation and administration of the sale of prescription drugs. Expansion of these programs, in particular, state Medicaid programs, or changes required in the way in which Medicaid rebates are calculated under such programs, could adversely affect the price we receive for our products and could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE ARE INVOLVED IN VARIOUS LEGAL PROCEEDINGS AND CERTAIN GOVERNMENT INQUIRIES AND MAY EXPERIENCE UNFAVORABLE OUTCOMES OF SUCH PROCEEDINGS OR INQUIRIES, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

We are involved in various legal proceedings and certain government inquiries, including, but not limited to, patent infringement, product liability, breach of contract and claims involving Medicaid and Medicare reimbursements, some of which are described in our periodic reports and involve claims for, or the possibility of fines and penalties involving, substantial amounts of money or for other relief. If any of these legal proceedings or inquiries were to result in an adverse outcome, the impact could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

With respect to product liability, the Company maintains commercial insurance to protect against and manage the risks involved in conducting its business. Although we carry insurance, we believe that no reasonable amount of insurance can fully protect against all such risks because of the potential liability inherent in the business of producing pharmaceuticals for human consumption. To the extent that a loss occurs, depending on the nature of the loss and the level of insurance coverage maintained, it could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE ENTER INTO VARIOUS AGREEMENTS IN THE NORMAL COURSE OF BUSINESS WHICH PERIODICALLY INCORPORATE PROVISIONS WHEREBY WE INDEMNIFY THE OTHER PARTY TO THE AGREEMENT. IN THE EVENT THAT WE WOULD HAVE TO PERFORM UNDER THESE INDEMNIFICATION PROVISIONS, IT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

In the normal course of business, we periodically enter into employment, legal settlement, and other agreements which incorporate indemnification provisions. We maintain insurance coverage which we believe will effectively mitigate our obligations under these indemnification provisions. However, should our obligation under an

indemnification provision exceed our coverage or should coverage be denied, our business, financial position and results of operations could be materially affected and the market value of our common stock could decline.

OUR ANNOUNCED (BUT NOT COMPLETED) ACQUISITION OF KING PHARMACEUTICALS INVOLVES A NUMBER OF INHERENT RISKS, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

On July 23, 2004, we entered into an Agreement and Plan of Merger to acquire King Pharmaceuticals, Inc. ("King") in a stock-for-stock transaction. The consummation of the acquisition requires the satisfaction of certain conditions to the acquisition that are beyond our control. Should the acquisition occur the anticipated synergies and other benefits from the acquisition may not be achieved, and the integration of the two businesses may involve challenges and costs, all of which could result in the costs of the acquisition exceeding its realized benefits. Furthermore, we cannot predict, among other things: the effect of any changes in customer and supplier relationships and customer purchasing patterns; the impact and effects of legal or regulatory proceedings, actions or changes; general market perception of the transaction; exposure to lawsuits and contingencies associated with the acquisition; our ability to retain key employees; and other uncertainties and matters beyond our control. In addition, if the acquisition is not completed, we may be obligated to pay an $85 million termination fee under certain limited circumstances. We are also responsible for financial advisory, legal, accounting and other fees which must be paid even if the acquisition is not completed. Certain of the above factors could have a material adverse effect on our business, financial position and results of operations and could cause a decline in the market value of our common stock.

OUR ACQUISITION STRATEGIES IN GENERAL INVOLVE A NUMBER OF INHERENT RISKS. THESE RISKS COULD CAUSE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE A DECLINE IN THE MARKET VALUE OF OUR COMMON STOCK.

In addition to the King acquisition, we continually seek to expand our product line through complementary or strategic acquisitions of other companies, products and assets, and through joint ventures, licensing agreements or other arrangements. Acquisitions, joint ventures and other business combinations involve various inherent risks, such as assessing accurately the values, strengths, weaknesses, contingent and other liabilities, regulatory compliance and potential profitability of acquisition or other transaction candidates. Other inherent risks include the potential loss of key personnel of an acquired business, our inability to achieve identified financial and operating synergies anticipated to result from an acquisition or other transaction and unanticipated changes in business and economic conditions affecting an acquisition or other transaction. International acquisitions, and other transactions, could also be affected by export controls, exchange rate fluctuations, domestic and foreign political conditions and the deterioration in domestic and foreign economic conditions.

We may be unable to realize synergies or other benefits expected to result from acquisitions, joint ventures and other transactions or investments we may undertake, or be unable to generate additional revenue to offset any unanticipated inability to realize these expected synergies or benefits. Realization of the anticipated benefits of acquisitions or other transactions could take longer than expected, and implementation difficulties, market factors and the deterioration in domestic and global economic conditions could alter the anticipated benefits of any such transactions. These factors could cause a material adverse effect on our business, financial position and results of operations and could cause a decline in the market value of our common stock.

OUR FUTURE SUCCESS IS HIGHLY DEPENDENT ON OUR CONTINUED ABILITY TO ATTRACT AND RETAIN KEY PERSONNEL. ANY FAILURE TO ATTRACT AND RETAIN KEY PERSONNEL COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Because our success is largely dependent on the scientific nature of our business, it is imperative that we attract and retain qualified personnel in order to develop new products and compete effectively. If we fail to attract and retain key scientific, technical or management personnel, our business could be affected adversely. Additionally,

while we have employment agreements with certain key employees in place, their employment for the duration of the agreement is not guaranteed. If we are unsuccessful in retaining all of our key employees, it could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

RECENT DECISIONS BY THE FDA, CURRENT BRAND TACTICS AND OTHER FACTORS BEYOND OUR CONTROL HAVE PLACED OUR GENERICS BUSINESS UNDER INCREASING PRESSURE, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

If recent FDA rulings should stand, which rulings we believe are contrary to multiple sections of the Federal Food, Drug, and Cosmetic Act and the Administrative Procedures Act, the FDA's published regulations and the legal precedent on point, then our business and the generic industry as a whole could be materially adversely affected. While we remain in an intense battle with regard to these recent decisions as well as current brand tactics that undermine Congressional intent, we cannot guarantee that we will prevail. If we are not successful, our business, financial position and results of operation could suffer and the market value of our common stock could decline.

WE HAVE BEGUN THE IMPLEMENTATION OF AN ENTERPRISE RESOURCE PLANNING SYSTEM. AS WITH ANY IMPLEMENTATION OF A SIGNIFICANT NEW SYSTEM, DIFFICULTIES ENCOUNTERED COULD RESULT IN BUSINESS INTERRUPTIONS, AND COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

We have begun the implementation of an enterprise resource planning (ERP) system to enhance operating efficiencies and provide more effective management of our business operations. Implementations of ERP systems and related software carry risks such as cost overruns, project delays and business interruptions and delays. If we experience a material business interruption as a result of our ERP implementation, it could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

UNDER REGULATIONS REQUIRED BY THE SARBANES-OXLEY ACT OF 2002, AN ADVERSE OPINION ON INTERNAL CONTROLS COULD BE ISSUED BY OUR AUDITOR, AND THIS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Section 404 of the Sarbanes-Oxley Act of 2002 requires us to provide an assessment of the effectiveness of internal control over financial reporting beginning with our Annual Report of Form 10-K for the fiscal year ending March 31, 2005. Our auditors are required to audit both the design and operating effectiveness of our internal controls and management's assessment of the design and the effectiveness of its internal controls. Although no known material weaknesses exist at this time, this will be the first year that we have undergone an audit of our internal controls and procedures, and it is possible that material weaknesses could be found. If we are unable to remediate the weaknesses, management may be required to disclose that material weaknesses exist, and the auditors could be required to issue an adverse opinion on our internal controls, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

THERE ARE INHERENT UNCERTAINTIES INVOLVED IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS USED IN THE PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP. ANY CHANGES IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS USED COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

The consolidated and condensed consolidated financial statements included in the periodic reports we file with the SEC are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in accordance with GAAP involves making estimates, judgments and assumptions that affect reported amounts of assets (including intangible assets), liabilities, revenues, expenses and income. Estimates, judgments and assumptions are inherently subject to change in the future, and any such changes could result in corresponding changes to the amounts of assets (including goodwill and other intangible assets), liabilities, revenues, expenses and income. Any such changes could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is subject to market risk primarily from changes in the market values of investments in its marketable debt securities. In addition to marketable debt and equity securities, investments are made in overnight deposits, money market funds and marketable securities with maturities of less than three months. These instruments are classified as cash equivalents for financial reporting purposes and have minimal or no interest rate risk due to their short-term nature.

The following table summarizes the investments in marketable debt and equity securities which subject the Company to market risk at December 31, 2004 and March 31, 2004:

(in thousands)	December 31, 2004	March 31, 2004
Debt securities	$ 648,501	$ 581,212
Equity securities	3,451	4,233
	$ 651,952	$ 585,445

The primary objectives for the marketable debt securities investment portfolio are liquidity and safety of principal. Investments are made to achieve the highest rate of return while retaining principal. Our investment policy limits investments to certain types of instruments issued by institutions and government agencies with investment-grade credit ratings. At December 31, 2004, the Company had invested $648.5 million in marketable debt securities, of which $152.8 million will mature within one year and $495.7 million will mature after one year. The short duration to maturity creates minimal exposure to fluctuations in market values for investments that will mature within one year. However, a significant change in current interest rates could affect the market value of the remaining $495.7 million of marketable debt securities that mature after one year. A 5% change in the market value of the marketable debt securities that mature after one year would result in a $24.8 million change in marketable debt securities.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2004. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective. In addition, during the period covered by this report, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, and no corrective actions taken with regard to significant deficiencies or material weaknesses in such controls.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of the material pending legal proceedings to which the Company is a party, please see our Annual Report on Form 10-K for the year ended March 31, 2004, as supplemented by the disclosure in our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2004 and September 30, 2004. During the quarter ended December 31, 2004, there were no new material legal proceedings or material developments with respect to pending proceedings other than as described below. While it is not possible to determine with any degree of certainty the ultimate outcome of the following matters, the Company believes that it has meritorious defenses with respect to the claims asserted against it and intends to vigorously defend its position. An adverse outcome in any of these proceedings could have a material adverse effect on the Company's financial position and results of operations. No amounts have been accrued at December 31, 2004, with respect to any of these matters.

Pricing and Medicaid Litigation and Investigations

On August 4, 2004, the City of New York filed a civil lawsuit against 44 pharmaceutical companies, including Mylan Labs, in the U.S. District Court for the Southern District of New York alleging violations of federal and state Medicaid laws, Medicaid and common law fraud, breach of contract, other New York statutes and regulations, and unjust enrichment, and on January 26, 2005, the plaintiff filed an amended complaint naming MPI and UDL as defendants. The case has been transferred to the AWP multi-district litigation proceedings pending in the U.S. District Court for the District of Massachusetts for pretrial proceedings. A similar suit was filed by the Commonwealth of Kentucky on November 4, 2004, against Mylan Labs, MPI and approximately 40 other pharmaceutical companies in the Franklin County Circuit Court alleging violations of the Kentucky Consumer Protection Act, the Kentucky Medicaid Fraud Statute, the Kentucky False Advertising Statute, fraud and negligent misrepresentation relating to reporting of "average wholesale prices." In addition, on December 6, 2004, the State of Wisconsin sued Mylan Labs, MPI and approximately 35 other pharmaceutical companies in the Circuit Court for Dane County, Wisconsin alleging violations of Wisconsin false advertising, price reporting and fraud statutes and the Wisconsin Trusts and Monopolies Act, and also asserting a claim for unjust enrichment. Nassau County, New York filed a similar complaint in the U.S. District Court for the Eastern District of New York on November 24, 2004 containing federal and state claims against numerous pharmaceutical companies including Mylan Labs, MPI and UDL. On January 26, 2005, the Counties of Rockland, Suffolk and Westchester filed amended complaints in the U.S. District Court for the District of Massachusetts against approximately 50 pharmaceutical companies, including Mylan Labs, MPI and UDL, alleging violations of federal and state Medicaid laws, Medicaid and common law fraud, breach of contract, other New York statutes and regulations and unjust enrichment. Onondaga County, New York filed a substantially similar complaint in the U.S. District Court for the Northern District of New York in January 2005. Also on January 26, 2005, the State of Alabama filed suit against 79 pharmaceutical companies, including Mylan Labs, MPI and UDL, in the Circuit Court of Montgomery County, Alabama, alleging that Alabama has been defrauded by false reporting of AWP, WAC and "direct prices" and asserts claims for fraud, "wantonness" and unjust enrichment, seeking compensatory and punitive damages and injunctive relief. In each case, the plaintiff seeks money damages and civil penalties in unspecified amounts and declaratory and injunctive relief, and in each matter Mylan Labs and its subsidiaries have not yet been required to respond to the complaint or the amended complaint, as applicable.

By letter dated January 12, 2005, MPI was notified by the U.S. Department of Justice of an investigation concerning MPI's calculations of Medicaid drug rebates. To the best of MPI's information, the investigation is in its early stages. The government has not asked MPI for information.

Shareholder Litigation

On November 22, 2004, an individual purporting to be a Mylan Labs shareholder, filed a civil action in the Court of Common Pleas of Allegheny County, Pennsylvania, against Mylan Labs and all members of its Board of Directors alleging that the Board members had breached their fiduciary duties by approving the planned acquisition of King Pharmaceuticals, Inc. ("King") and by declining to dismantle the Company's anti-takeover defenses to permit an auction of the Company to Carl Icahn or other potential buyers of the Company, and also alleging that certain transactions between the Company and its directors (or their relatives or companies with which they were

formerly affiliated) may have been wasteful. On November 23, 2004, a substantially identical complaint was filed in the same court by another purported Mylan Labs shareholder. The actions are styled as shareholder derivative suits on behalf of Mylan Labs and class actions on behalf of all Mylan Labs' shareholders, and have been consolidated by the court under the caption "In re Mylan Laboratories Inc. Shareholder Litigation." On January 19, 2005, plaintiffs amended their complaints to add Bear Stearns & Co., Inc., Goldman Sachs & Co., Richard C. Perry, Perry Corp., American Stock Transfer & Trust Company, and "John Does 1-100" as additional defendants, and to add claims regarding trading activity by the additional defendants and the implications on Mylan Labs' shareholder rights agreement. The plaintiffs are seeking injunctive and declaratory relief and undisclosed damages. Mylan Labs' and its directors' preliminary objections seeking dismissal of the complaints are pending before the court.

On December 10, 2004, High River Limited Partnership, an entity controlled by Carl Icahn, filed suit in the U.S. District Court for the Middle District of Pennsylvania against Mylan Labs, its Vice Chairman and Chief Executive Officer Robert J. Coury, Richard C. Perry, Perry Corp. and "John Does 1-100", asserting against the Company a claim for violation of the federal securities laws and against the Company and Mr. Coury a claim for alleged breaches of Pennsylvania statutory and common law in connection with SEC filings and other public statements concerning the planned King acquisition. The complaint also asserts claims under the federal securities laws and Pennsylvania corporate law concerning a possible shareholder vote relating to the proposed merger. On January 27, 2005, the court granted a motion by Perry Corp. and Mr. Perry to transfer the case to the U.S. District Court for the Southern District of New York. Mylan Labs, Mr. Coury and the other defendants have filed motions to dismiss the complaint in its entirety, which motions are currently pending before the court.

Other Litigation

The Company is involved in various other legal proceedings that are considered normal to its business. While it is not feasible to predict the ultimate outcome of such other proceedings at this time, the Company believes that the ultimate outcome of such other proceedings will not have a material adverse effect on its financial position or results of operations.

ITEM 6. EXHIBITS

3.1	Amended and Restated Articles of Incorporation of the registrant, as amended to date, filed as Exhibit 3.1 to the Form 10-Q for the quarterly period ended June 30, 2003, and incorporated herein by reference.
3.2	Bylaws of the Registrant, as amended to date, filed as Exhibit 3.2 to the Form 10-Q for the quarterly period ended September 30, 2003, and incorporated herein by reference.
4.1(a)	Rights Agreement dated as of August 22, 1996, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on September 3, 1996, and incorporated herein by reference.
4.1(b)	Amendment to Rights Agreement dated as of November 8, 1999, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 1 to Form 8-A/A filed with the SEC on March 31, 2000, and incorporated herein by reference.
4.1(c)	Amendment No. 2 to Rights Agreement dated as of August 13, 2004, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on August 16, 2004, and incorporated herein by reference.
4.1(d)	Amendment No. 3 to Rights Agreement dated as of September 8, 2004, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on September 9, 2004, and incorporated herein by reference.
4.1(e)	Amendment No. 4 to Rights Agreement dated as of December 2, 2004, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on December 3, 2004, and incorporated herein by reference.
10.1	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and Robert J. Coury.
10.2	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and Edward J. Borkowski.

10.3	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and Louis J. DeBone.
10.4	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and Margaret A. McKenna.
10.5	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and John P. O'Donnell.
10.6	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and Stuart A. Williams.
10.7	Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and Robert J. Coury.
10.8	Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and Edward J. Borkowski.
10.9	Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and Stuart A. Williams.
10.10	Amended and Restated Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and Louis J. DeBone.
10.11	Amended and Restated Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and John P. O'Donnell.
10.12	Mylan Laboratories Inc. Severance Plan.
10.13	Description of the registrant's Director Compensation Arrangements in effect as of February 9, 2005.
31.1	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report on Form 10-Q for the quarterly period ended December 31, 2004, to be signed on its behalf by the undersigned thereunto duly authorized.

Mylan Laboratories Inc.
(Registrant)

February 9, 2005 By: /s/ Robert J. Coury
Robert J. Coury
Vice Chairman and Chief Executive Officer

February 9, 2005 /s/ Edward J. Borkowski
Edward J. Borkowski
Chief Financial Officer
(*Principal financial officer)*

February 9, 2005 /s/ Gary E. Sphar
Gary E. Sphar
Vice President, Corporate Controller
(*Principal accounting officer)*

EXHIBIT INDEX

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10.3	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and Louis J. DeBone.
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32	Certification of CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 10.1

AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT

THIS AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and Robert J. Coury (the "Executive"), is made as of December 2, 2004.

WHEREAS, the Company and the Executive are parties to that certain Transition and Succession Agreement dated as of December 15, 2003 (the "Agreement"); and

WHEREAS, the Company and the Executive wish to amend the Agreement, as set forth below;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. The last sentence of Section 3(a) of the Agreement is hereby amended and restated in its entirety to read as follows:

> In addition, for three years after the date the Executive's employment terminates, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue to provide benefits to the Executive and/or the Executive's dependents at least equal to those that were provided to them (taking into account any required employee contributions, co-payments and similar costs imposed on the Executive and the Executive's dependents and the tax treatment of participation in the plans, programs, practices and policies by the Executive and the Executive's dependents) by or on behalf of the Company and or the Affiliated Companies in accordance with the benefit plans, programs, practices and policies (including those provided under the Employment Agreement) in effect immediately prior to a Change of Control or, if more favorable to the Executive, as in effect any time thereafter with respect to other peer executives of the Company and the Affiliated Companies and their dependents; provided, however, that, if the Executive becomes reemployed with another employer and is eligible to receive such benefits under another employer provided plan, program, practice or policy, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan, program, practice or policy during such applicable period of eligibility.

2. Section 3(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

> (b)(1) Whether or not the Executive becomes entitled to any payments hereunder, if any of the payments or benefits received or to be received by the Executive (including any payment or benefits received in connection with a

Change of Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the excise tax ("the Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, and after taking into account the phase out of itemized deductions and personal exemptions attributable to the Gross-Up Payment, shall be equal to the Total Payments.

(b)(2) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change of Control, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(l) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 3(b)), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(b)(3) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Executive shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such

reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by the Executive), to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

3. This Amendment shall be governed by, interpreted under and construed in accordance with the laws of the Commonwealth of Pennsylvania.

4. This Amendment may be executed in counterparts, each of which shall be an original and all of which shall constitute the same document.

5. Except as modified by this Amendment, the Agreement is hereby confirmed in all respects.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered as of the day and year first above written.

MYLAN LABORATORIES INC.

/s/ Milan Puskar
By: Milan Puskar
Title: Chairman of the Board

EXECUTIVE

/s/ Robert J. Coury
Robert J. Coury

Exhibit 10.2

AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT

THIS AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and Edward J. Borkowski (the "Executive"), is made as of December 2, 2004.

WHEREAS, the Company and the Executive are parties to that certain Transition and Succession Agreement dated as December 15, 2003 (the "Agreement"); and

WHEREAS, the Company and the Executive wish to amend the Agreement, as set forth below;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. The last sentence of Section 3(a) of the Agreement is hereby amended and restated in its entirety to read as follows:

> In addition, for three years after the date the Executive's employment terminates, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue to provide benefits to the Executive and/or the Executive's dependents at least equal to those that were provided to them (taking into account any required employee contributions, co-payments and similar costs imposed on the Executive and the Executive's dependents and the tax treatment of participation in the plans, programs, practices and policies by the Executive and the Executive's dependents) by or on behalf of the Company and or the Affiliated Companies in accordance with the benefit plans, programs, practices and policies (including those provided under the Employment Agreement) in effect immediately prior to a Change of Control or, if more favorable to the Executive, as in effect any time thereafter with respect to other peer executives of the Company and the Affiliated Companies and their dependents; provided, however, that, if the Executive becomes reemployed with another employer and is eligible to receive such benefits under another employer provided plan, program, practice or policy, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan, program, practice or policy during such applicable period of eligibility.

2. Section 3(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

> (b)(1) Whether or not the Executive becomes entitled to any payments hereunder, if any of the payments or benefits received or to be received by the Executive (including any payment or benefits received in connection with a

Change of Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the excise tax ("the Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, and after taking into account the phase out of itemized deductions and personal exemptions attributable to the Gross-Up Payment, shall be equal to the Total Payments.

(b)(2) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change of Control, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(l) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 3(b)), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(b)(3) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Executive shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such

reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by the Executive), to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

3. This Amendment shall be governed by, interpreted under and construed in accordance with the laws of the Commonwealth of Pennsylvania.

4. This Amendment may be executed in counterparts, each of which shall be an original and all of which shall constitute the same document.

5. Except as modified by this Amendment, the Agreement is hereby confirmed in all respects.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered as of the day and year first above written.

MYLAN LABORATORIES INC.

/s/ Robert J. Coury

By: Robert J. Coury
Title: Vice Chairman and
Chief Executive Officer

EXECUTIVE

/s/ Edward J. Borkowski

Edward J. Borkowski

Exhibit 10.3

AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT

THIS AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and Louis J. DeBone (the "Executive"), is made as of December 2, 2004.

WHEREAS, the Company and the Executive are parties to that certain Transition and Succession Agreement dated as of December 15, 2003 (the "Agreement"); and

WHEREAS, the Company and the Executive wish to amend the Agreement, as set forth below;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Section 8 of the Agreement is hereby amended and restated in its entirety to read as follows:

Section 8. Certain Additional Payments by the Company.

(a) Whether or not the Executive becomes entitled to any payments hereunder, if any of the payments or benefits received or to be received by the Executive (including any payment or benefits received in connection with a Change of Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the excise tax ("the Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, and after taking into account the phase out of itemized deductions and personal exemptions attributable to the Gross-Up Payment, shall be equal to the Total Payments.

(b) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change of Control, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments"

within the meaning of Section 280G(b)(l) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 3(b)), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(c) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Executive shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by the Executive), to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

2. This Amendment shall be governed by, interpreted under and construed in accordance with the laws of the Commonwealth of Pennsylvania.

3. This Amendment may be executed in counterparts, each of which shall be an original and all of which shall constitute the same document.

4. Except as modified by this Amendment, the Agreement is hereby confirmed in all respects.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered as of the day and year first above written.

MYLAN LABORATORIES INC.

/s/ Robert J. Coury

By: Robert J. Coury
Title: Vice Chairman and
Chief Executive Officer

EXECUTIVE

/s/ Louis J. DeBone

Louis J. DeBone

Exhibit 10.4

AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT

THIS AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and Margaret A. McKenna (the "Executive"), is made as of December 2, 2004.

WHEREAS, the Company and the Executive are parties to that certain Transition and Succession Agreement dated as of June 29, 2004 (the "Agreement"); and

WHEREAS, the Company and the Executive wish to amend the Agreement, as set forth below;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Section 8 of the Agreement is hereby amended and restated in its entirety to read as follows:

Section 8. Certain Additional Payments by the Company.

(a) Whether or not the Executive becomes entitled to any payments hereunder, if any of the payments or benefits received or to be received by the Executive (including any payment or benefits received in connection with a Change of Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the excise tax ("the Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, and after taking into account the phase out of itemized deductions and personal exemptions attributable to the Gross-Up Payment, shall be equal to the Total Payments.

(b) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change of Control, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments"

within the meaning of Section 280G(b)(l) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 3(b)), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(c) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Executive shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by the Executive), to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

2. This Amendment shall be governed by, interpreted under and construed in accordance with the laws of the Commonwealth of Pennsylvania.

3. This Amendment may be executed in counterparts, each of which shall be an original and all of which shall constitute the same document.

4. Except as modified by this Amendment, the Agreement is hereby confirmed in all respects.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered as of the day and year first above written.

MYLAN LABORATORIES INC.

/s/ Robert J. Coury

By: Robert J. Coury
Title: Vice Chairman and
Chief Executive Officer

EXECUTIVE

/s/ Margaret A. McKenna

Margaret A. McKenna

Exhibit 10.5

AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT

THIS AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and John P. O'Donnell (the "Executive"), is made as of December 2, 2004.

WHEREAS, the Company and the Executive are parties to that certain Transition and Succession Agreement dated as of December 15, 2003 (the "Agreement"); and

WHEREAS, the Company and the Executive wish to amend the Agreement, as set forth below;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Section 8 of the Agreement is hereby amended and restated in its entirety to read as follows:

Section 8. Certain Additional Payments by the Company.

(a) Whether or not the Executive becomes entitled to any payments hereunder, if any of the payments or benefits received or to be received by the Executive (including any payment or benefits received in connection with a Change of Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the excise tax ("the Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, and after taking into account the phase out of itemized deductions and personal exemptions attributable to the Gross-Up Payment, shall be equal to the Total Payments.

(b) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change of Control, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments"

within the meaning of Section 280G(b)(l) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 3(b)), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(c) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Executive shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by the Executive), to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

2. This Amendment shall be governed by, interpreted under and construed in accordance with the laws of the Commonwealth of Pennsylvania.

3. This Amendment may be executed in counterparts, each of which shall be an original and all of which shall constitute the same document.

4. Except as modified by this Amendment, the Agreement is hereby confirmed in all respects.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered as of the day and year first above written.

MYLAN LABORATORIES INC.

/s/ Robert J. Coury

By: Robert J. Coury
Title: Vice Chairman and
Chief Executive Officer

EXECUTIVE

/s/ John P. O'Donnell

John P. O'Donnell

Exhibit 10.6

AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT

THIS AMENDMENT NO. 1 TO TRANSITION AND SUCCESSION AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and Stuart A. Williams (the "Executive"), is made as of December 2, 2004.

WHEREAS, the Company and the Executive are parties to that certain Transition and Succession Agreement dated as of December 15, 2003 (the "Agreement"); and

WHEREAS, the Company and the Executive wish to amend the Agreement, as set forth below;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. The last sentence of Section 3(a) of the Agreement is hereby amended and restated in its entirety to read as follows:

> In addition, for three years after the date the Executive's employment terminates, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue to provide benefits to the Executive and/or the Executive's dependents at least equal to those that were provided to them (taking into account any required employee contributions, co-payments and similar costs imposed on the Executive and the Executive's dependents and the tax treatment of participation in the plans, programs, practices and policies by the Executive and the Executive's dependents) by or on behalf of the Company and or the Affiliated Companies in accordance with the benefit plans, programs, practices and policies (including those provided under the Employment Agreement) in effect immediately prior to a Change of Control or, if more favorable to the Executive, as in effect any time thereafter with respect to other peer executives of the Company and the Affiliated Companies and their dependents; provided, however, that, if the Executive becomes reemployed with another employer and is eligible to receive such benefits under another employer provided plan, program, practice or policy, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan, program, practice or policy during such applicable period of eligibility.

2. Section 3(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

> (b)(1) Whether or not the Executive becomes entitled to any payments hereunder, if any of the payments or benefits received or to be received by the Executive (including any payment or benefits received in connection with a

Change of Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the excise tax ("the Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, and after taking into account the phase out of itemized deductions and personal exemptions attributable to the Gross-Up Payment, shall be equal to the Total Payments.

(b)(2) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change of Control, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(l) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 3(b)), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(b)(3) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Executive shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such

reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by the Executive), to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

3. This Amendment shall be governed by, interpreted under and construed in accordance with the laws of the Commonwealth of Pennsylvania.

4. This Amendment may be executed in counterparts, each of which shall be an original and all of which shall constitute the same document.

5. Except as modified by this Amendment, the Agreement is hereby confirmed in all respects.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered as of the day and year first above written.

MYLAN LABORATORIES INC.

/s/ Robert J. Coury

By: Robert J. Coury
Title: Vice Chairman and
Chief Executive Officer

EXECUTIVE

/s/ Stuart A. Williams

Stuart A. Williams

Exhibit 10.7

RETIREMENT BENEFIT AGREEMENT

This Retirement Benefit Agreement (the "Agreement") is entered into as of the 31st day of December, 2004 (the "Effective Date") by and between:

Mylan Laboratories Inc., a Pennsylvania corporation, with offices located at 1500 Corporate Drive, Canonsburg, PA 15317 (hereinafter referred to as "Mylan" or "Company").

and

Robert J. Coury, an executive officer of Mylan (hereinafter referred to as "Executive").

WHEREAS, Executive performs valuable services for the Company; and

WHEREAS, in recognition of his continuing service to Mylan, the Company wishes to provide Executive with financial assistance with respect to retirement and in the event of his death;

WITNESSETH THEREFORE that in consideration of the additional benefits provided for hereunder, the premises and covenants set forth herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and Executive, intending to be legally bound, agree as follows:

I. DEFINITIONS

Whenever used in the Agreement the following terms shall be defined as follows:

(a) "Agreement" shall mean this Retirement Benefit Agreement which is entered into as of the 31st day of December, 2004.

(b) "At-Will" shall mean with respect to the period of Executive's employment with Mylan or any subsidiary thereof, that the Company is under no obligation to continue to employ Executive for any period of time, and can terminate his employment at any time without notice, subject to certain statutory and regulatory requirements, and if applicable, any contractual rights Executive may have; and that Executive is under no obligation to remain employed by the Company or any subsidiary thereof.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Change in Control" shall mean:

(1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within

the meaning of Rule 13d-3 promulgated under the Exchange Act or any successor provision) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company or any of its subsidiaries, (ii) any acquisition by the Company or any of its subsidiaries, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary thereof, (iv) any acquisition by a Person that is permitted to, and actually does, report its beneficial ownership on Schedule 13G (or any successor schedule); provided that, if any Person subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor schedule), then, for purposes of this paragraph, such Person shall be deemed to have first acquired, on the first date on which such Person becomes required to or does so report, beneficial ownership of all of the Outstanding Company Common Stock and Outstanding Company Voting Securities beneficially owned by it on such date or (v) any acquisition pursuant to a transaction that complies with (3)(A), (3)(B) and (3)(C) below; or

(2) Individuals who, as of Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; provided, however, the term "Incumbent Board" as used in this Agreement shall not include any individual whose initial assumption of office occurs as a result of or an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(3) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction

involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination continue to represent (either by remaining outstanding or being converted into voting securities of the resulting or surviving entity or any parent thereof) more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) individuals who comprise the Incumbent Board immediately prior to such Business Combination constitute at least a majority of the members of the board of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially of the Company's assets either directly or through one or more subsidiaries); or

(4) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(f) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(g) "Mylan" or "Company" shall mean Mylan Laboratories Inc. or any Successor thereof.

(h) "NPV" shall mean the sum of the present value at any given time of the monthly benefits to be paid, using a discount rate equal to the long-term applicable federal rate then in effect (determined under Section 1274(d) of the Code), compounded semiannually. For purposes of calculating NPV where monthly benefits have not yet commenced, it shall be assumed that such benefits would have commenced at the earliest date such benefits could have commenced (i.e., at age 55, or if Executive has attained age 55, immediately).

(i) "Party" or "Parties" shall mean the Company or Executive, or both the Company and Executive depending upon which term is required by the context in which it is used.

(j) "Retire" or "Retirement" shall mean the day and date on which Executive's employment with the Company is terminated by either Party for any reason other than Executive's death.

(k) "Successor" shall mean any person, partnership, limited partnership, joint-venture, corporation, trust or any other entity or organization who, subsequent to the Effective Date, comes into possession of or acquires, either directly or indirectly, all or substantially all of the Company's business, assets or voting stock, or the right to direct the business activities and practices of the Company.

II. RETIREMENT

2.1 Upon his Retirement from the Company after completion of at least ten or more continuous years of service (the "Full Vesting Date"), Executive shall receive an annual retirement benefit equal to four hundred thousand dollars ($400,000) for a period of fifteen (15) years (the "Retirement Benefit"); provided, however, that if Executive Retires on or after the completion of at least five years of continuous service and prior to the Full Vesting Date, Executive shall be entitled to receive a portion of the Retirement Benefit determined as follows ("Partial Retirement Benefit"):

(a) If such termination occurs on or after five years of continuous service but prior to six years of continuous service, 50% of the Retirement Benefit;

(b) If such termination occurs on or after six years of continuous service but prior to seven years of continuous service, 60% of the Retirement Benefit;

(c) If such termination occurs on or after seven years of continuous service but prior to eight years of continuous service, 70% of the Retirement Benefit;

(d) If such termination occurs on or eight years of continuous service but prior to nine years of continuous service, 80% of the Retirement Benefit;

(e) If such termination occurs on or after nine years of continuous service but prior to the Full Vesting Date, 90% of the Retirement Benefit;

In computing years of service for purposes of this Section 2.1, a period between six full months of employment and one year shall be deemed to be one full year, and a period of less than six full months shall be deemed to be zero years.

2.2 The Retirement Benefit shall also become fully vested upon the occurrence of a Change in Control prior to the Full Vesting Date if Executive is employed by the Company or any subsidiary thereof immediately prior to the date upon which the Change in Control occurs.

2.3 Should Executive become unable to perform the material and substantial duties of his position prior to the Full Vesting Date by reason of a mental or physical incapacity, then, subject to receipt of the determination made pursuant to Section 2.4, Executive shall be fully vested in his Retirement Benefit. The date of receipt of such determination shall be considered the date on which the Retirement Benefit becomes fully vested.

2.4 The certification of a licensed physician selected by the Company as to Executive's inability to perform the material and substantial duties of his position shall be conclusive with respect to his status regarding the application of Section 2.3 hereof.

2.5 Should Executive die while employed by the Company or any subsidiary thereof, Executive shall be fully vested in his Retirement Benefit, subject to Section 3.1 hereof.

2.6 Except as otherwise provided herein, the Company shall pay the amount due hereunder in equal or substantially equal monthly installments. Subject to Article X or as otherwise provided herein, the first payment of the Retirement Benefit or the Partial Retirement Benefit, as the case may be, shall be made on the first day of the month following the month in which Executive Retires (but in no event prior to Executive's attainment of age 55), and each subsequent payment shall be made on the first day of each successive month until Company's obligations with respect to such payments have been satisfied.

III. DEATH BENEFIT

3.1 If, while employed by the Company or any subsidiary thereof, Executive dies prior to Retirement, the Company shall pay to Executive's beneficiary, in a lump sum, the greater of (i) two times his then current annual base salary or (ii) the NPV of the Retirement Benefit (but not both).

3.2 If Executive Retires, and thereafter dies before having received the entire Retirement Benefit or Partial Retirement Benefit, as the case may be, the balance of the payments due thereunder shall be paid to Executive's beneficiary in a lump sum payment equal to the NPV of the remaining payments.

IV. CHANGE IN CONTROL

4.1 If Executive's Retirement Benefit becomes vested as a result of a Change in Control pursuant to Section 2.2 hereof, then upon Executive's Retirement on or after such Change in Control, Executive's Retirement Benefit shall be paid to Executive in a lump sum payment equal to the NPV of the Retirement Benefit. Subject to Article X, such lump sum payment shall be paid to Executive as soon as practicable following Retirement.

4.2 If Executive Retires prior to the date of a Change in Control, then upon occurrence of a Change in Control prior to Executive's receipt of the entire Retirement Benefit or Partial Retirement Benefit, as the case may be, the balance of the payments due hereunder shall be paid to Executive in a lump sum payment equal to the NPV of the remaining payments. Subject to Article X, such lump sum payment shall be paid to Executive as soon as practicable following the occurrence of the Change in Control.

4.3 Upon the occurrence of a Change in Control, Articles VII (Consulting Services) and VIII (Eligibility for Payment) hereof shall no longer be of any force and effect.

V. SUCCESSORSHIP

This Agreement in its entirety shall be binding upon and enforceable against the Company and its Successors.

VI. EXECUTIVE CONDUCT WITH RESPECT TO COMPETITORS

6.1 Executive agrees that he will not for a one year period commencing on the date of his Retirement, without the prior written consent of the Company, directly or indirectly, whether as an employee, officer, director, independent contractor, consultant, stockholder, partner or otherwise, engage in or assist others to engage in or have any interest in any business which competes with the Company in any geographic area in which the

Company markets or has marketed its products during the year preceding Retirement; provided, however, that Executive shall not be subject to this Article VI, if after the occurrence of a Change in Control, the Company refuses, fails or disputes any payments to be made to Executive hereunder, whether or not Executive subsequently receives the payments contemplated by this Agreement.

6.2 Notwithstanding anything to the contrary set forth elsewhere herein, stock ownership in a competing business shall not be a breach of this Agreement, provided such stock is traded on a national exchange.

6.3 The Parties agree and acknowledge that the time, scope and geographic area and other provisions of this Agreement have been specifically negotiated by the Parties, and Executive specifically hereby agrees that such time, scope and geographic area and other provisions are reasonable under these circumstances. Executive further agrees that if, despite the express agreement of the Parties to this Agreement, a court should hold any portion of this Agreement unenforceable for any reason, the maximum restrictions of time, scope and geographic area reasonable under the circumstances, as determined by the court, will be substituted for the restrictions herein which such court may find to be unreasonable or unenforceable.

6.4 The Parties acknowledge that the breach of Section 6.1 will be such that the Company will not have an adequate remedy at law because the rights of the Company under this Agreement are of a specialized and unique character, and that immediate and irreparable damage will result to the Company if Executive breaches his obligations under Section 6.1. The Company may, in addition to any other remedies and damages available, seek an injunction to restrain any such breach. Executive represents and warrants that his expertise and capabilities are such that his obligations under Section 6.1 will not prevent him from earning a living.

VII. CONSULTING SERVICES

7.1 During the five (5) year period beginning on the day following Executive's Retirement he shall, at the request of the Company, act in the capacity of a consultant for the Company, performing such services as may be consistent with those performed by him during Executive's employment. These services may be designated by the Board, or its authorized representative, and shall be reasonable in scope duration and frequency. In no case shall Executive be required to devote in excess of twenty (20) hours a month to the provision of consulting services hereunder.

7.2 The Company shall pay Executive for such consulting services an hourly rate to be determined by the Parties at such time, but not less than the rate of five hundred dollars ($500) per hour, payable monthly.

7.3 In addition to the foregoing, the Company shall reimburse Executive monthly for any and all out-of-pocket expenses incurred by Executive directly for the benefit of the business of the Company in the course of providing consulting services.

VIII. ELIGIBILITY FOR PAYMENT

8.1 Any and all payments due hereunder may be denied if not already begun, or terminated if they have begun, if in the Company's sole judgment Executive is either not eligible for such payments, or once such payments have begun is found to be or found to have been ineligible.

8.2 Executive shall not be eligible for any payments hereunder if the Company, in its sole discretion, finds that during or subsequent to his employment with the Company he:

(a) breaches, or has breached any term, provision or obligation enumerated herein;

(b) committed any act by commission or omission which materially and substantially adversely affects the Company's business or reputation; or

(c) is convicted of any violation of the Federal Food, Drug and Cosmetic Act, or the violation of any other statute of material relevance to the Company's business.

8.3 Should Executive be paid any benefits hereunder and thereafter be found ineligible, or to have been ineligible, he must return to the Company that portion of the benefit paid to him for the period of his ineligibility.

IX. NO PROMISE OF CONTINUED EMPLOYMENT

9.1 Executive acknowledges his employment with the Company is AT-WILL.

X. SECTION 409A OF THE CODE

Notwithstanding anything to the contrary herein, if Executive is a Specified Employee (as defined in Section 409A of the Code) at the time he would otherwise be entitled to receive any payment hereunder, any such payment shall be delayed until the earliest date permitted by Section 409A(a)(2) of the Code.

XI. RESTRICTION OF ALIENABILITY

Benefits payable to Executive or beneficiary shall not be subject to assignment, transfer, attachment, execution, garnishment, sequestration, or any other seizure

under any legal or equitable process, whether on account of Executive's or beneficiary's act or by operation of the law.

XII. CONTRACT ADMINISTRATOR

The Vice President of Human Resources, or other officer of Mylan designated by the Compensation Committee of the Company is hereby named the contract administrator for purposes of assuring compliance with the terms and conditions set forth herein.

XIII. MODIFICATION

This Agreement may not be changed, amended or otherwise modified other than by a written statement; provided, such statement is signed by both Parties, expresses their intent to change the Agreement, and specifically describes such changes.

XIV. HEADINGS

Except when referenced in the body of this Agreement article headings are set forth herein for the purpose of convenience only. Such headings shall not be considered or otherwise referred to when any question or issue arises with respect to the application or interpretation of any term or condition set forth herein.

XV. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which is to be considered an original, and taken together as one and the same document.

XVI. GOVERNING LAW

Any an all actions between the Parties regarding the interpretation or application of any term or provision set forth herein shall be governed by and interpreted in accordance with the substantive laws, and not the law of conflicts, of the Commonwealth of Pennsylvania. The Company and Executive each do hereby respectively consent and agree that the courts of Commonwealth of Pennsylvania shall have jurisdiction, and venue shall properly lie with the courts of Commonwealth of Pennsylvania, with respect to any and all actions brought hereunder. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from Executive), to the full extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any contest or disagreement (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Executive about the amount of any payment pursuant to this Agreement), plus, in each case, interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code. No obligation of the Company under this Agreement to pay Executive's fees or

expenses shall in any manner confer upon the Company any right to select or approve any of the attorneys or accountants engaged by Executive.

XVII. SINGULAR OR PLURAL

The singular form of any noun or pronoun shall include the plural when the context in which such word is used is such that it is apparent the singular is intended to include the plural and vice versa.

XVIII. ASSIGNMENT

The Agreement may not be assigned by either Party, without the written authorization of the other Party. A Successor shall not be considered an assignee for purposes of this Article.

XIX. ENTIRE AGREEMENT

The terms and conditions set forth herein contain the entire agreement between the Company and Executive, and supersede any and all prior agreements or understandings (whether express or implied) between the Parties with respect to the matters set forth herein.

XX. SURVIVAL

Except as otherwise provided herein, Articles VI and VII hereof shall survive any expiration or termination of this Agreement.

XXI. TERM

The term of this Agreement shall begin on the Effective Date and shall end on the date on which Mylan makes the last payment to which it is obligated hereunder.

IN WITNESS of their agreement to the terms and conditions set forth herein the Company and Executive have caused the following signatures to be affixed hereto, effective as of the date first set forth above:

MYLAN LABORATORIES INC.

BY: /s/ Milan Puskar
Milan Puskar
Chairman

/s/ Robert J. Coury
Robert J. Coury

Exhibit 10.8

RETIREMENT BENEFIT AGREEMENT

This Retirement Benefit Agreement (the "Agreement") is entered into as of the 31st day of December, 2004 (the "Effective Date") by and between:

Mylan Laboratories Inc., a Pennsylvania corporation, with offices located at 1500 Corporate Drive, Canonsburg, PA 15317 (hereinafter referred to as "Mylan" or "Company").

and

Edward J. Borkowski, an executive officer of Mylan (hereinafter referred to as "Executive").

WHEREAS, Executive performs valuable services for the Company; and

WHEREAS, in recognition of his continuing service to Mylan, the Company wishes to provide Executive with financial assistance with respect to retirement and in the event of his death;

WITNESSETH THEREFORE that in consideration of the additional benefits provided for hereunder, the premises and covenants set forth herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and Executive, intending to be legally bound, agree as follows:

I. DEFINITIONS

Whenever used in the Agreement the following terms shall be defined as follows:

(a) "Agreement" shall mean this Retirement Benefit Agreement which is entered into as of the 31st day of December, 2004.

(b) "At-Will" shall mean with respect to the period of Executive's employment with Mylan or any subsidiary thereof, that the Company is under no obligation to continue to employ Executive for any period of time, and can terminate his employment at any time without notice, subject to certain statutory and regulatory requirements, and if applicable, any contractual rights Executive may have; and that Executive is under no obligation to remain employed by the Company or any subsidiary thereof.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Change in Control" shall mean:

(1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within

the meaning of Rule 13d-3 promulgated under the Exchange Act or any successor provision) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company or any of its subsidiaries, (ii) any acquisition by the Company or any of its subsidiaries, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary thereof, (iv) any acquisition by a Person that is permitted to, and actually does, report its beneficial ownership on Schedule 13G (or any successor schedule); provided that, if any Person subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor schedule), then, for purposes of this paragraph, such Person shall be deemed to have first acquired, on the first date on which such Person becomes required to or does so report, beneficial ownership of all of the Outstanding Company Common Stock and Outstanding Company Voting Securities beneficially owned by it on such date or (v) any acquisition pursuant to a transaction that complies with (3)(A), (3)(B) and (3)(C) below; or

(2) Individuals who, as of Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; provided, however, the term "Incumbent Board" as used in this Agreement shall not include any individual whose initial assumption of office occurs as a result of or an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(3) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction

involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination continue to represent (either by remaining outstanding or being converted into voting securities of the resulting or surviving entity or any parent thereof) more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) individuals who comprise the Incumbent Board immediately prior to such Business Combination constitute at least a majority of the members of the board of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially of the Company's assets either directly or through one or more subsidiaries); or

(4) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(f) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(g) "Mylan" or "Company" shall mean Mylan Laboratories Inc. or any Successor thereof.

(h) "NPV" shall mean the sum of the present value at any given time of the monthly benefits to be paid, using a discount rate equal to the long-term applicable federal rate then in effect (determined under Section 1274(d) of the Code), compounded semiannually. For purposes of calculating NPV where monthly benefits have not yet commenced, it shall be assumed that such benefits would have commenced at the earliest date such benefits could have commenced (i.e., at age 55, or if Executive has attained age 55, immediately).

(i) "Party" or "Parties" shall mean the Company or Executive, or both the Company and Executive depending upon which term is required by the context in which it is used.

(j) "Retire" or "Retirement" shall mean the day and date on which Executive's employment with the Company is terminated by either Party for any reason other than Executive's death.

(k) "Successor" shall mean any person, partnership, limited partnership, joint-venture, corporation, trust or any other entity or organization who, subsequent to the Effective Date, comes into possession of or acquires, either directly or indirectly, all or substantially all of the Company's business, assets or voting stock, or the right to direct the business activities and practices of the Company.

II. RETIREMENT

2.1 Upon his Retirement from the Company after completion of at least ten or more continuous years of service (the "Full Vesting Date"), Executive shall receive an annual retirement benefit equal to one hundred and fifty thousand dollars ($150,000) for a period of fifteen (15) years (the "Retirement Benefit"); provided, however, that if Executive Retires on or after the completion of at least five years of continuous service and prior to the Full Vesting Date, Executive shall be entitled to receive a portion of the Retirement Benefit determined as follows ("Partial Retirement Benefit"):

(a) If such termination occurs on or after five years of continuous service but prior to six years of continuous service, 50% of the Retirement Benefit;

(b) If such termination occurs on or after six years of continuous service but prior to seven years of continuous service, 60% of the Retirement Benefit;

(c) If such termination occurs on or after seven years of continuous service but prior to eight years of continuous service, 70% of the Retirement Benefit;

(d) If such termination occurs on or eight years of continuous service but prior to nine years of continuous service, 80% of the Retirement Benefit;

(e) If such termination occurs on or after nine years of continuous service but prior to the Full Vesting Date, 90% of the Retirement Benefit;

In computing years of service for purposes of this Section 2.1, a period between six full months of employment and one year shall be deemed to be one full year, and a period of less than six full months shall be deemed to be zero years.

2.2 The Retirement Benefit shall also become fully vested upon the occurrence of a Change in Control prior to the Full Vesting Date if Executive is employed by the Company or any subsidiary thereof immediately prior to the date upon which the Change in Control occurs.

2.3 Should Executive become unable to perform the material and substantial duties of his position prior to the Full Vesting Date by reason of a mental or physical incapacity, then, subject to receipt of the determination made pursuant to Section 2.4, Executive shall be fully vested in his Retirement Benefit. The date of receipt of such determination shall be considered the date on which the Retirement Benefit becomes fully vested.

2.4 The certification of a licensed physician selected by the Company as to Executive's inability to perform the material and substantial duties of his position shall be conclusive with respect to his status regarding the application of Section 2.3 hereof.

2.5 Should Executive die while employed by the Company or any subsidiary thereof, Executive shall be fully vested in his Retirement Benefit, subject to Section 3.1 hereof.

2.6 Except as otherwise provided herein, the Company shall pay the amount due hereunder in equal or substantially equal monthly installments. Subject to Article X or as otherwise provided herein, the first payment of the Retirement Benefit or the Partial Retirement Benefit, as the case may be, shall be made on the first day of the month following the month in which Executive Retires (but in no event prior to Executive's attainment of age 55), and each subsequent payment shall be made on the first day of each successive month until Company's obligations with respect to such payments have been satisfied.

III. DEATH BENEFIT

3.1 If, while employed by the Company or any subsidiary thereof, Executive dies prior to Retirement, the Company shall pay to Executive's beneficiary, in a lump sum, the greater of (i) two times his then current annual base salary or (ii) the NPV of the Retirement Benefit (but not both).

3.2 If Executive Retires, and thereafter dies before having received the entire Retirement Benefit or Partial Retirement Benefit, as the case may be, the balance of the payments due thereunder shall be paid to Executive's beneficiary in a lump sum payment equal to the NPV of the remaining payments.

IV. CHANGE IN CONTROL

4.1 If Executive's Retirement Benefit becomes vested as a result of a Change in Control pursuant to Section 2.2 hereof, then upon Executive's Retirement on or after such Change in Control, Executive's Retirement Benefit shall be paid to Executive in a lump sum payment equal to the NPV of the Retirement Benefit. Subject to Article X, such lump sum payment shall be paid to Executive as soon as practicable following Retirement.

4.2 If Executive Retires prior to the date of a Change in Control, then upon occurrence of a Change in Control prior to Executive's receipt of the entire Retirement Benefit or Partial Retirement Benefit, as the case may be, the balance of the payments due hereunder shall be paid to Executive in a lump sum payment equal to the NPV of the remaining payments. Subject to Article X, such lump sum payment shall be paid to Executive as soon as practicable following the occurrence of the Change in Control.

4.3 Upon the occurrence of a Change in Control, Articles VII (Consulting Services) and VIII (Eligibility for Payment) hereof shall no longer be of any force and effect.

V. SUCCESSORSHIP

This Agreement in its entirety shall be binding upon and enforceable against the Company and its Successors.

VI. EXECUTIVE CONDUCT WITH RESPECT TO COMPETITORS

6.1 Executive agrees that he will not for a one year period commencing on the date of his Retirement, without the prior written consent of the Company, directly or indirectly, whether as an employee, officer, director, independent contractor, consultant, stockholder, partner or otherwise, engage in or assist others to engage in or have any interest in any business which competes with the Company in any geographic area in which the

Company markets or has marketed its products during the year preceding Retirement; provided, however, that Executive shall not be subject to this Article VI, if after the occurrence of a Change in Control, the Company refuses, fails or disputes any payments to be made to Executive hereunder, whether or not Executive subsequently receives the payments contemplated by this Agreement.

6.2 Notwithstanding anything to the contrary set forth elsewhere herein, stock ownership in a competing business shall not be a breach of this Agreement, provided such stock is traded on a national exchange.

6.3 The Parties agree and acknowledge that the time, scope and geographic area and other provisions of this Agreement have been specifically negotiated by the Parties, and Executive specifically hereby agrees that such time, scope and geographic area and other provisions are reasonable under these circumstances. Executive further agrees that if, despite the express agreement of the Parties to this Agreement, a court should hold any portion of this Agreement unenforceable for any reason, the maximum restrictions of time, scope and geographic area reasonable under the circumstances, as determined by the court, will be substituted for the restrictions herein which such court may find to be unreasonable or unenforceable.

6.4 The Parties acknowledge that the breach of Section 6.1 will be such that the Company will not have an adequate remedy at law because the rights of the Company under this Agreement are of a specialized and unique character, and that immediate and irreparable damage will result to the Company if Executive breaches his obligations under Section 6.1. The Company may, in addition to any other remedies and damages available, seek an injunction to restrain any such breach. Executive represents and warrants that his expertise and capabilities are such that his obligations under Section 6.1 will not prevent him from earning a living.

VII. CONSULTING SERVICES

7.1 During the five (5) year period beginning on the day following Executive's Retirement he shall, at the request of the Company, act in the capacity of a consultant for the Company, performing such services as may be consistent with those performed by him during Executive's employment. These services may be designated by the Board, or its authorized representative, and shall be reasonable in scope duration and frequency. In no case shall Executive be required to devote in excess of twenty (20) hours a month to the provision of consulting services hereunder.

7.2 The Company shall pay Executive for such consulting services an hourly rate to be determined by the Parties at such time, but not less than the rate of five hundred dollars ($500) per hour, payable monthly.

7.3 In addition to the foregoing, the Company shall reimburse Executive monthly for any and all out-of-pocket expenses incurred by Executive directly for the benefit of the business of the Company in the course of providing consulting services.

VIII. ELIGIBILITY FOR PAYMENT

8.1 Any and all payments due hereunder may be denied if not already begun, or terminated if they have begun, if in the Company's sole judgment Executive is either not eligible for such payments, or once such payments have begun is found to be or found to have been ineligible.

8.2 Executive shall not be eligible for any payments hereunder if the Company, in its sole discretion, finds that during or subsequent to his employment with the Company he:

(a) breaches, or has breached any term, provision or obligation enumerated herein;

(b) committed any act by commission or omission which materially and substantially adversely affects the Company's business or reputation; or

(c) is convicted of any violation of the Federal Food, Drug and Cosmetic Act, or the violation of any other statute of material relevance to the Company's business.

8.3 Should Executive be paid any benefits hereunder and thereafter be found ineligible, or to have been ineligible, he must return to the Company that portion of the benefit paid to him for the period of his ineligibility.

IX. NO PROMISE OF CONTINUED EMPLOYMENT

9.1 Executive acknowledges his employment with the Company is AT-WILL.

X. SECTION 409A OF THE CODE

Notwithstanding anything to the contrary herein, if Executive is a Specified Employee (as defined in Section 409A of the Code) at the time he would otherwise be entitled to receive any payment hereunder, any such payment shall be delayed until the earliest date permitted by Section 409A(a)(2) of the Code.

XI. RESTRICTION OF ALIENABILITY

Benefits payable to Executive or beneficiary shall not be subject to assignment, transfer, attachment, execution, garnishment, sequestration, or any other seizure

under any legal or equitable process, whether on account of Executive's or beneficiary's act or by operation of the law.

XII. CONTRACT ADMINISTRATOR

The Vice President of Human Resources, or other officer of Mylan designated by the Compensation Committee of the Company is hereby named the contract administrator for purposes of assuring compliance with the terms and conditions set forth herein.

XIII. MODIFICATION

This Agreement may not be changed, amended or otherwise modified other than by a written statement; provided, such statement is signed by both Parties, expresses their intent to change the Agreement, and specifically describes such changes.

XIV. HEADINGS

Except when referenced in the body of this Agreement article headings are set forth herein for the purpose of convenience only. Such headings shall not be considered or otherwise referred to when any question or issue arises with respect to the application or interpretation of any term or condition set forth herein.

XV. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which is to be considered an original, and taken together as one and the same document.

XVI. GOVERNING LAW

Any an all actions between the Parties regarding the interpretation or application of any term or provision set forth herein shall be governed by and interpreted in accordance with the substantive laws, and not the law of conflicts, of the Commonwealth of Pennsylvania. The Company and Executive each do hereby respectively consent and agree that the courts of Commonwealth of Pennsylvania shall have jurisdiction, and venue shall properly lie with the courts of Commonwealth of Pennsylvania, with respect to any and all actions brought hereunder. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from Executive), to the full extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any contest or disagreement (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Executive about the amount of any payment pursuant to this Agreement), plus, in each case, interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code. No obligation of the Company under this Agreement to pay Executive's fees or

expenses shall in any manner confer upon the Company any right to select or approve any of the attorneys or accountants engaged by Executive.

XVII. SINGULAR OR PLURAL

The singular form of any noun or pronoun shall include the plural when the context in which such word is used is such that it is apparent the singular is intended to include the plural and vice versa.

XVIII. ASSIGNMENT

The Agreement may not be assigned by either Party, without the written authorization of the other Party. A Successor shall not be considered an assignee for purposes of this Article.

XIX. ENTIRE AGREEMENT

The terms and conditions set forth herein contain the entire agreement between the Company and Executive, and supersede any and all prior agreements or understandings (whether express or implied) between the Parties with respect to the matters set forth herein.

XX. SURVIVAL

Except as otherwise provided herein, Articles VI and VII hereof shall survive any expiration or termination of this Agreement.

XXI. TERM

The term of this Agreement shall begin on the Effective Date and shall end on the date on which Mylan makes the last payment to which it is obligated hereunder.

IN WITNESS of their agreement to the terms and conditions set forth herein the Company and Executive have caused the following signatures to be affixed hereto, effective as of the date first set forth above:

MYLAN LABORATORIES INC.

BY: /s/ Robert J. Coury
Robert J. Coury
Vice Chairman and CEO

/s/ Edward J. Borkowski
Edward J. Borkowski

Exhibit 10.9

RETIREMENT BENEFIT AGREEMENT

This Retirement Benefit Agreement (the "Agreement") is entered into as of the 31st day of December, 2004 (the "Effective Date") by and between:

Mylan Laboratories Inc., a Pennsylvania corporation, with offices located at 1500 Corporate Drive, Canonsburg, PA 15317 (hereinafter referred to as "Mylan" or "Company").

and

Stuart A. Williams, an executive officer of Mylan (hereinafter referred to as "Executive").

WHEREAS, Executive performs valuable services for the Company; and

WHEREAS, in recognition of his continuing service to Mylan, the Company wishes to provide Executive with financial assistance with respect to retirement and in the event of his death;

WITNESSETH THEREFORE that in consideration of the additional benefits provided for hereunder, the premises and covenants set forth herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and Executive, intending to be legally bound, agree as follows:

I. DEFINITIONS

Whenever used in the Agreement the following terms shall be defined as follows:

(a) "Agreement" shall mean this Retirement Benefit Agreement which is entered into as of the 31st day of December, 2004.

(b) "At-Will" shall mean with respect to the period of Executive's employment with Mylan or any subsidiary thereof, that the Company is under no obligation to continue to employ Executive for any period of time, and can terminate his employment at any time without notice, subject to certain statutory and regulatory requirements, and if applicable, any contractual rights Executive may have; and that Executive is under no obligation to remain employed by the Company or any subsidiary thereof.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Change in Control" shall mean:

(1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within

the meaning of Rule 13d-3 promulgated under the Exchange Act or any successor provision) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company or any of its subsidiaries, (ii) any acquisition by the Company or any of its subsidiaries, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary thereof, (iv) any acquisition by a Person that is permitted to, and actually does, report its beneficial ownership on Schedule 13G (or any successor schedule); provided that, if any Person subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor schedule), then, for purposes of this paragraph, such Person shall be deemed to have first acquired, on the first date on which such Person becomes required to or does so report, beneficial ownership of all of the Outstanding Company Common Stock and Outstanding Company Voting Securities beneficially owned by it on such date or (v) any acquisition pursuant to a transaction that complies with (3)(A), (3)(B) and (3)(C) below; or

(2) Individuals who, as of Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; provided, however, the term "Incumbent Board" as used in this Agreement shall not include any individual whose initial assumption of office occurs as a result of or an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(3) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction

involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination continue to represent (either by remaining outstanding or being converted into voting securities of the resulting or surviving entity or any parent thereof) more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) individuals who comprise the Incumbent Board immediately prior to such Business Combination constitute at least a majority of the members of the board of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially of the Company's assets either directly or through one or more subsidiaries); or

(4) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(f) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(g) "Mylan" or "Company" shall mean Mylan Laboratories Inc. or any Successor thereof.

(h) "NPV" shall mean the sum of the present value at any given time of the monthly benefits to be paid, using a discount rate equal to the long-term applicable federal rate then in effect (determined under Section 1274(d) of the Code), compounded semiannually. For purposes of calculating NPV where monthly benefits have not yet commenced, it shall be assumed that such benefits would have commenced at the earliest date such benefits could have commenced (i.e., at age 55, or if Executive has attained age 55, immediately).

(i) "Party" or "Parties" shall mean the Company or Executive, or both the Company and Executive depending upon which term is required by the context in which it is used.

(j) "Retire" or "Retirement" shall mean the day and date on which Executive's employment with the Company is terminated by either Party for any reason other than Executive's death.

(k) "Successor" shall mean any person, partnership, limited partnership, joint-venture, corporation, trust or any other entity or organization who, subsequent to the Effective Date, comes into possession of or acquires, either directly or indirectly, all or substantially all of the Company's business, assets or voting stock, or the right to direct the business activities and practices of the Company.

II. RETIREMENT

2.1 Upon his Retirement from the Company after completion of at least ten or more continuous years of service (the "Full Vesting Date"), Executive shall receive an annual retirement benefit equal to one hundred and fifty thousand dollars ($150,000) for a period of fifteen (15) years (the "Retirement Benefit"); provided, however, that if Executive Retires on or after the completion of at least five years of continuous service and prior to the Full Vesting Date, Executive shall be entitled to receive a portion of the Retirement Benefit determined as follows ("Partial Retirement Benefit"):

(a) If such termination occurs on or after five years of continuous service but prior to six years of continuous service, 50% of the Retirement Benefit;

(b) If such termination occurs on or after six years of continuous service but prior to seven years of continuous service, 60% of the Retirement Benefit;

(c) If such termination occurs on or after seven years of continuous service but prior to eight years of continuous service, 70% of the Retirement Benefit;

(d) If such termination occurs on or eight years of continuous service but prior to nine years of continuous service, 80% of the Retirement Benefit;

(e) If such termination occurs on or after nine years of continuous service but prior to the Full Vesting Date, 90% of the Retirement Benefit;

In computing years of service for purposes of this Section 2.1, a period between six full months of employment and one year shall be deemed to be one full year, and a period of less than six full months shall be deemed to be zero years.

2.2 The Retirement Benefit shall also become fully vested upon the occurrence of a Change in Control prior to the Full Vesting Date if Executive is employed by the Company or any subsidiary thereof immediately prior to the date upon which the Change in Control occurs.

2.3 Should Executive become unable to perform the material and substantial duties of his position prior to the Full Vesting Date by reason of a mental or physical incapacity, then, subject to receipt of the determination made pursuant to Section 2.4, Executive shall be fully vested in his Retirement Benefit. The date of receipt of such determination shall be considered the date on which the Retirement Benefit becomes fully vested.

2.4 The certification of a licensed physician selected by the Company as to Executive's inability to perform the material and substantial duties of his position shall be conclusive with respect to his status regarding the application of Section 2.3 hereof.

2.5 Should Executive die while employed by the Company or any subsidiary thereof, Executive shall be fully vested in his Retirement Benefit, subject to Section 3.1 hereof.

2.6 Except as otherwise provided herein, the Company shall pay the amount due hereunder in equal or substantially equal monthly installments. Subject to Article X or as otherwise provided herein, the first payment of the Retirement Benefit or the Partial Retirement Benefit, as the case may be, shall be made on the first day of the month following the month in which Executive Retires (but in no event prior to Executive's attainment of age 55), and each subsequent payment shall be made on the first day of each successive month until Company's obligations with respect to such payments have been satisfied.

III. DEATH BENEFIT

3.1 If, while employed by the Company or any subsidiary thereof, Executive dies prior to Retirement, the Company shall pay to Executive's beneficiary, in a lump sum, the greater of (i) two times his then current annual base salary or (ii) the NPV of the Retirement Benefit (but not both).

3.2 If Executive Retires, and thereafter dies before having received the entire Retirement Benefit or Partial Retirement Benefit, as the case may be, the balance of the payments due thereunder shall be paid to Executive's beneficiary in a lump sum payment equal to the NPV of the remaining payments.

IV. CHANGE IN CONTROL

4.1 If Executive's Retirement Benefit becomes vested as a result of a Change in Control pursuant to Section 2.2 hereof, then upon Executive's Retirement on or after such Change in Control, Executive's Retirement Benefit shall be paid to Executive in a lump sum payment equal to the NPV of the Retirement Benefit. Subject to Article X, such lump sum payment shall be paid to Executive as soon as practicable following Retirement.

4.2 If Executive Retires prior to the date of a Change in Control, then upon occurrence of a Change in Control prior to Executive's receipt of the entire Retirement Benefit or Partial Retirement Benefit, as the case may be, the balance of the payments due hereunder shall be paid to Executive in a lump sum payment equal to the NPV of the remaining payments. Subject to Article X, such lump sum payment shall be paid to Executive as soon as practicable following the occurrence of the Change in Control.

4.3 Upon the occurrence of a Change in Control, Articles VII (Consulting Services) and VIII (Eligibility for Payment) hereof shall no longer be of any force and effect.

V. SUCCESSORSHIP

This Agreement in its entirety shall be binding upon and enforceable against the Company and its Successors.

VI. EXECUTIVE CONDUCT WITH RESPECT TO COMPETITORS

6.1 Executive agrees that he will not for a one year period commencing on the date of his Retirement, without the prior written consent of the Company, directly or indirectly, whether as an employee, officer, director, independent contractor, consultant, stockholder, partner or otherwise, engage in or assist others to engage in or have any interest in any business which competes with the Company in any geographic area in which the

Company markets or has marketed its products during the year preceding Retirement; provided, however, that Executive shall not be subject to this Article VI, if after the occurrence of a Change in Control, the Company refuses, fails or disputes any payments to be made to Executive hereunder, whether or not Executive subsequently receives the payments contemplated by this Agreement.

6.2 Notwithstanding anything to the contrary set forth elsewhere herein, stock ownership in a competing business shall not be a breach of this Agreement, provided such stock is traded on a national exchange.

6.3 The Parties agree and acknowledge that the time, scope and geographic area and other provisions of this Agreement have been specifically negotiated by the Parties, and Executive specifically hereby agrees that such time, scope and geographic area and other provisions are reasonable under these circumstances. Executive further agrees that if, despite the express agreement of the Parties to this Agreement, a court should hold any portion of this Agreement unenforceable for any reason, the maximum restrictions of time, scope and geographic area reasonable under the circumstances, as determined by the court, will be substituted for the restrictions herein which such court may find to be unreasonable or unenforceable.

6.4 The Parties acknowledge that the breach of Section 6.1 will be such that the Company will not have an adequate remedy at law because the rights of the Company under this Agreement are of a specialized and unique character, and that immediate and irreparable damage will result to the Company if Executive breaches his obligations under Section 6.1. The Company may, in addition to any other remedies and damages available, seek an injunction to restrain any such breach. Executive represents and warrants that his expertise and capabilities are such that his obligations under Section 6.1 will not prevent him from earning a living.

VII. CONSULTING SERVICES

7.1 During the five (5) year period beginning on the day following Executive's Retirement he shall, at the request of the Company, act in the capacity of a consultant for the Company, performing such services as may be consistent with those performed by him during Executive's employment. These services may be designated by the Board, or its authorized representative, and shall be reasonable in scope duration and frequency. In no case shall Executive be required to devote in excess of twenty (20) hours a month to the provision of consulting services hereunder.

7.2 The Company shall pay Executive for such consulting services an hourly rate to be determined by the Parties at such time, but not less than the rate of five hundred dollars ($500) per hour, payable monthly.

7.3 In addition to the foregoing, the Company shall reimburse Executive monthly for any and all out-of-pocket expenses incurred by Executive directly for the benefit of the business of the Company in the course of providing consulting services.

VIII. ELIGIBILITY FOR PAYMENT

8.1 Any and all payments due hereunder may be denied if not already begun, or terminated if they have begun, if in the Company's sole judgment Executive is either not eligible for such payments, or once such payments have begun is found to be or found to have been ineligible.

8.2 Executive shall not be eligible for any payments hereunder if the Company, in its sole discretion, finds that during or subsequent to his employment with the Company he:

(a) breaches, or has breached any term, provision or obligation enumerated herein;

(b) committed any act by commission or omission which materially and substantially adversely affects the Company's business or reputation; or

(c) is convicted of any violation of the Federal Food, Drug and Cosmetic Act, or the violation of any other statute of material relevance to the Company's business.

8.3 Should Executive be paid any benefits hereunder and thereafter be found ineligible, or to have been ineligible, he must return to the Company that portion of the benefit paid to him for the period of his ineligibility.

IX. NO PROMISE OF CONTINUED EMPLOYMENT

9.1 Executive acknowledges his employment with the Company is AT-WILL.

X. SECTION 409A OF THE CODE

Notwithstanding anything to the contrary herein, if Executive is a Specified Employee (as defined in Section 409A of the Code) at the time he would otherwise be entitled to receive any payment hereunder, any such payment shall be delayed until the earliest date permitted by Section 409A(a)(2) of the Code.

XI. RESTRICTION OF ALIENABILITY

Benefits payable to Executive or beneficiary shall not be subject to assignment, transfer, attachment, execution, garnishment, sequestration, or any other seizure

under any legal or equitable process, whether on account of Executive's or beneficiary's act or by operation of the law.

XII. CONTRACT ADMINISTRATOR

The Vice President of Human Resources, or other officer of Mylan designated by the Compensation Committee of the Company is hereby named the contract administrator for purposes of assuring compliance with the terms and conditions set forth herein.

XIII. MODIFICATION

This Agreement may not be changed, amended or otherwise modified other than by a written statement; provided, such statement is signed by both Parties, expresses their intent to change the Agreement, and specifically describes such changes.

XIV. HEADINGS

Except when referenced in the body of this Agreement article headings are set forth herein for the purpose of convenience only. Such headings shall not be considered or otherwise referred to when any question or issue arises with respect to the application or interpretation of any term or condition set forth herein.

XV. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which is to be considered an original, and taken together as one and the same document.

XVI. GOVERNING LAW

Any an all actions between the Parties regarding the interpretation or application of any term or provision set forth herein shall be governed by and interpreted in accordance with the substantive laws, and not the law of conflicts, of the Commonwealth of Pennsylvania. The Company and Executive each do hereby respectively consent and agree that the courts of Commonwealth of Pennsylvania shall have jurisdiction, and venue shall properly lie with the courts of Commonwealth of Pennsylvania, with respect to any and all actions brought hereunder. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from Executive), to the full extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any contest or disagreement (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Executive about the amount of any payment pursuant to this Agreement), plus, in each case, interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code. No obligation of the Company under this Agreement to pay Executive's fees or

expenses shall in any manner confer upon the Company any right to select or approve any of the attorneys or accountants engaged by Executive.

XVII. SINGULAR OR PLURAL

The singular form of any noun or pronoun shall include the plural when the context in which such word is used is such that it is apparent the singular is intended to include the plural and vice versa.

XVIII. ASSIGNMENT

The Agreement may not be assigned by either Party, without the written authorization of the other Party. A Successor shall not be considered an assignee for purposes of this Article.

XIX. ENTIRE AGREEMENT

The terms and conditions set forth herein contain the entire agreement between the Company and Executive, and supersede any and all prior agreements or understandings (whether express or implied) between the Parties with respect to the matters set forth herein.

XX. SURVIVAL

Except as otherwise provided herein, Articles VI and VII hereof shall survive any expiration or termination of this Agreement.

XXI. TERM

The term of this Agreement shall begin on the Effective Date and shall end on the date on which Mylan makes the last payment to which it is obligated hereunder.

IN WITNESS of their agreement to the terms and conditions set forth herein the Company and Executive have caused the following signatures to be affixed hereto, effective as of the date first set forth above:

MYLAN LABORATORIES INC.

BY: /s/ Robert J. Coury
Robert J. Coury
Vice Chairman and CEO

/s/ Stuart A. Williams
Stuart A. Williams

Exhibit 10.10

AMENDED AND RESTATED RETIREMENT BENEFIT AGREEMENT

This Amended Retirement Benefit Agreement (the "Agreement") is entered into as of the 31st day of December, 2004 (the "Effective Date") by and between:

Mylan Laboratories Inc., a Pennsylvania corporation, with offices located at 1500 Corporate Drive, Canonsburg, PA 15317 (hereinafter referred to as "Mylan" or "Company").

and

Louis J. DeBone, an executive officer of Mylan (hereinafter referred to as "Executive").

WHEREAS, the parties entered into a Retirement Benefit Agreement effective March 14, 1995 (the "Prior Agreement");

WHEREAS, Executive performs valuable services for the Company;

WHEREAS, in recognition of his continuing service to Mylan, the Company wishes to provide Executive with financial assistance with respect to certain retirement and death; and

WHEREAS, the parties wish to RESCIND, and REPLACE the Prior Agreement with this Agreement;

WITNESSETH THEREFORE that in consideration of the additional benefits provided for hereunder, the premises and covenants set forth herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and Executive, intending to be legally bound, agree as follows:

I. DEFINITIONS

Whenever used in the Agreement the following terms shall be defined as follows:

(a) "Agreement" shall mean this Retirement Benefit Agreement which is entered into as of the 2nd day of December, 2004.

(b) "At-Will" shall mean with respect to the period of Executive's employment with Mylan or any subsidiary thereof, that the Company is under no obligation to continue to employ Executive for any period of time, and can terminate his employment at any time without notice, subject to certain statutory and regulatory requirements, and if applicable, any contractual rights Executive may have; and that Executive is under no obligation to remain employed by the Company or any subsidiary thereof.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Change in Control" shall mean:

(1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act or any successor provision) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company or any of its subsidiaries, (ii) any acquisition by the Company or any of its subsidiaries, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary thereof, (iv) any acquisition by a Person that is permitted to, and actually does, report its beneficial ownership on Schedule 13G (or any successor schedule); provided that, if any Person subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor schedule), then, for purposes of this paragraph, such Person shall be deemed to have first acquired, on the first date on which such Person becomes required to or does so report, beneficial ownership of all of the Outstanding Company Common Stock and Outstanding Company Voting Securities beneficially owned by it on such date or (v) any acquisition pursuant to a transaction that complies with (3)(A), (3)(B) and (3)(C) below; or

(2) Individuals who, as of Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; provided, however, the term "Incumbent Board" as used in this Agreement shall not include any individual whose initial assumption of office occurs as a result of or an actual or threatened

election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(3) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination continue to represent (either by remaining outstanding or being converted into voting securities of the resulting or surviving entity or any parent thereof) more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) individuals who comprise the Incumbent Board immediately prior to such Business Combination constitute at least a majority of the members of the board of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially of the Company's assets either directly or through one or more subsidiaries); or

(4) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(e) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(f) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

(g) “Mylan” or “Company” shall mean Mylan Laboratories Inc. or any Successor thereof.

(h) “NPV” shall mean the sum of the present value at any given time of the monthly benefits to be paid, using a discount rate equal to the long-term applicable federal rate then in effect (determined under Section 1274(d) of the Code), compounded semiannually. For purposes of calculating NPV where monthly benefits have not yet commenced, it shall be assumed that such benefits would have commenced immediately.

(i) “Party” or “Parties” shall mean the Company or Executive, or both the Company and Executive depending upon which term is required by the context in which it is used.

(j) “Retire” or “Retirement” shall mean the day and date on which Executive’s employment with the Company is terminated by either Party for any reason other than death of Executive.

(k) “Successor” shall mean any person, partnership, limited partnership, joint-venture, corporation, trust or any other entity or organization who, subsequent to the Effective Date, comes into possession of or acquires, either directly or indirectly, all or substantially all of the Company’s business, assets or voting stock, or the right to direct the business activities and practices of the Company.

II. RETIREMENT

2.1 Upon his Retirement from the Company on or after September 1, 2006 (the “Full Vesting Date”), Executive shall receive an annual retirement benefit equal to one hundred and fifty thousand dollars ($150,000) for a period of fifteen (15) years (the “Retirement Benefit”); provided, however, that if Executive Retires before the Full Vesting Date, Executive shall be entitled to receive an annual retirement benefits equal to one-hundred thousand dollars ($100,000) for a period of ten (10) years (“Partial Retirement Benefit”).

2.2 The Retirement Benefit shall also become fully vested upon the occurrence of a Change in Control prior to the Full Vesting Date if Executive is employed by the Company or any subsidiary thereof immediately prior to the date upon which the Change in Control occurs.

2.3 Should Executive become unable to perform the material and substantial duties of his position prior to the Full Vesting Date by reason of a mental or physical incapacity, then, subject to receipt of the determination made pursuant to Section 2.4, Executive shall be fully vested in his Retirement Benefit. The date of receipt of such determination shall be considered the date on which the Retirement Benefit becomes fully vested.

2.4 The certification of a licensed physician selected by the Company as to Executive's inability to perform the material and substantial duties of his position shall be conclusive with respect to his status regarding the application of Section 2.3 hereof.

2.5 Except as otherwise provided herein, the Company shall pay the amount due hereunder in equal or substantially equal monthly installments. Subject to Article X or as otherwise provided herein, the first payment of the Retirement Benefit or the Partial Retirement Benefit, as the case may be, shall be made on the first day of the month following the month in which Executive Retires, and each subsequent payment shall be made on the first day of each successive month until Company's obligations with respect to such payments have been satisfied.

III. DEATH BENEFIT

3.1 If, while employed by the Company or any subsidiary thereof, Executive dies prior to Retirement, the Company shall pay Executive's beneficiary, in a lump sum, one million two hundred and fifty thousand dollars ($1,250,000).

3.2 If Executive Retires, and thereafter dies before having received the entire Retirement Benefit or Partial Retirement Benefit, as the case may be, the balance of the payments due thereunder shall be paid to Executive's beneficiary in a lump sum payment equal to the NPV of the remaining payments.

IV. CHANGE IN CONTROL

4.1 If Executive's Retirement Benefit becomes vested as a result of a Change in Control pursuant to Section 2.2 hereof, then upon Executive's Retirement on or after such Change in Control, Executive's Retirement Benefit shall be paid to Executive in a lump sum payment equal to the NPV of the Full Retirement Benefit. Subject to Article X, such lump sum payment shall be paid to Executive as soon as practicable following Retirement.

4.2 If Executive Retires prior to the date of a Change in Control, then upon occurrence of a Change in Control prior to Executive's receipt of the entire Retirement Benefit or Partial Retirement Benefit, as the case may be, the

balance of the payments due hereunder shall be paid to Executive in a lump sum payment equal to the NPV of the remaining payments. Subject to Article X, such lump sum payment shall be paid to Executive as soon as practicable following the occurrence of the Change in Control.

4.3 Upon the occurrence of a Change in Control, Articles VII (Consulting Services) and VIII (Eligibility for Payment) hereof shall no longer be of any force and effect.

V. SUCCESSORSHIP

This Agreement in its entirety shall be binding upon and enforceable against the Company and its Successors.

VI. EXECUTIVE CONDUCT WITH RESPECT TO COMPETITORS

6.1 Executive agrees that he will not for a one year period commencing on the date of his Retirement, without the prior written consent of the Company, directly or indirectly, whether as an employee, officer, director, independent contractor, consultant, stockholder, partner or otherwise, engage in or assist others to engage in or have any interest in any business which competes with the Company in any geographic area in which the Company markets or has marketed its products during the year preceding Retirement; provided, however, that Executive shall not be subject to this Article VI, if after the occurrence of a Change in Control, the Company refuses, fails or disputes any payments to be made to Executive hereunder, whether or not Executive subsequently receives the payments contemplated by this Agreement.

6.2 Notwithstanding anything to the contrary set forth elsewhere herein, stock ownership in a competing business shall not be a breach of this Agreement, provided such stock is traded on a national exchange.

6.3 The Parties agree and acknowledge that the time, scope and geographic area and other provisions of this Agreement have been specifically negotiated by the Parties, and Executive specifically hereby agrees that such time, scope and geographic area and other provisions are reasonable under these circumstances. Executive further agrees that if, despite the express agreement of the Parties to this Agreement, a court should hold any portion of this Agreement unenforceable for any reason, the maximum restrictions of time, scope and geographic area reasonable under the circumstances, as determined by the court, will be substituted for the restrictions herein which such court may find to be unreasonable or unenforceable.

6.4 The Parties acknowledge that the breach of Section 6.1 will be such that the Company will not have an adequate remedy at law because the rights

of the Company under this Agreement are of a specialized and unique character, and that immediate and irreparable damage will result to the Company if Executive breaches his obligations under Section 6.1. The Company may, in addition to any other remedies and damages available, seek an injunction to restrain any such breach. Executive represents and warrants that his expertise and capabilities are such that his obligations under Section 6.1 will not prevent him from earning a living.

VII. CONSULTING SERVICES

7.1 During the five (5) year period beginning on the day following Executive's Retirement he shall, at the request of the Company, act in the capacity of a consultant for the Company, performing such services as may be consistent with those performed by him during Executive's employment. These services may be designated by the Board, or its authorized representative, and shall be reasonable in scope duration and frequency. In no case shall Executive be required to devote in excess of twenty (20) hours a month to the provision of consulting services hereunder.

7.2 The Company shall pay Executive for such consulting services an hourly rate to be determined by the Parties at such time, but not less than the rate of five hundred dollars ($500) per hour, payable monthly.

7.3 In addition to the foregoing, the Company shall reimburse Executive monthly for any and all out-of-pocket expenses incurred by Executive directly for the benefit of the business of the Company.

VIII. ELIGIBILITY FOR PAYMENT

8.1 Any and all payments due hereunder may be denied if not already begun, or terminated if they have begun, if in the Company's sole judgment Executive is either not eligible for such payments, or once such payments have begun is found to be or found to have been ineligible.

8.2 Executive shall not be eligible for any payments hereunder if the Company, in its sole discretion, finds that during or subsequent to his employment with the Company he:

(a) breaches, or has breached any term, provision or obligation enumerated herein;

(b) committed any act by commission or omission which materially and substantially adversely affects the Company's business or reputation; or

(c) is convicted of any violation of the Federal Food, Drug and Cosmetic Act, or the violation of any other statute of material relevance to the Company's business.

8.3 Should Executive be paid any benefits hereunder and thereafter be found ineligible, or to have been ineligible, he must return to the Company that portion of the benefit paid to him for the period of his ineligibility.

IX. NO PROMISE OF CONTINUED EMPLOYMENT

9.1 Executive acknowledges his employment with the Company is AT-WILL.

X. SECTION 409A OF THE CODE

Notwithstanding anything to the contrary herein, if Executive is a Specified Employee (as defined in Section 409A of the Code) at the time he would otherwise be entitled to receive any payment hereunder, any such payment shall be delayed until the earliest date permitted by Section 409A(a)(2) of the Code.

XI. RESTRICTION OF ALIENABILITY

Benefits payable to Executive or beneficiary shall not be subject to assignment, transfer, attachment, execution, garnishment, sequestration, or any other seizure under any legal or equitable process, whether on account of Executive's or beneficiary's act or by operation of the law.

XII. CONTRACT ADMINISTRATOR

The Vice President of Human Resources, or other officer of Mylan designated by the Compensation Committee of the Company is hereby named the contract administrator for purposes of assuring compliance with the terms and conditions set forth herein.

XIII. MODIFICATION

This Agreement may not be changed, amended or otherwise modified other than by a written statement; provided, such statement is signed by both Parties, expresses their intent to change the Agreement, and specifically describes such changes.

XIV. HEADINGS

Except when referenced in the body of this Agreement article headings are set forth herein for the purpose of convenience only. Such headings shall not be considered or otherwise referred to when any question or issue arises with respect to the application or interpretation of any term or condition set forth herein.

XV. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which is to be considered an original, and taken together as one and the same document.

XVI. GOVERNING LAW

Any an all actions between the Parties regarding the interpretation or application of any term or provision set forth herein shall be governed by and interpreted in accordance with the substantive laws, and not the law of conflicts, of the Commonwealth of Pennsylvania. The Company and Executive each do hereby respectively consent and agree that the courts of Commonwealth of Pennsylvania shall have jurisdiction, and venue shall properly lie with the courts of Commonwealth of Pennsylvania, with respect to any and all actions brought hereunder. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from Executive), to the full extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any contest or disagreement (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Executive about the amount of any payment pursuant to this Agreement), plus, in each case, interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code. No obligation of the Company under this Agreement to pay Executive's fees or expenses shall in any manner confer upon the Company any right to select or approve any of the attorneys or accountants engaged by Executive.

XVII. SINGULAR OR PLURAL

The singular form of any noun or pronoun shall include the plural when the context in which such word is used is such that it is apparent the singular is intended to include the plural and vice versa.

XVIII. ASSIGNMENT

The Agreement may not be assigned by either Party, without the written authorization of the other Party. A Successor shall not be considered an assignee for purposes of this Article.

XIX. ENTIRE AGREEMENT

The terms and conditions set forth herein contain the entire agreement between the Company and Executive, and supersede any and all prior agreements (including the Prior Agreement) or understandings (whether express or implied) between the Parties with respect to the matters set forth herein.

XX. SURVIVAL

Except as otherwise provided herein, Articles VI and VII hereof shall survive any expiration or termination of this Agreement.

XXI. TERM

The term of this Agreement shall begin on the Effective Date and shall end on the date on which Mylan makes the last payment to which it is obligated hereunder.

IN WITNESS of their agreement to the terms and conditions set forth herein the Company and Executive have caused the following signatures to be affixed hereto, effective as of the date first set forth above:

MYLAN LABORATORIES INC.

By: /s/ Robert J. Coury
Robert J. Coury
Vice Chairman and CEO

/s/ Louis J. DeBone
Louis J. DeBone

Exhibit 10.11

AMENDED AND RESTATED RETIREMENT BENEFIT AGREEMENT

This Amended Retirement Benefit Agreement (the "Agreement") is entered into as of the 31st day of December, 2004 (the "Effective Date") by and between:

Mylan Laboratories Inc., a Pennsylvania corporation, with offices located at 1500 Corporate Drive, Canonsburg, PA 15317 (hereinafter referred to as "Mylan" or "Company").

and

John P. O'Donnell, an executive officer of Mylan (hereinafter referred to as "Executive").

WHEREAS, the parties entered into a Retirement Benefit Agreement effective March 14, 1995 (the "Prior Agreement");

WHEREAS, Executive performs valuable services for the Company;

WHEREAS, in recognition of his continuing service to Mylan, the Company wishes to provide Executive with financial assistance with respect to certain retirement and death; and

WHEREAS, the parties wish to RESCIND, and REPLACE the Prior Agreement with this Agreement;

WITNESSETH THEREFORE that in consideration of the additional benefits provided for hereunder, the premises and covenants set forth herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and Executive, intending to be legally bound, agree as follows:

I. DEFINITIONS

Whenever used in the Agreement the following terms shall be defined as follows:

(a) "Agreement" shall mean this Retirement Benefit Agreement which is entered into as of the 2nd day of December, 2004.

(b) "At-Will" shall mean with respect to the period of Executive's employment with Mylan or any subsidiary thereof, that the Company is under no obligation to continue to employ Executive for any period of time, and can terminate his employment at any time without notice, subject to certain statutory and regulatory requirements, and if applicable, any contractual rights Executive may have; and that Executive is under no obligation to remain employed by the Company or any subsidiary thereof.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Change in Control" shall mean:

(1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act or any successor provision) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company or any of its subsidiaries, (ii) any acquisition by the Company or any of its subsidiaries, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary thereof, (iv) any acquisition by a Person that is permitted to, and actually does, report its beneficial ownership on Schedule 13G (or any successor schedule); provided that, if any Person subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor schedule), then, for purposes of this paragraph, such Person shall be deemed to have first acquired, on the first date on which such Person becomes required to or does so report, beneficial ownership of all of the Outstanding Company Common Stock and Outstanding Company Voting Securities beneficially owned by it on such date or (v) any acquisition pursuant to a transaction that complies with (3)(A), (3)(B) and (3)(C) below; or

(2) Individuals who, as of Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; provided, however, the term "Incumbent Board" as used in this Agreement shall not include any individual whose initial assumption of office occurs as a result of or an actual or threatened

election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(3) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination continue to represent (either by remaining outstanding or being converted into voting securities of the resulting or surviving entity or any parent thereof) more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) individuals who comprise the Incumbent Board immediately prior to such Business Combination constitute at least a majority of the members of the board of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially of the Company's assets either directly or through one or more subsidiaries); or

(4) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(e) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(f) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

(g) “Mylan” or “Company” shall mean Mylan Laboratories Inc. or any Successor thereof.

(h) “NPV” shall mean the sum of the present value at any given time of the monthly benefits to be paid, using a discount rate equal to the long-term applicable federal rate then in effect (determined under Section 1274(d) of the Code), compounded semiannually. For purposes of calculating NPV where monthly benefits have not yet commenced, it shall be assumed that such benefits would have commenced immediately.

(i) “Party” or “Parties” shall mean the Company or Executive, or both the Company and Executive depending upon which term is required by the context in which it is used.

(j) “Retire” or “Retirement” shall mean the day and date on which Executive’s employment with the Company is terminated by either Party for any reason other than death of Executive.

(k) “Successor” shall mean any person, partnership, limited partnership, joint-venture, corporation, trust or any other entity or organization who, subsequent to the Effective Date, comes into possession of or acquires, either directly or indirectly, all or substantially all of the Company’s business, assets or voting stock, or the right to direct the business activities and practices of the Company.

II. RETIREMENT

2.1 Upon his Retirement from the Company on or after March 31, 2007 (the “Full Vesting Date”), Executive shall receive an annual retirement benefit equal to one hundred and fifty thousand dollars ($150,000) for a period of fifteen (15) years (the “Retirement Benefit”); provided, however, that if Executive Retires before the Full Vesting Date, Executive shall be entitled to receive an annual retirement benefits equal to one-hundred thousand dollars ($100,000) for a period of ten (10) years (“Partial Retirement Benefit”).

2.2 The Retirement Benefit shall also become fully vested upon the occurrence of a Change in Control prior to the Full Vesting Date if Executive is employed by the Company or any subsidiary thereof immediately prior to the date upon which the Change in Control occurs.

2.3 Should Executive become unable to perform the material and substantial duties of his position prior to the Full Vesting Date by reason of a mental or physical incapacity, then, subject to receipt of the determination made pursuant to Section 2.4, Executive shall be fully vested in his Retirement Benefit. The date of receipt of such determination shall be considered the date on which the Retirement Benefit becomes fully vested.

2.4 The certification of a licensed physician selected by the Company as to Executive's inability to perform the material and substantial duties of his position shall be conclusive with respect to his status regarding the application of Section 2.3 hereof.

2.5 Except as otherwise provided herein, the Company shall pay the amount due hereunder in equal or substantially equal monthly installments. Subject to Article X or as otherwise provided herein, the first payment of the Retirement Benefit or the Partial Retirement Benefit, as the case may be, shall be made on the first day of the month following the month in which Executive Retires, and each subsequent payment shall be made on the first day of each successive month until Company's obligations with respect to such payments have been satisfied.

III. DEATH BENEFIT

3.1 If, while employed by the Company or any subsidiary thereof, Executive dies prior to Retirement, the Company shall pay Executive's beneficiary, in a lump sum, one million two hundred and fifty thousand dollars ($1,250,000).

3.2 If Executive Retires, and thereafter dies before having received the entire Retirement Benefit or Partial Retirement Benefit, as the case may be, the balance of the payments due thereunder shall be paid to Executive's beneficiary in a lump sum payment equal to the NPV of the remaining payments.

IV. CHANGE IN CONTROL

4.1 If Executive's Retirement Benefit becomes vested as a result of a Change in Control pursuant to Section 2.2 hereof, then upon Executive's Retirement on or after such Change in Control, Executive's Retirement Benefit shall be paid to Executive in a lump sum payment equal to the NPV of the Full Retirement Benefit. Subject to Article X, such lump sum payment shall be paid to Executive as soon as practicable following Retirement.

4.2 If Executive Retires prior to the date of a Change in Control, then upon occurrence of a Change in Control prior to Executive's receipt of the entire Retirement Benefit or Partial Retirement Benefit, as the case may be, the

balance of the payments due hereunder shall be paid to Executive in a lump sum payment equal to the NPV of the remaining payments. Subject to Article X, such lump sum payment shall be paid to Executive as soon as practicable following the occurrence of the Change in Control.

4.3 Upon the occurrence of a Change in Control, Articles VII (Consulting Services) and VIII (Eligibility for Payment) hereof shall no longer be of any force and effect.

V. SUCCESSORSHIP

This Agreement in its entirety shall be binding upon and enforceable against the Company and its Successors.

VI. EXECUTIVE CONDUCT WITH RESPECT TO COMPETITORS

6.1 Executive agrees that he will not for a one year period commencing on the date of his Retirement, without the prior written consent of the Company, directly or indirectly, whether as an employee, officer, director, independent contractor, consultant, stockholder, partner or otherwise, engage in or assist others to engage in or have any interest in any business which competes with the Company in any geographic area in which the Company markets or has marketed its products during the year preceding Retirement; provided, however, that Executive shall not be subject to this Article VI, if after the occurrence of a Change in Control, the Company refuses, fails or disputes any payments to be made to Executive hereunder, whether or not Executive subsequently receives the payments contemplated by this Agreement.

6.2 Notwithstanding anything to the contrary set forth elsewhere herein, stock ownership in a competing business shall not be a breach of this Agreement, provided such stock is traded on a national exchange.

6.3 The Parties agree and acknowledge that the time, scope and geographic area and other provisions of this Agreement have been specifically negotiated by the Parties, and Executive specifically hereby agrees that such time, scope and geographic area and other provisions are reasonable under these circumstances. Executive further agrees that if, despite the express agreement of the Parties to this Agreement, a court should hold any portion of this Agreement unenforceable for any reason, the maximum restrictions of time, scope and geographic area reasonable under the circumstances, as determined by the court, will be substituted for the restrictions herein which such court may find to be unreasonable or unenforceable.

6.4 The Parties acknowledge that the breach of Section 6.1 will be such that the Company will not have an adequate remedy at law because the rights

of the Company under this Agreement are of a specialized and unique character, and that immediate and irreparable damage will result to the Company if Executive breaches his obligations under Section 6.1. The Company may, in addition to any other remedies and damages available, seek an injunction to restrain any such breach. Executive represents and warrants that his expertise and capabilities are such that his obligations under Section 6.1 will not prevent him from earning a living.

VII. CONSULTING SERVICES

7.1 During the five (5) year period beginning on the day following Executive's Retirement he shall, at the request of the Company, act in the capacity of a consultant for the Company, performing such services as may be consistent with those performed by him during Executive's employment. These services may be designated by the Board, or its authorized representative, and shall be reasonable in scope duration and frequency. In no case shall Executive be required to devote in excess of twenty (20) hours a month to the provision of consulting services hereunder.

7.2 The Company shall pay Executive for such consulting services an hourly rate to be determined by the Parties at such time, but not less than the rate of five hundred dollars ($500) per hour, payable monthly.

7.3 In addition to the foregoing, the Company shall reimburse Executive monthly for any and all out-of-pocket expenses incurred by Executive directly for the benefit of the business of the Company.

VIII. ELIGIBILITY FOR PAYMENT

8.1 Any and all payments due hereunder may be denied if not already begun, or terminated if they have begun, if in the Company's sole judgment Executive is either not eligible for such payments, or once such payments have begun is found to be or found to have been ineligible.

8.2 Executive shall not be eligible for any payments hereunder if the Company, in its sole discretion, finds that during or subsequent to his employment with the Company he:

(a) breaches, or has breached any term, provision or obligation enumerated herein;

(b) committed any act by commission or omission which materially and substantially adversely affects the Company's business or reputation; or

(c) is convicted of any violation of the Federal Food, Drug and Cosmetic Act, or the violation of any other statute of material relevance to the Company's business.

8.3 Should Executive be paid any benefits hereunder and thereafter be found ineligible, or to have been ineligible, he must return to the Company that portion of the benefit paid to him for the period of his ineligibility.

IX. NO PROMISE OF CONTINUED EMPLOYMENT

9.1 Executive acknowledges his employment with the Company is AT-WILL.

X. SECTION 409A OF THE CODE

Notwithstanding anything to the contrary herein, if Executive is a Specified Employee (as defined in Section 409A of the Code) at the time he would otherwise be entitled to receive any payment hereunder, any such payment shall be delayed until the earliest date permitted by Section 409A(a)(2) of the Code.

XI. RESTRICTION OF ALIENABILITY

Benefits payable to Executive or beneficiary shall not be subject to assignment, transfer, attachment, execution, garnishment, sequestration, or any other seizure under any legal or equitable process, whether on account of Executive's or beneficiary's act or by operation of the law.

XII. CONTRACT ADMINISTRATOR

The Vice President of Human Resources, or other officer of Mylan designated by the Compensation Committee of the Company is hereby named the contract administrator for purposes of assuring compliance with the terms and conditions set forth herein.

XIII. MODIFICATION

This Agreement may not be changed, amended or otherwise modified other than by a written statement; provided, such statement is signed by both Parties, expresses their intent to change the Agreement, and specifically describes such changes.

XIV. HEADINGS

Except when referenced in the body of this Agreement article headings are set forth herein for the purpose of convenience only. Such headings shall not be considered or otherwise referred to when any question or issue arises with respect to the application or interpretation of any term or condition set forth herein.

XV. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which is to be considered an original, and taken together as one and the same document.

XVI. GOVERNING LAW

Any an all actions between the Parties regarding the interpretation or application of any term or provision set forth herein shall be governed by and interpreted in accordance with the substantive laws, and not the law of conflicts, of the Commonwealth of Pennsylvania. The Company and Executive each do hereby respectively consent and agree that the courts of Commonwealth of Pennsylvania shall have jurisdiction, and venue shall properly lie with the courts of Commonwealth of Pennsylvania, with respect to any and all actions brought hereunder. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from Executive), to the full extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any contest or disagreement (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Executive about the amount of any payment pursuant to this Agreement), plus, in each case, interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code. No obligation of the Company under this Agreement to pay Executive's fees or expenses shall in any manner confer upon the Company any right to select or approve any of the attorneys or accountants engaged by Executive.

XVII. SINGULAR OR PLURAL

The singular form of any noun or pronoun shall include the plural when the context in which such word is used is such that it is apparent the singular is intended to include the plural and vice versa.

XVIII. ASSIGNMENT

The Agreement may not be assigned by either Party, without the written authorization of the other Party. A Successor shall not be considered an assignee for purposes of this Article.

XIX. ENTIRE AGREEMENT

The terms and conditions set forth herein contain the entire agreement between the Company and Executive, and supersede any and all prior agreements (including the Prior Agreement) or understandings (whether express or implied) between the Parties with respect to the matters set forth herein.

XX. SURVIVAL

Except as otherwise provided herein, Articles VI and VII hereof shall survive any expiration or termination of this Agreement.

XXI. TERM

The term of this Agreement shall begin on the Effective Date and shall end on the date on which Mylan makes the last payment to which it is obligated hereunder.

IN WITNESS of their agreement to the terms and conditions set forth herein the Company and Executive have caused the following signatures to be affixed hereto, effective as of the date first set forth above:

MYLAN LABORATORIES INC.

By: /s/ Robert J. Coury
Robert J. Coury
Vice Chairman and CEO

/s/ John P. O'Donnell
John P. O' Donnell

EXHIBIT 10.12

MYLAN LABORATORIES INC.
SEVERANCE PLAN

The Company hereby adopts the Mylan Laboratories Inc. Severance Plan for the benefit of certain employees of the Company and its subsidiaries, on the terms and conditions hereinafter stated. All capitalized terms used herein are defined in Section 1 hereof. The Plan, as set forth herein, is intended to help retain qualified employees, maintain a stable work environment and provide economic security to eligible employees in the event of certain terminations of employment. The Plan, as a "severance pay arrangement" within the meaning of Section 3(2)(B)(i) of ERISA, is intended to be excepted from the definitions of "employee pension benefit plan" and "pension plan" set forth under section 3(2) of ERISA, and is intended to meet the descriptive requirements of a plan constituting a "severance pay plan" within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations §2510.3-2(b).

SECTION 1. DEFINITIONS. As hereinafter used:

1.1 "Board" means the Board of Directors of the Company.

1.2 "Cause" means (a) for purposes of a termination of employment (other than during the Change in Control Protection Period): (i) the failure by the Eligible Employee to substantially perform the Eligible Employee's duties (other than any such failure resulting from the Eligible Employee's incapacity due to physical or mental illness), (ii) the continued failure by the Eligible Employee to perform his duties at a satisfactory level of performance after written notification from his or her manager or supervisor of such failure and after having been provided with a reasonable opportunity to cure such failure, or (iii) the engaging by the Eligible Employee in conduct which is injurious to the Company, monetarily or otherwise; and (b) for purposes of a termination during the Change in Control Protection Period: (x) the willful and continued failure by the Eligible Employee to substantially perform the Eligible Employee's duties (other than any such failure resulting from the Eligible Employee's incapacity due to physical or mental illness) or (y) the willful engaging by the Eligible Employee in conduct which is injurious to the Company, monetarily or otherwise. For purposes of clause (b) above, no act, or failure to act, on the Eligible Employee's part shall be deemed "willful" unless done, or omitted to be done, by the Eligible Employee not in good faith or without reasonable belief that the Eligible Employee's act, or failure to act, was in the best interests of the Company.

1.3 A "Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act or any successor provision) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting

power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 1.4(1), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company or any of its subsidiaries, (ii) any acquisition by the Company or any of its subsidiaries, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary, (iv) any acquisition by a Person that is permitted to, and actually does, report its beneficial ownership on Schedule 13G (or any successor schedule); provided that, if such Person subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor schedule), then, for purposes of this paragraph, such Person shall be deemed to have first acquired, on the first date on which such Person becomes required to or does so report, beneficial ownership of all of the Outstanding Company Common Stock and Outstanding Company Voting Securities beneficially owned by it on such date or (v) any acquisition pursuant to a transaction that complies with Section 1.3 (3)(A), (3)(B) and (3)(C); or

(2) Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; provided, however, the term "Incumbent Board" as used in this Plan shall not include any such individual whose initial assumption of office as a director occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(3) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination continue to represent (either by remaining outstanding or being converted into voting securities of the resulting or surviving entity or any parent thereof) more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding

voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) individuals who comprise the Incumbent Board immediately prior to such Business Combination constitute at least a majority of the members of the board of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially of the Company's assets either directly or through one or more subsidiaries); or

(4) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

1.4 "Change in Control Protection Period" shall mean the period commencing on the date a Change in Control occurs and ending on the 2nd anniversary of such date.

1.5 "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as from time to time amended.

1.6 "Code" means the Internal Revenue Code of 1986, as it may be amended from time to time.

1.7 "Company" means Mylan Laboratories Inc. or any successors thereto.

1.8 "Disability" means a physical or mental condition entitling the Eligible Employee to benefits under the applicable long-term disability plan of the Company or any its subsidiaries, or if no such plan exists, causing the Eligible Employee to be unable to substantially perform his or her duties for at least 6 months in any 12-month period.

1.9 "Effective Date" shall mean the date on which the Board adopts this Plan.

1.10 "Eligible Employee" means, (i) for purposes of terminations of employment (other than during the Change in Control Protection Period), any full-time employee of the Company or any subsidiary thereof who has completed at least two (2) Years of Service with the Company or any subsidiary prior to his or her Severance Date and (ii) for purposes of terminations of employment during the Change in Control Protection Period, any full-time employee of the Company or any subsidiary thereof; provided, however, that Eligible Employees shall not include (1) any employees in respect of whom the Company has entered into a collective bargaining agreement, (2) any individual who is a party to a written employment agreement or is eligible under any other plan, policy or arrangement sponsored or maintained by the Company or any subsidiary (including but not limited to an entity that may become a subsidiary after the Effective Date) thereof (other than a Transition and Succession Agreement) that provides for severance payment and benefits upon termination of employment, unless such individual elects to waive all severance payments and benefits under such agreement, plan, policy or arrangement in connection with such individual's termination of

employment or (3) any individual who is actually entitled (i.e., not just eligible) to receive severance payments and benefits pursuant to a Transition and Succession Agreement with the Company.

1.11 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.12 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

1.13 "Excise Tax" shall mean any excise tax imposed under section 4999 of the Code or any successor provision thereto.

1.14 "Good Reason" for a Tier I Employee or a Tier II Employee means (i) a material adverse alteration in the nature or status of the employee's responsibilities with the Company or any subsidiary thereof from those in effect immediately prior to the Change in Control, (ii) a reduction in the employee's annual salary or target bonus opportunity from those in effect immediately prior to the Change in Control, or (iii) a relocation of the employee's principal place of employment that causes the employee's commute from his or her principal residence to the new work location to increase by 30 miles or more. "Good Reason" for any other Eligible Employee means (x) a reduction in the employee's annual base salary or (y) a relocation of the employee's principal place of employment that causes the employee's commute from his or her principal residence to the new work location to increase by 30 miles or more.

1.15 "Plan" means the Mylan Laboratories Inc. Severance Plan, as set forth herein, as it may be amended from time to time.

1.16 "Plan Administrator" means the person or persons appointed from time to time by the Board which appointment may be revoked at any time by the Board.

1.17 A "Potential Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(1) The Company enters into a definitive agreement, the consummation of which would result in the occurrence of a Change in Control;

(2) Any Person (other than the Company or any of its subsidiaries) commences (within the meaning of Regulation 14D promulgated under the Exchange Act or any successor regulation) a tender or exchange offer which, if consummated, would result in a Change in Control;

(3) Any Person (other than the Company or any of its subsidiaries) files with the Securities and Exchange Commission a preliminary or definitive proxy statement relating to an election contest with respect to the election or removal of directors of the Company which solicitation, if successful, would result in a Change in Control;

(4) The acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act or any successor provision) of 15% or more of either (A) the Outstanding Company Common Stock or (B) the combined voting power of the Outstanding Company Voting Securities; provided, however, that, for purposes of this Section 1.17, the following acquisitions shall not constitute a Potential Change in Control: (i) any acquisition directly from the Company or any of its subsidiaries, (ii) any acquisition by the Company or any of its subsidiaries, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary; or (iv) any acquisition by a Person that is permitted to, and actually does, report its beneficial ownership on Schedule 13G (or any successor schedule); provided that, if such Person subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor schedule), and at the time has beneficial ownership of 15% or more of either the Outstanding Company Common Stock or the combined voting power of the Outstanding Company Voting Securities, then a Potential Change in Control shall be deemed to occur at such time; or

(5) The Board adopts a resolution to the effect that a Potential Change in Control has occurred.

1.18 "Severance" means (1) the involuntary termination of an Eligible Employee's employment by the Company or any subsidiary thereof other than for Cause, death or Disability or (2) a voluntary termination of an Eligible Employee's employment for Good Reason during the Change in Control Protection Period; provided, however, that a Severance shall not occur by reason of the divestiture of a facility, sale of a business or business unit, or the outsourcing of a business activity with which the Eligible Employee is affiliated if the Eligible Employee is offered comparable employment by the entity which acquires such facility, business or business unit or which succeeds to such outsourced business activity.

1.19 "Severance Date" means the date on which an Eligible Employee incurs a Severance.

1.20 "Tier I Employee" means an Eligible Employee in Pay Grade 17 or higher, determined as of the Severance Date, or any other Eligible Employee designated by the Company as a Tier I Employee.

1.21 "Tier II Employee" means an Eligible Employee in Pay Grades 13 through 16, determined as of the Severance Date, or any other Eligible Employee designated by the Company as a Tier II Employee.

1.22 "Tier III Employee" means an Eligible Employee in Pay Grade 7 through 12, determined as of the Severance Date, or any other Eligible Employee designated by the Company as a Tier III Employee.

1.23 "Tier IV Employee" means an Eligible Employee in Pay Grades 5 through 6, determined as of the Severance Date, or any other Eligible Employee designated by the Company as a Tier IV Employee.

1.24 “Tier V Employee” means an Eligible Employee who is not, as of his or her Severance Date, a Tier I Employee, Tier II Employee, Tier III Employee, or Tier IV Employee.

1.25 “Years of Service” shall mean an Eligible Employee’s number of continuous years of employment with the Company and/or any subsidiary thereof since the Employee’s most recent hire date. In computing Years of Service, a period between six full months of employment and one year shall be deemed to be one full year, and a period of less than six full months shall be deemed to be zero years. For example, nine years and six months will be deemed to be ten Years of Service while nine years and anything less than six full months will be deemed to be nine Years of Service. During the Change in Control Protection Period, any Eligible Employee who has fewer than two Years of Service since his or her most recent hire date will be deemed to have two Years of Service for purposes of this Plan.

SECTION 2. SEVERANCE BENEFITS (OTHER THAN DURING CHANGE IN CONTROL PROTECTION PERIOD).

2.1 Tier I Employees. Each Tier I Employee who incurs a Severance other than during a Change in Control Protection Period shall be entitled to (i) continuation of his or her annual base salary, as in effect on the Severance Date, for a number of months equal to his or her Years of Service, but with a minimum of nine (9) months and a maximum of twelve (12) months, (ii) a monthly payment for the number of months he or she receives salary continuation pursuant to this Section 2.1 (or would have received such payments if the Company had not elected to make a lump sum payment pursuant to Section 2.7), in an amount equal to the cost of premiums for continuation of coverage under COBRA for such employee and his eligible dependents; provided, however, that payments otherwise due to such Eligible Employee shall cease to the extent benefits of the same type are received by or made available to such Eligible Employee by a subsequent employer, and (iii) outplacement services for up to twelve (12) months following the Severance Date.

2.2 Tier II Employees. Each Tier II Employee who incurs a Severance other than during the Change in Control Protection Period shall be entitled to (i) continuation of his or her annual base salary, as in effect on the Severance Date, for a number of months equal to his or her Years of Service, but with a minimum of six (6) months and a maximum of nine (9) months, (ii) a monthly payment for the number of months he or she receives salary continuation pursuant to this Section 2.2 (or would have received such payments if the Company had not elected to make a lump sum payment pursuant to Section 2.7), in an amount equal to the cost of premiums for continuation of coverage under COBRA for such employee and his eligible dependents; provided, however, that payments otherwise due to such Eligible Employee shall cease to the extent benefits of the same type are received by or made available to such Eligible Employee by a subsequent employer, and (iii) outplacement services for up to nine (9) months following the Severance Date.

2.3 Tier III and IV Employees. Each Tier III Employee and Tier IV Employee who incurs a Severance other than during a Change in Control Protection Period shall be entitled to (i) continuation of his or her annual base salary, as in effect on the Severance Date, for a number of months equal to his or her Years of Service, but with a minimum of three (3) months and a maximum of six (6) months and (ii) a monthly payment for the number of months he or she receives salary continuation pursuant to this Section 2.3 (or would have received such payments if the Company had not elected to make a lump sum payment pursuant to Section 2.7), in an amount equal to the cost of premiums for continuation of coverage under COBRA for such employee and his eligible dependents; provided, however, that payments otherwise due to such Eligible Employee shall cease to the extent benefits of the same type are received by or made available to such Eligible Employee by a subsequent employer. In addition, each Tier III Employee shall be provided with outplacement services for a number of months equal to the number of months during which he or she is receiving salary continuation payments (or would have received such payments if the Company had not elected to make a lump sum payment pursuant to Section 2.7).

2.4 Tier V Employees. Each Tier V Employee who incurs a Severance other than during a Change in Control Protection Period shall be entitled to (i) continuation of his or her annual base salary, as in effect on the Severance Date, for a number of months equal to his or her Years of Service, but with a minimum of two (2) months and a maximum of four (4) months and (ii) a monthly payment for the number of months he or she receives salary continuation pursuant to this Section 2.4 (or would have received such payments if the Company had not elected to make a lump sum payment pursuant to Section 2.7), in an amount equal to the cost of premiums for continuation of coverage under COBRA for such employee and his eligible dependents; provided, however, that payments otherwise due to such Eligible Employee shall cease to the extent benefits of the same type are received by or made available to such Eligible Employee by a subsequent employer.

2.5 Release. Notwithstanding the foregoing, as a condition to the receipt of any payment pursuant to the applicable provision of this Section 2, each Eligible Employee shall be required to execute and not revoke (within the seven (7) day revocation period) a Separation Agreement provided by the Company which contains a general release of claims in favor of the Company.

2.6 Time of Payments. Subject to Section 7.11 hereof, all payments required to be made hereunder to an Eligible Employee shall be made or commence as soon as practicable following such employee's Severance Date.

2.7 Lump Sum Payment. The Company may, in its sole discretion, elect to pay severance benefits hereunder in a lump sum but only to the extent permissible under, and then only in accordance with the requirements of, Section 409A of the Code.

SECTION 3. CHANGE IN CONTROL SEVERANCE BENEFITS

3.1 Generally. Subject to Section 3.7 and Section 5 hereof, Eligible Employees shall be entitled to severance benefits pursuant to the applicable provisions of this Section 3 if they incur a Severance during the Change in Control Protection Period. For purposes of calculating severance benefits pursuant to this Section 3, any reduction in an Employee's annual base salary or annual target bonus during the Change in Control Protection Period shall be disregarded.

3.2 Tier I Employees. Subject to Section 3.7 and Section 5 hereof, the Company shall pay to each Tier I Employee who incurs a Severance during the Change in Control Protection Period a lump sum payment equal to two (2) times the sum of his or her then annual base salary plus his or her annual target bonus for the year in which the Severance occurs.

3.3 Tier II, III, IV and V Employees. Subject to Section 3.7 and Section 5 hereof, the Company shall pay to each Tier II Employee, Tier III Employee, Tier IV Employee and Tier V Employee who incurs a Severance during the Change in Control Protection Period a lump sum payment equal to two times the sum of all monthly severance payments the employee would have received under the applicable provisions of Section 2 hereof if his or her employment was terminated by the Company other than for Cause, death or Disability prior to the Change in Control Protection Period. For the avoidance of doubt, such payment shall not include an amount in respect of COBRA premiums.

3.4 Health & Dental Benefit Continuation. Subject to Section 3.7 and Section 5 hereof, in the case of each Eligible Employee who incurs a Severance during the Change in Control Protection Period, commencing on the date immediately following such Eligible Employee's Severance Date and continuing for the period set forth below (the "Welfare Benefit Continuation Period"), the Company shall provide to each such Eligible Employee and anyone entitled to claim under or through such employee all Company-paid benefits under any group health plan and dental plan of the Company (as in effect immediately prior to such employee's Severance Date or, if more favorable to such employee, immediately prior to the Change in Control) for which employees of the Company are eligible, to the same extent as if such employee had continued to be an employee of the Company during the Welfare Benefit Continuation Period. To the extent that such employee's participation in Company benefit plans is not practicable, the Company shall arrange to provide, at the Company's sole expense, such employee and anyone entitled to claim under or through such employee with equivalent health and dental benefits under an alternative arrangement during the Welfare Benefit Continuation Period. The coverage period for purposes of the group health continuation requirements of Section 4980B of the Code shall commence at the expiration of the Welfare Benefit Continuation Period. The Welfare Benefit Continuation Period shall be twenty-four (24) months for each Tier I Employee who incurs a Severance during the Change in Control Protection Period and, for each other Eligible Employee who incurs a Severance during the Change in Control Protection Period, shall be a number of months equal to two times the number of months he or she would have received salary continuation pursuant to the

applicable provisions of Section 2 hereof if his or her employment was terminated by the Company prior to the Change in Control other than for Cause, death or Disability.

3.5 Outplacement Services. Subject to Section 3.7 and Section 5 hereof, each Tier I Employee, Tier II Employee, Tier III Employee and Tier IV Employee who incurs a Severance during the Change in Control Protection Period shall be provided with outplacement services as if such employee had been terminated prior to the Change in Control Protection Period and had been entitled to receive outplacement benefits pursuant to the applicable provisions of Section 2 hereof (determined without regard to any service requirement).

3.6 Legal Fees. The Company shall reimburse each Eligible Employee whose termination of employment occurs during the Change in Control Protection Period for all reasonable legal fees and expenses incurred by such Eligible Employee in seeking to obtain or enforce any right or benefit provided under Section 3 of this Plan (other than any such fees and expenses incurred in pursuing any claim determined by an arbitrator or by a court of competent jurisdiction to be frivolous or not to have been brought in good faith).

3.7 Release. No Eligible Employee who incurs a Severance during the Change in Control Protection Period shall be eligible to receive any payments or other benefits under the Plan unless he or she first executes a written release substantially in the form attached hereto as Schedule A and does not revoke such release within the time permitted therein for such revocation.

3.8 Payment of Benefits. Subject to Section 7.11 hereof, all payments required to be made hereunder to an Eligible Employee shall be made in a cash lump sum within 2 business days following the receipt of an effective release contemplated by Section 3.7 above.

SECTION 4. PLAN ADMINISTRATION.

4.1 The Plan Administrator shall administer the Plan and may interpret the Plan, prescribe, amend and rescind rules and regulations under the Plan and make all other determinations necessary or advisable for the administration of the Plan, subject to all of the provisions of the Plan.

4.2 The Plan Administrator may delegate any of its duties hereunder to such person or persons from time to time as it may designate.

4.3 The Plan Administrator is empowered, on behalf of the Plan, to engage accountants, legal counsel and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. The functions of any such persons engaged by the Plan Administrator shall be limited to the specified services and duties for which they are engaged, and such persons shall have no other duties, obligations or responsibilities under the Plan. Such persons shall exercise no discretionary authority or discretionary control respecting the management of the Plan. All reasonable expenses thereof shall be borne by the Company.

SECTION 5. EXCISE TAX.

If any payment or benefit received or to be received by an Eligible Employee (including any payment or benefit received pursuant to the Plan or otherwise) would be (in whole or part) subject to the excise tax described in Section 4999 of Code, then, to the extent necessary to make such payments and benefits not subject to such excise tax, payments and benefits provided hereunder shall be reduced by the Plan Administrator in consultation with the Eligible Employee.

SECTION 6. PLAN MODIFICATION OR TERMINATION.

The Plan may be amended or terminated by the Board at any time; provided, however, that (i) no termination or amendment may reduce the benefits or payments under the Plan to an Eligible Employee if the Eligible Employee's Severance Date has occurred prior to such termination or amendment and (ii) during the pendency of the Potential Change in Control (and for a period of six months thereafter), as well as during the Change in Control Protection Period, the Plan may not be terminated, nor may the Plan be amended if such amendment would in any manner be adverse to the interests of any Eligible Employee (it being understood, however, that clause (ii) shall not preclude the Plan from being amended to bring it into compliance with Section 409A of the Code). During the periods referred to in clause (ii) of the preceding sentence, but not during any other period, any reduction in an Eligible Employee's Pay Grade or any redesignation of any such employee to a less favorable tier shall be disregarded for purposes of the Plan.

SECTION 7. GENERAL PROVISIONS.

7.1 Except as otherwise provided herein or by law, no right or interest of any Eligible Employee under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Eligible Employee under the Plan shall be liable for, or subject to, any obligation or liability of such Eligible Employee. When a payment is due under this Plan to a severed employee who is unable to care for his or her affairs, payment may be made directly to his or her legal guardian or personal representative.

7.2 If the Company or any subsidiary thereof is obligated by law or by contract to pay severance pay, a termination indemnity, notice pay, or the like, or if the Company or any subsidiary thereof is obligated by law to provide advance notice of separation ("Notice Period"), then any severance pay hereunder shall be reduced by the amount of any such severance pay, termination indemnity, notice pay or the like, as applicable, and by the amount of any compensation received during any Notice Period.

7.3 Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Eligible Employee, or any person whomsoever, the right to be

retained in the service of the Company or any subsidiary thereof, and all Eligible Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

7.4 If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

7.5 This Plan shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Eligible Employee, present and future, and any successor to the Company. If a severed employee shall die while any amount would still be payable to such severed employee hereunder if the severed employee had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executor, personal representative or administrators of the severed employee's estate.

7.6 The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

7.7 The Plan shall not be funded. No Eligible Employee shall have any right to, or interest in, any assets of any Company which may be applied by the Company to the payment of benefits or other rights under this Plan.

7.8 Any notice or other communication required or permitted pursuant to the terms hereof shall have been duly given when delivered or mailed by United States Mail, first class, postage prepaid, addressed to the intended recipient at his, her or its last known address.

7.9 This Plan shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania to the extent not preempted by federal law, which shall otherwise control.

7.10 All benefits hereunder shall be reduced by applicable withholding and shall be subject to applicable tax reporting, as determined by the Plan Administrator.

7.11 Notwithstanding anything to the contrary herein, any amounts otherwise payable to or in respect of a Specified Employee (as defined in Section 409A of the Code) pursuant to this Plan shall be delayed until the earliest date permitted by Section 409A(a)(2) of the Code.

SECTION 8. CLAIMS, INQUIRIES, APPEALS.

8.1 Applications for Benefits and Inquiries. Any application for benefits, inquiries about the Plan or inquiries about present or future rights under the Plan must be submitted to the Plan Administrator in writing, as follows:

Plan Administrator
c/o Mylan Laboratories Inc.
1500 Corporate Drive
Canonsburg, PA 15317

8.2 Denial of Claims. In the event that any application for benefits is denied in whole or in part, the Plan Administrator must notify the applicant, in writing, of the denial of the application, and of the applicant's right to review the denial. The written notice of denial will be set forth in a manner designed to be understood by the employee, and will include specific reasons for the denial, specific references to the Plan provision upon which the denial is based, a description of any information or material that the Plan Administrator needs to complete the review, and an explanation of the Plan's review procedure.

This written notice will be given to the employee within ninety (90) days after the Plan Administrator receives the application, unless special circumstances require an extension of time, in which case, the Plan Administrator has up to an additional ninety (90) days for processing the application. If an extension of time for processing is required, written notice of the extension will be furnished to the applicant before the end of the initial ninety (90)-day period.

This notice of extension will describe the special circumstances necessitating the additional time and the date by which the Plan Administrator is to render his or her decision on the application. If written notice of denial of the application for benefits is not furnished within the specified time, the application shall be deemed to be denied. The applicant will then be permitted to appeal the denial in accordance with the Review Procedure described below.

8.3 Request for a Review. Any person (or that person's authorized representative) for whom an application for benefits is denied (or deemed denied), in whole or in part, may appeal the denial by submitting a request for a review to the Plan Administrator within 60 days after the application is denied (or deemed denied). The Plan Administrator will give the applicant (or his or her representative) an opportunity to review pertinent documents in preparing a request for a review and submit written comments, documents, records and other information relating to the claim. A request for a review shall be in writing and shall be addressed to:

Plan Administrator
c/o Mylan Laboratories Inc.
1500 Corporate Drive
Canonsburg, PA 15317

With a copy to:
Chief Legal Officer
Mylan Laboratories Inc.
1500 Corporate Drive
Canonsburg, PA 15317

A request for review must set forth all of the grounds on which it is based, all facts in support of the request and any other matters that the applicant feels are pertinent. The Plan Administrator may require the applicant to submit additional facts, documents or other material as he or she may find necessary or appropriate in making his or her review.

8.4 Decision on Review. The Plan Administrator will act on each request for review within sixty (60) days after receipt of the request, unless special circumstances require an extension of time (not to exceed an additional sixty (60) days), for processing the request for a review. If an extension for review is required, written notice of the extension will be furnished to the applicant within the initial sixty (60)-day period. The Plan Administrator will give prompt, written notice of his or her decision to the applicant. In the event that the Plan Administrator confirms the denial of the application for benefits in whole or in part, the notice will outline, in a manner calculated to be understood by the applicant, the specific Plan provisions upon which the decision is based. If written notice of the Plan Administrator's decision is not given to the applicant within the time prescribed in this Section 8.4 the application will be deemed denied on review.

8.5 Rules and Procedures. The Plan Administrator may establish rules and procedures, consistent with the Plan and with ERISA, as necessary and appropriate in carrying out his or her responsibilities in reviewing benefit claims. The Plan Administrator may require an applicant who wishes to submit additional information in connection with an appeal from the denial (or deemed denial) of benefits to do so at the applicant's own expense.

8.6 Exhaustion of Remedies. No legal action for benefits under the Plan may be brought until the claimant (i) has submitted a written application for benefits in accordance with the procedures described by Section 8.1 above, (ii) has been notified by the Plan Administrator that the application is denied (or the application is deemed denied due to the Plan Administrator's failure to act on it within the established time period), (iii) has filed a written request for a review of the application in accordance with the appeal procedure described in Section 8.3 above and (iv) has been notified in writing that the Plan Administrator has denied the appeal (or the appeal is deemed to be denied due to the Plan Administrator's failure to take any action on the claim within the time prescribed by Section 8.4 above).

SCHEDULE A

WAIVER AND RELEASE OF CLAIMS AGREEMENT

YOU HAVE BEEN ADVISED TO CONSULT AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT.

YOU HAVE [FORTY-FIVE] [TWENTY-ONE] DAYS AFTER RECEIVING THIS AGREEMENT TO CONSIDER WHETHER TO SIGN IT.

AFTER SIGNING THIS AGREEMENT, YOU HAVE ANOTHER SEVEN DAYS IN WHICH TO REVOKE IT, AND IT DOES NOT TAKE EFFECT UNTIL THOSE SEVEN DAYS HAVE ENDED.

In consideration of, and subject to, the payments to be made to me by Mylan Laboratories Inc. ("Mylan") or any of its subsidiaries, pursuant to the Mylan Laboratories Severance Plan (the "Plan"), which I acknowledge that I would not otherwise be entitled to receive, I hereby waive any claims I may have for employment or re-employment by Mylan or any subsidiary thereof after the date hereof, and I further agree to and do release and forever discharge Mylan or any subsidiary of Mylan and their respective past and present officers, directors, shareholders, employees and agents from any and all claims and causes of action, known or unknown, arising out of or relating to my employment with Mylan or any subsidiary of Mylan or the termination thereof, including, but not limited to, wrongful discharge, breach of contract, tort, fraud, any State's Human Relations Act, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, Sections 1981-1988 of Title 42 of the U. S. Code, Older Workers' Benefit Protection Act, Family and Medical Leave Act, the Fair Labor Standards Act, any State's Wage Payment and Collection laws, the Age Discrimination in Employment Act of 1967, the Pregnancy Discrimination Act, the Employee Retirement Income Security Act of 1974, all as amended. Should you decide to file any charge or legal claim against the Company, you agree to waive your right to recover any damages or other relief awarded to you which arises out of any such charge or legal claim made by you against the Company.

Notwithstanding the foregoing or any other provision hereof, nothing in this Waiver and Release of Claims Agreement shall adversely affect (i) my rights under the Plan; (ii) my rights to benefits other than severance benefits under plans, programs and arrangements of Mylan or any subsidiary or parent of Mylan; or (iii) my rights to indemnification under any indemnification agreement, applicable law and the certificates of incorporation and bylaws of Mylan and any subsidiary of Mylan, and my rights under any director's and officer's liability insurance policy covering me.

I acknowledge that I have signed this Waiver and Release of Claims Agreement voluntarily, knowingly, of my own free will and without reservation or duress, and that no promises or representations, written or oral, have been made to me by any person to induce me to do so other than the promise of payment set forth in the first

paragraph above and Mylan's acknowledgment of my rights reserved under the preceding paragraph above.

I understand that this release will be deemed to be an application for benefits under the Plan, and that my entitlement thereto shall be governed by the terms and conditions of the Plan, and I expressly hereby consent to such terms and conditions.

I acknowledge that I have been given not less than [forty-five (45)] [twenty-one (21)] days to review and consider this Waiver and Release of Claims Agreement, and that I have had the opportunity to consult with an attorney or other advisor of my choice and have been advised by Mylan to do so if I choose. I may revoke this Waiver and Release of Claims Agreement seven days or less after its execution by providing written notice to the Vice-President of Human Resources at Mylan's corporate headquarters (or some other designee).

Finally, I acknowledge that I have carefully read this Waiver and Release of Claims Agreement and understand all of its terms. This is the entire Agreement between the parties and is legally binding and enforceable.

This Waiver and Release of Claims Agreement shall be governed and interpreted under federal law and the laws of Pennsylvania.

I knowingly and voluntarily sign this Waiver and Release of Claims Agreement and agree to be bound by its terms.

Date Delivered to Employee: _____

Date Signed by Employee: _____

Seven-Day Revocation Period Ends: _____

Signed: _____

_____
(Print Employee's Name)

Mylan Laboratories Inc.

By: _____

Title: _____

Date: _____

Exhibit 10.13

Mylan Laboratories Inc.
Arrangements for Director Compensation
In Effect as of February 9, 2005

In accordance with guidance provided by the staff of the Division of Corporation Finance of the Securities and Exchange Commission (the "SEC") in late November 2004, Mylan Laboratories Inc. (the "Company") is providing a written description of the oral compensation arrangements that the Company currently has with its Board of Directors ("Board"), which the SEC may deem to be material definitive agreements with the directors.

Effective as of July 30, 2004, non-employee directors receive $50,000 per year in cash compensation for their service on the Board. Prior to July 30, 2004, the annual retainer paid to such persons was $36,000, as disclosed in the Company's Proxy Statement for its 2004 Annual Meeting of Shareholders (the "2004 Proxy Statement"). In addition, Milan Puskar receives an additional $200,000 per year for his service as Chairman (as disclosed in the 2004 Proxy Statement). Non-employee directors are also reimbursed for actual expenses relating to meeting attendance and, at the discretion of the full Board, are eligible to receive stock options or other awards under the Company's 2003 Long-Term Incentive Plan (each as disclosed in the 2004 Proxy Statement). In July 2004, an immediately-exercisable option to purchase 10,000 shares of common stock, at an exercise price of $14.82 per share, was awarded to each of the non-employee directors, as reported in the applicable Statements of Changes in Beneficial Ownership on Form 4 filed with the SEC. Directors who are also employees of the Company do not receive any consideration for their service on the Board.

On February 9, 2005, the Board approved the following arrangements:

- Effective February 10, 2005, non-employee directors (other than Mr. Puskar) will receive fees for each Board meeting they attend (other than any Board meeting held primarily to consider board compensation matters). The fee is $1,500 for each meeting attended in person and $1,000 for each meeting attended by phone.

- Effective February 10, 2005, non-employee directors will receive fees for each Board Committee meeting they attend (other than: (i) Committee meetings held in conjunction with Board meetings; (ii) any Committee meetings held primarily to consider board compensation matters; and (iii) meetings of the Finance Committee or of the Executive Committee). The fee is $750 for each meeting attended in person and $500 for each meeting attended by phone.

- Effective January 1, 2005, the Chairperson of the Audit Committee will receive an additional fee of $10,000 per year.

- Effective January 1, 2005, the Chairpersons of the Compensation Committee, the Governance and Nominating Committee, and the Compliance Committee each will receive an additional fee of $5,000 per year.

Exhibit 31.1

Certification of CEO Pursuant to
Securities Exchange Act Rules 13a-15(c) and 15d-15(e)
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert J. Coury, Chief Executive Officer of Mylan Laboratories Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mylan Laboratories 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 period[s] presented in this report;

4. The registrant's other certifying officer 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)) 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) 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

c) 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 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 officer 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 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 controls 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.

Date: February 9, 2005

/s/ Robert J. Coury
Robert J. Coury
Chief Executive Officer

Exhibit 31.2

Certification of CFO Pursuant to
Securities Exchange Act Rules 13a-15(c) and 15d-15(e)
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Edward J. Borkowski, Chief Financial Officer of Mylan Laboratories Inc. certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mylan Laboratories 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 period[s] presented in this report;

4. The registrant's other certifying officer 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)) 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) 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

c) 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 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 officer 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 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 controls 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.

Date: February 9, 2005

/s/ Edward J. Borkowski
Edward J. Borkowski
Chief Financial Officer

EXHIBIT 32

CERTIFICATION of CEO and CFO 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 Mylan Laboratories Inc. (the "Company") for the period ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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.

Date: February 9, 2005

/s/ Robert J. Coury
Robert J. Coury
Chief Executive Officer

/s/ Edward J. Borkowski
Edward J. Borkowski
Chief Financial Officer

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

The foregoing certification is being furnished in accordance with Securities and Exchange Commission Release No. 34-47551 and shall not be considered filed as part of the Form 10-Q.