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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

☑ **Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Fiscal Year Ended March 31, 2006

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 No. 1-9114

MYLAN LABORATORIES INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-1211621**
(State of Incorporation)	(IRS Employer Identification No.)

1500 Corporate Drive, Canonsburg, Pennsylvania 15317
(724) 514-1800
(Address, including zip code, and telephone number, including area code, of principal executive offices)

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

Title of Each Class:	**Name of Each Exchange on Which Registered:**
Common Stock, par value $0.50 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☑

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☑ Accelerated Filer o Non-Accelerated Filer o

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

The aggregate market value of the outstanding common stock, other than shares held by persons who may be deemed affiliates of the registrant, as of September 30, 2005, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $4,021,304,067.

The number of outstanding shares of common stock of the registrant as of May 8, 2006, was 210,230,665.

DOCUMENTS INCORPORATED BY REFERENCE

Incorporated by reference into Part III, Items 10-14 of this Form are portions of the registrant's Proxy Statement for the 2006 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended March 31, 2006.

MYLAN LABORATORIES INC.

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For the Fiscal Year Ended March 31, 2006

PART I

ITEM 1. Business

Mylan Laboratories Inc. (the "Company", "Mylan Labs," "Mylan" or "we") is engaged in developing, licensing, manufacturing, marketing and distributing generic, brand and branded generic pharmaceutical products. The Company was incorporated in Pennsylvania in 1970. References herein to a fiscal year shall mean the twelve months ended March 31.

Overview of Our Business

Prescription pharmaceutical products in the United States ("U.S.") are generally marketed as either brand or generic drugs. Brand products are marketed under brand names through marketing programs that are designed to generate physician and consumer loyalty. Brand products generally are patent protected, which provides a period of market exclusivity during which they are sold with little or no competition. Additionally, brand products may benefit from other periods of non-patent, market exclusivity. Exclusivity generally provides brand products with the ability to maintain their profitability for relatively long periods of time. Brand products generally continue to have a significant role in the market after the end of patent protection or other market exclusivities due to physician and consumer loyalties.

Generic pharmaceutical products are the chemical and therapeutic equivalents of reference brand drugs. A reference brand drug is an approved drug product listed in the U.S. Food and Drug Administration ("FDA") publication entitled *Approved Drug Products with Therapeutic Equivalence Evaluations*, popularly known as the "Orange Book." The Drug Price Competition and Patent Term Restoration Act of 1984 ("Waxman-Hatch Act") provides that generic drugs may enter the market after the approval of an Abbreviated New Drug Application ("ANDA") and the expiration, invalidation or circumvention of any patents on the corresponding brand drug, or the end of any other market exclusivity periods related to the brand drug. Generic drugs are bioequivalent to their brand name counterparts. Accordingly, generic products provide a safe, effective and cost-efficient alternative to users of these brand products. Branded generic pharmaceutical products are generic products that are more responsive to the promotion efforts generally used to promote brand products. Growth in the generic pharmaceutical industry has been driven by the increased market acceptance of generic drugs, as well as the number of brand drugs for which patent terms and/or other market exclusivities have expired.

We obtain new generic products primarily through internal product development. Additionally, we license or co-develop products through arrangements with other companies. New generic product approvals are obtained from the FDA through the ANDA process, which requires us to demonstrate bioequivalence to a reference brand product. Generic products are generally introduced to the marketplace at the expiration of patent protection for the brand product or at the end of a period of non-patent market exclusivity. However, if an ANDA applicant files an ANDA containing a certification of invalidity, non-infringement or unenforceability related to a patent listed in the "Orange Book" with respect to a reference drug product, that generic equivalent may be able to be marketed prior to the expiration of patent protection for the brand product. Such patent certification is commonly referred to as a Paragraph IV certification. An ANDA applicant that is first to file a Paragraph IV certification is eligible for a period of generic marketing exclusivity. This exclusivity, which under certain circumstances may be required to be shared with other applicable ANDA sponsors with Paragraph IV certifications, lasts for 180 days during which the FDA cannot grant final approval to other ANDA sponsors holding applications for the same generic equivalent.

An ever-increasing trend in the pharmaceutical industry involves the practice of "authorized generics". This occurs when the patent or New Drug Application ("NDA") holder sells its brand product as a generic, often through a licensing agreement with a generic company or through a subsidiary, at the same time other generic competition enters the market. This practice has the most significant impact on a generic company who is entitled to the 180 day exclusivity period described above or who would otherwise be the only company on the market with a generic product being sold under an approved ANDA. This practice may effectively eliminate the 180 day exclusivity period if launched at the beginning of the generic company's exclusivity

period, and, exclusivity aside, could significantly lower the price at which the generic company could otherwise sell their product upon launch.

We have attained a position of leadership in the generic industry through our ability to obtain ANDA approvals, our uncompromising quality control and our devotion to customer service. We continue to bolster our traditional solid oral dose products with unit dose, transdermal and extended release products. We have entered into strategic alliances with several pharmaceutical companies through product development, distribution and licensing agreements that provide us with additional opportunities to broaden our product line.

We operate through three principal business units, Mylan Pharmaceuticals Inc. ("MPI"), UDL Laboratories, Inc. ("UDL") and Mylan Technologies Inc. ("Mylan Tech"), all of which are wholly owned subsidiaries of Mylan. MPI is our primary pharmaceutical research, development, manufacturing, marketing and distribution subsidiary. MPI's net revenues are derived primarily from the sale of solid oral dosage products. Additionally, MPI's net revenues are augmented by transdermal patch products that are developed and manufactured by Mylan Tech. UDL packages and markets products, either obtained from MPI or purchased from third parties, in unit dose formats, for use primarily in hospitals and other institutions.

During the first quarter of fiscal 2006, Mylan announced that it was closing Mylan Bertek Pharmaceuticals Inc. ("Mylan Bertek"), its branded subsidiary, and transferring the responsibility for marketing Mylan Bertek's products to other Mylan subsidiaries. Mylan previously reported its financial results in two reportable segments, Generic and Brand. With the closure of Mylan Bertek, Mylan now reports one segment, and began reporting as such effective with the first quarter of fiscal 2006. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 131, *Disclosures about Segments of an Enterprise and Related Information*, information for earlier periods has been recast and reported as one segment.

Mylan manufactures over 92% of all doses it sells. Our product portfolio includes approximately 150 pharmaceutical products, of which approximately 140 are in capsule or tablet form in an aggregate of approximately 345 dosage strengths. This includes 12 extended release products in 21 dosage strengths. Additionally, we market four transdermal patches in 18 dosage strengths. In addition to those products manufactured by Mylan, we market 75 generic products in 128 dosage strengths under supply and distribution agreements with other pharmaceutical companies. As of December 31, 2005, Mylan held the first or second market position in new and refilled prescriptions dispensed among all pharmaceutical companies in the U.S. with respect to approximately 75% of the generic pharmaceutical products we marketed, excluding unit-dose products.

Approximately 17%, 18% and 17% of net revenues in fiscal years 2006, 2005 and 2004, respectively, were contributed by calcium channel blockers, primarily nifedipine. Additionally, approximately 15% of net revenues in fiscal 2006 were contributed by narcotic agonist analgesics, primarily fentanyl.

On November 24, 2005, we announced the sale of the U.S. and Canadian rights for Apokyn® to Vernalis plc. Under the terms of the agreement, Mylan received a cash payment of $23.0 million. In addition, Mylan will perform certain transitional services for one year, including supply chain management and customer service assistance.

On January 11, 2006, we announced an agreement with Forest Laboratories Holdings, Ltd. ("Forest"), a wholly owned subsidiary of Forest Laboratories, Inc., for the commercialization, development and distribution of Mylan's nebivolol compound in the United States and Canada. Nebivolol, which we licensed in fiscal 2001, is a beta blocker for which we submitted an NDA for the indication of hypertension in April 2004 and which was granted approvable status by the FDA in May 2005. Under the terms of the agreement, Mylan received an up-front payment of $75.0 million, which will be deferred until the commercial launch of the product. Mylan also has the potential to earn future milestone payments as well as royalties based on nebivolol sales. Upon commercial launch the up-front payment will be amortized into revenue over the remaining term of the license agreement. Forest will pay for future nebivolol development programs and will be responsible for all sales and marketing expenses. Mylan has retained an option to co-promote the product in the future.

Also on January 11, 2006, we announced that Mylan Tech signed two strategic agreements with Cephalon, Inc. to utilize Mylan Tech's innovative transdermal technology to address certain pain and central

nervous system disorders. Under the terms of the agreements, Mylan and Cephalon will collaborate with the intent to create, develop and commercialize branded transdermal products in exchange for the payment to Mylan Tech of milestones and ongoing royalties based on net sales of the products.

On February 28, 2006, Bristol-Myers Squibb Company ("BMS") and Somerset Pharmaceuticals, Inc. ("Somerset"), our 50% owned joint venture between Mylan and Watson Pharmaceuticals, Inc., announced that the FDA approved EMSAM® (selegiline transdermal system), the first transdermal patch for the treatment of major depressive disorder. In the prior fiscal year, Somerset entered into an agreement with BMS for the commercialization and distribution of EMSAM. EMSAM patches are manufactured by Mylan Tech. The product was launched in early fiscal 2007.

The future success of our generic products is partially dependent upon continued increasing market acceptance of generic products as substitutes for existing products. Additionally, we expect that our future growth will result from continuously launching new products, including an emphasis on the development or acquisition of new products that may attain FDA first-to-file status, as well as the pursuit of products that are difficult to formulate or for which the active pharmaceutical ingredient is difficult to obtain. For our branded products, growth will be driven through internal development of unique and innovative products and by our ability, through continued marketing efforts, to increase prescriptions for our current products. In addition, for generic and branded products or branded generic products, we intend to continue to seek complementary strategic acquisitions of companies as well as products.

Product Development

Research and development efforts are conducted primarily to enable us to develop, manufacture and market FDA-approved pharmaceuticals in accordance with FDA regulations. Research and development expenses were $102.1 million, $87.9 million and $100.8 million in fiscal 2006, 2005 and 2004, respectively. Our research and development strategy may include the following areas:

- development of controlled-release technologies and the application of these technologies to reference products;
- development of NDA and ANDA transdermal and polymer film products;
- development of drugs technically difficult to formulate or manufacture because of either unusual factors that affect their stability or bioequivalence or unusually stringent regulatory requirements;
- development of drugs that target smaller, specialized or underserved markets;
- development of generic drugs that represent first-to-file opportunities;
- expansion of our existing solid oral dosage product portfolio, including with respect to additional dosage strengths;
- completion of additional preclinical and clinical studies for approved NDA products required by the FDA, known as post-approval (Phase IV) commitments; and
- conducting of life cycle management studies intended to further define the profile of products subject to pending or approved NDAs.

All applications for FDA approval must contain information relating to product formulation, raw material suppliers, stability, manufacturing processes, packaging, labeling and quality control. Information to support the bioequivalence of generic drug products or the safety and effectiveness of new drug products for their intended use is also required to be submitted. There are generally two types of applications used for obtaining FDA approval of new products:

New Drug Application ("NDA"). An NDA is filed when approval is sought to market a drug with active ingredients that have not been previously approved by the FDA. NDAs are filed for newly developed brand products and, in certain instances, for a new dosage form, a new delivery system, or a new indication for previously approved drugs.

Abbreviated New Drug Application ("ANDA"). An ANDA is filed when approval is sought to market a generic equivalent of a drug product previously approved under an NDA and listed in the FDA's "Orange Book" or for a new dosage strength or a new delivery system for a drug previously approved under an ANDA.

One requirement for FDA approval of NDAs and ANDAs is that our manufacturing procedures and operations conform to FDA requirements and guidelines, generally referred to as current Good Manufacturing Practices ("cGMP"). The requirements for FDA approval encompass all aspects of the production process, including validation and recordkeeping, and involve changing and evolving standards.

Generic Product Development

FDA approval of an ANDA is required before marketing a generic equivalent of a drug approved under an NDA or for a previously unapproved dosage strength or delivery system for a drug approved under an ANDA. The ANDA development process is generally less time consuming and complex than the NDA development process. It typically does not require new preclinical and clinical studies because it relies on the studies establishing safety and efficacy conducted for the drug previously approved through the NDA process. The ANDA process however, does require one or more bioequivalence studies to show that the ANDA drug is bioequivalent to the previously approved drug. Bioequivalence compares the bioavailability of one drug product with that of another formulation containing the same active ingredient. When established, bioequivalence confirms that the rate of absorption and levels of concentration in the bloodstream of a formulation of the previously approved drug and the generic drug are equivalent. Bioavailability indicates the rate and extent of absorption and levels of concentration of a drug product in the bloodstream needed to produce the same therapeutic effect.

Supplemental ANDAs are required for approval of various types of changes to an approved application, and these supplements may be under review for six months or more. In addition, certain types of changes may only be approved once new bioequivalence studies are conducted or other requirements are satisfied.

During fiscal 2006, Mylan received 16 application approvals from the FDA, consisting of 11 final ANDA approvals, four tentative ANDA approvals and one supplemental ANDA approval for a new product strength. This ability to succeed in obtaining new product approvals has been made possible by Mylan's continued commitment to, and investment in, research and development and legal costs in the form of patent challenges.

As of March 31, 2006, Mylan had 56 ANDAs and five supplemental ANDAs for new product strengths pending FDA approval, which represent products with calendar year 2005 brand sales of approximately $47.0 billion. Of these 61 applications, 17 have been granted tentative approval/approvable status and represent approximately $20.0 billion in calendar year 2005 brand sales. Because generic products have selling prices which are generally lower than their branded counterparts, sales of generic products will not generate the same level of net revenues as sales of an equivalent number of units of branded products.

A large number of high-value branded pharmaceutical patent expirations are expected over the next five years. The current estimated U.S. annual brand sales for such products are approximately $72.0 billion. These patent expirations should provide additional generic product opportunities. We intend to concentrate our generic product development activities on brand products with significant U.S. sales in specialized or growing markets or in areas that offer significant opportunities and other competitive advantages. In addition, we intend to continue to focus our development efforts on technically difficult-to-formulate products or products that require advanced manufacturing technology.

Brand Product Development

The process required by the FDA before a previously unapproved pharmaceutical product may be marketed in the U.S. generally involves the following:

- laboratory and preclinical tests;
- submission of an Investigational New Drug ("IND") application, which must become effective before clinical studies may begin;

- adequate and well-controlled human clinical studies to establish the safety and efficacy of the proposed product for its intended use;
- submission of an NDA containing the results of the preclinical tests and clinical studies establishing the safety and efficacy of the proposed product for its intended use, as well as extensive data addressing matters such as manufacturing and quality assurance;
- scale-up to commercial manufacturing; and
- FDA approval of an NDA.

Preclinical tests include laboratory evaluation of the product, its chemistry, formulation and stability, as well as toxicology and pharmacology studies to help define the pharmacological profile of the drug and assess the potential safety and efficacy of the product. The results of these studies are submitted to the FDA as part of the IND. They must demonstrate that the product delivers sufficient quantities of the drug to the bloodstream or intended site of action to produce the desired therapeutic results before human clinical trials may begin. These studies must also provide the appropriate supportive safety information necessary for the FDA to determine whether the clinical studies proposed to be conducted under the IND can safely proceed. The IND automatically becomes effective 30 days after receipt by the FDA unless the FDA, during that 30-day period, raises concerns or questions about the conduct of the proposed trials as outlined in the IND. In such cases, the IND sponsor and the FDA must resolve any outstanding concerns before clinical trials may begin. In addition, an independent institutional review board must review and approve any clinical study prior to initiation.

Human clinical studies are typically conducted in three sequential phases:

- Phase I: The drug is initially introduced into a relatively small number of healthy human subjects or patients and is tested for safety, dosage tolerance, mechanism of action, absorption, metabolism, distribution and excretion.
- Phase II: Studies are performed with a limited patient population to identify possible adverse effects and safety risks, to assess the efficacy of the product for specific targeted diseases or conditions, and to determine dosage tolerance and optimal dosage.
- Phase III: When Phase II evaluations demonstrate that a dosage range of the product is effective and has an acceptable safety profile, Phase III trials are undertaken to evaluate further dosage and clinical efficacy and to test further for safety in an expanded patient population at geographically dispersed clinical study sites.

The results of the product development, preclinical studies and clinical studies are then submitted to the FDA as part of the NDA. The NDA drug development and approval process could take from three to more than 10 years.

Patents, Trademarks and Licenses

We own or license a number of patents in the U.S. and foreign countries covering certain products and have also developed brand names and trademarks for other products. Generally, the brand pharmaceutical business relies upon patent protection to ensure market exclusivity for the life of the patent. Following patent expiration, brand products often continue to have market viability based upon the goodwill of the product name, which typically benefits from trademark protection. We consider the overall protection of our patents, trademarks and license rights to be of material value and act to prevent these rights from infringement. However, our business is not dependent upon any single patent, trademark or license.

Customers and Marketing

We market our generic products directly to wholesalers, distributors, retail pharmacy chains, mail order pharmacies, group purchasing organizations and others within the U.S. We also market our generic products indirectly to independent pharmacies, managed care organizations, hospitals, nursing homes, pharmacy

benefit management companies and government entities. These customers, called “indirect customers”, purchase our products primarily through our wholesale customers.

Consistent with industry practice, we have a return policy that allows our customers to return product within a specified period prior to and subsequent to the expiration date. See the Application of Critical Accounting Policies section of our “Management’s Discussion and Analysis of Results of Operations and Financial Condition” for discussion of all of our revenue provisions.

Sales of products to AmerisourceBergen Corporation, Cardinal Health, Inc. and McKesson Corporation represented approximately 16%, 14% and 17%, respectively, of net revenues in fiscal 2006. Sales of products to AmerisourceBergen Corporation, Cardinal Health, Inc. and McKesson Corporation represented approximately 11%, 19% and 16%, respectively, of net revenues in fiscal 2005. Sales of products to Cardinal Health, Inc. and McKesson Corporation represented approximately 21% and 15%, respectively, of net revenues in fiscal 2004.

Competition

The pharmaceutical industry is very competitive. Our competitors vary depending upon therapeutic and product categories. Primary competitors include the major manufacturers of brand name and generic pharmaceuticals.

The primary means of competition are innovation and development, timely FDA approval, manufacturing capabilities, product quality, marketing, customer service, reputation and price. To compete effectively on the basis of price and remain profitable, a generic drug manufacturer must manufacture its products in a cost-effective manner. Our competitors include other generic manufacturers, as well as brand companies that license their products to generic manufacturers prior to or as relevant patents expire. No further regulatory approvals are required for a brand manufacturer to sell its pharmaceutical products directly or through a third party to the generic market, nor do such manufacturers face any other significant barriers to entry into such market.

The pharmaceutical market is undergoing, and is expected to continue to undergo, rapid and significant technological changes, and we expect competition to intensify as technological advances are made. We intend to compete in this marketplace by developing generic therapeutic equivalents to brand products that offer unique marketing opportunities and developing or licensing brand pharmaceutical products that are either patented or proprietary and that are primarily for indications having relatively large patient populations or that have limited or inadequate treatments available.

Product Liability

Product liability litigation represents an inherent risk to firms in the pharmaceutical industry. Our insurance coverage at any given time reflects market conditions, including cost and availability, existing at the time the policy is written, and the decision to obtain insurance coverage or to self-insure varies accordingly.

Currently, we utilize a combination of self-insurance (through our wholly owned captive insurance subsidiary) and traditional third-party insurance policies to cover product liability claims. For the current policy period, which began on September 30, 2005 and ends on September 30, 2006, we are self-insured for certain coverage relating to product liability claims including the first $10.0 million of costs incurred.

Raw Materials

The active pharmaceutical ingredients and other materials and supplies used in our pharmaceutical manufacturing operations are generally available and purchased from many different foreign and domestic suppliers. However, in some cases, the raw materials used to manufacture pharmaceutical products are available only from a single FDA-approved supplier. Even when more than one supplier exists, we may choose, and in some cases have chosen only to list, one supplier in our applications submitted to the FDA. Any

change in a supplier not previously approved must then be submitted through a formal approval process with the FDA.

Government Regulation

All pharmaceutical manufacturers are subject to extensive, complex and evolving regulation by the federal government, principally the FDA, and, to a lesser extent, other federal and state government agencies. The Federal Food, Drug, and Cosmetic Act, the Controlled Substances Act, the Waxman-Hatch Act, the Generic Drug Enforcement Act, and other federal government statutes and regulations govern or influence the testing, manufacturing, packaging, labeling, storing, recordkeeping, safety, approval, advertising, promotion, sale and distribution of products.

FDA approval is required before any new drug can be marketed. The FDA requires extensive testing of new pharmaceutical products to demonstrate that such products are both safe and effective in treating the indications for which approval is sought. Testing in humans may not be commenced until after an IND exemption is granted by the FDA. An NDA or supplemental NDA must be submitted to the FDA both for new drugs that have not been previously approved by the FDA and for new combinations of, new indications for or new delivery methods for previously approved drugs.

FDA approval of an ANDA is required before a generic equivalent of an existing or referenced brand drug can be marketed. The ANDA process is abbreviated in that the FDA waives the requirement of conducting complete preclinical and clinical studies and, instead, relies on bioequivalence studies.

A sponsor of an NDA is required to identify in its application any patent that claims the drug or a use of the drug that is the subject of the application. Upon NDA approval, the FDA lists the approved drug product and these patents in the “Orange Book”. Any applicant that files an ANDA seeking approval of a generic equivalent version of a referenced brand drug before expiration of the referenced patent(s) must certify to the FDA either that the listed patent is not infringed or that it is invalid or unenforceable (a Paragraph IV certification). If the holder of the NDA sues claiming infringement within 45 days of notification by the applicant, the FDA may not approve the ANDA application until the earlier of a court decision favorable to the ANDA applicant has been rendered or the expiration of 30 months.

In addition to patent exclusivity, the holder of the NDA for the listed drug may be entitled to a period of non-patent, market exclusivity, during which the FDA cannot approve an application for a bioequivalent product. If the listed drug is a new chemical entity, the FDA may not accept an ANDA for a bioequivalent product for up to five years following approval of the NDA for the new chemical entity. If it is not a new chemical entity but the holder of the NDA-conducted clinical trials essential to approval of the NDA or a supplement thereto, the FDA may not approve an ANDA for a bioequivalent product before expiration of three years. Certain other periods of exclusivity may be available if the listed drug is indicated for treatment of a rare disease or is studied for pediatric indications.

Facilities, procedures, operations and/or testing of products are subject to periodic inspection by the FDA, the Drug Enforcement Administration and other authorities. In addition, the FDA conducts pre-approval and post-approval reviews and plant inspections to determine whether our systems and processes are in compliance with cGMP and other FDA regulations. Certain suppliers are subject to similar regulations and periodic inspections.

Medicaid, Medicare and other reimbursement legislation or programs govern reimbursement levels and require all pharmaceutical manufacturers to rebate a percentage of their revenues arising from Medicaid-reimbursed drug sales to individual states. The required rebate is currently 11% of the average manufacturer’s price for sales of Medicaid-reimbursed products marketed under ANDAs. Sales of Medicaid-reimbursed products marketed under NDAs generally require manufacturers to rebate the greater of approximately 15% of the average manufacturer’s price or the difference between the average manufacturer’s price and the best price during a specific period. We believe that federal or state governments may continue to enact measures aimed at reducing the cost of drugs to the public.

Under Part D of the Medicare Modernization Act, beginning January 1, 2006, Medicare beneficiaries are eligible to obtain discounted prescription drug coverage from private sector providers. It is difficult to predict the impact the Medicare prescription drug coverage benefit will have on pharmaceutical companies. Usage of pharmaceuticals may increase as a result of the expanded access to medicines afforded by the new Medicare prescription drug benefit. However, such potential sales increases may be offset by increased pricing pressures due to the enhanced purchasing power of the private sector providers who are negotiating on behalf of Medicare beneficiaries.

Seasonality

Our business is not materially affected by seasonal factors.

Environment

We believe that our operations comply in all material respects with applicable laws and regulations concerning the environment. While it is impossible to predict accurately the future costs associated with environmental compliance and potential remediation activities, compliance with environmental laws is not expected to require significant capital expenditures and has not had, and is not expected to have, a material adverse effect on our earnings or competitive position.

Employees

We employ approximately 2,900 persons, approximately 900 of whom serve in clerical, sales and management capacities. The remaining employees are engaged in production and maintenance activities.

The production and maintenance employees at our manufacturing facility in Morgantown, West Virginia, are represented by the United Steelworkers of America (USW) (AFL-CIO) and its Local Union 957-AFL-CIO under a contract that expires on April 15, 2007.

Backlog

At May 4, 2006, open orders were approximately $61.3 million. Because of the relatively short lead time required in filling orders for our products, we do not believe these backlog amounts bear a significant relationship to sales or income for any full 12-month period.

Securities Exchange Act Reports

The Company maintains an Internet website at the following address: www.mylan.com. We make available on or through our Internet website certain reports and amendments to those reports that we file with the Securities and Exchange Commission (the “SEC”) in accordance with the Securities Exchange Act of 1934. These include our annual reports on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC. The contents of our website are not incorporated by reference in this Annual Report on Form 10-K and shall not be deemed “filed” under the Securities Exchange Act of 1934.

ITEM 1A. Risk Factors

The following risk factors could have a material adverse effect on our business, financial position or results of operations and could cause the market value of our common stock to decline. 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.

OUR FUTURE REVENUE GROWTH AND PROFITABILITY ARE DEPENDENT UPON OUR ABILITY TO DEVELOP AND/ OR 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/or 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, or a partner, may not be successful in commercializing any of the products that we are developing or licensing (including, without limitation, nebivolol) 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, or a partner, 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 bioequivalence 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, which under certain circumstances may be required to be shared with other applicable ANDA sponsors with Paragraph IV certifications, the FDA cannot grant final approval to other ANDA sponsors holding applications for the same generic equivalent. If an ANDA containing a Paragraph IV certification is successful and the applicant is awarded exclusivity, 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 that filed its ANDA containing such a challenge. The same would be true in situations where we are required to share our exclusivity period with other ANDA sponsors with Paragraph IV certifications. Such situations 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. For example, on July 15, 2005, the FDA issued a Public Health Advisory regarding the safe use of transdermal fentanyl patches, a product we currently market, the loss of revenues of which could have a significant impact on our business. In some cases, 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, GROSS PROFIT 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, gross profit 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 PURCHASING AND REBATE 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.

The regulations regarding reporting and payment obligations with respect to Medicaid reimbursement and rebates and other governmental programs are complex, and as discussed elsewhere in this Form 10-K, 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. Our calculations and methodologies are currently being reviewed internally and likewise are subject to review and challenge by the applicable governmental agencies, and it is possible that such reviews 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 and complex methodologies, these calculations are subject to the risk of errors.

In addition, as also disclosed in this Form 10-K, a number of state and federal government agencies are conducting investigations of manufacturers' reporting practices with respect to Average Wholesale Prices ("AWP"), in which they have suggested that reporting of inflated AWP has led to excessive payments for prescription drugs. We and numerous other pharmaceutical companies have been named as defendants in various actions relating to pharmaceutical pricing issues and whether allegedly improper actions by pharmaceutical manufacturers led to excessive payments by Medicare and/or Medicaid.

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 (including, without limitation, nebivolol), our, or a partner's, 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 "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, COULD DELAY OR PREVENT SUCH INTRODUCTION AND/ OR SIGNIFICANTLY REDUCE OUR PROFIT POTENTIAL. 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 an "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, reduced or eliminated, 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.

THE INDENTURE FOR OUR SENIOR NOTES AND OUR SENIOR SECURED CREDIT FACILITY IMPOSE SIGNIFICANT OPERATING AND FINANCIAL RESTRICTIONS, WHICH MAY PREVENT US FROM CAPITALIZING ON BUSINESS OPPORTUNITIES AND TAKING SOME ACTIONS. 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.

The indenture for our Senior Notes and senior secured credit facility impose significant operating and financial restrictions on us. These restrictions will limit the ability of us and our subsidiaries to, among other things, incur additional indebtedness, make investments, sell assets, incur certain liens, enter into agreements restricting our subsidiaries' ability to pay dividends, or merge or consolidate. In addition, our senior secured credit facility requires us to maintain specified financial ratios. We cannot assure you that these covenants will not adversely affect our ability to finance our future operations or capital needs or to pursue available business opportunities. A breach of any of these covenants or our inability to maintain the required financial ratios could result in a default under the related indebtedness. If a default occurs, the relevant lenders could elect to declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable and proceed against any collateral securing that indebtedness. 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 ABILITY TO SERVICE OUR DEBT AND MEET OUR CASH REQUIREMENTS DEPENDS ON MANY FACTORS, SOME OF WHICH ARE BEYOND OUR CONTROL. 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 ability to satisfy our obligations, including our Senior Notes and our senior secured credit facility, will depend on our future operating performance and financial results, which will be subject, in part, to factors beyond our control, including interest rates and general economic, financial and business conditions. If we are unable to generate sufficient cash flow, we may be required to: refinance all or a portion of our debt, including the notes and our senior secured credit facility; obtain additional financing in the future for acquisitions, working capital, capital expenditures and general corporate or other purposes; redirect a substantial portion of our cash flow to debt service, which as a result, might not be available for our operations or other purposes; sell some of our assets or operations; reduce or delay capital expenditures; or revise or delay our operations or strategic plans. If we are required to take any of these actions, it could have a material adverse effect on our business, financial condition or results of operations. In addition, we cannot assure you that we would be able to take any of these actions, that these actions would enable us to continue to satisfy our capital requirements or that these actions would be permitted under the terms of our senior secured credit facility and the indenture governing the notes. The increased leverage resulting from the financing of our Dutch Auction self-tender offer through our notes offering and our senior secured credit facility could have certain material adverse effects on us, including limiting our ability to obtain additional financing and reducing cash available for our operations and acquisitions. As a result, our ability to withstand competitive pressures may be decreased and, we may be more vulnerable to economic downturns, which in turn could reduce our flexibility in responding to changing business, regulatory and economic conditions. 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.

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.

The Company utilizes controlled substances in certain of its current products and products in development and therefore must meet the requirements of the Controlled Substances Act of 1970 and the related regulations administered by the Drug Enforcement Administration (“DEA”). These regulations relate to the manufacture, shipment, storage, sale and use of controlled substances. The DEA limits the availability of the active ingredients used in certain of our current products and products in development and, as a result, our procurement quota of these active ingredients may not be sufficient to meet commercial demand or complete clinical trials. We must annually apply to the DEA for procurement quota in order to obtain these substances. Any delay or refusal by the DEA in establishing our procurement quota for controlled substances could delay or stop our clinical trials or product launches, or could cause trade inventory disruptions for those products that have already been launched, 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 USE SEVERAL MANUFACTURING FACILITIES TO MANUFACTURE OUR PRODUCTS. HOWEVER, A SIGNIFICANT NUMBER OF OUR 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 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, this may not prevent other companies from developing functionally equivalent products or from challenging the validity or enforceability of our patents. If any patents we use in our business are found or even alleged to be non-infringed, invalid or not enforceable, we could experience an adverse effect on our ability to commercially promote our 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 INCLUDING BRAND COMPANIES 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 that 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 that 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) 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 subjective, 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 health care and legislative health care 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 a portion of 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 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.

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 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.

We believe that certain recent FDA rulings 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. These decisions call into question the rules of engagement in our industry and have added a level of unpredictability that may materially adversely affect our business and the generic industry as a whole. While we continue to challenge these recent decisions as well as current brand tactics that undermine congressional intent, we cannot guarantee that we will prevail or predict when or if these matters will be rectified. If they are not, our business, financial position and results of operations 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.

WE MUST MAINTAIN ADEQUATE INTERNAL CONTROLS AND BE ABLE, ON AN ANNUAL BASIS, TO PROVIDE AN ASSERTION AS TO THE EFFECTIVENESS OF SUCH CONTROLS. FAILURE TO MAINTAIN ADEQUATE INTERNAL CONTROLS OR TO IMPLEMENT NEW OR IMPROVED CONTROLS 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.

Effective internal controls are necessary for the Company to provide reasonable assurance with respect to its financial reports. We are spending a substantial amount of management time and resources to comply with changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations and the New York Stock Exchange rules. In particular, Section 404 of the Sarbanes-Oxley Act of 2002 requires management's annual review and evaluation of our internal control systems, and attestations as to the effectiveness of these systems by our independent registered public accounting firm. If we fail to maintain the adequacy of our internal controls, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting. Additionally, internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If the Company fails to maintain the adequacy of its internal controls, including any failure to implement required new or improved controls, this 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.

THERE ARE INHERENT UNCERTAINTIES INVOLVED IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS USED IN THE PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP. ANY FUTURE CHANGES IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS USED OR NECESSARY REVISIONS TO PRIOR ESTIMATES, JUDGMENTS OR ASSUMPTIONS COULD LEAD TO A RESTATEMENT 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.

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 necessary revisions to prior estimates, judgments or assumptions could lead to a restatement. 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 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

We maintain various facilities in the U.S. and Puerto Rico. These facilities are used for research and development, manufacturing, warehousing, distribution and administrative functions and consist of both owned and leased properties.

The following summarizes the properties used to conduct our operations:

Location	Status	Primary Use
North Carolina		Distribution
	Owned	Warehousing
West Virginia		Manufacturing
		Warehousing
		Research and Development
	Owned	Administrative
		Warehousing
	Leased	Administrative
Illinois		Manufacturing
		Warehousing
	Owned	Administrative
	Leased	Warehousing
Puerto Rico		Manufacturing
		Warehousing
	Owned	Administrative
Texas		Manufacturing
	Owned	Warehousing
Vermont		Manufacturing
		Research and Development
		Administrative
	Owned	Warehousing
Pennsylvania	Owned	Administrative

All facilities are in good operating condition. The machinery and equipment are well-maintained, and the facilities are suitable for their intended purposes and have capacities adequate for current operations.

ITEM 3. Legal Proceedings

While it is not possible to determine with any degree of certainty the ultimate outcome of the following legal proceedings, 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.

Omeprazole

In fiscal 2001, MPI filed an ANDA seeking approval from the 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. 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. MPI has certain indemnity obligations to Esteve in connection with this litigation. MPI, Esteve and the other generic manufacturers who are co-defendants in the case filed motions for summary judgment of non-infringement and patent invalidity. On January 12, 2006, those motions were denied, and a non-jury trial commenced on April 3, 2006.

Lorazepam and Clorazepate

On June 1, 2005, a jury verdict was rendered against Mylan Labs and MPI in the U.S. District Court for the District of Columbia ("D.C.") in the amount of approximately $12.0 million, which has been accrued for by the Company. The jury found Mylan willfully violated Massachusetts, Minnesota and Illinois state antitrust laws, meaning the amount of the verdict could be trebled and an award of attorneys' fees and litigation costs could be made to the plaintiffs. The case was brought by four health insurers who opted out of earlier class action settlements agreed to by the Company in 2001 and represents the last remaining claims relating to Mylan's 1998 price increases for lorazepam and clorazepate. The Company filed a motion for judgment as a matter of law, a motion for a new trial and a motion to reduce verdict, all of which remain pending before the court. If the Company's post-verdict motions are denied, the Company intends to appeal to the U.S. Court of Appeals for the D.C. Circuit.

Pricing and Medicaid Litigation

On June 26, 2003, MPI and UDL received requests from the U.S. House of Representatives Energy and Commerce Committee seeking information about certain products sold by MPI and UDL in connection with the Committee's investigation into pharmaceutical reimbursement and rebates under Medicaid. MPI and UDL are cooperating with this inquiry and provided information in response to the Committee's requests in 2003. Several states' attorneys general ("AG") have also sent letters to MPI, UDL and Mylan Bertek, 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. As noted below, both California and Florida subsequently filed suits against Mylan, and the Company believes any further requests for information and disclosures will be made as part of that litigation.

Beginning in September 2003, Mylan Labs, MPI and/or UDL, together with many other pharmaceutical companies, have been named in a series of civil lawsuits filed by state AGs and municipal bodies within the state of New York alleging generally that the defendants defrauded the state Medicaid systems by allegedly reporting "Average Wholesale Prices" ("AWP") and/or "Wholesale Acquisition Costs" that exceeded the actual selling price of the defendants' prescription drugs. To date, Mylan Labs, MPI and UDL have been named as defendants in substantially similar civil lawsuits filed by the AGs of Alabama, California, Florida, Illinois, Kentucky, Massachusetts, Mississippi, Missouri and Wisconsin and also by the city of New York and approximately 40 counties across New York State. Several of these cases have been transferred to the AWP multi-district litigation proceedings pending in the U.S. District Court for the District of Massachusetts for pretrial proceedings. Others of these cases will likely be litigated in the state courts in which they were filed. Each of the cases seeks an unspecified amount in money damages, civil penalties and/or treble damages, counsel fees and costs, and injunctive relief. In each of these matters, with the exception of the Massachusetts and Alabama AG actions discussed below, Mylan Labs and its subsidiaries either have not yet been required to respond to the complaints or have motions to dismiss pending. The Company previously reported that the U.S. District Court for the District of Massachusetts had dismissed the complaint filed by the Massachusetts AG without prejudice and with leave to amend. The Massachusetts AG since filed an amended complaint which survived motions to dismiss, and Mylan Labs answered on November 14, 2005, denying liability. In addition, the Alabama AG filed a second amended complaint which has survived motions to dismiss, and Mylan Labs, MPI and UDL answered on January 30, 2006, denying liability. Lastly, we have been advised that Mylan Labs and MPI have been included as defendants in an AWP complaint filed by the state of Hawaii. Neither entity, however, has been served with a complaint in that action. Mylan Labs and its subsidiaries intend to defend each of these actions vigorously.

In addition, 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. MPI is collecting information requested by the government and is cooperating fully with the government's investigation.

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, 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 4. Submission of Matters to a Vote of Security Holders

None.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange under the symbol "MYL." The following table sets forth the quarterly high and low sales prices for our common stock for the periods indicated:

Fiscal 2006	High	Low
First quarter	$ 20.03	$ 15.21
Second quarter	20.00	17.19
Third quarter	21.69	18.29
Fourth quarter	25.00	19.05

Fiscal 2005	High	Low
First quarter	$ 24.95	$ 19.80
Second quarter	20.65	14.24
Third quarter	20.00	16.24
Fourth quarter	18.19	15.50

As of May 1, 2006, there were approximately 137,300 holders of record of our common stock, including those held in street or nominee name.

In the third quarter of fiscal 2004, the Company's Board of Directors voted to increase the quarterly dividend by 35% to 3.0 cents per share. During the first quarter of fiscal 2006, the Company's Board of Directors voted to double the quarterly dividend to 6.0 cents per share, effective with the dividend paid for the first quarter of fiscal 2006. We currently expect to continue the practice of paying regular cash dividends.

Information regarding the Company's equity compensation plans is incorporated by reference into ITEM 12 in Part III of this Form 10-K.

During the quarter ended March 31, 2006, the Company repurchased 1,805,600 shares of common stock as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
January 1, 2006 – January 31, 2006	—	—	—	$ 39,447,565
February 1, 2006 – February 28, 2006	1,805,600	$ 21.85	1,805,600(1)	—
March 1, 2006 – March 31, 2006	—	—	—	—

(1) On June 14, 2005, in connection with the announcement of a modified "Dutch Auction" self-tender for up to $1.0 billion, which commenced on June 16, 2005 and closed on July 21, 2005, Mylan also announced a $250.0 million follow-on share repurchase program in the open market or otherwise. The follow-on share repurchase program was completed on February 14, 2006.

ITEM 6. Selected Financial Data

The selected consolidated financial data set forth below should be read in conjunction with "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Consolidated Financial Statements and related Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Fiscal Year Ended March 31,	2006	2005	2004	2003	2002
Statements of Earnings:					
Total revenues	$ 1,257,164	$ 1,253,374	$ 1,374,617	$ 1,269,192	$ 1,104,050
Cost of sales	629,548	629,834	612,149	597,756	480,111
Gross profit	627,616	623,540	762,468	671,436	623,939
Operating expenses:					
Research and development	102,057	87,881	100,813	86,748	58,847
Selling, general and administrative	225,754	259,478	201,612	173,070	169,913
Litigation settlements, net	12,417	(25,990)	(34,758)	(2,370)	—
Earnings from operations	287,388	302,171	494,801	413,988	395,179
Interest expense	31,285	—	—	—	—
Other income, net	18,502	10,076	17,807	12,525	13,144
Earnings before income taxes	274,605	312,247	512,608	426,513	408,323
Provision for income taxes	90,063	108,655	177,999	154,160	148,072
Net earnings	$ 184,542	$ 203,592	$ 334,609	$ 272,353	$ 260,251

March 31,	2006	2005	2004	2003	2002
Selected balance sheet data:					
Total assets	$ 1,870,526	$ 2,135,673	$ 1,885,061	$ 1,745,223	$ 1,619,880
Working capital	926,650	1,282,945	1,144,073	962,440	891,598
Deferred revenue	89,417	—	—	—	—
Long-term obligations	22,435	19,325	19,130	19,943	23,883
Long-term debt	685,188	—	—	—	—
Total shareholders' equity	787,651	1,845,936	1,659,788	1,446,332	1,402,239
Per common share data:					
Net earnings					
Basic	$ 0.80	$ 0.76	$ 1.24	$ 0.98	$ 0.92
Diluted	$ 0.79	$ 0.74	$ 1.21	$ 0.96	$ 0.91
Shareholders' equity — diluted	$ 3.36	$ 6.75	$ 6.01	$ 5.12	$ 4.89
Cash dividends declared and paid	$ 0.24	$ 0.12	$ 0.10	$ 0.08	$ 0.07
Weighted average common shares outstanding:					
Basic	229,389	268,985	268,931	278,789	282,432
Diluted	234,209	273,621	276,318	282,330	286,578

ITEM 7. Management's Discussion and Analysis of Results of Operations and Financial Condition

The following discussion and analysis, as well as other sections in this Annual Report, should be read in conjunction with the Consolidated Financial Statements and related Notes to Consolidated Financial Statements included elsewhere in this report. All references to fiscal years shall mean the 12-month period ended March 31.

This discussion and analysis 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," "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 under "Risk Factors" in ITEM 1A. The Company undertakes no obligation to update any forward-looking statements for revisions or changes after the date of this Form 10-K.

Overview

Mylan Laboratories Inc. and its subsidiaries (the "Company," "Mylan" or "we") develop, license, manufacture, market and distribute generic, brand and branded generic pharmaceutical products. Net revenues for fiscal 2006 were $1.24 billion compared to fiscal 2005 revenues of $1.25 billion.

Consolidated gross profit for fiscal 2006 was $627.6 million compared to $623.5 million in the prior year, an increase of 1%, while gross margins were consistent at approximately 50%. Net earnings for fiscal 2006 were $184.5 million compared to $203.6 million in fiscal 2005, a decrease of $19.0 million or 9%. In the same period, however, earnings per diluted share increased from $0.74 in fiscal 2005 to $0.79 in fiscal 2006. Current year earnings per share were impacted by share buybacks, including a modified "Dutch Auction" self-tender, which closed on July 21, 2005, whereby the Company accepted for payment an aggregate of 51,282,051 shares of its common stock at a purchase price of $19.50 per share. See below for further discussion.

Additionally, included in the current year results are expenses in the amount of $0.04 per diluted share, net of tax, with respect to a contingent legal liability related to previously disclosed litigation in connection with the Company's lorazepam and clorazepate products and $0.06 per diluted share, net of tax, of restructuring costs. Included in the financial results for fiscal 2005 were $0.06 per diluted share, net of tax, of income from the favorable settlement of other litigation.

A more thorough discussion of operating results is provided under the section "Results of Operations".

Other factors which impacted the results of fiscal 2006 were:

- **Nebivolol Licensing Agreement** — On January 11, 2006, the Company announced an agreement with Forest Laboratories Holdings, Ltd. ("Forest"), a wholly owned subsidiary of Forest Laboratories, Inc., for the commercialization, development and distribution of Mylan's beta blocker, nebivolol, in the United States ("U.S.") and Canada. Under the terms of the agreement, Mylan received an up-front payment of $75.0 million, which will be deferred until the commercial launch of the product. Mylan also has the potential to earn future milestone payments as well as royalties based on nebivolol sales. Upon commercial launch, the up-front payment will be amortized into revenue over the remaining term of the license agreement. Forest has assumed all expenses for future nebivolol development programs and will be responsible for all sales and marketing expenses. Mylan has retained an option to co-promote the product in the future.
- **EMSAM® Approval** — On February 28, 2006, Bristol-Myers Squibb Company ("BMS") and Somerset Pharmaceuticals, Inc. ("Somerset"), a joint venture between Mylan and Watson Pharmaceuticals, Inc., announced that the FDA approved EMSAM (selegiline transdermal system),

the first transdermal patch for the treatment of major depressive disorder. In the prior fiscal year, Somerset entered into an agreement with BMS for the commercialization and distribution of EMSAM. EMSAM patches are manufactured by Mylan Technologies Inc., a subsidiary of Mylan. The product was launched in early fiscal 2007.

- **Oxybutynin Agreements** — On December 20, 2005, Mylan announced that Mylan Pharmaceuticals Inc. ("MPI") entered into two agreements with Ortho-McNeil Pharmaceutical, Inc. and Alza Corporation relating to oxybutynin chloride extended-release tablets, the generic equivalent of Ditropan XL. Under these agreements, an exclusive supply agreement on all strengths of oxybutynin will be triggered upon a final appellate court decision in the current patent litigation between the parties. Ortho-McNeil has also agreed to supply Mylan with a generic version of Ditropan XL sooner than a final appellate court decision if another generic version enters the market. Additionally, Mylan will be granted a non-exclusive, royalty bearing license to make and sell its ANDA products. The terms of these agreements differ depending upon the final outcome of the pending patent litigation. The terms of the agreements are confidential and subject to a number of conditions, including review by the U.S. Federal Trade Commission. Mylan has received tentative approval and is currently awaiting final approval from the FDA for its 5 mg and 10 mg strengths of oxybutynin. Prior to a final appellate court decision, Mylan retains all of the options that had been available to it with respect to oxybutynin prior to the signing of these agreements.
- **Sale of Apokyn®** — On November 24, 2005, the Company announced the sale of the U.S. and Canadian rights for Apokyn to Vernalis plc. Under the terms of the agreement, Mylan received a cash payment of $23.0 million. In addition, Mylan will perform certain transitional services for one year, including supply chain management and customer service assistance. During fiscal 2006, $8.9 million of revenue associated with the sale was recognized and included in other revenues. The remainder, net of certain related assets, has been recorded as deferred revenue and is being recognized over the one-year period.
- **Share Buyback** — On July 21, 2005, Mylan closed on its modified "Dutch Auction" self-tender and accepted for payment an aggregate purchase price of approximately $1.0 billion, 51,282,051 shares of its common stock at a price of $19.50 per share.

  Subsequent to the completion of the "Dutch Auction" self-tender, Mylan completed a previously announced open market follow-on repurchase by repurchasing 12,595,200 shares of its common stock on the open market for an aggregate purchase price of approximately $250.0 million.
- **Financing** — The share buyback described above was financed through Mylan's existing cash reserves as well as $500.0 million in Senior Notes and a $275.0 million borrowing under a $500.0 million senior secured credit facility. The Senior Notes, which were issued on July 21, 2005, consist of $150.0 million of Senior Notes due 2010, and bearing interest at 5¾% per annum, and $350.0 million of Senior Notes due 2015, and bearing interest at 6⅜% per annum. The senior secured credit facility, which was also entered into on July 21, 2005, consists of a $225.0 million five-year revolving credit facility, which the Company expects to use for working capital and general corporate purposes, and a $275.0 million five-year term loan. The term loan bears interest at LIBOR plus 150 basis points or prime plus 50 basis points at the Company's option. The interest rate in effect on the term loan at March 31, 2006, was 6.33%. At March 31, 2006, $188.0 million was outstanding under the term loan and no borrowings were outstanding under the revolving credit facility.
- **Closure of Mylan Bertek** — During the first quarter of fiscal 2006, Mylan announced that it was closing Mylan Bertek Pharmaceuticals Inc. ("Mylan Bertek"), its branded subsidiary, and transferring responsibility for selling Mylan Bertek's products to its other subsidiaries, MPI and UDL Laboratories, Inc. In connection with this restructuring, the Company incurred restructuring charges of $20.9 million, of which $19.9 million was included in selling, general and administrative ("SG&A") expense. The restructuring charge consisted primarily of employee termination and severance costs associated with the Mylan Bertek sales force, along with lease termination costs and asset write-downs. As of March 31, 2006, the restructuring was substantially completed.

Results of Operations

Fiscal 2006 Compared to Fiscal 2005

Total Revenues and Gross Profit

Net revenues for fiscal 2006 were $1.24 billion compared to $1.25 billion for fiscal 2005, a decrease of $7.8 million or 1%. 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 the section titled "Application of Critical Accounting Policies" in this ITEM 7, for a thorough discussion of our methodology with respect to such provisions. For the fiscal year ended March 31, 2006, the most significant amounts charged against gross revenues were for chargebacks in the amount of $1.11 billion and customer performance and promotions in the amount of $160.8 million. For fiscal 2005, chargebacks of $892.6 million and customer performance and promotions of $195.1 million were charged against gross revenues. The increase in the amounts charged against gross revenues for chargebacks in the current year is the result of pricing pressures on certain products in the Company's portfolio, most notably omeprazole and carbidopa/levodopa, a full year of chargebacks related to fentanyl and an increase in sales to customers who are entitled to chargeback credits. Customer performance and promotions include direct rebates as well as promotional programs. A greater amount was charged against gross revenues for customer performance and promotions in fiscal 2005, primarily due to promotions offered to customers in connection with the launch of fentanyl that occurred in the fourth quarter of the prior fiscal year.

New products launched during the year contributed $6.7 million to net revenues in fiscal 2006 compared to $87.3 million in fiscal 2005, primarily due to fentanyl, which was launched in the fourth quarter of fiscal 2005. The Company considers a product to be a new product only in the year it is launched. Net revenues in fiscal 2006 however, did realize a significant benefit from a full year of sales of fentanyl, which accounted for over 10% of net revenues, as well as other products which were launched during fiscal 2005. The favorable impact of these products served to offset lower revenue on other products in the Company's portfolio, most notably omeprazole and carbidopa/ levodopa. Both of these products realized lower net revenues as a result of increased competition. 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.

As it relates to other products, the trend generally observed throughout the Company's product portfolio in fiscal 2006 was favorable volume which essentially offset unfavorable pricing. Doses shipped during fiscal 2006 were 12.6 billion, an increase over fiscal 2005 doses shipped of 12.5 billion.

The fiscal 2006 results include other revenue of $17.2 million compared to $5.6 million in the prior year. The majority of this increase relates to the sale of Apokyn in the current year, for which $8.9 million of revenue was recognized. The remainder of the increase in fiscal 2006 is related to royalties.

Gross profit for fiscal 2006 was $627.6 million, an increase of $4.1 million or 1% over fiscal 2005, while gross margins were consistent at approximately 50%. A significant portion of gross profit was comprised of fentanyl. Absent any changes to market dynamics or the current competitive landscape for fentanyl, we expect the product to continue to be a significant contributor to sales and gross profit. Additionally, gross margins in the current year were impacted by favorable product mix, partially offset by lower margins on certain products, such as omeprazole and carbidopa/ levodopa as a result of competition.

Operating Expenses

Research and development ("R&D") expense for fiscal 2006 was $102.1 million compared to $87.9 million in fiscal 2005, which represents an increase of $14.2 million or 16%. This increase is primarily due to costs incurred for clinical studies related to nebivolol incurred prior to the outlicensing of the product in the fourth quarter of fiscal 2006, as well as an overall increase in the number of ongoing studies. The Company's continued commitment to, and investment in, R&D activities have resulted in a robust ANDA pipeline, and it is expected that R&D expenses will continue to increase in future periods.

SG&A expense for fiscal 2006 was $225.8 million compared to $259.5 million in fiscal 2005, a decrease of $33.7 million or 13%. Included in fiscal 2005 SG&A were costs of $22.9 million related to the terminated acquisition of King Pharmaceuticals, Inc. ("King"). Legal costs also decreased by approximately $9.0 million from fiscal 2005 to fiscal 2006, primarily as a result of the timing of certain litigation. Legal challenges continue to be an integral part of the Company's strategy and its ability to continue to deliver new generic products to the market.

The remainder of the change in SG&A during fiscal 2006 is the result of the closure of Mylan Bertek as part of the Company's restructuring. Charges of $19.9 million were incurred primarily in the first and second quarters related to employee termination and severance costs, lease termination costs and asset write-downs. These costs, which were primarily related to the termination of the Mylan Bertek sales force, resulted in significant cost savings realized throughout the remainder of fiscal 2006.

Litigation Settlements, net

Litigation settlements during fiscal 2006 consisted primarily of a charge of $12.0 million for a contingent liability with respect to the Company's previously disclosed lorazepam and clorazepate product litigation. In the prior year, net gains of $26.0 million were recorded with respect to settlement of other litigation.

Interest Expense

During the second quarter of fiscal 2006, Mylan completed a financing of $500.0 million in Senior Notes and a $500.0 million senior secured credit facility (see "Contractual Obligations" herein). Interest expense related to this financing was $31.3 million for fiscal 2006. Included in interest expense is a commitment fee on the unused portion of the revolving credit facility and the amortization of financing fees.

Other Income, net

Other income, net of non-operating expenses, was $18.5 million in fiscal 2006 compared to $10.1 million in fiscal 2005. The increase is primarily the result of higher interest and dividend income on our investments in marketable securities as well as less of a loss recorded on our investment in Somerset.

We own a 50% equity interest in Somerset and account for this investment using the equity method of accounting. The recorded loss in Somerset for fiscal 2006 was $2.5 million compared to a loss of $3.3 million in fiscal 2005. As a result of the launch of EMSAM as previously discussed, we expect to realize income from Somerset in the foreseeable future.

Income Taxes

The effective income tax rate for fiscal 2006 was 32.8%, a decrease from the fiscal 2005 effective tax rate of 34.8%. During fiscal 2006, we recorded a tax benefit of $7.5 million, primarily related to the resolution of certain tax positions with taxing authorities. These previously uncertain tax positions were resolved through the completion of audits or through the acceptance of our amended return filings. This tax benefit was partially offset by liabilities booked primarily for certain state tax filing positions. Despite our belief that our tax return positions are correct, we have established liabilities in both the current and prior fiscal years for these tax positions that may become payable in the event our positions are not upheld. In addition, the fiscal 2006 effective tax rate benefited from the new domestic production deduction and an increase in tax exempt interest as compared to the prior year, offset by higher state taxes.

Fiscal 2005 Compared to Fiscal 2004

Total Revenues and Gross Profit

Net revenues for fiscal 2005 were $1.25 billion compared to $1.36 billion for fiscal 2004, a decrease of $107.4 million or 8%. 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 the section titled "Application of Critical Accounting Policies" in this ITEM 7 for a thorough discussion of

our methodology with respect to such provisions. For the fiscal year ended March 31, 2005, the most significant amounts charged against gross revenues were for chargebacks in the amount of $892.6 million and customer performance and promotions in the amount of $195.1 million. For fiscal 2004, chargebacks of $797.1 million and customer performance and promotions of $163.8 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, carbidopa/levodopa and Amnesteem™, as well as a shift in amounts purchased by customers that are entitled to chargeback credits. Customer performance and promotions include direct rebates as well as promotional programs. The increase in the amounts charged against gross revenues for customer performance and promotions is primarily due to increased gross revenues (from which direct rebates are calculated) and promotions offered to customers in connection with the launch of fentanyl.

The decrease in net revenues was primarily the result of continued pricing pressure, 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. Increased competition also resulted in unfavorable pricing on Amnesteem and carbidopa/levodopa, which also experienced a loss of market share. 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. Additionally, net revenues were impacted by certain customers that decreased their level of purchases in order to reduce the amount of Mylan's inventory that they maintain on their shelves.

Partially offsetting the impact of the items discussed above were increased overall volume and revenues from new products. Despite the additional competition experienced in the current year, omeprazole sales volume increased due primarily to expanding the customer base and capitalizing on a higher generic conversion rate. Also, Mylan was able to establish its position as market leader, based on omeprazole prescriptions dispensed. On an overall basis, volume shipped for the year increased over 5% to 12.5 billion doses compared with the prior year.

New products launched subsequent to March 31, 2004 contributed net revenues of $87.3 million in the current fiscal year due largely to the launch of fentanyl in January 2005.

Fiscal 2004 other revenues included $13.9 million from the sale of the U.S. and Canadian rights for sertaconazole nitrate 2% cream.

Consolidated gross profit for fiscal 2005 was $623.5 million or 49.7% of revenues compared to $762.5 million or 55.5% of revenues in fiscal 2004. The decrease in gross margin is primarily the result of price erosion brought about by additional generic competition on the Company's portfolio, primarily omeprazole and carbidopa/ levodopa.

Operating Expenses

R&D expense for fiscal 2005 was $87.9 million compared to $100.8 million in fiscal 2004, which represents a decrease of $12.9 million or 13%. This decrease is due primarily to the completion in late fiscal 2004 of clinical studies related to nebivolol, a product for the treatment of hypertension. The new drug application for nebivolol was submitted to the FDA on April 30, 2004 and accepted for filing by the FDA on June 29, 2004. Partially offsetting the decrease in R&D expenses as a result of nebivolol are increased R&D expenses related to other ongoing studies. The Company's continued commitment to, and investment in, R&D activities has resulted in a robust ANDA pipeline, with 44 applications pending before the FDA and 27 ANDA approvals in fiscal 2005, more than double the number from just two years ago. As clinical development programs for other products and life cycle management studies are initiated, it is expected that R&D expenses will increase in future periods.

SG&A expense for fiscal 2005 was $259.5 million compared to $201.6 million in fiscal 2004, an increase of $57.9 million or 29%. Included in SG&A expense for fiscal 2005 are approximately $18.3 million of costs

directly related to the terminated King acquisition and an additional $4.6 million of consulting expenses related to the planned integration of the two companies. The remainder of the increase in SG&A expense is due to numerous factors, the most significant of which is payroll and payroll-related costs, which increased by approximately $9.8 million. Additionally, consulting expenses increased as a result of the Company's implementation of an enterprise resource planning ("ERP") system, and legal expenses increased as a result of new and ongoing litigation related to patent challenges and other product-related matters. Legal challenges continue to be an integral part of the Company's strategy and its ability to continue to deliver new generic products to the market.

Litigation Settlements, net

Net gains of $26.0 million were recorded in 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 $34.8 million, also from the settlement of various lawsuits, were recorded in fiscal 2004. Of this, $12.5 million was related to a favorable settlement reached with respect to the marketing and manufacturing of Zagam®, and $10.2 million was related to a favorable settlement reached with respect to mirtazapine. The remainder of the settlement primarily relates to future payments to be made to Mylan totaling $10.0 million from Mylan's co-defendants in the lorazepam and clorazepate litigation.

Other Income, net

Other income, net of other expenses, was $10.1 million in fiscal 2005 compared to $17.8 million in fiscal 2004. This decrease of $7.7 million is primarily the result of lower realized gains on the sale of marketable securities in fiscal 2005 and a $5.0 million gain on the sale of an office building recorded in fiscal 2004, partially offset by less of a loss recorded in fiscal 2005 on our investment in Somerset.

We own a 50% equity interest in Somerset and account for this investment using the equity method of accounting. The recorded loss in Somerset for fiscal 2005 was $3.3 million compared to a loss of $7.1 million in fiscal 2004. The investment in Somerset was reduced to zero during fiscal 2005. As such, in accordance with Accounting Principles Board ("APB") Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*, the Company temporarily ceased recording losses on this investment.

Liquidity and Capital Resources

The Company's primary source of liquidity continues to be cash flows from operating activities, which were $416.6 million for fiscal 2006. Working capital as of March 31, 2006 was $926.7 million, a decrease of $356.3 million from the balance at March 31, 2005. The majority of this decrease was the result of net sales of marketable securities and lower accounts receivable, net. In addition to long-term borrowings, the Company used existing cash and marketable securities to finance certain transactions described below.

The decrease in accounts receivable, net, is due to the timing of cash collections since the end of fiscal 2005, primarily with respect to sales of fentanyl, which was launched in the fourth quarter.

During the third quarter of fiscal 2006, the Company received $23.0 million related to the sale of the U.S. and Canadian rights for Apokyn. In fiscal 2006, $8.9 million of revenue associated with the sale was recognized and included in other revenues. The remainder, net of certain related assets, has been recorded as deferred revenue. During the fourth quarter, Mylan received $75.0 million related to its licensing agreement for nebivolol and has the potential to earn future milestone payments as well as royalties on nebivolol sales. Mylan also received payments totaling $20.0 million with respect to other licensing agreements. These payments, along with the $75.0 million, are also included in deferred revenue.

Cash provided by investing activities during fiscal 2006 was $195.1 million. Of the Company's $1.9 billion of total assets at March 31, 2006, $518.1 million was held in cash, cash equivalents and marketable securities.

Investments in marketable securities consist 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 fiscal 2006 were $103.7 million. These expenditures were incurred primarily with respect to the Company's planned expansions and the implementation of an ERP system. The Company anticipates that the majority of the remaining expenditures related to planned expansions and the ERP implementation will occur in fiscal 2007 and therefore expects capital expenditures for fiscal 2007 to be approximately $100.0 million.

Cash used in financing activities was $599.3 million for fiscal 2006. A total of $1.26 billion was used during fiscal 2006 to repurchase Mylan common stock. Of this, $1.0 billion was used to repurchase shares as part of the Company's modified "Dutch Auction" self-tender, with the remainder used to pay for expenses related to the self-tender and to repurchase shares under a previously announced open market follow-on repurchase program. In total, approximately 12.6 million shares were repurchased under the repurchase program in fiscal 2006 for approximately $250.0 million.

Cash proceeds of $775.0 million from the issuance of debt were received in the current year and used to partially finance the stock buybacks described above. During the fourth quarter of fiscal 2006, the Company made an optional principal payment of $85.0 million on its term loan, in addition to the required 1% annual amortization. This amount was in excess of the mandatory repayment obligation. Financing fees of $14.7 million were paid during fiscal 2006.

In order to provide additional operating leverage, if necessary, the Company maintains a revolving credit facility under its senior credit facility providing for borrowing of up to $225.0 million. As of March 31, 2006, no funds were advanced under this facility.

Also included in cash flows from financing activities are proceeds of $56.9 million from the exercise of stock options and cash dividends paid of $49.8 million. In the first quarter of fiscal 2006, the Board of Directors voted to double the amount of the quarterly dividend to 6.0 cents per share from 3.0 cents per share, effective with the dividend paid for the first quarter of fiscal 2006.

Additionally, included in financing activities in fiscal 2006 was a $21.8 million change in the amount of outstanding checks in excess of cash in our primary disbursement accounts. The Company utilizes a cash management system under which uncleared checks in excess of the cash balance in the bank account at the end of the reporting period are shown as a book cash overdraft. The Company transfers cash on an as-needed basis to fund clearing checks. The Company does not incur any financing charges with respect to this arrangement.

The Company is involved in various legal proceedings that are considered normal to its business (see Note 16 to the 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 or to the Company upon the attainment of specified milestones. While these arrangements help to reduce the financial risk for unsuccessful projects, fulfillment of specified milestones resulting in either cash inflows or outflows or the occurrence of other obligations may result in fluctuations in cash flows.

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.

Contractual Obligations

The following table summarizes our contractual obligations at March 31, 2006 and the effect that such obligations are expected to have on our liquidity and cash flows in future periods:

As of March 31, 2006	Total	Less than One Year	One-Three Years	Three-Five Years	Thereafter
(in thousands)					
Operating leases	$ 9,911	$ 3,944	$ 5,466	$ 321	$ 180
Other long-term obligations	22,435	1,821	5,463	5,463	9,688
Long-term debt	691,927	6,739	8,250	176,938	500,000
Scheduled interest payments	286,889	42,660	122,817	47,967	73,445
Revolving credit facility	—	—	—	—	—
Letter of credit	975	975	—	—	—
	$ 1,012,137	$ 56,139	$ 141,996	$ 230,689	$ 583,313

We lease certain real property under various operating lease arrangements that expire generally over the next eight years. These leases generally provide us with the option to renew the lease at the end of the lease term. We have also entered into agreements to lease vehicles, which are typically 24 to 36 months, for use by our key employees.

Long-term debt consists of $500.0 million in Senior Notes and a $275.0 million borrowing under a $500.0 million senior secured credit facility. The Senior Notes consist of $150.0 million of Senior Notes due 2010, and bearing interest at 5¾% per annum (the "2010 Notes"), and $350.0 million of Senior Notes due 2015, and bearing interest at 6⅜% per annum (the "2015 Notes", and collectively, the "Notes"). The Senior Notes were originally issued on July 21, 2005, but were exchanged on January 14, 2006 in accordance with a registration rights agreement in a transaction consummated on January 19, 2006. The form and terms of the Senior Notes are identical in all material respects to the original notes except the transfer restrictions, registration rights and additional interest provisions relating to the original notes do not apply to the Notes. The senior secured credit facility, which was also entered into on July 21, 2005, consists of a $225.0 million five-year revolving credit facility, which the Company expects to use for working capital and general corporate purposes, and a $275.0 million five-year term loan, of which the balance is approximately $188.0 million at March 31, 2006. The term loan bears interest at LIBOR plus 150 basis points or prime plus 50 basis points at the Company's option. The interest rate in effect on the term loan at March 31, 2006 was 6.33%. No borrowings were outstanding under the revolving credit facility at March 31, 2006.

Scheduled interest payments represent the estimated interest payments on the Notes and the senior secured credit facility. Variable debt interest payments are estimated using current interest rates, as discussed above.

Other long-term obligations, primarily deferred compensation, consist of the discounted future payments under individually negotiated agreements with certain key employees and directors.

In addition to the above, the Company has entered into various product licensing and development agreements. In some of these arrangements, we provide funding for the development of the product or obtain the rights to the use of the patent, through milestone payments, in exchange for marketing and distribution rights to the product. Because milestones represent the completion of specific contractual events and it is uncertain if and when these milestones will be achieved, such contingencies have not been recorded on the Company's Consolidated Balance Sheet. In the event that all projects are successful, milestone and development payments of approximately $13.7 million would be paid.

The Company periodically enters into licensing agreements with other pharmaceutical companies for the manufacture, marketing and/or sale of pharmaceutical products. These agreements generally call for the Company to pay a percentage of amounts earned from the sale of the product as a royalty.

The Company does not have material financial guarantees or other contractual commitments that are reasonably likely to adversely affect liquidity. The Company does not have any special purpose entities or off-balance sheet financing arrangements.

We have entered into employment and other agreements with certain executives that provide for compensation and certain other benefits. These agreements provide for severance payments under certain circumstances.

Application of Critical Accounting Policies

Our significant accounting policies are described in Note 2 to the Consolidated Financial Statements, which were prepared in accordance with accounting principles generally accepted in the United States of America. Included within these policies are certain policies which contain critical accounting estimates and, therefore, have been deemed to be "critical accounting policies." Critical accounting estimates are those which require management to make assumptions about matters that were uncertain at the time the estimate was made and for which the use of different estimates, which reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur from period to period could have a material impact on our financial condition or results of operations. The Company has identified the following to be its critical accounting policies: the determination of net revenue provisions and the impact of existing legal matters.

Net Revenue Provisions

Net revenues are recognized for product sales upon shipment when title and risk of loss have transferred to the customer and when provisions for estimates, including discounts, rebates, promotional adjustments, price adjustments, returns, chargebacks, and other potential adjustments are reasonably determinable. Accruals for these provisions are presented in the Consolidated Financial Statements as reductions to net revenues and accounts receivable and within other current liabilities. Accounts receivable are presented net of allowances relating to these provisions, which were $381.8 million and $349.4 million at March 31, 2006 and 2005, respectively. Other current liabilities include $60.4 million and $51.8 million at March 31, 2006 and 2005, respectively for certain rebates and other adjustments that are paid to indirect customers.

The following is a rollforward of the most significant provisions for estimated sales allowances during fiscal year ended March 31, 2006:

(in thousands)	Balance at March 31, 2005	Checks/Credits Issued to Third Parties	Current Provision Related to Sales Made in the Current Period	Balance at March 31, 2006
Chargebacks	$ 166,066	$ (1,081,389)	$ 1,106,560	$ 191,237
Customer performance and promotions	$ 69,802	$ (167,837)	$ 160,797	$ 62,762
Returns	$ 46,544	$ (39,177)	$ 44,401	$ 51,768

The accrual for chargebacks increased primarily as a result of continued pricing pressures on certain products in the Company's portfolio, most notably omeprazole and carbidopa/ levodopa, as well as an increase in amounts purchased by customers that are entitled to chargeback credits. No material amounts included in the provision for chargebacks recorded in the current period relate to sales made in the prior period.

Provisions for estimated discounts, rebates, promotional and other credits require a lower degree of subjectivity and are less complex in nature yet, combined, represent a significant portion of the overall provisions. These provisions are estimated based on historical payment experience, historical relationship to revenues, estimated customer inventory levels and contract terms. Such provisions are determinable due to the limited number of assumptions and consistency of historical experience. Others, such as price adjustments, returns and chargebacks, require management to make more subjective judgments and evaluate current market conditions. These provisions are discussed in further detail below.

Price Adjustments — Price adjustments, which include shelf stock adjustments, are credits issued to reflect decreases in the selling prices of our products. Shelf stock adjustments are based upon the amount of product that our customers have remaining in their inventories at the time of the price reduction. Decreases in our selling prices and the issuance of credits are discretionary decisions made by us to reflect market conditions. Amounts recorded for estimated price adjustments are based upon specified terms with direct customers, estimated launch dates of competing products, estimated declines in market price, and, in the case of shelf stock adjustments, estimates of inventory held by the customer. In most cases, data with respect to the level of inventory held by the customer is obtained directly from certain of our largest customers. Additionally, internal estimates are prepared based upon historical buying patterns and estimated end-user demand. Such information allows us to assess the impact that a price adjustment will have given the quantity of inventory on hand. We regularly monitor these and other factors and evaluate our reserves and estimates as additional information becomes available.

Returns — Consistent with industry practice, we maintain a return policy that allows our customers to return product within a specified period prior to and subsequent to the expiration date. Our estimate of the provision for returns is based upon our historical experience with actual returns, which is applied to the level of sales for the period that corresponds to the period during which our customers may return product. This period is known based on the shelf lives of our products at the time of shipment. Additionally, we consider factors such as levels of inventory in the distribution channel, product dating and expiration period, size and maturity of the market prior to a product launch, entrance in the market of additional generic competition, changes in formularies or launch of over-the-counter products, to name a few, and make adjustments to the provision for returns in the event that it appears that actual product returns may differ from our established reserves. We obtain data with respect to the level of inventory in the channel directly from certain of our largest customers. Although the introduction of additional generic competition does not give our customers the right to return product outside of our established policy, we do recognize that such competition could ultimately lead to increased returns. We analyze this on a case-by-case basis, when significant, and make adjustments to increase our reserve for product returns as necessary.

Chargebacks — The provision for chargebacks is the most significant and complex estimate used in the recognition of revenue. The Company markets products directly to wholesalers, distributors, retail pharmacy chains, mail order pharmacies and group purchasing organizations. The Company also markets products indirectly to independent pharmacies, managed care organizations, hospitals, nursing homes and pharmacy benefit management companies, collectively referred to as “indirect customers.” Mylan enters into agreements with its indirect customers to establish contract pricing for certain products. The indirect customers then independently select a wholesaler from which to actually purchase the products at these contracted prices. Alternatively, certain wholesalers may enter into agreements with indirect customers that establish contract pricing for certain products which the wholesalers provide. Under either arrangement, Mylan will provide credit to the wholesaler for any difference between the contracted price with the indirect party and the wholesaler’s invoice price. Such credit is called a chargeback, while the difference between the contracted price and the wholesaler’s invoice price is referred to as the chargeback rate. The provision for chargebacks is based on expected sell-through levels by our wholesaler customers to indirect customers, as well as estimated wholesaler inventory levels. For the latter, in most cases, inventory levels are obtained directly from certain of our largest wholesalers. Additionally, internal estimates are prepared based upon historical buying patterns and estimated end-user demand. Such information allows us to estimate the potential chargeback that we may ultimately owe to our customers given the quantity of inventory on hand. We continually monitor our provision for chargebacks and evaluate our reserve and estimates as additional information becomes available.

Legal Matters

The Company is involved in various legal proceedings, some of which involve claims for substantial amounts. An estimate is made to accrue for a loss contingency relating to any of these legal proceedings if it is probable that a liability was incurred as of the date of the financial statements and the amount of loss can be reasonably estimated. Because of the subjective nature inherent in assessing the outcome of litigation and because of the potential that an adverse outcome in a legal proceeding could have a material impact on the

Company's financial position or results of operations, such estimates are considered to be critical accounting estimates. During fiscal 2006, the Company recorded an accrual of $12.0 million following a jury verdict of approximately that amount in the Company's lorazepam and clorazepate litigation. See ITEM 3, "Legal Proceedings," for further discussion. After a review of all other legal proceedings in which we are involved, it was determined at March 31, 2006, that the conditions mentioned above were not met. The Company will continue to evaluate all legal matters as additional information becomes available.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 123(R), *Share-Based Payment.* SFAS No. 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 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 Company has adopted SFAS No. 123(R) effective April 1, 2006. Based on the amount of options outstanding for which the requisite service has not yet been rendered by the employee, the Company expects to incur costs of approximately $11.0 million, net of tax, in fiscal 2007 as a result of the adoption of this standard.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

The Company is subject to market risk from changes in the market values of investments in its marketable securities and interest rate risk from changes in interest rates associated with its long-term debt.

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 March 31, 2006 and 2005:

(in thousands)	2006	2005
Marketable debt securities	$ 362,458	$ 667,170
Marketable equity securities	5,545	3,178
	$ 368,003	$ 670,348

Marketable Debt Securities

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 March 31, 2006, the Company had invested $362.5 million in marketable debt securities, of which $82.4 million will mature within one year and $280.1 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 $280.1 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 $14.0 million change in marketable debt securities.

Long-Term Debt

On July 21, 2005, the Company issued $500.0 million in Senior Notes with fixed interest rates (which were exchanged for registered notes, as described previously) and entered into a $500.0 million senior secured credit facility (the “Credit Facility”). The Credit Facility consists of a $225.0 million five-year revolving credit facility (the “Revolving Credit Facility”) and a $275.0 million five-year term loan (the “Term Loan”). Loans under the Revolving Credit Facility bear interest at a rate equal to either LIBOR plus 1.25% or prime plus 0.25% per annum, at the Company’s option, and the Term Loan bears interest at a rate equal to LIBOR plus 1.50% per annum or prime plus 0.50% per annum, also at the Company’s option. At March 31, 2006, no amounts have been drawn under the revolving credit facility, and approximately $188.0 million is outstanding under the Term Loan.

Generally, the fair market value of fixed interest rate debt will decrease as interest rates rise and increase as interest rates fall. As of March 31, 2006, the carrying value of our long-term debt approximated fair value. A 10% change in interest rates on the term loan would result in a change in interest expense of approximately $1.2 million per year.

ITEM 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements and Supplementary Financial Information

Mylan Laboratories Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)

March 31,	2006	2005
Assets		
Current assets:		
Cash and cash equivalents	$ 150,124	$ 137,733
Marketable securities	368,003	670,348
Accounts receivable, net	242,193	297,334
Inventories	279,008	286,267
Deferred income tax benefit	137,672	119,327
Prepaid expenses and other current assets	14,900	17,443
Total current assets	1,191,900	1,528,452
Property, plant and equipment, net	406,875	336,719
Intangible assets, net	105,595	120,493
Goodwill	102,579	102,579
Other assets	63,577	47,430
Total assets	$ 1,870,526	$ 2,135,673
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
Trade accounts payable	$ 76,859	$ 78,114
Income taxes payable	12,963	44,123
Current portion of long-term obligations	4,336	1,586
Cash dividends payable	12,605	8,078
Other current liabilities	158,487	113,606
Total current liabilities	265,250	245,507
Deferred revenue	89,417	—
Long-term debt	685,188	—
Other long-term obligations	22,435	19,325
Deferred income tax liability	20,585	24,905
Total liabilities	1,082,875	289,737
Shareholders' equity		
Preferred stock — par value $0.50 per share		
Shares authorized: 5,000,000 Shares issued: none	—	—
Common stock — par value $0.50 per share		
Shares authorized: 600,000,000 in 2006 and 2005		
Shares issued: 309,150,251 in 2006 and 304,434,724 in 2005	154,575	152,217
Additional paid-in capital	418,954	354,172
Retained earnings	1,939,045	1,808,802
Accumulated other comprehensive earnings	2,450	870
	2,515,024	2,316,061
Less treasury stock — at cost		
Shares: 98,971,431 in 2006 and 35,129,643 in 2005	1,727,373	470,125
Total shareholders' equity	787,651	1,845,936
Total liabilities and shareholders' equity	$ 1,870,526	$ 2,135,673

See Notes to Consolidated Financial Statements.

Mylan Laboratories Inc.
Consolidated Statements of Earnings
(in thousands, except per share data)

Fiscal Year Ended March 31,	2006	2005	2004
Revenues:			
Net revenues	$ 1,239,988	$ 1,247,785	$ 1,355,150
Other revenues	17,176	5,589	19,467
Total revenues	1,257,164	1,253,374	1,374,617
Cost of sales	629,548	629,834	612,149
Gross profit	627,616	623,540	762,468
Operating expenses:			
Research and development	102,057	87,881	100,813
Selling, general and administrative	225,754	259,478	201,612
Litigation settlements, net	12,417	(25,990)	(34,758)
Total operating expenses	340,228	321,369	267,667
Earnings from operations	287,388	302,171	494,801
Interest expense	31,285	—	—
Other income, net	18,502	10,076	17,807
Earnings before income taxes	274,605	312,247	512,608
Provision for income taxes	90,063	108,655	177,999
Net earnings	$ 184,542	$ 203,592	$ 334,609
Earnings per common share:			
Basic	$ 0.80	$ 0.76	$ 1.24
Diluted	$ 0.79	$ 0.74	$ 1.21
Weighted average common shares outstanding:			
Basic	229,389	268,985	268,931
Diluted	234,209	273,621	276,318

See Notes to Consolidated Financial Statements.

Mylan Laboratories Inc.
Consolidated Statements of Shareholders' Equity
(in thousands, except share and per share data)

Fiscal Year Ended March 31,	2006	2005	2004
Common stock — shares issued:			
Shares at beginning of year	304,434,724	303,553,121	300,904,262
Stock options exercised	4,715,527	881,603	2,648,859
Shares at end of year	309,150,251	304,434,724	303,553,121
Treasury stock:			
Shares at beginning of year	(35,129,643)	(35,129,643)	(29,143,443)
Issuance of restricted stock	35,463	—	472,500
Stock purchases	(63,877,251)	—	(6,458,700)
Shares at end of year	(98,971,431)	(35,129,643)	(35,129,643)
Common shares outstanding	210,178,820	269,305,081	268,423,478
Common stock, $0.50 par:			
Balance at beginning of year	$ 152,217	$ 151,777	$ 150,452
Stock options exercised	2,358	440	1,325
Balance at end of year	154,575	152,217	151,777
Additional paid-in capital:			
Balance at beginning of year	354,172	338,143	304,350
Stock options exercised	54,531	9,628	25,342
Issuance of restricted stock	181	—	5,656
Unearned compensation	3,142	3,901	(9,352)
Tax benefit of stock option plans	7,221	2,500	12,159
Other	(293)	—	(12)
Balance at end of year	418,954	354,172	338,143
Retained earnings:			
Balance at beginning of year	1,808,802	1,637,497	1,330,933
Net earnings	184,542	203,592	334,609
Dividends declared ($0.24 per share for fiscal 2006, $0.12 per share for fiscal 2005, $0.10 per share for fiscal 2004)	(54,299)	(32,287)	(28,045)
Balance at end of year	1,939,045	1,808,802	1,637,497
Accumulated other comprehensive earnings:			
Balance at beginning of year	870	2,496	3,718
Net unrealized gain (loss) on marketable securities	1,580	(1,626)	(1,222)
Balance at end of year	2,450	870	2,496
Treasury stock, at cost:			
Balance at beginning of year	(470,125)	(470,125)	(343,121)
Issuance of restricted stock	619	—	6,084
Stock purchases	(1,257,867)	—	(133,088)
Balance at end of year	(1,727,373)	(470,125)	(470,125)
Total shareholders' equity	$ 787,651	$ 1,845,936	$ 1,659,788
Comprehensive earnings:			
Net earnings	$ 184,542	$ 203,592	$ 334,609
Other comprehensive earnings (loss), net of tax:			
Net unrealized holding gains (losses) gains on securities	1,397	(1,711)	3,009
Reclassification for losses (gains) included in net earnings	183	85	(4,231)
Other comprehensive gain (loss), net of tax	1,580	(1,626)	(1,222)
Comprehensive earnings	$ 186,122	$ 201,966	$ 333,387

See Notes to Consolidated Financial Statements.

Mylan Laboratories Inc.
Consolidated Statements of Cash Flows
(in thousands)

Fiscal Year Ended March 31,	2006	2005	2004
Cash flows from operating activities:			
Net earnings	$ 184,542	$ 203,592	$ 334,609
Adjustments to reconcile net earnings to net cash provided from operating activities:			
Depreciation and amortization	46,827	45,100	44,323
Realized gain on sale of marketable securities	—	—	(6,509)
Net loss from equity method investees	2,538	2,372	4,459
Change in estimated sales allowances	41,047	108,778	(24,016)
Restructuring provision	20,921	—	—
Deferred income tax (benefit) expense	(23,635)	(36,899)	32,275
Gain on sale of building	—	—	(5,000)
Other non-cash items	15,768	7,951	765
Loss (gain) from litigation, net	12,417	(25,990)	(34,758)
Receipts from (payments of) litigation settlements, net	1,691	42,990	(16,630)
Cash received from Somerset	—	—	10,000
Changes in operating assets and liabilities:			
Accounts receivable	19,081	(192,799)	18,617
Inventories	6,012	34,530	(83,020)
Trade accounts payable	20,534	8,082	(25,378)
Income taxes	(23,821)	22,010	(11,096)
Deferred revenue	106,642	—	—
Other operating assets and liabilities, net	(14,003)	(16,006)	(13,063)
Net cash provided by operating activities	416,561	203,711	225,578
Cash flows from investing activities:			
Proceeds from (purchase of):			
Capital assets	(103,689)	(90,746)	(118,451)
Reduction of investment in a limited liability partnership	—	—	7,269
Sale of assets	—	—	12,000
Purchase of marketable securities	(686,569)	(780,806)	(793,539)
Proceeds from sale of marketable securities	991,060	693,289	640,511
Other items, net	(5,710)	3,372	1,884
Net cash provided by (used in) investing activities	195,092	(174,891)	(250,326)
Cash flows from financing activities:			
Cash dividends paid	(49,772)	(32,261)	(26,024)
Payment of financing fees	(14,662)	—	—
Proceeds from long-term debt	775,000	—	—
Payment of long-term debt	(87,062)	—	—
Purchase of common stock	(1,257,867)	—	(133,088)
Proceeds from exercise of stock options	56,889	10,068	26,671
(Decrease) increase in outstanding checks in excess of cash in disbursement accounts	(21,788)	19,622	9,771
Net cash used in financing activities	(599,262)	(2,571)	(122,670)
Net increase (decrease) in cash and cash equivalents	12,391	26,249	(147,418)
Cash and cash equivalents — beginning of year	137,733	111,484	258,902
Cash and cash equivalents — end of year	$ 150,124	$ 137,733	$ 111,484
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Income taxes	$ 137,519	$ 123,725	$ 156,821
Interest	$ 29,110	$ —	$ —

See Notes to Consolidated Financial Statements.

Mylan Laboratories Inc.

Notes to Consolidated Financial Statements

Note 1. Nature of Operations

Mylan Laboratories Inc. and its subsidiaries (the "Company" or "Mylan") are engaged in the development, licensing, manufacture, marketing and distribution of generic, brand and branded generic pharmaceutical products for resale by others. The principal markets for these products are proprietary and ethical pharmaceutical wholesalers and distributors, drug store chains, drug manufacturers, institutions, and public and governmental agencies within the United States.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation. The Consolidated Financial Statements include the accounts of Mylan Laboratories Inc. and those of its wholly owned and majority-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

During the first quarter of fiscal 2006, Mylan announced that it was closing Mylan Bertek Pharmaceuticals Inc. ("Mylan Bertek"), its branded subsidiary. Mylan previously reported its financial results in two reportable segments, Generic and Brand. With the closure of Mylan Bertek, Mylan now reports one segment, and began reporting as such effective with the first quarter of fiscal 2006. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 131, *Disclosures about Segments of an Enterprise and Related Information*, information for earlier periods has been recast and reported as one segment.

Cash Equivalents. Cash equivalents are composed of highly liquid investments with an original maturity of three months or less at the date of purchase. The Company utilizes a cash management system under which a book cash overdraft in the amount of $7,605,000 and $29,393,000 at March 31, 2006 and 2005, respectively, exists for the Company's primary disbursement accounts. This overdraft, which is included in accounts payable, represents uncleared checks in excess of the cash balance in the bank account at the end of the reporting period. The Company transfers cash on an as-needed basis to fund clearing checks.

Marketable Securities. Marketable securities are classified as available for sale and are recorded at fair value based on quoted market prices, with net unrealized gains and losses, net of income taxes, reflected in accumulated other comprehensive earnings as a component of shareholders' equity. Net gains and losses on sales of securities available for sale are computed on a specific security basis and are included in other income.

Concentrations of Credit Risk. Financial instruments that potentially subject the Company to credit risk consist principally of interest-bearing investments and accounts receivable.

Mylan invests its excess cash in high-quality, liquid money market instruments (principally commercial paper, government, municipal and government agency notes and bills) maintained by financial institutions. The Company maintains deposit balances at certain of these financial institutions in excess of federally insured amounts.

Mylan performs ongoing credit evaluations of its customers and generally does not require collateral. Approximately 76% and 78% of the accounts receivable balances represent amounts due from three customers at March 31, 2006 and four customers at March 31, 2005, respectively. Total allowances for doubtful accounts were $10,954,000 and $7,340,000 at March 31, 2006 and 2005, respectively.

Inventories. Inventories are stated at the lower of cost or market, with cost determined by the first-in, first-out method.

We have made, are in the process of making and/or will scale-up and make commercial quantities of certain products prior to the date we anticipate that such products will receive final U.S. Food and Drug Administration ("FDA") marketing approval and/or satisfactory resolution of patent infringement litigation involving them (i.e., pre-launch inventories). The scale-up and commercial production of pre-launch inventories involves the risk that such products may not be approved for marketing by the FDA on a timely basis, or ever, and/or that the outcome of related litigation may not be satisfactory. This risk notwithstanding,

we plan to continue to scale-up and build pre-launch inventories of certain products that have not yet received final FDA approval and/or satisfactory resolution of patent infringement litigation when we believe that such action is appropriate in relation to the commercial value of the product launch opportunity.

As of March 31, 2006, we had approximately $19,000,000 of inventory relating to products pending launch while we await receipt of final FDA marketing approval and/or satisfactory resolution of patent infringement litigation. The majority of our pre-launch inventories represent inventories for which we have received tentative approval from the FDA and are awaiting satisfactory resolution of patent infringement litigation.

Provisions for potentially obsolete or slow-moving inventory, including pre-launch inventory, are made based on our analysis of inventory levels, historical obsolescence and future sales forecasts.

Property, Plant and Equipment. Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed and recorded on a straight-line basis over the assets' estimated service lives (3 to 10 years for machinery and equipment and 15 to 39 years for buildings and improvements). The Company periodically reviews the original estimated useful lives of assets and makes adjustments when appropriate. Depreciation expense was $32,126,000, $26,455,000 and $23,237,000 for fiscal years 2006, 2005 and 2004, respectively.

Intangible Assets. Intangible assets are stated at cost less accumulated amortization. Amortization is generally recorded on a straight-line basis over estimated useful lives ranging from 2 to 20 years. The Company periodically reviews the original estimated useful lives of assets and makes adjustments when events indicate a shorter life is appropriate.

Impairment of Long-Lived Assets. The carrying values of long-lived assets, which include property, plant and equipment and intangible assets with definite lives, are evaluated periodically in relation to the expected future cash flows of the underlying assets. Adjustments are made in the event that estimated undiscounted net cash flows are less than the carrying value.

Goodwill is tested for impairment at least annually based on management's assessment of the fair value of the Company's identified reporting units as compared to their related carrying value. If the fair value of a reporting unit is less than its carrying value, additional steps, including an allocation of the estimated fair value to the assets and liabilities of the reporting unit, would be necessary to determine the amount, if any, of goodwill impairment.

Indefinite-lived intangibles are tested at least annually for impairment. Impairment is determined to exist when the fair value is less than the carrying value of the assets being tested.

Other Assets. Investments in business entities in which we have the ability to exert significant influence over operating and financial policies (generally 20% to 50% ownership) are accounted for using the equity method. Under the equity method, investments are initially recorded at cost and are adjusted for dividends, distributed and undistributed earnings and losses, and additional investments. Other assets are periodically reviewed for other-than-temporary declines in fair value.

Revenue Recognition. Mylan recognizes revenue for product sales upon shipment when title and risk of loss pass to its 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 fiscal year ended March 31, 2006. The following briefly describes the nature of each provision and how such provisions are estimated.

Discounts are reductions to invoiced amounts offered to customers for payment within a specified period and are estimated upon shipment utilizing historical customer payment experience.

Rebates are offered to key customers to promote customer loyalty and encourage greater product sales. These rebate programs provide that upon the attainment of pre-established volumes or the attainment of revenue milestones for a specified period, the customer receives credit against purchases. Other promotional programs are incentive programs periodically offered to our customers. The Company is able to estimate

provisions for rebates and other promotional programs based on the specific terms in each agreement at the time of shipment.

Consistent with industry practice, Mylan maintains a return policy that allows customers to return product within a specified period prior to and subsequent to the expiration date. The Company's estimate of the provision for returns is based upon historical experience with actual returns.

Price adjustments, which include shelf stock adjustments, are credits issued to reflect decreases in the selling prices of products. Shelf stock adjustments are based upon the amount of product which the customer has remaining in its inventory at the time of the price reduction. Decreases in selling prices are discretionary decisions made by the Company to reflect market conditions. Amounts recorded for estimated price adjustments are based upon specified terms with direct customers, estimated launch dates of competing products, estimated declines in market price and, in the case of shelf stock adjustments, estimates of inventory held by the customer.

The Company has agreements with certain indirect customers, such as independent pharmacies, managed care organizations, hospitals, nursing homes, governmental agencies and pharmacy benefit management companies, which establish contract prices for certain products. The indirect customers then independently select a wholesaler from which to actually purchase the products at these contracted prices. Mylan will provide credit to the wholesaler for any difference between the contracted price with the indirect party and the wholesaler's invoice price. Such credit is called a chargeback. The provision for chargebacks is based on expected sell-through levels by our wholesaler customers to indirect customers, as well as estimated wholesaler inventory levels.

Accounts receivable are presented net of allowances relating to the above provisions. No revisions were made to the methodology used in determining these provisions during the fiscal years ended March 31, 2006 and 2005. Such allowances were $381,800,000 and $349,355,000 at March 31, 2006 and 2005, respectively. Other current liabilities include $60,374,000 and $51,772,000 at March 31, 2006 and 2005, respectively, for certain rebates and other adjustments that are paid to indirect customers.

The Company periodically enters into various types of revenue arrangements with third parties, including agreements for the sale or license of product rights or technology, research and development agreements, collaboration agreements and others. These agreements may include the receipt of upfront and milestone payments, royalties, and payment for contract manufacturing and other services.

The Company recognizes all non-refundable payments as revenue in accordance with the guidance provided in the Securities and Exchange Commission's ("SEC") Staff Accounting Bulletin ("SAB") No. 104, *Revenue Recognition, corrected copy* and Emerging Issues Task Force Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables.* Non-refundable fees received upon entering into license and other collaborative agreements where the Company has continuing involvement are recorded as deferred revenue and recognized as other revenue over a period of time.

Royalty revenue from licensees, which are based on third-party sales of licensed products and technology, is earned in accordance with the contract terms when third-party sales can be reliably measured and collection of the funds is reasonably assured. Royalty revenue is included in other revenue on the consolidated statement of earnings. Additionally, included in other revenue for fiscal 2004, was $13,910,000, representing income related to the sale of U.S. and Canadian rights for sertaconazole nitrate 2% cream.

The Company recognizes contract manufacturing and other service revenue when the service is performed or the product shipped, which is when the Company's partners take ownership and title has passed, collectibility is reasonably assured, the sales price is fixed or determinable and there is persuasive evidence of an arrangement.

Three of the Company's customers accounted for 16%, 14% and 17% of the net revenues in fiscal 2006. Three customers accounted for 11%, 19% and 16%, respectively, of net revenues in fiscal 2005, and two customers accounted for 21% and 15%, respectively, of net revenues in fiscal 2004.

The Company's consolidated net revenues are generated via the sale of products in the following therapeutic categories:

Fiscal Year Ended March 31,	2006	2005	2004
(in thousands)			
Central Nervous System	$ 475,898	$ 366,654	$ 322,790
Cardiovascular	422,727	484,588	530,613
Dermatology	72,843	74,048	102,513
Gastrointestinal	46,701	93,713	137,743
Other(1)	221,819	228,782	261,491
	$ 1,239,988	$ 1,247,785	$ 1,355,150

(1) Other consists of numerous therapeutic classes, none of which individually exceeds 5% of consolidated revenues.

Research and Development. Research and development expenses are charged to operations as incurred.

Advertising Costs. Advertising costs are expensed as incurred and amounted to $5,435,000, $9,745,000 and $8,997,000 in fiscal years 2006, 2005 and 2004, respectively.

Income Taxes. Income taxes have been provided for using an asset and liability approach in which deferred income taxes reflect the tax consequences on future years of events that we have already recognized in the financial statements or tax returns. Changes in enacted tax rates or laws will result in adjustments to the recorded tax assets or liabilities in the period that the new tax law is enacted.

Earnings per Common Share. Basic earnings per common share is computed by dividing net earnings by the weighted average common shares outstanding for the period. Diluted earnings per common share is computed by dividing net earnings by the weighted average common shares outstanding adjusted for the dilutive effect of stock options, restricted stock or restricted units granted, excluding antidilutive shares, under our stock option plans (see Note 12). At March 31, 2006, 2005 and 2004, there were 312,750, 6,779,000 and 90,000 shares, respectively, that were antidilutive.

A reconciliation of basic and diluted earnings per common share is as follows:

Fiscal Year Ended March 31,	2006	2005	2004
(in thousands, except per share data)			
Net earnings	$ 184,542	$ 203,592	$ 334,609
Weighted average common shares outstanding	229,389	268,985	268,931
Assumed exercise of dilutive stock options, restricted stock and restricted units	4,820	4,636	7,387
Diluted weighted average common shares outstanding	234,209	273,621	276,318
Earnings per common share:			
Basic	$ 0.80	$ 0.76	$ 1.24
Diluted	$ 0.79	$ 0.74	$ 1.21

Stock Options. 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 its stock option plans under the intrinsic-value-based method as defined in Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees.* 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:

Fiscal Year Ended March 31,	2006	2005	2004
(in thousands, except per share data)			
Net earnings, as reported	$ 184,542	$ 203,592	$ 334,609
Add: Stock-based compensation expense included in reported net earnings, net of related tax effects	2,649	2,543	1,553
Deduct: Total compensation expense determined under fair-value based method for all stock awards, net of related tax effects	(11,845)	(14,852)	(24,674)
Pro forma net earnings	$ 175,346	$ 191,283	$ 311,488
Earnings per share:			
Basic — as reported	$ 0.80	$ 0.76	$ 1.24
Basic — pro forma	$ 0.76	$ 0.71	$ 1.16
Diluted — as reported	$ 0.79	$ 0.74	$ 1.21
Diluted — pro forma	$ 0.75	$ 0.70	$ 1.14

Use of Estimates in the Preparation of Financial Statements. The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Because of the uncertainty inherent in such estimates, actual results could differ from those estimates.

Reclassification. Certain prior year amounts were reclassified to conform to the fiscal 2006 presentation.

Fiscal Year. The Company's fiscal year ends on March 31. All references to fiscal year shall mean the 12 months ended March 31.

Recent Accounting Pronouncements. In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), *Share-Based Payment.* SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services. Under SFAS No. 123(R), companies will no longer be able to account for share-based compensation transactions using the intrinsic method in accordance with APB No. 25. 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 Company has adopted SFAS No. 123(R) effective April 1, 2006. Based on the amount of options outstanding for which the requisite service has not yet been rendered by the employee, the Company expects to incur costs of approximately $11,000,000, net of tax, in fiscal 2007 as a result of the adoption of this standard.

Note 3. Restructuring

On June 14, 2005, the Company announced that it was closing its branded subsidiary, Mylan Bertek, and transferring the responsibility for marketing Mylan Bertek's products to other Mylan subsidiaries. In conjunction with this restructuring, the Company incurred restructuring charges of $20,921,000, pre-tax, during the year ended March 31, 2006. Of this, $1,000,000 is included in research and development expense, with the remainder in selling, general and administrative expense. As of March 31, 2006, the Company's

restructuring was substantially complete. The major components of the restructuring charge and the remaining accrual balance at March 31, 2006, were as follows:

(in thousands)	Non-Cash Asset Write-downs	Employee Termination and Severance Costs	Other Exit Costs	Total
Accrued restructuring costs — March 31, 2005	$ —	$ —	$ —	$ —
Restructuring charge — fiscal 2006	1,636	15,117	4,168	20,921
Amounts utilized — fiscal 2006	(1,636)	(14,603)	(2,516)	(18,755)
Accrued restructuring costs — March 31, 2006	$ —	$ 514	$ 1,652	$ 2,166

Employee termination and severance costs were primarily related to involuntary terminations, most of which were with respect to the Mylan Bertek sales force, and represent cash termination payments paid to the affected employees as a direct result of the restructuring. Exit costs consist primarily of lease termination costs incurred as a result of the restructuring.

Note 4. Balance Sheet Components

Selected balance sheet components consist of the following at March 31:

(in thousands)	2006	2005
Inventories:		
Raw materials	$ 98,259	$ 119,654
Work in process	36,073	39,589
Finished goods	144,676	127,024
	$ 279,008	$ 286,267
Property, plant and equipment:		
Land and improvements	$ 10,639	$ 9,704
Buildings and improvements	175,343	161,050
Machinery and equipment	287,202	269,208
Construction in progress	144,429	85,324
	617,613	525,286
Less accumulated depreciation	210,738	188,567
	$ 406,875	$ 336,719
Other current liabilities:		
Payroll and employee benefit plan accruals	$ 24,323	$ 21,251
Accrued rebates	60,374	51,772
Royalties and product license fees	9,320	11,446
Deferred revenue	17,225	—
Legal and professional	30,074	18,148
Other	17,171	10,989
	$ 158,487	$ 113,606

Note 5. Marketable Securities

The amortized cost and estimated fair value of marketable securities are as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2006				
Debt securities	$ 364,266	$ 79	$ 1,887	$ 362,458
Equity securities	—	5,545	—	5,545
	$ 364,266	$ 5,624	$ 1,887	$ 368,003
March 31, 2005				
Debt securities	$ 669,044	$ 194	$ 2,068	$ 667,170
Equity securities	—	3,178	—	3,178
	$ 669,044	$ 3,372	$ 2,068	$ 670,348

Net unrealized gains on marketable securities are reported net of tax of $1,287,000 and $434,000 in fiscal 2006 and fiscal 2005, respectively.

Maturities of debt securities at fair value as of March 31, 2006, are as follows:

(in thousands)	
Mature within one year	$ 82,447
Mature in one to five years	35,855
Mature in five years and later	244,156
	$ 362,458

Gross gains of $878,000, $7,000 and $7,322,000 and gross losses of $1,160,000, $67,000 and $813,000 were realized during fiscal years 2006, 2005 and 2004, respectively.

Note 6. Intangible Assets

Intangible assets, excluding goodwill, consist of the following components:

(in thousands)	Weighted Average Life (years)	Original Cost	Accumulated Amortization	Net Book Value
March 31, 2006				
Amortized intangible assets:				
Patents and technologies	20	$ 118,935	$ 54,836	$ 64,099
Product rights and licenses	12	111,135	77,444	33,691
Other	20	14,267	7,245	7,022
		$ 244,337	$ 139,525	104,812
Intangible assets no longer subject to amortization:				
Trademarks				783
				$ 105,595
March 31, 2005				
Amortized intangible assets:				
Patents and technologies	19	$ 118,935	$ 48,478	$ 70,457
Product rights and licenses	12	111,433	69,923	41,510
Other	20	14,267	6,524	7,743
		$ 244,635	$ 124,925	119,710
Intangible assets no longer subject to amortization:				
Trademarks				783
				$ 120,493

Other intangibles consist principally of customer lists and contracts.

Amortization expense for fiscal years 2006, 2005 and 2004 was $14,701,000, $17,708,000 and $20,155,000, respectively, and is expected to be $14,407,000, $13,637,000, $13,460,000, $12,411,000 and $11,259,000 for fiscal years 2007 through 2011, respectively.

Note 7. Other Assets

Other assets consist of the following components at March 31:

(in thousands)	2006	2005
Cash surrender value	$ 40,945	$ 38,965
Financing fees	12,813	—
Investments in and advances to Somerset	462	—
Other	9,357	8,465
	$ 63,577	$ 47,430

Cash surrender value is related to insurance policies on certain officers and key employees and the value of split-dollar life insurance agreements with certain former executive officers. See Note 8 for a discussion of financing fees.

In November 1988, the Company acquired 50% of the outstanding common stock of Somerset Pharmaceuticals, Inc. (“Somerset”). Mylan accounts for this investment using the equity method of accounting. The recorded loss in Somerset for fiscal 2006 was $2,538,000 compared to a loss of $3,265,000 in fiscal 2005.

Note 8. Long-Term Debt

A summary of long-term debt is as follows:

(in thousands)	March 31, 2006	March 31, 2005
Senior Notes(A)	$ 500,000	$ —
Senior credit facility(B)	187,938	—
	687,938	—
Less: Current portion	2,750	—
Total long-term debt	$ 685,188	$ —

(A) On July 21, 2005, the Company issued $500,000,000 in Senior Notes, which consisted of $150,000,000 of Senior Notes due August 15, 2010, and bearing interest at 5¾% per annum (the “2010 Restricted Notes”) and $350,000,000 of Senior Notes due August 15, 2015, and bearing interest at 6⅜% per annum (the “2015 Restricted Notes”, and collectively the “Restricted Notes”). The proceeds from the Restricted Notes were used to finance a portion of the “Dutch Auction” self-tender described in Note 11.

In connection with the completion of the issuance of the Restricted Notes, the Company entered into a registration rights agreement with the initial purchasers of the Restricted Notes (the “Registration Rights Agreement”), dated July 21, 2005. On January 19, 2006, pursuant to its obligations under the Registration Rights Agreement, the Company consummated an exchange offer of the Restricted Notes for $150,000,000 of Senior Notes due August 15, 2010, and bearing interest at 5¾% per annum (“2010 Notes”) and $350,000,000 of Senior Notes due August 15, 2015, and bearing interest at 6⅜% per annum (“2015 Notes”, and collectively, the “Notes”), the issuance of each of which has been registered under the Securities Act of 1933, as amended. The form and terms of the 2010 Notes and the 2015 Notes are identical in all material respects to the 2010 Restricted Notes and the 2015 Restricted Notes, respectively, with the exception of the transfer restrictions, registration rights and additional interest provisions relating to the Restricted Notes which do not apply to the Notes. Interest is payable semiannually on February 15 and August 15 and commenced on February 15, 2006.

Prior to maturity, the Company may, under certain circumstances, redeem the Notes in whole or in part at prices specified in the bond indenture governing the Notes. Upon a change of control (as defined in the indenture governing the Notes) of the Company, each holder of the Notes may require the Company to purchase all or a portion of such holder’s Notes at 101% of the principal amount of such Notes, plus accrued and unpaid interest.

The Notes are senior unsecured obligations of the Company and rank junior to all of the Company’s secured obligations. The Notes are guaranteed jointly and severally on a full and unconditional senior unsecured basis by all of the Company’s wholly owned domestic subsidiaries except a captive insurance company, which is considered to be a minor subsidiary. Also, the assets and operations of Mylan Laboratories Inc. (“Mylan Labs”), the parent company, are not material, and, as such, condensed consolidating financial information for the parent and subsidiaries is not provided.

The Notes indenture contains covenants that, among other things, limit the ability of the Company to (a) incur additional secured indebtedness, (b) make investments or other restricted payments, (c) pay dividends on, redeem or repurchase the Company’s capital stock, (d) engage in sale-leaseback transactions and (e) consolidate, merge or transfer all or substantially all of its assets. Certain of the covenants contained in the indenture will no longer be applicable or will be less restrictive if the Company achieves investment grade ratings as outlined in the indenture.

(B) On July 21, 2005, the Company entered into a $500,000,000 senior secured credit facility (the "Credit Facility"). The Credit Facility consists of a $225,000,000 five-year revolving credit facility (the "Revolving Credit Facility"), which the Company intends to use for working capital and general corporate purposes, and a $275,000,000 five-year term loan (the "Term Loan"), the proceeds of which were used to fund a portion of the "Dutch Auction" self-tender described in Note 11. Loans under the Revolving Credit Facility bear interest at a rate equal to either LIBOR plus 1.25% per annum or prime plus 0.25% per annum, at the Company's option, and the Term Loan bears interest at a rate equal to LIBOR plus 1.50% per annum or prime plus 0.50% per annum also at the Company's option.

The Term Loan interest rate in effect at March 31, 2006 was 6.33%. The Company is required to pay a fee on the unused portion of the Revolving Credit Facility of 0.50% per annum. At March 31, 2006, no borrowings were outstanding under the Revolving Credit Facility. The Term Loan will amortize at a rate of 1% per year for the first four years, with the balance paid in four equal quarterly installments thereafter. Subject to exceptions, the Credit Facility has mandatory prepayments with respect to certain proceeds of asset sales, debt issuances and equity issuances and with respect to the Company's excess cash flows. Also, the Term Loan may be prepaid without penalty at any time in whole or in part at the Company's option. In March 2006, the Company elected to make a principal payment of $85,000,000. Because the amount of mandatory prepayment may vary from quarter to quarter and cannot be reasonably estimated, only the 1% per year amortization is included on the balance sheet as a current liability.

The Company's obligations under the Credit Facility are guaranteed jointly and severally on a full and unconditional senior secured basis by all of the Company's wholly owned domestic subsidiaries except a captive insurance company, which is considered to be a minor subsidiary. The obligations under the Credit Facility are also collateralized by a first priority lien on, and pledge of, 100% of the equity interests of certain of the Company's wholly owned domestic subsidiaries and 65% of the equity interests of each of the Company's foreign subsidiaries.

The Credit Facility includes covenants that (a) require the Company to maintain a minimum interest coverage ratio and a maximum total leverage ratio, (b) place limitations on the Company's ability to incur debt; grant liens; carry out mergers, acquisitions and asset sales; and make investments and (c) place limitations on the Company's ability to pay dividends or make other restricted payments.

All financing fees associated with the Notes and the Credit Facility are being amortized over the life of the related debt. The total unamortized amounts of $12,813,000 are included in other assets in the Consolidated Balance Sheet at March 31, 2006.

At March 31, 2006, the carrying value of the Company's long-term debt approximated fair value.

Principal maturities of the Notes and Credit Facility for the next five years and thereafter, as of March 31, 2006, are as follows:

Fiscal	
(in thousands)	
2007	$ 2,750
2008	2,750
2009	2,750
2010	134,938
2011	194,750
Thereafter	350,000
	$ 687,938

Note 9. Other Long-Term Obligations

Long-term obligations consist of the following components at March 31:

	2006	2005
(in thousands)		
Deferred compensation	$ 18,429	$ 17,196
Retirement benefits	3,168	2,683
Other	2,424	1,032
Total long-term obligations	24,021	20,911
Less: Current portion of long-term obligations	1,586	1,586
Long-term obligations, net of current portion	$ 22,435	$ 19,325

Deferred compensation consists of the discounted future payments under individually negotiated agreements with certain key employees, directors and retired executives. The agreements with certain key employees provide for annual payments ranging from $18,000 to $1,000,000 to be paid over periods commencing at retirement and ranging from 10 years to life.

Note 10. Income Taxes

Income taxes consist of the following components:

Fiscal Year Ended March 31,	**2006**	**2005**	**2004**
(in thousands)			
Federal:			
Current	$ 104,204	$ 134,994	$ 133,223
Deferred	(22,359)	(34,513)	30,549
	81,845	100,481	163,772
State and Puerto Rico:			
Current	9,494	10,560	12,501
Deferred	(1,276)	(2,386)	1,726
	8,218	8,174	14,227
Income taxes	$ 90,063	$ 108,655	$ 177,999
Pre-tax earnings	$ 274,605	$ 312,247	$ 512,608
Effective tax rate	32.8%	34.8%	34.7%

Temporary differences and carry forwards that result in the deferred tax assets and liabilities are as follows at March 31:

(in thousands)	2006	2005	2004
Deferred tax assets:			
Employee benefits	$ 10,948	$ 10,301	$ 9,824
Legal matters	4,551	—	—
Intangible assets	14,488	10,615	9,721
Accounts receivable allowances	121,235	113,267	75,301
Inventories	4,851	3,587	1,852
Investments	6,028	6,003	8,099
Other	2,783	1,117	656
Total deferred tax assets	164,884	144,890	105,453
Deferred tax liabilities:			
Plant and equipment	21,168	22,848	19,271
Intangible assets	23,977	25,946	27,915
Investments	2,547	1,569	2,394
Other	105	105	—
Total deferred tax liabilities	47,797	50,468	49,580
Deferred tax asset, net	$ 117,087	$ 94,422	$ 55,873
Classification in the Consolidated Balance Sheets:			
Deferred income tax benefit — current	$ 137,672	$ 119,327	$ 78,477
Deferred income tax liability — noncurrent	20,585	24,905	22,604
Deferred tax asset, net	$ 117,087	$ 94,422	$ 55,873

A reconciliation of the statutory tax rate to the effective tax rate is as follows:

Fiscal Year Ended March 31,	2006	2005	2004
(in thousands)			
Statutory tax rate	35.0%	35.0%	35.0%
State and Puerto Rico income taxes	4.0%	2.8%	2.7%
State and Puerto Rico tax credits	(1.5%)	(1.3%)	(0.7%)
Federal tax credits	(1.0%)	(2.1%)	(1.8%)
Resolution of prior year tax positions	(2.7%)	—	—
Other items	(1.0%)	0.4%	(0.5%)
Effective tax rate	32.8%	34.8%	34.7%

During fiscal 2006, we recorded a tax benefit of $7,530,000, primarily related to the resolution of certain positions with taxing authorities. These tax positions were resolved through the completion of audits or through the acceptance of Mylan's amended return filings.

Federal tax credits result principally from operations in Puerto Rico and from qualified research and development expenditures, including orphan drug research. State tax credits are comprised mainly of awards for expansion and wage credits at our manufacturing facilities and research credits awarded by certain states. State income taxes and state tax credits are shown net of the federal tax effect.

Operations in Puerto Rico benefit from incentive grants from the government of Puerto Rico, which partially exempt the Company from income, property and municipal taxes. In fiscal 2001, a new tax grant was negotiated with the government of Puerto Rico extending tax incentives until fiscal 2010. This grant exempts all earnings during this grant period from tollgate tax upon repatriation of cash to the United States. In fiscal 2004, $100,000,000 of cash from post-fiscal 2000 earnings was repatriated to the United States. Pursuant to the terms of our new tax grant, no tollgate tax was due for this repatriation.

Under Section 936 of the U.S. Internal Revenue Code ("IRC"), Mylan is a "grandfathered" entity and is entitled to the benefits under such statute through fiscal 2006. Its Section 936 federal tax credits totaled approximately $1,461,000 in fiscal 2006, $3,874,000 in fiscal 2005 and $4,732,000 in fiscal 2004. However, the decrease in the credit was offset by newly-enacted IRC Section 199, Deduction for Domestic Production Activities, which resulted in a tax benefit of approximately $3,000,000.

The Internal Revenue Service ("IRS") has substantially completed its federal tax audit for fiscal years 2002 through 2004. Tax and interest related to the negotiated settlement of certain federal tax positions as a result of those audits has been recorded as of March 31, 2006. Mylan has received notification from the IRS that it will soon commence audit of Mylan's tax returns for fiscal 2005 and 2006. In addition, beginning with fiscal 2007, Mylan will be a voluntary participant in the IRS Compliance Assurance Process, which will result in real-time federal tax audits.

Note 11. Preferred and Common Stock

In fiscal 1985, the Board of Directors (the "Board") authorized 5,000,000 shares of $0.50 par value preferred stock. No shares of the preferred stock have been issued.

The Company entered into a Rights Agreement (the "Rights Agreement") with American Stock Transfer & Trust Company, as rights agent, in August 1996, and declared a dividend of one share purchase right on each outstanding share of common stock, to provide the Board with sufficient time to assess and evaluate any takeover bid and explore and develop a reasonable response. Effective November 1999, the Rights Agreement was amended to eliminate certain limitations on the Board's ability to redeem or amend the rights to permit an acquisition and also to eliminate special rights held by incumbent directors unaffiliated with an acquiring shareholder. In August 2004, the Rights Agreement was amended to change the original expiration date of the rights from September 5, 2006 to August 13, 2014. The Rights Agreement was further amended in September 2004, to temporarily change the threshold at which Rights (as defined in the Rights Agreement) will become immediately exercisable from 15% to 10%. By a December 2005 amendment to the Rights Agreement, the term for the lower ownership threshold expired on December 31, 2005, and reverted back to the 15% threshold on January 1, 2006, subject to certain exceptions.

On June 14, 2005, the Company announced a $1,250,000,000 share buyback, comprised of a modified "Dutch Auction" self-tender for up to $1,000,000,000 (which commenced on June 16, 2005) and a $250,000,000 follow-on share repurchase program. In the tender offer, shareholders were given the opportunity to tender some or all of their shares at a price not less than $18.00 per share or more than $20.50 per share. Based on the number of shares tendered and the prices specified by the tendering shareholders, the Company determined the lowest per share price within the range that would enable it to buy up to 48,780,487 shares, or such lesser number of shares as were properly tendered. Additionally, in the event the final purchase price was less than the maximum price of $20.50 per share and more than 48,780,487 shares were tendered, the Company had the right to purchase up to an additional 2% of its outstanding common stock without extending the tender offer so that the Company could repurchase up to $1,000,000,000 of its common stock.

The tender offer expired on July 15, 2005 and closed on July 21, 2005, at which time the Company announced that it accepted for payment an aggregate of 51,282,051 shares of its common stock at a purchase price of $19.50 per share. The 51,282,051 shares are comprised of the 48,780,487 shares the Company offered to purchase and 2,501,564 shares purchased pursuant to the Company's right to purchase up to an additional 2%.

Additionally, during fiscal 2006, the Company purchased 12,595,200 shares for approximately $250,000,000 on the open market under the follow-on repurchase program. The follow-on repurchase program was completed on February 14, 2006.

Note 12. Stock Option Plan

On July 25, 2003, Mylan's 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.

In August 2003 and February 2006, the Company awarded 472,500 shares and 35,463 shares, respectively, of restricted common stock to certain executives as permitted under the 2003 Plan. The shares primarily vest at the end of a three-year period. Upon issuance of the restricted shares, unearned compensation of $11,740,000 and $800,000 respectively, was charged to shareholders' equity for the fair value of the restricted stock issued and is being recognized as compensation expense ratably over the three-year period.

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. However, there are stock options outstanding from expired plans and other plans assumed through acquisitions.

The following table summarizes stock option activity:

	Number of Shares Under Option	Weighted Average Exercise Price per Share
Outstanding at March 31, 2003	23,888,481	$ 13.13
Options granted	1,911,951	20.08
Options exercised	(2,667,593)	10.18
Options forfeited	(302,931)	17.12
Outstanding at March 31, 2004	22,829,908	13.99
Options granted	649,900	19.05
Options exercised	(891,092)	11.30
Options forfeited	(286,928)	19.13
Outstanding at March 31, 2005	22,301,788	14.17
Options granted	5,780,123	17.61
Options exercised	(4,729,113)	12.03
Options forfeited	(1,994,128)	18.65
Outstanding at March 31, 2006	21,358,670	$ 15.16

The following table summarizes information about stock options outstanding as of March 31, 2006:

Ranges of Exercise Price per Share	Options Outstanding			Options Exercisable	
	Number of Shares	Average Life(1)	Average Price(2)	Number of Shares	Average Price(2)
$ 6.56-$10.97	2,662,396	4.25	$ 10.26	2,662,396	$ 10.26
10.97-13.19	6,212,368	5.30	11.71	6,202,806	11.71
13.19-17.45	1,918,927	6.32	14.70	1,819,077	14.63
17.46-17.46	5,239,186	9.34	17.46	2,298	17.46
17.72-26.00	5,325,793	7.17	19.55	2,519,839	19.59
$ 6.56-$26.00	21,358,670	6.72	$ 15.16	13,206,416	$ 13.33

(1) Weighted average contractual life remaining in years.

(2) Weighted average exercise price per share.

The number of shares exercisable and the associated weighted average exercise price as of March 31, 2005, was 16,784,002 shares at $12.61 per share.

SFAS No. 123 requires the calculation of the fair value of options granted during each fiscal year. The fair value of options granted in fiscal years 2006, 2005 and 2004, using the Black-Scholes option pricing model, and the assumptions used are as follows:

Fiscal Year Ended March 31,	2006	2005	2004
Volatility	38.7%	41.8%	41.1%
Risk-free interest rate	4.0%	3.2%	2.7%
Dividend yield	1.3%	0.6%	0.4%
Expected term of options (in years)	4.5	4.2	6.5
Weighted average fair value per option	$ 5.92	$ 6.73	$ 8.51

Pro forma disclosure of net income and earnings per share had the Company applied the fair value recognition provisions of SFAS No. 123 to stock-based compensation using the above assumptions is presented in Note 2.

Note 13. Employee Benefits

The Company has a plan covering substantially all employees to provide for limited reimbursement of postretirement supplemental medical coverage. In addition, in December 2001, the Supplemental Health Insurance Program for Certain Officers of Mylan Laboratories was adopted to provide full postretirement medical coverage to certain officers and their spouse and dependents. These plans generally provide benefits to employees who meet minimum age and service requirements. The Company accounts for these benefits under SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions.* The amounts accrued related to these benefits were not material at March 31, 2006 and 2005.

The Company has defined contribution plans covering essentially all of its employees. Its defined contribution plans consist primarily of a 401(k) retirement plan with a profit sharing component for non-union employees and a 401(k) retirement plan for union employees. The Company's matching contributions are based upon employee contributions or service hours, depending upon the plan. Total employer contributions to all plans for fiscal years 2006, 2005 and 2004 were $14,780,000, $13,382,000 and $11,927,000, respectively.

The Company provides supplemental life insurance benefits to certain management employees. Such benefits require annual funding and may require accelerated funding in the event that we would experience a change in control.

The production and maintenance employees at the Company's manufacturing facilities in Morgantown, West Virginia, are covered under a collective bargaining agreement that expires in April 2007. These employees represented approximately 27% of the Company's total workforce at March 31, 2006.

Note 14. Commitments

The Company leases certain real property under various operating lease arrangements that expire over the next eight years. These leases generally provide the Company with the option to renew the lease at the end of the lease term. The Company also entered into agreements to lease vehicles for use by certain key employees which are typically 24 to 36 months,. For fiscal years 2006, 2005 and 2004, the Company made lease payments of $3,666,000, $4,939,000 and $3,136,000, respectively.

Future minimum lease payments under these commitments are as follows:

Fiscal	Operating Leases
(in thousands)	
2007	$ 3,944
2008	3,273
2009	1,293
2010	900
2011	285
Thereafter	216
	$ 9,911

The Company has entered into various product licensing and development agreements. In some of these arrangements, the Company provides funding for the development of the product or to obtain rights to the use of the patent, through milestone payments, in exchange for marketing and distribution rights to the product. Milestones represent the completion of specific contractual events, and it is uncertain if and when these milestones will be achieved. In the event that all projects are successful, milestone and development payments of approximately $13,650,000 would be paid.

The Company has also entered into employment and other agreements with certain executives that provide for compensation and certain other benefits. These agreements provide for severance payments under certain circumstances. Additionally, the Company has split-dollar life insurance agreements with certain retired executives.

In the normal course of business, Mylan periodically enters into employment, legal settlement and other agreements which incorporate indemnification provisions. While the maximum amount to which Mylan may be exposed under such agreements cannot be reasonably estimated, the Company maintains insurance coverage which management believes will effectively mitigate the Company's obligations under these indemnification provisions. No amounts have been recorded in the financial statements with respect to the Company's obligations under such agreements.

Note 15. Product Agreements

On November 24, 2005, the Company announced the sale of the U.S. and Canadian rights for Apokyn® to Vernalis plc. Under the terms of the agreement, Mylan received a cash payment of $23.0 million. In addition, Mylan will perform certain transitional services for one year, including supply chain management and customer service assistance. During fiscal 2006, $8.9 million of revenue associated with the sale was recognized and included in other revenues. The remainder, net of certain related assets, has been recorded as deferred revenue and is being recognized over the one-year period.

On January 11, 2006, the Company announced an agreement with Forest Laboratories Holdings, Ltd. ("Forest"), a wholly owned subsidiary of Forest Laboratories, Inc., for the commercialization, development

and distribution of Mylan's nebivolol in the United States and Canada. Under the terms of the agreement, Mylan received an up-front payment of $75.0 million, which will be deferred until the commercial launch of the product. Mylan also has the potential to earn future milestone payments as well as royalties on nebivolol sales. Upon commercial launch the up-front payment will be amortized into revenue over the remaining term of the license agreement. Forest will assume all expenses for future nebivolol development programs and will be responsible for all sales and marketing expenses. Mylan has retained an option to co-promote the product in the future.

Also on January 11, 2006, the Company announced that Mylan Technologies Inc., a wholly-owned subsidiary of Mylan Labs ("Mylan Tech") signed two strategic agreements with Cephalon, Inc. to utilize Mylan Tech's innovative transdermal technology to address certain pain and central nervous system disorders. Under the terms of the agreements, Mylan and Cephalon will collaborate with the intent to create, develop and commercialize branded transdermal products in exchange for the payment to Mylan Tech of milestones and ongoing royalties based on net sales of the products.

Note 16. Contingencies

Legal Proceedings

While it is not possible to determine with any degree of certainty the ultimate outcome of the following legal proceedings, 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.

Omeprazole

In fiscal 2001, Mylan Pharmaceuticals Inc. ("MPI"), a wholly-owned subsidiary of Mylan Labs, filed an Abbreviated New Drug Application ("ANDA") seeking approval from the 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. 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. MPI has certain indemnity obligations to Esteve in connection with this litigation. MPI, Esteve and the other generic manufacturers who are co-defendants in the case filed motions for summary judgment of non-infringement and patent invalidity. On January 12, 2006, those motions were denied, and a non-jury trial commenced on April 3, 2006.

Lorazepam and Clorazepate

On June 1, 2005, a jury verdict was rendered against Mylan Labs and MPI in the U.S. District Court for the District of Columbia ("D.C.") in the amount of approximately $12.0 million, which has been accrued for by the Company. The jury found Mylan willfully violated Massachusetts, Minnesota and Illinois state antitrust laws, meaning the amount of the verdict could be trebled and an award of attorneys' fees and litigation costs could be made to the plaintiffs. The case was brought by four health insurers who opted out of earlier class action settlements agreed to by the Company in 2001 and represents the last remaining claims relating to Mylan's 1998 price increases for lorazepam and clorazepate. The Company filed a motion for judgment as a matter of law, a motion for a new trial and a motion to reduce verdict, all of which remain pending before the court. If the Company's post-verdict motions are denied, the Company intends to appeal to the U.S. Court of Appeals for the D.C. Circuit.

Pricing and Medicaid Litigation

On June 26, 2003, MPI and UDL Laboratories, Inc. ("UDL"), a subsidiary of Mylan Labs, received requests from the U.S. House of Representatives Energy and Commerce Committee seeking information about certain products sold by MPI and UDL in connection with the Committee's investigation into pharmaceutical reimbursement and rebates under Medicaid. MPI and UDL are cooperating with this inquiry and provided information in response to the Committee's requests in 2003. Several states' attorneys general ("AG") have also sent letters to MPI, UDL and Mylan Bertek, 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. As noted below, both California and Florida subsequently filed suits against Mylan, and the Company believes any further requests for information and disclosures will be made as part of that litigation.

Beginning in September 2003, Mylan Labs, MPI and/or UDL, together with many other pharmaceutical companies, have been named in a series of civil lawsuits filed by state AGs and municipal bodies within the state of New York alleging generally that the defendants defrauded the state Medicaid systems by allegedly reporting "Average Wholesale Prices" ("AWP") and/or "Wholesale Acquisition Costs" that exceeded the actual selling price of the defendants' prescription drugs. To date, Mylan Labs, MPI and UDL have been named as defendants in substantially similar civil lawsuits filed by the AGs of Alabama, California, Florida, Illinois, Kentucky, Massachusetts, Mississippi, Missouri and Wisconsin and also by the city of New York and approximately 40 counties across New York State. Several of these cases have been transferred to the AWP multi-district litigation proceedings pending in the U.S. District Court for the District of Massachusetts for pretrial proceedings. Others of these cases will likely be litigated in the state courts in which they were filed. Each of the cases seeks an unspecified amount in money damages, civil penalties and/or treble damages, counsel fees and costs, and injunctive relief. In each of these matters, with the exception of the Massachusetts and Alabama AG actions discussed below, Mylan Labs and its subsidiaries either have not yet been required to respond to the complaints or have motions to dismiss pending. The Company previously reported that the U.S. District Court for the District of Massachusetts had dismissed the complaint filed by the Massachusetts AG without prejudice and with leave to amend. The Massachusetts AG since filed an amended complaint which survived motions to dismiss, and Mylan Labs answered on November 14, 2005, denying liability. In addition, the Alabama AG filed a second amended complaint which has survived motions to dismiss, and Mylan Labs, MPI and UDL answered on January 30, 2006, denying liability. Lastly, we have been advised that Mylan Labs and MPI have been included as defendants in an AWP complaint filed by the state of Hawaii. Neither entity, however, has been served with a complaint in that action. Mylan Labs and its subsidiaries intend to defend each of these actions vigorously.

In addition 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. MPI is collecting information requested by the government and is cooperating fully with the government's investigation.

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, 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.

Previously Reported Matters That Have Been Resolved or Dismissed

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. 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 were styled as shareholder derivative suits on behalf of Mylan Labs and class actions on behalf of all Mylan Labs' shareholders and were consolidated by the court under the caption "In re Mylan Laboratories Inc. Shareholder Litigation." Mylan Labs and its directors filed preliminary objections seeking dismissal of the complaints. 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. On October 26, 2005, the court approved the voluntary dismissal of these cases by the plaintiffs, with prejudice.

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, also a wholly-owned subsidiary of the Company, 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.

Mirtazapine

In fiscal 2004, Mylan Labs and MPI reached an agreement with Organon U.S.A. Inc. ("Organon") and Akzo Nobel N.V. ("Akzo") pursuant to which Organon and Akzo agreed to pay MPI $15,000,000 in settlement of allegations that Organon and Akzo violated antitrust laws by listing U.S. Patent No. 5,977,099 in the FDA's Orange Book, and by suing Mylan and MPI for alleged infringement of that patent. Of the $15,000,000, which was recorded in the fourth quarter of fiscal 2004, and collected subsequently, approximately $4,800,000 represented reimbursement of legal expenses. The underlying patent infringement suit was resolved in favor of Mylan Labs and MPI by summary judgment in December 2002.

Lorazepam and Clorazepate

On March 31, 2003, the Company announced a tentative settlement of a direct purchaser class action related to the sale of lorazepam and clorazepate for a total amount of $35,000,000. The Company's co-defendants agreed to an initial contribution of approximately $7,000,000 toward the $35,000,000 settlement. The Company's obligation was accrued at March 31, 2003. During the first quarter of fiscal 2004, this settlement received final court approval. Upon receiving such approval, the Company recorded a gain of approximately $10,000,000 related to additional contributions which the co-defendants agreed in April 2003 to make to the Company. This additional $10,000,000 reduces the Company's share of the total settlement to approximately $18,000,000.

Zagam®

Mylan Labs, Mylan Caribe, Inc. and Mylan Bertek filed suit against Aventis Pharmaceuticals, Inc., successor in interest to Rhone-Poulenc Rorer Pharmaceuticals, Inc.; Rhone-Poulenc Rorer Pharmaceuticals, LTD; Rorer Pharmaceutical Products, Inc.; Rhone-Poulenc Rorer, S.A., and their affiliates in the U.S. District Court for the Western District of Pennsylvania in May 2001, and the defendants counterclaimed. The Company previously identified this matter as a case in which an adverse outcome could have had a material adverse effect on the Company's financial position and results of operations. In April 2003, the Company entered into a settlement of the matter pursuant to which the Company received a payment of $12,500,000, the dismissal of the defendants' counterclaims and termination of the agreements in question.

Management's Report on Internal Control over Financial Reporting

Management of Mylan Laboratories Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated our internal control over financial reporting as of March 31, 2006. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework* ("COSO"). As a result of this assessment and based on the criteria in the COSO framework, management has concluded that, as of March 31, 2006, our internal control over financial reporting was effective.

Our independent registered public accounting firm, Deloitte & Touche LLP, has audited management's assessment of our internal control over financial reporting. Deloitte & Touche LLP's opinion on management's assessment and on the effectiveness of our internal control over financial reporting appears on page 65 of this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Mylan Laboratories Inc.:

We have audited the accompanying consolidated balance sheets of Mylan Laboratories Inc. and subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2006. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Mylan Laboratories Inc. and subsidiaries as of March 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2006, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of March 31, 2006, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 12, 2006 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP
Pittsburgh, Pennsylvania
May 12, 2006

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Mylan Laboratories Inc.:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that Mylan Laboratories Inc. and subsidiaries (the "Company") maintained effective internal control over financial reporting as of March 31, 2006, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of March 31, 2006, is fairly stated, in all material respects, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2006, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended March 31, 2006 of the Company and our report dated May 12, 2006 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP
Pittsburgh, Pennsylvania
May 12, 2006

Mylan Laboratories Inc.
Supplementary Financial Information

Quarterly Financial Data
(unaudited, in thousands, except per share data)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
Fiscal 2006					
Total revenues	$ 323,378	$ 297,994	$ 311,246	$ 324,546	$ 1,257,164
Gross profit	167,834	143,231	155,797	160,754	627,616
Net earnings	42,915	35,770	48,207	57,650	184,542
Earnings per share(1):					
Basic	$ 0.16	$ 0.16	$ 0.23	$ 0.27	$ 0.80
Diluted	$ 0.16	$ 0.16	$ 0.22	$ 0.27	$ 0.79
Share prices(2):					
High	$ 19.85	$ 19.84	$ 21.61	$ 24.92	$ 24.92
Low	$ 15.50	$ 17.36	$ 19.00	$ 19.30	$ 15.50
Fiscal 2005					
Total revenues	$ 339,012	$ 306,955	$ 290,972	$ 316,435	$ 1,253,374
Gross profit	179,753	155,253	135,347	153,187	623,540
Net earnings	82,033	48,654	34,770	38,135	203,592
Earnings per share(1):					
Basic	$ 0.31	$ 0.18	$ 0.13	$ 0.14	$ 0.76
Diluted	$ 0.30	$ 0.18	$ 0.13	$ 0.14	$ 0.74
Share prices(2):					
High	$ 24.59	$ 20.48	$ 18.88	$ 18.08	$ 24.59
Low	$ 20.15	$ 14.69	$ 16.42	$ 15.88	$ 14.69

(1) The sum of earnings per share for the four quarters may not equal earnings per share for the total year due to changes in the average number of common shares outstanding.

(2) Closing prices as reported on the New York Stock Exchange (NYSE).

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. 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 March 31, 2006. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

No change in the Company's internal control over financial reporting occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting is on page 63. Management's assessment of the effectiveness of Mylan's internal control over financial reporting as of March 31, 2006, has

been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is on page 65.

ITEM 9B. Other Information

None.

PART III

ITEM 10. Directors and Executive Officers of the Registrant

Certain information required by this ITEM will be set forth under the captions “ITEM 1 — Election of Directors,” “Executive Officers” and “Security Ownership of Certain Beneficial Owners and Management — Section 16(a) Beneficial Ownership Reporting Compliance” in our 2006 Proxy Statement and is incorporated herein by reference.

Code of Ethics

The Company has adopted a Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer and Controller. This Code of Ethics is posted on the Company’s Internet website at www.mylan.com. The Company intends to post any amendments to or waivers from the Code of Ethics on that website.

ITEM 11. Executive Compensation

The information required by this ITEM 11 will be set forth under the caption “Executive Compensation” in our 2006 Proxy Statement and is incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this ITEM 12 will be set forth under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Executive Compensation” in our 2006 Proxy Statement and is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions

The information required by this ITEM 13 will be set forth under the caption “Certain Relationships and Related Transactions” in our 2006 Proxy Statement and is incorporated herein by reference.

ITEM 14. Principal Accounting Fees and Services

The information required by this ITEM 14 will be set forth under the captions “Independent Registered Public Accounting Firm’s Fees” and “Audit Committee Pre-Approval Policy” in our 2006 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

1. *Consolidated Financial Statements*

The Consolidated Financial Statements listed in the Index to Consolidated Financial Statements are filed as part of this Form.

2. *Financial Statement Schedules*

MYLAN LABORATORIES INC.
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Beginning Balance	Additions/Deductions Charged to Costs and Expenses	Deductions	Ending Balance
Allowance for doubtful accounts:				
Fiscal year ended				
March 31, 2006	$ 7,340	$ 3,614	$ —	$ 10,954
March 31, 2005	$ 5,965	$ 2,007	$ 632	$ 7,340
March 31, 2004	$ 8,438	$ 2,325	$ 4,798	$ 5,965

3. *Exhibits*

3.1	Amended and Restated Articles of Incorporation of the registrant, as amended, filed as Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 2003, and incorporated herein by reference.
3.2	Amended and Restated By-laws of the registrant, as amended to date, filed as Exhibit 3.1 to the Report on Form 8-K filed with the SEC on February 22, 2005, 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 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.
4.1(f)	Amendment No. 5 to Rights Agreement dated as of December 19, 2005, 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 19, 2005, and incorporated herein by reference.
4.2	Indenture, dated as of July 21, 2005, between the registrant and The Bank of New York, as trustee, as filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on July 27, 2005, and incorporated herein by reference.
4.3	Registration Rights Agreement, dated as of July 21, 2005, among the registrant, the Guarantors party thereto and Merrill Lynch, Pierce, Fenner and Smith Incorporated, BNY Capital Markets, Inc., KeyBanc Capital Markets (a Division of McDonald Investments Inc.), PNC Capital Markets, Inc. and SunTrust Capital Markets, Inc., as filed as Exhibit 4.2 to the Report on Form 8-K filed with the SEC on July 27, 2005, and incorporated herein by reference.
10.1	Mylan Laboratories Inc. 1986 Incentive Stock Option Plan, as amended to date, filed as Exhibit 10(b) to Form 10-K for the fiscal year ended March 31, 1993, and incorporated herein by reference.*

10.2	Mylan Laboratories Inc. 1997 Incentive Stock Option Plan, as amended to date, filed as Exhibit 10.3 to Form 10-Q for the quarter ended September 30, 2002, and incorporated herein by reference.*
10.3	Mylan Laboratories Inc. 1992 Nonemployee Director Stock Option Plan, as amended to date, filed as Exhibit 10(l) to Form 10-K for the fiscal year ended March 31, 1998, and incorporated herein by reference.*
10.4(a)	Mylan Laboratories Inc. 2003 Long-Term Incentive Plan, filed as Appendix A to Definitive Proxy Statement on Schedule 14A, filed with the SEC on June 23, 2003, and incorporated herein by reference.*
10.4(b)	Form of Stock Option Agreement under the Mylan Laboratories Inc. 2003 Long-Term Incentive Plan, filed as Exhibit 10.4(b) to Form 10-K for the fiscal year ended March 31, 2005, and incorporated herein by reference.*
10.4(c)	Form of Restricted Share Award under the Mylan Laboratories Inc. 2003 Long-Term Incentive Plan, filed as Exhibit 10.4(c) to Form 10-K for the fiscal year ended March 31, 2005, and incorporated herein by reference.*
10.4(d)	Amendment No. 1 to Mylan Laboratories Inc. 2003 Long-Term Incentive Plan.*
10.4(e)	Amendment No. 2 to Mylan Laboratories Inc. 2003 Long-Term Incentive Plan.*
10.5	Amended and Restated Executive Employment Agreement dated as of April 3, 2006, between the registrant and Robert J. Coury.*
10.6(a)	Executive Employment Agreement dated as of July 1, 2004, between the registrant and Edward J. Borkowski, filed as Exhibit 10.27 to Form 10-Q/A for the quarter ended September 30, 2004, and incorporated herein by reference.*
10.6(b)	Amendment No. 1 to Executive Employment Agreement dated as of April 3, 2006, between the registrant and Edward J. Borkowski.*
10.7(a)	Executive Employment Agreement dated as of July 1, 2004, between the registrant and Louis J. DeBone, filed as Exhibit 10.28 to Form 10-Q/A for the quarter ended September 30, 2004, and incorporated herein by reference.*
10.7(b)	Amendment No. 1 to Executive Employment Agreement dated as of April 3, 2006, between the registrant and Louis J. DeBone.*
10.8(a)	Executive Employment Agreement dated as of July 1, 2004, between the registrant and John P. O'Donnell, filed as Exhibit 10.29 to Form 8-K, filed with the SEC on December 3, 2004, and incorporated herein by reference.*
10.8(b)	Amendment No. 1 to Executive Employment Agreement dated as of April 3, 2006, between the registrant and John P. O'Donnell.*
10.9(a)	Executive Employment Agreement dated as of July 1, 2004, between the registrant and Stuart A. Williams, filed as Exhibit 10.30 to Form 10-Q/A for the quarter ended September 30, 2004, and incorporated herein by reference.*
10.9(b)	Amendment No. 1 to Executive Employment Agreement dated as of April 3, 2006, between the registrant and Stuart A. Williams.*
10.10(a)	Form of Employment Agreement dated as of December 15, 2003, between the registrant and certain executive officers (other than named executive officers), filed as Exhibit 10.18 to Form 10-Q for the quarter ended December 31, 2003, and incorporated herein by reference.*
10.10(b)	Form of Amendment No. 1 to Executive Employment Agreement dated as of March 31, 2006, between the registrant and certain executive officers (other than named executive officers).*
10.11(a)	Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and Robert J. Coury filed as Exhibit 10.7 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.11(b)	Amendment No. 1 to Retirement Benefit Agreement dated as of April 3, 2006, between the registrant and Robert J. Coury.*
10.12(a)	Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and Edward J. Borkowski, filed as Exhibit 10.8 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*

10.12(b)	Amendment No. 1 to Retirement Benefit Agreement dated as of April 3, 2006, between the registrant and Edward J. Borkowski.*
10.13(a)	Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and Stuart A. Williams, filed as Exhibit 10.9 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.13(b)	Amendment No. 1 to Retirement Benefit Agreement dated as of April 3, 2006, between the registrant and Stuart A. Williams.*
10.14(a)	Amended and Restated Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and Louis J. DeBone, filed as Exhibit 10.10 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.14(b)	Amendment No. 1 to Amended and Restated Retirement Benefit Agreement dated as of April 3, 2006, between the registrant and Louis J. DeBone.*
10.15(a)	Amended and Restated Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and John P. O'Donnell, filed as Exhibit 10.11 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.15(b)	Amendment No. 1 to Amended and Restated Retirement Benefit Agreement dated as of April 3, 2006, between the registrant and John P. O'Donnell.*
10.16	Retirement Benefit Agreement dated January 27, 1995, between the registrant and C.B. Todd, filed as Exhibit 10(b) to Form 10-K for the fiscal year ended March 31, 1995, and incorporated herein by reference.*
10.17(a)	Retirement Benefit Agreement dated January 27, 1995, between the registrant and Milan Puskar, filed as Exhibit 10(b) to Form 10-K for the fiscal year ended March 31, 1995, and incorporated herein by reference.*
10.17(b)	First Amendment to Retirement Benefit Agreement dated September 27, 2001, between the registrant and Milan Puskar, filed as Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2001, and incorporated herein by reference.*
10.18	Split Dollar Life Insurance Arrangement between the registrant and the Milan Puskar Irrevocable Trust filed as Exhibit 10(h) to Form 10-K for the fiscal year ended March 31, 1996, and incorporated herein by reference.*
10.19(a)	Transition and Succession Agreement dated as of December 15, 2003, between the registrant and Robert J. Coury, filed as Exhibit 10.19 to Form 10-Q for the quarter ended December 31, 2003, and incorporated herein by reference.*
10.19(b)	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and Robert J. Coury, filed as Exhibit 10.1 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.19(c)	Amendment No. 2 to Transition and Succession Agreement dated as of April 3, 2006, between the registrant and Robert J. Coury.*
10.20(a)	Transition and Succession Agreement dated as of December 15, 2003, between the registrant and Edward J. Borkowski, filed as Exhibit 10.20 to Form 10-Q for the quarter ended December 31, 2003, and incorporated herein by reference.*
10.20(b)	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and Edward J. Borkowski, filed as Exhibit 10.2 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.20(c)	Amendment No. 2 to Transition and Succession Agreement dated as of April 3, 2006, between the registrant and Edward J. Borkowski.*
10.21(a)	Transition and Succession Agreement dated as of December 15, 2003, between the registrant and Louis J. DeBone, filed as Exhibit 10.21 to Form 10-Q for the quarter ended December 31, 2003, and incorporated herein by reference.*
10.21(b)	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and Louis J. DeBone, filed as Exhibit 10.3 to Form 10-Q for the quarter ended December 31, 2003, and incorporated herein by reference.*

10.21(c)	Amendment No. 2 to Transition and Succession Agreement dated as of April 3, 2006, between the registrant and Louis J. DeBone.*
10.22(a)	Transition and Succession Agreement dated as of December 15, 2003, between the registrant and John P. O'Donnell, filed as Exhibit 10.22 to Form 10-Q for the quarter ended December 31, 2003, and incorporated herein by reference.*
10.22(b)	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and John P. O'Donnell, filed as Exhibit 10.5 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.22(c)	Amendment No. 2 to Transition and Succession Agreement dated as of April 3, 2006, between the registrant and John P. O'Donnell.*
10.23	Amended and Restated Transition and Succession Agreement dated as of April 3, 2006, between the registrant and Stuart A. Williams.*
10.24(a)	Form of Transition and Succession Agreement dated as of December 15, 2003, with certain executive officers (other than named executive officers), filed as Exhibit 10.24 to Form 10-Q for the quarter ended December 31, 2003, and incorporated herein by reference.*
10.24(b)	Form of Amendment No. 1 to Transition and Succession Agreement dated as of March 31, 2006, with certain executive officers (other than named executive officers).*
10.25	Executives' Retirement Savings Plan, filed as Exhibit 10.14 to Form 10-K for the fiscal year ended March 31, 2001, and incorporated herein by reference.*
10.26	Supplemental Health Insurance Program For Certain Officers of Mylan Laboratories Inc., effective December 15, 2001, filed as Exhibit 10.1 to Form 10-Q for the quarter ended December 31, 2001, and incorporated herein by reference.*
10.27	Mylan Laboratories Inc. Severance Plan, filed as Exhibit 10.12 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.28	Form of Indemnification Agreement between the registrant and each Director, filed as Exhibit 10.31 to Form 10-Q/A for the quarter ended September 30, 2004, and incorporated herein by reference.*
10.29	Description of the registrant's Director Compensation Arrangements in effect as of February 9, 2005, filed as Exhibit 10.13 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.30	Credit Agreement, dated as of July 21, 2005, among the registrant and a syndicate of bank lenders, including Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as sole lead arranger, sole bookrunner and syndication agent, Keybank National Association, PNC Bank, National Association, Suntrust Bank and The Bank of New York, as co-documentation agents, and Merrill Lynch Capital Corporation, as administrative agent, as filed as Exhibit 99.1 to the Report on Form 8-K filed with the SEC on July 27, 2005, and incorporated herein by reference.
21	Subsidiaries of the registrant.
23	Consent of Independent Registered Public Accounting Firm.
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	Certifications of CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Denotes management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form to be signed on its behalf by the undersigned, thereunto duly authorized on May 12, 2006.

Mylan Laboratories Inc.

by /s/ ROBERT J. COURY

Robert J. Coury
Vice Chairman and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of May 12, 2006.

Signature	Title
/s/ ROBERT J. COURY Robert J. Coury	Vice Chairman, Chief Executive Officer and Director *(Principal Executive Officer)*
/s/ EDWARD J. BORKOWSKI Edward J. Borkowski	Chief Financial Officer *(Principal Financial Officer)*
/s/ GARY E. SPHAR Gary E. Sphar	V.P. — Corporate Controller *(Principal Accounting Officer)*
/s/ MILAN PUSKAR Milan Puskar	Chairman and Director
/s/ WENDY CAMERON Wendy Cameron	Director
/s/ NEIL DIMICK Neil Dimick	Director
/s/ DOUGLAS J. LEECH Douglas J. Leech	Director
/s/ JOSEPH C. MAROON, M.D. Joseph C. Maroon, M.D.	Director
/s/ ROD PIATT Rod Piatt	Director
/s/ C.B. TODD C.B. Todd	Director
/s/ R.L. VANDERVEEN, PH.D., R.PH. R.L. Vanderveen, Ph.D., R.Ph.	Director

EXHIBIT INDEX

10.4(d)	Amendment No. 1 to Mylan Laboratories Inc. 2003 Long-Term Incentive Plan.*
10.4(e)	Amendment No. 2 to Mylan Laboratories Inc. 2003 Long-Term Incentive Plan.*
10.5	Amended and Restated Executive Employment Agreement dated as of April 3, 2006, between the registrant and Robert J. Coury.*
10.6(b)	Amendment No. 1 to Executive Employment Agreement dated as of April 3, 2006, between the registrant and Edward J. Borkowski.*
10.7(b)	Amendment No. 1 to Executive Employment Agreement dated as of April 3, 2006, between the registrant and Louis J. DeBone.*
10.8(b)	Amendment No. 1 to Executive Employment Agreement dated as of April 3, 2006, between the registrant and John P. O'Donnell.*
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10.13(b)	Amendment No. 1 to Retirement Benefit Agreement dated as of April 3, 2006, between the registrant and Stuart A. Williams.*
10.14(b)	Amendment No. 1 to Amended and Restated Retirement Benefit Agreement dated as of April 3, 2006, between the registrant and Louis J. DeBone.*
10.15(b)	Amendment No. 1 to Amended and Restated Retirement Benefit Agreement dated as of April 3, 2006, between the registrant and John P. O'Donnell.*
10.19(c)	Amendment No. 2 to Transition and Succession Agreement dated as of April 3, 2006, between the registrant and Robert J. Coury.*
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31.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Denotes management contract or compensatory plan or arrangement.

EXHIBIT 10.4(d)

AMENDMENT TO MYLAN LABORATORIES INC.
2003 LONG-TERM INCENTIVE PLAN

This Amendment, dated as of December 2, 2004 is made to the Mylan Laboratories Inc. 2003 Long-Term Incentive Plan (the "Plan"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Plan.

WHEREAS, the Company has previously adopted the Plan;

WHEREAS, the Board has the authority to amend the Plan as set forth in Section 11.16 of the Plan;

NOW THEREFORE, pursuant to Section 11.16 of the Plan, the Plan is amended as follows:

1. Section 2.06 the Plan is hereby amended in its entirety as follows:

Change in Control shall mean: (a) 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) 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 2.06(a), the following acquisitions shall not constitute a Change of 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 Affiliate, (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 2.06 (c)(1), (c)(2) and (c)(3); or (b) Individuals who, as of December 2, 2004, 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 December 2, 2004 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, but excluding, for this purpose, any such individual whose initial assumption of office 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 (c) 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, (1) 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), (2) 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 (3) 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 (d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

2. The first sentence of Section 6.05 is hereby amended and restated to read as follows:

> Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all Options and Stock Appreciation Rights outstanding on the date of such Change in Control shall become immediately and fully exercisable.

3. The first sentence of Section 7.04 is hereby amended and restated to read as follows:

> Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all restrictions applicable to Restricted Shares and Restricted Unit Awards shall terminate fully and the Participant shall immediately have the right to the delivery of share certificates.

4. The first sentence of Section 8.03 is hereby amended and restated to read as follows:

Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all Performance Awards for all Award Periods shall immediately become fully payable (at the maximum level) to all Participants and shall be paid to Participants within thirty (30) days after such Change in Control.

5. The first sentence of Section 9.03 is hereby amended and restated to read as follows:

Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all other stock-based Awards under this Article IX shall immediately become fully vested and payable to all Participants and shall be paid to Participants within thirty (30) days after such Change in Control.

6. Section 11.07 of the Plan is hereby amended by adding the following at the end of such Section to read as follows:

Notwithstanding anything in this Plan or in any Award Agreement to the contrary, this Section 11.07 shall be of no force and effect on or following the occurrence of a Change in Control.

7. This Amendment is effective as of the date first set forth above. Except as amended hereunder, all other terms and conditions of the Plan shall remain in full force and effect.

EXHIBIT 10.4(e)

AMENDMENT NO. 2 TO MYLAN LABORATORIES INC.
2003 LONG-TERM INCENTIVE PLAN

This Amendment, dated as of April 3, 2006 is made to the Mylan Laboratories Inc. 2003 Long-Term Incentive Plan (the "Plan"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Plan.

WHEREAS, the Company has previously adopted the Plan and amended the Plan on December 2, 2004;

WHEREAS, Company wishes to further amend the Plan;

WHEREAS, the Board has the authority to amend the Plan as set forth in Section 11.16 of the Plan;

NOW THEREFORE, pursuant to Section 11.16 of the Plan, the Plan is amended as follows effective as of April 1, 2006, subject to shareholder approval at the 2006 annual meeting:

1. Section 2.23 of the Plan is hereby amended in its entirety as follows:

"Performance Goals means any of the following: revenue, economic value added (EVA), operating income, return on stockholders' equity, return on sales, stock price, earnings per share, earnings before interest, taxes, depreciation and amortization (EBITDA), cash flow, sales growth, margin improvement, income before taxes (IBT), IBT margin, return on investment, return on capital, return on assets, values of assets, market share, market penetration goals, personnel performance goals, business development goals (including without limitation regulatory submissions, product launches and other business development-related opportunities), regulatory compliance goals, international business expansion goals, customer retention goals, customer satisfaction goals, goals relating to acquisitions or divestitures, gross or operating margins, operating efficiency, working capital performance, earnings per share, growth in earnings per share, expense targets and/or productivity targets or ratios. Where applicable, the Performance Goals may be expressed in terms of attaining a specified level of the particular criteria, and may be applied to one or more of the Company, a subsidiary, or affiliate, or a division of or strategic business unit of the Company or may be applied to the performance of the Company relative to a market index, a group of other companies or a combination thereof, all as determined by the Committee. The Committee shall have the authority to make equitable adjustments to Performance Goals in recognition of unusual or non-recurring events affecting the Company or any subsidiary or affiliate or the financial statements of the Company or any subsidiary or affiliate, in response to changes in applicable laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or

related to the disposal of a segment of a business or related to a change in accounting principles."

2. The following additional sentence shall be added to the end of Section 7.01 of the Plan:

"With respect to Restricted Share, Restricted Unit Awards and Performance Awards (as set forth in Section 8.01) intended to qualify for the "performance-based" compensation exception contained in Section 162(m) of the Code, the aggregate number of Restricted Shares, Restricted Unit Awards and Performance Awards granted to a single Participant for any performance period shall not exceed 200,000 Shares, subject to adjustment as prescribed in Section 11.08."

3. Section 10.01 of the Plan is hereby amended in its entirety as follows:

"Eligibility. This Article X is a limited purpose provision that shall apply only in the event the Committee deems it appropriate that the Company's short-term cash incentives for covered employees (as defined in Section 162(m)) qualify for deductibility under the "performance-based" compensation exception contained Section 162(m). The maximum value of such short-term cash incentive for any covered employee shall not exceed $5 million for any fiscal year."

4. This Amendment is effective as of the date first set forth above, but shall be subject to shareholder approval at the 2006 annual meeting. Except as amended hereunder, all other terms and conditions of the Plan shall remain in full force and effect.

EXHIBIT 10.5

AMENDED AND RESTATED
EXECUTIVE EMPLOYMENT AGREEMENT

This Amended and Restated Executive Employment Agreement (the "Agreement") is dated as of April 3, 2006, by and between Mylan Laboratories Inc. (the "Company") and Robert J. Coury (the "Executive").

RECITALS:

WHEREAS, the Company and the Executive are parties to a certain Executive Employment Agreement dated as of July 22, 2002, as amended December 15, 2003 (the "Prior Agreement").

WHEREAS, the parties wish to amend and restate the Prior Agreement effective as of the Effective Date (as hereinafter defined).

NOW, THEREFORE, in consideration of the promises and mutual obligations of the parties contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive agree as follows:

1. Employment of Executive; Position and Duties. The Executive shall continue to serve as a member of the Board of Directors (the "Board") of the Company and the Executive shall continue to be employed by the Company as Chief Executive Officer of the Company. In the role of Chief Executive Officer, the Executive shall have the duties, roles, and responsibilities traditionally assigned to the chief executive officer of a public company. Unless the Executive determines otherwise, the Executive's principal office shall be in the Pittsburgh metropolitan area. The Executive agrees to devote his full business time and attention to his duties, provided, however, the Executive shall be permitted reasonable time to devote to personal investments, service on corporate, professional and charitable boards and other philanthropic activities and service as a fiduciary or administrator with respect to estates and trusts.

2. Effective Date; Term of Employment. This Agreement shall commence and be effective as of April 1, 2006 (the "Effective Date"), and shall terminate at the close of business on the third anniversary of the Effective Date unless sooner terminated in accordance with the terms of this Agreement or extended as hereinafter provided. The term of this Agreement shall be extended, without further action by the Company or the Executive, on the first anniversary of the Effective Date (the "Extension Effective Date") and on each subsequent anniversary of the Effective Date (each also an "Extension Effective Date"), for successive periods of twelve months each, unless either party shall have given written notice to the other party, in the manner set forth in Section 12 below, prior to the Extension Effective Date in question, that the term of this Agreement that is in effect at the time such written notice is given is not to be extended or further extended, as the case may be (the period during which this Agreement is effective being referred to as the "Term of Employment").

3. Executive's Compensation. During the Term of Employment, the Executive's "Compensation" shall include the following:

(a) Annual Base Salary. The Executive's annual base salary as of the Effective Date shall be equal to $1,500,000, payable in accordance with the Company's normal payroll practices for its executive officers. The Executive's base salary may be increased from time to time at the discretion of the Board (or any committee thereof having authority over executive compensation (the "Committee")) and once increased may not be decreased. The base salary as in effect from time to time shall be referred to as the "Base Salary."

(b) Annual Bonus. The Executive shall be eligible to participate in the Company's annual executive incentive or bonus plan as in effect from time to time, with the opportunity to receive an annual award in respect of each fiscal year of the Company ending during the Term of Employment in accordance with the terms and conditions of such plan, with a minimum target equal to 100% of the highest Base Salary during such year (or such higher percentage as the Board or the Committee may prescribe).

(c) Fringe Benefits and Expense Reimbursement. The Executive shall receive such benefits and perquisites of employment as have been customarily provided to the Company's Chief Executive Officer, including but not limited to, health insurance coverage, profit-sharing, participation in the Company's 401(k) plan, short-term disability benefits, thirty (30) vacation days, expense reimbursement, and automobile usage in accordance with the plan documents or policies that govern such benefits. Because of heightened security concerns, the Executive shall also be entitled to personal usage of the Company's aircraft for the Executive and the Executive's family for vacations and other personal purposes. To the extent that any income or employment taxes ("Taxes") are due with respect to the Executive's use of an automobile or the Executive's or his family's personal use of the Company's aircraft, the Company shall provide the Executive with a "gross up" of Taxes due on such use. The Company shall reimburse Executive for all ordinary and necessary business expenses in accordance with established Company policy and procedures.

(d) Long-Term Compensation. During the Term of Employment, the Executive shall be eligible to participate in long term incentive and equity plans of the Company as in effect from time to time, on a basis at least as favorable as other senior executives.

4. Confidentiality. The Executive recognizes and acknowledges that the business interests of the Company and its subsidiaries, parents and affiliates (collectively the "Affiliated Companies") require a confidential relationship between the Company and the Executive and the fullest protection and confidential treatment of the financial data, customer information, supplier information, market information, marketing and/or promotional techniques and methods, pricing information, purchase information, sales policies, employee lists, policy and procedure information, records, advertising information, computer records, trade secrets, know-how, plans and programs, sources of supply, and other knowledge of the business of the Affiliated Companies (all of which are hereinafter jointly termed "Confidential Information") which have or may in whole or in part be conceived, learned or obtained by the Executive in the course of the Executive's employment with the Company. Accordingly, the Executive agrees to keep secret and treat as confidential all Confidential Information whether or not copyrightable or patentable, and agrees not to knowingly use or aid others in learning of or using any Confidential

Information except in the ordinary course of business and in furtherance of the Company's interests. During the Term of Employment and at all times thereafter, except insofar as is necessary disclosure consistent with the Company's business interests:

(a) The Executive will not knowingly disclose any Confidential Information to anyone outside the Affiliated Companies;

(b) The Executive will not make copies of or otherwise knowingly disclose the contents of documents containing or constituting Confidential Information;

(c) As to documents which are delivered to the Executive or which are made available to him as a necessary part of the working relationships and duties of the Executive within the business of the Company, the Executive will treat such documents confidentially and will treat such documents as proprietary and confidential, not to be knowingly reproduced, disclosed or used without appropriate authority of the Company;

(d) The Executive will not knowingly advise others that the information and/or know-how included in Confidential Information is known to or used by the Company; and

(e) The Executive will not in any manner knowingly disclose or use Confidential Information for the Executive's own account and will not knowingly aid, assist or abet others in the use of Confidential Information for their account or benefit, or for the account or benefit of any person or entity other than the Company.

The obligations set forth in this paragraph are in addition to any other agreements the Executive may have with the Company and any and all rights the Company may have under state or federal statutes or common law.

5. Non-Competition and Non-Solicitation. The Executive agrees that during the Term of Employment and for a period ending two (2) years after the Executive ceases to be employed by the Affiliated Companies (a "Termination of Employment") for any reason:

(a) The Executive shall not whether for himself or for any other person, company, corporation or other entity be or become associated in any way (including but not limited to the association set forth in (i)-(vii) of this subsection) with any business or organization which is directly or indirectly engaged in the research, development, manufacture, production, marketing, promotion or sale of any product the same as or similar to those of the Affiliated Companies, or which competes or has announced an intention to compete in any line of business with the Affiliated Companies within North America. Notwithstanding the foregoing, the Executive may during the period in which this paragraph is in effect own stock or other interests in corporations or other entities that engage in businesses the same or substantially similar to those engaged in by the Affiliated Companies, provided that the Executive does not, directly or indirectly (including without limitation as the result of ownership or control of another corporation or other entity), individually or as part of a group (as that term is defined in Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder) (i) control or have the ability to control the corporation or other entity, (ii) provide to

the corporation or entity, whether as an Executive, consultant or otherwise, advice or consultation, (iii) provide to the corporation or entity any confidential or proprietary information regarding the Affiliated Companies or its businesses or regarding the conduct of businesses similar to those of the Affiliated Companies, (iv) hold or have the right by contract or arrangement or understanding with other parties to hold a position on the board of directors or other governing body of the corporation or entity or have the right by contract or arrangement or understanding with other parties to elect one or more persons to any such position, (v) hold a position as an officer of the corporation or entity, (vi) have the purpose to change or influence the control of the corporation or entity (other than solely by the voting of his shares or ownership interest) or (vii) have a business or other relationship, by contract or otherwise, with the corporation or entity other than as a passive investor in it; provided, however, that the Executive may vote his shares or ownership interest in such manner as he chooses provided that such action does not otherwise violate the prohibitions set forth in this sentence.

(b) The Executive will not either for himself or for any other person, partnership, firm, company, corporation or other entity, contact, solicit, divert, or take away any of the customers or suppliers of the Affiliated Companies.

(c) The Executive will not solicit, entice or otherwise induce any employee of the Affiliated Companies to leave the employ of the Affiliated Companies for any reason whatsoever; nor will the Executive knowingly aid, assist or abet any other person or entity in soliciting or hiring any employee of the Affiliated Companies, nor will the Executive otherwise interfere with any contractual or other business relationships between the Affiliated Companies and its employees.

6. Severabilityy. Should a court of competent jurisdiction determine that any section or sub-section of this Agreement is unenforceable because one or all of them are vague or overly broad, the parties agree that this Agreement may and shall be enforced to the maximum extent permitted by law. It is the intent of the parties that each section and sub-section of this Agreement be a separate and distinct promise and that unenforceability of any one subsection shall have no effect on the enforceability of another.

7. Injunctive Relief. The parties agree that in the event of the Executive's material violation of sections 4 and/or 5 of this Agreement or any subsection thereunder, that the damage to the Company will be irreparable and that money damages will be difficult or impossible to ascertain. Accordingly, in addition to whatever other remedies the Company may have at law or in equity, the Executive recognizes and agrees that the Company shall be entitled to a temporary restraining order and a temporary and permanent injunction enjoining and prohibiting any acts not permissible pursuant to this Agreement.

8. Termination of Employment.

(a) Resignation. The Executive may resign from employment without Good Reason (as defined below) at any time upon thirty (30) days written notice to the Company. During the thirty (30)-day notice period, the Executive will continue to perform duties and abide by all other terms and conditions of this Agreement. Additionally, the Executive will use his best efforts to

effect a smooth and effective transition to whoever will replace the Executive. The Company reserves the right to accelerate the effective date of the Executive's resignation. The Company shall have no liability to the Executive under this subsection other than the Executive's wages and benefits through the effective date of the Executive's resignation and any vested benefits payable to the Executive under plans and agreements of the Company or any predecessor to the Company and any amounts payable to Executive under any agreement between the Executive and any of the Affiliated Companies, including but not limited to the Retirement Benefit Agreement entered into by and between the Executive and the Company, as amended from time to time (collectively the "Accrued Benefits"). The Executive will continue to be bound by all provisions of this Agreement that survive the Executive's Termination of Employment.

(b) Termination for Cause. The Company may terminate the Executive's employment for Cause. "Cause" shall mean: (1) the Executive's willful and continued gross neglect of duties (other than resulting from incapacity due to physical or mental illness or following the Executive's delivery of a Notice of Termination for Good Reason (as defined herein)), or (2) the willful engaging by the Executive in illegal conduct that is materially and demonstrably injurious to the Company or (3) the willful engaging by the Executive in gross misconduct that is materially and demonstrably injurious to the Company which, in the case of clauses (1) and (3), has not been cured within 30 days after a written demand for substantial performance is delivered to the Executive by the Board that specifically identifies the manner in which the Board believes that the Executive has grossly neglected his duties or has engaged in gross misconduct. No act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board (excluding the Executive, if the Executive is a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel for the Executive, to be heard before the Board), finding that, in the good faith opinion of the Board, Cause exists and specifying the particulars thereof in detail. In the event of a dispute concerning the existence of "Cause," any claim by the Executive that "Cause" does not exist shall be presumed correct unless the Company establishes by clear and convincing evidence that Cause exists. The Company shall have no liability to the Executive in the event of a Termination of Employment for Cause other than the Accrued Benefits.

(c) Termination of Employment With Good Reason or Without Cause. If the Executive experiences a Termination of Employment with Good Reason or the Executive experiences a Termination of Employment by the Company without Cause, then:

(i) the Executive shall be paid (a) the Accrued Benefits, (b) an amount (the "Severance Amount") equal to three (3) times the Executive's "Annual Cash Compensation," as hereafter

defined, and (c) a prorated annual bonus for the fiscal year in which the Executive's Termination of Employment occurs (the "Pro Rata Bonus"), such Pro Rata Bonus to be determined by multiplying the target bonus for the year in which Termination of Employment occurs by a fraction the numerator of which shall be the number of days elapsed in such fiscal year through (and including) the date on which the Executive's Termination of Employment occurs and the denominator of which shall be the number 365. The Severance Amount and the Pro-Rata Bonus shall be paid in a lump sum within ten days after the date of the Executive's Termination of Employment (or, if required by Section 409A of the Internal Revenue Code (the "Code") to avoid the imposition of additional taxes, on the date that is six (6) months following the date on which the Executive's Termination of Employment occurs). For purposes of this section 8(c)(i), the Executive's "Annual Cash Compensation" shall mean the sum of (I) the Employee's Base Salary as in effect at the time of the Executive's Termination of Employment, plus (II) the higher of (x) the average annual bonus awarded to the Employee with respect to the three fiscal years immediately preceding the Executive's Termination of Employment (including, if applicable, fiscal years ending prior to the Effective Date) and (y) the Executive's target bonus for the year in which the Termination of Employment occurs.

(ii) for the remainder of the calendar year in which the Termination of Employment occurs and during the two succeeding calendar years, the Company shall continue to provide benefits (other than the benefits specifically provided for in the following sentence) 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 any affiliate in accordance with the benefit plans, programs, practices and policies (including those provided under this Agreement) in effect immediately prior to the Executive's Termination of Employment or, if more favorable to the Executive, as in effect any time thereafter with respect to the chief executive officer of the Company and his or her 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 (the "Welfare Benefit Continuation Payments"). For a period of three years after the Executive's Termination of Employment, the Executive shall be entitled to access for the Executive to corporate aircraft comparable to that made available to the Executive immediately prior to the Executive's Termination of Employment for his personal use for an aggregate of 70 hours per year (defined by wheels-up with the Executive and/or the Executive's family on the aircraft), with each hour valued at $8,650 (such value to be increased by 8% per year (compounded) commencing in 2007), with such access in all other respects to be provided in accordance with Section 3(c) of the this Agreement and the Company's practice immediately prior to the Executive's Termination of Employment. As soon as practicable following the end of each anniversary of the date of the Executive's Termination of Employment, the Company shall pay the Executive an amount equal to the excess, if any, of the value of the maximum aircraft benefits provided pursuant to the preceding sentence over the value of the actual benefits used by the Executive during the relevant twelve-month period, such value to be calculated consistent with the preceding sentence.

Notwithstanding the foregoing, if the Company and the Executive agree that it is required by Section 409A of the Code to avoid the imposition of additional taxes, the provision of any benefits pursuant to this subsection (ii) shall not begin until the date that is six (6) months following the date on which the Executive's Termination of Employment occurs and the Company shall reimburse the Executive for reasonable costs incurred by the Executive to independently obtain such benefits during the six (6) months following the date on which such Termination of Employment occurs (with the cost of airplane use described above being deemed reasonable for this purpose). The benefits and allowances referred to in this subsection (ii) (including the Welfare Benefit Continuation Payments) are collectively referred to as the "Employee Benefit Continuation Payments." Upon publication of final treasury regulations under Section 409A of the Code, the Company and the Executive shall consider in good faith amendments to this Section 8(c)(ii) which are consistent with such final regulations and, if permitted, extend the period of coverage for all Employee Benefit Continuation Payments to a period of three years following Termination of Employment.

(iii) all then outstanding equity-based awards held by the Executive (other than stock options) shall become fully vested and free of restrictions, all then outstanding stock options held by the Executive shall become fully vested and exercisable and shall remain exercisable for the period of time prescribed under the terms of the applicable stock option grant.

(iv) the Executive will continue to be bound by all provisions of this Agreement that survive Termination of Employment.

"Good Reason" shall mean: (1) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position as Chief Executive Officer (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 1 of this Agreement, or any other diminution in such position (or removal from such position), authority, duties, responsibilities or conditions of employment (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity or becoming a subsidiary or a division of a publicly traded entity), or the Executive determines in good faith that a change in circumstances relating to his employment has rendered it substantially more difficult for him to perform his duties and responsibilities hereunder as Chief Executive Officer as compared to prior to such change in circumstances (other than by reason of Cause or his physical or mental incapacity), in each case excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; (2) failure to nominate the Executive as a member of the Board or removal of the Executive from (or failure to re-elect the Executive to) his position as a member of the Board; (3) any failure by the Company to comply with any of the provisions of Section 3 of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; (4) the Company's requiring the Executive to be based at any office or location other than as provided in Section 1 of this Agreement; (5) any failure by the Company to comply with and satisfy Section 16 of this Agreement; (6) the Company's giving written notice to the Executive that the term of this Agreement that is in effect at the time such written notice is given is not to be extended or further extended; (7) any other breach of this Agreement by the Company, excluding for this purpose an isolated, insubstantial and inadvertent

breach that is not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive.

The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. In connection with any dispute regarding the existence of Good Reason, any claim by the Executive that Good Reason exists shall be presumed to be correct unless the Company establishes by clear and convincing evidence that Good Reason does not exist.

(d) Death. The employment of the Executive shall automatically terminate upon the Executive's death. Upon such Termination of Employment as a result of death, the Company shall pay or provide to the Executive's estate or beneficiaries (i) the Accrued Benefits, (ii) the Pro Rata Bonus, (iii) the Severance Amount reduced (but not below zero) by any death benefits to which the Executive's estate or beneficiaries are entitled pursuant to plans or arrangements of the Company (the "Modified Severance Amount"), and (iv) the Welfare Benefit Continuation Payments. Upon the Executive's Termination of Employment as a result of the Executive's death, the Pro Rata Bonus and the Modified Severance Amount shall be paid in a lump sum to the Executive's estate or beneficiaries within ten (10) days after the Executive's Termination of Employment.

(e) Disability. The employment of the Executive shall automatically terminate upon the Executive's Disability. Upon such Termination of Employment as a result of Disability, the Company shall pay or provide to the Executive (i) the Accrued Benefits, (ii) the Pro Rata Bonus, (iii) the Severance Amount reduced (but not below zero) by any disability benefits to which the Executive is entitled pursuant to plans or arrangements of the Company (the "Disability Severance Amount") and (iv) the Employee Benefit Continuation Payments. Upon the Executive's Termination of Employment as a result of Disability, the Pro Rata Bonus shall be paid in a lump sum to the Executive within ten (10) days after the Executive's Termination of Employment (or, if required by Section 409A of the Code to avoid the imposition of additional taxes, on the date that is six (6) months following the date on which the Executive's Termination of Employment occurs). Upon the Executive's Termination of Employment as a result of Disability, the Disability Severance Amount shall be paid over a period of three (3) years following such Termination of Employment in accordance with regular payroll practices or, if required by Section 409A of the Code to avoid the imposition of additional taxes, the Company shall pay to the Executive a lump sum payment on the date that is six (6) months following the date on which the Executive's Termination of Employment occurs equal to one-sixth (1/6th) of the Disability Severance Amount and then, for a period of two and one-half years following such lump sum payment date, shall continue to pay to the Executive the remainder of the Disability Severance Amount in accordance with regular payroll practices. "Disability" shall mean the inability to perform normal functions of a member of the Board or as Chief Executive Officer due to mental, physical or emotional disability which is expected to last more than one year.

(f) Return of Company Property. Upon the Executive's Termination of Employment for any reason, the Executive shall immediately return to the Company all records, memoranda, files, notes, papers, correspondence, reports, documents, books, diskettes, hard drives, electronic files, and all copies or abstracts thereof that the Executive has concerning the Company's business.

The Executive shall also immediately return all keys, identification cards or badges and other Company property.

(g) No Duty to Mitigate. There shall be no requirement on the part of the Executive to seek other employment or otherwise mitigate damages in order to be entitled to the full amount of any payments and benefits to which the Executive is otherwise entitled under the contract, and the amount of such payments and benefits shall not be reduced by any compensation or benefits received by the Executive from other employment.

(h) Cooperation. Upon the Executive's Termination of Employment for any reason, the Company and the Executive shall mutually cooperate with each other in connection with the preparation of a press release or other public announcement relating to such Termination of Employment.

9. Indemnification. The Company shall maintain D&O liability coverage pursuant to which the Executive shall be a covered insured. The Executive shall receive indemnification in accordance with the Company's Bylaws in effect as of the date of this Agreement. Such indemnification shall be contractual in nature and shall remain in effect notwithstanding any future change to the Company's Bylaws.

To the extent not otherwise limited by the Company's Bylaws in effect as of the date of this Agreement, in the event that the Executive is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, (including those brought by or in the right of the Company) whether civil, criminal, administrative or investigative ("proceeding"), by reason of the fact that he is or was an officer, employee or agent of, or is or was serving the Company or any subsidiary of the Company, or is or was serving at the request of the Company or another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, the Executive shall be indemnified and held harmless by the Company to the fullest extent authorized by law against all expenses, liabilities and losses (including attorneys fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Executive in connection therewith. Such right shall be a contract right and shall include the right to be paid by the Company expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses incurred by the Executive in his capacity as a director or officer (and not in any other capacity in which service was or is rendered by the Executive while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of such proceeding will be made only upon delivery to the Company of an undertaking, by or on behalf of the Executive, to repay all amounts to Company so advanced if it should be determined ultimately that the Executive is not entitled to be indemnified under this section or otherwise.

Promptly after receipt by the Executive of notice of the commencement of any action, suit or proceeding for which the Executive may be entitled to be indemnified, the Executive shall notify the Company in writing of the commencement thereof (but the failure to notify the Company

shall not relieve it from any liability which it may have under this Section 9 unless and to the extent that it has been prejudiced in a material respect by such failure or from the forfeiture of substantial rights and defenses). If any such action, suit or proceeding is brought against the Executive and he notifies the Company of the commencement thereof, the Company will be entitled to participate therein, and, to the extent it may elect by written notice delivered to the Executive promptly after receiving the aforesaid notice from the Executive, to assume the defense thereof with counsel reasonably satisfactory to the Executive, which may be the same counsel as counsel to the Company. Notwithstanding the foregoing, the Executive shall have the right to employ his own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of the Executive unless (i) the employment of such counsel shall have been authorized in writing by the Company, (ii) the Company shall not have employed counsel reasonably satisfactory to the Executive to take charge of the defense of such action within a reasonable time after notice of commencement of the action or (iii) the Executive shall have reasonably concluded, after consultation with counsel to the Executive, that a conflict of interest exists which makes representation by counsel chosen by the Company not advisable (in which case the Company shall not have the right to direct the defense of such action on behalf of the Executive), in any of which events such fees and expenses of one additional counsel shall be borne by the Company.

Anything in this Section 9 to the contrary notwithstanding, the Company shall not be liable for any settlement of any claim or action effected without its written consent.

10. Legal Fees. Notwithstanding anything to the contrary in Section 9 of this Agreement, the Company shall reimburse the Executive for all costs (including but not limited to reasonable legal fees and expenses) incurred by the Executive in disputing in good faith any issue hereunder relating to the termination of the Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement, or, to the extent attributable to the application of Section 4999 of the Internal Revenue Code to any payment or benefit provided hereunder, in connection with any tax audit or proceeding. Such reimbursements shall be made promptly upon delivery of the Executive's written request for payment accompanied by appropriate evidence of the costs so incurred.

11. Other Agreements. The rights and obligations contained in this Agreement are in addition to and not in place of any rights or obligations contained in any other agreements between the Executive and the Company.

12. Notices. All notices hereunder to the parties hereto shall be in writing sent by certified mail, return receipt requested, postage prepaid, and by fax (receipt confirmed), addressed to the respective parties at the following addresses:

COMPANY:

Mylan Laboratories Inc.
1500 Corporate Drive
Canonsburg, PA 15317
Attention: Chief Legal Officer or General Counsel

Fax: 724-514-1871

EXECUTIVE:

The Executive's most recent home address or fax number on file with the Company.

Either party may, by written notice complying with the requirements of this section, specify another or different person or address for the purpose of notification hereunder. All notices shall be deemed to have been given and received on the day a fax is sent or, if mailed only, on the third business day following such mailing.

13. Withholding. All payments required to be made by the Company hereunder to the Executive or his dependents, beneficiaries, or estate will be subject to the withholding of such amounts relating to tax and/or other payroll deductions as may be required by law.

14. Modification and Waiver. This Agreement may not be changed or terminated orally, nor shall any change, termination or attempted waiver of any of the provisions contained in this Agreement be binding unless in writing and signed by the party against whom the same is sought to be enforced, nor shall this section itself by waived verbally. This Agreement may be amended only by a written instrument duly executed by or on behalf of the parties hereto.

15. Construction of Agreement. This Agreement and all of its provisions were subject to negotiation and shall not be construed more strictly against one party than against another party regardless of which party drafted any particular provision.

16. Successors and Assigns. This Agreement and all of its provisions, rights and obligations shall be binding upon and inure to the benefit of the parties hereto and the Company's successors and assigns. This Agreement may be assigned by the Company to any person, firm or corporation which shall become the owner of substantially all of the assets of the Company or which shall succeed to the business of the Company; provided, however, that in the event of any such assignment the Company shall obtain an instrument in writing from the assignee in which such assignee assumes the obligations of the Company hereunder and shall deliver an executed copy thereof to the Executive. No right or interest to or in any payments or benefits hereunder shall be assignable by the Executive; provided, however, that this provision shall not preclude him from designating one or more beneficiaries to receive any amount that may be payable after his death and shall not preclude the legal representative of his estate from assigning any right hereunder to the person or persons entitled thereto under his will or, in the case of intestacy, to the person or persons entitled thereto under the laws of intestacy applicable to his estate. The term "beneficiaries" as used in this Agreement shall mean a beneficiary or beneficiary or beneficiaries so designated to receive any such amount, or if no beneficiary has been so designated, the legal representative of the Executive's estate. No right, benefit, or interest hereunder, shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt, or obligation, or to execution, attachment, levy, or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void, and of no effect.

17. Choice of Law and Forum. This Agreement shall be construed and enforced according to, and the rights and obligations of the parties shall be governed in all respects by, the laws of the Commonwealth of Pennsylvania. The parties irrevocably submit to the jurisdiction of the state and federal courts located in the Commonwealth of Pennsylvania solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated by this Agreement and by those documents, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement of this Agreement or of any such document, that it is not subject to this Agreement or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 12 or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

18. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way affect the interpretation of any of the terms or conditions of this Agreement.

19. Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above mentioned.

MYLAN LABORATORIES INC.

By /s/ Rod Piatt
Name: Rod Piatt
Title: Chairman, Compensation Committee

/s/ Robert J. Coury
Robert J. Coury

EXHIBIT 10.6(b)

AMENDMENT NO. 1 TO EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT NO. 1 TO EXECUTIVE EMPLOYMENT AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company") and Edward J. Borkowski (the "Executive"), is made as of April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Executive Employment Agreement dated as of July 1, 2004 (the "Agreement");

WHEREAS, the Company and the Executive wish to amend and extend the Agreement, effective as of April 1, 2006, 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 2 of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"Effective Date; Termination of Employment. This Agreement shall commence and be effective as of the date hereof and shall remain in effect, unless earlier terminated or extended or renewed, as provided in Section 8 of this Agreement, through June 30, 2008."

2. Section 9(c) of the Agreement is hereby deleted and replaced in its entirety by the following:

"Termination without Cause. If Mylan discharges Executive without Cause, Mylan will pay Executive, within 30 days of his separation from the Company, a lump sum equal to one and one-half (1.5) times the sum of his then current Base Salary plus Prior Bonus. Mylan shall also pay the cost of continuing Executive's health insurance benefits for the 18 months following such termination without Cause; provided, however, that in the case of health insurance continuation, Mylan's obligation to provide health insurance benefits shall end at the time as Executive obtains health insurance benefits through another employer or otherwise in connection with rendering services for a third party. Executive will continue to be bound by all provisions of this Agreement that survive termination of employment."

3. The following proviso is hereby added to the end of the final sentence of Section 9(d) of the Agreement:

"provided, however, that such consideration, compensation, and benefits shall be reduced by any benefits that the Executive or the Executive's estate or beneficiaries are entitled to pursuant to plans or arrangements of the Company."

4. The following is hereby added as Section 9(h) of the Agreement:

“Section 409A. Notwithstanding anything to the contrary in this Agreement, the payment of consideration, compensation, and benefits pursuant to this Section 8 shall be interpreted and administered in a manner intended to avoid the imposition of additional taxes under Section 409A of the Internal Revenue Code.”

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

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

7. 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 date and the year first written above.

MYLAN LABORATORIES INC.

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

EXECUTIVE

/s/ Edward J. Borkowski
Edward J. Borkowski

EXHIBIT 10.7(b)

AMENDMENT NO. 1 TO
EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT NO. 1 TO EXECUTIVE EMPLOYMENT AGREEMENT (this "Amendment") is made as of this 3rd day of April, 2006, by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and Louis J. DeBone ("Executive").

WHEREAS, the Company and Executive are party to that certain Executive Employment Agreement dated as of July 1, 2004 (the "Agreement");

WHEREAS, the Executive has notified the Company that he plans to retire from the Company effective as of September 1, 2006;

WHEREAS, in connection with Executive's retirement, the Company and Executive desire to amend the Agreement, effective as of April 1, 2006, as permitted by Section 15 of the Agreement, upon the terms and conditions set forth herein;

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(a) is hereby amended to restate the fourth sentence of such subsection in its entirety as follows:

"Except as provided in Section 8(c) and 8(d), the Company shall have no liability to Executive under this subsection other than that the Company shall pay Executive's wages and benefits through the effective date of Executive's resignation."

2. Section 8(b) of the Agreement is hereby deleted in its entirety and replaced with the following:

"Termination for Cause. The Company may terminate the Executive's employment for Cause. "Cause" shall mean: (i) the Executive's willful and substantial misconduct with respect to the Company's business or affairs; (ii) the Executive's gross neglect of duties, or (iii) the Executive's conviction of any felony, which, in the case of clauses (i) and (ii) of this definition, has not been cured within 30 days after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has engaged in conduct that constitutes Cause under this Agreement. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company (y) no termination shall be treated as a termination for "Cause" unless, after the Executive and his counsel have had an opportunity to be heard by the Board, the Board reaches a finding through a

vote of at least three-quarters of the entire Board that Cause exists, and (z) in the event of a dispute concerning the existence of "Cause," any claim by the Executive that "Cause" does not exist shall be presumed correct unless the Company establishes by clear and convincing evidence that Cause exists."

3. The following proviso is hereby added to the end of the second sentence of Section 8(c) of the Agreement:

"provided, that such lump sum payment shall be reduced by any disability benefits that the Executive is entitled to pursuant to plans or arrangements of the Company."

4. Section 8(d) is hereby amended and restated in its entirety to read as follows:

"Extension or Renewal; Retirement. The Term of Employment may be extended or renewed upon mutual agreement of Executive and the Company. If (i) the Term of Employment is not extended or renewed on terms mutually acceptable to Executive and the Company and if this Agreement has not already been terminated for reasons stated in Section 8(a), (b) or (c) of this Agreement, or (ii) if Executive retires from the Company on or after September 1, 2006, Executive shall be paid, within 30 days of separation from the Company, a lump sum equal to his then-current Minimum Base Salary plus the Prior Bonus. In addition, Executive's health insurance benefits shall be continued for 12 months at the Company's cost; provided, however, that in the case of health insurance continuation, the Company's obligation to provide health insurance benefits shall end at such time as Executive, at his option, voluntarily obtains health insurance benefits through another employer or otherwise in connection with rendering services for a third party. Executive, however, will continue to be bound by all provisions of this Agreement that survive termination of employment."

5. The following proviso is hereby added to the end of the final sentence of Section 8(g) of the Agreement:

"provided, however, that such consideration, compensation, and benefits shall be reduced by any death benefits that the Executive's estate or beneficiaries are entitled to pursuant to plans or arrangements of the Company."

6. The following is hereby added as Section 8(h) of the Agreement:

"Section 409A. Notwithstanding anything to the contrary in this Agreement, the payment of consideration, compensation, and benefits pursuant to this Section 8 shall be interpreted and administered in manner intended to avoid the imposition of additional taxes under Section 409A of the Internal Revenue Code."

7. The parties acknowledge and agree that this Amendment is an integral part of the Agreement. Notwithstanding any provision of the Agreement to the contrary, in

the event of any conflict between this Amendment and the Agreement or any part of either of them, the terms of this Amendment shall control.

8. Except as expressly set forth herein, the terms and conditions of the Agreement are and shall remain in full force and effect.

9. The Agreement, as amended by this Amendment, sets forth the entire understanding of the parties with respect to the subject matter thereof and hereof.

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

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

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

MYLAN LABORATORIES INC.

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

/s/ Louis J. DeBone
Louis J. DeBone

EXHIBIT 10.8(b)

AMENDMENT NO. 1 TO EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT NO. 1 TO EXECUTIVE EMPLOYMENT 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 April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Executive Employment Agreement dated as of July 1, 2004 (the "Agreement");

WHEREAS, the Company and the Executive wish to amend the Agreement, effective as of April 1, 2006, 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 following proviso is hereby added to the end of the second sentence of Section 8(c) of the Agreement:

"provided, that, such lump sum payment shall be reduced by any disability benefits that the Executive is entitled to pursuant to plans or arrangements of the Company."

2. The following proviso is hereby added to the end of the final sentence of Section 8(g) of the Agreement:

"provided, however, that such consideration, compensation, and benefits shall be reduced by any death benefits that the Executive's estate or beneficiaries are entitled to pursuant to plans or arrangements of the Company."

3. The following is hereby added as Section 8(h) of the Agreement:

"Section 409A. Notwithstanding anything to the contrary in this Agreement, the payment of consideration, compensation, and benefits pursuant to this Section 8 shall be interpreted and administered in manner intended to avoid the imposition of additional taxes under Section 409A of the Internal Revenue Code."

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

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

6. 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 date and the year first written above.

MYLAN LABORATORIES INC.

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

EXECUTIVE

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

EXHIBIT 10.9(b)

AMENDMENT NO. 1 TO EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT NO. 1 TO EXECUTIVE EMPLOYMENT AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company") and Stuart A. Williams (the "Executive"), is made as of April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Executive Employment Agreement dated as of July 1, 2004 (the "Agreement");

WHEREAS, the Company and the Executive wish to amend and extend the Agreement, effective as of April 1, 2006, 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 2 of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"Effective Date; Termination of Employment. This Agreement shall commence and be effective as of the date hereof and shall remain in effect, unless earlier terminated or extended or renewed, as provided in Section 8 of this Agreement, through March 31, 2007."

2. The following proviso is hereby added to the end of the final sentence of Section 8(d) of the Agreement:

"provided, however, that such consideration, compensation, and benefits shall be reduced by any benefits that the Executive or the Executive's estate or beneficiaries are entitled to pursuant to plans or arrangements of the Company."

3. The following is hereby added as Section 8(h) of the Agreement:

"Section 409A. Notwithstanding anything to the contrary in this Agreement, the payment of consideration, compensation, and benefits pursuant to this Section 8 shall be interpreted and administered in manner intended to avoid the imposition of additional taxes under Section 409A of the Internal Revenue Code."

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

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

6. 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 date and the year first written above.

MYLAN LABORATORIES INC.

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

EXECUTIVE

/s/ Stuart A. Williams
Stuart A. Williams

EXHIBIT 10.10(b)

AMENDMENT NO. 1 TO EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT NO. 1 TO EXECUTIVE EMPLOYMENT AGREEMENT (this "Amendment") is made as of this 31st day of March, 2006, by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and _____ _____ ("Executive").

WHEREAS, the Company and Executive are party to that certain Executive Employment Agreement dated as of _____ (the "Agreement"), pursuant to which the Company agrees to employ Executive, and Executive accepts such employment, as more particularly described in the Agreement; and

WHEREAS, as permitted by Section 15 of the Agreement, the Company and Executive desire to amend the Agreement, upon the terms and conditions set forth herein;

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 references to "March 31, 2006" in Section 2 (Effective Date; Term of Employment), Section 8(c) (Termination Without Cause) and Section 8(e) (Extension or Renewal) of the Agreement are hereby amended to read "March 31, 2008" in each instance.

2. (a) The parties acknowledge and agree that this Amendment is an integral part of the Agreement. Notwithstanding any provision of the Agreement to the contrary, in the event of any conflict between this Amendment and the Agreement or any part of either of them, the terms of this Amendment shall control.

(b) Except as expressly set forth herein, the terms and conditions of the Agreement are and shall remain in full force and effect.

(c) The Agreement, as amended by this Amendment, sets forth the entire understanding of the parties with respect to the subject matter thereof and hereof.

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

(e) This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same document.

[Signature page follows]

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

MYLAN LABORATORIES INC.

By: _____
Name:
Title:

EXECUTIVE:

_____

EXHIBIT 10.11(b)

AMENDMENT NO. 1 TO RETIREMENT BENEFIT AGREEMENT

THIS AMENDMENT NO. 1 TO RETIREMENT BENEFIT AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and Robert J. Coury (the "Executive"), is made as of April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Retirement Benefit Agreement dated as of December 31, 2004 (the "Agreement");

WHEREAS, the Company and the Executive wish to amend the Agreement effective as of April 1, 2006, 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 I(h) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

""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 determining NPV of Executive's Retirement Benefit (or Partial Retirement Benefit) where Executive Retires prior to attaining age 55, it shall be assumed that Executive's Retirement Benefit (or Partial Retirement Benefit) would have commenced at the date on which Executive would have attained age 55 and the NPV of such Retirement Benefit (or Partial Retirement Benefit) shall equal the present value of such Benefit at age 55 discounted back to the Executive's actual age at Retirement using the rate prescribed in the preceding sentence. Executive's age for purposes of this Agreement shall be Executive's age at his nearest birthday."

2. Section 2.1 is hereby deleted and replaced in its entirety to read as follows:

"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 the NPV of an annual retirement benefit equal to fifty percent (50%) of his annual base salary as of the date of such Retirement for a period of fifteen (15) years (the "Retirement Benefit"), paid in accordance with Section 2.6 of this Agreement; 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 the NPV of a portion of the Retirement Benefit determined as follows ("Partial Retirement Benefit") and paid in accordance with Section 2.6 of this Agreement:

(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 of at least six full months of employment and less than 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. If Executive Retires (other than by reason of disability) in a manner entitling to him to payment of severance benefits (pursuant to the Amended and Restated Executive Employment Agreement entered into by and between the Company and Executive effective as of April 1, 2006, as amended from time to time (the "Employment Agreement")), then Executive shall be credited with additional years of service for purposes of vesting under this Section 2.1 equal to the relevant multiplier applied for purposes of computing such severance benefits."

3. Section 2.6 of the Agreement shall be deleted and replaced in its entirety with the following:

"Within ten (10) days following Executive's Retirement, Executive's Retirement Benefit or Partial Retirement Benefit, as the case may be, shall be paid to Executive in a lump sum payment equal to the NPV of the Retirement Benefit or Partial Retirement Benefit, as the case may be. Notwithstanding the above, if required by Section 409A of the Code to avoid the imposition of additional taxes, such payment shall be made on the date that is six (6) months following the date of such Retirement."

4. The following shall be added as a new subsection 4.4 to the Agreement:

"If (1) Executive Retires in connection with a "Termination of Employment" without "Cause" or a Termination of Employment for "Good Reason" (as each such term is defined in the Employment Agreement), (2) a "Potential Change in Control" (as defined in the Employment Agreement) either exists at the time of such Termination of Employment or occurs within one (1) year following the date of such Termination of Employment, and (3) the transaction or other event contemplated by such Potential Change in Control is consummated so as to result in a Change in Control, then within ten (10) days following such Change in Control, Executive shall be paid an amount equal to the excess, if any, of (1) the NPV of the Retirement Benefit (as determined

pursuant to Section 4.1 of this Agreement as of the time of Executive's Retirement) over (2) the NPV of the Partial Retirement Benefit previously paid to Executive in connection with his Retirement. Notwithstanding the above, if required by Section 409A of the Code to avoid the imposition of additional taxes, such excess shall be paid on the date that is six (6) months following the date of Executive's Retirement."

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

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

7. 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 date and the year first written above.

MYLAN LABORATORIES INC.

By: /s/ Rod Piatt
Name: Rod Piatt
Title: Chairman, Compensation Committee

EXECUTIVE

/s/ Robert J. Coury
Robert J. Coury

EXHIBIT 10.12(b)

AMENDMENT NO. 1 TO RETIREMENT BENEFIT AGREEMENT

THIS AMENDMENT NO. 1 TO RETIREMENT BENEFIT AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and Edward J. Borkowski (the "Executive"), is made as of April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Retirement Benefit Agreement dated as of December 31, 2004 (the "Agreement");

WHEREAS, the Company and the Executive wish to amend the Agreement, effective as of April 1, 2006, 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 I(h) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

""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 determining NPV of Executive's Retirement Benefit (or Partial Retirement Benefit) where Executive Retires prior to attaining age 55, it shall be assumed that Executive's Retirement Benefit (or Partial Retirement Benefit) would have commenced at the date on which Executive would have attained age 55 and the NPV of such Retirement Benefit (or Partial Retirement Benefit) shall equal the present value of such Benefit at age 55 discounted back to the Executive's actual age at Retirement using the rate prescribed in the preceding sentence. Executive's age for purposes of this Agreement shall be Executive's age at his nearest birthday."

2. Section 2.1 is hereby deleted and replaced in its entirety to read as follows:

"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 the NPV of an annual retirement benefit equal to one hundred and fifty thousand dollars ($150,000) for a period of fifteen (15) years (the "Retirement Benefit"), paid in accordance with Section 2.6 of this Agreement; 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 the NPV of a portion of the Retirement Benefit determined as follows ("Partial Retirement Benefit") and paid in accordance with Section 2.6 of this Agreement:

(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 of at least six full months of employment and less than 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. If Executive Retires in connection with a Termination without Cause or a Termination for Good Reason (pursuant to the Executive Employment Agreement entered into by and between the Company and Executive effective as of July 1, 2004, as amended April 3, 2006 (the "Employment Agreement")) (other than in the event the Executive's employment is terminated (i) by reason of disability or (ii) by reason of the non-extension or non-renewal of the Employment Agreement), then Executive shall be credited with additional years of service for purposes of vesting under this Section 2.1 equal to the relevant multiplier applied for purposes of computing such severance benefits."

3. Section 2.6 of the Agreement shall be deleted and replaced in its entirety with the following:

"Within ten (10) days following Executive's Retirement, Executive's Retirement Benefit or Partial Retirement Benefit, as the case may be, shall be paid to Executive in a lump sum payment equal to the NPV of the Retirement Benefit or Partial Retirement Benefit, as the case may be. Notwithstanding the above, if required by Section 409A of the Code to avoid the imposition of additional taxes, such payment shall be made on the date that is six (6) months following the date of such Retirement."

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

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

6. 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 date and the year first written above.

MYLAN LABORATORIES INC.

/s/ Robert J. Coury
Name: Robert J. Coury
Title: Vice Chairman and CEO

EXECUTIVE

/s/ Edward J. Borkowski
Edward J. Borkowski

EXHIBIT 10.13(b)

AMENDMENT NO. 1 TO RETIREMENT BENEFIT AGREEMENT

THIS AMENDMENT NO. 1 TO RETIREMENT BENEFIT AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and Stuart A. Williams (the "Executive"), is made as of April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Retirement Benefit Agreement dated as of December 31, 2004 (the "Agreement");

WHEREAS, the Company and the Executive wish to amend the Agreement, effective as of April 1, 2006, 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 I(h) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

""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 determining NPV of Executive's Retirement Benefit (or Partial Retirement Benefit) where Executive Retires prior to attaining age 55, it shall be assumed that Executive's Retirement Benefit (or Partial Retirement Benefit) would have commenced at the date on which Executive would have attained age 55 and the NPV of such Retirement Benefit (or Partial Retirement Benefit) shall equal the present value of such Benefit at age 55 discounted back to the Executive's actual age at Retirement using the rate prescribed in the preceding sentence. Executive's age for purposes of this Agreement shall be Executive's age at his nearest birthday."

2. Section 2.1 is hereby deleted and replaced in its entirety to read as follows:

"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 the NPV of an annual retirement benefit equal to one hundred and fifty thousand dollars ($150,000) for a period of fifteen (15) years (the "Retirement Benefit"), paid in accordance with Section 2.6 of this Agreement; 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 the NPV of a portion of the Retirement Benefit determined as follows ("Partial Retirement Benefit") and paid in accordance with Section 2.6 of this Agreement:

(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 of at least six full months of employment and less than 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. If Executive Retires in connection with a Termination without Cause or a Termination for Good Reason (pursuant to the Executive Employment Agreement entered into by and between the Company and Executive effective as of July 1, 2004, as amended April 3, 2006 (the "Employment Agreement")) (other than in the event the Executive's employment is terminated (i) by reason of disability or (ii) by reason of the non-extension or non-renewal of the Employment Agreement), then Executive shall be credited with additional years of service for purposes of vesting under this Section 2.1 equal to the relevant multiplier applied for purposes of computing such severance benefits."

3. Section 2.6 of the Agreement shall be deleted and replaced in its entirety with the following:

"Within ten (10) days following Executive's Retirement, Executive's Retirement Benefit or Partial Retirement Benefit, as the case may be, shall be paid to Executive in a lump sum payment equal to the NPV of the Retirement Benefit or Partial Retirement Benefit, as the case may be. Notwithstanding the above, if required by Section 409A of the Code to avoid the imposition of additional taxes, such payment shall be made on the date that is six (6) months following the date of such Retirement."

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

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

6. 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 date and the year first written above.

MYLAN LABORATORIES INC.

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

EXECUTIVE

/s/ Stuart A. Williams
Stuart A. Williams

EXHIBIT 10.14(b)

AMENDMENT NO. 1 TO AMENDED AND RESTATED
RETIREMENT BENEFIT AGREEMENT

THIS AMENDMENT NO. 1 TO AMENDED AND RESTATED RETIREMENT BENEFIT AGREEMENT (this "Amendment") by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company") and Louis J. DeBone (the "Executive"), is made as of April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Amended and Restated Retirement Benefit Agreement dated as of December 31, 2004 (the "Agreement");

WHEREAS, the Company and the Executive wish to amend the Agreement, effective as of April 1, 2006, 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 2.1 of the Agreement is hereby deleted and replaced in its entirety with the following:

"Upon his Retirement from the Company on or after September 1, 2006 (the "Full Vesting Date"), Executive shall receive the NPV of an annual retirement benefit equal to $150,000 as of the date of such Retirement for a period of fifteen (15) years (the "Retirement Benefit"), paid in accordance with Section 2.6 of this Agreement; provided, however, that if Executive Retires prior to the Full Vesting Date, Executive shall be entitled to receive the NPV of an annual retirement benefit equal to $100,000 for 10 years ("Partial Retirement Benefit") and paid in accordance with Section 2.6 of this Agreement. If Executive Retires in connection with a Termination without Cause or a Termination for Good Reason (pursuant to the Executive Employment Agreement entered into by and between the Company and Executive effective as of July 1, 2004, as amended (the "Employment Agreement")) (other than in the event the Executive's employment is terminated (i) by reason of disability or (ii) by reason of the non-extension or non-renewal of the Employment Agreement), then Executive shall be credited with additional years of service for purposes of vesting under this Section 2.1 equal to the relevant multiplier applied for purposes of computing such severance benefits."

2. Section 2.6 of the Agreement is hereby deleted and replaced in its entirety with the following:

"Within ten (10) days following Executive's Retirement, Executive's Retirement Benefit or Partial Retirement Benefit, as the case may be, shall be paid to Executive in a lump sum payment equal to the NPV of the Retirement Benefit or Partial Retirement Benefit, as the case may be. Notwithstanding the above, if required by

Section 409A of the Code to avoid the imposition of additional taxes, such payment shall be made on the date that is six (6) months following the date of such Retirement."

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 date and the year first written above.

MYLAN LABORATORIES INC.

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

EXECUTIVE

/s/ Louis J. DeBone
Louis J. DeBone

EXHIBIT 10.15(b)

AMENDMENT NO. 1 TO AMENDED AND RESTATED
RETIREMENT BENEFIT AGREEMENT

THIS AMENDMENT NO. 1 TO AMENDED AND RESTATED RETIREMENT BENEFIT 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 April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Amended and Restated Retirement Benefit Agreement dated as of December 31, 2004 (the "Agreement");

WHEREAS, the Company and the Executive wish to amend the Agreement, effective as of April 1, 2006, 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 2.1 of the Agreement is hereby deleted and replaced in its entirety with the following:

"Upon his Retirement from the Company on or after March 31, 2007 (the "Full Vesting Date"), Executive shall receive the NPV of an annual retirement benefit equal to $150,000 as of the date of such Retirement for a period of fifteen (15) years (the "Retirement Benefit"), paid in accordance with Section 2.6 of this Agreement; provided, however, that if Executive Retires prior to the Full Vesting Date, Executive shall be entitled to receive the NPV of an annual retirement benefit equal to $100,000 for 10 years ("Partial Retirement Benefit") and paid in accordance with Section 2.6 of this Agreement. If Executive Retires in connection with a Termination without Cause or a Termination for Good Reason (pursuant to the Executive Employment Agreement entered into by and between the Company and Executive effective as of July 1, 2004, as amended (the "Employment Agreement")) (other than in the event the Executive's employment is terminated (i) by reason of disability or (ii) by reason of the non-extension or non-renewal of the Employment Agreement), then Executive shall be credited with additional years of service for purposes of vesting under this Section 2.1 equal to the relevant multiplier applied for purposes of computing such severance benefits."

2. Section 2.6 of the Agreement is hereby deleted and replaced in its entirety with the following:

"Within ten (10) days following Executive's Retirement, Executive's Retirement Benefit or Partial Retirement Benefit, as the case may be, shall be paid to Executive in a lump sum payment equal to the NPV of the Retirement Benefit or Partial Retirement Benefit, as the case may be. Notwithstanding the above, if required by

Section 409A of the Code to avoid the imposition of additional taxes, such payment shall be made on the date that is six (6) months following the date of such Retirement."

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 date and the year first written above.

MYLAN LABORATORIES INC.

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

EXECUTIVE

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

EXHIBIT 10.19(c)

AMENDMENT NO. 2 TO TRANSITION AND SUCCESSION AGREEMENT

THIS AMENDMENT NO. 2 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 April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Transition and Succession Agreement dated as of December 15, 2003 and amended as of December 2, 2004 (as amended, the "Agreement");

WHEREAS, the Company and the Executive wish to amend further the Agreement, effective as of April 1, 2006, 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 reference to "65%" in Section 1(b)(3) of the Agreement is hereby deleted and replaced with "60%."

2. The following shall be added as new subsections 1(d), 1(e), and 1(f) of the Agreement:

"(d) "Cause" means: (1) the Executive's willful and continued gross neglect of duties (other than resulting from incapacity due to physical or mental illness or following the Executive's delivery of a Notice of Termination for Good Reason (as defined herein)), or (2) the willful engaging by the Executive in illegal conduct that is materially and demonstrably injurious to the Company or (3) the willful engaging by the Executive in gross misconduct that is materially and demonstrably injurious to the Company which, for purposes of clauses (1) and (3), has not been cured within 30 days after a written demand for substantial performance is delivered to the Executive by the Board that specifically identifies the manner in which the Board believes that the Executive has grossly neglected his duties or has engaged in gross misconduct. No act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board (excluding the Executive, if the Executive is a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice is

provided to the Executive and the Executive is given an opportunity, together with counsel for the Executive, to be heard before the Board), finding that, in the good faith opinion of the Board, Cause exists and specifying the particulars thereof in detail. In the event of a dispute concerning the existence of "Cause," any claim by the Executive that "Cause" does not exist shall be presumed correct unless the Company establishes by clear and convincing evidence that Cause exists.

(e) "Good Reason" means: (1) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position as Chief Executive Officer (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 1 of the Employment Agreement, or any other diminution in such position (or removal from such position), authority, duties, responsibilities or conditions of employment (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity or becoming a subsidiary or a division of a publicly traded entity), or the Executive determines in good faith that a change in circumstances relating to his employment has rendered it substantially more difficult for him to perform his duties and responsibilities hereunder as Chief Executive Officer as compared to prior to such change in circumstances (other than by reason of Cause or his physical or mental incapacity), in each case excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; (2) failure to nominate the Executive as a member of the Board of Directors (the "Board") of the Company or removal of the Executive from (or failure to re-elect the Executive to) his position as a member of the Board; (3) any failure by the Company to comply with any of the provisions of Section 3 of the Employment Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; (4) the Company's requiring the Executive to be based at any office or location other than as provided in Section 1 of the Employment Agreement; (5) any failure by the Company to provide that a successor to the Company shall assume this Agreement or the Employment Agreement; (6) the Company's giving written notice to the Executive that the term of the Employment Agreement that is in effect at the time such written notice is given is not to be extended or further extended; (7) any other breach of the Employment Agreement or this Agreement by the Company, excluding for this purpose an isolated, insubstantial and inadvertent breach that is not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. In connection with any dispute regarding the existence of Good Reason, any claim by the Executive that Good Reason exists shall be presumed to be correct unless the Company establishes by clear and convincing evidence that Good Reason does not exist.

(f) A "Potential Change in Control" shall be deemed to have occurred if any of the following shall have occurred: (a) the Company enters into a definitive agreement,

the consummation of which would result in the occurrence of a Change in Control; (b) 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; (c) 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; (iv) 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 Agreement, 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 (d) the Board adopts a resolution to the effect that a Potential Change in Control has occurred."

3. The following additional sentence is added to the end of Section 2:

"For the sake of clarity, it is understood that if the Executive's employment terminates prior to the date that a Change in Control occurs, other than as described in Section 3(e) of this Agreement, this Agreement shall thereupon be null and void and of no further force and effect."

4. Section 3(a) is hereby deleted and replaced in its entirety to read as follows:

"(a) (i) If the Executive experiences a Termination of Employment with Good Reason or experiences a Termination of Employment by the Company without Cause in each case on or within three years subsequent to a Change of Control, then the Executive shall be paid within ten (10) days following the date upon which the Executive experiences such a Termination of Employment, a lump sum cash payment (the "Severance Payment") equal to four (4) times the sum of: (A) the Executive's Base Salary (as defined in the Employment Agreement) as of the Change of Control (the "Applicable Base Salary"), plus (B) an amount equal to highest annual bonus as of the date of the Change of Control paid to the Executive during the term of his employment (the "Applicable Bonus Amount"), provided, however, that in no event

shall the Severance Payment be paid prior to January 1, 2007. Notwithstanding the foregoing, if required by Section 409A of the Code to avoid the imposition of additional taxes, the Severance Payment shall be paid on the date that is six (6) months following the date on which the Executive ceases to be employed by the Company and the Affiliated Companies.

(ii) In addition, for the remainder of the calendar year in which the Executive ceases to be employed by the Company and the Affiliated Companies, and during the two succeeding calendar years, the Company shall continue to provide benefits (other than the benefits specifically provided for in the following sentence) 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 the chief executive officer of the Company and his or her 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. For a period of three years after the date on which the Executive ceases to be employed by the Company and the Affiliated Companies, the Executive shall be entitled to access to corporate aircraft comparable to that made available to the Executive immediately prior to the Change in Control for personal use for an aggregate of 70 hours per year with each hour valued at $8,650 (such value to be increased by 8% per year (compounded) commencing in 2007), with such access in all other respects to be provided in accordance with Section 3(d) of the Employment Agreement and the Company's practice immediately prior to the Change of Control. As soon as practicable following the end of each anniversary of the date upon which the Executive ceases to be employed by the Company and the Affiliated Companies, the Company shall pay the Executive an amount equal to the excess, if any, of the value of the maximum aircraft benefits provided pursuant to the preceding sentence over the value of the actual benefits used by the Executive during the relevant twelve-month period, such value to be calculated consistent with the preceding sentence. Notwithstanding the foregoing, if the Company and the Executive agree that it is required by Section 409A of the Code to avoid the imposition of additional taxes, the provision of any benefits pursuant to this Section 3(a)(ii) shall not begin until the date that is six (6) months following the date on which the Executive ceases to be employed by the Company and the Affiliated Companies and the Company shall reimburse the Executive for reasonable costs incurred by the Executive to independently obtain such benefits during the six (6) months following the date on which such termination of employment occurs (with the costs of airplane use described above being deemed

reasonable for this purpose). Upon publication of final treasury regulations under Section 409A of the Code, the Company and the Executive shall consider in good faith amendments to Section 3(a)(ii) which (i) are consistent with such final regulations and (ii) cause this Section 3(a)(ii) to be as consistent as practicable with the last sentence of Section 3(a) of the Agreement as in effect prior to this Amendment No. 2 to the Agreement."

5. Section 3(c) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"(c) Upon a Change in Control, the Employment Agreement shall survive in all respects; provided, that, this Agreement and the Employment Agreement shall be administered in a manner to avoid the duplication of compensation and benefits."

6. The following shall be added as a new subsection 3(e) to the Agreement:

"If (1) pursuant to the Employment Agreement, the Executive experiences a Termination of Employment without Cause or a Termination of Employment for Good Reason (each as defined in the Employment Agreement), (2) a Potential Change in Control either exists at the time of such Termination of Employment or occurs within one (1) year following the date of such Termination of Employment, and (3) the transaction or other event contemplated by such Potential Change in Control is consummated so as to result in a Change in Control, then within ten (10) days following such Change in Control, the Executive shall be paid an amount equal to the excess of (x) the Severance Payment over (y) the Severance Amount (as defined in the Employment Agreement). Notwithstanding the above, if required by Section 409A of the Code to avoid the imposition of additional taxes, such excess shall be paid on the date that is six (6) months following the date of such Termination of Employment."

7. The following shall be added as a new subsection 3(f) to the Agreement:

"Legal Fees. The Company shall reimburse the Executive for all costs (including but not limited to reasonable legal fees and expenses) incurred by the Executive in disputing in good faith any issue hereunder relating to the termination of the Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement, or, to the extent attributable to the application of Section 4999 of the Internal Revenue Code to any payment or benefit provided hereunder, in connection with any tax audit or proceeding. Such reimbursements shall be made promptly upon delivery of the Executive's written request for payment accompanied by appropriate evidence of the costs so incurred."

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

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

10. 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 date and the year first written above.

MYLAN LABORATORIES INC.

By: /s/ Rod Piatt
Name: Rod Piatt
Title: Chairman, Compensation Committee

EXECUTIVE

/s/ Robert J. Coury
Robert J. Coury

EXHIBIT 10.20(c)

AMENDMENT NO. 2 TO TRANSITION AND SUCCESSION AGREEMENT

THIS AMENDMENT NO. 2 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 April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Transition and Succession Agreement dated as of December 15, 2003, as amended December 2, 2004 (as amended, the "Agreement");

WHEREAS, the Company and the Executive wish to amend the Agreement, effective as of April 1, 2006, 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 1(a) of the Agreement is hereby amended to add the following sentence at the end of such subsection:

"For the sake of clarity, it is understood that if the Executive's employment terminates prior to the Effective Date other than as described in the preceding sentence, this Agreement shall thereupon be null and void and of no further force and effect."

2. The reference to "65%" in Section 1(d)(3) of the Agreement is hereby deleted and replaced with "60%."

3. References to the "120-day period" in each of the following sections of the Agreement shall hereinafter refer to the "180-day period": 3(a)(1), 3(b)(3), 3(b)(4), 3(b)(5), 3(b)(6), 3(b)(7), 3(b)(8), and 6.

4. The third sentence of 3(b)(1) is hereby deleted and replaced in its entirety with the following:

"During the Employment Period, the Annual Base Salary shall be reviewed at least annually, beginning no more than 12 months after the Executive's last salary review."

5. Section 3(b)(2) of the Agreement is hereby deleted and replaced in its entirety with the following:

"Annual Bonus. In addition to the Annual Base Salary, the Executive shall participate in a bonus program during the Employment Period and have a bonus which is no less favorable than the bonus for other employees of his level at the Company and its Affiliated Companies."

6. The following clause shall be added to the end of section 4(b)(2) of this Agreement:

"which, in the case of clauses (1) and (2), has not been cured within 30 days after a written demand for substantial performance is delivered to the Executive by the Company that specifically identifies the manner in which the Company believes that the Executive has grossly neglected his duties or has engaged in gross misconduct."

7. Section 4(c)(10) of this Agreement is hereby deleted in its entirety.

8. The penultimate sentence of Section 4(c) of the Agreement is hereby deleted and replaced in its entirety with the following:

"Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason pursuant to a Notice of Termination given during the 90-day period immediately following the first anniversary of the occurrence of a Change in Control (other than a Change in Control occurring solely under Section 1(d)(3) of this Agreement where all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to a Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock following the Business Combination) shall be deemed to be a termination for Good Reason for all purposes of this Agreement."

9. The introductory clause of Section 5(a)(1) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"the Company shall pay to the Executive (or the Executive's estate or beneficiary, in the event of the Executive's death), in a lump sum in cash within 30 days after the Date of Termination (or, if required by Section 409A of the Code to avoid the imposition of additional taxes, on the date that is six (6) months following the Date of Termination), the aggregate of the following amounts:"

10. Section 5(a)(1)(B) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"the amount equal to three (3) times the sum of: (i) the Executive's then-current Annual Base Salary, plus (ii) an amount equal to the highest bonus determined to date under Section 4(b) of the Employment Agreement or paid to the Executive hereunder (in the case of death or the Executive's Disability, reduced (but not below zero) by any disability or death benefits that the Executive or the Executive's estate or beneficiaries are entitled to pursuant to plans or arrangements of the Company)."

11. Section 5(a)(2) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

“For three years after the Executive’s Date of Termination (or such shorter period as required by Section 409A of the Code to avoid the imposition of additional taxes), 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; and”

12. Section 9(d) of the Agreement is hereby deleted in its entirety and replaced with the following:

“The Executive agrees not to voluntarily terminate employment with the Company (other than (i) as a result of an event that would constitute Good Reason that is at the request of a third party that has taken steps reasonably calculated to effectuate a Change of Control or otherwise arose in connection with or in anticipation of a Change of Control or (ii) by reason of non-extension or non-renewal of the Employment Agreement or such other employment agreement entered into by and between the Executive and the Company from time to time) from such time as the Company has entered into an agreement that would result in a Change of Control until the Change of Control; *provided*, that such provision shall cease to apply upon the termination of such agreement or if the Change of Control has not occurred within one year following the execution of such agreement.”

13. Section 11 of the Agreement is hereby deleted in its entirety and replaced with the following:

[Intentionally Omitted.]

14. The following section references in Amendment No. 1 to the Transition and Succession Agreement shall be corrected as follows:

The reference to the last sentence of Section 3(a) of the Agreement shall be to the entirety of Section 5(a)(2) of the Agreement.

The reference to Section 3(b) of the Agreement shall be to Section 8 of the Agreement.

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

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

17. 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 date and the year first written above.

MYLAN LABORATORIES INC.

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

EXECUTIVE

/s/ Edward J. Borkowski
Edward J. Borkowski

EXHIBIT 10.21(c)

AMENDMENT NO. 2 TO TRANSITION AND SUCCESSION AGREEMENT

THIS AMENDMENT NO. 2 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 April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Transition and Succession Agreement dated as of December 15, 2003, as amended December 2, 2004 (as amended, the "Agreement");

WHEREAS, the Company and the Executive wish to amend the Agreement, effective as of April 1, 2006, 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 1(a) of the Agreement is hereby amended to add the following sentence at the end of such subsection:

"For the sake of clarity, it is understood that if the Executive's employment terminates prior to the Effective Date other than as described in the preceding sentence, this Agreement shall thereupon be null and void and of no further force and effect."

2. The reference to "65%" in Section 1(d)(3) of the Agreement is hereby deleted and replaced with "60%."

3. References to the "120-day period" in each of the following sections of the Agreement shall hereinafter refer to the "180-day period": 3(a)(1), 3(b)(3), 3(b)(4), 3(b)(5), 3(b)(6), 3(b)(7), 3(b)(8), and 6.

4. The third sentence of 3(b)(1) is hereby deleted and replaced in its entirety with the following:

"During the Employment Period, the Annual Base Salary shall be reviewed at least annually, beginning no more than 12 months after the Executive's last salary review."

5. Section 3(b)(2) of the Agreement is hereby deleted and replaced in its entirety with the following:

"Annual Bonus. In addition to the Annual Base Salary, the Executive shall participate in a bonus program during the Employment Period and have a bonus which is no less favorable than the bonus for other employees of his level at the Company and its Affiliated Companies."

6. The following clause shall be added to the end of section 4(b)(2) of this Agreement:

"which, in the case of clauses (1) and (2), has not been cured within 30 days after a written demand for substantial performance is delivered to the Executive by the Company that specifically identifies the manner in which the Company believes that the Executive has grossly neglected his duties or has engaged in gross misconduct."

7. Section 4(c)(10) of this Agreement is hereby deleted in its entirety.

8. The penultimate sentence of Section 4(c) of the Agreement is hereby deleted and replaced in its entirety with the following:

"Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason pursuant to a Notice of Termination given during the 90-day period immediately following the first anniversary of the occurrence of a Change in Control (other than a Change in Control occurring solely under Section 1(d)(3) of this Agreement where all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to a Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock following the Business Combination) shall be deemed to be a termination for Good Reason for all purposes of this Agreement."

9. The introductory clause of Section 5(a)(1) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"the Company shall pay to the Executive (or the Executive's estate or beneficiary, in the event of the Executive's death), in a lump sum in cash within 30 days after the Date of Termination (or, if required by Section 409A of the Code to avoid the imposition of additional taxes, on the date that is six (6) months following the Date of Termination), the aggregate of the following amounts:"

10. Section 5(a)(1)(B) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"the amount equal to three (3) times the sum of: (i) the Executive's then-current Annual Base Salary, plus (ii) an amount equal to the highest bonus determined to date under Section 4(b) of the Employment Agreement or paid to the Executive hereunder (in the case of death or the Executive's Disability, reduced (but not below zero) by any disability or death benefits that the Executive or the Executive's estate or beneficiaries are entitled to pursuant to plans or arrangements of the Company)."

11. Section 5(a)(2) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

“For three years after the Executive’s Date of Termination (or such shorter period as required by Section 409A of the Code to avoid the imposition of additional taxes), 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; and”

12. Section 9(d) of the Agreement is hereby deleted in its entirety and replaced with the following:

“The Executive agrees not to voluntarily terminate employment with the Company (other than (i) as a result of an event that would constitute Good Reason that is at the request of a third party that has taken steps reasonably calculated to effectuate a Change of Control or otherwise arose in connection with or in anticipation of a Change of Control or (ii) by reason of non-extension or non-renewal of the Employment Agreement or such other employment agreement entered into by and between the Executive and the Company from time to time) from such time as the Company has entered into an agreement that would result in a Change of Control until the Change of Control; *provided*, that such provision shall cease to apply upon the termination of such agreement or if the Change of Control has not occurred within one year following the execution of such agreement.”

13. Section 11 of the Agreement is hereby deleted in its entirety and replaced with the following:

[Intentionally Omitted.]

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

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

16. 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 date and the year first written above.

MYLAN LABORATORIES INC.

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

EXECUTIVE

/s/ Louis J. DeBone
Louis J. DeBone

EXHIBIT 10.22(c)

AMENDMENT NO. 2 TO TRANSITION AND SUCCESSION AGREEMENT

THIS AMENDMENT NO. 2 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 April 3, 2006.

WHEREAS, the Company and the Executive are parties to that certain Transition and Succession Agreement dated as of December 15, 2003, as amended December 2, 2004 (as amended, the "Agreement");

WHEREAS, the Company and the Executive wish to amend the Agreement, effective as of April 1, 2006, 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 1(a) of the Agreement is hereby amended to add the following sentence at the end of such subsection:

"For the sake of clarity, it is understood that if the Executive's employment terminates prior to the Effective Date other than as described in the preceding sentence, this Agreement shall thereupon be null and void and of no further force and effect."

2. The reference to "65%" in Section 1(d)(3) of the Agreement is hereby deleted and replaced with "60%."

3. References to the "120-day period" in each of the following sections of the Agreement shall hereinafter refer to the "180-day period": 3(a)(1), 3(b)(3), 3(b)(4), 3(b)(5), 3(b)(6), 3(b)(7), 3(b)(8), and 6.

4. The third sentence of 3(b)(1) is hereby deleted and replaced in its entirety with the following:

"During the Employment Period, the Annual Base Salary shall be reviewed at least annually, beginning no more than 12 months after the Executive's last salary review."

5. Section 3(b)(2) of the Agreement is hereby deleted and replaced in its entirety with the following:

"Annual Bonus. In addition to the Annual Base Salary, the Executive shall participate in a bonus program during the Employment Period and have a bonus which is no less favorable than the bonus for other employees of his level at the Company and its Affiliated Companies."

6. The following clause shall be added to the end of section 4(b)(2) of this Agreement:

"which, in the case of clauses (1) and (2), has not been cured within 30 days after a written demand for substantial performance is delivered to the Executive by the Company that specifically identifies the manner in which the Company believes that the Executive has grossly neglected his duties or has engaged in gross misconduct."

7. Section 4(c)(10) of this Agreement is hereby deleted in its entirety.

8. The penultimate sentence of Section 4(c) of the Agreement is hereby deleted and replaced in its entirety with the following:

"Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason pursuant to a Notice of Termination given during the 90-day period immediately following the first anniversary of the occurrence of a Change in Control (other than a Change in Control occurring solely under Section 1(d)(3) of this Agreement where all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to a Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock following the Business Combination) shall be deemed to be a termination for Good Reason for all purposes of this Agreement."

9. The introductory clause of Section 5(a)(1) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"the Company shall pay to the Executive (or the Executive's estate or beneficiary, in the event of the Executive's death), in a lump sum in cash within 30 days after the Date of Termination (or, if required by Section 409A of the Code to avoid the imposition of additional taxes, on the date that is six (6) months following the Date of Termination), the aggregate of the following amounts:"

10. Section 5(a)(1)(B) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"the amount equal to three (3) times the sum of: (i) the Executive's then-current Annual Base Salary, plus (ii) an amount equal to the highest bonus determined to date under Section 4(b) of the Employment Agreement or paid to the Executive hereunder (in the case of death or the Executive's Disability, reduced (but not below zero) by any disability or death benefits that the Executive or the Executive's estate or beneficiaries are entitled to pursuant to plans or arrangements of the Company)."

11. Section 5(a)(2) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

“For three years after the Executive’s Date of Termination (or such shorter period as required by Section 409A of the Code to avoid the imposition of additional taxes), 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; and”

12. Section 9(d) of the Agreement is hereby deleted in its entirety and replaced with the following:

“The Executive agrees not to voluntarily terminate employment with the Company (other than (i) as a result of an event that would constitute Good Reason that is at the request of a third party that has taken steps reasonably calculated to effectuate a Change of Control or otherwise arose in connection with or in anticipation of a Change of Control or (ii) by reason of non-extension or non-renewal of the Employment Agreement or such other employment agreement entered into by and between the Executive and the Company from time to time) from such time as the Company has entered into an agreement that would result in a Change of Control until the Change of Control; *provided*, that such provision shall cease to apply upon the termination of such agreement or if the Change of Control has not occurred within one year following the execution of such agreement.”

13. Section 11 of the Agreement is hereby deleted in its entirety and replaced with the following:

[Intentionally Omitted.]

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

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

16. 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 date and the year first written above.

MYLAN LABORATORIES INC.

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

EXECUTIVE

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

EXHIBIT 10.23

AMENDED AND RESTATED
TRANSITION AND SUCCESSION AGREEMENT

AMENDED AND RESTATED TRANSITION AND SUCCESSION AGREEMENT, dated as of the 3rd day of April, 2006 (this "Agreement"), by and between Mylan Laboratories Inc., a Pennsylvania corporation (the "Company"), and Stuart A. Williams (the "Executive").

WHEREAS, the Company and the Executive are parties to a Transition and Succession Agreement dated as December 15, 2003, as amended December 2, 2004;

WHEREAS, the Company and the Executive wish to amend and restate such Transition and Succession Agreement effective as of the date hereof;

NOW, THEREFORE, in consideration of the promises and mutual obligations of the parties contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive agree as follows:

Section 1. Certain Definitions.

(a) "Effective Date" means the first date during the Change of Control Period (as defined herein) on which a Change of Control occurs. Notwithstanding anything in this Agreement to the contrary, if a Change of Control occurs and if the Executive's employment with the Company is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (1) was at the request of a third party that has taken steps reasonably calculated to effect a Change of Control or (2) otherwise arose in connection with or anticipation of a Change of Control, then "Effective Date" means the date immediately prior to the date of such termination of employment. For the sake of clarity, it is understood that if the Executive's employment terminates prior to the Effective Date other than as described in the preceding sentence, this Agreement shall thereupon be null and void and of no further force and effect.

(b) "Change of Control Period" means the period commencing on the date hereof and ending on the third anniversary of the date hereof; *provided*, *however*, that, commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof, the "Renewal Date"), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless, at least 60 days prior to a Renewal Date no less than three years from the date hereof, the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

(c) "Affiliated Company" means any company controlled by, controlling or under common control with the Company.

(d) "Change of Control" means:

(1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) 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(d), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company or (iv) any acquisition by any corporation pursuant to a transaction that complies with Sections 1(d)(3)(A), 1(d)(3)(B) and 1(d)(3)(C);

(2) Individuals who, as of the date hereof, 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, but excluding, for this purpose, any such individual whose initial assumption of office 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;

(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) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% 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) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (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) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were

members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

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

(e) "Employment Agreement" means the Executive Employment Agreement dated as of July 1, 2004, by and between the Company and the Executive, and any extension or modification thereof or any successor agreement thereto.

Section 2. Employment Period; Employment Agreement. The Company hereby agrees to continue the Executive in its employ, subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of the Effective Date (the "Employment Period"), *provided* the Employment Period shall terminate sooner upon the Executive's termination of employment for any reason. Upon the Effective Date, the Employment Agreement, with the exception of Section 9 thereof, which shall survive in all respects, shall be null and void and of no further force or effect, *provided* the Executive shall be paid all amounts earned and due to the Executive thereunder within twenty-four (24) hours of the Effective Date, subject in all respects to Section 6 below.

Section 3. Terms of Employment.

(a) **Position and Duties.**

(1) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 180-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the office where the Executive was employed immediately preceding the Effective Date or at any other location less than 30 miles from such office.

(2) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period, it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that, to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) **Compensation.**

(1) **Base Salary.** During the Employment Period, the Executive shall receive an annual base salary (the "Annual Base Salary") at an annual rate at least equal to 12 times the highest monthly base salary paid or payable, including any base salary that has been earned but deferred, to the Executive by the Company and the Affiliated Companies in respect of the 12-month period immediately preceding the month in which the Effective Date occurs. The Annual Base Salary shall be paid at such intervals as the Company pays executive salaries generally. During the Employment Period, the Annual Base Salary shall be reviewed at least annually, beginning no more than 12 months after the Executive's last salary review. Any increase in the Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. The Annual Base Salary shall not be reduced after any such increase and the term "Annual Base Salary" shall refer to the Annual Base Salary as so increased.

(2) **Annual Bonus.** In addition to the Annual Base Salary, the Executive shall participate in a bonus program during the Employment Period and have a bonus which is no less favorable than the bonus for other employees of his level at the Company and its Affiliated Companies.

(3) **Incentive, Savings and Retirement Plans.** During the Employment Period, the Executive shall be entitled to participate in all cash incentive, equity incentive, savings and retirement plans, practices, policies, and programs applicable generally to other peer executives of the Company and the Affiliated Companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and the Affiliated Companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and the Affiliated Companies.

(4) **Welfare Benefit Plans.** During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and the Affiliated Companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and the Affiliated Companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits that are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and the Affiliated Companies; .

(5) **Expenses.** During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and the Affiliated Companies in effect for the Executive at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

(6) **Fringe Benefits.** During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and the Affiliated Companies in effect for the Executive at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

(7) **Office and Support Staff.** During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and the Affiliated Companies at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

(8) **Vacation.** During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and the Affiliated Companies as in effect for the Executive at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

Section 4. Termination of Employment.

(a) **Death or Disability.** The Executive's employment shall terminate automatically if the Executive dies during the Employment Period. If either the Company or the Executive (or his legal representative) determines in good faith that the Disability (as defined herein) of the Executive has occurred during the Employment Period, such party may give the other party written notice ("Disability Notice") in accordance with Section 13(b) of his or its intention that the Executive's employment be terminated. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of the Disability Notice by the Executive or by the Company, as the case may be (the "Disability Effective Date"), *provided* that, within 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. "Disability" means the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a

physician selected by the party providing the Disability Notice and reasonably acceptable to the other party.

(b) **Cause.** The Company may terminate the Executive's employment during the Employment Period for Cause. "Cause" means:

(1) the willful and continued failure of the Executive to perform substantially the Executive's duties (as contemplated by Section 3(a)(1)(A)) with the Company or any Affiliated Company (other than any such failure resulting from incapacity due to physical or mental illness or following the Executive's delivery of a Notice of Termination for Good Reason (as defined herein)), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company that specifically identifies the manner in which the Board or the Chief Executive Officer of the Company believes that the Executive has not substantially performed the Executive's duties, or

(2) the willful engaging by the Executive in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company; which, in the case of clauses (1) and (2), has not been cured within 30 days after a written demand for substantial performance is delivered to the Executive by the Company that specifically identifies the manner in which the Company believes that the Executive has grossly neglected his duties or has engaged in gross misconduct; which, in the case of clauses (1) and (2), has not been cured within 30 days after a written demand for substantial performance is delivered to the Executive by the Company that specifically identifies the manner in which the Company believes that the Executive has grossly neglected his duties or has engaged in gross misconduct.

For purposes of this Section 4(b), no act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer of the Company or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board (excluding the Executive, if the Executive is a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel for the Executive, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in Section 4(b)(1) or 4(b)(2), and specifying the particulars thereof in detail.

(c) **Good Reason.** The Executive's employment may be terminated by the Executive for Good Reason or by the Executive voluntarily without Good Reason. "Good Reason" means:

(1) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a), or any other diminution in such position (or removal from such position), authority, duties or responsibilities in each case as in existed immediately prior to the Change in Control (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity or becoming a subsidiary or a division of a publicly traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(2) any failure by the Company to comply with any of the provisions of Section 3(b), other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(3) the Company's requiring the Executive (i) to be based at any office or location other than as provided in Section 3(a)(1)(B), (ii) to be based at a location other than the principal executive offices of the Company if the Executive was employed at such location immediately preceding the Effective Date, or (iii) to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(4) the failure by the Company to pay to the Executive any portion of any installment of deferred compensation, or lump sum under any deferred compensation program of the Company within 7 days after the Executive provides the Company with written notice of the failure to pay such compensation when it is due;

(5) the failure by the Company to provide the Executive with the number of paid vacation days and holidays to which the Executive was entitled as of the Effective Date;

(6) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement;

(7) any failure by the Company to comply with and satisfy Section 11(c);

(8) if the Company (or the entity effectuating a Change of Control) continues to exist and be a company registered under the Securities Exchange Act of 1934, as amended, after the Effective Date and continues to have in effect an equity-compensation plan, the failure of the Company to grant to the Executive equity-based compensation with respect to a number of shares of common stock of the Company (or the entity effectuating the Change of Control) at least as great as the average annual percentage of the outstanding common stock of the Company with respect to which the Executive received such equity-based compensation during the three calendar years immediately prior to the Effective Date, which equity-based compensation is on terms, including pricing relative to the market price at the time of grant, that is at least as favorable to the Executive as the terms of the grant last made to the Executive prior to the Effective Date;

(9) failure to include the Executive in any program or plan of benefits (including, but not limited to, stock option and deferred compensation plans), and failure to provide the Executive similar levels of benefit amounts or coverage, which benefits are either provided or otherwise offered to peer executives of the Company and the Affiliated Companies following the Effective Date; or

For purposes of this Section 4(c), any good faith determination of Good Reason made by the Executive shall be conclusive. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason pursuant to a Notice of Termination given during the 90-day period immediately following the first anniversary of the occurrence of a Change in Control (other than a Change in Control occurring solely under Section 1(d)(3) of this Agreement where all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to a Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock following the Business Combination) shall be deemed to be a termination for Good Reason for all purposes of this Agreement. The Executive's mental or physical incapacity following the occurrence of an event described above shall not affect the Executive's ability to terminate employment for Good Reason.

(d) **Notice of Termination.** Any termination by the Company for Cause, or by the Executive for Good Reason (other than Disability, which is addressed in Section 4(a)), shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 13(b). "Notice of Termination" means a written notice that (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (3) if the Date of Termination (as defined herein) is other than the date of receipt of such notice, specifies the Date of Termination (which Date of Termination shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's respective rights hereunder.

(e) **Date of Termination.** "Date of Termination" means (1) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified in the Notice of Termination (which date shall not be more than 30 days after the giving of such notice), as the case may be, (2) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, and (3) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

(f) Non-Renewal of Employment Agreement. If (a) a Change in Control occurs solely under Section 1(d)(3) of this Agreement and all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to a Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock following the Business Combination, (b) the Executive does not experience a termination of employment within two years following the Effective Date, and (iii) the Company and the Executive do not enter into an employment agreement on terms mutually acceptable to the Company and the Executive, the Executive shall be entitled voluntarily terminate employment during the month that is twenty-five (25) months following the Effective Date and receive a payment no less than that set forth in Section 8(e) of the Executive's Employment Agreement.

Section 5. Obligations of the Company upon Termination.

(a) **Good Reason, Death or Disability; Other Than for Cause.** If, during the Employment Period, the Company terminates the Executive's employment other than for Cause or the Executive resigns for Good Reason or if the Executive's employment is terminated as a result of the Executive's death or Disability:

(1) the Company shall pay to the Executive (or the Executive's estate or beneficiary, in the event of the Executive's death), in a lump sum in cash within 30 days after the Date of Termination (or, if required by Section 409A of the Code to avoid the imposition of additional taxes, on the date that is six (6) months following the Date of Termination), the aggregate of the following amounts:

(A) the sum of (i) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, and (ii) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case, to the extent not theretofore paid (the sum of the amounts described in subclauses (i) and (ii) the "Accrued Obligations"); and

(B) the amount equal to three (3) times the sum of: (i) the Executive's then-current Annual Base Salary, plus (ii) an amount equal to the highest bonus determined to date under Section 4(b) of the Employment Agreement or paid to the Executive hereunder (in the case of death or the Executive's Disability, reduced (but not below zero) by any disability or death benefits that the Executive or the Executive's estate or beneficiaries are entitled to pursuant to plans or arrangements of the Company).

(2) For three years after the Executive's Date of Termination (or such shorter period as required by Section 409A of the Code to avoid the imposition of additional taxes), 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; and

(3) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any Other Benefits (as defined in Section 6).

(b) **Cause; Other Than for Good Reason.** If the Executive's employment is terminated for Cause during the Employment Period, the Company shall provide to the Executive (1) the Executive's Annual Base Salary through the Date of Termination, (2) the amount of any compensation previously deferred by the Executive, and (3) the Other Benefits, in each case, to the extent theretofore unpaid, and shall have no other severance obligations under this Agreement. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, the Company shall provide to the Executive the Accrued Obligations and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. In such case, all the Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

Section 6. Employment Agreement; Non-Exclusivity of Rights. The Executive shall be entitled to the higher of the benefits and compensation payable under this Agreement or those payable under the Employment Agreement as if the Change of Control were deemed a termination without Cause (as defined therein). It is the intent of the parties that nothing in this Agreement or in the Employment Agreement shall affect any right the Executive may have with respect to: (i) any vested or other Benefits that the Executive is entitled to receive under any plan, policy, practice or program of or any other contract or agreement with the Company or the Affiliated Companies at or subsequent to a Change of Control ("Other Benefits"); and (ii) continuing or future participation in any plan, program, policy or practice provided by the Company or the Affiliated Companies and for which the Executive may qualify. If the Executive's employment is terminated by reason of the Executive's Disability (or death), with respect to the provision of the Other Benefits, the term "Other Benefits" shall include, and the Executive (or the estate or beneficiary of the Executive, in the event of the Executive's death) shall be entitled after the Disability Effective Date (or upon the Executive's death) to receive, disability (or death) benefits and other benefits at least equal to the most favorable of those generally provided by the Company and the Affiliated Companies to disabled executives (or to the estates and beneficiaries of deceased executives) and/or their families in accordance with such plans, programs, practices and policies relating to disability (or death), if any, as in effect generally with respect to other peer executives of the Company and the Affiliated Companies and their families at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and the Affiliated Companies and their families.

Section 7. No Set-Off; Company's Obligations; Mitigation. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right or action that the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from the Executive), to the full extent permitted by law, all legal fees and expenses that the Executive may reasonably incur as a result of any contest or disagreement (regardless of the outcome thereof) by the Company, the 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 the 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 Internal Revenue Code of 1986, as amended (the "Code"). No obligation of the Company under this Agreement to pay the 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 the Executive.

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 8, 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.

Section 9. Covenants of Executive.

(a) **Confidential Information.** The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or the Affiliated Companies, and their respective businesses, which information, knowledge or data shall have been obtained by the Executive during the Executive's employment by the Company or the Affiliated Companies and which information, knowledge or data shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those persons designated by the Company. In no event shall an asserted violation of the provisions of this Section 9

constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

(b) **Non-Competition.** In consideration for the protections provided to the Executive under this Agreement, the Executive agrees that from the Date of Termination until the first anniversary thereof (the "Covenant Period"), the Executive will not, directly or indirectly, own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner, director or otherwise with, or (other than through the ownership of not more than five percent (5%) of the voting stock of any publicly held corporation) have any financial interest in, or aid or assist anyone else in the conduct of, a business which at the time of such termination competes in the United States with a business conducted by the Company or any group, division or subsidiary of the Company ("Company Group") as of the Date of Termination. Notwithstanding the foregoing, the Executive's employment by a business that competes with the business of the Company, or the retention of the Executive as a consultant by any such business shall not violate this Section 9(b) if the Executive's duties and actions for the business are solely for groups, divisions or subsidiaries that are not engaged in a business that competes with a business conducted by the Company. No business shall be deemed to be a business conducted by the Company unless the Company was engaged in the business as of the Date of Termination and continues to be engaged in the business and at least twenty-five percent (25%) of the Company's consolidated gross sales and operating revenues, or net income, is derived from, or at least twenty-five percent (25%) of the Company's consolidated assets are devoted to, such business and no business shall be deemed to compete with a business conducted by the Company unless at least twenty-five percent (25%) of the consolidated gross sales and operating revenues, or net income, of any consolidated group that includes the business, is derived from, or at least twenty-five percent (25%) of the consolidated assets of any such consolidated group are devoted to, such business.

(c) **Non-Solicitation.** During the Covenant Period, the Executive shall not solicit on the Executive's behalf or on behalf of any other person the services, as employee, consultant or otherwise of any person who on the Date of Termination is employed by the Company Group, whether or not such person would commit any breach of his contract of service in leaving such employment, except for any employee (i) whose employment is terminated by the Company or any successor thereof prior to such solicitation of such employee, (ii) who initiates discussions regarding such employment without any solicitation by the Executive, (iii) who responds to any public advertisement unless such advertisement is designed to target, or has the effect of targeting, employees of the Company, or (iv) who is initially solicited for a position other than by the Executive and without any suggestion or advice from the Executive. Nothing herein shall restrict businesses that employ the Executive or retain the Executive as an executive from soliciting from time to time employees of the Company, if (A) such solicitation occurs in the ordinary course of filling the business's employment needs, and (B) the solicitation is made by persons at the business other than the Executive who have not become aware of the availability of any specific employees as a result of the advice of the Executive.

(d) **Continuation of Employment.** The Executive agrees not to voluntarily terminate employment with the Company (other than (i) as a result of an event that would constitute Good Reason that is at the request of a third party that has taken steps reasonably calculated to

effectuate a Change of Control or otherwise arose in connection with or in anticipation of a Change of Control or (ii) by reason of non-extension or non-renewal of the Employment Agreement or such other employment agreement entered into by and between the Executive and the Company from time to time) from such time as the Company has entered into an agreement that would result in a Change of Control until the Change of Control; *provided*, that such provision shall cease to apply upon the termination of such agreement or if the Change of Control has not occurred within one year following the execution of such agreement.

Section 10. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; *provided, however*, that the Executive shall be entitled to seek specific performance of the Executive's right to be paid any amounts or provided with any benefits due to the Executive hereunder during the pendency of any dispute or controversy arising under or in connection with this Agreement.

Section 11. [Intentionally Omitted]

Section 12. Successors.

(a) This Agreement is personal to the Executive, and, without the prior written consent of the Company, shall not be assignable by the Executive; *provided, however*, the Executive may designate one or more beneficiaries to receive amounts payable hereunder after his death. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in Section 12(c), without the prior written consent of the Executive this Agreement shall not be assignable by the Company.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this Agreement by operation of law or otherwise.

Section 13. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified other than by a written agreement executed by the parties hereto or their respective successors, permitted assigns and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:
if to the Executive:

at the most recent address on record at the Company;

if to the Company:

Mylan Laboratories Inc.
1500 Corporate Drive
Canonsburg, PA 15317
Attention: Chief Executive Officer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Any invalid or unenforceable provision shall be deemed severed from this Agreement to the extent of its invalidity or unenforceability, and this Agreement shall be construed and enforced as if the Agreement did not contain that particular provision to the extent of its invalidity or unenforceability, *provided* that in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

(d) The Company may withhold from any amounts payable under this Agreement such United States federal, state or local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason under Section 4(c), shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as provided in the Employment Agreement or any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section 1(a), prior to the Effective Date, the Executive's employment may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the date of the Effective Date, except for any agreements providing for retirement benefits and as otherwise specifically provided herein (including without limitation in Section 6), this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

MYLAN LABORATORIES INC.

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

/s/ Stuart A. Williams
Stuart A. Williams

EXHIBIT 10.24(b)

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 _____ (the "Executive"), is made as of March 31, 2006.

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

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 1(a) of the Agreement is hereby amended to add the following sentence at the end of such subsection:

"For the sake of clarity, it is understood that if the Executive's employment terminates prior to the Effective Date other than as described in the preceding sentence, this Agreement shall thereupon be null and void and of no further force and effect."

2. The reference to "65%" in Section 1(d)(3) of the Agreement is hereby deleted and replaced with "50%".

3. The introductory clause of Section 5(a)(1) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"(1) the Company shall pay to the Executive (or the Executive's estate or beneficiary, in the event of the Executive's death), in a lump sum in cash within 30 days after the Date of Termination (or, if required by Section 409A of the Code to avoid the imposition of additional taxes, on the date that is six (6) months following the Date of Termination), the aggregate of the following amounts:"

4. Section 5(a)(1)(B) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"the amount equal to the product of (i) three and (ii) the amount of base salary and cash bonus paid to the Executive by the Company as reflected on the Executive's W-2 in the tax year immediately preceding the year in which the Date of Termination occurs or the Change of Control occurs, whichever is greater (in the case of death or resignation for Good Reason by reason of the Executive's Disability, reduced (but not below zero) by any death or disability benefits that the Executive or the Executive's

estate or beneficiaries are entitled to pursuant to plans or arrangements of the Company), provided that if the Executive was not employed by the Company during such entire tax year, item (ii) shall refer to the amount of base salary and cash bonus as agreed to in Executive's offer of employment letter;"

5. The first sentence of Section 5(a)(2) of the Agreement is hereby deleted and replaced in its entirety to read as follows:

"for three years after the Executive's Date of termination (or such shorter period as required by Section 409A of the Code to avoid the imposition of additional taxes), the Company shall continue 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 tax treatment of participation in plans, programs, practices and policies by the Executive and the Executive's dependents) in accordance with the plans, programs, practices, and policies described in Section 3(b)(4) as of the Date of Termination or, if more favorable to the Executive, as in effect generally at 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, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility."

6. Section 11 of the Agreement is hereby deleted in its entirety and replaced with the following:

"[Intentionally Omitted.]"

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

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

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

[Signature Page Follows]

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

MYLAN LABORATORIES INC.

Name:
Title:

EXECUTIVE

EXHIBIT 21

Subsidiaries

Name	State of Organization
Mylan Pharmaceuticals Inc.	West Virginia
Milan Holding Inc.	Vermont
Mylan Bertek Pharmaceuticals Inc.	Texas
Mylan Inc.	Delaware
UDL Laboratories, Inc.	Illinois
Mylan Technologies Inc.	West Virginia
American Triumvirate Insurance Company	Vermont
Mylan International Holdings, Inc.	Vermont
Mylan Caribe, Inc.	Vermont
MLRE LLC	Pennsylvania

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Nos. 333-35887, 333-42182, 333-43081, 333-65327, 333-65329, 333-98811, 333-111076 and 333-111077 on Form S-8 of our reports dated May 12, 2006, relating to the consolidated financial statements and financial statement schedule of Mylan Laboratories Inc. and management's report on the effectiveness of internal control over financial reporting, appearing in this Annual Report on Form 10-K of Mylan Laboratories Inc. for the year ended March 31, 2006.

/s/ Deloitte & Touche LLP
Pittsburgh, Pennsylvania
May 12, 2006

EXHIBIT 31.1

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

I, Robert J. Coury, certify that:

1. I have reviewed this Annual Report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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 control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Date: May 12, 2006

/s/ Robert J. Coury

Robert J. Coury
Chief Executive Officer

EXHIBIT 31.2

Certification of CFO Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Edward J. Borkowski, certify that:

1. I have reviewed this Annual Report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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 control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Date: May 12, 2006

/s/ Edward J. Borkowski

Edward J. Borkowski
Chief Financial Officer

EXHIBIT 32

CERTIFICATIONS of CEO and CFO PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Mylan Laboratories Inc. (the "Company") for the year ended March 31, 2006 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: May 16, 2006

/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-K.