
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended December 31, 1999
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OR THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from_____ to_____

Commission file number 1-9114

MYLAN LABORATORIES INC.
(Exact Name of registrant as specified in its charter)

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

130 Seventh Street
1030 Century Building
Pittsburgh, Pennsylvania 15222
(Address of principal executive offices) (Zip Code)

412-232-0100
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed
since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

YES X NO

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

Class of Common Stock	Outstanding at February 8, 2000
----- \$.50 par value	----- 129,334,180

MYLAN LABORATORIES INC. AND SUBSIDIARIES

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MYLAN LABORATORIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands except per share amounts)

UNAUDITED

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	1999	1998	1999	1998
NET SALES	\$203,877	\$186,195	\$575,461	\$530,505
COST AND EXPENSES:				
Cost of Sales	92,725	86,479	257,250	253,591
Research and Development	12,387	12,274	35,651	39,740
Acquired In-Process				
Research and Development	-	29,000	-	29,000
Selling and Administrative	40,417	35,987	117,411	89,431
	145,529	163,740	410,312	411,762
EQUITY IN (LOSS) EARNINGS OF SOMERSET	(1,548)	1,113	(2,619)	5,605
OTHER INCOME	6,878	4,275	9,640	12,387
EARNINGS BEFORE INCOME TAXES	63,678	27,843	172,170	136,735
INCOME TAXES	23,244	19,689	62,717	57,184
NET EARNINGS	\$ 40,434	\$ 8,154	\$109,453	\$ 79,551
EARNINGS PER COMMON SHARE:				
Basic	\$.31	\$.06	\$.85	\$.64
Diluted	\$.31	\$.06	\$.84	\$.63
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	129,232	128,644	129,183	124,449
Diluted	130,026	130,339	130,160	126,075

The Company has paid regular quarterly cash dividends of \$.04 per share since October 1995.

See Notes to Consolidated Financial Statements

MYLAN LABORATORIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands except share information)

UNAUDITED

ASSETS

	December 31, 1999	March 31, 1999
	----	----
Current Assets:		
Cash and cash equivalents	\$ 237,528	\$ 189,849
Marketable securities	95,559	69,872
Accounts receivable - net	162,687	148,896
Inventories:		
Raw materials	66,977	57,414
Work in process	25,591	20,813
Finished goods	47,651	58,266
	-----	-----
	140,219	136,493
Deferred income tax benefit	32,032	18,199
Other current assets	15,837	19,650
	-----	-----
Total Current Assets	683,862	582,959
Property, Plant and Equipment - at cost	266,148	244,793
Less accumulated depreciation	102,295	90,157
	-----	-----
	163,853	154,636
Investment in and Advances to Somerset	31,160	34,114
Intangible Assets - net of accumulated amortization	325,225	336,003
Other Assets	104,942	98,949
	-----	-----
Total Assets	\$1,309,042	\$1,206,661
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Trade accounts payable	\$ 16,869	\$ 12,142
Current portion of long-term obligations	16,336	16,941
Income taxes payable	11,458	821
Cash dividends payable	5,188	5,178
Other current liabilities	52,476	61,279
	-----	-----
Total Current Liabilities	102,327	96,361
Long-Term Obligations	23,684	26,827
Deferred Income Tax Liability	25,161	23,568
Shareholders' Equity:		
Preferred stock, par value \$.50 per share, authorized 5,000,000 shares, issued and outstanding - none	-	-
Common stock, par value \$.50 per share, authorized 300,000,000 shares, issued 130,132,593 shares at December 31, 1999 and 129,968,514 shares at March 31, 1999	65,066	64,984
Additional paid-in capital	314,714	311,995
Retained earnings	783,952	690,003
Accumulated other comprehensive income	2,320	1,105
	-----	-----
	1,166,052	1,068,087
Less treasury stock - at cost, 888,578 shares at December 31, 1999 and March 31, 1999	8,182	8,182
	-----	-----
Total Shareholders' Equity	1,157,870	1,059,905
	-----	-----
Total Liabilities and Shareholders' Equity	\$1,309,042	\$1,206,661
	=====	=====

MYLAN LABORATORIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31, 1999 AND 1998
(In thousands)

UNAUDITED

	1999	1998
	----	----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$109,453	\$ 79,551
Adjustments to reconcile net earnings to net cash provided from operating activities:		
Depreciation and amortization	27,112	18,995
Deferred income tax benefit	(13,303)	(10,531)
Equity in the loss(earnings)of Somerset	2,619	(5,606)
Cash received from Somerset	335	3,135
Allowances on accounts receivable	32,160	13,954
Acquired in-process research and development	-	29,000
Other noncash expense	7,225	154
Changes in operating assets and liabilities:		
Accounts receivable	(45,901)	(27,029)
Inventories	(3,669)	1,049
Trade accounts payable	4,727	(4,338)
Income taxes payable	11,853	9,561
Other operating assets and liabilities	(8,679)	256
	-----	-----
Net cash provided from operating activities	123,932	108,151
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(21,355)	(11,267)
Increase in intangible and other assets	(11,963)	(3,397)
Proceeds from investment securities	112,630	22,801
Purchase of investment securities	(135,967)	(20,611)
Cost of acquisition net of cash acquired	-	1,467
	-----	-----
Net cash used in investing activities	(56,655)	(11,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term obligations	(6,186)	(6,673)
Cash dividends paid	(15,494)	(14,679)
Proceeds from exercise of stock options	2,082	8,566
	-----	-----
Net cash used in financing activities	(19,598)	(12,786)
	-----	-----
Net increase in cash and cash equivalents	47,679	84,358
Cash and cash equivalents - beginning of period	189,849	103,756
	-----	-----
Cash and cash equivalents - end of period	\$237,528	\$188,114
	=====	=====
CASH PAID DURING THE PERIOD FOR:		
Interest	\$ 646	\$ 279
	=====	=====
Income Taxes	\$ 64,167	\$ 58,157
	=====	=====

See Notes to Consolidated Financial Statements

MYLAN LABORATORIES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED
DECEMBER 31, 1999

Unaudited

- A. In the opinion of management, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of Mylan Laboratories Inc. and subsidiaries (the "Company") as of December 31, 1999, and March 31, 1999, together with the results of operations and cash flows for the interim periods ended December 31, 1999 and 1998. The consolidated results of operations for the three and nine months ended December 31, 1999, are not necessarily indicative of the results to be expected for the full year.
- B. These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's 1999 Annual Report and Report on Form 10-K.
- C. Diluted earnings per common share is computed by dividing net earnings available to common shareholders by the weighted average common shares outstanding adjusted for the dilutive effect of options granted under the Company's stock option plans. The effect of dilutive stock options on the weighted average common shares outstanding was 794,000 and 1,695,000 for the three months ended December 31, 1999 and 1998, and 977,000 and 1,626,000 for the nine months ended December 31, 1999 and 1998.
- D. Total comprehensive income for the three and nine months ended December 31, 1999 and 1998, is as follows: (in thousands)

	Three Months Ended December 31, ----- 1999 1998 ----		Nine Months Ended December 31, ----- 1999 1998 ----	
Net earnings	\$40,434	\$8,154	\$109,453	\$79,551
Other comprehensive income, net of tax:				
Unrealized (loss) gain on marketable securities	(27)	(14)	3,419	(2,015)
Adjustment for loss(gains) included in net earnings	331	(169)	(2,204)	(208)
Comprehensive income	\$40,738	\$7,971	\$110,668	\$77,328
	=====	=====	=====	=====

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

MYLAN LABORATORIES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED
DECEMBER 31, 1999

Unaudited

E. The following table presents the comparative operating results for the Company's operating segments: (in thousands)

	Three Months Ended December 31, -----		Nine Months Ended December 31, -----	
	1999 ----	1998 ----	1999 ----	1998 ----
Generic Segment:				
Net Sales	\$168,223	\$158,159	\$483,974	\$472,492
Segment Profit	65,495	58,254	193,247	166,413
Branded Segment:				
Net Sales	\$ 35,654	\$ 28,036	\$91,487	\$ 58,013
Segment Profit	5,942	6,410	13,126	12,417
	\$ (7,759)			
Corporate	\$ (7,759)	\$(36,821)	\$(34,203)	\$(42,095)
Consolidated:				
Net Sales	\$203,877	\$186,195	\$575,461	\$530,505
Pretax Earnings	63,678	27,843	172,170	136,735

Segment net sales represents sales to unrelated third parties. Segment profit represents segment gross profit less direct research and development, sales and marketing and administrative expenses. Corporate includes legal costs, goodwill amortization, other corporate administrative expenses and nonoperating income and expense. For the three and nine months ended December 31, 1998, Corporate includes a one-time charge of \$29,000,000 for acquired in-process research and development relating to the Penederm acquisition.

F. A subsidiary of the Company was involved in a dispute with KaiGai Pharmaceuticals, Co., Ltd. ("KaiGai") relating to a license and supply contract for nitroglycerin transdermal patches which both parties claim was breached by the other. KaiGai sought damages in excess of \$20,000,000. The dispute was subject to binding arbitration and in November 1999, the arbitration panel denied KaiGai's request for damages.

In November 1999, the Company and a state agency entered into a settlement concerning certain contract pricing matters. The settlement was satisfied without a significant effect on the Company's financial position or results of operations.

MYLAN LABORATORIES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED
DECEMBER 31, 1999

Unaudited

- F. (cont.) The Company had an agreement with Genpharm Inc. ("Genpharm") where it benefitted from the sale of ranitidine HCl tablets by Novopharm Limited ("Novopharm") under a separate agreement between Genpharm and Novopharm. Based on an independent audit, Genpharm initiated a lawsuit against Novopharm to resolve contract interpretation issues and collect additional funds due. In response to Genpharm's suit, Novopharm filed counterclaims against both Genpharm and the Company claiming damages of up to \$60,000,000. The Company believes the counterclaims against Genpharm and the Company are without merit and will vigorously defend its position.

In June 1998, the Company filed suit in the Los Angeles Superior Court against American Bioscience, Inc. ("ABI"), American Pharmaceutical Partners, Inc. ("APP") and certain of their directors and officers. The Company's suit seeks various legal and equitable remedies. The Los Angeles Superior Court issued a preliminary injunction order which, among other things, prohibits the defendants from transferring or disposing of funds, assets, technology or property without the Company's consent or commingling assets, property, technology or personnel with those of another company. In June 1999, the defendants filed an answer to and cross-complaint against the Company. The cross-complaint alleges violations of California state laws, interference with contractual relations and prospective economic advantage, fraud, slander, libel and other allegations. The cross-complainants seek unspecified compensatory and punitive damages. The Company believes the cross-complaints are without merit and intends to vigorously defend its position.

On December 22, 1998, the Federal Trade Commission ("FTC") filed suit in U.S. District Court for the District of Columbia (the "Court") against the Company. The FTC's complaint alleges the Company engaged in restraint of trade, monopolization, attempted monopolization and conspiracy to monopolize, arising out of certain agreements involving the supply of raw materials used to manufacture two drugs. The FTC also sued in the same case the foreign supplier of the raw materials, the supplier's parent company and its United States distributor. Under the terms of the agreements related to these raw materials, the Company has agreed to indemnify these parties.

The Company is a party to other suits involving the Attorneys General from 33 states and more than 25 putative class actions that allege the same conduct alleged in the FTC suit as well as alleged violations of state consumer protection laws.

MYLAN LABORATORIES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED
DECEMBER 31, 1999
Unaudited

- F. (cont.) A qui tam action was commenced by a private party in the U.S. District Court for the District of South Carolina purportedly on behalf of the United States alleging violations of the False Claims Act and other statutes.

The relief sought by the FTC includes an injunction barring the Company from engaging in the challenged conduct, rescission of certain agreements and disgorgement in excess of \$120,000,000. The states and private parties seek similar relief, treble damages and attorneys' fees. The Company's motions to dismiss several of the private actions were granted.

A class action suit was filed alleging violations of federal securities laws by the Company and certain directors and officers of the Company. Without specifying a dollar amount, the suit sought compensatory damages. The Company's motion to dismiss the federal securities case was granted on December 22, 1999. A notice of appeal has been filed.

The Company had filed motions to dismiss the FTC complaint and significant portions of the State Attorneys General complaint. In July 1999, the Court denied the Company's motion to dismiss the FTC complaint. The Company filed a motion requesting the Court to certify its ruling with respect to the jurisdictional issue for expedited appeal to the U.S. Court of Appeals for the District of Columbia. This motion was denied. The Court granted in part and denied in part the Company's motion to dismiss portions of the State Attorneys General complaint. In so doing, the Court limited certain theories of recovery asserted by the states. Some States have filed a motion with the Court requesting that it reconsider certain claims that were dismissed, and, in December 1999, the Court reinstated certain claims.

In February 2000, the Company received notice of threatened litigation by another generic manufacturer. The potential complaint is based on similar factors alleged in the FTC litigation relating to the generic product clorazepate.

The Company believes that it has meritorious defenses to the claims in these matters and intends to vigorously defend them. Although the Company believes it has meritorious defenses to the claims, an adverse result in these suits could have a material adverse effect on the Company's financial position and results of its operations.

MYLAN LABORATORIES INC. AND SUBSIDIARIES
PART 1 - FINANCIAL INFORMATION

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

Introduction

Net earnings for the quarter ended December 31, 1999, were \$40.4 million or \$.31 per share compared to \$8.2 million or \$.06 per share for the same prior year period. Net earnings for the nine month period then ended were \$109.5 million or \$.84 per share compared to \$79.6 million or \$.63 per share for the same prior year period. Prior year earnings were affected by a one-time charge of \$29 million for acquired in-process research and development ("IPR&D") relating to the acquisition of Penederm Inc. ("Penederm") in October 1998. Excluding the one-time charge for acquired IPR&D, net earnings for the quarter ended December 31, 1998, were \$37.2 million or \$.29 per share and the net earnings for the nine months ended December 31, 1998, were \$108.6 million or \$.86 per share.

All references to per share amounts in Item 2 are based on diluted weighted average common shares outstanding.

The following table presents the comparative operating results for the Company's operating segments: (dollars in millions)

	Three Months Ended December 31, -----			Nine Months Ended December 31, -----		
	1999 ----	1998 ----	% Change -----	1999 ----	1998 ----	% Change -----
Generic Segment:						
Net Sales	\$ 168.2	\$158.2	6%	\$ 484.0	\$ 472.5	2%
Gross Profit	86.0	80.5	7%	254.4	238.7	7%
Segment Profit	65.5	58.2	13%	193.2	166.4	16%
Branded Segment:						
Net Sales	\$ 35.7	\$ 28.0	27%	\$ 91.5	\$ 58.0	58%
Gross Profit	25.2	19.2	31%	63.8	38.2	67%
Segment Profit	5.9	6.4	(8%)	13.1	12.4	6%
Corporate	\$ (7.7)	\$(36.8)		\$ (34.1)	\$(42.1)	
Consolidated:						
Net Sales	\$ 203.9	\$186.2	10%	\$ 575.5	\$ 530.5	8%
Gross Profit	111.2	99.7	12%	318.2	276.9	15%
Pretax Earnings	63.7	27.8	129%	172.2	136.7	26%

MYLAN LABORATORIES INC. AND SUBSIDIARIES

Segment net sales represents sales to unrelated third parties. Segment gross profit represents segment net sales less the corporate wide costs of manufacturing, warehousing and shipping associated with such sales. Segment profit represents segment gross profit less direct research and development, sales and marketing and administrative expenses. Corporate includes legal costs, goodwill amortization, other corporate administrative expenses and nonoperating income and expense. For the three and nine months ended December 31, 1998, Corporate includes a one-time charge of \$29,000,000 for acquired in-process research and development relating to the Penederm acquisition.

Results of Operations

Net Sales and Gross Profit

Net sales for the three months ended December 31, 1999, were \$203.9 million compared to \$186.2 million for the same prior year period, an increase of 10%. Net sales for the nine months ended December 31, 1999, were \$575.5 million compared to \$530.5 million for the same prior year period, an increase of 8%. The increase in net sales for the three month period relates principally to increases in dermatology product sales, generic volume and new generic products. The increase in net sales for the nine month period relates principally to an additional six months of dermatology product sales related to Penederm, an increase in generic volume, new generic products and price increases on selected generic products.

Gross profits increased \$11.5 million over the prior year three month

period to \$111.2 million and \$41.3 million to \$318.2 million over the prior year nine month period. Gross margins (gross profit as a percentage of net sales) were 55% for the current year three and nine month periods compared to 54% and 52% in the prior year comparable periods.

Generic gross profit increased 7% for both the current three and nine month periods as a result of price increases on selected products, sales of new products approved after December 31, 1998, termination of certain royalty arrangements in January 1999 and increased generic volume. Generic units shipped (excluding unit dose shipments) were 2.4 billion units and 6.4 billion units for the current three and nine month periods, up 13% and 8% from the prior year periods. The increases during these periods were offset by normal price deterioration and a 10% and 8% decrease in gross profit for the current three and nine month periods related to clorazepate and lorazepam.

Branded gross profit increased 31% and 67% for the current three and nine month periods over the same prior year three and nine month periods. The increase in gross profit for the current three month period is due principally to growth for existing dermatology products. The increase for the current nine month period is due principally to an additional six months

of sales of Penederm and the additional growth previously mentioned for the three month period.

MYLAN LABORATORIES INC. AND SUBSIDIARIES

Research and Development

The Company is actively pursuing and is involved in joint development projects in an effort to broaden its scope of capabilities in bringing to market new and innovative products. Such arrangements generally provide for payments by the Company only upon the attainment of certain milestones. While such arrangements help to reduce the Company's financial risk for unsuccessful projects, fulfillment of milestones may result in fluctuations in quarterly research and development expense.

Expenditures for research and development were \$12.4 million and \$35.7 million for the three and nine month periods ended December 31, 1999, compared to \$12.3 million and \$39.7 million for the comparable periods ended December 31, 1998. The decrease for the current nine month period over the prior year nine month period is due to the fulfillment of milestones for product licensing and development agreements reached in the prior year. This decrease was partially offset by an additional six months of research expenditures for branded products of Penederm. Core internal research costs are expected to increase as the Company progresses into the advance stages of development for certain projects in future periods.

Selling and Administrative Expenses

Selling and administrative expenses were \$40.4 million for the three months ended December 31, 1999, compared to \$36.0 million for the same period in the prior year. Expenses for the nine months ended December 31, 1999, were \$117.4 million compared to \$89.4 million for the same period in the prior year.

Corporate administrative expenses were \$13.1 million and \$41.2 million for the current three and nine month periods compared to \$13.2 million and \$31.8 million for the comparable prior year periods. For the nine month period, the increase is primarily due to higher goodwill amortization related to Penederm and legal expenses related to the FTC investigation.

Branded Segment selling and administrative expenses were \$16.6 million and \$43.8 million for the current three and nine month periods compared to \$11.4 million and \$24.3 million for the comparable prior year periods. The increase in the three month period over the prior year period is primarily due to the expansion of the sales and support staff. The increase for the nine month period is due to the expansion of the sales and support staff, as previously mentioned, and the inclusion of an additional six months of expenses of Penederm.

MYLAN LABORATORIES INC. AND SUBSIDIARIES

Generic Segment selling and administrative expenses decreased 6% to \$10.7 million and 5% to \$32.4 million for the three and nine month periods ended December 31, 1999. The decrease for both the three and nine month periods is primarily related to reduced expenses related to new product launches and promotional campaigns in the current year periods.

Equity in Earnings

The equity in the loss of Somerset in the current periods was primarily the result of lower sales due to generic competition on Eldepryl(R) and increased expenditures for research and development. Somerset Pharmaceuticals, Inc. is continuing its research for alternative uses for Eldepryl(R), which is expected to result in continued losses in the near term.

Other Income

The increase in the current quarter is primarily due to income related to an investment in a limited partnership. The Company also recorded losses on certain investments, which were deemed to be permanently impaired, that offset a portion of the above income. The decrease for the current nine month period over the comparable prior nine month period is primarily related to the fluctuations in income of the previously mentioned limited partnership.

Income Taxes

The Company's effective tax rate was 36.5% for both the three and nine month periods ended December 31, 1999. The effective tax rate for the prior year comparable periods was significantly impacted by the one-time charge for acquired IPR&D.

Liquidity, Capital Resources and Financial Condition

Working capital increased to \$581.5 million at December 31, 1999, from \$486.6 million at March 31, 1999. The ratio of current assets to current liabilities increased to 6.7 to 1 at December 31, 1999, from 6.0 to 1 at March 31, 1999. The increase in working capital was primarily due to the Company's net earnings. In addition to net earnings, net cash provided from operating activities was affected by changes in accounts receivable and its related allowance. The increase in cash used in investing activities principally resulted from the Company's increased investment in marketable securities which primarily are short term in nature.

The Company continues to examine opportunities to expand its business through product and company acquisitions. The Company's capital resources, financial condition and results of

operations could be materially impacted if the Company were to complete one or more of such acquisitions.

MYLAN LABORATORIES INC. AND SUBSIDIARIES

Although the Company believes it has meritorious defenses to the claims in the FTC and related suits, an adverse result in these suits could have a material adverse effect on the Company's business and financial condition, due to the size of the FTC's disgorgement claim and the threat of treble damages sought by the states, as well as possible damages in the other related suits. The Company expects to incur substantial costs in defending itself in these actions.

Year 2000

As described in the Company's annual report on Form 10-K for the year ended March 31, 1999, and its quarterly reports on Form 10-Q for the quarters ended June 30, 1999, and September 30, 1999, the Company had examined its critical information ("IT") and non-IT operating systems for Year 2000 ("Y2K") compliance. Since entering the year 2000, the Company has not experienced any significant disruptions to its business either directly or by reason of Y2K related problems affecting the Company's customers or suppliers. The Company will continue to monitor its critical IT and non-IT systems over the next several months, but does not anticipate any significant Y2K impact on its business. As previously disclosed, the Company significantly upgraded its computing systems over the last several years, principally for reasons unrelated to Y2K issues. Consequently, the Company did not incur significant incremental costs in seeking to become Y2K compliant.

Forward-Looking Statements

The statements set forth in this Item 2 under Results of Operations concerning the manner in which the Company intends to conduct its future operations, potential trends that may impact future results of operations, and its beliefs or expectations about future operations are forward-looking statements. The Company may be unable to realize its plans and objectives due to various important factors, including, but not limited to, the factors described under "Forward Looking Statements" in Item 7 of the Company's Annual Report on Form 10-K for the year ended March 31, 1999.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by Item 3 has been disclosed in Item 7A of the Company's Annual Report on Form 10-K for the year ended March 31, 1999. There has been no material change in the disclosure regarding market risk.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Since the date of the filing of the Company's report on Form 10-Q for the period ended September 30, 1999, there have been no material new legal proceedings involving the Company or any material developments to such proceedings, except as described below. See Note F to the Company's consolidated financial statements and/or "Legal Proceedings" in the Company's

MYLAN LABORATORIES INC. AND SUBSIDIARIES

Annual Report on Form 10-K for the year ended March 31, 1999, and Quarterly Reports on Form 10-Q for the quarters ended June 30, 1999, and September 30, 1999, for a discussion of certain other legal proceedings involving the Company as to which there have been no material developments since the filing of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999.

A subsidiary of the Company was involved in a dispute with KaiGai Pharmaceuticals, Co., Ltd. ("KaiGai") relating to a license and supply contract for nitroglycerin transdermal patches which both parties claim was breached by the other. KaiGai sought damages in excess of \$20,000,000. The dispute was subject to binding arbitration, and, in November 1999, the arbitration panel denied KaiGai's request for damages.

In November 1999, the Company and a state agency entered into a settlement concerning certain contract pricing matters. The settlement was satisfied without a significant effect on the Company's financial position or results of operations.

On December 22, 1998, the Federal Trade Commission ("FTC") filed suit in U.S. District Court for the District of Columbia (the "Court") against the Company. The FTC's complaint alleges the Company engaged in restraint of trade, monopolization, attempted monopolization and conspiracy to monopolize, arising out of certain agreements involving the supply of raw materials used to manufacture two drugs. The FTC also sued in the same case the foreign supplier of the raw materials, the supplier's parent company and its United States distributor. Under the terms of the agreements related to these raw materials, the Company has agreed to indemnify these parties.

The Company is a party to other suits involving the Attorneys General from 33 states and more than 25 putative class actions that allege the same conduct alleged in the FTC suit as well as alleged violations of state consumer protection laws. A qui tam action was commenced by a private party in the U.S. District Court for the District of South Carolina purportedly on behalf of the United States alleging violations of the False Claims Act and other statutes.

The relief sought by the FTC includes an injunction barring the Company from engaging in the challenged conduct, rescission of certain agreements and disgorgement in excess of \$120,000,000. The states and private parties seek similar relief, treble damages and attorneys' fees. The Company's motions to dismiss several of the private actions were granted.

MYLAN LABORATORIES INC. AND SUBSIDIARIES

A class action suit was filed alleging violations of federal securities laws by the Company and certain directors and officers of the Company. Without specifying a dollar amount, the suit sought compensatory damages. The Company's motion to dismiss the federal securities case was granted on December 22, 1999. A notice of appeal has been filed.

The Company had filed motions to dismiss the FTC complaint and significant portions of the State Attorneys General complaint. In July 1999, the Court denied the Company's motion to dismiss the FTC complaint. The Company filed a motion requesting the Court to certify its ruling with respect to the jurisdictional issue for expedited appeal to the U.S. Court of

Appeals for the District of Columbia. This motion was denied. The Court granted in part and denied in part the Company's motion to dismiss portions of the State Attorneys General complaint. In so doing, the Court limited certain theories of recovery asserted by the states. Some States have filed a motion with the Court requesting that it reconsider certain claims that were dismissed, and, in December 1999, the Court reinstated certain claims.

In February 2000, the Company received notice of threatened litigation by another generic manufacturer. The potential complaint is based on similar factors alleged in the FTC litigation relating to the generic product clorazepate.

The Company believes that it has meritorious defenses to the claims in these matters and intends to vigorously defend them. Although the Company believes it has meritorious defenses to the claims, an adverse result in these suits could have a material adverse effect on the Company's financial position and results of its operations.

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 proceedings, it is the opinion of management that the outcome of these suits will not have a material adverse effect on the Company's operations, financial position, or liquidity.

MYLAN LABORATORIES INC. AND SUBSIDIARIES

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibit 27 - Financial Data Schedule
- (b) Reports on Form 8-K - There were no reports on Form 8-K filed during the three months ended December 31, 1999.

SIGNATURES

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

Mylan Laboratories Inc.
(Registrant)

DATE 2/14/00

/s/ Milan Puskar
Chairman of the Board, Chief
Executive Officer and President
(Principal executive officer)

DATE 2/14/00

/s/ Donald C. Schilling
Vice President of Finance and
Chief Financial Officer
(Principal financial officer)

Exhibit 27

Financial Data Schedule
Mylan Laboratories Inc. and Subsidiaries
Article 5 of Regulation S-X

The schedule contains summary financial information extracted from the Consolidated Balance Sheet at December 31, 1999, and the Consolidated Statement of Earnings for the nine months ended December 31, 1999, and is qualified in its entirety by reference to such financial statements.

0000069499
none

9-MOS
MAR-31-2000

DEC-31-1999

	237,528
	95,559
	238,431
	75,744
	140,219
683,862	
	266,148
102,295	
1,309,042	
102,327	
	23,684
0	
	0
	65,066
	1,092,804
1,309,042	
	575,461
575,461	
	257,250
257,250	
153,062	
32,160	
442	
172,170	
	62,717
109,453	
	0
	0
	0
109,453	
	.85
	.84