UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K/A

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934For the Fiscal Year Ended March 31, 2002

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.)

1030 Century Building
130 Seventh Street
Pittsburgh, Pennsylvania 15222(412) 232-0100
(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 $.50 per share	New York Stock Exchange

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

Indicate by checkmark 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...X.... No.......

Indicate by checkmark 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. [X]

The number of outstanding shares of Common Stock of the registrant as of June 10, 2002, was 125,591,429. The aggregate market value of voting stock held by non-affiliates of the registrant as of June 10, 2002, was $3,780,268,679, based upon the closing price of the Common Stock on that date, as reported by the New York Stock Exchange. Shares of Common Stock known to be owned by directors and executive officers of the registrant subject to Section 16 of the Securities Exchange Act of 1934 are not included in the computation. No determination has been made that such persons are "affiliates" within the meaning of Rule 12b-2 under the Exchange Act.

DOCUMENTS INCORPORATED BY REFERENCE

Incorporated by reference into this Report is the Proxy Statement for the 2002 Annual Meeting of Shareholders, Part III, Items 10-13.

MYLAN LABORATORIES INC.

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For the Fiscal Year Ended March 31, 2002

PART I

ITEM 1. Business

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

Overview of Our Business

We conduct business through our generic (Generic Segment) and brand (Brand Segment) pharmaceutical operating segments. For fiscal 2002, the Generic Segment represented approximately 88% of net revenues, and the Brand Segment represented approximately 12% of net revenues. For fiscal 2001 and 2000, the Generic Segment represented approximately 80% and 82% of net revenues, and the Brand Segment represented approximately 20% and 18% of net revenues. The financial information for our operating segments required by this Item is provided in Note 14 to Consolidated Financial Statements under Part II, Item 8, of this Report.

Prescription pharmaceutical products in the United States (US) are generally marketed as either brand or generic drugs. Brand products are marketed under brand names through programs that are designed to generate physician and consumer loyalty. Brand products generally are patent protected or benefit from other non-patent, market exclusivities. This market exclusivity generally provides brand products with the ability to maintain their profitability for relatively long periods of time. Brand products generally have a significant role in the market after the end of patent protection or other market exclusivities due to physician and customer loyalties.

Generic pharmaceutical products are the chemical and therapeutic equivalent of a reference brand drug, which is an approved drug product listed in the US 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. Growth in the generic pharmaceutical industry has been driven by the increased acceptance of generic drugs as bioequivalent substitutes for brand name products, as well as the number of brand drugs for which patent terms and/or other market exclusivities have expired.

Generic Segment

We are recognized as a leader in the generic pharmaceutical industry. The Generic Segment consists of two principal business units, Mylan Pharmaceuticals Inc. (Mylan Pharm) and UDL Laboratories, Inc.(UDL), which are wholly-owned subsidiaries. Mylan Pharm is our primary generic pharmaceutical development, manufacturing, marketing and distribution division. Mylan Pharm's net revenues are derived primarily from the sale of solid oral dosage products. UDL packages and markets generic products, either obtained from Mylan Pharm or purchased from third parties, in unit dose formats, for use primarily in hospitals and other institutions. The Generic Segment is augmented by transdermal patch products

developed and manufactured by Mylan Technologies Inc.(Mylan Tech), a wholly-owned subsidiary.

We obtain new products primarily through internal product development. However, we license or co-develop other products through arrangements with other companies. Generic products are generally introduced to the marketplace at the expiration of patent protection for the brand product. The FDA may extend the period of brand product marketing exclusivity under certain circumstances, primarily through pediatric exclusivity. New generic product approvals are obtained from the FDA through the ANDA process. The ANDA process requires us to demonstrate bioequivalence to a reference brand product. In addition, we must develop formulations of the reference product that will result in demonstrating, to the FDA's satisfaction, that our product is bioequivalent to the referenced product. Even with the uncertainties related to formulation development, the ANDA process often results in the FDA granting a number of ANDA approvals for a given product at the time the brand product patent or other market exclusivity expires. Consequently, we often face a number of competitors when we introduce a new 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. In part, our continued growth is dependent upon our ability to successfully develop or acquire profitable new generic pharmaceuticals.

The Waxman-Hatch Act provides for a period of 180 days of generic marketing exclusivity for those ANDA applicants that are first to file an ANDA containing a certification of invalidity, non-infringement or unenforceability with respect to the listed patent(s). Such certifications are commonly referred to as Paragraph IV certifications. The 180-day period of generic market exclusivity generally results in higher market share, net revenues and gross margin. Generic manufacturers may also enjoy longer periods of relatively high, stable margins through the introduction of difficult-to-develop generic pharmaceuticals.

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 have bolstered 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 manufacture and market approximately 111 generic pharmaceuticals in capsule or tablet form in an aggregate of approximately 264 dosage strengths. We also manufacture and distribute two generic transdermal patch pharmaceutical products in six dosage strengths. In addition, we are marketing 73 generic products in 130 dosage strengths under supply and distribution agreements with other pharmaceutical companies. We have been successful in developing a number of extended-release products with approximately nine extended-release products in 19 dosage strengths in our portfolio. In fiscal 2002, Mylan held the first or second market position in new and refilled prescriptions dispensed among all pharmaceutical companies in the US with respect to 97 of the 126 generic pharmaceutical products we marketed, excluding unit-dose products.

Sales of our antianxiety products, primarily buspirone in fiscal 2002, represented approximately 19%, 4% and 14% of our net revenues in fiscal 2002, 2001 and 2000, respectively. Lorazepam and clorazepate represented a significant portion of our net revenues in fiscal 2000. Approximately 19%, 26% and 9% of our

net revenues in fiscal 2002, 2001 and 2000, respectively, were contributed by calcium channel blockers, primarily nifedipine in fiscal 2002 and 2001.

We expect that the future growth of our Generic Segment will result from: (1) increasing generic substitution rates for existing products, (2) emphasizing the development or acquisition of new products that may attain FDA first-to-file status, (3) targeting products that are difficult to formulate and (4) pursuing products for which the active pharmaceutical ingredient is difficult to obtain. In addition, we intend to continue to seek complementary or strategic acquisitions.

Brand Segment

The Brand Segment consists of two principal business units, Bertek Pharmaceuticals Inc. (Bertek) and Mylan Tech, which are wholly-owned subsidiaries. The Brand Segment operations are conducted primarily through Bertek. Bertek's principal therapeutic areas of concentration include neurology, dermatology and cardiology. The Brand Segment includes pharmaceutical products that have patent protection, have achieved brand recognition in the marketplace or represent branded generic pharmaceutical products that are responsive to promotional efforts.

In fiscal 2002, the Brand Segment curtailed its end-of-quarter promotional programs. As our customers adjusted their buying patterns and inventory levels, the Brand Segment experienced a decrease in net revenues and gross profits. Customer orders have subsequently become more consistent and predictable.

We expect that the growth of the Brand Segment will be driven through internal development of unique and innovative products, product or business acquisitions, licensing arrangements and our ability to increase prescriptions for our current products. In late fiscal 2002, the Brand Segment launched Phenytek(R), an internally developed, once-daily form of extended phenytoin sodium, used in the treatment of seizure disorders. Phenytek(R) is a unique product in that it may enhance medication compliance.

Bertek anticipates FDA approval for isotretinoin in fiscal 2003. Obtained through a licensing agreement, isotretinoin is the generic equivalent of Accutane(R), which is used in the treatment of severe acne. The significant marketing barriers surrounding this product will require extensive promotional efforts and are expected to limit the number of competitors who will enter this market.

Nebivolol, which we licensed in fiscal 2001, is a beta blocker for which we intend to pursue a New Drug Application (NDA) for the indication of hypertension. We believe that we will be able to demonstrate clinically the unique beta 1-receptor blockade selectivity characteristics of this product, which could result in providing certain competitive advantages. The nebivolol compound has patent protection in the US through March 2004, which may be extended under the terms of the Waxman-Hatch Act. An additional patent application has been filed that, if approved by the FDA, could further extend patent protection on this compound. We anticipate expending significant funds to support the nebivolol clinical development program for hypertension through fiscal 2004.

The Brand Segment sales force consists of approximately 175 sales representatives who promote our products to primary care physicians, dermatologists, neurologists and pharmacists. We expect our sales force to increase as the Brand Segment introduces new products to its product line.

Product Development

Our research and development strategy focuses on the following product development areas:

- development of controlled-release technologies and the application of these technologies to reference products;
- development of NDA and ANDA transdermal products;
- development of drugs technically difficult to formulate or manufacture because of unusual factors that affect their bioequivalence or because of unusually stringent regulatory requirements;
- development of drugs that target smaller, specialized or under-served markets;
- expansion of our existing solid oral dosage products with respect to additional dosage strengths; and
- successful completion of nebivolol clinical trials and the filing of the related NDA.

Our future results of operations will depend in part upon our ability to

develop and successfully commercialize new brand and generic pharmaceutical products in a timely manner. These new products must be continually developed, tested and manufactured. In addition, they must meet regulatory standards and receive regulatory approvals (see "Government Regulation"). The development and commercialization process is time-consuming and costly. If products that we develop cannot be successfully or timely launched, our operating results could be adversely affected.

FDA approval is required before any drug product, including a generic, can be marketed. The process of obtaining FDA approval to manufacture and market pharmaceutical products is rigorous, time-consuming, costly and largely unpredictable. The rate, timing and cost of obtaining FDA approvals can adversely affect our product introduction plans and results of operations (see "Government Regulation").

All applications for FDA approval must contain information relating to product formulation, raw material suppliers, stability, manufacturing processes, packaging, labeling and quality control. 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 our newly developed brand products and, in certain instances, for a new dosage form of 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.

One requirement for FDA approval of ANDAs and NDAs 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 record keeping, and involve changing and evolving standards. 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 evolving and complex nature of these regulatory requirements, the broad authority and discretion of the FDA and the generally high level of regulatory oversight result in a continuing possibility that we may be adversely affected by regulatory actions despite our efforts to comply with regulatory requirements.

Research and development expenses were $58.8 million, $64.4 million and $49.1 million in fiscal 2002, 2001 and 2000, respectively. Research and development efforts are conducted 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 the Brand Segment continues to develop brand products, our research expenses will likely increase.

Generic Product Development

FDA approval of an ANDA is required before marketing a generic equivalent of a drug approved under an NDA or a previously unapproved dosage strength of a drug approved under an ANDA. The ANDA approval process is generally less time-consuming and complex than the NDA approval process. It 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 does, however, require one or more bioequivalency 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, bioequivalency 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 bioequivalency studies are conducted or other requirements are satisfied.

During fiscal 2002, Mylan received 18 application approvals, including 11 final ANDA approvals: Famotidine Tablets, Buspirone Tablets, Paclitaxel Injection, Oxaprozin Tablets, Spironolactone Tablets, Enalapril and Hydrochlorothiazide Tablets, Diclofenac Sodium Extended-Release Tablets, Lovastatin Tablets, Metformin Tablets, Fluoxetine Capsules, and Ketoprofen Extended-Release Capsules; two supplemental ANDAs for Extended Phenytoin Sodium Capsules USP, 200mg and 300mg and Buspirone Tablets, 5mg and 10mg; three tentative ANDA approvals: Lisinopril Tablets, Lisinopril and Hydrochlorothiazide Tablets and Mirtazapine Tablets; one approvable ANDA for Tramadol Tablets and one amendment for additional strengths for Ciprofloxacin.

We have a total of 20 ANDAs pending approval, which represent products with 2001 brand sales of approximately $18.0 billion. Eight of these have approvable or tentative approvable status, representing $6.7 billion in 2001 brand sales.

Over the next few years, patent protection on a large number of brand drugs are expected to expire. These patent expirations should provide additional generic product opportunities. We intend to concentrate our generic product development activities on brand products with significant US sales in specialized or growing markets, 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. When evaluating which drug development projects to undertake, we also consider whether the product would complement other products in our portfolio or would otherwise assist in making our product line more complete. During fiscal 2003, we plan to invest in a significant number of bioequivalency studies for development of generic products or dosage forms.

Brand Product Development

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

- laboratory and preclinical tests;
- submission of an investigational new drug application (IND), which must become effective before clinical trials may begin;
- adequate and well-controlled human clinical trials to establish the safety and efficacy of the proposed product for its intended use;
- submission of an NDA containing the results of the clinical trials establishing the safety and efficacy of the proposed product for its intended use, as well as extensive data addressing such matters as manufacturing and quality assurance; and
- FDA approval of an NDA.

Preclinical tests include laboratory evaluation of the product, its chemistry, formulation and stability, as well as toxicology studies to 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 to produce the desired therapeutic results before human clinical trials may begin. 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 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 trials are typically conducted in three sequential phases, which may overlap:

- 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, 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, 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 3 to 10 or more years.

Our brand product development continues to emphasize areas where we have an existing sales and marketing presence, namely dermatology, cardiology and neurology. Products currently in development and/or pending approval include:

Compound	Indication	Phase	Expected Submission/Submitted (fiscal year)
Neurology			

Apomorphine	"Off" or "Freeze" episodes in late stage Parkinson's disease	III	2003
MT110	Pain management	I	2005
Dermatology			
Topical Butenafine Gel	Onychomycosis (nail fungus)	III	2003
Topical High Strength Retinoic Acid	Actinic keratosis (pre cancerous skin lesions)	II	*
Sertaconazole	Tinea pedis (athlete's foot)		2002
Mentax TC	Tinea versicolor (skin fungal infection)		2002
Cardiology			
Nebivolol	Hypertension (high blood pressure)	III	2004

*To be determined

Additionally, we have in development ANDA products, as well as pending submissions, that upon FDA approval, may require significant promotional efforts and, therefore, may be marketed by the Brand Segment.

Product development is inherently risky, especially when the development relates to new products for which safety and efficacy are not established and the market is not yet proven. The development process also requires substantial time, effort and financial resources. We cannot be certain that we will be successful in commercializing any of the products we are developing on a timely basis, if at all. We also cannot be certain that any investment made in developing products will be recovered, even if we are successful in commercialization.

The Company owns a 50% interest in Somerset Pharmaceuticals, Inc. (Somerset), a joint venture with Watson Pharmaceuticals, Inc. Currently, Somerset's only marketed product is Eldepryl(R), a drug for the treatment of Parkinson's disease, which lost its Orphan Drug exclusivity in 1996. In recent years, Somerset has increased its research and development spending to develop additional indications for selegiline, the active ingredient of Eldepryl(R), using a transdermal delivery system. Somerset filed an NDA related to a selegiline transdermal delivery system for the treatment of depression in May 2001. In March 2002, the FDA issued a not approvable letter citing certain deficiencies. Somerset is currently working with the FDA to support further this submission. Any additional requirements by the FDA will determine when, or if, this application may be approved.

Patents, Trademarks and Licenses

We own or license a number of patents in the US 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 in the Brand Segment is not dependent upon any single patent, trademark or license. Our patents on branded products may not prevent other companies from developing functionally equivalent products or from challenging the validity of our patents, which could adversely affect our ability to commercially promote patented products. We could be required to enforce our patent or other intellectual property rights through litigation, which can be protracted, involves significant expense and for which the outcome is inherently uncertain.

Intellectual property rights also affect our generic pharmaceutical business. Companies that produce branded pharmaceutical products routinely bring litigation against ANDA applicants seeking 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 the ANDA applicant. Litigation often involves significant expense and can delay or prevent introduction of generic products. Patent validity and infringement litigation may also impact the ANDA process, as discussed under "Government Regulation" in this Item.

Customers and Marketing

We market our generic products directly to wholesalers, distributors, retail pharmacy chains, mail order pharmacies and group purchasing organizations within the US. We also market our generic products indirectly to independent pharmacies, managed care organizations, hospitals, nursing homes and pharmacy benefit management companies. These indirect customers purchase our products primarily through our wholesale customers. Approximately 60 employees are engaged in servicing Generic Segment customers.

Brand pharmaceutical products are marketed directly to healthcare professionals in order to increase brand awareness and prescriptions written for the product. However, these products are generally sold through the same channels and customers as generic products. Approximately 240 employees are

engaged in marketing and selling the Brand Segment's products, as well as servicing Brand Segment customers.

Consistent with industry practice, we have a return policy that allows our customers to return product within a specified period of the expiration date. We provide credit, at our discretion, to our customers for decreases that we make to our selling price for the value of the inventory that is owned by our customers as of the date of the price reduction. We also have arrangements with certain customers establishing prices for our products for which they independently select a wholesaler from which to purchase. Such parties are referred to as indirect customers. We provide a chargback credit to our wholesale customers for the difference between our invoice price to the wholesaler and the indirect customer's contract price.

McKesson Corporation, Cardinal Health, Inc. and AmerisourceBergen Corporation represented approximately 15%, 14% and 14% of net revenues in fiscal 2002. Two of our customers represented approximately 14% and 11% of net revenues in fiscal 2001. Four of our customers accounted for approximately 15%, 15%, 11%, and 10% of net revenues in fiscal 2000.

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, including Bristol-Myers Squibb Company, Eli Lilly and Company, Geneva Pharmaceuticals, GlaxoSmithKline, IVAX Corporation, Merck & Co., Inc., Novartis Corporation, Teva Pharmaceutical Industries, Ltd. and Watson Pharmaceuticals, Inc.

The primary means of competition are innovation and development, timely FDA approval, manufacturing capabilities, product quality, marketing, customer service, reputation and price. Price is a key competitive factor in the generic pharmaceutical business. To compete effectively on the basis of price and remain profitable, a generic drug manufacturer must manufacture its products in a cost effective manner. Additionally, we maintain adequate levels of inventories to meet customer demand. In addition to generic manufacturers, we also have experienced competition from brand companies that have purchased generic companies or license their products 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.

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:

- significantly greater financial resources;
- larger research and development and marketing staffs;
- larger production capabilities; or
- extensive experience in preclinical testing and human clinical trials.

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 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 and by developing therapeutic equivalents to brand products that offer unique marketing opportunities. Developments by others could make our pharmaceutical products or technologies obsolete or noncompetitive.

Net revenues and gross profit derived from generic pharmaceutical products tend to follow regulatory and competitive patterns unique to the generic pharmaceutical industry. The first generic manufacturer to file an ANDA containing Paragraph IV certification for a generic equivalent to a brand product may be entitled to a 180 day period of marketing exclusivity under the

Waxman Hatch Act. During this exclusivity period, the FDA cannot grant final approval to any other generic equivalent. The first generic equivalent on the market is thus able to initially achieve a relatively significant market share. As competing generic products receive regulatory approvals, market share, net revenues and gross profit typically decline. Accordingly, the level of market share, net revenues and gross profit attributable to generic products developed and maintained by us is normally related to:

- our ability to maintain a pipeline of products in development;
- our ability to develop and rapidly introduce new products;
- the timing of regulatory approval for such products;
- the number and timing of regulatory approvals for competing products; and
- our ability to manufacture such products efficiently.

Because of the regulatory and competitive factors discussed above, our net revenues and results of operations have historically experienced some fluctuation from period to period. We expect this fluctuation to continue.

Brand companies also pursue other strategies to prevent or delay generic competition. These strategies include:

- 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 certain types of brand pharmaceuticals;
- instituting legal action that automatically delays approval of generic products, the approval of which requires certifications that the brand drug's patents are invalid or unenforceable;
- introducing "second generation" products prior to the expiration of market exclusivity for the reference product;
- obtaining extensions of market exclusivity by conducting trials of brand drugs in pediatric populations 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 become effective, our entry into the market and our ability to generate revenues associated with these products will be delayed.

A significant amount of the Generic Segment's sales are made 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, which has resulted in customers gaining more purchasing leverage and consequently increasing the pricing pressures facing our generic pharmaceutical business. Further consolidation among our customers may result in even greater pricing pressures and correspondingly reduce our net revenues and gross margins.

Other competitive factors affecting our business include the emergence of large buying groups representing independent retail pharmacies and the prevalence and influence of managed care organizations and similar institutions, which are able to extract price discounts on pharmaceutical products. The influence of these entities continues to grow, and we may continue to face pricing pressure on the products we market.

The Brand Segment, in addition to generic competition, faces competition from other brand pharmaceutical companies that offer products which, while having different properties, are intended to provide similar benefits to consumers. These competitors tend to have more products, a longer history in the industry, more marketing and sales representatives and significantly more

financial resources than Mylan does. Each of these factors and others could prevent us from achieving profitable results in the Brand Segment.

Product Liability

Product liability suits represent a continuing risk to firms in the pharmaceutical industry. We strive to minimize such risks by adherence to stringent quality control procedures. 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.

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 only available from a single FDA-approved supplier. Even when more than one supplier exists, we may elect to list, and in some cases have only listed, one supplier in our applications with 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, 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, record keeping, 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 of or new delivery methods for previously approved drugs.

FDA approval of an ANDA is required before a generic equivalent of an existing or reference 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. 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.

A sponsor of an NDA is required to identify in its application any patent that claims the drug or a use of the drug, which 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 who files an ANDA seeking approval of a generic equivalent version of a reference brand drug before expiration of the referenced patent(s) must certify to the FDA that the listed patent is either not infringed or that it is invalid or unenforceable (a Paragraph IV certification). If the holder of the NDA sues claiming infringement, the FDA may not approve the application until a court decision favorable to the ANDA applicant has been rendered or the expiration of a 30-month period beginning on the date the ANDA applicant is sued for infringement.

The holder of the NDA for the listed drug may be entitled to a non-patent, exclusivity period before the FDA can 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 before the expiration of five years. 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 the 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. Among other things, the FDA may withhold approval of NDAs, ANDAs or other product applications of a facility if deficiencies are found at that facility. Certain suppliers are subject to

similar regulations and periodic inspections.

Failure to comply with FDA and other governmental regulations can result in fines, 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, ANDAs or other product applications, 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 compliance programs and have had a favorable compliance history, if these programs were not to meet regulatory agency standards in the future or if our compliance were deemed deficient in any significant way, it could have a material adverse effect.

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 require manufacturers to rebate the greater of approximately 15% of the average manufacturer's price or the difference between the average net sales price and the lowest net sales 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. For example, the extension of prescription drug coverage to all Medicare recipients has gained significant political support. We cannot predict the nature of any measures that may be enacted or their impact on our profitability.

We must also comply with federal, state and local laws of general applicability, such as laws regulating working conditions. Additionally, we are subject, as are generally all manufacturers, to various federal, state and local environmental protection laws and regulations, including those governing the discharge of materials into the environment. We do not expect the costs of complying with such environmental provisions to have a material adverse effect on our earnings, cash requirements or competitive position in the foreseeable future. However, if changes to such environmental provisions are made that require significant changes in our operations or the expenditure of significant funds, such changes could have a material adverse effect on our earnings, cash requirements or competitive position.

Continuing studies of the proper utilization, safety and efficacy of pharmaceutical products are being conducted by the industry, government agencies and others. Such studies, which increasingly employ sophisticated methods and techniques, can call into question the utilization, safety and efficacy of previously marketed products. In some cases, these studies have resulted, and may in the future result, in the discontinuance of product marketing.

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 2,200 persons, approximately 1,150 of whom serve in clerical, sales and management capacities. The remaining are engaged in production and maintenance activities.

The production and maintenance employees at our manufacturing facility in Morgantown, West Virginia, are represented by the Paper, Allied Industrial Chemical and Energy Workers International Union (P.A.C.E.) AFL CIO and its Local Union 5-957-AFL-CIO under a contract that expires on April 15, 2007.

Backlog

At March 31, 2002, open orders were approximately $43.9 million as compared to $22.1 million at March 31, 2001, and $28.2 million at March 31, 2000. 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.

ITEM 2. Properties

We maintain various facilities in the US 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:

Primary Segment	Location	Status	Primary Use
Generic:	North Carolina	Own	Distribution Warehousing
	West Virginia	Own	Manufacturing Warehousing Research and Development Administrative
	Illinois	Own	Manufacturing Warehousing Administrative
		Lease	Warehousing
	Puerto Rico	Own	Manufacturing Warehousing Administrative
Brand:	North Carolina	Lease	Administrative
	Texas	Own	Manufacturing Warehousing
	Vermont	Own	Manufacturing Research and Development Administrative
		Lease	Warehousing
Corporate/Other:	Pennsylvania	Lease	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

Product Litigation

While it is not possible to determine with any degree of certainty the ultimate outcome of the following legal proceedings, we believe that we have meritorious defenses with respect to the claims asserted against the Company, and we intend to defend vigorously our position. An adverse outcome in any one of these proceedings could have a material adverse effect on our financial position and results of operations.

Paclitaxel

In June 2001, NAPRO Biotherapeutics Inc. (NAPRO) and Abbott Laboratories Inc. (Abbott) filed suit against the Company in the US District Court for the Western District of Pennsylvania. Plaintiffs allege the Company's manufacture, use and sale of its paclitaxel product infringes certain patents owned by NAPRO and allegedly licensed to Abbott. The Company began selling its paclitaxel product in July 2001. Abbott's ANDA seeking approval to sell paclitaxel has been approved.

Verapamil ER

In July 2001, Biovail Laboratories Inc. (Biovail) filed a demand for arbitration against the Company with the American Arbitration Association. In response to such demand, the Company filed its answer and counterclaims. The dispute relates to a supply agreement under which the Company supplied extended release verapamil to Biovail. The Company terminated the agreement in March 2001. Biovail's allegations include breach of contract, breach of implied covenant of good faith and fair dealing and unfair competition. The Company's allegations as set forth in its counterclaims include breach of obligations of good faith and fair dealing, fraud and unjust enrichment. The arbitration hearing is scheduled to be held in September 2002.

Zagam(R)

The Company 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 US Federal District Court for the Western District of Pennsylvania in May 2001. The complaint sets forth claims of breach of contract, rescission, breach of implied covenant of good faith and fair dealing and unjust enrichment. The defendant's answer includes a counterclaim, which alleges nonpayment of royalties and failure to mitigate.

Nifedipine

In February 2001, Biovail filed suit against the Company and Pfizer Inc. (Pfizer) in the US District Court for the Eastern District of Virginia alleging antitrust violations with respect to agreements entered into between the Company and Pfizer regarding nifedipine. The Company filed a motion to transfer the case to the US District Court for the Northern District of West Virginia, which was granted. The Company's motion to dismiss Biovail's complaint was denied, and the Company's motion to dismiss certain claims by other plaintiffs was granted in part and denied in part.

The Company has been named as a defendant in five other putative class action suits alleging antitrust claims based on the settlement entered into by the Company with Bayer AG, Bayer Corporation and Pfizer regarding nifedipine.

Buspirone

The Company filed an ANDA seeking approval to market buspirone, a generic equivalent to Bristol-Myers Squibb's (BMS) BuSpar(R). The Company filed the appropriate certifications relating to the patents for this product that were then listed in the FDA publication entitled Approved Drug Products with Therapeutic Equivalence Evaluations, popularly known as the "Orange Book." In November 2000, a new patent claiming the administration of a metabolite of buspirone (which BMS claims also covers the administration of buspirone itself)

was issued to BMS. The subsequent listing of this patent in the Orange Book prevented the FDA from granting final approval for the Company's buspirone ANDA. In November 2000, the Company filed suit against the FDA and BMS in the US District Court for the District of Columbia. The complaint asked the court to order the FDA to grant immediately final approval of the Company's ANDA for the 15mg buspirone product and require BMS to request withdrawal of the patent from the Orange Book. Upon the Company's posting a bond in the amount of $25 million, the court entered an order granting the Company's motion for a preliminary injunction. Following a brief stay by the US Court of Appeals for the Federal Circuit, the FDA granted approval of the Company's ANDA with respect to the 15mg strength. Upon receiving FDA approval, the Company began marketing and selling the 15mg tablet in March 2001. The Company has also been selling the 30mg buspirone tablet since August 2001. BMS appealed the preliminary injunction order to both the US Court of Appeals for the Federal Circuit and the US Court of Appeals for the District of Columbia Circuit. The District of Columbia Court of Appeals denied BMS' application and stayed the Company's motion to dismiss pending the decision of the Federal Circuit Court of Appeals. The Federal Circuit heard oral arguments in July 2001.

In October 2001, the Federal Circuit overturned the lower court ruling and held that the Company did not have a cognizable claim against BMS under the Declaratory Judgment Act to challenge the listing of BMS' patent, which the Federal Circuit viewed as an improper effort to enforce the Federal Food, Drug and Cosmetic Act. The Federal Circuit did not address the lower court's determination that the BMS patent does not claim buspirone or a method of administration of the drug. The Company filed a petition with the Federal Circuit asking that the court reconsider its holding. The petition was denied in January 2002. A petition for review by the United States Supreme Court is pending.

In January 2002, the Company filed a motion in the US District Court for the District of Columbia seeking a preliminary injunction which, if granted, would require that the FDA refuse to list the BMS patent should BMS submit it for re-listing in the Orange Book. The District of Columbia Court has entered an order staying further proceedings in this case pending appeal of the order entered in the US District Court for the Southern District of New York granting the Company's motion for summary judgment of non-infringement.

The Company is involved in three other suits related to buspirone. In November 2000, the Company filed suit against BMS in the US District Court for the Northern District of West Virginia. The suit seeks a declaratory judgment of non-infringement and/or invalidity of the BMS patent listed in November 2000. In January 2001, BMS sued the Company for patent infringement in the US District Court for the District of Vermont and also in the US District Court for the Southern District of New York. In each of these cases, BMS asserts that the Company infringes BMS' patent and seeks to rescind approval of the Company's ANDA. It is expected that BMS will seek to recover damages equal to the profits it has lost as a result of the Company's sales of this product.

The Company subsequently filed motions to dismiss the Vermont case and dismiss and transfer the New York case to the US District Court for the Northern District of West Virginia. The Judicial Panel on Multi District Litigation ordered these cases, along with another patent case and numerous antitrust suits filed against BMS, be consolidated in the US District Court for the Southern District of New York. The New York Court has granted the Company's motion for summary judgment that the BMS patent is not infringed or, alternatively, is invalid. BMS has appealed this decision to the Court of Appeals for the Federal Circuit. The New York Court also denied the BMS motion to dismiss the Company's antitrust counterclaims.

Lorazepam and Clorazepate

In December 1998, the Federal Trade Commission (FTC) filed suit in US District Court for the District of Columbia against the Company. The FTC's complaint alleged that 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 products, lorazepam and clorazepate.

In July 2000, the Company reached a tentative agreement to settle the actions brought by the FTC, the States Attorneys General and suits brought by or on behalf of third party reimbursers. The Company agreed to pay up to $147 million, including attorneys' fees. This tentative settlement became final in February 2002. Included in this settlement were three companies indemnified by the Company - Cambrex Corporation, Profarmaco S.r.I. and Gyma Laboratories, Inc.

Lawsuits not included in this settlement principally involve alleged direct purchasers, such as wholesalers and distributors. In July 2001, the United States Court for the District of Columbia certified a litigation class consisting of these direct purchasers. The Company filed a petition with the United States Court of Appeals for the District of Columbia Circuit seeking appellate review of the district court's order. The appellate court denied the Company's appeal of the lower court's class certification order. In addition, four third party reimbursers opted-out of the class action settlement and have filed separate, non class actions against the Company. The Company has filed motions to dismiss those claims.

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, it is the opinion of management that the ultimate outcome of such other proceedings will not have a material adverse effect on our results of operations or financial position.

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

None.

PART II

ITEM 5. Market for Registrant's Common Equity and Related Stockholder Matters

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 common share price information for the periods indicated:

Fiscal 2002	High	Low
First quarter	$31.81	$24.02
Second quarter	35.65	28.30
Third quarter	37.91	31.35
Fourth quarter	36.20	29.46

Fiscal 2001		
First quarter	$32.25	$17.00
Second quarter	27.94	18.06
Third quarter	30.00	22.50
Fourth quarter	25.85	21.00

As of April 30, 2002, there were approximately 99,021 holders of common stock, including those who held in street or nominee name.

We have paid dividends since April 1992. For both fiscal 2002 and 2001, we paid quarterly cash dividends of $.04 per common share. We expect to continue the practice of paying regular cash dividends.

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," the Consolidated Financial Statements and the Notes to Consolidated Financial Statements included elsewhere in this report.

(in thousands, except per share data) Fiscal year ended March 31,	2002	2001	2000	1999	1998
Statements of Earnings:					
Net revenues	$ 1,104,050	$ 846,696	$ 790,145	$ 721,123	$ 555,423
Cost of sales	480,111	464,521	369,377	339,342	288,290
Gross profit	623,939	382,175	420,768	381,781	267,133
Operating expenses:					
Research and development	58,847	64,385	49,121	61,843	46,278
Selling and administrative	169,913	151,212	148,688	122,468	96,708
Acquired in process research and development				29,000	
Litigation settlement	--	147,000	--	--	--
Earnings from operations	395,179	19,578	222,959	168,470	124,147
Equity in (loss) earnings of Somerset	(4,719)	(1,477)	(4,193)	5,482	10,282
Other income, net	17,863	39,912	23,977	18,342	13,960
Earnings before income taxes	408,323	58,013	242,743	192,294	148,389
Provision for income taxes	148,072	20,885	88,497	76,885	47,612
Net earnings	$ 260,251	$ 37,128	$ 154,246	$ 115,409	$ 100,777
At Fiscal Year End					
Selected balance sheet data:					
Total assets	$ 1,616,710	$ 1,469,312	$ 1,342,470	$ 1,207,252	$ 847,748
Working capital	886,935	588,037	598,976	475,398	379,726
Long term obligations	21,854	23,345	30,630	26,827	26,218
Total shareholders' equity	1,402,239	1,132,536	1,203,722	1,059,905	744,465
Per common share data:					
Net earnings					
Basic	$ 2.07	$ 0.30	$ 1.19	$ 0.92	$ 0.83
Diluted	$ 2.04	$ 0.29	$ 1.18	$ 0.91	$ 0.82
Shareholders' equity - diluted	$ 11.01	$ 8.94	$ 9.24	$ 8.34	$ 6.05
Cash dividends declared and paid $	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16
Weighted average common shares outstanding:					
Basic	125,525	125,788	129,220	125,584	122,094
Diluted	127,368	126,749	130,224	127,156	123,043

In July 2000, we reached a tentative settlement with the Federal Trade Commission, States Attorneys General and certain private parties with regard to lawsuits filed against the Company relating to pricing issues and raw material contracts on two products. Excluding the litigation settlement of $147,000, net earnings for fiscal 2001 were $131,208, or $1.04 per diluted share. This settlement was approved by the court and made final in February 2002 (see Note 17 to Consolidated Financial Statements).

In June 2000, we completed the Stock Repurchase Program authorized and announced by the Board of Directors in April 1997. In fiscal 2001, we purchased 4,855 shares for $91,456.

In October 1998, we acquired 100% of the common stock of Penederm Inc. The above financial data reflects Penederm's results of operations from the date of acquisition.

In fiscal 1998, net revenues include $26,822 relating to a supply agreement with Genpharm Inc.

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

The following discussion and analysis should be read in conjunction with the fiscal 2002 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.

Overview

Mylan Laboratories Inc. and its subsidiaries (the Company or Mylan) develop, manufacture, market and distribute generic and brand pharmaceutical products. Fiscal 2002 was the most financially successful year in Mylan's history. Net revenues exceeded the $1.0 billion mark reaching $1.1 billion compared to $846.7 million in fiscal 2001. This revenue growth was driven by the Generic Segment, which represented 88% of total net revenues for fiscal 2002.

The Generic Segment's growth in net revenues, as well as gross profit and operating income, was primarily driven by the marketing exclusivity for buspirone, the introduction of new products and a relatively stable pricing environment for the core generic products. The US Food and Drug Administration (FDA) withheld competitor approvals for buspirone 15mg until late February 2002. This delay extended Mylan's original 180 day marketing exclusivity by approximately five months, which resulted in increased net revenues and gross profits. With the approval and launch of additional buspirone products, the Company experienced substantial price erosion by the end of fiscal 2002. Price and volume erosion are considered normal in the generic industry as competitors launch their products.

During fiscal 2002, the Generic Segment's net revenues were also enhanced by certain changes in the competitive environment, which resulted in relatively stable pricing for the core generic products. These changes, such as the consolidation in both customer and competitor bases, the withdrawal from the market of a competitor and the manufacturing and supply issues experienced by certain competitors, along with Mylan's ability to consistently manufacture and supply quality products, made a substantial contribution to the Generic Segment's net revenue growth.

The Brand Segment's product line consists of both brand and branded generic products which are sensitive to promotional efforts. Mylan continues its efforts to build upon this platform of products through internal development, in licensing agreements and/or acquisitions. With the addition of executive management and the consolidation of non manufacturing operations to Research Triangle Park complete, Mylan remains committed to the implementation and execution of its brand strategic plan.

The following table presents the results of operations for each of our business segments:

	FISCAL			CHANGE	
(in thousands)	2002	2001	2000	2002/2001	2001/2000
Consolidated:					
Net revenues	$ 1,104,050	$ 846,696	$ 790,145	30%	7%
Gross profit	623,939	382,175	420,768	63%	(9%)
Research and development	58,847	64,385	49,121	(9%)	31%
Selling and marketing	59,913	59,238	56,854	1%	4%
General and administrative	110,000	91,974	91,834	20%	0%
Pretax earnings	408,323	58,013	242,743	604%	(76%)
Generic Segment:					
Net revenues	971,075	675,118	650,890	44%	4%
Gross profit	552,736	273,111	332,222	102%	(18%)
Research and development	33,814	47,204	39,255	(28%)	20%
Selling and marketing	12,430	14,342	18,753	(13%)	(24%)
General and administrative	23,424	24,450	26,111	(4%)	(6%)
Segment profit	483,068	187,115	248,103	158%	(25%)
Brand Segment:					
Net revenues	132,975	171,578	139,255	(22%)	23%
Gross profit	71,203	109,064	88,546	(35%)	23%
Research and development	25,033	17,181	9,866	46%	74%
Selling and marketing	47,483	44,896	38,101	6%	18%
General and administrative	14,899	20,841	11,814	(29%)	76%
Segment (loss) profit	(16,212)	26,146	28,765	(162%)	(9%)
Corporate/Other Segment:					
Segment loss	(58,533)	155,248	(34,125)	62%	(355%)

Segment net revenues represent revenues from unrelated third parties. For the Generic and Brand Segments, segment profit represents segment gross profit less direct research and development, selling and marketing and general and administrative expenses. Segment loss for Corporate/Other includes legal costs, goodwill amortization, other corporate administrative expenses and other income and expense.

Effective April 1, 2001, the Brand Segment assumed responsibility for the sales and marketing of EX phenytoin 100mg, which were previously included and evaluated in the operating results of the Generic Segment. Accordingly, the operating results of the Brand Segment for fiscal 2001 and 2000 have been revised to include the net revenues of $26,317 and $16,917 and the corresponding costs of sales of $5,247 and $3,782 for EX phenytoin 100mg previously included in the Generic Segment.

In fiscal 2001, Corporate/Other includes the expense of $147,000 for the settlement with the Federal Trade Commission and related litigation (see Note 17 to Consolidated Financial Statements).

Results of Operations

The following discussion excludes the $147.0 million before tax effect of the Federal Trade Commission (FTC) settlement recognized in fiscal 2001 (see Note 17 to Consolidated Financial Statements). Excluding the impact of the FTC settlement, net earnings for fiscal 2001 were $131.2 million, or $1.04 per diluted share. Including the FTC settlement, net earnings were $37.1 million, or $.29 per diluted share.

Fiscal 2002 compared to Fiscal 2001

Financial Highlights

- Net revenues increased 30% or $257.4 million to $1.1 billion from $846.7 million.

- Gross profit increased 63% or $241.7 million to $623.9 million from $382.2 million.

- Gross margin increased to 57% from 45%.

- Operating income increased 137% or $228.6 million to $395.2 million from $166.6 million.

- Net earnings increased 98% or $129.1 million to $260.3 million from $131.2 million.

- Earnings per diluted share increased 96% to $2.04 per share from $1.04 per share.

Net Revenues and Gross Profit

Net revenues for fiscal 2002 were $1.1 billion compared to $846.7 million for fiscal 2001, an increase of 30% or $257.4 million. This increase in net revenues is attributed to increased net revenues for the Generic Segment of $296.0 million, which was partially offset by a decrease in net revenues for the Brand Segment of $38.6 million.

Generic Segment net revenues for the current year increased 44% to $971.1 million from $675.1 million for fiscal 2001. This increase is primarily attributed to sales of our buspirone products, as well as the launch of new products (excluding buspirone 5mg, 10mg and 30mg) in fiscal 2002. The buspirone products contributed net revenues of $167.7 million or 57% of fiscal 2002's growth, while new products contributed net revenues of $69.7 million or 24% of fiscal 2002's growth. The remaining increase is attributed to the growth of core generic products of $77.8 million, which was partially offset by lost revenues of $19.2 million due to the sale of the liquids facility in Florida. The growth of core generic products is partially attributed to the elimination of end of quarter promotional programs in the prior year.

The 180 day market exclusivity period, as provided by the Waxman Hatch Act, for buspirone 15mg expired in late September 2001. However, the FDA withheld additional approvals for generics until late February 2002. Generic Segment net revenues in fiscal 2002 benefited significantly from the extended exclusivity period. Since other generic pharmaceutical companies entered the buspirone market, the Generic Segment has experienced substantial pricing and volume pressures. See Note 17 to Consolidated Financial Statements regarding litigation of certain issues relating to our buspirone Abbreviated New Drug Application (ANDA).

Because of the significant uncertainties surrounding when the FDA would approve additional buspirone 15mg ANDAs, we could not reasonably estimate the amount of potential price adjustments that would occur as a result of the additional approvals. For the quarterly periods ended September 2001 and December 2001, revenues on certain shipments were deferred until such

uncertainties were resolved. Such uncertainties were resolved either upon our customers' sale of this product or when the FDA approved additional generics in late February 2002. For the quarterly period ended March 2002, we were able to estimate potential price adjustments on the remaining deferred shipments and, therefore, recognized revenue related to such shipments.

Brand Segment net revenues for fiscal 2002 decreased 22% to $133.0 million from $171.6 million for the prior year. This decrease is primarily attributed to the decision to discontinue end-of-quarter promotional programs in an effort to normalize our customer buying patterns and more effectively manage our business. Given the upward trends in the prescription activity of the Brand Segment's product line, Brand Segment net revenues for fiscal 2003 are anticipated to reflect a similar trend.

Gross profit for fiscal 2002 was $623.9 million, or 57% of net revenues, compared to $382.2 million, or 45% of net revenues, for fiscal 2001. This increase of 63% or $241.7 million is attributed to increased gross profit for our Generic Segment of $279.6 million, primarily contributed by buspirone and new products, which was partially offset by decreased gross profit for our Brand Segment of $37.9 million.

Research and Development

Research and development expenses for fiscal 2002 were $58.8 million, or 5% of net revenues, compared to $64.4 million, or 8% of net revenues, in fiscal 2001, a decrease of 9% or $5.6 million. This decrease is largely due to the timing of projects currently in development by our Generic Segment, as well as a decrease in in-licensing milestones compared to the prior year.

The Brand Segment is currently incurring significant research and development expenses related to nebivolol, a hypertension treatment product. As the clinical development program for nebivolol progresses, we anticipate that the Brand Segment research and development expenses will continue to increase. Additionally, potential milestone payments related to this product may significantly increase Brand Segment research and development expenses in future periods.

We are actively pursuing, and are involved in, joint development projects in an effort to broaden our scope of capabilities to market both generic and brand products. Many of these arrangements provide for payments by us upon the attainment of specified milestones. While these arrangements help to reduce our financial risk for unsuccessful projects, fulfillment of milestones or the occurrence of other obligations may result in fluctuations in research and development expenses.

Selling and Marketing

Selling and marketing expenses for fiscal 2002 were $59.9 million, or 5% of net revenues, relatively unchanged compared to $59.2 million, or 7% of net revenues, in fiscal 2001.

General and Administrative

General and administrative expenses were $110.0 million, or 10% of net revenues, for fiscal 2002, compared to $92.0 million, or 11% of net revenues, for fiscal 2001. This increase is attributed to an increase in Corporate general and administrative expenses of $25.0 million, partially offset by a decrease of $5.9 million in the Brand Segment general and administrative expenses.

Corporate general and administrative expenses for fiscal 2002 were $71.7 million compared to $46.7 million in fiscal 2001. This increase is largely due to increases in expenses relating to retirement benefits for executives and management employees of $10.6 million, as well as the expense associated with the funding of a charitable foundation of $5.0 million. As a result of certain one time expenses in fiscal 2002, we anticipate general and administrative expenses for the Corporate/Other Segment to be lower in fiscal 2003.

Brand general and administrative expenses for fiscal 2002 were $14.9 million compared to $20.8 million in fiscal 2001. This decrease is largely due to fiscal 2001 including a $7.8 million impairment charge for the intangible assets associated with our brand product Zagam(R), partially offset by increased relocation expenses as our Brand Segment completed its move to Research Triangle Park, North Carolina.

Other Income, Net

Other income, net of other expenses, was $17.9 million in fiscal 2002 compared to $39.9 million in fiscal 2001. This decrease of $22.0 million is primarily attributed to fiscal 2001 including a $9.2 million favorable litigation settlement and a $4.4 million gain from the sale of certain intangible assets. Also contributing to this decrease, investment income from our limited liability partnership investments decreased $6.8 million in fiscal 2002 compared to income recognized in fiscal 2001. In fiscal 2002 and 2001, we liquidated $9.5 million and $52.2 million in our investment in a certain limited liability partnership. In an effort to limit our exposure to market risk, we intend to continue to liquidate this investment.

Equity in Loss of Somerset

We own a 50% equity interest in Somerset Pharmaceuticals, Inc. (Somerset) and account for this investment using the equity method of accounting. The recorded loss in Somerset for fiscal 2002 was $4.7 million compared to a loss of $1.5 million in fiscal 2001. This $3.2 million increase in loss is primarily attributed to decreased sales, which were partially offset by reduced operating expenses, and the prior year loss being reduced by a recapture of income tax expenses as a result of a favorable Internal Revenue Service (IRS) audit.

Somerset is engaged in the manufacturing and marketing of Eldepryl(R) (selegiline), its sole commercial product, which is used for the treatment of Parkinson's disease. Somerset continues to conduct research and development activities related to new indications and delivery technologies for selegiline and other products. As Somerset continues these research and development activities, earnings may continue to be adversely affected.

Income Taxes

The effective tax rate for fiscal 2002 was 36.3% compared to 36.0% for fiscal 2001. This increase in the effective tax rate was due to increased domestic taxable income partially offset by favorable increases in certain tax credits.

For fiscal 2003, we expect the tax rate to decrease slightly due to the favorable impact Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, will have on tax related purchase accounting adjustments.

Fiscal 2001 compared to Fiscal 2000

Financial Highlights

- Net revenues increased 7% or $56.6 million to $846.7 million from $790.1 million.

- Gross profit decreased 9% or $38.6 million to $382.2 million from $420.8 million.

- Gross margin decreased to 45% from 53%.

- Operating income decreased 25% or $56.4 million to $166.6 million from $223.0 million.

- Net earnings decreased 15% or $23.0 million to $131.2 million from $154.2 million.

- Earnings per diluted share decreased 12% to $1.04 per share from $1.18 per share.

Net Revenues and Gross Profit

Net revenues for fiscal 2001 were $846.7 million compared to $790.1 million for fiscal 2000, an increase of $56.6 million. This 7% increase in net revenues is attributable to increased net revenues for both the Generic and Brand Segments, with 43% or $24.2 million of the growth from the Generic Segment and 57% or $32.4 million of the increase contributed by the Brand Segment.

Fiscal 2001 Generic Segment net revenues benefited from the addition of eight new products to the generic product line that resulted in an aggregate net revenue increase of $22.9 million. Nifedipine, launched in late fiscal 2000 through a license and supply agreement, increased net revenues by $136.3 million in fiscal 2001 as compared to fiscal 2000. Additional net revenue increases were derived from sales of carbidopa/levodopa, which increased by $36.9 million as compared to the prior year. The net revenue increase provided from these and other products was partially offset by reduced prices and volumes related to sales of lorazepam and clorazepate, which declined $82.7 million as compared to fiscal 2000. Other products for which we had increased prices in prior years had price and volume erosion that totaled $27.6 million in fiscal 2001 compared to fiscal 2000.

Brand Segment net revenues increased largely due to the result of increases from clozapine, Kristalose(R), Digitek(R), Avita(R) and Mentax(R) as compared to fiscal 2000. No individual product represented a significant portion of the net revenue increase. These increases in net revenues were partially offset by a $6.0 million decrease in Zagam(R) sales due to product supply issues resulting from our contract supplier, as well as decreases in various nonpromoted brand products, including the wound and burn care product line. The Zagam(R) supply issues impaired our ability to market this product. Consequently, related inventories were reduced to net realizable value and the related product license intangible was written off.

Gross profit for fiscal 2001 was $382.2 million, or 45% of net revenues, compared to $420.8 million, or 53% of net revenues, for fiscal 2000, a $38.6

million or 9% decrease. Generic Segment gross profit decreased largely due to both price and volume erosion on lorazepam and clorazepate, as well as decreases related to other products that also had price increases in prior years. These decreases, coupled with the lower gross profit resulting from contractual obligations associated with nifedipine, resulted in a lower overall generic gross profit in fiscal 2001. Brand Segment gross profit was also lower due to the absence of Zagam(R) sales, a $2.4 million write down of Zagam(R) inventories and an overall change in product sales mix.

Research and Development

Research and development expenses for fiscal 2001 were $64.4 million, or 8% of net revenues, compared to $49.1 million, or 6% of net revenues in fiscal 2000. The increase of $15.3 million is primarily attributed to increased studies expenses for both generic and brand product development projects, as well as increased licensing expenses associated with joint development opportunities.

Generic Segment research and development expenses increased $7.9 million to $47.2 million in fiscal 2001 compared to fiscal 2000. The increase was primarily due to milestone payments for in licensed products and increased expenses due to biostudies and raw materials, as well as payroll and payroll related expenses.

Brand Segment research and development expenses were $17.2 million in fiscal 2001, an increase of $7.3 million as compared to fiscal 2000. The increase was due largely to additional clinical trial expenses and milestone payments under product licensing arrangements. In the latter part of fiscal 2001, we obtained the rights to develop and, upon FDA approval, to market nebivolol in the US and Canada.

Selling and Marketing

Selling and marketing expenses for fiscal 2001 were $59.2 million, or 7% of net revenues, relatively unchanged compared to $56.9 million, or 7% of net revenues, in fiscal 2000.

Generic Segment selling and marketing expenses were $14.3 million in fiscal 2001, which represented a $4.4 million decrease from the prior year. The decrease was primarily due to lower promotions and advertising expenses.

Brand Segment selling and marketing expenses increased $6.8 million to $44.9 million in fiscal 2001 compared to fiscal 2000. This increase was primarily due to increased payroll and payroll related expenses, product sample expenses and expenses associated with the consolidation of the Brand Segment non manufacturing operations.

General and Administrative

General and administrative expenses for fiscal 2001 were $92.0 million, or 11% of net revenues, relatively unchanged from $91.8 million, or 12% of net revenues, in fiscal 2000.

Generic Segment general and administrative expenses were $24.5 million in fiscal 2001, compared to $26.1 million in fiscal 2000. The decrease was primarily due to lower professional service fees.

Brand Segment general and administrative expenses increased $9.0 million to $20.8 million in fiscal 2001 from $11.8 million in fiscal 2000. The increase was largely the result of a $7.8 million write off of the Zagam(R) product license intangible.

Corporate administrative expenses for fiscal 2001 were $46.7 million compared to $53.9 million for fiscal 2000, a decrease of $7.2 million. Lower legal expenses accounted for the majority of the decrease.

Litigation Settlement

In July 2000, a settlement was reached with the FTC, States Attorneys General and certain private parties with regard to lawsuits filed against the Company relating to pricing issues and raw material contracts on two products. As a result, a litigation settlement charge of $147.0 million was recognized. This settlement was approved by the court and made final in February 2002 (see Note 17 to Consolidated Financial Statements).

Equity in Loss of Somerset

In fiscal 2001, equity in the loss of Somerset was $1.5 million compared to a loss of $4.2 million in fiscal 2000. The decrease in fiscal 2001 is primarily attributable to decreased research and development expenses and the favorable outcome of an IRS audit.

Other Income, Net

Other income for fiscal 2001 was $39.9 million compared to $24.0 million for fiscal 2000. The $15.9 million increase is primarily attributed to gains of $9.2 million and $4.4 million related to a litigation settlement and the sale of certain intangible assets. Other income recognized in fiscal 2001 also included income from our investment in a certain limited liability partnership of $14.9 million as compared to $15.4 million in fiscal 2000.

Income Taxes

The effective tax rate for fiscal 2001 was 36.0%, relatively unchanged from 36.5% for fiscal 2000.

Liquidity and Capital Resources

Cash provided from operations continues to be the primary source of funds to operate and expand our business. This is reflected in cash flows from operations that reached $346.5 million during fiscal 2002. Our business relies on new product approvals to generate significant future cash flows. An inability to introduce new products to the marketplace could cause a decline in operating cash flows.

As a result of our cash flows from operations during fiscal 2002, working capital increased $298.9 million to $886.9 million from $588.0 million in fiscal 2001. We believe that our working capital and cash provided by operating activities are sufficient to meet operating needs. Of the $1.6 billion in total assets, 38% or $617.1 million is held in cash, cash equivalents and marketable securities. The table below summarizes cash and cash equivalents and marketable securities at March 31, 2002 and 2001:

(in thousands)	2002	2001
Cash and cash equivalents	$ 160,790	$ 229,183
Marketable securities	456,266	55,715
	$ 617,056	$ 284,898

Investments in marketable securities are primarily high quality government and commercial paper that generally mature within one year. These investments are highly liquid and available for operating needs. Upon maturity, they are generally reinvested in instruments with similar characteristics.

In fiscal 2001, a deposit of $135.0 million was placed into escrow and a liability of $147.0 million was recorded as a result of a tentative settlement of the FTC litigation. With the final court approval in February 2002, the amount held in escrow and the liability were relieved from the consolidated balance sheet. Final payments representing attorneys' fees of $8.0 million and $4.0 million were made in March 2002 and May 2002 (see Note 17 to Consolidated Financial Statements).

In May 2002, the Board of Directors (Board) approved a Stock Repurchase Program that authorized the purchase of up to 10,000,000 shares of the Company's outstanding common stock. Such purchases could have a material effect on cash, cash equivalents and marketable securities. Through May 29, 2002, 1,000,000 shares of common stock have been purchased for $29.0 million. In fiscal 2001, 4,855,100 shares of common stock were purchased for $91.5 million under a program approved by the Board in April 1997.

In fiscal 2002, payments of $8.1 million were made on long-term obligations. However, to provide additional operating leverage if necessary, a commercial bank has extended a revolving line of credit of up to $50.0 million (see Note 8 to Consolidated Financial Statements). As of March 31, 2002, no funds have been advanced under this line of credit. Additionally, the acquisition of new products, as well as other companies, will play a strategic role in our growth. Consequently, such acquisitions may require additional indebtedness which would impact future liquidity.

Capital expenditures during fiscal 2002 were $20.6 million compared to $24.7 million during fiscal 2001. These expenditures in the current year were primarily made to acquire machinery and equipment for our production facilities. Fiscal 2001 payments were made to expand the manufacturing facility in Puerto Rico and finalize the construction of a sales and administration building in Morgantown, West Virginia. Also, during the quarter ended December 31, 2001, we completed the sale of our liquid pharmaceutical manufacturing facility and warehouse in Largo, Florida. In fiscal 2003, capital expenditures, primarily for the expansion of our manufacturing capacity, are anticipated to approximate amounts expended in previous years.

A limited liability partnership investment is being liquidated in an effort to reduce market risk. In fiscal 2002 and 2001, $9.5 million and $52.2 million were liquidated. This liquidation is expected to continue.

The Company continues to pay quarterly cash dividends of $.04 per common share. Dividend payments totaled $20.2 million during fiscal 2002 and $20.1 million during fiscal 2001. In fiscal 2002, we received $20.9 million from the exercise of stock options issued through our stock option plans compared to $5.7 million in fiscal 2001.

Payments for state and federal income taxes increased to $152.1 million during fiscal 2002 compared to $20.1 million for fiscal 2001. Payments during fiscal 2001 were lower as a result of lower taxable income resulting from the FTC settlement.

The Company is involved in various legal proceedings (see Note 17 to 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 our cash flows.

Critical Accounting Policies

Our significant accounting policies are described in Note 2 to Consolidated Financial Statements, which were prepared in accordance with accounting principles generally accepted in the United States. Included within these policies are our "critical accounting policies." Critical accounting policies are those policies that are most important to the preparation of our consolidated financial statements and require management's subjective and complex judgments due to the need to make estimates about the effect of matters that are inherently uncertain. The Company's critical accounting policies are the determination of revenue provisions, useful lives and impairment of intangibles and the impact of existing legal matters. These critical accounting policies affect each of the operating segments. The application of these accounting policies involves the exercise of judgment and the use of assumptions as to future uncertainties and, as a result, actual results could differ materially from these estimates. We are currently not aware of any reasonably likely event or circumstance which would result in different amounts being reported that would have a material impact on our results of operations or financial condition.

The development and selection of these critical accounting policies have been discussed with the Audit Committee. Such policies are reviewed quarterly by the Audit Committee.

Revenue Provisions

Revenue is recognized for product sales upon shipment when title and risk of loss has transferred to the customer and when provisions for estimates, including discounts, rebates, price adjustments, returns, chargebacks, promotional 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 $221.3 million and $132.4 million at March 31, 2002 and 2001. Other current accrued liabilities include approximately $21.6 million and $13.1 million at March 31, 2002 and 2001, for certain rebates and other adjustments that are paid to indirect customers.

Provisions for estimated discounts, returns, rebates, promotional and other credits require a limited degree of subjectivity and are simple in nature, yet combined represent a significant portion of the 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.

The provisions for chargebacks are the most significant and complex estimates used in the recognition of revenue. The Company is a party to arrangements with other parties establishing prices for products for which they independently select a wholesaler from which to purchase. Such parties are referred to as indirect customers. A chargeback represents the difference between our invoice price to the wholesaler and the indirect customer's contract price. Provisions for estimating chargebacks are calculated primarily using historical chargeback experience and estimated wholesaler inventory levels. We continually monitor our assumptions giving consideration to wholesaler buying patterns and current pricing trends and make adjustments to these provisions when we believe that the actual chargeback credits will differ from the estimated provisions.

Useful Lives and Impairment of Intangibles

As of March 31, 2002 and 2001, recorded goodwill, net of accumulated amortization, was $100.9 million and $107.3 million. Goodwill is reviewed for impairment when events or other changes in circumstances may indicate that the carrying amount of the goodwill may not be recoverable. Goodwill associated with the Brand Segment was reviewed in fiscal 2002. Impairment is determined when the undiscounted future cash flows, based on estimated sales volumes, pricing and the anticipated cost environment, are less than the carrying value of the goodwill. The carrying value of the goodwill reviewed was not impaired. If these projections do not properly reflect future activity, results of operations could be negatively impacted.

As of March 31, 2002 and 2001, recorded intangible assets, excluding goodwill, net of accumulated amortization, were $171.6 million and $187.1 million. Other intangible assets consist of product rights purchased from other companies, product rights acquired through acquisition and internally developed patents and technologies. Amortization periods for these assets were established based on estimates of the periods the assets would generate revenue, not to exceed 20 years. Intangible assets are reviewed for impairment when the carrying amount of an asset may not be recoverable. Certain product rights associated with the Brand Segment were reviewed for impairment in fiscal 2002. Impairment is determined when the undiscounted cash flow value, based on estimated sales volume, anticipated pricing and estimated product costs, is less than the carrying value of the intangible asset. The carrying values of the product rights reviewed were not impaired. If these projections do not properly reflect future activity, results of operations could be negatively impacted.

Legal Matters

The Company is involved in various legal proceedings, some of which involve claims for substantial amounts. An accrual for a loss contingency relating to any of these legal proceedings is made if it is probable that a liability was incurred at the date of the financial statements and the amount of loss can be reasonably estimated. After review, it was determined, at March 31, 2002, that for each of the various legal proceedings in which we are involved, the conditions mentioned above were not met. However, if any of these legal proceedings would result in an adverse outcome for the Company, the impact could have a material adverse effect on our financial position and results of operations.

Recent Accounting Pronouncements

In April 2001, we adopted Statement of Financial Accounting Standards (SFAS) No. 133, as amended, Accounting for Derivative Instruments and Hedging Activities, issued by the Financial Accounting Standards Board (FASB) in June 1998. SFAS No. 133 requires an entity to recognize all derivative instruments as either assets or liabilities on the balance sheet at fair value and those changes in fair value to be recognized currently in earnings, unless specific hedge accounting criteria are met. The adoption of SFAS No. 133 had no material impact on our results of operations or financial position.

In June 2001, the FASB issued SFAS No. 141, Business Combinations, effective for fiscal years beginning after December 15, 2001. SFAS No. 141 requires that all business combinations initiated after June 30, 2001, be accounted for using the purchase method of accounting. We adopted the provisions of SFAS No. 141 as of July 1, 2001, and, accordingly, all future business

combinations consummated by us must be recorded at fair value using the purchase method of accounting.

In June 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001. SFAS No. 142 provides that goodwill and intangible assets with indefinite lives will no longer be amortized, but will be subject to at least annual impairment tests. Intangible assets with finite lives will continue to be amortized over their useful lives. Furthermore, SFAS No. 142 requires that the useful lives of intangible assets acquired before June 30, 2001, be reassessed and the remaining amortization periods adjusted accordingly.

We are required to adopt the provisions of SFAS No. 142 effective April 1, 2002, and are in the process of preparing for its adoption. This process includes evaluating the useful lives of assets, making determinations as to what reporting units are and what amounts of goodwill, intangible assets, other assets and liabilities should be allocated to those reporting units. We will no longer record approximately $6.4 million in annual amortization of goodwill. Until the above process, including the required initial impairment evaluation, is complete, we are unable to determine any further impact SFAS No. 142 will have on our consolidated financial position and results of operations.

The FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. This statement establishes standards for accounting for obligations associated with the retirement of tangible long lived assets. This statement is effective for us on April 1, 2003. We are currently evaluating the impact, if any, this statement will have on our financial position and results of operations.

SFAS No. 144, Accounting for the Impairment or Disposal of Long Lived Assets, was issued by the FASB in August 2001. This statement addresses financial accounting and reporting for the impairment and disposal of long lived assets. For long lived assets to be held and used, the new rules continue previous guidance to recognize impairment when the undiscounted future cash flows do not exceed the asset's carrying amount. The impairment to be recognized will continue to be measured as the difference between the carrying amount and fair value of the asset. The computation of fair value now removes goodwill from consideration. Assets that are to be disposed of by sale are required to be evaluated using the same measurement approach as those assets to be held and used. Additionally, assets qualifying for discontinued operations treatment have been expanded beyond the former operating segment approach. We will now recognize impairment of long lived assets to be disposed by other than sale at the date of disposal, but will consider such assets to be held and used until that time. This statement is effective for us as of April 1, 2002, and we believe that the adoption of SFAS No. 144 will not have a material impact on our financial position and results of operations.

Emerging Issues Task Force (EITF) Issue No. 00 25, Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products, became effective for us as of January 1, 2002. It states that consideration paid by a vendor to a reseller is to be classified as a reduction of revenue in the income statement unless an identifiable benefit is or will be received from the reseller that is sufficiently separable from the purchase of the vendor's products and the vendor can reasonably estimate the fair value of the benefit. We have adopted the provisions of EITF Issue No. 00-25, and it had no material effect on our financial statements.

EITF Issue No. 01 09, Accounting for Consideration Given to a Customer or a Reseller of a Vendor's Products, reconciles EITF Issue No. 00 14, Issue No. 3 of EITF Issue No. 00 22 and EITF Issue No. 00 25. EITF Issue No. 01 09 became

effective for us as of January 1, 2002, and it had no material effect on our financial statements.

Fluctuating Results of Operations and Liquidity

In the past, results of operations have fluctuated on both an annual and a quarterly basis. These fluctuations have resulted from several timing factors, including, among others, new product approvals, new product launches, as well as those of our competitors, product and business acquisitions, in house research and development projects, milestone payments related to in-licensing of research and development projects and litigation settlements.

We believe we will continue to experience fluctuations in net revenues, gross profit, net earnings and liquidity. Such fluctuations will result from, among other things, the timing of regulatory approvals and market introduction of our new products, as well as those of our competitors, downward pricing pressure on products available from multiple approved sources and the timing of milestone payments related to in licensing of research and development projects.

Risk of Product Liability Claims

The testing, manufacturing and marketing of pharmaceutical products subject the Company to the risk of product liability claims. The Company is a defendant in a number of product liability cases, none of which we believe will have a material adverse effect on our business, results of operations or financial condition. We believe that we maintain an adequate amount of product liability insurance, but no assurance can be given that our insurance will cover all existing and future claims or that we will be able to maintain existing coverage or obtain additional coverage at reasonable rates.

Forward Looking Statements

The statements set forth in this Annual Report concerning the manner in which we intend to conduct our future operations, potential trends that may impact future results of operations, and our beliefs or expectations about future operations are forward-looking statements. The following statements that we make in this Annual Report, in other filings made with the SEC, in press releases, on our website, or in other contexts (including statements made by our authorized representatives, either orally or in writing), are or may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995:

(i) any statement regarding possible or assumed future results of operations of our business, the markets for our products, anticipated expenditures, regulatory developments or competition;

(ii) any statement preceded by, followed by or that includes the words "intends," "estimates," "believes," "expects," "anticipates," "should," "could," or the negative or other variations of these or other similar expressions; and

(iii) other statements regarding matters that are not historical facts.

Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward looking statements. Factors that could cause actual results to differ materially include, but are not limited to:

- uncertainties regarding our ability to successfully develop and introduce new products on a timely basis in relation to competing product introductions;

- our ability to obtain required FDA approvals for new products on a timely basis;

- the affects of vigorous competition on commercial acceptance of our products and their pricing;

- uncertainties regarding continued market acceptance of and demand for our core products;

- potential legislative or regulatory changes affecting the pharmaceutical industry;

- uncertainties associated with the licensing of products developed by others and the successful integration of acquired businesses;

- our periodic dependence on one or a few products as a significant source of our revenues;

- the periodic expiration of patent or regulatory market exclusivity on some of our products;

- the effects of consolidation of our customer base;

- uncertainties regarding patent and other intellectual property protection of our proprietary products;

- the cost and management time associated with litigation involving patent or other intellectual property protection of competing products;

- our exposure to product liability and other lawsuits and contingencies associated with our products;

- our ability to attract and retain key personnel; and

- changes in accounting and related standards promulgated by the accounting profession or regulatory agencies.

The cautionary statements contained or referred to above should be considered in connection with any subsequent written or oral forward looking statements that may be made by us or by persons acting on our behalf. We undertake no duty to update these forward looking statements, even though our situation may change in the future.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company is subject to market risk primarily from changes in the market values on investments in marketable debt and equity securities, including marketable securities owned indirectly through pooled asset funds that are classified as other assets on our balance sheet. Additional 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. Professional portfolio managers manage

the majority of our investments. We also invest in nonpublic securities that are classified as other assets on our balance sheet and do not consider these investments to be market risk sensitive.

The following table summarizes the investments which subject the Company to market risk at March 31, 2002 and 2001:

(in thousands)	2002	2001
Marketable debt securities	$435,499	$ 46,019
Marketable equity securities	20,767	9,696
Pooled asset funds	26,144	29,065
	$482,410	$ 84,780

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. The investment policy limits investments to certain types of instruments issued by institutions and government agencies with investment grade credit ratings. These investments increased significantly during fiscal 2002 due to cash flows generated from operations. Of the $435.5 million invested in marketable debt securities at March 31, 2002, $417.1 million will mature within one year. This short duration to maturity creates minimal exposure to fluctuations in market values for these investments. A significant change in current interest rates could affect the market value of the remaining $18.4 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 $0.9 million change in our balance of marketable debt securities.

Marketable Equity Securities

Marketable equity securities are primarily managed by professional portfolio managers whose investment objective is to increase fund value through purchasing undervalued common stocks and holding these securities for a period of time. These portfolio managers are continually evaluating the portfolio to ensure that it meets our investment objectives. As of March 31, 2002, a 10% change in the market value of these investments would result in a $2.1 million change in marketable equity securities.

Pooled Asset Funds

Pooled asset funds consist of investments in limited liability partnerships. The assets of these funds are typically actively traded and are exposed to market fluctuations. Unlike investments in marketable debt and equity securities, the changes in the market values of these investments are recognized as other income or loss in the Consolidated Statements of Earnings. A 20% change in the market value of the pooled asset funds would result in a $5.2 million change in other assets and a corresponding change to other income or expense.

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,	2002	2001
Assets		
Current assets:		
Cash and cash equivalents	$ 160,790	$ 229,183
Marketable securities	456,266	55,715
Accounts receivable, net	145,491	235,938
Inventories	195,074	161,810
Deferred income tax benefit	92,642	59,474
Deposit - litigation settlement		135,000
Other current assets	11,819	5,443
Total current assets	1,062,082	882,563
Property, plant and equipment, net	166,531	170,193
Intangible assets, net	272,511	294,384
Investment in and advances to Somerset	22,720	27,621
Other assets	92,866	94,551
Total assets	$ 1,616,710	$ 1,469,312
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
Trade accounts payable	$ 36,534	$ 48,928
Income taxes payable	63,826	34,348
Current portion of long-term obligations	16	5,245
Cash dividends payable	5,067	5,007
Litigation settlement	4,014	147,000
Other current liabilities	65,690	53,998
Total current liabilities	175,147	294,526
Long term obligations	21,854	23,345
Deferred income tax liability	17,470	18,905
Total liabilities	214,471	336,776
Shareholders' equity		
Preferred stock - par value $.50 per share		
Shares authorized: 5,000,000		
Shares issued: none		
Common stock - par value $.50 per share		
Shares authorized: 300,000,000		
Shares issued: 132,200,528 in 2002 and 130,689,762 in 2001	66,100	65,345
Additional paid-in capital	349,719	322,987
Retained earnings	1,080,736	840,741
Accumulated other comprehensive earnings	7,920	2,983

	1,504,475	1,232,056
Less treasury stock - at cost Shares: 5,813,033 in 2002 and 5,731,913 in 2001	102,236	99,520
Total shareholders' equity	1,402,239	1,132,536
Total liabilities and shareholders' equity	$ 1,616,710	$ 1,469,312

See Notes to Consolidated Financial Statements.

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

Fiscal year ended March 31,	2002	2001	2000
Net revenues	$ 1,104,050	$ 846,696	$ 790,145
Cost of sales	480,111	464,521	369,377
Gross profit	623,939	382,175	420,768
Operating expenses:			
Research and development	58,847	64,385	49,121
Selling and marketing	59,913	59,238	56,854
General and administrative	110,000	91,974	91,834
Litigation settlement		147,000	
Earnings from operations	395,179	19,578	222,959
Equity in loss of Somerset	(4,719)	(1,477)	(4,193)
Other income, net	17,863	39,912	23,977
Earnings before income taxes	408,323	58,013	242,743
Provision for income taxes	148,072	20,885	88,497
Net earnings	$ 260,251	$ 37,128	$ 154,246
Earnings per common share:			
Basic	$ 2.07	$ 0.30	$ 1.19
Diluted	$ 2.04	$ 0.29	$ 1.18
Weighted average common shares outstanding:			
Basic	125,525	125,788	129,220
Diluted	127,368	126,749	130,224

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,	2002	2001	2000
Common stock - shares issued:			
Shares at beginning of year	130,689,762	130,277,568	129,968,514
Stock options exercised	1,510,766	412,194	309,054
Shares at end of year	132,200,528	130,689,762	130,277,568
Treasury stock:			
Shares at beginning of year	(5,731,913)	(893,498)	(888,578)
Shares acquired upon the exercise of stock options	(81,120)	(4,165)	(4,920)
Issuance of treasury stock		20,850	
Stock purchases		(4,855,100)	
Shares at end of year	(5,813,033)	(5,731,913)	(893,498)
Common shares outstanding	126,387,495	124,957,849	129,384,070
Common stock, $0.50 par:			
Balance at beginning of year	$ 65,345	$ 65,139	$ 64,984
Stock options exercised	755	206	155
Balance at end of year	66,100	65,345	65,139
Additional paid in capital:			
Balance at beginning of year	322,987	316,393	311,995
Stock options exercised	23,023	5,392	3,679
Reissuance of treasury shares	-	102	-
Tax benefit of stock option plans	3,709	1,100	719
Balance at end of year	349,719	322,987	316,393
Retained earnings:			
Balance at beginning of year	840,741	823,570	690,003
Net earnings	260,251	37,128	154,246
Dividends declared($0.16 per share)	(20,256)	(19,957)	(20,679)
Balance at end of year	1,080,736	840,741	823,570
Accumulated other comprehensive earnings:			
Balance at beginning of year	2,983	6,936	1,105
Net unrealized gain (loss) on marketable securities	4,937	(3,953)	5,831
Balance at end of year	7,920	2,983	6,936
Treasury stock, at cost:			
Balance at beginning of year	(99,520)	(8,316)	(8,182)
Shares acquired upon the exercise of stock options	(2,716)	(109)	(134)
Reissuance of treasury stock	-	361	-
Stock purchases		(91,456)	
Balance at end of year	(102,236)	(99,520)	(8,316)
Total shareholders' equity	$ 1,402,239	$ 1,132,536	$ 1,203,722
Comprehensive earnings:			
Net earnings	$ 260,251	$ 37,128	$ 154,246
Other comprehensive earnings (loss), net of tax:			
Net unrealized holding gains (losses) on securities	5,195	(2,863)	7,826
Reclassification for gains included in net earnings	(258)	(1,090)	(1,995)
Other comprehensive earnings (loss), net of tax	4,937	(3,953)	5,831

Comprehensive earnings	$ 265,188	$ 33,175	$ 160,077

See Notes to Consolidated Financial Statements.

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

Fiscal year ended March 31,	2002	2001	2000
Cash flows from operating activities:			
Net earnings	$ 260,251	$ 37,128	$ 154,246
Adjustments to reconcile net earnings to net cash provided from operating activities:			
Depreciation and amortization	46,111	42,392	35,706
Gain on disposal/sale of equipment	(240)	(157)	(84)
Gain on sale of certain intangible assets		(4,367)	
Deferred income tax benefit	(37,262)	(28,222)	(23,267)
Equity in loss of Somerset	4,719	1,477	4,193
Cash received from Somerset	182	363	460
Adjustments to estimated accounts receivable credits	88,831	38,485	37,581
Write down of investments and intangible assets	2,982	11,131	9,450
Litigation settlement	-	147,000	-
Litigation settlement deposits	(7,986)	(135,000)	
Other noncash items	(7,502)	(12,945)	(2,575)
Changes in operating assets and liabilities:			
Accounts receivable	1,616	(73,238)	(86,694)
Inventories	(30,696)	(17,203)	(9,534)
Trade accounts payable	(12,394)	30,947	5,839
Income taxes	33,187	29,064	11,389
Other operating assets and liabilities, net	4,672	(914)	(17,578)
Net cash provided from operating activities	346,471	65,941	119,132
Cash flows from investing activities:			
Proceeds from (purchase of):			
Capital assets	(20,621)	(24,651)	(29,841)
Reduction of investment in a limited liability partership	9,535	52,207	-
Sale of certain intangible assets		12,800	
Sale of fixed assets	4,848	1,076	1,137
Other and intangible assets	(8,195)	(7,520)	(23,779)
Marketable securities	(819,038)	(104,029)	(200,939)
Sale of marketable securities	426,045	141,782	180,706
Net cash (used in) provided from investing activities	(407,426)	71,665	(72,716)
Cash flows from financing activities:			
Payments on long-term obligations	(8,095)	(5,987)	(15,696)
Cash dividends paid	(20,195)	(20,144)	(20,663)
Purchase of common stock		(91,456)	
Proceeds from exercise of stock options	20,852	5,671	3,587
Net cash used in financing activities	(7,438)	(111,916)	(32,772)
Net (decrease) increase in cash and cash equivalents	(68,393)	25,690	13,644
Cash and cash equivalents - beginning of year	229,183	203,493	189,849
Cash and cash equivalents - end of year	$ 160,790	$ 229,183	$ 203,493
Cash paid during the year for:			
Interest	$ 238	$ 867	$ 1,418
Income taxes	$ 152,145	$ 20,052	$ 100,374

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, manufacture and distribution of 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 significant intercompany accounts and transactions have been eliminated in consolidation.

Cash Equivalents. Cash equivalents are composed of highly liquid investments with an original maturity of three months or less at the date of purchase.

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 included in other income.

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

We invest our excess cash in deposits primarily with major banks and other high quality, short term liquid money market instruments (commercial paper, government and government agency notes and bills, etc.). These investments generally mature within twelve months. We maintain deposit balances at banks in excess of federally insured amounts.

We perform ongoing credit evaluations of our customers and generally do not require collateral. Approximately 64% and 60% of the accounts receivable balances represent amounts due from four customers at March 31, 2002 and 2001. Total allowances for doubtful accounts were $6,480,000 and $5,049,000 at March 31, 2002 and 2001.

Inventories. Inventories are stated at the lower of cost (first in, first-out) or market. Provisions for potentially obsolete or slow moving inventory are made based on our analysis of inventory levels and future sales forecasts.

Property, Plant and Equipment. Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation, computed on a straight line basis, is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives (3 to 10 years for machinery and equipment and 15 to 39 years for buildings and improvements). Interest related to the construction of qualifying assets is capitalized as part of the construction cost. Interest expense capitalized in fiscal 2002, 2001 and 2000 was $119,000, $614,000 and $1,108,000, respectively.

Intangible Assets. Intangible assets are stated at cost less accumulated amortization. Amortization is recorded on a straight line basis over estimated useful lives ranging from 2 to 20 years. We periodically review the original estimated useful lives of assets and make adjustments when appropriate. Intangible assets are also periodically reviewed to determine recoverability by comparing carrying value to expected future cash flows. Adjustments are made in the event estimated undiscounted net cash flows are less than the carrying value.

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 recorded at cost and adjusted for dividends and undistributed earnings and losses.

Non marketable equity investments for which we do not have the ability to exercise significant influence are accounted for using the cost method. Such investments are included in other assets on the balance sheet. Under the cost method of accounting, investments in private companies are carried at cost and are adjusted only for other than temporary declines in fair value, distributions of earnings and additional investments.

Other assets are periodically reviewed for other-than-temporary declines in fair value. Other than temporary declines in fair value are identified by evaluating market conditions, the entity's ability to achieve forecast and regulatory submission guidelines, as well as the entity's overall financial condition.

Revenue Recognition. We recognize revenue for product sales upon shipment when title and risk of loss pass to our customers and when provisions for estimates, including discounts, rebates, price adjustments, returns, chargebacks, and other promotional programs are reasonably determinable. The following briefly describes the nature of each provision and how such provisions are estimated.

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

Rebates are offered to our 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. Due to the nature of these programs, we are able to estimate provisions for rebates and other promotional programs based on the specific terms in each agreement at the time of shipment.

We have agreed to terms with our customers, consistent with common industry practices, to allow our customers to return product that is within a certain time period of the expiration date. Upon shipment of product to our customers, we provide for an estimate of product to be returned. This estimate is determined by applying a historical relationship of customer returns to amounts invoiced.

We also generally provide credits to our customers for decreases that we make to our selling prices for the value of inventory that is owned by our customers at the date of the price reduction. We have not contractually agreed to provide price adjustment credits to our customers; instead, we issue price adjustment credits at our discretion. We estimate price adjustment credits at

the time the price reduction occurs. The amount is calculated based on an estimate of our customers' inventory levels.

We have arrangements with certain parties establishing prices for our products for which they independently select a wholesaler from which to purchase. Such parties are referred to as indirect customers. A chargeback represents the difference between our invoice price to the wholesaler and the indirect customer's contract price. Provisions for estimating chargebacks are calculated primarily using historical chargeback experience and estimated wholesaler inventory levels.

Accounts receivable are presented net of allowances relating to the above provisions, which were $221,259,000 and $132,428,000 at March 31, 2002 and 2001. Other current accrued liabilities include approximately $21,577,000 and $13,107,000 at March 31, 2002 and 2001, for certain rebates and other adjustments that are paid to indirect customers.

Three of our customers accounted for 15%, 14% and 14% of net revenues in fiscal 2002. Two of our customers accounted for 14% and 11% of net revenues in fiscal 2001, and four of our customers accounted for 15%, 15%, 11% and 10% of net revenues in fiscal 2000.

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

Advertising Costs. Advertising costs are expensed as incurred and amounted to $7,315,000, $7,250,000 and $6,063,000 in fiscal 2002, 2001 and 2000, 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 granted, excluding antidilutive shares, under our stock option plans (see Note 12). Antidilutive shares of 130,000, 3,589,953 and 1,194,454 were excluded from the diluted earnings per common share calculation for fiscal 2002, 2001 and 2000, respectively.

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

(in thousands, except per share data) Fiscal	2002	2001	2000
Net earnings	$ 260,251	$ 37,128	$ 154,246
Weighted average common shares outstanding	125,525	125,788	129,220
Assumed exercise of dilutive stock options	1,843	961	1,004
Diluted weighted average common shares outstanding	127,368	126,749	130,224
Earnings per common share:			
Basic	$ 2.07	$ 0.30	$ 1.19
Diluted	$ 2.04	$ 0.29	$ 1.18

Use of Estimates in the Preparation of Financial Statements. The preparation of financial statements, in conformity with accounting principles generally accepted in the US, 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 reported period. Estimates are used in determining such items as, but not limited to, discounts, rebates, price adjustments, returns, chargebacks, other promotional programs, depreciable/amortizable lives, other postretirement benefit plan assumptions, fair value of other assets, projected cash flows, amounts recorded for contingencies and other potential adjustments. Because of the uncertainty inherent in such estimates, actual results could differ from those estimates.

Reclassification. The presentation of certain prior year amounts were reclassified to conform to the fiscal 2002 presentation.

Fiscal Year. Our fiscal year ends on March 31. All references to fiscal year shall mean the 12 months ended March 31.

Recent Accounting Pronouncements. In April 2001, we adopted Statement of Financial Accounting Standards (SFAS) No. 133, as amended, Accounting for Derivative Instruments and Hedging Activities, issued by the Financial Accounting Standards Board (FASB) in June 1998. SFAS No. 133 requires an entity to recognize all derivative instruments as either assets or liabilities on the balance sheet at fair value and those changes in fair value to be recognized currently in earnings, unless specific hedge accounting criteria are met. The adoption of SFAS No. 133 had no material impact on our results of operations or financial position.

In June 2001, the FASB issued SFAS No. 141, Business Combinations, effective for fiscal years beginning after December 15, 2001. SFAS No. 141 requires that all business combinations initiated after June 30, 2001, be accounted for using the purchase method of accounting. We adopted the provisions of SFAS No. 141 as of July 1, 2001, and, accordingly, all future business combinations consummated by us must be recorded at fair value using the purchase method of accounting.

In June 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001. SFAS No. 142 provides that goodwill and intangible assets with indefinite lives will no longer be amortized, but will be subject to at least annual impairment tests.

Intangible assets with finite lives will continue to be amortized over their useful lives. Furthermore, SFAS No. 142 requires that the useful lives of intangible assets acquired before June 30, 2001, be reassessed and the remaining amortization periods adjusted accordingly.

We are required to adopt the provisions of SFAS No. 142 effective April 1, 2002, and are in the process of preparing for its adoption. This process includes evaluating the useful lives of assets, making determinations as to what reporting units are and what amounts of goodwill, intangible assets, other assets and liabilities should be allocated to those reporting units. We will no longer record approximately $6.4 million in annual amortization of goodwill. Until the above process, including the required initial impairment evaluation, is complete, we are unable to determine any further impact SFAS No. 142 will have on our consolidated financial position and results of operations.

The FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. This statement establishes standards for accounting for obligations associated with the retirement of tangible long lived assets. This statement is effective for us on April 1, 2003. We are currently evaluating the impact, if any, this statement will have on our financial position and results of operations.

SFAS No. 144, Accounting for the Impairment or Disposal of Long Lived Assets, was issued by the FASB in August 2001. This statement addresses financial accounting and reporting for the impairment and disposal of long lived assets. For long-lived assets to be held and used, the new rules continue previous guidance to recognize impairment when the undiscounted future cash flows do not exceed the asset's carrying amount. The impairment to be recognized will continue to be measured as the difference between the carrying amount and fair value of the asset. The computation of fair value now removes goodwill from consideration. Assets that are to be disposed of by sale are required to be evaluated using the same measurement approach as those assets to be held and used. Additionally, assets qualifying for discontinued operations treatment have been expanded beyond the former operating segment approach. We will now recognize impairment of long lived assets to be disposed by other than sale at the date of disposal, but will consider such assets to be held and used until that time. This statement is effective for us as of April 1, 2002, and we believe that the adoption of SFAS No. 144 will not have a material impact on our financial position and results of operations.

Emerging Issues Task Force (EITF) Issue No. 00-25, Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products, became effective for us as of January 1, 2002. It states that consideration paid by a vendor to a reseller is to be classified as a reduction of revenue in the income statement unless an identifiable benefit is or will be received from the reseller that is sufficiently separable from the purchase of the vendor's products and the vendor can reasonably estimate the fair value of the benefit. We have adopted the provisions of EITF Issue No. 00-25, and it had no material effect on our financial statements.

EITF Issue No. 01-09, Accounting for Consideration Given to a Customer or a Reseller of a Vendor's Products, reconciles EITF Issue No. 00-14, Issue No. 3 of EITF Issue No. 00-22 and EITF Issue No. 00-25. EITF Issue No. 01-09 became effective for us as of January 1, 2002, and it had no material effect on our financial statements.

Note 3. Balance Sheet Components

Selected balance sheet components consist of the following at March 31, 2002 and 2001:

(in thousands)	2002	2001
Inventories:		
Raw materials	$ 74,782	$ 57,825
Work in process	31,056	23,752
Finished goods	89,236	80,233
	$ 195,074	$ 161,810
Property, plant and equipment:		
Land and improvements	$ 9,039	$ 9,154
Buildings and improvements	108,363	106,653
Machinery and equipment	174,080	168,963
Construction in progress	10,731	9,671
	302,213	294,441
Less accumulated depreciation	135,682	124,248
	$ 166,531	$ 170,193
Other current liabilities:		
Payroll and employee benefit plan accruals	$ 20,965	$ 12,542
Accrued rebates	21,577	13,107
Royalties and product license fees	12,363	12,490
Other	10,785	15,859
	$ 65,690	$ 53,998

Note 4. Investment in and Advances to Somerset

We acquired 50% of the outstanding common stock of Somerset Pharmaceuticals, Inc. (Somerset) in November 1988. We account for this investment using the equity method of accounting.

Equity in loss of Somerset includes our 50% portion of Somerset's financial results, as well as expense for amortization of intangible assets resulting from the acquisition of Somerset. Such intangible assets are being amortized using the straight line basis over 15 years. Amortization expense was $924,000 in each of fiscal 2002, 2001 and 2000.

Note 5. Marketable Securities

The amortized cost and estimated market values of marketable securities are as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
March 31, 2002				
Debt securities	$ 435,592	$ 567	$ 660	$ 435,499
Equity securities	8,535	13,219	987	20,767
	$ 444,127	$ 13,786	$ 1,647	$ 456,266
March 31, 2001				
Debt securities	$ 45,371	$ 698	$ 50	$ 46,019
Equity securities	5,762	4,684	750	9,696
	$ 51,133	$ 5,382	$ 800	$ 55,715

Net unrealized gains on marketable securities are reported net of tax of $4,219,000 and $1,599,000 in fiscal 2002 and 2001.

Maturities of debt securities at market value as of March 31, 2002, are as follows:

(in thousands)	
Mature within one year	$ 417,087
Mature in one to five years	2,061
Mature in five years and later	16,351
	$ 435,499

Gross gains of $1,263,000, $2,732,000 and $4,504,000 and gross losses of $865,000, $1,056,000 and $1,414,000 were realized during fiscal 2002, 2001 and 2000, respectively.

Note 6. Intangible Assets

Intangible assets consist of the following components at March 31, 2002 and 2001:

(in thousands)	2002	2001
Patents and technologies	$ 119,663	$ 120,739
License fees and agreements	43,540	38,671
Maxzide(r) intangibles	69,666	69,666
Goodwill	128,008	128,008
Other	26,091	26,091
	386,968	383,175
Less accumulated amortization	114,457	88,791
	$ 272,511	$ 294,384

The Maxzide(R) intangibles relate to trademark, tradedress and marketing rights. Other consists principally of an assembled workforce, non compete agreements, customer lists and contracts.

During fiscal 1999, we executed a product license agreement for the product Zagam(R) and recorded a corresponding intangible asset. This intangible asset was initially recorded in the amount of the initial cash payments and future contract commitments.

During fiscal 2001, we experienced significant product supply issues resulting from our contract supplier (such supplier is also the owner of the Zagam(R) patent) that significantly impaired our ability to market the product. As a result, the intangible asset was determined to have no value and its carrying value was reduced to zero during the year ended March 31, 2001.

We reduced the carrying value of the intangible asset by recording a $7,770,000 charge to general and administrative expenses, representing the portion of the unamortized intangible asset created from the initial payments.

The remaining $4,000,000 carrying value of the intangible asset was offset against the liability initially established for the future contract commitments. As a result of our inability to market the licensed product, we believe that the future contract commitments initially established will not be earned and will not become payable.

In connection with certain product license agreements, we recorded intangible assets and the related obligations, in excess of amounts paid, of $2,250,000 in noncash transactions in fiscal 2000.

Note 7. Other Assets

Other assets consist of the following components at March 31, 2002 and 2001:

(in thousands)	2002	2001
Pooled asset funds	$ 26,144	$ 29,065
Cash surrender value	35,825	32,991
Other investments	30,897	32,495
	$ 92,866	$ 94,551

Pooled asset funds primarily include our interest in limited liability partnership funds that invest in common and preferred stocks, bonds and money market funds. In fiscal 2001, we began to liquidate a certain fund in an effort to reduce the impact of market fluctuations. The total amounts liquidated in fiscal 2002 and 2001 were $9,535,000 and $52,207,000. The investments in these limited liability partnership funds are accounted for using the equity method. We record our share of earnings or losses as other income or expense with the offsetting entry to the corresponding investment account. Earnings on the pooled asset funds included in other income amounted to $7,113,000, $13,957,000 and $15,378,000 in fiscal 2002, 2001 and 2000, respectively. At March 31, 2002 and 2001, the carrying amounts of these investments approximated fair value.

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 executive officers.

Other investments principally consist of an equity investment in a foreign entity and a building held for sale. Our equity investment in a foreign entity

is accounted for using the cost method of accounting and was $20,000,000 as of March 31, 2002 and 2001. As a result of a settlement, in August 2000, we received the rights to an office building in Santa Monica, California. The building is currently being leased to the former owner under an operating lease that expires in October 2003. The lease agreement allows the former owner to purchase the building upon expiration of the lease.

Based on a periodic review of other investments for other than temporary declines in fair value, we recorded adjustments of $1,821,000, $2,670,000 and $9,450,000 in fiscal 2002, 2001 and 2000, respectively, to reduce the carrying value of other assets to their estimated fair value. Such adjustments were recorded as reductions to other income.

Note 8. Revolving Line of Credit

In March 2002, we renewed our agreement with a commercial bank for a revolving line of credit. This one year line of credit allows Mylan to borrow up to $50,000,000, on an unsecured basis, at a monthly adjusted rate of 0.75% per annum (1.25% per annum should the balance of our trust account be less than $50,000,000) in excess of the 30 day London InterBank Offered Rate (LIBOR). The agreement does not contain any significant financial covenants. At March 31, 2002 and 2001, we had no outstanding borrowings under this line of credit.

Note 9. Long-Term Obligations

Long-term obligations consist of the following components at March 31, 2002 and 2001:

(in thousands)	2002	2001
Deferred compensation	$ 19,682	$ 16,512
Deferred revenue	1,948	5,845
Product acquisitions		3,142
Other	240	3,091
Total long-term obligations	21,870	28,590
Less: Current portion of long-term obligations	16	5,245
Long term obligations, net of current Portion	$ 21,854	$ 23,345

Deferred compensation consists of the discounted future payments under individually negotiated agreements with certain key employees and directors. Individual agreements for certain key employees were amended in fiscal 2002 to provide additional benefits. The agreements with certain key employees provide for annual payments ranging from $60,000 to $1,000,000 to be paid over periods commencing at retirement and ranging from ten years to life. The agreements with certain outside directors include annual payments of $18,000 over ten years beginning at retirement.

In fiscal 2000, we recorded $9,238,000 in deferred revenue relating to a license and supply agreement. Revenue recognized relating to this agreement in fiscal 2002 and 2001 was $3,897,000 and $3,393,000.

In fiscal 2001, other consisted primarily of a 10.5% senior promissory note, paid in full in July 2001, related to the acquisition of UDL.

Note 10. Income Taxes

Income taxes consist of the following components:

(in thousands) Fiscal	2002	2001	2000
Federal:			
Current	$ 161,977	$ 45,463	$ 97,957
Deferred	(32,150)	(26,100)	(21,596)
	129,827	19,363	76,361
State and Puerto Rico:			
Current	20,809	3,772	13,807
Deferred	(2,564)	(2,250)	(1,671)
	18,245	1,522	12,136
Income taxes	$ 148,072	$ 20,885	$ 88,497
Pre-tax earnings	$ 408,323	$ 58,013	$ 242,743
Effective tax rate	36.3%	36.0%	36.5%

Temporary differences and carryforwards that result in the deferred tax assets and liabilities are as follows at March 31, 2002 and 2001:

(in thousands)	2002	2001
Deferred tax assets:		
Employee benefits	$ 9,630	$ 10,239
Contractual agreements	7,248	8,924
Intangible assets	8,780	5,450
Accounts receivable allowances	84,440	47,500
Inventories	3,191	3,844
Investments	8,271	7,802
Tax loss carryforwards	5,025	8,773
Tax credit carryforwards	8,080	5,813
Other		146
Total deferred tax assets	134,665	98,491
Deferred tax liabilities:		
Plant and equipment	12,515	9,917
Intangible assets	36,912	39,287
Investments	10,008	8,718
Other	58	-
Total deferred tax liabilities	59,493	57,922
Deferred tax asset, net	$ 75,172	$ 40,569
Classification in the consolidated balance sheets:		
Deferred income tax benefit - current	$ 92,642	$ 59,474
Deferred income tax liability - noncurrent	17,470	18,905
Deferred tax asset, net	$ 75,172	$ 40,569

Deferred tax assets relating to net operating loss carryforwards and research and development tax credit carryforwards were acquired in fiscal 1999 with the acquisition of Penederm. The utilization of these assets is subject to certain limitations set forth in the Internal Revenue Code. In fiscal 2002, we utilized approximately $10,709,000 of the acquired net operating loss carryforwards to reduce our current tax liability by approximately $3,748,000. As of March 31, 2002, we have approximately $13,415,000 of acquired federal tax loss carryforwards of which $11,353,000 will expire in fiscal 2012 and the remaining amount will expire in fiscal 2013. Additionally, at March 31, 2002, acquired federal tax credit carryforwards of $2,151,000 will expire in fiscal years 2003 through 2013.

We also have $2,743,000 of federal research and development tax credits that are deferred until fiscal 2003 due to recent tax law changes. A $3,004,000 tax credit against Puerto Rican local income tax is also available for future years.

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

Fiscal	2002	2001	2000
Statutory tax rate	35.0%	35.0%	35.0%
State and Puerto Rico income taxes, net	2.8%	2.4%	3.1%
Nondeductible amortization	0.6%	4.0%	1.0%
Tax credits	(2.1%)	(6.5%)	(2.7%)
Other items	0.0%	1.1%	0.1%
Effective tax rate	36.3%	36.0%	36.5%

Tax credits result principally from operations in Puerto Rico and from qualified research and development expenditures, including orphan drug research. State income taxes are shown net of the federal deduction benefit.

Operations in Puerto Rico benefit from Puerto Rican incentive grants, 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 our tax incentives until fiscal 2010. This grant exempts all earnings during this grant period from tollgate tax upon repatriation to the US. In fiscal 2001, approximately $109,000,000 of cash was repatriated for pre fiscal 2001 earnings from Puerto Rico to the US. Prepaid tollgate tax of $1,508,000 was credited to the Government of Puerto Rico to cover the tax due upon this repatriation. Under Section 936 of the US Internal Revenue Code, Mylan is a "grandfathered" entity and is entitled to the benefits under such statute through fiscal 2006.

In April 2002, the Internal Revenue Service (IRS) completed the examination of fiscal years 1998 through 2000. The adjustments noted by the IRS had no effect on the current year tax rate.

Note 11. Preferred and Common Stock

In fiscal 1985, the Board of Directors (Board) authorized 5,000,000 shares of $.50 par value preferred stock. No shares of the preferred stock have been issued.

The Board adopted a Shareholder Rights Plan (the Rights Plan) in fiscal 1996. The Rights Plan was adopted to provide our Board with sufficient time to

assess and evaluate any takeover bid and explore and develop a reasonable response. Effective November 1999, the Rights Plan was amended to eliminate the special rights held by continuing directors. The Rights Plan will expire on September 5, 2006, unless it is extended or such rights are earlier redeemed or exchanged.

In May 2002, the Board approved a Stock Repurchase Program to purchase up to 10,000,000 shares of our outstanding common stock. This Stock Repurchase Program will be administered through open market or privately negotiated transactions. The purchase of common stock under this program will be at market prices. Through May 29, 2002, we have purchased 1,000,000 shares of common stock for approximately $29,006,000. In fiscal 2001, we completed a previously approved program with the purchase of 4,855,100 shares for $91,456,000.

Note 12. Stock Option Plan

In January 1997, the Board adopted the Mylan Laboratories Inc. 1997 Incentive Stock Option Plan (the Plan), as amended, which was approved by the shareholders in July 1997. Under the Plan, up to 10,000,000 shares of the Company's common stock may be granted to officers, employees, and non employee consultants and agents as either incentive stock options or nonqualified stock options. Options, which may be granted at not less than fair market value on the date of the grant, may be exercised within ten years from the date of grant. Nonqualified stock option grants generally vest on the date of grant or equally on the anniversary date of the grant for the first three years. Incentive stock option grants generally have one of the following two vesting schedules: 25% two years from the date of grant, 25% at the end of year three and the remaining 50% at the end of year four or 33% one year after grant date, 33% after year two and 33% after year three. As of March 31, 2002, 1,502,725 shares are available for future grants.

In June 1992, the Board adopted the 1992 Non employee Director Stock Option Plan (the Directors' Plan) which was approved by the shareholders in April 1993. A total of 600,000 shares of the Company's common stock are reserved for issuance upon the exercise of stock options which vest at grant and may be granted at not less than fair market value on the date of grant. Options may be exercised within ten years from the date of grant. As of March 31, 2002, 187,500 shares are available for future grants.

Additional stock options are outstanding from the expired 1986 Incentive Stock Option Plan 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 April 1, 1999	3,549,154	$ 15.11
Options granted	1,410,100	25.50
Options exercised	(309,054)	12.04
Options cancelled	(53,419)	18.34
Outstanding at March 31, 2000	4,596,781	18.44
Options granted	3,255,700	24.38
Options exercised	(412,194)	13.06
Options cancelled	(260,699)	24.40
Outstanding at March 31, 2001	7,179,588	21.23
Options granted	3,672,999	26.42
Options exercised	(1,510,766)	15.60
Options cancelled	(779,647)	25.29
Outstanding at March 31, 2002	8,562,174	24.07

The following table summarizes information about stock options outstanding as of March 31, 2002:

	Options outstanding			Options exercisable	
Range of exercise price per share	Number of shares	Average life (1)	Average price (2)	Number of shares	Average price (2)
$ 2.35 - $ 20.96	1,271,763	4.19	$ 15.71	1,271,763	$ 15.71
21.38 - 23.15	1,335,408	8.09	21.95	956,201	21.60
24.32 - 25.51	1,642,231	8.85	24.87	625,567	24.96
25.82 - 25.82	2,405,500	9.20	25.82		

26.06	27.90	922,700	8.05	26.25	278,125	26.44
28.06	37.02	984,572	9.07	30.06	367,072	29.67
$ 2.35	$ 37.02	8,562,174	8.08	24.07	3,498,728	21.29

(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, 2001 and 2000, were 3,408,639 shares at $17.25 per share and 2,623,182 shares at $14.76 per share.

In accordance with the provisions of SFAS No. 123, Accounting for Stock Based Compensation, we account for our stock option plans under the intrinsic value based method as defined in Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Accordingly, no compensation expense has been recognized for our existing employee and non employee director stock option plans. If we had elected to recognize compensation costs based on the alternative fair value based method prescribed by SFAS No. 123, net earnings and earnings per share (on both a basic and diluted basis) would have been reduced by $20,284,000, or $.16 per share, $11,308,000, or $.09 per share and $1,430,000 or $.01 per share for fiscal 2002, 2001 and 2000, respectively.

The fair value of options granted in fiscal 2002, 2001 and 2000, using the Black Scholes option pricing model, and the assumptions used are as follows:

Fiscal	2002	2001	2000
Volatility	48%	36%	34%
Risk free interest rate	4.8%	5.5%	6.2%
Dividend yield	0.6%	0.6%	0.6%
Expected term of options (in years)	5.4	5.8	5.2
Weighted average fair value per option	$ 12.51	$ 9.99	$ 9.93

In consideration for the exercise of stock options, we received and recorded into treasury stock 81,120 shares valued at $2,716,000 in fiscal 2002, 4,165 shares valued at $109,000 in fiscal 2001 and 4,920 shares valued at $134,000 in fiscal 2000.

Note 13. Employee Benefits

The Company has a plan covering substantially all employees to provide for limited reimbursement of supplemental medical coverage. In December 2001, the Supplemental Health Insurance Program for Certain Officers of Mylan Laboratories Inc. was adopted to provide full post retirement medical coverage to certain officers and their spouse and dependents. These plans generally provide benefits to employees who meet minimum age and service requirements. We account for these benefits under SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. We have provided for the costs and related liability of these benefits, which are not material.

We have defined contribution plans covering essentially all of our employees. Our 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. Profit sharing contributions are made at the discretion of the Board. The 401(k) company matching contributions are based upon employee contributions or service hours, depending upon the plan. Total employer contributions to all plans for fiscal 2002, 2001 and 2000 were $9,756,000, $4,784,000 and $6,342,000, respectively.

We provide 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 which expires in April 2007. These employees represent approximately 26% of the Company's total workforce at March 31, 2002.

Note 14. Segment Reporting

We have two reportable operating segments, a Generic Segment and a Brand Segment, based on differences in products, marketing and regulatory approval. Additionally, we have a Corporate/Other Segment, which includes general and administrative expenses, such as legal expenditures, litigation settlements and goodwill amortization, offset by non operating income and expense.

Generic pharmaceutical products are therapeutically equivalent to a brand name product and marketed primarily to wholesalers, retail pharmacy chains, mail order pharmacies and group purchasing organizations. These products are

approved for distribution by the US Food and Drug Administration (FDA) through the Abbreviated New Drug Application (ANDA) process.

Brand pharmaceutical products are generally, when new, patent protected products marketed directly to health care professionals by a single provider. These products are approved by the FDA primarily through the New Drug Application process. Our Brand Segment also includes off-patent brand products, which have prescriber and customer loyalties and brand recognition, as well as branded generics which are responsive to promotional efforts.

The accounting policies of the operating segments are the same as those described in Note 2. The table below presents segment information for the fiscal years identified. For the Generic and Brand Segments, segment profit represents segment gross profit less direct research and development, selling and marketing and general and administrative expenses. Generic and Brand Segment assets include property, plant and equipment, trade accounts receivable, inventory and intangible assets other than goodwill. Corporate/Other Segment assets include consolidated cash, cash equivalents, marketable securities, investments in Somerset and other assets, goodwill and all income tax related assets.

The following table provides a reconciliation of segment information to total consolidated information:

(in thousands) Fiscal	2002	2001	2000
Net revenues			
Generic	$ 971,075	$ 675,118	$ 650,890
Brand	132,975	171,578	139,255
Consolidated	$ 1,104,050	$ 846,696	$ 790,145
Depreciation and amortization expense			
Generic	$ 20,365	$ 19,772	$ 12,919
Brand	17,336	16,037	15,540
Corporate/Other	8,410	6,583	7,247
Consolidated	$ 46,111	$ 42,392	$ 35,706
Segment profit (loss)			
Generic	$ 483,068	$ 187,115	$ 248,103
Brand	(16,212)	26,146	28,765
Corporate/Other	(58,533)	(155,248)	(34,125)
Consolidated	$ 408,323	$ 58,013	$ 242,743
Property, plant and equipment additions			
Generic	$ 14,313	$ 18,883	$ 24,418
Brand	5,369	5,231	5,168
Corporate/Other	939	537	255
Consolidated	$ 20,621	$ 24,651	$ 29,841
March 31,			
Segment assets			
Generic	$ 466,311	$ 628,441	$ 463,311
Brand	209,603	251,801	261,402
Corporate/Other	940,796	589,070	617,757
Consolidated	$ 1,616,710	$ 1,469,312	$ 1,342,470

Effective April 1, 2001, the Brand Segment assumed responsibility for the sales and marketing of EX phenytoin 100mg, which were previously included and evaluated in the operating results of the Generic Segment. Accordingly, the operating results of the Brand Segment for fiscal 2001 and 2000, have been revised to include the net revenues of $26,317 and $16,917 and the corresponding costs of sales of $5,247 and $3,782 for EX phenytoin 100mg previously included in the Generic Segment.

In fiscal 2001, Corporate/Other includes the expense of $147,000 for the settlement with the Federal Trade Commission and related litigation (see Note 17).

Note 15. Commitments

We lease certain real property, primarily an office complex in Research Triangle Park, North Carolina, and several warehousing facilities, under various operating lease arrangements that expire over the next nine 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 sales force and key employees. For fiscal 2002, 2001 and 2000, we made lease payments of $4,812,000, $4,301,000 and $3,667,000, respectively.

Future minimum lease payments under these commitments are as follows:

(in thousands) Fiscal	Operating Leases
2003	$ 5,673
2004	3,082
2005	2,025
2006	1,676
2007	1,672
Thereafter	1,850
	$ 15,978

We have entered into various product licensing and development agreements. In some of these arrangements, we provide 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 $14,000,000 would be paid over the next four years.

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

Note 16. Related Parties

In July 2000, we entered into an agreement with a consulting firm to provide advice and recommendations to us relating to strategic and operational matters. A director of the Company owns directly or indirectly all of the equity interests in this consulting firm. The agreement, as amended, is in effect until December 31, 2003, and provides for a monthly consulting fee of $75,000, the potential for a discretionary performance bonus, reimbursement of reasonable out of pocket expenses and a grant of a vested option covering 100,000 shares of our common stock at an exercise price of $21.88 per share. Fees paid to this firm in fiscal 2002 and 2001 were $1,565,000 and $125,000. We are obligated under the agreement to pay a fee equal to one tenth of one percent of the aggregate value of any major business transaction in which the consultant participates and which is announced during the term of the agreement or within 12 months after its termination. We are entitled to terminate the agreement for cause under certain specified circumstances.

A director of the Company is the chief executive officer of a bank in which the Company had on deposit $7,155,000 and $10,557,000 in a money market account representing 5% and 14% of the bank's total deposits at March 31, 2002 and 2001.

A director of the Company, who also became an officer of the Company in March 2002, was a member of a law firm that provided legal services to the Company. The fees paid to such law firm amounted to $3,325,000, $1,218,000 and $386,000 in fiscal 2002, 2001 and 2000, respectively.

An officer of the Company is a consultant to a company that provides services to assist Mylan with its biostudies. Such officer is currently a minority shareholder of this company; however, in prior years, this officer was

the principal owner. The officer's son is the owner of a company that performs registry services for a product marketed by the Company. These agreements have varying terms, with the latest expiring in 2010, and provide for the reimbursement of services on a cost plus basis. The officer is also an investor in a company that provides on site medical units to certain subsidiaries and whose son is a principal officer. Total expenses for all the services provided under these related party arrangements were $8,356,000, $9,405,000 and $7,272,000 in fiscal 2002, 2001 and 2000, respectively.

Note 17. Contingencies

Product Litigation

While it is not possible to determine with any degree of certainty the ultimate outcome of the following legal proceedings, we believe that we have meritorious defenses with respect to the claims asserted against the Company and we intend to defend vigorously our position. An adverse outcome in any one of these proceedings could have a material adverse effect on our financial position and results of operations.

Paclitaxel

NAPRO Biotherapeutics Inc. (NAPRO) and Abbott Laboratories Inc. (Abbott) filed suit against the Company in the US District Court for the Western District of Pennsylvania. Plaintiffs allege the Company's manufacture, use and sale of its paclitaxel product infringes certain patents owned by NAPRO and allegedly licensed to Abbott. The Company began selling its paclitaxel product on July 25, 2001. Abbott's ANDA seeking approval to sell paclitaxel has been approved.

Verapamil ER

Biovail Laboratories Inc. (Biovail) has filed a demand for arbitration against the Company with the American Arbitration Association. In response to such demand, the Company filed its answer and counterclaims. The dispute relates to a supply agreement under which the Company supplied extended release verapamil to Biovail. The Company terminated the agreement in March 2001. Biovail's allegations include breach of contract, breach of implied covenant of good faith and fair dealing and unfair competition. The Company's allegations as set forth in its counterclaims include breach of obligations of good faith and fair dealing, fraud and unjust enrichment. The arbitration hearing is scheduled to be held in September 2002.

Zagam(R)

The Company 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 US Federal District Court for the Western District of Pennsylvania on May 23, 2001. The complaint sets forth claims of breach of contract, rescission, breach of implied covenant of good faith and fair dealing and unjust enrichment. The defendant's answer includes a counterclaim which alleges nonpayment of royalties and failure to mitigate.

Nifedipine

In February 2001, Biovail filed suit against the Company and Pfizer Inc. (Pfizer) in the US District Court for the Eastern District of Virginia alleging antitrust violations with respect to agreements entered into between the Company and Pfizer regarding nifedipine. The Company filed a motion to transfer the case

to the US District Court for the Northern District of West Virginia, which was granted. The Company's motion to dismiss Biovail's complaint was denied and the Company's motion to dismiss certain claims by other plaintiffs was granted in part and denied in part.

The Company has been named as a defendant in five other putative class action suits alleging antitrust claims based on the settlement entered into by the Company with Bayer AG, Bayer Corporation and Pfizer regarding nifedipine.

Buspirone

The Company filed an ANDA seeking approval to market buspirone, a generic equivalent to Bristol-Myers Squibb's (BMS) BuSpar(R). The Company filed the appropriate certifications relating to the patents for this product, which were then listed in the FDA publication entitled Approved Drug Products with Therapeutic Equivalence Evaluations, popularly known as the "Orange Book." On November 21, 2000, a new patent claiming the administration of a metabolite of buspirone (which BMS claims also covers the administration of buspirone itself) was issued to BMS. The subsequent listing of this patent in the Orange Book prevented the FDA from granting final approval for the Company's buspirone ANDA. On November 30, 2000, the Company filed suit against the FDA and BMS in the US District Court for the District of Columbia. The complaint asked the court to order the FDA to grant immediately final approval of the Company's ANDA for the 15mg buspirone product and require BMS to request withdrawal of the patent from the Orange Book. Upon the Company's posting a bond in the amount of $25,000,000, the court entered an order granting the Company's motion for a preliminary injunction. Following a brief stay by the US Court of Appeals for the Federal Circuit, the FDA granted approval of the Company's ANDA with respect to the 15mg strength. Upon receiving FDA approval, the Company began marketing and selling the 15mg tablet in March 2001. The Company has also been selling the 30mg buspirone tablet since August 2001. BMS appealed the preliminary injunction order to both the US Court of Appeals for the Federal Circuit and the US Court of Appeals for the District of Columbia Circuit. The District of Columbia Court of Appeals denied BMS' application and stayed the Company's motion to dismiss pending the decision of the Federal Circuit Court of Appeals. The Federal Circuit heard oral arguments on July 12, 2001.

On October 12, 2001, the Federal Circuit overturned the lower court ruling and held that the Company did not have a cognizable claim against BMS under the Declaratory Judgment Act to challenge the listing of BMS' patent, which the

Federal Circuit viewed as an improper effort to enforce the Federal Food, Drug and Cosmetic Act. The Federal Circuit did not address the lower court's determination that the BMS patent does not claim buspirone or a method of administration of the drug. The Company filed a petition with the Federal Circuit asking that the court reconsider its holding. The petition was denied on January 9, 2002. A petition for review by the United States Supreme Court is pending.

On January 16, 2002, the Company filed a motion in the US District Court for the District of Columbia seeking a preliminary injunction which, if granted, would require that the FDA refuse to list the BMS patent should BMS submit it for re listing in the Orange Book. The District of Columbia Court has entered an order staying further proceedings in this case pending appeal of the order entered in the US District Court for the Southern District of New York granting the Company's motion for summary judgment of non infringement.

The Company is involved in three other suits related to buspirone. In November 2000, the Company filed suit against BMS in the US District Court for the Northern District of West Virginia. The suit seeks a declaratory judgment of non-infringement and/or invalidity of the BMS patent listed in November 2000. In

January 2001, BMS sued the Company for patent infringement in the US District Court for the District of Vermont and also in the US District Court for the Southern District of New York. In each of these cases, BMS asserts that the Company infringes BMS' patent and seeks to rescind approval of the Company's ANDA. It is expected that BMS will seek to recover damages equal to the profits it has lost as a result of the Company's sales of this product.

The Company subsequently filed motions to dismiss the Vermont case and dismiss and transfer the New York case to the US District Court for the Northern District of West Virginia. The Judicial Panel on Multi District Litigation ordered these cases, along with another patent case and numerous antitrust suits filed against BMS, be consolidated in the US District Court for the Southern District of New York. The New York Court has granted the Company's motion for summary judgment that the BMS patent is not infringed or alternatively is invalid. BMS has appealed this decision to the Court of Appeals for the Federal Circuit. The New York Court also denied the BMS motion to dismiss the Company's antitrust counterclaims.

Lorazepam and Clorazepate

In December 1998, the Federal Trade Commission (FTC) filed suit in US District Court for the District of Columbia against the Company. The FTC's complaint alleged that 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 products, lorazepam and clorazepate.

In July 2000, the Company reached a tentative agreement to settle the actions brought by the FTC, the States Attorneys General and suits brought by or on behalf of third party reimbursers. The Company agreed to pay up to $147,000,000, including attorneys' fees. This tentative settlement became final in February 2002. Included in this settlement were three companies indemnified by the Company Cambrex Corporation, Profarmaco S.r.I. and Gyma Laboratories, Inc.

Lawsuits not included in this settlement principally involve alleged direct purchasers such as wholesalers and distributors. In July 2001, the United States Court for the District of Columbia certified a litigation class consisting of these direct purchasers. The Company filed a petition with the United States Court of Appeals for the District of Columbia Circuit seeking appellate review of the district court's order. The appellate court denied the Company's appeal of the lower court's class certification order. In addition, four third party reimbursers opted-out of the class action settlement and have filed separate, non class actions against the Company. The Company has filed motions to dismiss those claims.

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, it is the opinion of management that the ultimate outcome of such other proceedings will not have a material adverse effect on our results of operations or financial position.

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, 2002 and 2001, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2002. Our audits also included the financial statement schedule listed in the Index in Item 14. These financial statements and financial statement schedule are the responsibility of the Corporation'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 auditing standards generally accepted in the United States of America. 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, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2002, 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, presented fairly in all material respects the information set forth therein.

Deloitte & Touche LLP
Pittsburgh, Pennsylvania
May 6, 2002 (May 29, 2002, as to Note 11)

Mylan Laboratories Inc.
Supplementary Financial Information

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

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year(1)
Fiscal 2002					
Net revenues	$ 237,933	$ 286,328	$ 297,191	$ 282,598	$ 1,104,050
Gross profit	121,859	163,777	177,372	160,931	623,939
Net earnings	50,648	64,136	78,176	67,291	260,251
Earnings per share:					
Basic	$ 0.41	$ 0.51	$ 0.62	$ 0.53	$ 2.07
Diluted	$ 0.40	$ 0.50	$ 0.61	$ 0.53	$ 2.04
Share prices(2):					
High	$ 31.81	$ 35.65	$ 37.91	$ 36.20	$ 37.91
Low	$ 24.02	$ 28.30	$ 31.35	$ 29.46	$ 24.02
Fiscal 2001					
Net revenues	$ 167,255	$ 207,555	$ 223,238	$ 248,648	$ 846,696
Gross profit	73,753	93,996	102,268	112,158	382,175
Net earnings(3)	(76,089)	33,509	37,645	42,062	37,128
Earnings per share:					
Basic	$ (0.59)	$ 0.27	$ 0.30	$ 0.34	$ 0.30
Diluted	$ (0.59)	$ 0.27	$ 0.30	$ 0.33	$ 0.29
Share prices(2):					
High	$ 32.25	$ 27.94	$ 30.00	$ 25.85	$ 32.25

Low	$ 17.00	$ 18.06	$ 22.50	$ 21.00	$ 17.00

(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) New York Stock Exchange symbol: MYL

(3) In July 2000, we reached a tentative settlement with the Federal Trade Commission, States Attorneys General and certain private parties with regard to lawsuits filed against the Company relating to pricing issues and raw material contracts on two of our products. Excluding the litigation settlement of $147,000, net earnings for fiscal 2001 were $131,208, or $1.04 per basic and diluted share. This settlement was approved by the court and made final in February 2002.

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

None.

PART III

ITEM 10. Directors and Executive Officers of the Registrant

The information required by this Item is set forth in our 2002 Proxy Statement and is incorporated herein by reference.

ITEM 11. Executive Compensation

The information required by this Item is set forth in our 2002 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 is set forth in our 2002 Proxy Statement and is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions

The information required by this Item is set forth in our 2002 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 14. Financial Statement Schedules, Exhibits and Reports on Form 8-K

(a) 1. Consolidated Financial Statements

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

2. Financial Statement Schedules

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

Description	Beginning Balance	Additions charged to costs and expenses	Deduction	Ending Balance
Allowance for Doubtful Accounts:				
Fiscal Year Ended				
March 31, 2002	$5,049	$4,128	$2,697	$6,480
March 31, 2001	3,614	1,610	175	5,049
March 31, 2000	1,908	1,749	43	3,614

3. Exhibits

3.1 Amended and Restated Articles of Incorporation of the registrant, filed as Exhibit 4.2 to the Form S-8 on December 23, 1997, (registration number 333-43081) and incorporated herein by reference.

3.2 By laws of the registrant, as amended to date, filed as Exhibit 3.2 to the Form 10-K for the fiscal year ended March 31, 2001, and incorporated herein by reference.

4.1 Rights Agreement, as amended to date, between the Company and American Stock Transfer & Trust Co., filed as Exhibit 4.1 to Form 8-K dated August 30, 1996, and incorporated herein by reference. Amendment is incorporated herein by reference to Exhibit 1 to Form 8-A/A dated March 31, 2000.

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 10.2 to Form 10-K for the fiscal year ended March 31, 2001, 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 Employment contract with Milan Puskar dated April 28, 1983, as amended to date, filed as Exhibit 10(e) to Form 10-K for the fiscal year ended March 31, 1993, and incorporated herein by reference.

10.5 Executive Employment Agreement with Stuart A. Williams dated March 1, 2002, filed herewith.

10.6 Executive Employment Agreement with Edward J. Borkowski dated March 4, 2002, filed herewith.

10.7 Salary Continuation Plan with C.B. Todd dated January 27, 1995, filed as Exhibit 10(b) to Form 10-K for the fiscal year ended March 31, 1995, and incorporated herein by reference.

10.8 Salary Continuation Plan with Louis J. DeBone dated March 14, 1995, filed as Exhibit 10(c) to Form 10-K for the fiscal year ended March 31, 1995, and incorporated herein by reference.

10.9 Salary Continuation Plan with Roderick P. Jackson dated March 14, 1995, as amended to date, filed as Exhibit 10(m) to Form 10-K for fiscal year ended March 31, 1999, and incorporated herein by reference.

10.10 Salary Continuation Plan with John P. O'Donnell dated March 14, 1995, as amended to date, filed as Exhibit 10.9 to Form 10-K for the fiscal year ended March 31, 2001, and incorporated herein by reference.

10.11 Salary Continuation Plan with Milan Puskar dated January 27, 1995, as amended, and Patricia Sunseri dated March 14, 1995, as amended, filed as Exhibit 10.1 to Form 10-Q for the quarterly period ended September 30, 2001, and incorporated herein by reference.

10.12 Split Dollar Life Insurance Arrangement with 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.

10.13 Service Benefit Agreement with Laurence S. DeLynn and John C. Gaisford, M.D., each dated January 27, 1995, and filed as Exhibit 10(g) to Form 10-K for fiscal year ended March 31, 1995, and incorporated herein by reference.

10.14 Transition and Succession Agreement dated November 10, 1999, as amended to date, with Milan Puskar, Patricia Sunseri, Roderick P. Jackson, Louis J. DeBone and John P. O'Donnell, filed as Exhibit 10.2 to Form 10-Q for the quarterly period ended December 31, 2001, and incorporated herein by reference.

10.15 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.

10.16 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 quarterly period ended December 31, 2001, and incorporated herein by reference.

10.17 Consulting Agreement with Coury Consulting, L.P. dated July 27, 2000, as amended to date, filed herewith.

21.1 Subsidiaries of the registrant, filed herewith.

23.1 Independent Auditors' consents, filed herewith.

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment to Report to be signed on its behalf by the undersigned, thereunto duly authorized on June 26, 2002.

Mylan Laboratories Inc.

by /S/ Edward J. Borkowski
Edward J. Borkowski

Chief Financial Officer

CONSULTING AGREEMENT

THIS AGREEMENT, made and entered into as of July 27, 2000 by and between MYLAN LABORATORIES INC., a Pennsylvania corporation having an address at 1030 Century Building, 130 Seventh Street, Pittsburgh, PA 15222 ("Consultee"), and COURY CONSULTING, L.P., a Pennsylvania limited partnership, having an address at USX Tower, 30th Floor, 600 Grant Street, Pittsburgh, Pennsylvania 15219 ("Consultant").

W I T N E S S E T H:

WHEREAS, Consultee desires to retain the unique consulting services of Consultant ("Services"); and

WHEREAS, Consultant is willing to provide such unique Services based on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein and intending to be legally bound hereby, the parties covenant and agree as follows:

Section 1. Engagement. Consultee hereby engages Consultant, and Consultant hereby accepts such engagement, to evaluate and make recommendations to Consultee with respect to methods and procedures that are intended to protect and maximize shareholder value. Additionally, Consultant will, at the Consultee's request, provide guidance and counsel with respect to business combinations and commercial business transactions, and any and all other activities and services incidental thereto provided, however, that nothing contained in this Agreement shall be construed to include the provision of any securities investment advice or related service. Consultant shall report to Milan Puskar in his capacity as Chief Executive Officer of the Consultee and/or Dana Barnett in his capacity as Executive Vice President of the Consultee and to no other person or officer of the Consultee.

Section 2. Term and Termination. Subject to an earlier termination of this Agreement pursuant to subsections (a) (b) and (c) below, the term of this Agreement shall be for a period of three (3) years from the date set forth above. Consultee or Consultant may terminate this Agreement prior to expiration of the term hereof as follows:

(a) Termination Without Cause. Consultee or Consultant may terminate this Agreement at any time, effective thirty (30) days after delivery of written notice of termination to the other. In such event, Consultant shall continue to render Services if requested by Consultee until the effective date of termination, and Consultant shall be paid its regular monthly compensation until such date.

(b) Termination For Cause. Consultee may terminate this Agreement for Cause (as hereinafter defined) at any time, effective upon delivery of written notice to Consultant. In such event, Consultant shall be entitled to its regular monthly compensation up to the date of termination, and in no event shall Consultant be entitled to additional compensation or bonuses after the effective date of such termination.

(c) Termination Due to a Change in Control. Consultant may terminate this Agreement due to a Change in Control (as hereinafter defined), upon written notice to the Consultee delivered within sixty (60) days of such Change In Control. Such termination shall be effective thirty (30) days after delivery of such written notice. In such event, Consultant shall continue to render Services if requested by Consultee until the effective date of termination, and Consultant shall be paid its regular monthly compensation until such date. In no event shall a termination due to a Change of Control be deemed to be a Termination Without Cause.

Section 3. Death or Disability. If Robert J. Coury ("Coury") dies or becomes mentally or physically disabled during the term of this Agreement, Consultee shall nonetheless pay to Consultant the compensation which would otherwise be payable hereunder through the date of Coury's death or disability, and the term of this Agreement shall be deemed to have expired on the date of Coury's death or disability.

Section 4. Confidentiality. Consultant hereby agrees that all information of whatsoever character either delivered to Consultant by Consultee or acquired by Consultant in the course of performing Services for Consultee shall be maintained in strictest confidence and shall not be disclosed to third parties without the written consent of Consultee, except to the extent Consultant deems necessary to obtain the advice of attorneys, accountants, investment bankers and/or other consultants in connection with the performance of Services

hereunder. Consultant further agrees not to make any use of such information unless expressly authorized to do so by Consultee, and shall take no action which in any way is detrimental to the interests of Consultee in respect of such information. No license or right of any nature is expressly or impliedly granted to Consultant for the use of any intellectual property owned or utilized by Consultee.

Section 5. Personal Service. Consultant's Services to be provided pursuant to this Agreement shall be performed personally by Coury, and no other person shall be engaged in the performance of such Services without the prior written consent of Consultee; provided, however, the foregoing shall not apply to assistance rendered by accountants, attorneys, investment bankers secretaries, clerical personnel and other similar professionals and support services required by Consultant in the performance of Services.

Section 6. Compensation. Consultee shall pay Consultant the following compensation:

(a) Signing Bonus. In order to induce the Consultant to enter into this Agreement, Consultee grants to the Consultant an option to acquire One Hundred Thousand (100,000) shares of the Consultee's common stock ("Option") such Option to be vested immediately upon the execution of this agreement. Additional provisions governing the terms of this Option are contained in an Option Agreement attached as Exhibit A to this Agreement.

(b) Monthly Compensation. On the first occurring monthly anniversary of this Agreement and on each subsequent monthly anniversary through the termination of this Agreement, Consultee agrees to pay the Consultant the sum of fifteen thousand dollars ($15,000).

(c) Performance Bonus. In its sole and absolute discretion Consultee may pay the Consultant a performance bonus in such amount, at such times and based upon such performance as Puskar and Barnett or their successors may deem appropriate.

(d) Transaction Fee. Consultee agrees to pay the Consultant a fee equal to one-tenth of one percent (.1%) of the Aggregate Value (as hereinafter defined) of any Major Transaction (as hereinafter defined) involving the Consultee (including any transaction in which the Consultee is the surviving entity); provided, however, that (i) the Consultant participated or provided services in connection with such Major Transaction, (ii) such Major Transaction was announced during the period commencing on the effective date of this Agreement and ending twelve (12) months after the termination of this Agreement, and (iii) the Consultant has neither voluntarily terminated this Agreement (i.e., the Consultant did not initiate a Termination Without Cause) nor been Terminated for Cause.

In addition to the foregoing, Consultee agrees to reimburse Consultant upon request for all expenses reasonably incurred by Consultant in performing Services pursuant to this Agreement including, without limitation, travel, lodging, food and third-party professional expenses.

Section 7. Consultant Representations. Consultant hereby represents and warrants as follows:

(a) Good Standing. Consultant is a Pennsylvania limited partnership duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.

(b) Authority. Consultant is duly authorized to enter into this Agreement, and to perform its obligations hereunder in accordance with the terms and conditions contained herein.

(c) Conflict. Neither the execution of this Agreement, nor the performance of Services hereunder, will conflict with, constitute a breach of, or cause a default under any agreement, understanding, deed of trust, loan agreement or other contract, statute or ordinance to which Consultant is a party, bound or subject.

(d) Enforceability. When executed by Consultant, this Agreement shall constitute a legally binding obligation of Consultant, enforceable in accordance with the terms and conditions contained herein.

Section 8. Consultant Obligations. Consultant warrants that it shall render Services pursuant to this Agreement in a professional manner, and will at all times endeavor to provide sound and reasonable recommendations to Consultee in performing such Services. Except as otherwise expressly stated herein, Consultant makes no representations, warranties or covenants with respect to its performance of Services. THE PARTIES ACKNOWLEDGE AND AGREE THAT CONSULTANT'S SERVICES SHALL NOT INCLUDE RESPONSIBILITY FOR MAKING ANY FINAL DECISIONS ON CONSULTEE'S BEHALF. THEREFORE, CONSULTANT EXPRESSLY DISCLAIMS ANY LIABILITY ARISING FROM ANY DECISION MADE ON THE BASIS OF CONSULTANT'S SERVICES OR RECOMMENDATIONS INCLUDING, WITHOUT LIMITATION, CONSEQUENTIAL DAMAGES DERIVING THEREFROM. CONSULTEE ACKNOWLEDGES AND AGREES THAT NEITHER CONSULTANT NOR COURY SHALL BE HELD RESPONSIBLE OR LIABLE FOR THE MAKING OF ANY DECISION BASED ON CONSULTANT'S OR COURY'S SERVICES OR RECOMMENDATIONS, AND CONSULTEE HEREBY WAIVES AND RELINQUISHES ANY CAUSE OF ACTION IT NOW HAS OR MAY IN THE FUTURE ACQUIRE AGAINST CONSULTANT OR COURY BASED ON OR RELATING TO ANY SERVICES OR RECOMMENDATIONS RENDERED BY EITHER.

Section 9. Independent Contractor. In the performance of Services hereunder, Consultant shall act at all times solely as an independent contractor, and nothing herein shall at any time be construed so as to create the relationship of employer and employee, partnership, principal and agent or joint venture as between Consultee and Consultant.

Section 10. Service To Other Clients. Consultee acknowledges and agrees that its engagement of Consultant's Services pursuant to this Agreement shall not be an exclusive engagement, and that Coury's employment by Consultant shall not be exclusive of other activities engaged in by Coury. Consultee further acknowledges and agrees that during the term of this Agreement, Consultant shall have clients in addition to Consultee, and that Consultant may be obligated to perform services for such other clients during said term.

Section 11. Assignment. Neither this Agreement nor any interest herein or obligation hereunder may be assigned by either of the parties hereto without the express written consent of the other.

Section 12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

Section 13. Successors and Assigns. Except as otherwise contained herein, this Agreement shall be binding upon, and will inure to the benefit of, the successors and permitted assigns of the parties hereto.

Section 14. Notices. Any notices required to be made under the terms of this Agreement shall be made to the parties at the addresses listed above subject to each party's right to change the address for such notification by registered mail or similar service and shall be deemed to be received three (3) days after the posting thereof.

Section 15. Definitions. For purposes of this Agreement, the following terms shall have the meanings assigned to them:

(a) Termination for Cause. In the event that the Consultant has (i) committed an act of dishonesty, fraud, theft, misappropriation, embezzlement or breach of trust against the Consultee or an act which the Consultant knew to be in violation of the duties to the Consultee (including the unauthorized disclosure of proprietary information); (ii) willfully or grossly neglected its duties and other obligations hereunder or continually failed to render services or perform its obligations to the Consultee, which neglect or failure is not remedied within 10 days after written notice thereof by the Consultee; or (iii) been convicted of a felony (by trial or plea), the Consultee shall be entitled to terminate this Agreement and the relationship established hereby immediately upon the giving of written notice to the Consultant of such termination specifying the grounds therefor. Any such termination shall be a "Termination for Cause." Without limiting the generality of the foregoing, the following specific instances of conduct shall give rise to the right of the Consultee to terminate the Consultant for cause: (A) a violation of the confidentiality obligations of the Consultee herein or a confidentiality obligation to which the Consultee or any affiliate is bound; (B) misappropriation of Consultee's property or the property of affiliate of the Consultee; and (C) falsification of Consultee's records.

(b) Change in Control. (i) Change Of Control shall mean a change of control of a nature that would be required to be reported in response to Item 6 (e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as

amended (the "Exchange Act"), whether or not the Consultee is then subject to such reporting requirement; provided that, without limitation, such a Change of Control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as determined for purposes of Regulation 13D-G under the Exchange Act as currently in effect), other than a Consultee sponsored employee benefit plan, directly or indirectly, of securities of the Consultee representing twenty percent (20%) or more of the combined voting power of the Consultee 's then outstanding securities; or (B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director, whose election to the Board or nomination for election to the Board by the Consultee's stockholders was approved by a vote of at least two thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election to the Board or nomination for election to the Board by the Consultee 's stockholders was approved by a vote of at least two thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board; or (C) the stockholders of the Consultee approve (1) a merger or consolidation of the Consultee with any corporation or other entity other than a merger or consolidation which would result in the holders of the voting securities of the Consultee outstanding immediately prior thereto holding immediately thereafter securities representing more than eighty percent (80%) of the combined voting power of the voting securities of the Consultee or such surviving entity outstanding immediately after such merger or consolidation (2) a plan of complete liquidation of the Consultee or (3) an agreement for the sale or disposition by the Consultee of all or substantially all of the Consultee's assets; PROVIDED, HOWEVER, that if such a merger, consolidation, plan of liquidation or sale of substantially all assets is not consummated following such stockholder approval and the transaction is abandoned, then the Change of Control shall be deemed not to have occurred. Notwithstanding the foregoing, in no event shall a Change of Control be deemed to occur as the result of the formation of a holding company; (ii) Change in Control shall also mean the termination of employment (including a termination due to death, disability or retirement) or demotion of Milan Puskar and Dana Barnett, or a change in the Consultant's reporting responsibility such that the Consultant must report to someone other than Milan Puskar or Dana Barnett.

(c) Major Transaction. For purposes of this agreement, the term "Major Transaction" shall include, without limitation, any sale (whether in one or a series of transactions) of all or a substantial amount of the assets or the capital stock of the Company, any sale, merger, or joint venture combination involving the Company, any recapitalization, restructuring or liquidation of the Company or any combination thereof, or any other form of transaction or disposition which results in the effective sale of the principal business and operations of the Company by the current owners, and shall also include a material acquisition of

a business or business line. The term "Major Transaction" shall not include the acquisition of a product or a product line or strategic alliances or other similar transactions which are in the ordinary course of the business of the Company, nor shall it include an investment in the Company by one or more institutional investors who do not actively control the Company following such investment.

(d) The "Aggregate Value" of a Major Transaction shall equal the value of all consideration received or to be received per share of common stock (the "Per Share Consideration") pursuant to the Major Transaction multiplied by the Fully Diluted shares outstanding (or in the case of a sale of assets, the consideration received for such assets), plus the value of any debt, capital lease, and preferred stock obligations of the entity or business acquired directly or indirectly assumed, retired, or defeased in connection with the Major Transaction or remaining on the financial statements of the entity or business at the closing of the Major Transaction. "Fully Diluted" shares outstanding shall be defined as the total number of common shares outstanding plus the total number of common shares that would be issued upon conversion of any securities convertible into common shares including, but not limited to, all outstanding convertible preferred stock and stock options. In the case of a Major Transaction in which the Per Share Consideration consists of publicly traded common stock, the Per Share Consideration shall be computed based on the average closing price of such common stock over the 10 consecutive trading days up to and including the second trading day immediately preceding the closing of the Major Transaction. The Aggregate Value of a Major Transaction shall include any break up or similar fee received by the Consultee with respect to a Major Transaction that is not consummated.

Section 16. Captions. Section captions used in this Agreement are for convenience only, and shall not be utilized in the construction or interpretation of this Agreement.

Section 17. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof, and supersedes all prior discussions between them concerning such matters. This Agreement shall not be subject to change, alteration or amendment other than by an instrument in writing duly executed by the parties hereto.

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

CONSULTANT:	CONSULTEE:
COURTY CONSULTING, L.P.	MYLAN LABORATORIES INC.
By: Coury Consulting, Inc. Sole General Partner	
By: /s/ Robert J. Coury	By:/s/Milan Puskar
Robert J. Coury President	Milan Puskar Chairman and Chief Executive Officer
	By: /s/ Dana G. Barnett
	Dana Barnett Executive Vice President

AMENDMENT TO
CONSULTING AGREEMENT

THIS AMENDMENT is made this 27th day of April, 2001 to that certain CONSULTING AGREEMENT, made and entered into as of July 27, 2000 by and between MYLAN LABORATORIES INC., a Pennsylvania corporation having an address at 1030 Century Building, 130 Seventh Street, Pittsburgh, PA 15222 ("Consultee"), and COURY CONSULTING, L.P., a Pennsylvania limited partnership, having an address at USX Tower, 30th Floor, 600 Grant Street, Pittsburgh, Pennsylvania 15219 ("Consultant").

W I T N E S S E T H:

WHEREAS, Consultee and Consultant desire to amend the Consulting Agreement; and

WHEREAS, all capitalized terms contained herein that are not clearly defined herein shall have the meanings assigned to them under the Consulting Agreement.

NOW, THEREFORE, in consideration of the services Consultant has rendered since the Consulting Agreement was first effective and in anticipation of future services to be rendered by the Consultant and in consideration of the mutual promises contained herein and intending to be legally bound hereby, the parties covenant and agree as follows:

I. Effective April 27, 2001 Section 2(a) is deleted in its entirety and the following is substituted therefor:

(a) Termination Without Cause. Consultant may terminate this Agreement at any time, effective thirty (30) days after delivery of written notice of termination to the Consultee. In such event, Consultant shall continue to render Services if requested by Consultee until the effective date of termination, and Consultant shall be paid its regular monthly compensation and performance bonus until such date. If the Consultee desires to terminate this Agreement without Cause, then the Consultant shall be entitled to receive its monthly compensation and performance bonus as described in Section 6 (a) and (b) for the remainder of the term of this Agreement.

II. Effective April 27, 2001 Section 6(c) is deleted in its entirety and the following is substituted therefor:

(c) Performance Bonus. In its sole and absolute discretion Consultee may pay the Consultant a performance bonus in such amount, at such times and based upon such performance as Puskar and Barnett or their successors may deem appropriate. Effective April 27, 2001 the parties have agreed that a performance bonus of ten thousand dollars ($10,000) per month shall be paid to the Consultant. This performance bonus shall be paid over the remaining

term of this Agreement by increasing the Monthly Compensation payable to the Consultant.

II. Effective upon the execution of this Amendment, Section 6(d) is deleted in its entirety and the following is substituted therefor:

(d) Major Transaction. Consultee agrees that the Consultant shall participate in any Major Transaction (as hereinafter defined) including any transaction in which the Consultee is the surviving entity; provided, however, that (i) such Major Transaction was announced during the period commencing on the effective date of the amendment to this Agreement and ending twelve (12) months after the termination of this Agreement, and (ii) the Consultant has neither voluntarily terminated this Agreement (i.e., the Consultant did not initiate a Termination Without Cause) nor been Terminated For Cause. Consultee agrees to pay to, or cause to be paid to, the Consultant a fee equal to one-tenth of one percent (.1%) of the Aggregate Value (as hereinafter defined) of any Major Transaction.

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

CONSULTANT: CONSULTEE:
COURTY CONSULTING, L.P. MYLAN LABORATORIES INC.

By: Coury Consulting, Inc.
Sole General Partner

By: /s/ Robert J. Coury By: /s/ Milan Puskar

Robert J. Coury Milan Puskar
President Chairman and
Chief Executive Officer

By: /s/ Dana G. Barnett

Dana Barnett
Executive Vice President

AMENDMENT TO
CONSULTING AGREEMENT

THIS AMENDMENT is made this 19th day of November, 2001 to that certain CONSULTING AGREEMENT, made and entered into as of the 27th day of July, 2000 and amended as of the 27th day of April, 2001 by and between MYLAN LABORATORIES INC., a Pennsylvania corporation having an address at 1030 Century Building, 130 Seventh Street, Pittsburgh, PA 15222 ("Consultee"), and COURY CONSULTING, L.P., a Pennsylvania limited partnership, having an address at USX Tower, 30th Floor, 600 Grant Street, Pittsburgh, Pennsylvania 15219 ("Consultant").

W I T N E S S E T H:

WHEREAS, Consultee and Consultant desire to amend the Consulting Agreement effective December 1, 2001; and

WHEREAS, all capitalized terms contained herein that are not clearly defined herein shall have the meanings assigned to them under the Consulting Agreement.

NOW, THEREFORE, in consideration of the services Consultant has rendered since the Consulting Agreement was first effective and in anticipation of future services to be rendered by the Consultant and in consideration of the mutual promises contained herein and intending to be legally bound hereby, the parties covenant and agree as follows:

I. The first sentence of Section 2 is deleted in its entirety and the following is substituted therefor:

Subject to an earlier termination of this Agreement pursuant to subsections (a) (b) and (c) below, the term of this Agreement shall commence December 1, 2001 and shall terminate December 31, 2003.

II. Section 2(c) is deleted in its entirety and the following is substituted therefor:

(c) Termination Due to a Change In Control. Consultant may terminate this Agreement due to a Change In Control (as hereinafter defined), upon written

notice to the Consultee delivered within sixty (60) days of such Change In Control. Such termination shall be effective thirty (30) days after delivery of such written notice. In such event, Consultant shall continue

to render Services if requested by Consultee until the effective date of termination, and Consultant shall be entitled to receive its monthly compensation as described in subsections 6(b) & (c) for the remainder of the term of this Agreement. If the Company desires to terminate this Agreement after a Change In Control, then the Consultant shall be entitled to receive its monthly compensation as described in subsections 6(b) & (c) for the remainder of the term of this Agreement. In no event shall a termination due to a Change In Control be deemed to be a Termination Without Cause by the Consultant.

II. Section 6(b) is deleted in its entirety and the following is substituted therefor:

(b) Monthly Compensation. Effective December 1, 2001 and on the first day of each succeeding calendar month during which this Agreement is in effect, Consultee shall pay the Consultant the sum of seventy five thousand dollars ($75,000).

III. Section 6(c) is deleted in its entirety and the following is substituted therefor:

(c) Performance Bonus. In its sole and absolute discretion Consultee may pay the Consultant a performance bonus in such amount, at such times and based upon such performance as Puskar and Barnett or their successors may deem appropriate.

Note: The prior Performance Bonus of $10,000 per month terminates with the payment due on November 27, 2001.

III. Section 15(a) is deleted in its entirety and the following is substituted therefor:

(a) Termination for Cause. In the event that the Consultant has (i) committed fraud, theft, misappropriation or embezzlement against the Consultee; (ii) willfully or grossly neglected its duties and other obligations hereunder or continually failed to render services or perform its obligations to the Consultee, which neglect or failure is not remedied within 10 days after written notice thereof by the Consultee; or (iii) been convicted of a felony (by trial or plea), the Consultee shall be entitled to terminate this Agreement and the relationship established hereby immediately upon the giving of written notice to the Consultant of such termination specifying the grounds therefor. Any such termination shall be a "Termination for Cause."

IV. Section 15(b) is deleted in its entirety and the following is substituted therefor:

(b) Change In Control. (1) Change In Control shall mean 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 15(b)(3)(A), 15(b)(3)(B) and 15(b)(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 a majority 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 65% 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 Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Change in Control shall also mean the termination of employment (including a termination due to death, disability or retirement) or demotion of Milan Puskar and Dana Barnett, or a change in the Consultant's reporting responsibility such that the Consultant must report to someone other than Milan Puskar or Dana Barnett.

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

CONSULTANT:	CONSULTEE:
COURY CONSULTING, L.P.	MYLAN LABORATORIES INC.
By: Coury Consulting, Inc. Sole General Partner	
By: /s/ Robert J. Coury	By: /s/ Milan Puskar
Robert J. Coury President	Milan Puskar Chairman and Chief Executive Officer
	By: /s/ C.B. Todd
	C. B. Todd President and Chief Operating Officer

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "Agreement"), is dated as of March 1, 2002, by and between Mylan Laboratories Inc. (the "Company") and Stuart A. Williams ("Executive").

RECITALS:

WHEREAS, the Company wishes to employ Executive as Chief Legal Officer but may be interested in utilizing Executive in capacities other than as Chief Legal Officer in order to avail itself of Executive's skills and abilities in light of the Company's business needs; and

WHEREAS, Executive is desirous of assisting the Company in whatever manner the Chairman, Chief Executive Officer, and/or Board of Directors deem appropriate;

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 Executive agree as follows:

1. Employment of Executive. The Company agrees to employ Executive, and Executive accepts employment by the Company, during the term of this Agreement for the consideration and on the terms and conditions provided herein.

2. Effective Date; Term of Employment. This Agreement shall commence and be effective for all purposes as of March 1, 2002 and shall remain in effect, unless earlier terminated, or extended or renewed, as provided in Section 8 of this Agreement, through December 31, 2004.

3. Executive's Compensation. Executive's "Compensation" shall include the following: (a) Base Salary. During the term of this Agreement, as Executive's base compensation for all services to be performed, the Company shall pay Executive an annual salary of $350,000.00 (the "Base Salary"), payable in accordance with the Company's normal payroll practices for its executive officers. This base salary may be increased from time to time at the discretion of the Board of Directors of the Company or any committee thereof having authority over executive compensation.

(b) Bonus. During the term of this Agreement, Executive shall be eligible to receive an annual discretionary bonus up to seventy five percent (75%) of Executive's Base Salary.

(c) Non-Qualified Stock Options. Executive shall receive non-qualified options to purchase up to 200,000 shares of Mylan Laboratories Inc. common stock under the 1997 Mylan Laboratories Inc. Incentive Stock Option Plan (the "Plan") in accordance with the following vesting schedule, provided that Executive remains employed by the Company on the following vesting dates: on March 1, 2002, Executive shall receive an option to purchase 100,000 shares; on March 1, 2003, Executive shall receive an option to purchase an additional 50,000 shares; and on March 1, 2004, Executive shall receive an option to purchase an additional 50,000 shares. These options will be subject to all terms of the Plan, as amended and the applicable stock option agreement.

(d) Fringe Benefits and Other Agreements. During the term of Employment, Executive shall receive such benefits of employment as are granted senior executive employees at the Chief Legal Officer level, including but not limited to, health insurance coverage, profit-sharing, participation in the Company's 401(k) plan, short term disability benefits, 25 vacation days, expense reimbursement, and automobile usage in accordance with the plan documents or policies that govern such benefits. The Company will also pay for or reimburse Executive for professional fees and/or dues including fees and travel expenses associated with continuing legal education requirements. Executive shall also be considered eligible under such other agreements as are available to senior executives at the Chief Legal Officer level such as the change in control agreement.

4. Confidentiality. Executive recognizes and acknowledges that the business interests of the Company and its subsidiaries, parents and affiliates (collectively the "Mylan Companies") require a confidential relationship between the Company and 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 Mylan 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 Executive in the course of Executive's employment with the Company. Accordingly, Executive agrees to keep secret and treat as confidential all Confidential Information whether or not copyrightable or patentable, and agrees not to 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 this Agreement and at all times thereafter, except insofar as is necessary disclosure consistent with the Company's business interests:

(a) Executive will not, directly or indirectly, disclose any Confidential Information to anyone outside the Mylan Companies;

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

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

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

(e) Executive will not in any manner disclose or use Confidential Information for Executive's own account and will not 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. Executive agrees that during the term of this Agreement and for a period ending two (2) years after termination of Executive's employment with the Company for any reason:

(a) Executive shall not, directly or indirectly, 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 Mylan Companies, or which competes or intends to compete in any line of business with the Mylan Companies within North America. Notwithstanding the foregoing, 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 Mylan Companies, provided that 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 Mylan Companies or its businesses or regarding the conduct of businesses similar to those of the Mylan 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 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) Executive will not, either directly or indirectly, 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 Mylan Companies.

(c) Executive will not solicit, entice or otherwise induce any employee of the Mylan Companies to leave the employ of the Mylan Companies for any reason whatsoever; nor will Executive directly or indirectly aid, assist or abet any other person or entity in

soliciting or hiring any employee of the Mylan Companies, nor will Executive otherwise interfere with any contractual or other business relationships between the Mylan Companies and its employees.

6. Severability. 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 Executive's 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, 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. Executive agrees that should either party seek to enforce or determine its rights because of an act of Executive which the Company believes to be in contravention of sections 4 and/or 5 of this Agreement or any subsection thereunder, the duration of the restrictions imposed thereby shall be extended for a time period equal to the period necessary to obtain judicial enforcement of the Company's rights.

8. Termination of Employment.

(a) Resignation Without Good Reason. Executive may resign from employment at any time upon 90 days written notice to the Company. During the 90 days notice period Executive will continue to perform duties and abide by all other terms and conditions of this Agreement. Additionally, Executive will use his best efforts to effect a smooth and effective transition to whomever will replace Executive. The Company reserves the right to accelerate the effective date of Executive's resignation. If Executive resigns without "Good Reason" (as defined below), the Company shall have no liability to Executive under this Agreement other than that the Company shall pay Executive's wages and benefits through the effective date of Executive's resignation. Executive, however, will continue to be bound by all provisions of this Agreement that survive termination of employment. For purposes of this Agreement, "Good Reason" shall mean a reduction of Executive's Compensation or responsibilities, unless all other similarly situated senior executives of the Company are required to accept a similar reduction, or a relocation of Executive's principal place of work to a location more than thirty miles from Morgantown, West Virginia (with the exception of a relocation within 30 miles of Pittsburgh, PA which would be permissible unless and until Executive moves to Morgantown, West Virginia). If Executive resigns with Good Reason and complies in all respects with his obligations hereunder, the Company will continue to pay Executive his Compensation including bonuses commensurate with the bonuses, if any, awarded to other similarly situated senior executives of the Company, for twenty four (24) months following expiration of the 90 days notice period 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 shall also be entitled one hundred percent (100%) vesting of all stock options described in this Agreement in the event of a Resignation with Good Reason.

(b) Termination for Cause. The Company agrees not to terminate Executive's employment during the term of this Agreement except for Cause, as defined herein, and agrees to give Executive written notice of its belief that acts or events constituting Cause exist. Executive has the right to cure within fourteen (14) days of the Company's giving of such notice, the acts, events or conditions which led to such notice being given. For purposes of this Agreement, "Cause" shall mean: (i) Executive's willful and substantial misconduct with respect to the Company's business or affairs; (ii) Executive's gross neglect of duties, (iii) Executive's conviction of a crime involving moral turpitude; (iv) Executive's conviction of any felony; or (v) Executive's death. If the Company terminates Executive's employment for Cause, the Company shall have no liability to Executive other than to pay Executive's wages and benefits through the effective date of Executive's termination. Executive, however, will continue to be bound by all provisions of this Agreement that survive termination of employment.

(c) Termination Without Cause. If the Company discharges Executive without Cause, the Company will continue to pay Executive his Compensation including bonuses commensurate with the bonuses, if any, awarded to other similarly situated senior executives of the Company, for twenty four (24) months 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 shall also be entitled to one hundred percent (100%) vesting of all stock options described in this Agreement in the event of a Termination Without Cause. Executive, however, will continue to be bound by all provisions of this Agreement that survive termination of employment.

(d) Extension or Renewal. The Term of Employment may be extended or renewed upon mutual agreement of Executive and the Company. If the Term of Employment is not extended or renewed on terms mutually acceptable to Executive and the Company, and if this Agreement has not been already terminated for reasons stated in Section 9 (a), (b), or (c) of this Agreement, Executive shall be paid severance in an amount equal to Executive's Base Salary, less applicable withholding, through normal payroll procedures in equal monthly installments, and shall pay the cost of continuing Executive's health insurance benefits in both cases for twenty four (24) months 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.

(e) Return of Company Property. Upon the termination of Executive's employment for any reason, 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 Executive has concerning the Company's business. Executive shall also immediately return all keys, identification cards or badges and other Company property.

9. Indemnification. In the event that Executive is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, 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 at the request of the Company as a director or officer, employee or agent 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, 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 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 Executive in his capacity as a director or officer (and not in any other capacity in which service was or is rendered by 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 Executive, to repay all amounts to so advanced if it should be determined ultimately that Executive is not entitled to be indemnified under this section or otherwise.

Promptly after receipt by Executive of notice of the commencement of any action, suit or proceeding for which Executive may be entitled to be indemnified, 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 10 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 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 Executive promptly after receiving the aforesaid notice from Executive, to assume the defense thereof with counsel reasonably satisfactory to Executive, which may be the same counsel as counsel to the Company. Notwithstanding the foregoing, 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 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 Executive to take charge of the defense of such action within a reasonable time after notice of commencement of the action or (iii) Executive shall have reasonably concluded, after consultation with counsel to 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 Executive), in any of which events such fees and expenses of one additional counsel shall be borne by the Company. Anything in this Section 11 to the contrary notwithstanding, the Company shall not be liable for any settlement of any claim or action effected without its written consent.

10. Efforts and Transition. During the Term of Employment, Executive shall: serve the Company to the best of his ability, and use his best

efforts to promote the interests of the Company. In furtherance of this objective the Company expects and understands that Executive will maintain an "of counsel" relationship with his former firm under the terms and conditions set forth in the agreement dated as of March 1, 2002 (attached hereto as Exhibit A) or maintain an of counsel relationship with another private law firm under substantially similar terms. The Company also recognizes that Executive is engaged in certain legal representations that will need to be transitional over time. Said legal representations may not affect performance of Executive's obligations under this Agreement.

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, addressed to the respective parties at the following addresses:

MYLAN: Mylan Laboratories Inc.
781 Chestnut Ridge Road
Morgantown, West Virginia 26504-4310
Attention: Chairman of the Board

EXECUTIVE: Stuart A. Williams
2189 Meadowmont Drive
Pittsburgh, PA 15241

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 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 Executive. No right or interest to or in any payments or benefits hereunder shall be assignable by 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. Any controversy, dispute or claim arising out of or relating to this Agreement, or the breach hereof, including a claim for injunctive relief, or any claim which, in any way arises out of or relates to, Executive's employment with the Company or the termination of said employment, including but not limited to statutory claims for discrimination, shall be resolved by arbitration in accordance with the then current rules of the American Arbitration Association respecting employment disputes. The hearing of any such dispute will be held in Pittsburgh, Pennsylvania, and the parties shall bear their own costs, expenses and counsel fees. The decision of the arbitrator(s) will be final and binding on all parties. Executive and the Company expressly consent to the jurisdiction of any such arbitrator over them.

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. EXECUTIVE:

By:_____ \s\ Stuart A. Williams
Stuart A. Williams
Its:_____

EDWARD J. BORKOWSKI EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "Agreement"), is dated as March 4, 2002, by and between Mylan Laboratories Inc. ("Mylan" or "Company") and Edward J. Borkowski ("Executive"). In consideration of the promises and mutual obligations of the parties contained herein, and for other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, Mylan and Executive agree as follows:

1. Employment of Executive. Mylan agrees to employ Executive as Chief Financial Officer, and Executive accepts employment by Mylan during the term of this Agreement for the consideration and on the terms and conditions provided herein.

2. Effective Date: Term of Employment. This Agreement shall commence and be effective for all purposes as of March 4, 2002, and shall remain in effect through March 4, 2005, unless earlier terminated as provided in Section 9 of this Agreement.

3. Best Efforts. During the Term of this agreement, Executive shall devote his full working time and attention to the business and affairs of Mylan and the performance of his duties hereunder, serve Mylan faithfully and to the best of his ability, and use his best efforts to promote Mylan's interests. During the term of this Agreement, Executive agrees to promptly and fully disclose to Mylan, and not to divert to Executive's own use or benefit or the use or benefit of others, any business opportunities involving any existing or prospective line of business, supplier, product or activity of Mylan or any business opportunities which otherwise should rightfully be afforded to Mylan.

4. Executive's Compensation.

(a) Base Salary. As Executive's base compensation for all services to be performed, Mylan shall pay Executive an annual salary of three hundred thousand dollars ($300,000) (the "Base Salary"), payable in accordance with Mylan's normal payroll practices for its executive officers. This Base Salary may be increased from time to time at the discretion of the Board of Directors or any committee thereof having authority over executive compensation.

(b) Discretionary Bonus. Executive shall be eligible to receive an annual discretionary bonus up to seventy-five percent (75%) of Executive's Base Salary. Executive's eligibility for a bonus and the amount of the bonus, if any, shall be determined by the Board of Directors in its sole discretion, or by any committee thereof having authority over executive compensation.

(C) Non Qualified Stock Options. Subject to approval of the Stock Option Committee, Executive shall receive non qualified options to purchase up to one hundred fifty thousand (150,000) shares of Mylan Laboratories Inc. common stock under the 1997 Mylan Laboratories Inc. Incentive Stock Option Plan (the "Plan") in accordance with the following vesting schedule, provided that Executive remains employed by Mylan on the following vesting dates: on March 4, 2003, Executive shall vest in the first 50,000 shares; on March 4, 2004, Executive shall vest an additional 50,000 shares; and on March 4, 2005 Executive shall vest in the remaining 50,000 shares. These options will be subject to all terms of the P1BD, as amended and the applicable stock option agreement. Notwithstanding any term or provision to the contrary set forth elsewhere herein, Executive shall be entitled to one hundred percent (100%) vesting of the above referenced option in the event Executive resigns for Good Reason or is Terminated Without Cause as provided in Section 9 herein.

(d) Fringe Benefits. Executive shall receive fringe benefits of employment, such as health insurance coverage, profit sharing, short term disability benefits, 25 days vacation, expense reimbursement, and participation in a 401(k) plan, as are customarily provided to other senior executive employees of Mylan in accordance with the plan documents or policies that govern such benefits. Mylan reserves the right to unilaterally modify or terminate benefits provided under any plan, and the Executive is entitled only to such benefits as are available under the then effective plan.

S. Confidentiality. Executive recognizes and acknowledges that the business interests of Mylan and its subsidiaries, parents and affiliates (collectively the "Mylan Companies") require a confidential relationship between the Company and Executive and the fullest protection and confidential treatment of the financia1 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 Mylan 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 Executive in the course of Executive's emp10yment with the Mylan Companies. Accordingly, Executive agrees to keep secret and treat as confidential all Confidential Information whether or not copyrightable or patentable, and agrees not to use or aid others in learning of or using any Confidential Information except in the ordinary course of business and in furtherance of the Mylan Companies' interests. During the term of this Agreement and at all times thereafter:

(a) Executive will not, directly or indirectly, disclose any Confidential Information to anyone outside the Mylan Companies, without the approval of the individual to whom Executive reports,

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

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

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

(e) Executive will not in any manner disclose or use Confidential Information for Executive's own account and will not 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 Mylan Companies.

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

6. Non Competition and Non Solicitation. Executive agrees that during the term of this Agreement and for a period ending one (1) year after termination of Executive's employment for any reason:

(a) Executive shall not, directly or indirectly, 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 Mylan Companies, or which competes or intends to compete in any line of business with the Mylan Companies. Notwithstanding the foregoing, 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 substantia11y similar to those engaged in by the Mylan Companies provided that 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 Mylan Companies or its businesses or regarding the conduct of businesses similar to those of the Mylan 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 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) Executive will not, either directly or indirectly, 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 Mylan Companies.

(c) Executive will not solicit, entice or otherwise induce any employee of the Mylan Companies to leave the employ of the Mylan Companies for any reason whatsoever; nor will Executive directly or indirectly aid, assist or abet any other person or entity in soliciting or hiring any employee of the Mylan Companies, nor will Executive otherwise interfere with any contractua1 or other business relationships between the Mylan Companies and its employees.

7. Severability. 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.

8. Injunctive Relief. The parties agree that in the event of Executive's violation of sections 5 and/or 6 of this Agreement or any subsection thereunder, that the damage to Mylan will be irreparable and that money damages will be difficult or impossible to ascertain Accordingly, in addition to whatever other remedies Mylan may have at law or in equity, Executive recognizes and agrees that Mylan 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.

9. Termination of Employment.

(a) Resignation. (i) Executive may resign from employment at any time upon 90 days written notice to the Chairman of the Board of Directors and the Chief Executive Officer. During the 90 days notice period Executive will continue to perform duties and abide by all other terms and conditions of this Agreement. Additionally, Executive will use his best efforts to effect a smooth and effective transition to whomever will replace Executive. Mylan reserves the right to accelerate the effective date of Executive's resignation, provided that Executive sha11 receive Executive's salary and benefits through the ninety (90) day period. (ii) If Executive resigns without "Good Reason" (as defined below), Mylan shall have no liability to Executive under this Agreement other than that the Company shall pay Executive's wages and benefits through the effective date of Executive's resignation. Executive, however, will continue to be bound by all provisions of this Agreement that survive termination of employment. For purposes of this Agreemer4 "Good Reason" shall mean a reduction of Executive's Base Salary below the Base Salary stipulated in this Agreement, unless other similarly situated senior executives of Mylan are required to accept a similar reduction, or the assignment of duties to the Executive which are inconsistent with those of an executive officer. (iii) If Executive resigns with Good Reason and complies in all respects with his obligations hereunder, Mylan will continue to pay Executive his Base Salary, less applicable withholding, through normal payroll procedures in equal monthly installments, and shall pay the cost of continuing Executive's health insurance benefits, in both cases for the six (6) months following expiration of the 90 days notice period provided, however, that in the case of health insurance continuation, Mylan's obligation to provide health insurance benefits shall end at such time as Executive obtains health insurance benefits through another employer or otherwise in connection with rendering services for a third party. Should Executive remain employed on September 4, 2002, the six months shall be extended an additional six months and Executive will also be entitled to a bonus, commensurate with the average bonus (if any), awarded to other similarly situated senior executives of Company. Executive will continue to be bound by all provisions of this Agreement that survive termination of employment.

(b) Termination for Cause. Mylan agrees not to terminate Executive's employment during the term of this Agreement except for Cause, as defined herein, and agrees to give Executive written notice of its belief that acts or events constituting Cause exist. Executive has the right to cure within five (5) days of Mylan's giving of such notice, the acts, events or conditions which led to such notice being given. For purposes of this Agreement, "Cause" shall mean: (i) Executive's willful and gross misconduct with respect to Mylan's business or affairs; (ii) Executive's gross neglect of duties, dishonesty or deliberate disregard of any material rule or policy of Mylan, (iii) Executive's conviction of a crime involving moral turpitude; (iv) Executive's conviction of any felony; or (v) Executive's death or inability to perform the essential functions of his position, with or without reasonable accommodation. If Mylan terminates Executive's employment for Cause, the Company shall have no liability to Executive other than to pay Executive's wages and benefits through the effective date of Executive's termination. Executive, however, will continue to be bound by all provisions of this Agreement that survive termination of employment.

(c) Termination Without Cause. If Mylan discharges Executive without Cause before March 4, 2005, Mylan will continue to pay Executive his Base Salary, less applicable withholding, through normal payroll procedures in equal monthly installments, and shall pay the cost of continuing Executive's health insurance benefits in both cases for the six (6) 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 such time as Executive obtains health insurance benefits through another employer or otherwise in connection with rendering services for a third party. Should Executive remain employed on September 4, 2002, the six months shall be extended an additional six months and Executive will also be entitled to a bonus, commensurate with the average bonus (if any), awarded to other similarly situated senior executives of Company. Executive will continue to be bound by all provisions of this Agreement that survive termination of employment.

(d) Death or Incapacity. The employment of Executive shall automatically terminate upon Executive's death or upon the occurrence of a disability that renders Executive incapable of performing the essential functions of his position within the meaning of the Americans With Disabilities Act of 1990. Upon such termination, Executive or his estate shall receive only such amounts as are earned and due to Executive under this Agreement as the result of Executive's activities prior to Executive's death or disability, and thereafter no further consideration or compensation shall be owed by Mylan to Executive or to Executive's estate.

(e) Return of Company Property. Upon the termination of Executive's employment for any reason, Executive shall immediately return to Mylan all records, memoranda, files, notes, papers, correspondence, reports, documents, books, diskettes, hard drives, electronic files, and all copies or abstracts thereof that Executive has concerning any or all of the Mylan Companies' business. Executive shall also immediately return all keys, identification cards or badges and other company property.

10. Indemnification. In the event that Executive is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, 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 at the request of Mylan as a director or officer,

employee or agent 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, Executive shall be indemnified and held harmless by Mylan 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 Executive in connection therewith. Such right shall be a contract right and shall include the right to be paid by Mylan expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses incurred by Executive in his capacity as a director or officer (and not in any other capacity in which service was or is rendered by 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 Mylan of an understanding, by or on behalf of Executive, to repay all amounts to so advanced if it should be determined ultimately that Executive is not entitled to be indemnified under this section or otherwise.

Promptly after receipt by Executive of notice of the commencement of any action, suit or proceeding for which Executive may be entitled to be indemnified, Executive shall notify Mylan in writing of the commencement thereof (but the failure to notify Mylan shall not relieve it from any liability which it may have under this Section 10 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 Executive and he notifies Mylan of the commencement thereof, Mylan will be entitled to participate therein, and, to the extent it may elect by written notice delivered to Executive promptly after receiving the aforesaid notice from Executive, to assume the defense thereof with counsel of its choosing, which may be the same counsel as counsel to Mylan. Mylan shall not be liable for any settlement of any claim or action effected without its written consent.

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

MYLAN: Mylan Laboratories Inc.
781 Chestnut Ridge Road
Morgantown, West Virginia 26504-4310
Attention: Chairman of the Board
With a noted copy to the Chief Executive Officer

EXECUTIVE: Edward J. Borkowski

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. A11 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.

12. Withholding. All payments required to be made by Mylan hereunder to 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.

13. 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.

14. 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.

15. 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 Mylan's successors and assigns. This Agreement may be assigned by Mylan to any person, firm or corporation which shall become the owner of substantially all of the assets of Mylan or which shall succeed to the business of Mylan. No right or interest to or in any payments or benefits hereunder shall be assignable by 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.

16. 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 State of Pennsylvania. Any controversy, dispute or claim arising out of or relating to this Agreement, or the breach hereof, including a claim for injunctive relief, or any claim which, in any way arises out of or relates to, Executive's employment with Mylan or the termination of said employment, including but not limited to statutory claims for discrimination, shall be resolved by arbitration in accordance with the then current rules of the American Arbitration Association respecting employment disputes. The hearing of any such dispute will be held in Morgantown, West Virginia, or Pittsburgh, Pennsylvania, at Mylan's discretion and the parties shall bear their own costs, expenses and counsel fees. The decision of the arbitrator(s) will be final and binding on all parties and any award rendered shall be enforceable upon confirmation by a court of competent jurisdiction. Executive and Mylan expressly consent to the jurisdiction of any such arbitrator over them.

17. 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.

18. 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. EXECUTIVE:

/s/ Edward J. Borkowski

By: _____

its: Edward J. Borkowski

EXHIBIT 21.1 Subsidiaries

Name	State of Incorporation
Mylan Pharmaceuticals Inc.	West Virginia
Milan Holding, Inc.	Delaware
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

Exhibits 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 333-65329, 333-65327, 333-35887, 333-65916, 33-65918 and 333-42182 of Mylan Laboratories Inc. on Form S-8 of our report dated May 6, 2002 (May 29, 2002 as to Note 11), appearing in this Annual Report on Form 10-K of Mylan Laboratories Inc. for the year ended March 31, 2002.

DELOITTE & TOUCHE LLP
Pittsburgh, Pennsylvania
June 13, 2002