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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2009

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-9114

MYLAN INC.

(Exact name of registrant as specified in its charter)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).* Yes o No o

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

Large accelerated filer ☑ Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company o

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

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

Class of Common Stock	**Outstanding at July 29, 2009**
$0.50 par value	305,330,880

* The registrant has not yet been phased into the interactive data requirements.

MYLAN INC. AND SUBSIDIARIES

FORM 10-Q
For the Quarterly Period Ended
June 30, 2009

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MYLAN INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

	Period Ended June 30,			
	Three Months		Six Months	
	2009	2008	2009	2008
	(Unaudited; in thousands, except per share amounts)			
Revenues:				
Net revenues	$ 1,255,798	$ 1,187,258	$ 2,424,160	$ 2,249,670
Other revenues	11,179	15,864	52,733	27,912
Total revenues	1,266,977	1,203,122	2,476,893	2,277,582
Cost of sales	739,210	788,912	1,423,393	1,513,150
Gross profit	527,767	414,210	1,053,500	764,432
Operating expenses:				
Research and development	74,016	80,753	132,853	164,599
Impairment loss on goodwill	—	—	—	385,000
Selling, general and administrative	279,038	259,457	518,593	512,369
Total operating expenses	353,054	340,210	651,446	1,061,968
Earnings (loss) from operations	174,713	74,000	402,054	(297,536)
Interest expense	78,172	92,386	163,175	188,865
Other income, net	25,308	7,855	29,498	14,816
Earnings (loss) before income taxes and noncontrolling interest	121,849	(10,531)	268,377	(471,585)
Income tax provision (benefit)	26,178	(28,905)	63,632	(76,026)
Net earnings (loss)	95,671	18,374	204,745	(395,559)
Net (earnings) loss attributable to the noncontrolling interest	(2,801)	72	(5,816)	2,114
Net earnings (loss) attributable to Mylan Inc. before preferred dividends	92,870	18,446	198,929	(393,445)
Preferred dividends	34,759	34,759	69,518	69,477
Net earnings (loss) attributable to Mylan Inc. common shareholders	$ 58,111	$ (16,313)	$ 129,411	$ (462,922)
Earnings (loss) per common share attributable to Mylan Inc. common shareholders:				
Basic	$ 0.19	$ (0.05)	$ 0.42	$ (1.52)
Diluted	$ 0.19	$ (0.05)	$ 0.42	$ (1.52)
Weighted average common shares outstanding:				
Basic	304,991	304,284	304,784	304,233
Diluted	306,256	304,284	305,759	304,233

See Notes to Condensed Consolidated Financial Statements

MYLAN INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

	June 30, 2009	December 31, 2008
	(Unaudited; in thousands, except share and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 429,477	$ 557,147
Restricted cash	56,050	40,309
Available-for-sale securities	30,117	42,260
Accounts receivable, net	1,140,605	1,164,613
Inventories	1,077,088	1,065,990
Deferred income tax benefit	188,792	199,278
Prepaid expenses and other current assets	100,446	105,076
Total current assets	3,022,575	3,174,673
Property, plant and equipment, net	1,077,726	1,063,996
Intangible assets, net	2,429,344	2,453,161
Goodwill	3,179,083	3,161,580
Deferred income tax benefit	32,968	16,493
Other assets	500,988	539,956
Total assets	$ 10,242,684	$ 10,409,859
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities:		
Trade accounts payable	$ 443,473	$ 498,815
Short-term borrowings	152,274	151,109
Income taxes payable	91,601	92,158
Current portion of long-term debt and other long-term obligations	6,365	5,099
Deferred income tax liability	2,515	1,935
Other current liabilities	725,189	795,534
Total current liabilities	1,421,417	1,544,650
Long-term debt	4,978,289	5,078,937
Other long-term obligations	412,866	422,052
Deferred income tax liability	517,824	577,379
Total liabilities	7,330,396	7,623,018
Equity		
Mylan Inc. shareholders' equity		
Preferred stock — par value $0.50 per share		
Shares authorized: 5,000,000		
Shares issued: 2,139,000	1,070	1,070
Common stock — par value $0.50 per share		
Shares authorized: 1,500,000,000 and 600,000,000 as of June 30, 2009 and December 31, 2008		
Shares issued: 395,501,142 and 395,368,062 as of June 30, 2009 and December 31, 2008	197,751	197,684
Additional paid-in capital	3,849,863	3,955,725
Retained earnings	696,006	566,594
Accumulated other comprehensive loss	(270,750)	(380,802)
	4,473,940	4,340,271
Noncontrolling interest	16,235	29,108
Less treasury stock — at cost		
Shares: 90,380,527 and 90,635,441 as of June 30, 2009 and December 31, 2008	1,577,887	1,582,538
Total equity	2,912,288	2,786,841
Total liabilities and equity	$ 10,242,684	$ 10,409,859

See Notes to Condensed Consolidated Financial Statements

MYLAN INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

	Six Months Ended June 30,	
	2009	2008
	(Unaudited; in thousands)	
Cash flows from operating activities:		
Net earnings (loss)	$ 204,745	$ (395,559)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	193,361	220,186
Stock-based compensation expense	14,652	15,579
Net earnings from equity method investees	(1,286)	(2,632)
Change in estimated sales allowances	36,911	47,716
Deferred income tax benefit	(76,619)	(205,611)
Impairment loss on goodwill	—	385,000
Other non-cash items	27,251	14,942
Litigation settlements, net	(2,751)	(1,856)
Changes in operating assets and liabilities:		
Accounts receivable	48,643	(166,777)
Inventories	22,221	(60,257)
Trade accounts payable	(63,172)	777
Income taxes	27,487	34,535
Deferred revenue	(26,241)	348,445
Other operating assets and liabilities, net	(68,986)	(72,237)
Net cash provided by operating activities	336,216	162,251
Cash flows from investing activities:		
Capital expenditures	(53,007)	(70,950)
Increase in restricted cash	(16,029)	(40,000)
Cash paid for acquisitions	(173,359)	—
Proceeds from sale of equity-method investee	23,333	—
Purchase of available-for-sale securities	(1,086)	(17,509)
Proceeds from sale of available-for-sale securities	13,205	55,558
Other items, net	620	(10,180)
Net cash used in investing activities	(206,323)	(83,081)
Cash flows from financing activities:		
Cash dividends paid	(69,518)	(67,977)
Payment of financing fees	—	(421)
Change in short-term borrowings, net	(18,736)	41,003
Proceeds from long-term debt	—	7,761
Payment of long-term debt	(172,164)	(76,357)
Proceeds from exercise of stock options	1,417	633
Other items, net	(23)	(5)
Net cash used in financing activities	(259,024)	(95,363)
Effect on cash of changes in exchange rates	1,461	10,499
Net decrease in cash and cash equivalents	(127,670)	(5,694)
Cash and cash equivalents — beginning of period	557,147	484,202
Cash and cash equivalents — end of period	$ 429,477	$ 478,508

See Notes to Condensed Consolidated Financial Statements

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. General

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

These interim financial statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto in the Company's Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2008.

The interim results of operations for the three and six months ended June 30, 2009 and the interim cash flows for the six months ended June 30, 2009 are not necessarily indicative of the results to be expected for the full fiscal year or any other future period.

2. Revenue Recognition and Accounts Receivable

Revenue is recognized for product sales when title and risk of loss pass to the Company's customers and when provisions for estimates, including discounts, rebates, price adjustments, returns, chargebacks and other promotional programs are reasonably determinable. No revisions were made to the methodology used in determining these provisions during the six months ended June 30, 2009. Accounts receivable are presented net of allowances relating to these provisions. Such allowances were $513.3 million and $496.5 million as of June 30, 2009 and December 31, 2008. Other current liabilities include $259.0 million and $238.9 million at June 30, 2009 and December 31, 2008, for certain rebates and other adjustments that are payable to indirect customers.

3. Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — A Replacement of FASB Statement No. 162* ("SFAS No. 168"). SFAS No. 168 establishes the *FASB Accounting Standards Codification™* ("Codification") as the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS No. 168 and the Codification are effective for financial statements issued for interim and annual periods ending after September 15, 2009. When effective, the Codification will supersede all existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. Following SFAS No. 168, the FASB will not issue new standards in the form of Statements, FASB Staff Positions ("FSP"), or Emerging Issues Task Force ("EITF") Abstracts. Instead, the FASB will issue Accounting Standards Updates, which will serve only to: (*a*) update the Codification; (*b*) provide background information about the guidance; and (*c*) provide the bases for conclusions on the change(s) in the Codification. The adoption of SFAS No. 168 will not have a material impact on the Company's Condensed Consolidated Financial Statements.

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets — an amendment of SFAS No. 140* ("SFAS No. 166"). SFAS No. 166 is a revision to FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, and will require more disclosures about transfers of financial assets, including securitization transactions and where entities have continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a "qualifying special-purpose entity,"

changes the requirements for derecognizing financial assets, and requires additional disclosures. SFAS No. 166 enhances disclosures reported to users of financial statements by providing greater transparency about transfers of financial assets and an entity's continuing involvement in transferred financial assets. SFAS No. 166 is effective for fiscal years beginning after November 15, 2009. Early application is not permitted. The Company is currently evaluating the impact on its consolidated financial statements of adopting SFAS No. 166.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* ("SFAS No. 165"). SFAS No. 165 sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS No. 165 is effective for interim or annual periods ending after June 15, 2009 and will be applied prospectively. The Company adopted the requirements of this standard for the quarter ended June 30, 2009. The adoption of SFAS No. 165 did not have a material impact on the Company's Condensed Consolidated Financial Statements (see Note 17).

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* ("FSP No. FAS 115-2 and FAS 124-2"). FSP No. FAS 115-2 and FAS 124-2 amends SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, and EITF Issue No. 99-20, *Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets*, to make the other-than-temporary impairments guidance more operational and to improve the presentation of other-than-temporary impairments in the financial statements. This standard replaces the existing requirement that the entity's management assert it has both the intent and ability to hold an impaired debt security until recovery with a requirement that management assert it does not have the intent to sell the security, and it is more likely than not it will not have to sell the security before recovery of its cost basis. The Company adopted the requirements of this standard as of June 30, 2009. The adoption of FSP No. FAS 115-2 and FAS 124-2 did not have a material impact on the Company's Condensed Consolidated Financial Statements.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* ("FSP No. FAS 107-1 and APB 28-1"). FSP No. FAS 107-1 and APB 28-1 requires companies to disclose in interim financial statements the fair value of financial instruments within the scope of FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*. However, companies are not required to provide in interim periods the disclosures about the concentration of credit risk of all financial instruments that are currently required in annual financial statements. The fair-value information disclosed in the footnotes must be presented together with the related carrying amount, making it clear whether the fair value and carrying amount represent assets or liabilities and how the carrying amount relates to what is reported in the balance sheet. FSP No. FAS 107-1 and APB 28-1 also requires that companies disclose the method or methods and significant assumptions used to estimate the fair value of financial instruments and a discussion of changes, if any, in the method or methods and significant assumptions during the period. The Company adopted the requirements of this standard as of June 30, 2009. The adoption of FSP No. FAS 107-1 and APB 28-1 did not have a material impact on the Company's Condensed Consolidated Financial Statements.

On January 1, 2009, the Company adopted FSP No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)* ("FSP No. APB 14-1"). Under the new rules, for convertible debt instruments (including the Company's Senior Convertible Notes) that may be settled entirely or partially in cash upon conversion, entities now separately account for the liability and equity components of the instrument in a manner that reflects the issuer's economic interest cost. The effect of the new rules, as they apply to the Company's Senior Convertible Notes, is that the equity component is included in the additional paid-in capital section of shareholders' equity on the Company's consolidated balance sheet and the value of the equity component is treated as an original issue discount for purposes of accounting for the debt

component. Higher interest expense results through the accretion of the discounted carrying value of the Senior Convertible Notes to their face amount over their term. FSP No. APB 14-1 requires retrospective application as disclosed below.

On January 1, 2009, the Company adopted SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51* ("SFAS No. 160"). SFAS No. 160 amends Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This standard defines a noncontrolling interest, sometimes called a minority interest, as the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. SFAS No. 160 requires, among other items, that a noncontrolling interest be included in the consolidated balance sheet within equity separate from the parent's equity; consolidated net income to be reported at amounts inclusive of both the parent's and noncontrolling interest's shares and, separately, the amounts of consolidated net income attributable to the parent and noncontrolling interest all on the consolidated statement of operations; and if a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be measured at fair value and a gain or loss be recognized in net income based on such fair value.

The Company's Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2008, as originally reported and as adjusted for the adoption of FSP No. APB 14-1 and SFAS No. 160, are as follows:

	Three Months Ended June 30,	
	2008	2008 As Adjusted
	(In thousands, except per share amounts)	
Interest expense	$ 86,489	$ 92,386
Loss before income taxes and noncontrolling interest	(4,634)	(10,531)
Income tax benefit	(30,955)	(28,905)
Net earnings	26,321	18,374
Net loss attributable to the noncontrolling interest	72	72
Net loss attributable to Mylan Inc. common shareholders	(8,366)	(16,313)
Loss per common share attributable to Mylan Inc.:		
Basic	$ (0.03)	$ (0.05)
Diluted	$ (0.03)	$ (0.05)
Weighted average common shares outstanding:		
Basic	304,284	304,284
Diluted	304,284	304,284

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

	Six Months Ended June 30,	
	2008	2008 As Adjusted
	(In thousands, except per share amounts)	
Interest expense	$ 177,236	$ 188,865
Loss before income taxes and noncontrolling interest	(459,956)	(471,585)
Income tax benefit	(75,060)	(76,026)
Net loss	(384,896)	(395,559)
Net loss attributable to the noncontrolling interest	2,114	2,114
Net loss attributable to Mylan Inc. common shareholders	(452,259)	(462,922)
Loss per common share attributable to Mylan Inc.:		
Basic	$ (1.49)	$ (1.52)
Diluted	$ (1.49)	$ (1.52)
Weighted average common shares outstanding:		
Basic	304,233	304,233
Diluted	304,233	304,233

The Company's Condensed Consolidated Balance Sheet as originally reported and as adjusted for the adoption of FSP No. APB 14-1 and SFAS 160, is as follows:

	December 31, 2008	December 31, 2008 As Adjusted
	(In thousands)	
Liabilities and equity		
Liabilities		
Long-term debt	$ 5,165,419	$ 5,078,937
Deferred income tax liability	545,121	577,379
Total liabilities	7,677,242	7,623,018
Minority interest	29,108	—
Equity		
Mylan Inc. shareholders' equity		
Additional paid-in capital	3,873,743	3,955,725
Retained earnings	594,352	566,594
Noncontrolling interest	—	29,108
Total equity	2,703,509	2,786,841

4. Acquisitions and Other Transactions

Acquisition of the Remaining Interest in Matrix Laboratories Limited

On March 26, 2009, the Company announced its plans to buy the remaining public interest in Matrix Laboratories Limited ("Matrix") from its minority shareholders pursuant to a voluntary delisting offer. At the time, the Company owned approximately 71.2% of Matrix through a wholly-owned subsidiary and controlled more than 76% of its voting rights. On June 1, 2009, Mylan announced that it had successfully completed the delisting offer and accepted the discovered price of 211 Rupees per share, which was established by the reverse book building process prescribed by Indian regulations. As of June 30, 2009, the Company completed the purchase of

approximately 19% of the remaining interest from the minority shareholders of Matrix for cash of approximately $134.5 million, bringing the Company's total ownership to approximately 90% and control to approximately 95% of its voting rights. On July 31, 2009, the Company received notice of approval of the delisting application. Matrix's stock will be suspended from trading on the Bombay and National Stock Exchanges effective August 14, 2009 and will be delisted effective August 21, 2009. Minority shareholders who have not yet tendered their shares may do so during a six-month period following the delisting. The purchase was treated as an equity transaction as required by SFAS No. 141(R), *Business Combinations* ("SFAS No. 141(R)"). Under SFAS No. 141(R), subsequent increases or decreases of ownership that do not result in a change in control are accounted for as equity transactions.

Termination of Joint Ventures

During the quarter ended June 30, 2009, Matrix and Aspen Pharmacare Holdings Limited ("Aspen") terminated two joint ventures in which each held a 50% share; Astrix Laboratories Limited ("Astrix") and Fine Chemicals Corporation ("FCC"). Under the agreed upon terms, Matrix sold its 50% interest in FCC to Aspen for $23.3 million. At the same time, a wholly-owned subsidiary of Mylan purchased from Aspen its 50% interest in Astrix for $38.9 million. These transactions resulted in a net gain of approximately $10.4 million, which is included in other income, net, in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2009. As of the date of purchase, June 1, 2009, the results of Astrix were consolidated with those of Mylan.

The Company accounted for the acquisition of the remaining 50% of Astrix using the purchase method of accounting. Under the purchase method of accounting, the assets acquired and liabilities assumed in the transaction were recorded at the date of acquisition at the preliminary estimate of their respective fair values. The purchase price allocation is preliminary and is based on the information that was available as of the acquisition date. Management believes that the information provides a reasonable basis for allocating the purchase price, but the Company is awaiting additional information necessary to finalize the purchase price allocation. The fair values reflected in the consolidated financial statements may be adjusted, and such adjustments could be significant. The Company expects the purchase price allocation to be finalized as soon as possible but no later than one year from the acquisition date.

Biologics Agreement

On June 29, 2009, Mylan announced that it has executed a definitive agreement with Biocon Limited ("Biocon"), a publicly traded company on the Indian stock exchanges, for an exclusive collaboration on the development, manufacturing, supply and commercialization of multiple, high value generic biologic compounds for the global marketplace.

As part of this collaboration, Mylan and Biocon will share development, capital and certain other costs to bring products to market. Mylan will have exclusive commercialization rights in the U.S., Canada, Japan, Australia, New Zealand and in the European Union and European Free Trade Association countries through a profit sharing arrangement with Biocon. Mylan will have co-exclusive commercialization rights with Biocon in all other markets around the world. In conjunction with executing this agreement, Mylan recorded a non-recurring research and development charge related to its up-front, non-refundable obligation pursuant to the agreement.

5. Impairment of Long-lived Assets Including Goodwill

On February 27, 2008, the Company announced that it was reviewing strategic alternatives for its specialty business, Dey, L.P. ("Dey"), including the potential sale of the business. This decision was based upon several factors, including a strategic review of the business, the expected performance of the Perforomist® product, where anticipated growth was determined to be slower than expected and the timeframe to reach peak sales was determined to be longer than was originally anticipated.

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

As a result of the Company's ongoing review of strategic alternatives, the Company determined that it was more likely than not that the business would be sold or otherwise disposed of significantly before the end of its previously estimated useful life. Accordingly, a recoverability test of Dey's long-lived assets was performed during the three months ended March 31, 2008 in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. The Company included both cash flow projections and estimated proceeds from the eventual disposition of the long-lived assets. The estimated undiscounted future cash flows exceeded the book values of the long-lived assets and, as a result, no impairment charge was recorded.

Upon the closing of the former Merck Generics business transaction, Dey was defined as the Specialty Segment under the provisions of SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information.* Dey is also considered a reporting unit under the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142"). Upon closing of the transaction, the Company allocated $711.2 million of goodwill to Dey.

The Company tests goodwill for possible impairment on an annual basis and at any other time events occur or circumstances indicate that the carrying amount of goodwill may be impaired. As the Company had determined that it was more likely than not that the business would be sold or otherwise disposed of significantly before the end of its previously estimated useful life, the Company was required, during the three months ended March 31, 2008, to assess whether any portion of its recorded goodwill balance was impaired.

The first step of the SFAS No. 142 impairment analysis consisted of a comparison of the fair value of the reporting unit with its carrying amount, including the goodwill. The Company performed extensive valuation analyses, utilizing both income and market-based approaches, in its goodwill assessment process. The following describes the valuation methodologies used to derive the estimated fair value of the reporting unit.

Income Approach: To determine fair value, the Company discounted the expected future cash flows of the reporting unit, using a discount rate, which reflected the overall level of inherent risk and the rate of return an outside investor would have expected to earn. To estimate cash flows beyond the final year of its model, the Company used a terminal value approach. Under this approach, the Company used estimated operating income before interest, taxes, depreciation and amortization in the final year of its model, adjusted to estimate a normalized cash flow, applied a perpetuity growth assumption, and discounted by a perpetuity discount factor to determine the terminal value. The Company incorporated the present value of the resulting terminal value into its estimate of fair value.

Market-Based Approach: To corroborate the results of the income approach described above, Mylan estimated the fair value of its reporting unit using several market-based approaches, including the guideline company method which focused on comparing its risk profile and growth prospects to a select group of publicly traded companies with reasonably similar guidelines.

Based on the SFAS No. 142 "step one" analysis that was performed for Dey, the Company determined that the carrying amount of the net assets of the reporting unit was in excess of its estimated fair value. As such, the Company was required to perform the "step two" analysis for Dey, in order to determine the amount of any goodwill impairment. The "step two" analysis consisted of comparing the implied fair value of the goodwill with the carrying amount of the goodwill, with an impairment charge resulting from any excess of the carrying value of the goodwill over the implied fair value of the goodwill based on a hypothetical allocation of the estimated fair value to the net assets. Based on the second step analysis, the Company concluded that $385.0 million of the goodwill recorded at Dey was impaired. As a result, the Company recorded a non-cash goodwill impairment charge of $385.0 million during the three months ended March 31, 2008, which represented the Company's best estimate as of March 31, 2008. The allocation discussed above was performed only for purposes of assessing goodwill for impairment; accordingly, Mylan did not adjust the net book value of the assets and liabilities on the Company's Condensed Consolidated Balance Sheet, other than goodwill, as a result of this process.

The determination of the fair value of the reporting unit required the Company to make significant estimates and assumptions that affect the reporting unit's expected future cash flows. These estimates and assumptions primarily include, but are not limited to, the discount rate, terminal growth rates, operating income before depreciation and amortization, and capital expenditures forecasts. Due to the inherent uncertainty involved in making these estimates, actual results could differ from those estimates. In addition, changes in underlying assumptions would have a significant impact on either the fair value of the reporting unit or the goodwill impairment charge.

The hypothetical allocation of the fair value of the reporting unit to individual assets and liabilities within the reporting unit also required the Company to make significant estimates and assumptions. The hypothetical allocation required several analyses to determine the estimate of the fair value of assets and liabilities of the reporting unit.

In September 2008, following the completion of the comprehensive review of strategic alternatives for Dey, the Company announced its decision to retain the Dey business. This decision included a plan to realign the business. As a result, the Company expects to incur severance and other exit costs (see Note 14). In addition, the comprehensive review resulted in the impairment of intangible assets related to certain non-core, insignificant, third-party products in December 2008.

6. Stock-Based Incentive Plan

Mylan's shareholders approved the *2003 Long-Term Incentive Plan* on July 25, 2003, and approved certain amendments on July 28, 2006, April 25, 2008 and May 7, 2009 (as amended, the "2003 Plan"). Under the 2003 Plan, 37,500,000 shares of common stock are reserved for issuance to key employees, consultants, independent contractors and non-employee directors of Mylan through a variety of incentive awards, including: stock options, stock appreciation rights, restricted shares and units, performance awards, other stock-based awards and short-term cash awards. Awards are granted at the fair value of the shares underlying the options at the date of the grant, generally become exercisable over periods ranging from three to four years, and generally expire in ten years. In the amended 2003 Plan, no more than 8,000,000 shares may be issued as restricted shares, restricted units, performance shares and other stock-based awards.

Upon approval of the 2003 Plan, the *1997 Incentive Stock Option Plan* (the "1997 Plan") was frozen, and no further grants of stock options will be made under that plan. However, there are stock options outstanding from the 1997 Plan, expired plans and other plans assumed through acquisitions.

The following table summarizes stock option activity:

	Number of Shares Under Option		Weighted Average Exercise Price per Share
Outstanding at December 31, 2008	23,423,041	$	15.32
Options granted	2,717,394		12.61
Options exercised	(143,319)		10.75
Options forfeited	(1,135,974)		14.35
Outstanding at June 30, 2009	24,861,142	$	15.09
Vested and expected to vest at June 30, 2009	23,624,165	$	15.13
Options exercisable at June 30, 2009	16,064,919	$	15.69

As of June 30, 2009, options outstanding, options vested and expected to vest, and options exercisable had average remaining contractual terms of 5.87 years, 5.74 years and 4.41 years, respectively. Also at June 30, 2009, options outstanding, options vested and expected to vest and options exercisable had aggregate intrinsic values of $14.7 million, $14.0 million and $9.1 million, respectively.

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

A summary of the status of the Company's nonvested restricted stock and restricted stock unit awards as of June 30, 2009 and the changes during the six months ended June 30, 2009, are presented below:

Restricted Stock Awards	Number of Restricted Stock Awards	Weighted Average Grant-Date Fair Value per Share
Nonvested at December 31, 2008	2,543,348	$ 13.46
Granted	863,069	12.73
Released	(515,751)	14.98
Forfeited	(144,300)	11.67
Nonvested at June 30, 2009	2,746,366	$ 13.05

As of June 30, 2009, the Company had $36.6 million of total unrecognized compensation expense, net of estimated forfeitures, related to all of its stock-based awards, which will be recognized over the remaining weighted average period of 1.73 years. The total intrinsic value of stock-based awards exercised and restricted stock units converted during the six months ended June 30, 2009 and June 30, 2008 was $7.4 million and $1.5 million.

7. Balance Sheet Components

Selected balance sheet components consist of the following:

	June 30, 2009	December 31, 2008
	(In thousands)	
Inventories:		
Raw materials	$ 269,809	$ 273,232
Work in process	160,320	157,473
Finished goods	646,959	635,285
	$ 1,077,088	$ 1,065,990
Property, plant and equipment:		
Land and improvements	$ 63,186	$ 56,945
Buildings and improvements	607,900	577,182
Machinery and equipment	1,074,891	1,012,748
Construction in progress	99,007	110,721
	1,844,984	1,757,596
Less accumulated depreciation	767,258	693,600
	$ 1,077,726	$ 1,063,996
Other current liabilities:		
Payroll and employee benefit plan accruals	$ 160,540	$ 181,316
Accrued rebates	259,012	238,886
Fair value of financial instruments	70,014	91,797
Legal and professional accruals	65,726	71,813
Restructuring reserves	62,285	75,100
Other	107,612	136,622
	$ 725,189	$ 795,534

8. Earnings (Loss) per Common Share attributable to Mylan Inc.

Basic earnings (loss) per common share is computed by dividing net earnings (loss) attributable to Mylan Inc. common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per common share is computed by dividing net earnings (loss) attributable to Mylan Inc. common shareholders by the weighted average number of shares outstanding during the period increased by the number of additional shares that would have been outstanding related to potentially dilutable securities or instruments, if the impact is dilutive.

With respect to the Company's convertible preferred stock, the Company considered the effect on diluted earnings per share of the preferred stock conversion feature using the if-converted method. The preferred stock is convertible into between 125,234,172 shares and 152,785,775 shares of our common stock, subject to anti-dilution adjustments, depending on the average stock price of our common stock over the 20 trading-day period ending on the third trading day prior to conversion. For the three and six months ended June 30, 2009, the if-converted method was anti-dilutive; therefore, the preferred stock conversion was excluded from the computation of diluted earnings per share. Under the provisions of the if-converted method, the preferred stock is assumed to be converted and included in the denominator and the preferred share dividend is added back to the numerator.

Basic and diluted earnings (loss) per common share attributable to Mylan Inc. are calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(In thousands, except per share amounts)			
Basic earnings (loss) attributable to Mylan Inc. common shareholders (numerator):				
Net earnings (loss) attributable to Mylan Inc. before preferred dividends	$ 92,870	$ 18,446	$ 198,929	$ (393,445)
Less: Preferred dividends	34,759	34,759	69,518	69,477
Net earnings (loss) attributable to Mylan Inc. common shareholders	$ 58,111	$ (16,313)	$ 129,411	$ (462,922)
Shares (denominator):				
Weighted average shares outstanding	304,991	304,284	304,784	304,233
Basic earnings (loss) per common share attributable to Mylan Inc.	$ 0.19	$ (0.05)	$ 0.42	$ (1.52)
Diluted earnings (loss) attributable to Mylan Inc. common shareholders (numerator):				
Net earnings (loss) attributable to Mylan Inc. common shareholders	$ 58,111	$ (16,313)	$ 129,411	$ (462,922)
Add: Preferred dividends	—	—	—	—
Earnings (loss) attributable to Mylan Inc. common shareholders and assumed conversions	$ 58,111	$ (16,313)	$ 129,411	$ (462,922)
Shares (denominator):				
Stock-based awards	1,265	—	975	—
Preferred stock conversion	—	—	—	—
Total dilutive shares outstanding	306,256	304,284	305,759	304,233
Diluted earnings (loss) per common share attributable to Mylan Inc.	$ 0.19	$ (0.05)	$ 0.42	$ (1.52)

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

Additional stock options or restricted stock awards representing 18.7 million and 26.3 million shares were outstanding for the six months ended June 30, 2009 and 2008, but were not included in the computation of diluted earnings per share because the effect would be anti-dilutive.

On July 20, 2009, the Company announced that a quarterly dividend of $16.25 per share was declared (based on the annual dividend rate of 6.5% and a liquidation preference of $1,000 per share) payable on August 17, 2009, to the holders of preferred stock of record as of August 1, 2009.

9. Goodwill and Intangible Assets

A rollforward of goodwill from December 31, 2008 to June 30, 2009 is as follows:

	Total (In thousands)
Goodwill balance at December 31, 2008	$ 3,161,580
Foreign currency translation	17,503
Goodwill balance at June 30, 2009	$ 3,179,083

Intangible assets consist of the following components:

	Weighted Average Life (Years)	Original Cost	Accumulated Amortization	Net Book Value
		(In thousands)		
June 30, 2009				
Amortized intangible assets:				
Patents and technologies	20	$ 118,926	$ 74,641	$ 44,285
Product rights and licenses	10	2,824,571	549,631	2,274,940
Other	8	161,552	51,433	110,119
		$ 3,105,049	$ 675,705	$ 2,429,344
December 31, 2008				
Amortized intangible assets:				
Patents and technologies	20	$ 118,926	$ 71,631	$ 47,295
Product rights and licenses	10	2,738,191	433,169	2,305,022
Other	8	129,563	28,719	100,844
		$ 2,986,680	$ 533,519	$ 2,453,161

Amortization expense, which is classified within cost of sales on the Company's Condensed Consolidated Statements of Operations, for the six months ended June 30, 2009 and 2008 was $133.4 million and $155.2 million and is expected to be $139.6 million for the remainder of 2009, and $272.8 million, $267.1 million, $260.1 million and $253.9 million for years ended December 31, 2010 through 2013, respectively.

10. Financial Instruments and Risk Management

Financial Risks

The Company is exposed to certain financial risks relating to its ongoing business operations. The primary financial risks that are managed by using derivative instruments are interest rate risk, equity risk and foreign currency risk.

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

In order to manage foreign currency risk, Mylan enters into foreign exchange forward contracts to mitigate risk associated with changes in spot exchange rates of mainly non-functional currency denominated assets or liabilities. The foreign exchange forward contracts are measured at fair value and reported as current assets or current liabilities on the consolidated balance sheet. Any gains (losses) on the foreign exchange forward contracts are recognized in earnings in the period incurred in the statement of operations.

The Company has €754.5 million ($1.06 billion) of borrowings under the Senior Credit Agreement that are designated as a hedge of our net investment in certain Euro-functional currency subsidiaries. In accordance with SFAS No. 52, *Foreign Currency Translation*, and SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS No. 133"), borrowings designated as hedges of net investments are measured at fair value using the current spot exchange rate at the end of the period with gains and losses included in the foreign currency translation adjustment component of other comprehensive loss on the balance sheet until the sale or substantial liquidation of the underlying net investments.

The Company enters into interest rate swaps in order to manage interest rate risk associated with the Company's floating-rate debt. These interest rate swaps are designated as cash flow hedges in accordance with SFAS No. 133. The Company's interest rate swaps fix the interest rate on a portion of the Company's variable-rate U.S. Tranche B Term Loans and Euro Tranche B Term Loans under the Senior Credit Agreement. In accordance with SFAS No. 133, derivative contracts designated as hedges to manage interest rate risk are measured at fair value and reported as current assets or current liabilities on the consolidated balance sheet. Any changes in fair value are reported in earnings or deferred, depending on the nature and effectiveness of the offset. Any ineffectiveness in a hedging relationship is recognized immediately in earnings in the consolidated statement of operations. As of June 30, 2009, the total notional amount of the Company's floating-rate debt interest rate swaps was $2.3 billion.

Certain derivative contracts entered into by the Company are governed by Master Agreements, which contain credit-risk-related contingent features which would allow the counterparties to terminate the contracts early and request immediate payment should the Company trigger an event of default on other specified borrowings. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position at June 30, 2009, is $62.7 million. The Company is not subject to any obligations to post collateral under derivative contracts.

In September 2008, the Company issued $575.0 million Cash Convertible Notes whereby holders may convert their Cash Convertible Notes subject to certain conversion provisions determined by a) the market price of the Company's common stock, b) specified distributions to common shareholders, c) a fundamental change, as defined in the purchase agreement, or d) certain time periods specified in the purchase agreement. The conversion feature can only be settled in cash and, therefore, it is bifurcated from the Cash Convertible Notes and treated as a separate derivative instrument. In order to offset the cash flow risk associated with the cash conversion feature, the Company entered into a convertible note hedge with certain counterparties. Both the cash conversion feature and the purchased convertible note hedge are measured at fair value with gains and losses recorded in the Company's Condensed Consolidated Statements of Operations. Also, in conjunction with the issuance of the Cash Convertible Notes, the Company entered into several warrant transactions with certain counterparties. The warrants meet the definition of derivatives under SFAS No. 133; however, because these instruments have been determined to be indexed to the Company's own stock (in accordance with the guidance of EITF Issue No. 01-6, *The Meaning of Indexed to a Company's Own Stock*, and have been recorded in shareholders' equity in the Company's Condensed Consolidated Balance Sheet (as determined by EITF Issue No. 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock* and EITF No. 07-05, *Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock*)), the instruments are exempt from the scope of SFAS No. 133 and are not subject to the fair value provisions of that standard.

The Company's most significant credit exposure arises from the convertible note hedge on our Cash Convertible Notes. At June 30, 2009, the bond hedge had a total fair value of $258.2 million, which reflects the maximum loss that would be incurred should the parties fail to perform according to the terms of the contract.

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

The counterparties are highly rated diversified financial institutions with both commercial and investment banking operations. The counterparties are required to post collateral against this obligation should they be downgraded below specified thresholds. Eligible collateral is comprised of a wide range of financial securities with a valuation percentage reflecting the associated risk.

The Company regularly reviews the creditworthiness of its financial counterparties and does not expect to incur a significant loss from failure of any counterparties to perform under any agreements.

Derivatives Designated as Hedging Instruments under SFAS No. 133
Fair Values of Derivative Instruments

	Liability Derivatives			
	June 30, 2009		December 31, 2008	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
		(In thousands)		
Interest rate swaps	Other current liabilities	$ 62,742	Other current liabilities	$ 72,395
Foreign currency borrowings	Long-term debt	1,059,153	Long-term debt	1,128,267
Total		$ 1,121,895		$ 1,200,662

Derivatives Not Designated as Hedging Instruments under SFAS No. 133
Fair Values of Derivative Instruments

	Asset Derivatives			
	June 30, 2009		December 31, 2008	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
		(In thousands)		
Foreign currency forward contracts	Prepaid expenses and other current assets	$ 3,952	Prepaid expenses and other current assets	$ 14,632
Purchased cash convertible note hedge	Other assets	258,175	Other assets	235,750
Total		$ 262,127		$ 250,382

	Liability Derivatives			
	June 30, 2009		December 31, 2008	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
		(In thousands)		
Foreign currency forward contracts	Other current liabilities	$ 7,912	Other current liabilities	$ 19,402
Cash conversion feature of Cash Convertible Notes	Long-term debt	258,175	Long-term debt	235,750
Total		$ 266,087		$ 255,152

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations for the Three Months Ended June 30, 2009 Derivatives in SFAS No. 133 Cash Flow Hedging Relationships

	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)	Location of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)
		(In thousands)	
Interest rate swaps	$ 6,039	Interest expense	$ (11,190)
Total	$ 6,039	**Total**	$ (11,190)

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations for the Six Months Ended June 30, 2009 Derivatives in SFAS No. 133 Cash Flow Hedging Relationships

	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)	Location of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)
		(In thousands)	
Interest rate swaps	$ 6,049	Interest expense	$ (20,370)
Total	$ 6,049	**Total**	$ (20,370)

There was no gain or loss recognized into earnings on derivatives with cash flow hedging relationships for ineffectiveness during the three and six months ended June 30, 2009.

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations for the Three Months Ended June 30, 2009 Derivatives in SFAS No. 133 Net Investment Hedging Relationships

	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)
	(In thousands)
Foreign currency borrowings	$ (35,745)
Total	$ (35,745)

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations for the Six Months Ended June 30, 2009 Derivatives in SFAS No. 133 Net Investment Hedging Relationships

	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)
	(In thousands)
Foreign currency borrowings	$ (2,450)
Total	$ (2,450)

There was no gain or loss recognized into earnings on derivatives with net investment hedging relationships during the three and six months ended June 30, 2009.

The Effect of Derivative Instruments on the Consolidated Statement of Operations for the Three Months Ended June 30, 2009 Derivatives Not Designated as Hedging Instruments under SFAS No. 133

	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives
		(In thousands)
Foreign currency forward contracts	Other income, net	$ (10,462)
Cash conversion feature of Cash Convertible Notes	Other income, net	55,925
Purchased cash convertible note hedge	Other income, net	(55,925)
Total		$ (10,462)

The Effect of Derivative Instruments on the Consolidated Consolidated Statement of Operations for the Six Months Ended June 30, 2009 Derivatives Not Designated as Hedging Instruments under SFAS No. 133

	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives
		(In thousands)
Foreign currency forward contracts	Other income, net	$ (2,542)
Cash conversion feature of Cash Convertible Notes	Other income, net	(22,425)
Purchased cash convertible note hedge	Other income, net	22,425
Total		$ (2,542)

Fair Value Measurement

As defined in SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157"), fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, SFAS No. 157 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

Financial assets and liabilities carried at fair value as of June 30, 2009 are classified in the table below in one of the three categories described above:

Financial Assets

	Level 1	Level 2	Level 3[2]	Total
		(In thousands)		
Available-for-sale fixed income investments	$ —	$ 28,623	$ —	$ 28,623
Available-for-sale equity securities	1,494	—	—	1,494
Foreign exchange derivative assets	—	3,952	—	3,952
Purchased cash convertible note hedge	—	258,175	—	258,175
Total assets at fair value[1]	$ 1,494	$ 290,750	$ —	$ 292,244

Financial Liabilities

	Level 1	Level 2	Level 3	Total
		(In thousands)		
Foreign exchange derivative liabilities	$ —	$ 7,912	$ —	$ 7,912
Interest rate swap derivative liabilities	—	62,742	—	62,742
Cash conversion feature of cash convertible notes	—	258,175	—	258,175
Total liabilities at fair value[1]	$ —	$ 328,829	$ —	$ 328,829

(1) The Company chose not to elect the fair value option as prescribed by SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115*, for its financial assets and liabilities that had not been previously carried at fair value. Therefore, material financial assets and liabilities not carried at fair value, such as short-term and long-term debt obligations and trade accounts receivable and payable, are still reported at their carrying values.

(2) During the three months ended June 30, 2009, the auction rate securities were redeemed at par; therefore, Level 3 financial assets decreased $9.1 million from December 31, 2008 to June 30, 2009.

For financial assets and liabilities that utilize Level 2 inputs, the Company utilizes both direct and indirect observable price quotes, including the LIBOR yield curve, foreign exchange forward prices, and bank price quotes. Below is a summary of valuation techniques for Level 1 and Level 2 financial assets and liabilities:

- *Municipal bonds* — valued at the quoted market price from broker or dealer quotations or transparent pricing sources at the reporting date.
- *Other available-for-sale fixed income investments* — valued at the quoted market price from broker or dealer quotations or transparent pricing sources at the reporting date.
- *Equity Securities* — valued using quoted stock prices from the London Exchange at the reporting date and translated to U.S. Dollars at prevailing spot exchange rates.
- *Interest rate swap derivative assets and liabilities* — valued using the LIBOR yield curve at the reporting date. Counterparties to these contracts are highly rated financial institutions, none of which experienced any significant downgrades during the six months ended June 30, 2009, that would reduce the receivable amount owed, if any, to the Company.
- *Foreign exchange derivative assets and liabilities* — valued using quoted forward foreign exchange prices at the reporting date. Counterparties to these contracts are highly rated financial institutions, none of which experienced any significant downgrades during the six months ended June 30, 2009 that would reduce the receivable amount owed, if any, to the Company.

- *Cash Conversion Feature of Cash Convertible Notes and Purchased Convertible Note Hedge* — valued using quoted prices for the Company's cash convertible notes, its implied volatility and the quoted yield on the Company's other long-term debt at the reporting date. Counterparties to the Purchased Convertible Note Hedge are highly rated financial institutions, none of which experienced any significant downgrades during the six months ended June 30, 2009, that would reduce the receivable amount owed, if any, to the Company.

11. Long-Term Debt

A summary of long-term debt at June 30, 2009 and December 31, 2008, is as follows:

	June 30, 2009	December 31, 2008
	(In thousands)	
U.S. Tranche A Term Loans(A)	$ 218,750	$ 265,625
Euro Tranche A Term Loans(A)	344,316	413,684
U.S. Tranche B Term Loans(A)	2,479,320	2,504,880
Euro Tranche B Term Loans(A)	714,837	714,583
Senior Convertible Notes(B)	525,814	513,518
Cash Convertible Notes(C)	685,562	655,442
Other	13,082	14,586
	4,981,681	5,082,318
Less: Current portion	3,392	3,381
Total long-term debt	$ 4,978,289	$ 5,078,937

(A) All 2009 payments due under the Senior Credit Agreement were prepaid in December 2008. During the three months ended March 31, 2009, the Company prepaid the 2010 payments due under the Senior Credit Agreement, as follows: $46.9 million on the U.S. Tranche A Term loans, €52.6 ($71.2) million on the Euro Tranche A Term Loans, $25.6 million on the U.S. Tranche B Term Loans, and €5.3 ($7.1) million on the Euro Tranche B Term Loans.

(B) At June 30, 2009, the $525.8 million of debt is net of a $74.2 million discount. During the three and six months ended June 30, 2009, the Company recognized non-cash interest expense of $6.3 million and $12.3 million in the Condensed Consolidated Statements of Operations. At December 31, 2008, the $513.5 million of debt is net of a $86.5 million discount.

(C) At June 30, 2009, the $685.6 million consists of $427.4 million of debt ($575.0 million face amount, net of $147.6 million discount) and the bifurcated conversion feature with a fair value of $258.2 million recorded as a liability within long-term debt in the Condensed Consolidated Balance Sheet at June 30, 2009. The purchased call options are assets recorded at their fair value of $258.2 million within other assets in the Condensed Consolidated Balance Sheet at June 30, 2009. At December 31, 2008, the $655.4 million consisted of $419.7 million of debt ($575.0 million face amount, net of $155.3 million discount) and the bifurcated conversion feature with a fair value of $235.8 million recorded as a liability within other long-term obligations in the Condensed Consolidated Balance Sheet. The purchased call options are assets recorded at their fair value of $235.8 million within other assets in the Condensed Consolidated Balance Sheet at December 31, 2008.

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Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

Details of the interest rates in effect at June 30, 2009 and December 31, 2008, on the outstanding borrowings under the Term Loans are in the table below:

	June 30, 2009		
	Outstanding	Basis	Rate
		(Dollars in thousands)	
U.S. Tranche A Term Loans	$ 218,750	LIBOR + 2.75%	3.06%
Euro Tranche A Term Loans	$ 344,316	EURIBO + 2.75%	3.53%
U.S. Tranche B Term Loans			
Swapped to Fixed Rate — December 2010(1)(2)	$ 500,000	Fixed	6.03%
Swapped to Fixed Rate — March 2010(1)(3)	500,000	Fixed	5.44%
Swapped to Fixed Rate — December 2010(1)	1,000,000	Fixed	7.37%
Floating Rate	479,320	LIBOR + 3.25%	3.56%
Total U.S. Tranche B Term Loans	$ 2,479,320		
Euro Tranche B Term Loans			
Swapped to Fixed Rate — March 2011(1)	$ 280,741	Fixed	5.38%
Floating Rate	434,096	EURIBO + 3.25%	4.03%
Total Euro Tranche B Term Loans	$ 714,837		

	December 31, 2008		
	Outstanding	Basis	Rate
		(Dollars in thousands)	
U.S. Tranche A Term Loans	$ 265,625	LIBOR + 3%	6.50%
Euro Tranche A Term Loans	$ 413,684	EURIBO + 3%	7.86%
U.S. Tranche B Term Loans			
Swapped to Fixed Rate — December 2010(1)(2)	$ 500,000	Fixed	6.03%
Swapped to Fixed Rate — March 2010(1)(3)	500,000	Fixed	5.44%
Swapped to Fixed Rate — December 2010(1)	1,000,000	Fixed	7.37%
Floating Rate	504,880	LIBOR + 3.25%	5.79%
Total U.S. Tranche B Term Loans	$ 2,504,880		
Euro Tranche B Term Loans	$ 714,583	EURIBO + 3.25%	8.11%

(1) Designated as a cash flow hedge of expected future borrowings under the Senior Credit Agreement

(2) This interest rate swap has been extended to December 2012 at a rate of 6.60%, effective January 2011

(3) This interest rate swap has been extended to March 2012 at a rate of 5.38%, effective March 2010

At June 30, 2009 and December 31, 2008, the fair value of the Senior Convertible Notes was approximately $517.8 million and $444.0 million. At June 30, 2009 and December 31, 2008, the fair value of the Cash Convertible Notes was approximately $648.6 million and $524.4 million.

At June 30, 2009 and December 31, 2008, the Company had $94.9 million and $83.6 million in letters of credit outstanding.

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

Mandatory minimum repayments remaining on the outstanding borrowings under the term loans and convertible notes at June 30, 2009, excluding the discount and conversion feature, are as follows for each of the periods ending December 31:

	U.S. Tranche A Term Loans	Euro Tranche A Term Loans	U.S. Tranche B Term Loans	Euro Tranche B Term Loans	Senior Convertible Notes	Cash Convertible Notes	Total
				(In thousands)			
2009	$ —	$ —	$ —	$ —	$ —	$ —	$ —
2010	—	—	—	—	—	—	—
2011	62,500	98,376	25,560	7,369	—	—	193,805
2012	78,125	122,970	25,560	7,369	600,000	—	834,024
2013	78,125	122,970	25,560	7,369	—	—	234,024
2014	—	—	2,402,640	692,730	—	—	3,095,370
Thereafter	—	—	—	—	—	575,000	575,000
Total	$ 218,750	$ 344,316	$ 2,479,320	$ 714,837	$ 600,000	$ 575,000	$ 4,932,223

12. Comprehensive Earnings (Loss)

Comprehensive earnings (loss) consists of the following:

	Three Months Ended June 30,			
	2009		2008	
	(In thousands)			
Net earnings		$ 95,671		$ 18,374
Other comprehensive earnings (loss), net of tax:				
Foreign currency translation adjustments		322,222		(56,537)
Change in unrecognized gains and prior service cost related to post-retirement plans		281		388
Net unrecognized gain on derivatives		6,039		29,388
Unrealized gains (losses) on available-for-sale securities				
Net unrealized gains (losses) on available-for-sale securities	226		(317)	
Reclassification for gains included in net earnings	45	271	40	(277)
Total other comprehensive earnings (loss), net of tax:		328,813		(27,038)
Comprehensive earnings (loss)		424,484		(8,664)
Comprehensive (earnings) loss attributable to the noncontrolling interest		(2,962)		206
Comprehensive earnings (loss) attributable to Mylan Inc.		$ 421,522		$ (8,458)

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

	Six Months Ended June 30,			
	2009		2008	
	(In thousands)			
Net earnings (loss)		$ 204,745		$ (395,559)
Other comprehensive earnings, net of tax:				
Foreign currency translation adjustments		103,293		164,828
Change in unrecognized gains and prior service cost related to post-retirement plans		220		777
Net unrecognized gain on derivatives		6,049		4,623
Unrealized gains on available-for-sale securities				
Net unrealized gains on available-for-sale securities	378		78	
Reclassification for gains included in net earnings	161	539	66	144
Total other comprehensive earnings, net of tax:		110,101		170,372
Comprehensive earnings (loss)		314,846		(225,187)
Comprehensive (earnings) loss attributable to the noncontrolling interest		(5,865)		2,248
Comprehensive earnings (loss) attributable to Mylan Inc.		$ 308,981		$ (222,939)

Accumulated other comprehensive loss, as reflected on the balance sheet, is comprised of the following:

	June 30, 2009	December 31, 2008
	(In thousands)	
Net unrealized gain in available-for-sale securities	$ 630	$ 91
Change in unrecognized losses and prior service cost related to post-retirement plans	(8,764)	(8,984)
Net unrecognized losses on derivatives	(39,366)	(45,415)
Foreign currency translation adjustments	(223,250)	(326,494)
Accumulated other comprehensive loss	$ (270,750)	$ (380,802)

13. Segment Information

Mylan has three reportable segments, the “Generics Segment,” the “Specialty Segment” and the “Matrix Segment”. The Generics Segment primarily develops, manufactures, sells and distributes generic or branded generic pharmaceutical products in tablet, capsule or transdermal patch form. The Specialty Segment engages mainly in the manufacture and sale of branded specialty nebulized and injectable products. The Matrix Segment engages mainly in the manufacture and sale of active pharmaceutical ingredients (“API”) and finished dosage form (“FDF”) pharmaceutical products in tablet and capsule form and the distribution of certain branded generic products.

The Company’s chief operating decision maker evaluates the performance of its reportable segments based on total revenues and segment profitability. For the Generics, Specialty, and Matrix Segments, segment profitability represents segment gross profit less direct research and development expenses and direct selling, general and administrative expenses. Certain general and administrative and research and development expenses, as well as litigation settlements, non-cash impairment charges and other expenses not directly attributable to the segments, are reported in Corporate/Other. Additionally, amortization of intangible assets, and other purchase accounting related items including the inventory step-up, as well as any non-cash impairment charges and other significant, non-recurring items (such as the revenue related to the sale of Bystolic product rights in 2008), are excluded from segment profitability. Items below the earnings from operations line on the Company’s Condensed Consolidated Statements of Operations are not presented by segment, since they are excluded from the measure of segment profitability reviewed

MYLAN INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) — (Continued)

by the Company's chief operating decision maker. The Company does not report depreciation expense, total assets and capital expenditures by segment, as such information is not used by the chief operating decision maker.

The accounting policies of the segments are the same as those described in the "Summary of Significant Accounting Policies" included in the Company's Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2008. Intersegment revenues are accounted for at current market values.

The table below presents segment information for the periods identified and provides a reconciliation of segment information to total consolidated information.

Three Months Ended June 30, 2009	Generics Segment	Specialty Segment	Matrix Segment	Corporate/ Other(1)	Consolidated
			(In thousands)		
Total revenues					
Third party	$ 1,027,331	$ 122,776	$ 116,870	$ —	$ 1,266,977
Intersegment	1,638	7,090	16,605	(25,333)	—
Total	$ 1,028,969	$ 129,866	$ 133,475	$ (25,333)	$ 1,266,977
Segment profitability	$ 309,884	$ 29,795	$ 10,899	$ (175,865)	$ 174,713

Six Months Ended June 30, 2009	Generics Segment	Specialty Segment	Matrix Segment	Corporate/ Other(1)	Consolidated
			(In thousands)		
Total revenues					
Third party	$ 2,055,222	$ 202,172	$ 219,499	$ —	$ 2,476,893
Intersegment	1,651	11,420	39,938	(53,009)	—
Total	$ 2,056,873	$ 213,592	$ 259,437	$ (53,009)	$ 2,476,893
Segment profitability	$ 666,491	$ 31,695	$ 33,638	$ (329,770)	$ 402,054

Three Months Ended June 30, 2008	Generics Segment	Specialty Segment	Matrix Segment	Corporate/ Other(1)	Consolidated
			(In thousands)		
Total revenues					
Third party	$ 982,783	$ 105,899	$ 104,648	$ 9,792	$ 1,203,122
Intersegment	345	10,068	14,190	(24,603)	—
Total	$ 983,128	$ 115,967	$ 118,838	$ (14,811)	$ 1,203,122
Segment profitability	$ 226,291	$ 19,690	$ 6,334	$ (178,315)	$ 74,000

Six Months Ended June 30, 2008	Generics Segment	Specialty Segment	Matrix Segment	Corporate/ Other(1)	Consolidated
			(In thousands)		
Total revenues					
Third party	$ 1,889,211	$ 183,037	$ 192,278	$ 13,056	$ 2,277,582
Intersegment	602	22,397	29,977	(52,976)	—
Total	$ 1,889,813	$ 205,434	$ 222,255	$ (39,920)	$ 2,277,582
Segment profitability	$ 419,187	$ 22,219	$ 9,952	$ (748,894)	$ (297,536)

(1) Includes certain corporate general and administrative and research and development expenses; a non-recurring, up-front payment of $18.0 million made with respect to the Company's execution of a co-development agreement that was entered into during the three months ended June 30, 2009; litigation settlements; intercompany eliminations; revenue related to the 2008 sale of Bystolic product rights; amortization of intangible assets and certain purchase-accounting items (such as the inventory step-up); non-cash impairment charges; and other expenses not directly attributable to segments.

14. Restructuring

Included in other current liabilities in the Company's Condensed Consolidated Balance Sheet as of June 30, 2009, are restructuring reserves totaling $62.3 million. Of this amount, $44.2 million relates to certain estimated exit costs associated with the acquisition of the former Merck Generics business, and the remainder relates to the Company's intention to restructure certain other activities and incur certain related exit costs.

The plans related to the exit activities associated with the former Merck Generics business were finalized during calendar year 2008. During the six months ended June 30, 2009, payments of $8.5 million were made against the reserve, of which $3.4 million were severance costs and the remaining $5.1 million were other exit costs. In addition, during the six months ended June 30, 2009, the Company reversed $13.9 million of the reserve to other income as a result of a reduction in the estimated remaining spending on accrued projects. Of the remaining accrual, approximately $23.2 million relates to additional severance and related costs, $17.7 million relates to costs associated with the previously announced rationalization and optimization of the Company's global manufacturing and research and development platforms, and the remainder consists of other exit costs.

In addition to the activities associated with the acquisition of the former Merck Generics business, the Company has announced its intent to restructure certain activities and incur certain related exit costs, including costs related to the realignment of the Dey business and the right-sizing of the Company's sales force in certain markets outside of the U.S. Accordingly, the Company has recorded a reserve for such activities, of which approximately $18.1 million remains at June 30, 2009. During the six months ended June 30, 2009, the Company recorded restructuring charges of approximately $13.5 million, nearly all of which relates to severance and related costs. The majority of this amount was charged to selling, general and administrative expense with the remainder to cost of sales. Spending during the six months, primarily related to severance, amounted to approximately $3.5 million. Of the accrual balance at June 30, 2009, $6.2 million is recorded in the Specialty Segment with the remainder in the Generics Segment.

As finalization of certain of these plans is still in progress, the Company has not yet estimated the total amount expected to be incurred in connection with such activities. However, Mylan expects that the majority of such costs will relate to one-time termination benefits and certain asset write-downs, which could be significant. Spending against the balance of the restructuring reserves as of June 30, 2009 is expected to occur over the next two to three years.

15. Shareholders' Equity

A summary of the change in shareholders' equity for the six months ended June 30, 2009 and 2008 is as follows:

(In thousands)	Total Mylan Inc. Shareholders' Equity	Noncontrolling Interest	Total
December 31, 2008	$ 2,757,733	$ 29,108	$ 2,786,841
Net income	198,929	5,816	204,745
Purchase of subsidiary shares from noncontrolling interest	—	(19,299)	(19,299)
Other comprehensive income	110,052	49	110,101
Dividends paid on preferred stock	(69,518)	—	(69,518)
Stock option activity	1,417	—	1,417
Stock compensation expense	14,652	—	14,652
Impact on additional paid-in capital of equity transaction	(115,210)	—	(115,210)
Other	(2,002)	561	(1,441)
June 30, 2009	$ 2,896,053	$ 16,235	$ 2,912,288

(In thousands)	Total Mylan Inc. Shareholders' Equity	Noncontrolling Interest	Total
December 31, 2007	$ 3,464,241	$ 34,325	$ 3,498,566
Net loss	(393,445)	(2,114)	(395,559)
Other comprehensive income	170,506	(134)	170,372
Dividends paid on preferred stock	(67,977)	—	(67,977)
Stock option activity	633	—	633
Stock compensation expense	15,579	—	15,579
Other	1,831	(453)	1,378
June 30, 2008	$ 3,191,368	$ 31,624	$ 3,222,992

16. Contingencies

While it is not possible to determine with any degree of certainty the ultimate outcome of the following legal proceedings, the Company believes that it has meritorious defenses with respect to the claims asserted against it and intends to vigorously defend its position. The Company is also party to certain litigation matters, some of which are described below, for which Merck KGaA has agreed to indemnify the Company, under the terms of the Share Purchase Agreement by which Mylan acquired the former Merck Generics business. An adverse outcome in any of these proceedings, or the inability or denial of Merck KGaA to pay an indemnified claim, could have a material adverse effect on the Company's financial position and results of operations.

Lorazepam and Clorazepate

On June 1, 2005, a jury verdict was rendered against Mylan, Mylan Pharmaceuticals Inc. ("MPI"), and co-defendants Cambrex Corporation and Gyma Laboratories in the U.S. District Court for the District of Columbia in the amount of approximately $12.0 million, which has been accrued for by the Company. The jury found that Mylan and its co-defendants willfully violated Massachusetts, Minnesota and Illinois state antitrust laws in connection with API supply agreements entered into between the Company and its API supplier (Cambrex) and broker (Gyma) for two drugs, lorazepam and clorazepate, in 1997, and subsequent price increases on these drugs in 1998. The case was brought by four health insurers who opted out of earlier class action settlements agreed to by the Company in 2001 and represents the last remaining antitrust claims relating to Mylan's 1998 price increases for lorazepam and clorazepate. Following the verdict, the Company filed a motion for judgment as a matter of law, a motion for a new trial, a motion to dismiss two of the insurers and a motion to reduce the verdict. On December 20, 2006, the Company's motion for judgment as a matter of law and motion for a new trial were denied and the remaining motions were denied on January 24, 2008. In post-trial filings, the plaintiffs requested that the verdict be trebled and that request was granted on January 24, 2008. On February 6, 2008, a judgment was issued against Mylan and its co-defendants in the total amount of approximately $69.0 million, some or all of which may be subject to indemnification obligations by Mylan. Plaintiffs are also seeking an award of attorneys' fees and litigation costs in unspecified amounts and prejudgment interest of approximately $8.0 million. The Company and its co-defendants have appealed to the U.S. Court of Appeals for the D.C. Circuit. The appeals have been held in abeyance pending a ruling on the motion for prejudgment interest. In connection with the Company's appeal of the lorazepam judgment, the Company submitted a surety bond underwritten by a third-party insurance company in the amount of $74.5 million. This surety bond is secured by a pledge of a $40.0 million cash deposit (which is included as restricted cash on the Company's Consolidated Balance Sheet as of June 30, 2009) and an irrevocable letter of credit for $34.5 million issued under the Senior Credit Agreement. On October 27, 2008, a U.S. magistrate judge issued a report recommending the granting of plaintiffs' motion for prejudgment interest. The report also recommends requiring the surety bond amount to be increased to include prejudgment interest. Mylan submitted objections to the magistrate judge's recommendations and on July 16, 2009, the district court entered an order adopting the

magistrate judge's report in full. Mylan intends to contest this ruling along with the liability finding and other damages awards as part of its pending appeal, which will now proceed in the Court of Appeals for the D.C. Circuit.

Pricing and Medicaid Litigation

On June 26, 2003, MPI and UDL Laboratories Inc. ("UDL") received requests from the U.S. House of Representatives Energy and Commerce Committee (the "Committee") seeking information about certain products sold by MPI and UDL in connection with the Committee's investigation into pharmaceutical reimbursement and rebates under Medicaid. MPI and UDL cooperated with this inquiry and provided information in response to the Committee's requests in 2003. Several states' attorneys general ("AG") have also sent letters to MPI, UDL and Mylan Bertek Pharmaceuticals Inc., demanding that those companies retain documents relating to Medicaid reimbursement and rebate calculations pending the outcome of unspecified investigations by those AGs into such matters. In addition, in July 2004, Mylan received subpoenas from the AGs of California and Florida in connection with civil investigations purportedly related to price reporting and marketing practices regarding various drugs. As noted below, both California and Florida subsequently filed suits against Mylan, and the Company believes any further requests for information and disclosures will be made as part of that litigation.

Beginning in September 2003, Mylan, MPI and/or UDL, together with many other pharmaceutical companies, have been named in civil lawsuits filed by state AGs and municipal bodies within the state of New York alleging generally that the defendants defrauded the state Medicaid systems by allegedly reporting "Average Wholesale Prices" and/or "Wholesale Acquisition Costs" that exceeded the actual selling price of the defendants' prescription drugs. To date, Mylan, MPI and/or UDL have been named as defendants in substantially similar civil lawsuits filed by the AGs of Alabama, Alaska, California, Florida, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Massachusetts, Mississippi, Missouri, South Carolina, Texas, Utah and Wisconsin and also by the city of New York and approximately 40 counties across New York State. Several of these cases have been transferred to the AWP multi-district litigation proceedings pending in the U.S. District Court for the District of Massachusetts for pretrial proceedings. Others of these cases will likely be litigated in the state courts in which they were filed. Each of the cases seeks money damages, civil penalties and/or double or treble damages, counsel fees and costs, and/or injunctive relief. In each of these matters Mylan, MPI and/or UDL have either moved to dismiss the complaints or have answered the complaints denying liability. Mylan and its subsidiaries intend to defend each of these actions vigorously.

In May 2008, an amended complaint was filed in the U.S. District Court for the District of Massachusetts by a plaintiff on behalf of the United States of America, against Mylan, MPI, UDL and several other generic manufacturers. The original complaint was filed under seal in April 2000, and Mylan, MPI and UDL were added as parties in February 2001. The claims against Mylan, MPI, UDL and the other generic manufacturers were severed from the April 2000 complaint (which remains under seal) as a result of the federal government's decision not to intervene in the action as to those defendants. The complaint alleges violations of the False Claims Act and sets forth allegations substantially similar to those alleged in the state AG cases mentioned in the preceding paragraph and purports to seek recovery of any and all alleged overpayment of the "federal share" under the Medicaid program. Mylan has moved to dismiss the complaint and intends to defend the action vigorously.

In addition, by letter dated January 12, 2005, MPI was notified by the U.S. Department of Justice of an investigation concerning calculations of Medicaid drug rebates. The investigation involves whether MPI and UDL may have violated the False Claims Act or other laws by classifying certain authorized generics launched in the 1990's and early 2000's as non-innovator rather than innovator drugs for purposes of Medicaid and other federal healthcare programs until 2005. MPI and UDL deny the government's allegations and deny that they engaged in any wrongful conduct. Based on the Company's understanding of the government's allegations, the alleged difference in rebates for the MPI and UDL products currently at issue may be up to approximately $100.0 million, which includes interest. Remedies under the False Claims Act could include treble damages and penalties. MPI and UDL have been cooperating fully with the government's investigation and are currently in discussions with the government about a possible resolution of the matter. Additionally, the Company believes that it has contractual and other rights to

recover from the innovator a substantial portion of any payments that MPI and UDL may remit to the government. The Company has not recorded any amounts in the consolidated financial statements related to this matter.

Dey is a defendant currently in lawsuits brought by the state AGs of Arizona, California, Florida, Illinois, Iowa, Kansas, Kentucky, Pennsylvania, South Carolina (on behalf of the state and the state health plan), Utah and Wisconsin and the city of New York and approximately 40 New York counties. Dey is also named as a defendant in several class actions brought by consumers and third-party payors. Dey has reached a settlement of most of these class actions, which has been preliminarily approved by the court. Additionally, a complaint was filed under seal by a plaintiff on behalf of the United States of America against Dey in August 1997. In August 2006, the Government filed its complaint-in-intervention and the case was unsealed in September 2006. These cases all generally allege that Dey falsely reported certain price information concerning certain drugs marketed by Dey. Dey intends to defend each of these actions vigorously. The Company has approximately $115.6 million recorded in other liabilities related to the price-related litigation involving Dey. As stated above, in conjunction with the acquisition of the former Merck Generics business, Mylan is entitled to indemnification from Merck KGaA under the Share Purchase Agreement. As a result, the Company has recorded approximately $115.6 million in other assets.

Modafinil Antitrust Litigation and FTC Inquiry

Beginning in April 2006, Mylan, along with four other drug manufacturers, has been named as a defendant in civil lawsuits filed in the Eastern District of Pennsylvania by a variety of plaintiffs purportedly representing direct and indirect purchasers of the drug modafinil and a third-party payor and one action brought by Apotex, Inc., a manufacturer of generic drugs, seeking approval to market a generic modafinil product. These actions allege violations of federal and state laws in connection with the defendants' settlement of patent litigation relating to modafinil. These actions are in their preliminary stages, and motions to dismiss each action are pending, with the exception of the third-party payor action, in which Mylan's response to the complaint is not due until the motions filed in the other cases have been decided. Mylan intends to defend each of these actions vigorously. In addition, by letter dated July 11, 2006, Mylan was notified by the U.S. Federal Trade Commission ("FTC") of an investigation relating to the settlement of the modafinil patent litigation. In its letter, the FTC requested certain information from Mylan, MPI and Mylan Technologies, Inc. pertaining to the patent litigation and the settlement thereof. On March 29, 2007, the FTC issued a subpoena, and on April 26, 2007, the FTC issued a civil investigative demand to Mylan requesting additional information from the Company relating to the investigation. Mylan has cooperated fully with the government's investigation and completed all requests for information. On February 13, 2008, the FTC filed a lawsuit against Cephalon in the U.S. District Court for the District of Columbia and the case has subsequently been transferred to the U.S. District Court for the Eastern District of Pennsylvania. Mylan is not named as a defendant in the FTC's lawsuit, although the complaint includes certain allegations pertaining to the Mylan/Cephalon settlement.

Levetiracetam

By letter dated November 19, 2007, Mylan was notified by the FTC of an investigation brought against Mylan and Dr. Reddy's Laboratories, Inc. by UCB Society Anonyme and UCB Pharma, Inc. relating to the settlement in October 2007 of the levetiracetam patent litigation. In its letter, the FTC requested certain information from Mylan pertaining to the litigation and the settlement. On April 9, 2008, the FTC issued a civil investigative demand requesting additional information from Mylan relating to the investigation. Mylan cooperated fully with the government's investigation and complied with all requests for information. By letter dated March 10, 2009, the FTC notified Mylan that it has closed its investigation and that it intends to take no additional action at this time.

Digitek (R) Recall

On April 25, 2008, Actavis Totowa LLC, a division of Actavis Group, announced a voluntary, nationwide recall of all lots and all strengths of Digitek (digoxin tablets USP). Digitek was manufactured by Actavis and

distributed in the United States by MPI and UDL. The Company has tendered its defense and indemnity in all lawsuits and claims arising from this event to Actavis, and Actavis has accepted that tender, subject to a reservation of rights. While the Company is unable to estimate total potential costs with any degree of certainty, such costs could be significant. To date, approximately 578 lawsuits have been filed against Mylan, UDL and Actavis pertaining to the recall. An adverse outcome in these lawsuits or the inability or denial of Actavis to pay on an indemnified claim could have a materially negative impact on our financial position and results of operations.

Pioglitazone

On February 21, 2006, a district court in the United States District Court for the Southern District of New York held that Mylan, MPI and UDL's pioglitazone abbreviated new drug application ("ANDA") product infringed a patent asserted against them by Takeda Pharmaceuticals North America, Inc. and Takeda Chemical Industries, Ltd ("Takeda") and that the patent was enforceable. That same court also held that Alphapharm Pty, Ltd and Genpharm ULC's pioglitazone ANDA product infringed the Takeda patent and that the patent was valid. Subsequently, the district court granted Takeda's motion to find the cases to be exceptional and to award attorneys fees and costs in the amounts of $11.4 million from Mylan and $5.4 million from Alphapharm/Genpharm, with interest. Mylan and Alphapharm/Genpharm both separately appealed the underlying patent validity and enforceability determinations and the exceptional case findings to the Court of Appeals for the Federal Circuit, but the findings were affirmed. Although the required amounts were paid in 2009, Mylan and Alphapharm/Genpharm continue to challenge the exceptional case findings and have filed petitions for writ of certiorari with the United States Supreme Court.

EU Commission Proceedings

On or around July 3, 2009, the European Commission stated that it had initiated proceedings pursuant to Article 11(6) of Regulation No. 1/2003 and Article 2(1) of Regulation No. 773/2004 to explore possible infringement of Articles 81 and 82 EC and Articles 53 and 54 of the EEA Agreement by Les Laboratoires Servier ("Servier") as well as possible infringement of Article 81 EC by Matrix Laboratories Limited ("Matrix") and four other companies, each of which entered into agreements with Servier relating to the product perindopril. The Commission stated that the "initiation of proceedings does not imply that the Commission has conclusive proof of an infringement but merely signifies that the Commission will deal with the case as a matter of priority." No statement of objections has been filed against Matrix in connection with its investigation. Matrix is cooperating with the Commission in connection with the investigation. Matrix had previously received a request for information from the Commission in January 2009 relating to a 2005 settlement agreement with Servier.

Other Litigation

The Company is involved in various other legal proceedings that are considered normal to its business, including certain proceedings assumed as a result of the acquisition of the former Merck Generics business. While it is not feasible to predict the ultimate outcome of such other proceedings, the Company believes that the ultimate outcome of such other proceedings will not have a material adverse effect on its financial position or results of operations.

17. Subsequent Events

Management evaluated all activity of Mylan through July 31, 2009 (the issue date of the interim financial statements) and concluded that no subsequent events have occurred that would require recognition in the interim financial statements or disclosure in the notes to the interim financial statements.

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

The following discussion and analysis addresses material changes in the results of operations and financial condition of Mylan Inc. and subsidiaries (the "Company," "Mylan" or "we") for the periods presented. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements, the related Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Results of Operations and Financial Condition included in the Company's Annual Report on Form 10-K, as amended, for the year ended December 31, 2008, the unaudited interim Condensed Consolidated Financial Statements and related Notes included in Part I — Item 1 of this Quarterly Report on Form 10-Q ("Form 10-Q") and the Company's other Securities and Exchange Commission ("SEC") filings and public disclosures.

This Form 10-Q may contain "forward-looking statements." These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, statements about the Company's market opportunities, strategies, competition and expected activities and expenditures, and at times may be identified by the use of words such as "may", "will", "could", "should", "would", "project", "believe", "anticipate", "expect", "plan", "estimate", "forecast", "potential", "intend", "continue" and variations of these words or comparable words. Forward-looking statements inherently involve risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the risks described below under "Risk Factors" in Part II, Item 1A. The Company undertakes no obligation to update any forward-looking statements for revisions or changes after the filing date of this Form 10-Q.

Executive Overview

Mylan is the world's third largest producer of generic and specialty pharmaceuticals, offering one of the industry's broadest and highest quality product portfolios, a robust pipeline and a global commercial footprint that spans more than 140 countries and territories. Employing approximately 15,000 people, Mylan has attained leading positions in key international markets through its wide array of dosage forms and delivery systems, significant manufacturing capacity, global scale and commitment to customer service.

Through its controlling interest in Matrix Laboratories Limited ("Matrix"), Mylan has direct access to the third-largest active pharmaceutical ingredient ("API") manufacturer in the world. This relationship makes Mylan one of only two global generics companies with a comprehensive, vertically integrated supply chain.

Mylan has three reportable segments: "Generics," "Specialty" and "Matrix," as determined in accordance with Statement of Financial Accounting Standards ("SFAS") No. 131, *Disclosures about Segments of an Enterprise and Related Information*. The Company also reports in Corporate/Other certain general and administrative expenses; litigation settlements; amortization of intangible assets and certain purchase-accounting items (such as the inventory step-up); non-cash impairment charges; and other items not directly attributable to the segments. The measure of profitability used by the Company with respect to its segments is gross profit, less direct research and development ("R&D") and direct selling, general and administrative ("SG&A") expenses.

Acquisition of the Remaining Interest in Matrix Laboratories Limited

On March 26, 2009, the Company announced its plans to buy the remaining public interest in Matrix from its minority shareholders pursuant to a voluntary delisting offer. At the time, the Company owned approximately 71.2% of Matrix through a wholly-owned subsidiary and controlled more than 76% of its voting rights. On June 1, 2009, Mylan announced that it had successfully completed the delisting offer and accepted the discovered price of 211 Rupees per share, which was established by the reverse book building process prescribed by Indian regulations. As of June 30, 2009, the Company completed the purchase of approximately 19% of the remaining interest from the minority shareholders of Matrix for cash of approximately $134.5 million, bringing the Company's total ownership to approximately 90% and control to approximately 95% of its voting rights. On July 31, 2009, the Company received notice of approval of the delisting application. Matrix's stock will be suspended from trading on the Bombay and National Stock Exchanges effective August 14, 2009 and will be delisted effective August 21, 2009. Minority shareholders who have not yet tendered their shares may do so during a six-month period following the

delisting. The purchase was treated as an equity transaction as required by SFAS No. 141(R), *Business Combinations* ("SFAS No. 141(R)"). Under SFAS No. 141(R), subsequent increases or decreases of ownership that do not result in a change in control are accounted for as equity transactions.

Termination of Joint Ventures

During the quarter ended June 30, 2009, Matrix and Aspen Pharmacare Holdings Limited ("Aspen") terminated two joint ventures in which each held a 50% share; Astrix Laboratories Limited ("Astrix") and Fine Chemicals Corporation ("FCC"). Under the agreed upon terms, Matrix sold its 50% interest in FCC to Aspen for $23.3 million. At the same time, a wholly-owned subsidiary of Mylan purchased from Aspen its 50% interest in Astrix for $38.9 million. These transactions resulted in a net gain of approximately $10.4 million, which is included in other income, net, in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2009. As of the date of purchase, June 1, 2009, the results of Astrix were consolidated with those of Mylan.

The Company accounted for the acquisition of the remaining 50% of Astrix using the purchase method of accounting. Under the purchase method of accounting, the assets acquired and liabilities assumed in the transaction were recorded at the date of acquisition at the preliminary estimate of their respective fair values. The purchase price allocation is preliminary and is based on the information that was available as of the acquisition date. Management believes that the information provides a reasonable basis for allocating the purchase price, but the Company is awaiting additional information necessary to finalize the purchase price allocation. The fair values reflected in the consolidated financial statements may be adjusted, and such adjustments could be significant. The Company expects the purchase price allocation to be finalized as soon as possible but no later than one year from the acquisition date.

Biologics Agreement

On June 29, 2009, Mylan announced that it has executed a definitive agreement with Biocon Limited ("Biocon"), a publicly traded company on the Indian stock exchanges, for an exclusive collaboration on the development, manufacturing, supply and commercialization of multiple, high value generic biologic compounds for the global marketplace.

As part of this collaboration, Mylan and Biocon will share development, capital and certain other costs to bring products to market. Mylan will have exclusive commercialization rights in the U.S., Canada, Japan, Australia, New Zealand and in the European Union and European Free Trade Association countries through a profit sharing arrangement with Biocon. Mylan will have co-exclusive commercialization rights with Biocon in all other markets around the world. In conjunction with executing this agreement, Mylan recorded a non-recurring research and development charge related to its up-front, non-refundable obligation pursuant to the agreement.

Financial Summary

Mylan's financial results for the three months ended June 30, 2009, included total revenues of $1.27 billion compared to $1.20 billion for the three months ended June 30, 2008. This represents an increase in revenues of $63.9 million. Consolidated gross profit for the current quarter was $527.8 million compared to $414.2 million in the same prior year period, an increase of 27.4%. For the current quarter, operating earnings of $174.7 million were realized compared to $74.0 million for the three months ended June 30, 2008.

The net earnings attributable to Mylan Inc. common shareholders for the three months ended June 30, 2009 was $58.1 million, which translates into earnings per diluted share of $0.19. In the same prior year period, the net loss attributable to Mylan Inc. common shareholders was $16.3 million, which translates into a loss per diluted share of $0.05. A more detailed discussion of the Company's financial results can be found below in the section titled "Results of Operations".

The comparability of results between the two periods is affected by the following:

- Charges consisting primarily of incremental amortization related to purchased intangible assets and the amortization of the inventory step-up associated with the acquisition of the former Merck Generics business

of $70.1 million (pre-tax) during the three months ended June 30, 2009, compared to $112.1 million (pre-tax) in the comparable prior year period.

Mylan's financial results for the six months ended June 30, 2009, include total revenues of $2.48 billion compared to $2.28 billion for the six months ended June 30, 2008. This represents an increase in revenues of $199.3 million. Consolidated gross profit for the six months ended June 30, 2009 was $1.05 billion compared to $764.4 million in the same prior year period, an increase of 37.8%. For the six months ended June 30, 2009, operating earnings of $402.1 million was realized compared to an operating loss of $297.5 million for the same prior year period.

The net earnings attributable to Mylan Inc. common shareholders for the six months ended June 30, 2009 was $129.4 million, which translates into earnings per diluted share of $0.42. In the same prior year period, the net loss attributable to Mylan Inc. common shareholders was $462.9 million, which translates into a loss per diluted share of $1.52. A more detailed discussion of the Company's financial results can be found below in the section titled "Results of Operations".

The comparability of results between the two periods is affected by the following:

- Charges consisting primarily of incremental amortization related to purchased intangible assets and the amortization of the inventory step-up associated with the acquisition of the former Merck Generics business of $139.1 million (pre-tax) during the six months ended June 30, 2009, compared to $230.2 million (pre-tax) in the comparable prior year period;
- A non-cash impairment loss on the goodwill of the Specialty Segment of $385.0 million (pre-tax and after-tax) recorded during the three months ended March 31, 2008.

Results of Operations

Three Months Ended June 30, 2009, Compared to Three Months Ended June 30, 2008

Total Revenues and Gross Profit

For the current quarter, Mylan reported total revenues of $1.27 billion compared to $1.20 billion in the comparable prior year period. This represents an increase of $63.9 million or 5.3%. Net revenues increased $68.5 million, while other revenues decreased $4.7 million. The increase in net revenues is due to higher third-party sales in all three of the Company's segments. The Generics Segment accounted for the majority of the increase ($41.9 million) followed by the Specialty Segment ($15.8 million) and the Matrix Segment ($10.9 million). Foreign exchange translation had an unfavorable impact on total revenues, due primarily to the strengthening of the U.S. Dollar in comparison to the functional currencies of Mylan's other subsidiaries, primarily those in Europe, Australia and India. On a constant currency basis, total revenues increased by approximately 13%. See below for a more detailed discussion of each segment.

Gross profit for the three months ended June 30, 2009 was $527.8 million, and gross margins were 41.7%. For the three months ended June 30, 2008, gross profit was $414.2 million, and gross margins were 34.4%. Gross profit for the current quarter is impacted by certain purchase accounting related items recorded during the three months ended June 30, 2009, of approximately $70.1 million, which consisted primarily of incremental amortization related to purchased intangible assets and the inventory step-up associated with the acquisition of the former Merck Generics business. Excluding such items, gross margins would have been approximately 47.2%. Prior year gross profit is also impacted by similar purchase accounting related items in the amount of $112.1 million. Excluding such items, gross margins in the prior year would have been approximately 43.7%. Margin improvement was realized by each of the Company's segments, with the most significant increase due primarily to the contribution from products launched in North America subsequent to June 30, 2008. In the first quarter of 2009, Mylan launched divalproex sodium extended-release ("divalproex ER") tablets, the generic version of Abbott Laboratories' Depakote® ER. Products generally contribute most significantly to gross margin at the time of their launch, when there is limited generic competition and even more so in periods of market exclusivity, as was the case with divalproex ER for the quarter ended June 30, 2009.

Generics Segment

For the current quarter, the Generics Segment reported total revenues of $1.03 billion. Generics Segment total revenues are derived from sales primarily in or from the U.S. and Canada (collectively, "North America"), Europe, the Middle East and Africa (collectively, "EMEA") and Australia, Japan and New Zealand (collectively, "Asia Pacific").

Total revenues from North America were $533.3 million for the three-month period ended June 30, 2009, compared to $452.0 million for the three months ended June 30, 2008, an increase of $81.3 million or 18.0%. This increase is the result of revenue from products launched subsequent to June 30, 2008, and favorable volume, partially offset by unfavorable pricing. New products contributed net revenues of $112.2 million, the majority of which was divalproex ER.

Fentanyl, Mylan's AB-rated generic alternative to Duragesic®, continued to contribute significantly to both revenue and gross profit despite the entrance into the market of additional generic competition. Sales of fentanyl have remained relatively strong primarily due to Mylan's ability to continue to be a stable and reliable source of supply to the market. As is the case in the generic industry, the entrance into the market of additional competition generally has a negative impact on the volume and pricing of the affected products. Competition on fentanyl in the future could continue to have an unfavorable impact on pricing and market share.

Total revenues from EMEA were $367.8 million for the three-month period ended June 30, 2009, compared to $389.8 million for the comparable prior year period. On a constant currency basis, EMEA revenues increased by approximately 10%.

Within EMEA, approximately 70% of net revenues are derived from the three largest markets: France, the U.K. and Germany. Revenues in France increased as a result of new product launches and higher volumes. Revenues in the U.K. increased over the same period in the prior year which was negatively impacted by excess supply in the market. These increases served to offset lower revenues in Germany. A number of markets in which we operate have implemented or may implement "tender systems" for generic pharmaceuticals in an effort to lower prices. Such measures are likely to have a negative impact on sales and gross profit in these markets. The German market is one that has begun to implement tender systems. Current quarter revenues in Germany were negatively impacted by the price reductions as a result of these tenders, as well as general pricing pressure on its non-tender business and the loss of exclusivity on certain Statutory Health Insurance contracts. Also contributing to EMEA's total revenues in the current quarter are sales from the Central and Eastern European businesses acquired in June 2008.

Total revenues from Asia Pacific were $127.9 million for the three-month period ended June 30, 2009, compared to $141.4 million for the three months ended June 30, 2008, representing a decrease of $13.5 million or 9.5%. The majority of revenues from Asia Pacific are contributed by Alphapharm, Mylan's Australian subsidiary, with the remainder comprised of sales in Japan and New Zealand.

On a constant currency basis, Asia Pacific revenues increased slightly. This increase is a result of increased volumes and new product launches in Australia, partially offset by unfavorable pricing which resulted from the government mandated pricing reform that took place in Australia in July of 2008. Additionally, revenues contributed by Mylan's Japanese subsidiary increased, driven by certain pro-generic measures implemented by the Japanese government and new product launches.

Certain markets in which the Company does business have recently undergone government-imposed price reductions, thereby increasing pricing pressures on pharmaceutical products. This is true in Australia as well as several European countries. Such measures, along with the tender systems discussed above, are likely to have a negative impact on sales and gross profit in these markets. However, some pro-generic government initiatives in certain markets could help to offset some of this unfavorability by potentially increasing generic substitution.

For the three months ended June 30, 2009, the segment profitability for the Generics Segment was $309.9 million compared to $226.3 million in the prior year comparable period. This increase is the result of higher revenues and gross profit, mainly from North America, as well as lower R&D expense as discussed below.

Specialty Segment

For the current quarter, the Specialty Segment reported total revenues of $129.9 million, of which $122.8 million represented third-party sales, compared to total revenues of $116.0 million in the same prior year period, of which $105.9 million represented third-party sales. The Specialty Segment consists of Dey, which focuses on the development, manufacturing and marketing of specialty pharmaceuticals in the respiratory and severe allergy markets. The most significant contributor to Specialty Segment revenues and profitability is EpiPen®, an epinephrine auto-injector, which is used in the treatment of severe allergies. EpiPen is the number one prescribed treatment for severe allergic reactions with a U.S market share of over 95%.

In addition to the continued strong sales of EpiPen, the increase in third-party revenues is due primarily to increased sales of Perforomist® Solution, Dey's maintenance therapy for patients with moderate to severe chronic obstructive pulmonary disease.

Segment profitability for the current quarter was $29.8 million compared to $19.7 million in the comparable three-month period. The increase is the result of increased revenue and gross profit as operating expenses were consistent when comparing the periods.

Matrix Segment

For the three months ended June 30, 2009, the Matrix Segment reported total revenues of $133.5 million, of which $116.9 million represented third-party sales compared to total revenues of $118.8 million, of which $104.6 million represented third party sales, during the prior year comparable period. Approximately 50% of the Matrix Segment's third-party net revenues are derived from the sale of API and intermediates, and approximately 13% comes from its distribution business in Europe. The majority of the remainder came from sales of Matrix's finished dose form ("FDF") anti-retroviral ("ARV") products, which was the primary driver of the increase in sales. Matrix launched its FDF business in late calendar year 2007. The 11.8% increase in third-party revenues is primarily due to higher revenue from the sale of first-line ARV FDF products. On a constant currency basis, the increase in third-party sales would have been approximately 29%.

In addition to third party net revenue, Matrix realized other revenue of $12.9 million in the current quarter through intersegment product development agreements compared to $11.3 million in the same prior year period. Intersegment net revenue consists of API sales to the Generics Segment primarily in conjunction with Mylan's vertical integration strategy.

Segment profitability for the Matrix Segment for the current quarter was $10.9 million compared to $6.3 million in the comparable three-month period. This increase is the result of increased revenue and gross profit, including the intersegment development agreements discussed previously, partially offset by increased R&D spending.

Operating Expenses

R&D expense for the three months ended June 30, 2009, was $74.0 million compared to $80.8 million in the same prior year period, a decrease of $6.8 million. The decrease was primarily realized by the Generics Segment and is reflective of certain restructuring activities undertaken by the Company with respect to the previously announced rationalization and optimization of the global manufacturing and research and development platforms. Additionally, R&D expense was favorably impacted by foreign currency fluctuations and the timing of certain 2009 development projects. These decreases were partially offset by a non-recurring, up-front payment of $18.0 million made with respect to the Company's execution of a co-development agreement that was entered into during the three months ended June 30, 2009.

SG&A expense for the current quarter was $279.0 million compared to $259.5 million for the same period in the prior year, an increase of $19.5 million. This increase was primarily recognized by Corporate/Other. The increase in Corporate/Other SG&A expense is due primarily to higher payroll and payroll related costs and increased legal and consulting costs, including those associated with the purchase, during the quarter, of additional shares in Matrix. The increase in payroll and payroll related costs includes increased headcount as the Company expanded its corporate infrastructure following the acquisition of the former Merck Generics business. Partially

offsetting these items are lower integration costs, which were much more significant in the prior year, and the favorable impact of foreign currency fluctuations.

Interest Expense

Interest expense for the three months ended June 30, 2009, totaled $78.2 million compared to $92.4 million for the three months ended June 30, 2008. The decrease is due to the reduction of our outstanding debt balance through repayments made in December 2008 and March 2009, as well as lower overall interest rates.

Other Income, net

Other income, net was $25.3 million in the current quarter compared to $7.9 million in the comparable three-month period. The increase is primarily due to a favorable adjustment of $13.9 million to the restructuring reserve as a result of a reduction in the estimated remaining spending on accrued projects, as well as a net gain of $10.4 million realized on the termination of two joint ventures between Matrix and Aspen Pharmacare Holdings Limited (“Aspen”).

Income Tax Expense

The Company recorded a provision for income tax of $26.2 million for the three-month period ending June 30, 2009 compared to a benefit of $28.9 million in the comparable prior year quarter. The fluctuation is due to the deductibility of certain foreign attributes and changes in unrecognized losses of certain foreign subsidiaries.

Six Months Ended June 30, 2009, Compared to Six Months Ended June 30, 2008

Total Revenues and Gross Profit

For the six months ended June 30, 2009, Mylan reported total revenues of $2.48 billion compared to $2.28 billion in the same prior year period. This represents an increase of $199.3 million or 8.8%. Net revenues increased $174.5 million, while other revenues increased $24.8 million. The increase in net revenues is due to higher third-party sales in all three of the Company’s segments. The Generics Segment accounted for the majority of the increase ($131.3 million) followed by the Matrix Segment ($25.2 million) and the Specialty Segment ($18.0 million). On a constant currency basis, total revenues increased by approximately 17%. See below for a more detailed discussion of each segment.

The increase in other revenues in the six-month period was the result of approximately $26.0 million of incremental revenue resulting from the cancellation of product development agreements for which the revenue had been previously deferred. Prior to the termination of these agreements, Mylan had been amortizing the previously received non-refundable, upfront payments over a period of several years.

Gross profit for the six months ended June 30, 2009 was $1.05 billion, and gross margins were 42.5%. For the six months ended June 30, 2008, gross profit was $764.4 million, and gross margins were 33.6%. Gross profit for the current year to date period is impacted by certain purchase accounting related items recorded during the six months ended June 30, 2009, of approximately $139.1 million, which consisted primarily of incremental amortization related to purchased intangible assets and the inventory step-up associated with the acquisition of the former Merck Generics business. Excluding such items, gross margins would have been approximately 48.1%. Prior year gross profit is also impacted by similar purchase accounting related items in the amount of $230.2 million. Excluding such items, gross margins in the prior year would have been approximately 43.7%. The increase in gross margins excluding purchase accounting related items is due primarily to the launch of new products in North America.

Generics Segment

For the six months ended June 30, 2009, the Generics Segment reported total revenues of $2.06 billion. Total revenues from North America were $1.12 billion for the six-month period ended June 30, 2009, compared to $840.8 million for the six months ended June 30, 2008. Included in total revenues are other revenues of $43.5 million in the current year compared to $10.0 million in the prior year. This increase is the result of approximately $26.0 million of incremental revenue resulting from the cancellation of product development agreements.

North America net revenues were $1.08 billion in the six-month period compared to $830.9 million in the prior year, an increase of $245.0 million or 29.5%. This increase is the result of revenue from new products and favorable volume, partially offset by unfavorable pricing. New products contributed net revenues of $250.1 million, the majority of which was divalproex ER.

Fentanyl continued to contribute significantly to both revenue and gross profit despite the entrance into the market of additional generic competition. Sales of fentanyl have remained relatively strong primarily due to Mylan's ability to continue to be a stable and reliable source of supply to the market. As is the case in the generic industry, the entrance into the market of additional competition generally has a negative impact on the volume and pricing of the affected products. Competition on fentanyl in the future could have an unfavorable impact on pricing and market share.

Total revenues from EMEA were $700.6 million for the six-month period ended June 30, 2009, compared to $778.7 million for the comparable prior year period. On a constant currency basis, EMEA revenues increased by approximately 5% over the prior year.

Increased revenues in France, driven mainly by new product launches, and a full six months of revenue contribution from the Central and Eastern European businesses served to offset lower revenues brought about by continued pricing pressures in certain European markets such as Germany and Portugal. A number of markets in which we operate have implemented or may implement "tender systems" for generic pharmaceuticals in an effort to lower prices. Such measures are likely to have a further negative impact on sales and gross profit in these markets.

Total revenues from Asia Pacific were $236.9 million for the six-month period ended June 30, 2009, compared to $270.2 million for the six months ended June 30, 2008, representing a decrease of $33.3 million or 12.3%. On a constant currency basis, Asia Pacific sales declined by less than 1%, primarily as a result of the government mandated pricing reform that took place in Australia in calendar year 2008. This decrease in revenues at Alphapharm was partially offset by an increase in revenues at Mylan's Japanese subsidiary, driven by certain pro-generic measures implemented by the Japanese government.

Certain markets in which the Company does business have recently undergone government-imposed price reductions, thereby increasing pricing pressures on pharmaceutical products. This is true in Australia as well as several European countries.. Such measures, along with the tender systems discussed above, are likely to have a negative impact on sales and gross profit in these markets. However, some pro-generic government initiatives in certain markets could help to offset some of this unfavorability by potentially increasing generic substitution.

For the six months ended June 30, 2009, the segment profitability for the Generics Segment was $666.5 million compared to $419.2 million in the prior year comparable period. This increase is the result of higher revenues and gross profit, mainly from North America, as well as lower operating expenses, primarily R&D as discussed below.

Specialty Segment

For the six months ended June 30, 2009, the Specialty Segment reported total revenues of $213.6 million, of which $202.2 million represented third-party sales, compared to total revenues of $205.4 million in the same prior year period, of which $183.0 million represented third-party sales. EpiPen continued to be the most significant contributor to Specialty Segment revenues and profitability .

Increased sales of EpiPen and Perforomist in the current year were partially offset by lower revenue from DuoNeb for which patent protection was lost in late 2007. The additional competition which followed the loss of patent protection has not only affected Dey's sales of the branded product, but also impacted the profit share received from sales of the licensed generic.

Segment profitability for the six months ended June 30, 2009 was $31.7 million compared to $22.2 million in the comparable six-month period. This increase is the result of higher gross profit as well as lower operating expenses.

Matrix Segment

For the six months ended June 30, 2009, the Matrix Segment reported total revenues of $259.4 million, of which $219.5 million represented third-party sales compared to total revenues of $222.3 million, of which $192.3 million represented third party sales, during the prior year comparable period. The 14.2% increase in third-party revenues is due primarily to the higher revenue from the sale of first-line ARV FDF products. On a constant currency basis, third-party sales increased by approximately 35%.

In addition to third party net revenue, Matrix realized other revenue of $33.1 million in the six months ended June 30, 2009 through intersegment product development agreements compared to $23.0 million in the same prior year period. Intersegment net revenue consists of API sales to the Generics Segment primarily in conjunction with Mylan's vertical integration strategy.

Segment profitability for the Matrix Segment for six months ended June 30, 2009 was $33.6 million compared to $10.0 million in the comparable six-month period. This increase is the result of increased revenue and gross profit, including the intersegment development agreements discussed above.

Operating Expenses

R&D expense for the six months ended June 30, 2009, was $132.9 million compared to $164.6 million in the same prior year period, a decrease of $31.7 million. The decrease was primarily realized by the Generics Segment and is reflective of certain restructuring activities undertaken by the Company with respect to the previously announced rationalization and optimization of the global manufacturing and research and development platforms. Additionally, R&D expense was favorably impacted by foreign currency fluctuations. These decreases were partially offset by a non-recurring, up-front payment of $18.0 million made with respect to the Company's execution of a co-development agreement that was entered into during the six months ended June 30, 2009.

SG&A expense for the six months ended June 30, 2009 was $518.6 million compared to $512.4 million for the same period in the prior year, an increase of $6.2 million. This increase was the result of higher Corporate/Other SG&A expense as lower costs were realized by each of the segments, mainly as a result of the favorable impact of foreign exchange. The increase in Corporate/Other SG&A expense is due primarily to an increase in professional and consulting fees as well as higher payroll and payroll related costs.

Interest Expense

Interest expense for the six months ended June 30, 2009, totaled $163.2 million compared to $188.9 million for the six months ended June 30, 2008. The decrease is due to the reduction of our outstanding debt balance through repayments made in December 2008 and March 2009, as well as lower overall interest rates.

Other Income, net

Other income, net was $29.5 million in the current six-month period compared to $14.8 million in the comparable six-month period. The increase is primarily due to a favorable adjustment of $13.9 million to the restructuring reserve as a result of a reduction in the estimated remaining spending on accrued projects, as well as a net gain of $10.4 million realized on the termination of two joint ventures between Matrix and Aspen.

Income Tax Expense

The Company recorded income tax expense of $63.6 million for the six-month period ending June 30, 2009 compared to a benefit of $76.0 million in the comparable prior year period. The fluctuation in the tax provision is due to the deductibility of certain foreign attributes and changes in unrecognized losses of certain foreign subsidiaries. In the six-month period ending June 30, 2008, a pre-tax operating loss was offset by the non-deductible goodwill impairment charge related to Dey.

Liquidity and Capital Resources

Cash flows from operating activities were $336.2 million for the six months ended June 30, 2009. The amount consists primarily of net earnings and non-cash addbacks for depreciation and amortization, partially offset by a decrease in cash from net changes in operating assets and liabilities.

Cash used in investing activities for the six months ended June 30, 2009 was $206.3 million, consisting primarily of $134.5 million which was spent to acquire additional shares of Matrix and $38.9 million which was used to acquire the additional 50% interest in the Astrix joint venture. Partially offsetting these cash outflows was the receipt of $23.3 million consisting of the proceeds from Matrix's sale of its 50% in the FCC joint venture.

Also within investing activities, capital expenditures of $53.0 million were incurred primarily for equipment, including with respect to the Company's previously announced planned expansions and integration plans with respect to the acquisition of the former Merck Generics business.

Cash used in financing activities was $259.0 million for the six months ended June 30, 2009. Cash dividends of $69.5 million were paid on the Company's 6.50% mandatory convertible preferred stock. Additionally, the Company made repayments on its long-term debt in the amount of $172.2 million. These payments primarily consist of the prepayment of amounts due in 2010 under the Company's Senior Credit Agreement.

The Company is involved in various legal proceedings that are considered normal to its business. While it is not feasible to predict the outcome of such proceedings, an adverse outcome in any of these proceedings could materially affect the Company's financial position and results of operations. Additionally, for certain contingencies assumed in conjunction with the acquisition of the former Merck Generics business, Merck KGaA, the seller, has indemnified Mylan under the provisions of the Share Purchase Agreement. The inability or denial of Merck KGaA to pay on an indemnified claim, could have a material adverse effect on our financial position or results of operations.

The Company's Condensed Consolidated Balance Sheet as of June 30, 2009 includes restructuring reserves of $62.3 million. Spending against this balance, which consists primarily of severance and related costs and costs associated with the previously announced rationalization and optimization of the Company's global manufacturing and research and development platforms, is expected to occur over the next two to three years.

Additionally, as finalization of these plans is still in progress, the Company has not yet estimated the total amount expected to be incurred in connection with such activities. However, Mylan expects that the majority of such costs will relate to one-time termination benefits and certain asset write-downs, which could be significant.

On May 7, 2009, at the annual shareholders' meeting, Mylan's shareholders approved an increase in the number of authorized shares of Mylan's common stock from 600,000,000 to 1,500,000,000. In addition, the shareholders approved an increase in shares that may be issued under the Company's 2003 Long-Term Incentive Plan as restricted shares, restricted units, performance shares and other stock-based awards from 5,000,000 to 8,000,000.

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

The Company is continuously evaluating the potential acquisition of products, as well as companies, as a strategic part of its future growth. Consequently, the Company may utilize current cash reserves or incur additional indebtedness to finance any such acquisitions, which could impact future liquidity. In addition, on an ongoing basis, the Company reviews its operations including the evaluation of potential divestures of products and businesses as part of its future strategy. Any divestitures could impact future liquidity.

At June 30, 2009 and December 31, 2008, the Company had $94.9 million and $83.6 million in letters of credit outstanding.

Mandatory minimum repayments remaining on the outstanding borrowings under the term loans and convertible notes at June 30, 2009, excluding the discount and conversion feature, are as follows for each of the periods ending December 31:

	U.S. Tranche A Term Loans	Euro Tranche A Term Loans	U.S. Tranche B Term Loans	Euro Tranche B Term Loans	Senior Convertible Notes	Cash Convertible Notes	Total
				(In thousands)			
2009	$ —	$ —	$ —	$ —	$ —	$ —	$ —
2010	—	—	—	—	—	—	—
2011	62,500	98,376	25,560	7,369	—	—	193,805
2012	78,125	122,970	25,560	7,369	600,000	—	834,024
2013	78,125	122,970	25,560	7,369	—	—	234,024
2014	—	—	2,402,640	692,730	—	—	3,095,370
Thereafter	—	—	—	—	—	575,000	575,000
Total	$ 218,750	$ 344,316	$ 2,479,320	$ 714,837	$ 600,000	$ 575,000	$ 4,932,223

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — A Replacement of FASB Statement No. 162* ("SFAS No. 168"). SFAS No. 168 establishes the *FASB Accounting Standards Codification™* ("Codification") as the single source of authoritative accounting principles generally accepted in the United States of America ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS No. 168 and the Codification are effective for financial statements issued for interim and annual periods ending after September 15, 2009. When effective, the Codification will supersede all existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. Following SFAS No. 168, the FASB will not issue new standards in the form of Statements, FASB Staff Positions ("FSP"), or Emerging Issues Task Force ("EITF") Abstracts. Instead, the FASB will issue Accounting Standards Updates, which will serve only to: (*a*) update the Codification; (*b*) provide background information about the guidance; and (*c*) provide the bases for conclusions on the change(s) in the Codification. The adoption of SFAS No. 168 will not have a material impact on the Company's Condensed Consolidated Financial Statements.

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets — an amendment of SFAS No. 140* ("SFAS No. 166"). SFAS No. 166 is a revision to FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, and will require more disclosures about transfers of financial assets, including securitization transactions and where entities have continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures. SFAS No. 166 enhances disclosures reported to users of financial statements by providing greater transparency about transfers of financial assets and an entity's continuing involvement in transferred financial assets. SFAS No. 166 is effective for fiscal years beginning after November 15, 2009. Early application is not permitted. The Company is currently evaluating the impact on its consolidated financial statements of adopting SFAS No. 166.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* ("SFAS No. 165"). SFAS No. 165 sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS No. 165 is effective for interim or annual periods ending after June 15, 2009 and will be applied prospectively. The Company adopted the requirements of this standard for the quarter ended June 30, 2009. The

adoption of SFAS No. 165 did not have a material impact on the Company's Condensed Consolidated Financial Statements.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* ("FSP No. FAS 115-2 and FAS 124-2"). FSP No. FAS 115-2 and FAS 124-2 amends SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, and EITF Issue No. 99-20, *Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets*, to make the other-than-temporary impairments guidance more operational and to improve the presentation of other-than-temporary impairments in the financial statements. This standard replaces the existing requirement that the entity's management assert it has both the intent and ability to hold an impaired debt security until recovery with a requirement that management assert it does not have the intent to sell the security, and it is more likely than not it will not have to sell the security before recovery of its cost basis. The Company adopted the requirements of this standard as of June 30, 2009. The adoption of FSP No. FAS 115-2 and FAS 124-2 did not have a material impact on the Company's Condensed Consolidated Financial Statements.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* ("FSP No. FAS 107-1 and APB 28-1"). FSP No. FAS 107-1 and APB 28-1 requires companies to disclose in interim financial statements the fair value of financial instruments within the scope of FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*. However, companies are not required to provide in interim periods the disclosures about the concentration of credit risk of all financial instruments that are currently required in annual financial statements. The fair-value information disclosed in the footnotes must be presented together with the related carrying amount, making it clear whether the fair value and carrying amount represent assets or liabilities and how the carrying amount relates to what is reported in the balance sheet. FSP No. FAS 107-1 and APB 28-1 also requires that companies disclose the method or methods and significant assumptions used to estimate the fair value of financial instruments and a discussion of changes, if any, in the method or methods and significant assumptions during the period. The Company adopted the requirements of this standard as of June 30, 2009. The adoption of FSP No. FAS 107-1 and APB 28-1 did not have a material impact on the Company's Condensed Consolidated Financial Statements.

On January 1, 2009, the Company adopted FSP No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)* ("FSP No. APB 14-1"). Under the new rules, for convertible debt instruments (including the Company's Senior Convertible Notes) that may be settled entirely or partially in cash upon conversion, entities now separately account for the liability and equity components of the instrument in a manner that reflects the issuer's economic interest cost. The effect of the new rules, as they apply to the Company's Senior Convertible Notes, is that the equity component is included in the additional paid-in capital section of shareholders' equity on the Company's consolidated balance sheet and the value of the equity component is treated as an original issue discount for purposes of accounting for the debt component. Higher interest expense results through the accretion of the discounted carrying value of the Senior Convertible Notes to their face amount over their term. FSP No. APB 14-1 requires retrospective application as disclosed below.

On January 1, 2009, the Company adopted SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51* ("SFAS No. 160"). SFAS No. 160 amends Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This standard defines a noncontrolling interest, sometimes called a minority interest, as the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. SFAS No. 160 requires, among other items, that a noncontrolling interest be included in the consolidated balance sheet within equity separate from the parent's equity; consolidated net income to be reported at amounts inclusive of both the parent's and noncontrolling interest's shares and, separately, the amounts of consolidated net income attributable to the parent and noncontrolling interest all on the consolidated statement of operations; and if a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be measured at fair value and a gain or loss be recognized in net income based on such fair value.

The Company's Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2008, as originally reported and as adjusted for the adoption of FSP No. APB 14-1 and SFAS No. 160, are as follows:

	Three Months Ended June 30,	
	2008	2008 As Adjusted
	(In thousands, except per share amounts)	
Interest expense	$ 86,489	$ 92,386
Loss before income taxes and noncontrolling interest	(4,634)	(10,531)
Income tax benefit	(30,955)	(28,905)
Net earnings	26,321	18,374
Net loss attributable to the noncontrolling interest	72	72
Net loss attributable to Mylan Inc. common shareholders	(8,366)	(16,313)
Loss per common share attributable to Mylan Inc.:		
Basic	$ (0.03)	$ (0.05)
Diluted	$ (0.03)	$ (0.05)
Weighted average common shares outstanding:		
Basic	304,284	304,284
Diluted	304,284	304,284

	Six Months Ended June 30,	
	2008	2008 As Adjusted
	(In thousands, except per share amounts)	
Interest expense	$ 177,236	$ 188,865
Loss before income taxes and noncontrolling interest	(459,956)	(471,585)
Income tax benefit	(75,060)	(76,026)
Net loss	(384,896)	(395,559)
Net loss attributable to the noncontrolling interest	2,114	2,114
Net loss attributable to Mylan Inc. common shareholders	(452,259)	(462,922)
Loss per common share attributable to Mylan Inc.:		
Basic	$ (1.49)	$ (1.52)
Diluted	$ (1.49)	$ (1.52)
Weighted average common shares outstanding:		
Basic	304,233	304,233
Diluted	304,233	304,233

The Company's Condensed Consolidated Balance Sheet as originally reported and as adjusted for the adoption of FSP No. APB 14-1 and SFAS No. 160, is as follows:

	December 31, 2008	December 31, 2008 As Adjusted
	(In thousands)	
Liabilities and equity		
Liabilities		
Long-term debt	$ 5,165,419	$ 5,078,937
Deferred income tax liability	545,121	577,379
Total liabilities	7,677,242	7,623,018
Minority interest	29,108	—
Equity		
Mylan Inc. shareholders' equity		
Additional paid-in capital	3,873,743	3,955,725
Retained earnings	594,352	566,594
Noncontrolling interest	—	29,108
Total equity	2,703,509	2,786,841

ITEM 3. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

For a discussion of the Company's market risk, see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in the Company's Annual Report filed on Form 10-K, as amended.

ITEM 4. ***CONTROLS AND PROCEDURES***

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2009. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective. No change in the Company's internal control over financial reporting occurred during the six months ended June 30, 2009, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. ***LEGAL PROCEEDINGS***

While it is not possible to determine with any degree of certainty the ultimate outcome of the following legal proceedings, the Company believes that it has meritorious defenses with respect to the claims asserted against it and intends to vigorously defend its position. The Company is also party to certain litigation matters, some of which are described below, for which Merck KGaA has agreed to indemnify the Company, under the terms of the Share Purchase Agreement by which Mylan acquired the former Merck Generics business. An adverse outcome in any of these proceedings, or the inability or denial of Merck KGaA to pay an indemnified claim, could have a material adverse effect on the Company's financial position and results of operations.

Lorazepam and Clorazepate

On June 1, 2005, a jury verdict was rendered against Mylan, Mylan Pharmaceuticals Inc. ("MPI"), and co-defendants Cambrex Corporation and Gyma Laboratories in the U.S. District Court for the District of Columbia in the amount of approximately $12.0 million, which has been accrued for by the Company. The jury found that Mylan and its co-defendants willfully violated Massachusetts, Minnesota and Illinois state antitrust laws in connection with API supply agreements entered into between the Company and its API supplier (Cambrex) and broker (Gyma) for two drugs, lorazepam and clorazepate, in 1997, and subsequent price increases on these drugs in 1998. The case

was brought by four health insurers who opted out of earlier class action settlements agreed to by the Company in 2001 and represents the last remaining antitrust claims relating to Mylan's 1998 price increases for lorazepam and clorazepate. Following the verdict, the Company filed a motion for judgment as a matter of law, a motion for a new trial, a motion to dismiss two of the insurers and a motion to reduce the verdict. On December 20, 2006, the Company's motion for judgment as a matter of law and motion for a new trial were denied and the remaining motions were denied on January 24, 2008. In post-trial filings, the plaintiffs requested that the verdict be trebled and that request was granted on January 24, 2008. On February 6, 2008, a judgment was issued against Mylan and its co-defendants in the total amount of approximately $69.0 million, some or all of which may be subject to indemnification obligations by Mylan. Plaintiffs are also seeking an award of attorneys' fees and litigation costs in unspecified amounts and prejudgment interest of approximately $8.0 million. The Company and its co-defendants have appealed to the U.S. Court of Appeals for the D.C. Circuit. The appeals have been held in abeyance pending a ruling on the motion for prejudgment interest. In connection with the Company's appeal of the lorazepam judgment, the Company submitted a surety bond underwritten by a third-party insurance company in the amount of $74.5 million. This surety bond is secured by a pledge of a $40.0 million cash deposit (which is included as restricted cash on the Company's Consolidated Balance Sheet as of June 30, 2009) and an irrevocable letter of credit for $34.5 million issued under the Senior Credit Agreement. On October 27, 2008, a U.S. magistrate judge issued a report recommending the granting of plaintiffs' motion for prejudgment interest. The report also recommends requiring the surety bond amount to be increased to include prejudgment interest. Mylan submitted objections to the magistrate judge's recommendations and on July 16, 2009, the district court entered an order adopting the magistrate judge's report in full. Mylan intends to contest this ruling along with the liability finding and other damages awards as part of its pending appeal, which will now proceed in the Court of Appeals for the D.C. Circuit.

Pricing and Medicaid Litigation

On June 26, 2003, MPI and UDL Laboratories Inc. ("UDL") received requests from the U.S. House of Representatives Energy and Commerce Committee (the "Committee") seeking information about certain products sold by MPI and UDL in connection with the Committee's investigation into pharmaceutical reimbursement and rebates under Medicaid. MPI and UDL cooperated with this inquiry and provided information in response to the Committee's requests in 2003. Several states' attorneys general ("AG") have also sent letters to MPI, UDL and Mylan Bertek Pharmaceuticals Inc., demanding that those companies retain documents relating to Medicaid reimbursement and rebate calculations pending the outcome of unspecified investigations by those AGs into such matters. In addition, in July 2004, Mylan received subpoenas from the AGs of California and Florida in connection with civil investigations purportedly related to price reporting and marketing practices regarding various drugs. As noted below, both California and Florida subsequently filed suits against Mylan, and the Company believes any further requests for information and disclosures will be made as part of that litigation.

Beginning in September 2003, Mylan, MPI and/or UDL, together with many other pharmaceutical companies, have been named in civil lawsuits filed by state AGs and municipal bodies within the state of New York alleging generally that the defendants defrauded the state Medicaid systems by allegedly reporting "Average Wholesale Prices" and/or "Wholesale Acquisition Costs" that exceeded the actual selling price of the defendants' prescription drugs. To date, Mylan, MPI and/or UDL have been named as defendants in substantially similar civil lawsuits filed by the AGs of Alabama, Alaska, California, Florida, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Massachusetts, Mississippi, Missouri, South Carolina, Texas, Utah and Wisconsin and also by the city of New York and approximately 40 counties across New York State. Several of these cases have been transferred to the AWP multi-district litigation proceedings pending in the U.S. District Court for the District of Massachusetts for pretrial proceedings. Others of these cases will likely be litigated in the state courts in which they were filed. Each of the cases seeks money damages, civil penalties and/or double or treble damages, counsel fees and costs, and/or injunctive relief. In each of these matters Mylan, MPI and/or UDL have either moved to dismiss the complaints or have answered the complaints denying liability. Mylan and its subsidiaries intend to defend each of these actions vigorously.

In May 2008, an amended complaint was filed in the U.S. District Court for the District of Massachusetts by a plaintiff on behalf of the United States of America, against Mylan, MPI, UDL and several other generic manufacturers. The original complaint was filed under seal in April 2000, and Mylan, MPI and UDL were added

as parties in February 2001. The claims against Mylan, MPI, UDL and the other generic manufacturers were severed from the April 2000 complaint (which remains under seal) as a result of the federal government's decision not to intervene in the action as to those defendants. The complaint alleges violations of the False Claims Act and sets forth allegations substantially similar to those alleged in the state AG cases mentioned in the preceding paragraph and purports to seek recovery of any and all alleged overpayment of the "federal share" under the Medicaid program. Mylan has moved to dismiss the complaint and intends to defend the action vigorously.

In addition, by letter dated January 12, 2005, MPI was notified by the U.S. Department of Justice of an investigation concerning calculations of Medicaid drug rebates. The investigation involves whether MPI and UDL may have violated the False Claims Act or other laws by classifying certain authorized generics launched in the 1990's and early 2000's as non-innovator rather than innovator drugs for purposes of Medicaid and other federal healthcare programs until 2005. MPI and UDL deny the government's allegations and deny that they engaged in any wrongful conduct. Based on the Company's understanding of the government's allegations, the alleged difference in rebates for the MPI and UDL products currently at issue may be up to approximately $100.0 million, which includes interest. Remedies under the False Claims Act could include treble damages and penalties. MPI and UDL have been cooperating fully with the government's investigation and are currently in discussions with the government about a possible resolution of the matter. Additionally, the Company believes that it has contractual and other rights to recover from the innovator a substantial portion of any payments that MPI and UDL may remit to the government. The Company has not recorded any amounts in the consolidated financial statements related to this matter.

Dey is a defendant currently in lawsuits brought by the state AGs of Arizona, California, Florida, Illinois, Iowa, Kansas, Kentucky, Pennsylvania, South Carolina (on behalf of the state and the state health plan), Utah and Wisconsin and the city of New York and approximately 40 New York counties. Dey is also named as a defendant in several class actions brought by consumers and third-party payors. Dey has reached a settlement of most of these class actions, which has been preliminarily approved by the court. Additionally, a complaint was filed under seal by a plaintiff on behalf of the United States of America against Dey in August 1997. In August 2006, the Government filed its complaint-in-intervention and the case was unsealed in September 2006. These cases all generally allege that Dey falsely reported certain price information concerning certain drugs marketed by Dey. Dey intends to defend each of these actions vigorously. The Company has approximately $115.6 million recorded in other liabilities related to the price-related litigation involving Dey. As stated above, in conjunction with the acquisition of the former Merck Generics business, Mylan is entitled to indemnification from Merck KGaA under the Share Purchase Agreement. As a result, the Company has recorded approximately $115.6 million in other assets.

Modafinil Antitrust Litigation and FTC Inquiry

Beginning in April 2006, Mylan, along with four other drug manufacturers, has been named as a defendant in civil lawsuits filed in the Eastern District of Pennsylvania by a variety of plaintiffs purportedly representing direct and indirect purchasers of the drug modafinil and a third-party payor and one action brought by Apotex, Inc., a manufacturer of generic drugs, seeking approval to market a generic modafinil product. These actions allege violations of federal and state laws in connection with the defendants' settlement of patent litigation relating to modafinil. These actions are in their preliminary stages, and motions to dismiss each action are pending, with the exception of the third-party payor action, in which Mylan's response to the complaint is not due until the motions filed in the other cases have been decided. Mylan intends to defend each of these actions vigorously. In addition, by letter dated July 11, 2006, Mylan was notified by the U.S. Federal Trade Commission ("FTC") of an investigation relating to the settlement of the modafinil patent litigation. In its letter, the FTC requested certain information from Mylan, MPI and Mylan Technologies, Inc. pertaining to the patent litigation and the settlement thereof. On March 29, 2007, the FTC issued a subpoena, and on April 26, 2007, the FTC issued a civil investigative demand to Mylan requesting additional information from the Company relating to the investigation. Mylan has cooperated fully with the government's investigation and completed all requests for information. On February 13, 2008, the FTC filed a lawsuit against Cephalon in the U.S. District Court for the District of Columbia and the case has subsequently been transferred to the U.S. District Court for the Eastern District of Pennsylvania. Mylan is not named as a defendant in the FTC's lawsuit, although the complaint includes certain allegations pertaining to the Mylan/Cephalon settlement.

Levetiracetam

By letter dated November 19, 2007, Mylan was notified by the FTC of an investigation brought against Mylan and Dr. Reddy's Laboratories, Inc. by UCB Society Anonyme and UCB Pharma, Inc. relating to the settlement in October 2007 of the levetiracetam patent litigation. In its letter, the FTC requested certain information from Mylan pertaining to the litigation and the settlement. On April 9, 2008, the FTC issued a civil investigative demand requesting additional information from Mylan relating to the investigation. Mylan cooperated fully with the government's investigation and complied with all requests for information. By letter dated March 10, 2009, the FTC notified Mylan that it has closed its investigation and that it intends to take no additional action at this time.

Digitek (R) Recall

On April 25, 2008, Actavis Totowa LLC, a division of Actavis Group, announced a voluntary, nationwide recall of all lots and all strengths of Digitek (digoxin tablets USP). Digitek was manufactured by Actavis and distributed in the United States by MPI and UDL. The Company has tendered its defense and indemnity in all lawsuits and claims arising from this event to Actavis, and Actavis has accepted that tender, subject to a reservation of rights. While the Company is unable to estimate total potential costs with any degree of certainty, such costs could be significant. To date, approximately 578 lawsuits have been filed against Mylan, UDL and Actavis pertaining to the recall. An adverse outcome in these lawsuits or the inability or denial of Actavis to pay on an indemnified claim could have a materially negative impact on our financial position and results of operations.

Pioglitazone

On February 21, 2006, a district court in the United States District Court for the Southern District of New York held that Mylan, MPI and UDL's pioglitazone abbreviated new drug application ("ANDA") product infringed a patent asserted against them by Takeda Pharmaceuticals North America, Inc. and Takeda Chemical Industries, Ltd ("Takeda") and that the patent was enforceable. That same court also held that Alphapharm Pty, Ltd and Genpharm ULC's pioglitazone ANDA product infringed the Takeda patent and that the patent was valid. Subsequently, the district court granted Takeda's motion to find the cases to be exceptional and to award attorneys fees and costs in the amounts of $11.4 million from Mylan and $5.4 million from Alphapharm/Genpharm, with interest. Mylan and Alphapharm/Genpharm both separately appealed the underlying patent validity and enforceability determinations and the exceptional case findings to the Court of Appeals for the Federal Circuit, but the findings were affirmed. Although the required amounts were paid in 2009, Mylan and Alphapharm/Genpharm continue to challenge the exceptional case findings and have filed petitions for writ of certiorari with the United States Supreme Court.

EU Commission Proceedings

On or around July 3, 2009, the European Commission stated that it had initiated proceedings pursuant to Article 11(6) of Regulation No. 1/2003 and Article 2(1) of Regulation No. 773/2004 to explore possible infringement of Articles 81 and 82 EC and Articles 53 and 54 of the EEA Agreement by Les Laboratoires Servier ("Servier") as well as possible infringement of Article 81 EC by Matrix Laboratories Limited ("Matrix") and four other companies, each of which entered into agreements with Servier relating to the product perindopril. The Commission stated that the "initiation of proceedings does not imply that the Commission has conclusive proof of an infringement but merely signifies that the Commission will deal with the case as a matter of priority." No statement of objections has been filed against Matrix in connection with its investigation. Matrix is cooperating with the Commission in connection with the investigation. Matrix had previously received a request for information from the Commission in January 2009 relating to a 2005 settlement agreement with Servier.

Other Litigation

The Company is involved in various other legal proceedings that are considered normal to its business, including certain proceedings assumed as a result of the acquisition of the former Merck Generics business. While it is not feasible to predict the ultimate outcome of such other proceedings, the Company believes that the ultimate outcome of such other proceedings will not have a material adverse effect on its financial position or results of operations.

ITEM 1A. ***RISK FACTORS***

The following risk factors could have a material adverse effect on our business, financial position or results of operations and could cause the market value of our common stock to decline. These risk factors may not include all of the important factors that could affect our business or our industry or that could cause our future financial results to differ materially from historic or expected results or cause the market price of our common stock to fluctuate or decline.

CURRENT ECONOMIC CONDITIONS MAY ADVERSELY AFFECT OUR INDUSTRY, BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

The global economy is currently undergoing a period of unprecedented volatility, and the future economic environment may continue to be less favorable than that of recent years. This has led, and could further lead, to reduced consumer spending in the foreseeable future, and this may include spending on healthcare. While generic drugs present an ideal alternative to higher-priced branded products, our sales could be negatively impacted if patients forego obtaining healthcare. In addition, reduced consumer spending may drive us and our competitors to decrease prices. These conditions may adversely affect our industry, business, financial position and results of operations and may cause the market value of our common stock to decline.

OUR CONTINUING INTEGRATION OF THE FORMER MERCK GENERICS BUSINESS INVOLVES A NUMBER OF RISKS. THESE RISKS COULD CAUSE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Our integration of the former Merck Generics business involves a number of risks, including but not limited to:

- difficulties in successfully integrating the operations and personnel of the former Merck Generics business with our historical business and corporate culture;
- difficulties in achieving identified financial and operating synergies;
- diversion of management’s attention from our ongoing business concerns to integration matters;
- the potential loss of key personnel or customers;
- difficulties in consolidating information technology platforms, business applications and corporate infrastructure;
- difficulties in transitioning the former Merck Generics business and products from the “Merck” name to achieve a global brand alignment;
- our substantial indebtedness and assumed liabilities;
- the incurrence of significant additional capital expenditures, operating expenses and non-recurring acquisition-related charges;
- challenges in operating in other markets outside of the United States that are new to us; and
- unanticipated effects of export controls, exchange rate fluctuations, domestic and foreign political conditions or domestic and foreign economic conditions.

These factors could impair our growth and ability to compete, require us to focus additional resources on integration of operations rather than other profitable areas, or otherwise cause a material adverse effect on our business, financial position and results of operations and could cause a decline in the market value of our common stock.

WE MAY FAIL TO REALIZE THE EXPECTED COST SAVINGS, GROWTH OPPORTUNITIES AND OTHER BENEFITS ANTICIPATED FROM THE ACQUISITIONS OF THE FORMER MERCK

GENERICS BUSINESS AND A CONTROLLING INTEREST IN MATRIX, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

The success of the acquisitions of the former Merck Generics business and a controlling interest in Matrix will depend, in part, on our ability to realize anticipated cost savings, revenue synergies and growth opportunities from integrating the businesses. We expect to benefit from operational cost savings resulting from the consolidation of capabilities and elimination of redundancies as well as greater efficiencies from increased scale and market integration.

There is a risk, however, that the businesses may not be combined in a manner that permits these costs savings or synergies to be realized in the time currently expected, or at all. This may limit or delay our ability to integrate the companies' manufacturing, research and development, marketing, organizations, procedures, policies and operations. In addition, a variety of factors, including, but not limited to, wage inflation and currency fluctuations, may adversely affect our anticipated cost savings and revenues.

Also, we may be unable to achieve our anticipated cost savings and synergies without adversely affecting our revenues. If we are not able to successfully achieve these objectives, the anticipated benefits of these acquisitions may not be realized fully, or at all, or may take longer to realize than expected. These factors could impair our growth and ability to compete, require us to focus additional resources on integration of operations rather than other profitable areas, or otherwise cause a material adverse effect on our business, financial position and results of operations and could cause a decline in the market value of our common stock.

WE HAVE GROWN AT A VERY RAPID PACE. OUR INABILITY TO PROPERLY MANAGE OR SUPPORT THIS GROWTH MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

We have grown very rapidly over the past few years, through our acquisitions of the former Merck Generics business and a controlling interest in Matrix. This growth has put significant demands on our processes, systems and people. We expect to make further investments in additional personnel, systems and internal control processes to help manage our growth. Attracting, retaining and motivating key employees in various departments and locations to support our growth are critical to our business, and competition for these people can be intense. If we are unable to hire and retain qualified employees and if we do not continue to invest in systems and processes to manage and support our rapid growth, there may be a material adverse effect on our business, financial position and results of operations, and the market value of our common stock could decline.

OUR GLOBAL EXPANSION THROUGH THE ACQUISITIONS OF THE FORMER MERCK GENERICS BUSINESS AND A CONTROLLING INTEREST IN MATRIX EXPOSES US TO ADDITIONAL RISKS WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

With our acquisitions of the former Merck Generics business and a controlling interest in Matrix, our operations extend to numerous countries outside the United States. Operating globally exposes us to certain additional risks including, but not limited to:

- compliance with a variety of national and local laws of countries in which we do business, including restrictions on the import and export of certain intermediates, drugs and technologies;
- changes in laws, regulations, and practices affecting the pharmaceutical industry and the healthcare system, including but not limited to imports, exports, manufacturing, cost, pricing, reimbursement, approval, inspection, and delivery of healthcare;
- fluctuations in exchange rates for transactions conducted in currencies other than the functional currency;

- adverse changes in the economies in which we operate as a result of a slowdown in overall growth, a change in government or economic liberalization policies, or financial, political or social instability in such countries that affects the markets in which we operate, particularly emerging markets;
- wage increases or rising inflation in the countries in which we operate;
- supply disruptions, and increases in energy and transportation costs;
- natural disasters, including droughts, floods and earthquakes in the countries in which we operate;
- communal disturbances, terrorist attacks, riots or regional hostilities in the countries in which we operate; and
- government uncertainty, including as a result of new or changed laws and regulations.

We also face the risk that some of our competitors have more experience with operations in such countries or with international operations generally. Certain of the above factors could have a material adverse effect on our business, financial position and results of operations and could cause a decline in the market value of our common stock.

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

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

Before any prescription drug product, including generic drug products, can be marketed, marketing authorization approval is required by the relevant regulatory authorities and/or national regulatory agencies (for example the FDA in the United States and the European Medicines Agency (or "EMA") in the EU. The process of obtaining regulatory approval to manufacture and market new and generic pharmaceutical products is rigorous, time consuming, costly and largely unpredictable. Outside the United States, the approval process may be more or less rigorous, and the time required for approval may be longer or shorter than that required in the United States. Bioequivalency studies conducted in one country may not be accepted in other countries, and the approval of a pharmaceutical product in one country does not necessarily mean that the product will be approved in another country. We, or a partner, may be unable to obtain requisite approvals on a timely basis for new generic or branded products that we may develop, license or otherwise acquire. Moreover, if we obtain regulatory approval for a drug it may be limited with respect to the indicated uses and delivery methods for which the drug may be marketed, which could in turn restrict our potential market for the drug. Also, for products pending approval, we may obtain raw materials or produce batches of inventory to be used in efficacy and bioequivalence testing, as well as in anticipation of the product's launch. In the event that regulatory approval is denied or delayed, we could be exposed to the risk of this inventory becoming obsolete. The timing and cost of obtaining regulatory approvals could adversely affect our product introduction plans, business, financial position and results of operations and could cause the market value of our common stock to decline.

The approval process for generic pharmaceutical products often results in the relevant regulatory agency granting final approval to a number of generic pharmaceutical products at the time a patent claim for a corresponding branded product or other market exclusivity expires. This often forces us to face immediate competition when we introduce a generic product into the market. Additionally, further generic 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 branded products. New generic market entrants generally cause continued price and margin erosion over the generic product life cycle.

In the United States, the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, provides for a period of 180 days of generic marketing exclusivity for each ANDA applicant that is first-to-file an ANDA containing a certification of invalidity, non-infringement or unenforceability related to a patent listed with respect to a reference drug product, commonly referred to as a Paragraph IV certification. During this exclusivity period, which under certain circumstances may be required to be shared with other applicable ANDA sponsors with Paragraph IV certifications, the FDA cannot grant final approval to other ANDA sponsors holding applications for the same generic equivalent. If an ANDA containing a Paragraph IV certification is successful and the applicant is awarded exclusivity, the applicant generally enjoys higher market share, net revenues and gross margin for that product. Even if we obtain FDA approval for our generic drug products, if we are not the first ANDA applicant to challenge a listed patent for such a product, we may lose significant advantages to a competitor that filed its ANDA containing such a challenge. The same would be true in situations where we are required to share our exclusivity period with other ANDA sponsors with Paragraph IV certifications. Such situations could have a material adverse effect on our ability to market that product profitably and on our business, financial position and results of operations, and the market value of our common stock could decline.

In Europe, there is no exclusivity period for the first generic. The EMA or national regulatory agencies may grant marketing authorizations to any number of generics. However, if there are other relevant patents when the core patent expires, for example, new formulations, the owner of the original brand pharmaceutical may be able to obtain preliminary injunctions in certain European jurisdictions preventing launch of the generic product, if the generic company did not commence proceedings in a timely manner to invalidate any relevant patents prior to launch of its generic.

In addition, in jurisdictions other than the United States, we may face similar regulatory hurdles and constraints. If we are unable to navigate our products through all of the regulatory hurdles we face in a timely manner it could adversely affect our product introduction plans, business, financial position and results of operations and could cause the market value of our common stock to decline.

IF THE INTERCOMPANY TERMS OF CROSS BORDER ARRANGEMENTS WE HAVE AMONG OUR SUBSIDIARIES ARE DETERMINED TO BE INAPPROPRIATE, OUR TAX LIABILITY MAY INCREASE, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

We have potential tax exposures resulting from the varying application of statutes, regulations and interpretations which include exposures on intercompany terms of cross border arrangements among our subsidiaries in relation to various aspects of our business, including manufacturing, marketing, sales and delivery functions. Although our cross border arrangements between affiliates are based upon internationally accepted standards, tax authorities in various jurisdictions may disagree with and subsequently challenge the amount of profits taxed in their country, which may result in increased tax liability, including accrued interest and penalties, which would cause our tax expense to increase. This could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

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

Even if we are able to obtain regulatory approvals for our new pharmaceutical products, generic or branded, the success of those products is dependent upon market acceptance. Levels of market acceptance for our new products could be impacted by several factors, including but not limited to:

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

Some of these factors are not within our control. Additionally, continuing studies of the proper utilization, safety and efficacy of pharmaceutical products are being conducted by the industry, government agencies and others. Such studies, which increasingly employ sophisticated methods and techniques, can call into question the utilization, safety and efficacy of previously marketed products. In some cases, studies have resulted, and may in the future result, in the discontinuance of product marketing or other risk management programs such as the need for a patient registry. These situations, should they occur, could have a material adverse effect on our profitability, business, financial position and results of operations, and could cause the market value of our common stock to decline.

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

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

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

The generic pharmaceutical industry is highly competitive. We face competition from many U.S. and foreign manufacturers, some of whom are significantly larger than we are. Our competitors may be able to develop products and processes competitive with or superior to our own for many reasons, including but not limited to the possibility that they may have:

- proprietary processes or delivery systems;
- larger research and development and marketing staffs;
- larger production capabilities in a particular therapeutic area;
- more experience in preclinical testing and human clinical trials;
- more products; or

- more experience in developing new drugs and greater financial resources, particularly with regard to manufacturers of branded products.

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

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

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

In Europe we must also comply with regulatory requirements with respect to the manufacture, labeling, sale, distribution, marketing, advertising, promotion and development of pharmaceutical products. Some of these requirements are contained in EU regulations and governed by the EMA. Other requirements are set down in national laws and regulations of the EU Member States. Failure to comply with the regulations can result in a range of fines, penalties, product recalls/suspensions or even criminal liability. Similar laws and regulations exist in most of the markets in which we operate.

In addition to the new drug approval process, government agencies also regulate the facilities and operational procedures that we use to manufacture our products. We must register our facilities with the FDA and other similar regulators. Products manufactured in our facilities must be made in a manner consistent with current good manufacturing practices, or similar standards in each territory in which we manufacture. Compliance with such regulations requires substantial expenditures of time, money and effort in such areas as production and quality control to ensure full technical compliance. The FDA and other agencies periodically inspect our manufacturing facilities for compliance. Regulatory approval to manufacture a drug is site-specific. Failure to comply with good manufacturing practices at one of our manufacturing facilities could result in an enforcement action brought by the FDA or other regulatory bodies which could include withholding the approval of our submissions or other product applications of that facility. If any regulatory body were to require one of our manufacturing facilities to cease or limit production, our business could be adversely affected. Delay and cost in obtaining FDA or other regulatory approval to manufacture at a different facility also could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

We are subject, as are generally all manufacturers, to various federal, state and local laws regulating working conditions, as well as environmental protection laws and regulations, including those governing the discharge of materials into the environment. We are also required to comply with data protection and data privacy rules in many countries. Although we have not incurred significant costs associated with complying with environmental provisions in the past, if changes to such environmental laws and regulations are made in the future that require significant changes in our operations or if we engage in the development and manufacturing of new products requiring new or different environmental controls, we may be required to expend significant funds. Such changes

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

OUR REPORTING AND PAYMENT OBLIGATIONS UNDER THE MEDICARE AND/OR MEDICAID REBATE PROGRAM AND OTHER GOVERNMENTAL PURCHASING AND REBATE PROGRAMS ARE COMPLEX AND MAY INVOLVE SUBJECTIVE DECISIONS THAT COULD CHANGE AS A RESULT OF NEW BUSINESS CIRCUMSTANCES, NEW REGULATORY GUIDANCE, OR ADVICE OF LEGAL COUNSEL. ANY DETERMINATION OF FAILURE TO COMPLY WITH THOSE OBLIGATIONS COULD SUBJECT US TO PENALTIES AND SANCTIONS WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS, AND THE MARKET VALUE OF OUR COMMON STOCK COULD DECLINE.

The regulations regarding reporting and payment obligations with respect to Medicare and/or Medicaid reimbursement and rebates and other governmental programs are complex. As discussed elsewhere in this Form 10-Q and other reports we file with the SEC, we and other pharmaceutical companies are defendants in a number of suits filed by state attorneys general and have been notified of an investigation by the United States Department of Justice with respect to Medicaid reimbursement and rebates. While we cannot predict the outcome of the investigation, possible remedies which the United States government could seek include treble damages, civil monetary penalties and exclusion from the Medicare and Medicaid programs. In connection with such an investigation, the United States government may also seek a Corporate Integrity Agreement (administered by the Office of Inspector General of Health and Human Services) with us which could include ongoing compliance and reporting obligations. Because our processes for these calculations and the judgments involved in making these calculations involve, and will continue to involve, subjective decisions and complex methodologies, these calculations are subject to the risk of errors. In addition, they are subject to review and challenge by the applicable governmental agencies, and it is possible that such reviews could result in material changes. Further, effective October 1, 2007, the Centers for Medicaid and Medicare Services, or CMS, adopted new rules for Average Manufacturer's Price ("AMP") based on the provisions of the Deficit Reduction Act of 2005 ("DRA"). While the matter remains subject to litigation and proposed legislation, one potential significant change as a result of the DRA is that AMP would need to be disclosed to the public. AMP was historically kept confidential by the government and participants in the Medicaid program. Disclosing AMP to competitors, customers, and the public at large could negatively affect our leverage in commercial price negotiations.

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

Any governmental agencies that have commenced, or may commence, an investigation of the Company could impose, based on a claim of violation of fraud and false claims laws or otherwise, civil and/or criminal sanctions, including fines, penalties and possible exclusion from federal health care programs including Medicare and/or Medicaid. Some of the applicable laws may impose liability even in the absence of specific intent to defraud. Furthermore, should there be ambiguity with regard to how to properly calculate and report payments — and even in the absence of any such ambiguity — a governmental authority may take a position contrary to a position we have taken, and may impose civil and/or criminal sanctions. Any such penalties or sanctions could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

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

Much of our development effort is focused on technically difficult-to-formulate products and/or products that require advanced manufacturing technology. We conduct research and development primarily to enable us to manufacture and market approved pharmaceuticals in accordance with applicable regulations. Typically, research expenses related to the development of innovative compounds and the filing of marketing authorization applications for innovative compounds (such as New Drug Applications ("NDA") in the United States) are significantly greater than those expenses associated with the development of and filing of marketing authorization applications for generic products (such as ANDAs in the United States and abridged applications in Europe). As we continue to develop new products, our research expenses will likely increase. Because of the inherent risk associated with research and development efforts in our industry, particularly with respect to new drugs our, or a partner's, research and development expenditures may not result in the successful introduction of new pharmaceutical products approved by the relevant regulatory bodies. Also, after we submit a marketing authorization application for a new compound or generic product, the relevant regulatory authority may request that we conduct additional studies and, as a result, we may be unable to reasonably determine the total research and development costs to develop a particular product. Finally, we cannot be certain that any investment made in developing products will be recovered, even if we are successful in commercialization. To the extent that we expend significant resources on research and development efforts and are not able, ultimately, to introduce successful new products as a result of those efforts, our business, financial position and results of operations may be materially adversely affected, and the market value of our common stock could decline.

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

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

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

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

- entering into agreements whereby other generic companies will begin to market an authorized generic, a generic equivalent of a branded product, at the same time generic competition initially enters the market;
- filing citizen's petitions with the FDA or other regulatory bodies, including timing the filings so as to thwart generic competition by causing delays of our product approvals;
- seeking to establish regulatory and legal obstacles that would make it more difficult to demonstrate bioequivalence;

- initiating legislative efforts to limit the substitution of generic versions of brand pharmaceuticals;
- filing suits for patent infringement that may delay regulatory approval of many generic products;
- introducing "next-generation" products prior to the expiration of market exclusivity for the reference product, which often materially reduces the demand for the first generic product for which we seek regulatory approval;
- obtaining extensions of market exclusivity by conducting clinical trials of brand drugs in pediatric populations or by other potential methods;
- persuading regulatory bodies 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.

In the United States, some companies have lobbied Congress for amendments to the Hatch-Waxman 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 in the United States, Europe or in other countries where we operate were to become effective, our entry into the market and our ability to generate revenues associated with new products may be delayed, reduced or eliminated, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE HAVE SUBSTANTIAL INDEBTEDNESS AND WILL BE REQUIRED TO APPLY A SUBSTANTIAL PORTION OF OUR CASH FLOW FROM OPERATIONS TO SERVICE OUR INDEBTEDNESS. OUR SUBSTANTIAL INDEBTEDNESS MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

We incurred significant indebtedness to fund a portion of the consideration for our acquisition of the former Merck Generics business. Our high level of indebtedness could have important consequences, including but not limited to:

- increasing our vulnerability to general adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations and proceeds of any equity issuances to payments on our indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- making it difficult for us to optimally capitalize and manage the cash flow for our businesses;
- limiting our flexibility in planning for, or reacting to, changes in our businesses and the markets in which we operate;
- making it difficult for us to meet the leverage and interest coverage ratios required by our Senior Credit Agreement;
- limiting our ability to borrow money or sell stock to fund our working capital, capital expenditures, acquisitions and debt service requirements and other financing needs;
- increasing our vulnerability to increases in interest rates in general because a substantial portion of our indebtedness bears interest at floating rates;
- requiring us to sell assets in order to pay down debt; and
- placing us at a competitive disadvantage to our competitors that have less debt.

If we do not have sufficient cash flow to service our indebtedness, we may need to refinance all or part of our existing indebtedness, borrow more money or sell securities, some or all of which may not be available to us at acceptable terms or at all. In addition, we may need to incur additional indebtedness in the future in the ordinary course of business. Although the terms of our Senior Credit Agreement allow us to incur additional debt, this is subject to certain limitations which may preclude us from incurring the amount of indebtedness we otherwise desire. In addition, if we incur additional debt, the risks described above could intensify. Furthermore, the global credit markets are currently experiencing an unprecedented contraction. If current pressures on credit continue or worsen, future debt financing may not be available to us when required or may not be available on acceptable terms, and as a result we may be unable to grow our business, take advantage of business opportunities, respond to competitive pressures or satisfy our obligations under our indebtedness. Any of the foregoing could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE MAY DECIDE TO SELL ASSETS WHICH COULD ADVERSELY AFFECT OUR PROSPECTS AND OPPORTUNITIES FOR GROWTH, AND WHICH COULD AFFECT OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

We may from time to time consider selling certain assets if (a) we determine that such assets are not critical to our strategy, or (b) we believe the opportunity to monetize the asset is attractive or for various reasons including we want to reduce indebtedness. We have explored and will continue to explore the sale of certain non-core assets. Although our intention is to engage in asset sales only if they advance our overall strategy, any such sale could reduce the size or scope of our business, our market share in particular markets or our opportunities with respect to certain markets, products or therapeutic categories. We also continue to review the carrying value of manufacturing and intangible assets for indications of impairment as circumstances require. Future events and decisions may lead to asset impairments and/or related costs. As a result, any such sale or impairment could have an adverse effect on our business, prospects and opportunities for growth, financial position and results of operations and could cause the market value of our common stock to decline.

OUR CREDIT FACILITIES AND ANY ADDITIONAL INDEBTEDNESS WE INCUR IN THE FUTURE IMPOSE, OR MAY IMPOSE, SIGNIFICANT OPERATING AND FINANCIAL RESTRICTIONS, WHICH MAY PREVENT US FROM CAPITALIZING ON BUSINESS OPPORTUNITIES. THESE FACTORS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Our credit facilities and any additional indebtedness we incur in the future impose, or may impose, significant operating and financial restrictions on us. These restrictions limit our ability to, among other things, incur additional indebtedness, make investments, pay certain dividends, prepay other indebtedness, sell assets, incur certain liens, enter into agreements with our affiliates or restricting our subsidiaries' ability to pay dividends, merge or consolidate. In addition, our Senior Credit Agreement requires us to maintain specified financial ratios. We cannot assure you that these covenants will not adversely affect our ability to finance our future operations or capital needs or to pursue available business opportunities. A breach of any of these covenants or our inability to maintain the required financial ratios could result in a default under the related indebtedness. If a default occurs, the relevant lenders could elect to declare our indebtedness, together with accrued interest and other fees, to be immediately due and payable. These factors could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

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

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

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

We utilize controlled substances in certain of our current products and products in development and therefore must meet the requirements of the Controlled Substances Act of 1970 and the related regulations administered by the Drug Enforcement Administration ("DEA") in the United States as well as similar laws in other countries where we operate. These laws relate to the manufacture, shipment, storage, sale and use of controlled substances. The DEA and other regulatory agencies limit the availability of the active ingredients used in certain of our current products and products in development and, as a result, our procurement quota of these active ingredients may not be sufficient to meet commercial demand or complete clinical trials. We must annually apply to the DEA and other regulatory agencies for procurement quota in order to obtain these substances. Any delay or refusal by the DEA or such regulatory agencies in establishing our procurement quota for controlled substances could delay or stop our clinical trials or product launches, or could cause trade inventory disruptions for those products that have already been launched, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

OUR EFFORTS TO TRANSITION THE FORMER MERCK GENERICS BUSINESS SUBSIDIARIES AWAY FROM THE MERCK NAME INVOLVE INHERENT RISKS AND MAY RESULT IN GREATER THAN EXPECTED COSTS OR IMPEDIMENTS, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

We have a license from Merck KGaA to continue using the "Merck" name, including in product names, in respect of the former Merck Generics businesses for a transitional period of two years after the closing of the acquisition (i.e., until October 2009). We are engaged in efforts to transition in an orderly manner away from the Merck name and to achieve global brand alignment. Re-branding may prove to be costly, especially in markets where the former Merck Generics business name has strong dominance or significant equity locally. In addition, brand migration poses risks of both business disruption and customer confusion. Our customer outreach and similar efforts may not mitigate fully the risks of the name changes, which may lead to reductions in revenues in some markets. These losses may have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

OUR BUSINESS IS HIGHLY DEPENDENT UPON MARKET PERCEPTIONS OF US, OUR BRANDS AND THE SAFETY AND QUALITY OF OUR PRODUCTS. OUR BUSINESS OR BRANDS COULD BE SUBJECT TO NEGATIVE PUBLICITY, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Market perceptions of our business are very important to us, especially market perceptions of our brands and the safety and quality of our products. If we, or our brands, suffer from negative publicity, or if any of our products or similar products which other companies distribute are proven to be, or are claimed to be, harmful to consumers then this could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline. Also, because we are dependant on market perceptions, negative publicity associated with illness or other adverse effects resulting from our products could have a material adverse impact on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE HAVE A LIMITED NUMBER OF MANUFACTURING FACILITIES PRODUCING A SUBSTANTIAL PORTION OF OUR PRODUCTS. PRODUCTION AT ANY ONE OF THESE FACILITIES COULD BE INTERRUPTED, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

A substantial portion of our capacity as well as our current production is attributable to a limited number of manufacturing facilities. A significant disruption at any one of those facilities, even on a short-term basis, could impair our ability to produce and ship products to the market on a timely basis, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE MAY EXPERIENCE DECLINES IN THE SALES VOLUME AND PRICES OF OUR PRODUCTS AS THE RESULT OF THE CONTINUING TREND TOWARD CONSOLIDATION OF CERTAIN CUSTOMER GROUPS, SUCH AS THE WHOLESALE DRUG DISTRIBUTION AND RETAIL PHARMACY INDUSTRIES, AS WELL AS THE EMERGENCE OF LARGE BUYING GROUPS. THE RESULT OF SUCH DEVELOPMENTS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

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

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

Companies that produce brand pharmaceutical products routinely bring litigation against ANDA or similar applicants that seek regulatory approval to manufacture and market generic forms of their branded products. These

companies allege patent infringement or other violations of intellectual property rights as the basis for filing suit against an ANDA or similar applicant. Likewise, patent holders may bring patent infringement suits against companies that are currently marketing and selling their approved generic products. Litigation often involves significant expense and can delay or prevent introduction or sale of our generic products. If patents are held valid and infringed by our products in a particular jurisdiction, we would, unless we could obtain a license from the patent holder, need to cease selling in that jurisdiction and may need to deliver up or destroy existing stock in that jurisdiction.

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

WE MAY EXPERIENCE REDUCTIONS IN THE LEVELS OF REIMBURSEMENT FOR PHARMACEUTICAL PRODUCTS BY GOVERNMENTAL AUTHORITIES, HMOS OR OTHER THIRD-PARTY PAYERS. IN ADDITION, THE USE OF TENDER SYSTEMS COULD REDUCE PRICES FOR OUR PRODUCTS OR REDUCE OUR MARKET OPPORTUNITIES. ANY SUCH REDUCTIONS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Various governmental authorities (including the U.K. National Health Service and the German statutory health insurance scheme) and private health insurers and other organizations, such as health maintenance organizations ("HMOs") in the United States, provide reimbursement to consumers for the cost of certain pharmaceutical products. Demand for our products depends in part on the extent to which such reimbursement is available. In the United States, third-party payers increasingly challenge the pricing of pharmaceutical products. This trend and other trends toward the growth of HMOs, managed health care and legislative health care reform create significant uncertainties regarding the future levels of reimbursement for pharmaceutical products. Further, any reimbursement may be reduced in the future, perhaps to the point that market demand for our products declines. Such a decline could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

In addition, a number of markets in which we operate (including, most recently, the Netherlands) have implemented or may implement "tender systems" for generic pharmaceuticals in an effort to lower prices. Under such tender systems, manufacturers submit bids which establish prices for generic pharmaceutical products. Upon winning the tender, the winning company will receive a preferential reimbursement for a period of time. The tender system often results in companies underbidding one another by proposing low pricing in order to win the tender.

Certain other countries may consider the implementation of a tender system. Even if a tender system is ultimately not implemented, the anticipation of such could result in price reductions. Failing to win tenders, or the implementation of similar systems in other markets leading to further price declines, could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

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

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

In order to control expenditure on pharmaceuticals, most member states in the EU regulate the pricing of products and, in some cases, limit the range of different forms of pharmaceuticals available for prescription by national health services. These controls can result in considerable price differences between member states.

On July 18, 2008, the Australian government mandated a 25% price reduction on pharmaceutical products sold in Australia. Such a widespread price reduction of this magnitude is unprecedented in Australia. As a result, pharmaceutical companies have generally experienced significant declines in revenues and profitability and uncertainties continue to exist within the market. This price reduction has had an adverse effect on our business in Australia, and as uncertainties are resolved or if other countries in which we operate enact similar measures, they could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

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

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

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

The European Commission is conducting a pharmaceutical sector inquiry involving approximately 100 companies concerning the introduction of innovative and generic medicines. Mylan's subsidiary, Mylan S.A.S, acting on behalf of Mylan EU affiliates, has responded to questionnaires and has produced documents and other information in connection with the inquiry. The Commission has not alleged that the Company or any of its EU subsidiaries have engaged in any unlawful practices. Matrix has likewise received a request for information from the EU Commission. In addition, the Commission has initiated antitrust proceedings to investigate settlements entered into between Les Laboratories Servier ("Servier") and Matrix and four other companies relating to the product perindopril. If either of these inquires were to result in an adverse outcome, the impact could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

In addition, in limited circumstances, entities we acquired in the acquisition of the former Merck Generics business are party to litigation and/or subject to investigation in matters under which we are entitled to indemnification by Merck KGaA. However, there are risks inherent in such indemnities and, accordingly, there can be no assurance that we will receive the full benefits of such indemnification. This impact could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

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

In the normal course of business, we periodically enter into employment, legal settlement, and other agreements which incorporate indemnification provisions. We maintain insurance coverage which we believe will effectively mitigate our obligations under certain of these indemnification provisions. However, should our obligation under an indemnification provision exceed our coverage or should coverage be denied, our business, financial position and results of operations could be materially adversely affected and the market value of our common stock could decline.

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

It is important that we attract and retain qualified personnel in order to develop new products and compete effectively. If we fail to attract and retain key scientific, technical or management personnel, our business could be affected adversely. Additionally, while we have employment agreements with certain key employees in place, their employment for the duration of the agreement is not guaranteed. If we are unsuccessful in retaining our key employees, it could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE ARE IN THE PROCESS OF ENHANCING AND FURTHER DEVELOPING OUR GLOBAL ENTERPRISE RESOURCE PLANNING SYSTEMS AND ASSOCIATED BUSINESS APPLICATIONS. AS WITH ANY ENHANCEMENTS OF SIGNIFICANT SYSTEMS, DIFFICULTIES ENCOUNTERED COULD RESULT IN BUSINESS INTERRUPTIONS, AND COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

We are enhancing and further developing our global enterprise resource planning (“ERP”) systems and associated applications to provide more operating efficiencies and effective management of our business operations. Such changes to ERP systems and related software carry risks such as cost overruns, project delays and business interruptions and delays. If we experience a material business interruption as a result of our ERP enhancements, it could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

ANY FUTURE ACQUISITIONS OR DIVESTITURES WOULD INVOLVE A NUMBER OF INHERENT RISKS. THESE RISKS COULD CAUSE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

We may continue to seek to expand our product line through complementary or strategic acquisitions of other companies, products or assets, or through joint ventures, licensing agreements or other arrangements or may

determine to divest certain products or assets. Any such acquisitions, joint ventures or other business combinations may involve significant challenges in integrating the new company's operations, and divestitures could be equally challenging. Either process may prove to be complex and time consuming and require substantial resources and effort. It may also disrupt our ongoing businesses, which may adversely affect our relationships with customers, employees, regulators and others with whom we have business or other dealings.

We may be unable to realize synergies or other benefits expected to result from any acquisitions, joint ventures or other transactions or investments we may undertake, or be unable to generate additional revenue to offset any unanticipated inability to realize these expected synergies or benefits. Realization of the anticipated benefits of acquisitions or other transactions could take longer than expected, and implementation difficulties, unforeseen expenses, complications and delays, market factors or a deterioration in domestic and global economic conditions could alter the anticipated benefits of any such transactions. We may also compete for certain acquisition targets with companies having greater financial resources than us or other advantages over us that may prevent us from acquiring a target. These factors could impair our growth and ability to compete, require us to focus additional resources on integration of operations rather than other profitable areas, otherwise cause a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

MATRIX, AN IMPORTANT PART OF OUR BUSINESS, IS LOCATED IN INDIA AND IT IS SUBJECT TO REGULATORY, ECONOMIC, SOCIAL AND POLITICAL UNCERTAINTIES IN INDIA. THESE RISKS COULD CAUSE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

In recent years, Matrix has benefited from many policies of the Government of India and the Indian state governments in the states in which it operates, which are designed to promote foreign investment generally, including significant tax incentives, liberalized import and export duties and preferential rules on foreign investment and repatriation. There is no assurance that such policies will continue. Various factors, such as changes in the current federal government, could trigger significant changes in India's economic liberalization and deregulation policies and disrupt business and economic conditions in India generally and our business in particular.

In addition, our financial performance and the market price of our securities may be adversely affected by general economic conditions and economic and fiscal policy in India, including changes in exchange rates and controls, interest rates and taxation policies, as well as social stability and political, economic or diplomatic developments affecting India in the future. In particular, India has experienced significant economic growth over the last several years, but faces major challenges in sustaining that growth in the years ahead. These challenges include the need for substantial infrastructure development and improving access to healthcare and education. Our ability to recruit, train and retain qualified employees and develop and operate our manufacturing facilities in India could be adversely affected if India does not successfully meet these challenges.

Southern Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries, including India and Pakistan. Such military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult. Resulting political tensions could create a greater perception that investments in companies with Indian operations involve a high degree of risk, and that there is a risk of disruption of services provided by companies with Indian operations, which could have a material adverse effect on our share price and/or the market for Matrix's products. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, Matrix might not be able to continue its operations. We generally do not have insurance for losses and interruptions caused by terrorist attacks, military conflicts and wars. These risks could cause a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

MOVEMENTS IN FOREIGN CURRENCY EXCHANGE RATES COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

A significant portion of our revenues, indebtedness and our costs are denominated in foreign currencies including the Australian Dollar, the British Pound, the Canadian Dollar, the Euro, the Indian Rupee and the Japanese Yen. We report our financial results in U.S. Dollars. Our results of operations and, in some cases, cash flows, could be adversely affected by certain movements in exchange rates. From time to time, we may implement currency hedges intended to reduce our exposure to changes in foreign currency exchange rates. However, our hedging strategies may not be successful, and any of our unhedged foreign exchange payments will continue to be subject to market fluctuations. These risks could cause a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

IF WE OR ANY PARTNER FAIL TO ADEQUATELY PROTECT OR ENFORCE OUR INTELLECTUAL PROPERTY RIGHTS, THEN WE COULD LOSE REVENUE UNDER OUR LICENSING AGREEMENTS OR LOSE SALES TO GENERIC COPIES OF OUR BRANDED PRODUCTS. THESE RISKS COULD CAUSE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Our success, particularly in our specialty business, depends in part on our or any partner's ability to obtain, maintain and enforce patents, and protect trade secrets, know-how and other proprietary information. Our ability to commercialize any branded product successfully will largely depend upon our or any partner's ability to obtain and maintain patents of sufficient scope to prevent third-parties from developing substantially equivalent products. In the absence of patent and trade secret protection, competitors may adversely affect our branded products business by independently developing and marketing substantially equivalent products. It is also possible that we could incur substantial costs if we are required to initiate litigation against others to protect or enforce our intellectual property rights.

We have filed patent applications covering composition of, methods of making, and/or methods of using, our branded products and branded product candidates. We may not be issued patents based on patent applications already filed or that we file in the future and if patents are issued, they may be insufficient in scope to cover our branded products. The issuance of a patent in one country does not ensure the issuance of a patent in any other country. Furthermore, the patent position of companies in the pharmaceutical industry generally involves complex legal and factual questions and has been and remains the subject of much litigation. Legal standards relating to scope and validity of patent claims are evolving. Any patents we have obtained, or obtain in the future, may be challenged, invalidated or circumvented. Moreover, the United States Patent and Trademark Office or any other governmental agency may commence interference proceedings involving our patents or patent applications. Any challenge to, or invalidation or circumvention of, our patents or patent applications would be costly, would require significant time and attention of our management, could cause a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

OUR SPECIALTY BUSINESS DEVELOPS, FORMULATES, MANUFACTURES OR IN-LICENSES AND MARKETS BRANDED PRODUCTS THAT ARE SUBJECT TO RISKS. THESE RISKS COULD CAUSE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Our branded products, developed, formulated, manufactured (or alternatively, in-licensed) and marketed by our specialty business may be subject to the following risks, among others:

- limited patent life, or the loss of patent protection;
- competition from generic products;
- reductions in reimbursement rates by third-party payors;

- importation by consumers;
- product liability;
- drug development risks arising from typically greater research and development investments than generics; and
- unpredictability with regard to establishing a market.

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

WE MUST MAINTAIN ADEQUATE INTERNAL CONTROLS AND BE ABLE, ON AN ANNUAL BASIS, TO PROVIDE AN ASSERTION AS TO THE EFFECTIVENESS OF SUCH CONTROLS. FAILURE TO MAINTAIN ADEQUATE INTERNAL CONTROLS OR TO IMPLEMENT NEW OR IMPROVED CONTROLS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

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

THE TOTAL AMOUNT OF INDEBTEDNESS RELATED TO OUR OUTSTANDING CASH CONVERTIBLE NOTES WILL INCREASE IF OUR STOCK PRICE INCREASES. IN ADDITION, OUR OUTSTANDING SENIOR NOTES SETTLEMENT VALUE INCREASES AS OUR STOCK PRICE INCREASES, ALTHOUGH WE DO NOT ACCOUNT FOR THIS AS AN INCREASE IN INDEBTEDNESS. ALSO, WE HAVE ENTERED INTO NOTE HEDGES AND WARRANT TRANSACTIONS IN CONNECTION WITH THE SENIOR CONVERTIBLE NOTES AND CASH CONVERTIBLE NOTES IN ORDER TO HEDGE SOME OF THE RISK ASSOCIATED WITH THE POTENTIAL INCREASE OF INDEBTEDNESS AND SETTLEMENT VALUE. SUCH TRANSACTIONS HAVE BEEN CONSUMMATED WITH CERTAIN COUNTERPARTIES, MAINLY HIGHLY RATED FINANCIAL INSTITUTIONS. ANY INCREASE IN INDEBTEDNESS, NET EXPOSURE RELATED TO THE RISK OR FAILURE OF ANY COUNTERPARTIES TO PERFORM THEIR OBLIGATIONS, COULD HAVE ADVERSE EFFECTS ON US, INCLUDING UNDER OUR DEBT AGREEMENTS, AND COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

Under applicable accounting rules, the cash conversion feature that is a term of the Cash Convertible Notes must be recorded as a liability on our balance sheet and periodically marked to fair value. If our stock price increases, the liability associated with the cash conversion feature would increase and, because this liability must be

periodically marked to fair value on our balance sheet, the total amount of indebtedness related to the notes that is shown on our balance sheet would also increase. This could have adverse effects on us, including under our existing and any future debt agreements. For example, our senior credit facilities contain covenants that restrict our ability to incur debt, make capital expenditures, pay dividends and make investments if, among other things, our leverage ratio, exceeds certain levels. In addition, the interest rate we pay under our senior credit facilities increases if our leverage ratio increases. Because the leverage ratio under our senior credit facilities is calculated based on a definition of total indebtedness as defined under GAAP, if the amount of our total indebtedness were to increase, our leverage ratio would also increase. As a result, we may not be able to comply with such covenants in the future, which could, among other things, restrict our ability to grow our business, take advantage of business opportunities or respond to competitive pressures. Any of the foregoing could have a material adverse effect on our business, financial position and results of operations and could cause the market value of the notes and our common stock to decline.

Although the conversion feature under our Senior Convertible Notes is not marked to market, the conversion feature also increases as the price of our common stock increases. If our stock price increases, the settlement value of the conversion feature increases.

In connection with the issuance of the Cash Convertible Notes and Senior Convertible Notes, we entered into note hedge and warrant transactions with certain financial institutions, each of which we refer to as a counterparty. The Cash Convertible Note hedge is comprised of purchased cash-settled call options that are expected to reduce our exposure to potential cash payments required to be made by us upon the cash conversion of the notes. The Senior Convertible Notes hedge is comprised of call options that are expected to reduce our exposure to the settlement value (issuance of common stock) upon the conversion of the notes. We have also entered into respective warrant transactions with the counterparties pursuant to which we will have sold to each counterparty warrants for the purchase of shares of our common stock. Together, each of the note hedges and warrant transactions are expected to provide us with some protection against increases in our stock price over the conversion price per share. However, there is no assurance that these transactions will remain in effect at all times. Also, although we believe the counterparties are highly rated financial institutions, there are no assurances that the counterparties will be able to perform their respective obligations under the agreement we have with each of them. Any net exposure related to conversion of the notes or any failure of the counterparties to perform their obligations under the agreements we have with them could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

THERE ARE INHERENT UNCERTAINTIES INVOLVED IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS USED IN THE PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP. ANY FUTURE CHANGES IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS USED OR NECESSARY REVISIONS TO PRIOR ESTIMATES, JUDGMENTS OR ASSUMPTIONS OR CHANGES IN ACCOUNTING STANDARDS COULD LEAD TO A RESTATEMENT OR REVISION TO PREVIOUSLY CONSOLIDATED FINANCIAL STATEMENTS WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

The Consolidated and Condensed Consolidated Financial Statements included in the periodic reports we file with the SEC are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements in accordance with GAAP involves making estimates, judgments and assumptions that affect reported amounts of assets (including intangible assets), liabilities, revenues, expenses (including acquired in-process research and development) and income. Estimates, judgments and assumptions are inherently subject to change in the future and any necessary revisions to prior estimates, judgments or assumptions could lead to a restatement. Also, any new or revised accounting standards may require adjustments to previously issued financial statements. Any such changes could result in corresponding changes to the amounts of assets (including goodwill and other intangible assets), liabilities, revenues, expenses (including acquired in-process research and development) and income. Any such changes could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

WE ARE SUBJECT TO THE U.S. FOREIGN CORRUPT PRACTICES ACT AND SIMILAR WORLDWIDE ANTI-BRIBERY LAWS, WHICH IMPOSE RESTRICTIONS AND MAY CARRY SUBSTANTIAL PENALTIES. ANY VIOLATIONS OF THESE LAWS, OR ALLEGATIONS OF SUCH VIOLATIONS, COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COULD CAUSE THE MARKET VALUE OF OUR COMMON STOCK TO DECLINE.

The U.S. Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these anti-bribery laws, which often carry substantial penalties. We operate in jurisdictions that have experienced governmental corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. We cannot assure you that our internal control policies and procedures always will protect us from reckless or other inappropriate acts committed by our affiliates, employees or agents. Violations of these laws, or allegations of such violations, could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

ITEM 4. *SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS*

The following provides a summary of votes cast for the proposals on which our shareholders voted at our Annual Meeting of Shareholders held on May 7, 2009.

Proposal No. 1 — Election of Nine Directors.

Nominee	For	Withheld
Milan Puskar	244,807,616	7,005,886
Robert J. Coury	245,408,826	6,404,676
Wendy Cameron	164,615,845	87,197,658
Neil Dimick, C.P.A.	238,286,701	13,526,801
Douglas J. Leech, C.P.A	138,225,923	113,587,580
Joseph C. Maroon, M.D.	165,028,271	86,785,231
Rodney L. Piatt, C.P.A.	164,717,336	87,096,167
C.B. Todd	245,967,890	5,845,612
Randall L. Vanderveen, Ph.D.	246,727,992	5,085,510

Proposal No. 2 — To approve an amendment to the Company's Articles of Incorporation to increase the number of authorized shares of common stock from 600,000,000 to 1,500,000,000.

For	Against	Abstain	Broker Non-Votes
205,725,090	45,196,483	891,923	109

Proposal No. 3 — To approve an amendment to the Company's 2003 Long-Term Incentive Plan to allocate 3,000,000 shares currently available under the Plan to the amount issuable as restricted shares, restricted units, performance shares or other stock-based awards.

For	Against	Abstain	Broker Non-Votes
172,906,004	15,830,226	856,897	62,220,478

Proposal No. 4 — To consider a proposal to amend the Company's Bylaws to include a majority voting standard in an uncontested election of directors.

For	Against	Abstain	Broker Non-Votes
164,281,672	10,533,646	4,921,194	72,077,093

Proposal No. 5 — To ratify the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending December 31, 2009.

For	Against	Abstain
247,462,021	3,432,916	918,662

ITEM 5. ***OTHER INFORMATION***

None.

ITEM 6. ***EXHIBITS***

3.1	Amended and Restated Articles of Incorporation of the registrant, as amended to date.
3.2	Bylaws of the registrant, as amended to date.
4.1(a)	Rights Agreement dated as of August 22, 1996, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on September 3, 1996, and incorporated herein by reference.
4.1(b)	Amendment to Rights Agreement dated as of November 8, 1999, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 1 to Form 8-A/A filed with the SEC on March 31, 2000, and incorporated herein by reference.
4.1(c)	Amendment No. 2 to Rights Agreement dated as of August 13, 2004, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on August 16, 2004, and incorporated herein by reference.
4.1(d)	Amendment No. 3 to Rights Agreement dated as of September 8, 2004, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on September 9, 2004, and incorporated herein by reference.
4.1(e)	Amendment No. 4 to Rights Agreement dated as of December 2, 2004, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on December 3, 2004, and incorporated herein by reference.
4.1(f)	Amendment No. 5 to Rights Agreement dated as of December 19, 2005, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on December 19, 2005, and incorporated herein by reference.
4.2(a)	Indenture, dated as of July 21, 2005, between the registrant and The Bank of New York, as trustee, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on July 27, 2005, and incorporated herein by reference.
4.2(b)	Second Supplemental Indenture, dated as of October 1, 2007, among the registrant, the Subsidiaries of the registrant listed on the signature page thereto and The Bank of New York, as trustee, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on October 5, 2007, and incorporated herein by reference.
4.3	Registration Rights Agreement, dated as of July 21, 2005, among the registrant, the Guarantors party thereto and Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNY Capital Markets, Inc., KeyBanc Capital Markets (a Division of McDonald Investments Inc.), PNC Capital Markets, Inc. and SunTrust Capital Markets, Inc., filed as Exhibit 4.2 to the Report on Form 8-K filed with the SEC on July 27, 2005, and incorporated herein by reference.
4.4	Indenture, dated as of September 15, 2008, among the registrant, the guarantors named therein and Bank of New York Mellon as trustee, filed as Exhibit 4.1 to the Report on Form 8-K filed with the SEC on September 15, 2008, and incorporated herein by reference.
10.1	Executive Employment Agreement dated as of June 1, 2009, by and between the registrant and Jolene Varney.
10.2	Transition and Succession Agreement dated as of June 1, 2009, by and between the registrant and Jolene Varney.
10.3	Amended and Restated 2003 Long-Term Incentive Plan, as amended to date.
31.1	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

Mylan Inc.
(Registrant)

By: /s/ Robert J. Coury
Robert J. Coury
Chairman and Chief Executive Officer

July 31, 2009

/s/ Jolene L. Varney
Jolene L. Varney
Executive Vice President and Chief Financial Officer
(Principal financial officer)

July 31, 2009

/s/ Daniel C. Rizzo, Jr.
Daniel C. Rizzo, Jr.
Senior Vice President and Corporate Controller
(Principal accounting officer)

July 31, 2009

EXHIBIT INDEX

3.1	Amended and Restated Articles of Incorporation of the registrant, as amended to date.
3.2	Bylaws of the registrant, as amended to date.
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10.2	Transition and Succession Agreement dated as of June 1, 2009, by and between the registrant and Jolene Varney.
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MYLAN INC.

**AMENDED AND RESTATED ARTICLES OF INCORPORATION,
AS AMENDED**

(as filed in the Department of State on December 1, 1972,
as amended as of December 21, 1981, June 29, 1984,
August 22, 1988, April 29, 1993, August 26, 1996, August 7, 2003,
October 2, 2007, November 14, 2007 and May 7, 2009)

1. The name of the corporation is Mylan Inc.

2. The address of its registered office in this Commonwealth is c/o Corporation Service Company, Dauphin County, Pennsylvania.

3. The corporation is organized under the provisions of the Business Corporation Law, and shall have unlimited power to engage in and to do any lawful act concerning any or all lawful business for which corporations may be incorporated under the Business Corporation Law.

4. The term of existence of the corporation is perpetual.

5. A. The aggregate number of shares which the corporation shall have authority to issue is 1,505,000,000 shares, consisting of 1,500,000,000 shares of common stock, par value $0.50 per share (hereinafter referred to as the "Common Stock"), and 5,000,000 shares of preferred stock, par value $0.50 per share (hereinafter referred to as the "Preferred Stock").

B. The class of Preferred Stock may be divided into and issued from time to time in one or more series. The designations, the relative preferences and participating, optional and other special rights, and the qualifications, limitations or restrictions of each such series, if any, may differ from these of any and all other series; and the board of directors is hereby expressly authorized to fix and determine, by resolution or resolutions prior to the issuance of any shares of any series of the Preferred Stock, the designations, preferences, relative, participating, optional and other special rights and the qualifications, limitations or restrictions of such series, including, without limiting the generality of the foregoing, the following:

(i) The date and time at which, and the terms and conditions on which, dividends, if any, on such series of Preferred Stock may be paid and may be cumulative;

(ii) The right, if any, of the holders of shares of such series of Preferred Stock to vote and the manner of voting, except as may otherwise be provided by paragraph 6 hereof or by the Pennsylvania Business Corporation Law;

(iii) The right, if any, of the holders of shares of such series of Preferred Stock to convert the same into or exchange the same for other classes of stock of the corporation and the terms and conditions for such conversion and exchange;

(iv) The redemption price or prices, if any, and the time at which, and the terms and conditions on which, the shares of such series of Preferred Stock may be redeemed;

(v) The terms of the sinking fund or redemption or purchase account, if any, to be provided for such series of Preferred Stock;

(vi) The rights of the holders of shares of such series of Preferred Stock upon the voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding up of the corporation; and

(vii) The number of shares which shall constitute any such series, which number may at any time or from time to time be increased or decreased, but not below the number of shares thereof then outstanding.

C. Holders of Common Stock shall be entitled to one vote per share in the election of directors and in all other matters submitted for action by the holders of Common Stock.

D. Except for and subject to those rights expressly granted in or by virtue of subparagraph B of this paragraph 5 to the holders of the Preferred Stock, or except as may be provided by the laws of the Commonwealth of Pennsylvania, the holders of the Common Stock shall have exclusively all other rights of shareholders.

The following is a statement of the designations, preferences, voting rights, limitations and special rights in respect of the Series A Junior Participating Preferred Stock.

Section 1. Designation and Amount. The shares of such series shall be designated as “Series A Junior Participating Preferred Stock” (the “Series A Preferred Stock”) and the number of shares constituting the Series A Preferred Stock shall be 300,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, (a) that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights, or warrants or upon the conversion of any outstanding securities issued by the corporation convertible into Series A Preferred Stock; and (b) no increase shall cause the aggregate number of all shares of Preferred Stock that the corporation is authorized to issue to be greater than is authorized by these Amended and Restated Articles of Incorporation.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any other series of Preferred Stock of the corporation (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value $0.50 per share (the "Common Stock"), of the corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September, and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1 or (b) subject to the provision for adjustment hereinafter set forth, 1000 times the aggregate per share amount of all cash dividends, and 1000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the First Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holder of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1000 votes on all matters submitted to a vote of the shareholders of the corporation. In the event the corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or in any other Statement with Respect to Shares or other amendment of the Articles of Incorporation creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the corporation having general voting rights shall vote together as one class on all matters submitted to a vote of shareholders of the corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution, or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution, or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution, or winding up) to the Series A Preferred Stock, provided that the corporation may at any time redeem, purchase, or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the corporation ranking junior (either as to dividends or upon dissolution, liquidation, or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The corporation shall not permit any subsidiary of the corporation to purchase or otherwise acquire for consideration any shares of stock of the corporation unless the corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Articles of Incorporation, or in any other Articles of Amendment creating a series of Preferred Stock, par value $0.50 per share, or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution, or Winding Up. Upon any liquidation, dissolution, or winding up of the corporation, no distribution shall be made (1) to the holder of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution, or winding up) to the Series A Preferred Stock unless the holders of shares of Series A Preferred Stock outstanding shall have received out of the assets of the Company available for distribution to its shareholders after payment or provision for payment of any securities ranking senior to the Series A Preferred Stock, for each share of Series A Preferred Stock, subject to adjustment as hereinafter provided, (A) $1000.00 plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared to the date of such payment or, (B) if greater than the amount specified in clause (1)(A) of this sentence, an amount equal to 1000 times the aggregate amount to be distributed per share to holders of Common Stock, as the same may be adjusted as herein provided, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution, or winding up) with the Series A Preferred Stock, unless simultaneously therewith distributions are made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution, or winding up. In the event the corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the provision in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the corporation shall enter into any consolidation, merger, combination, or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash, and/or any other property, then in any such case each share of

Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision or adjustment hereinafter set forth, equal to 1000 times the aggregate amount of stock, securities, cash, and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all other series of the corporation's Preferred Stock.

Section 10. Amendment. The Articles of Incorporation of the corporation shall not be amended in any manner that would materially alter or change the powers, preferences, or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

6. The shareholders of the corporation shall not have cumulative voting rights.

7. Except as provided in subparagraph B below, no corporate action of a character described in subparagraph A below, and no agreement, plan or resolution providing therefor, shall be valid or binding upon the corporation unless such corporate action shall have been approved in compliance with all applicable provisions of the Pennsylvania Business Corporation Law and these Articles and shall have been authorized by the affirmative vote of at least seventy-five (75%) percent of the outstanding shares of Common Stock entitled to vote, given in person or by proxy, at a meeting called for such purpose.

A. Corporate actions subject to the voting requirements of this paragraph 7 shall be:

(i) any merger or consolidation to which the corporation and an interested person are parties; or

(ii) any sale, lease, exchange or other disposition, in a single transaction or series of related transactions, of all or substantially all or a substantial part of the properties or assets of the corporation to an interested person; or

(iii) the adoption of any plan or proposal for the liquidation or dissolution of the corporation under or pursuant to which the rights or benefits inuring to an interested person or different in kind or character from the rights or benefits inuring to the other holders of Common Stock; or

(iv) any transaction of a character described in clause (i), (ii) or (iii) above involving an affiliate or associate of an interested person or involving an associate of any such affiliate.

B. The voting requirements of this paragraph 7 shall not apply to any transaction of a character described in clause (i), (ii), (iii) or (vi) of subparagraph A above should any of the following obtain with respect to the transaction.

(a) The Board of Directors shall have approved the transaction by a majority vote of all directors prior to the time the interested person connected with the transaction became an interested person.

(b) The Board of Directors shall have approved the transaction prior to consummation thereof by a majority vote of all directors disregarding the vote of each director who was an interested person, or an affiliate, associate or agent of such interested person, or an associate or agent of any such affiliate.

C. For purposes of this paragraph 7, the following definitions shall apply:

(i) “Affiliate” shall mean a person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with another person.

(ii) “Associate” shall mean any corporation or organization of which a person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent or more of any class of equity securities; or any trust or estate in which a person has a ten percent or larger beneficial interest or as to which a person serves as a trustee or in a similar fiduciary capacity; or any relative or spouse of a person and any relative of a spouse, who has the same residence as such person.

(iii) “Beneficial Ownership” shall mean all shares directly or indirectly owned by a person and all shares which a person has the right to acquire through the exercise of any option, warrant or right (whether or not currently

exercisable), through the conversion of a security, pursuant to the power to revoke a trust, discretionary account or similar arrangement, pursuant to automatic termination of a trust, discretionary account or similar arrangement or otherwise. All shares shall be deemed indirectly owned by a person as to which such person enjoys benefits substantially equivalent to those of ownership by reason of any contract, understanding, relationship, agreement or other arrangement, including without limitation any written or unwritten agreement to act in concert.

(iv) “Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.

(v) “Interested Person” shall mean any person who beneficially owns ten percent or more of the outstanding shares of Common Stock of the corporation.

(vi) “Person” shall mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust, any unincorporated organization, a government or political subdivision thereof, a person acting through or in concert with one or more other persons and any other entity.

(vii) “Substantial Part” shall mean more than twenty percent of the total consolidated assets of the corporation, as shown on its consolidated balance sheet as of the end of the most recent fiscal year.

D. The affirmative vote of the holders of at least seventy-five percent of the outstanding shares of Common Stock entitled to vote shall be required to amend or repeal this paragraph 7.

* * *

AMENDMENT TO THE AMENDED AND RESTATED
ARTICLES OF INCORPORATION OF THE COMPANY
TO ESTABLISH A SERIES OF PREFERRED STOCK

Section 1. Designation and Amount. The shares of such series shall be designated as "6.50% Mandatory Convertible Preferred Stock" (the "***Convertible Preferred Stock***") and the number of shares constituting the Convertible Preferred Stock shall be 2,139,000 (including 279,000 shares subject to an underwriters' overallotment option).

Section 2. Certain Definitions. As used herein, the following terms shall have the meanings defined in this Section 2. Any capitalized term not otherwise defined herein shall have the meaning set forth in the Amended and Restated Articles of Incorporation, unless the context otherwise requires:

"***Affiliate***" shall have the meaning given to that term in Rule 405 of the Securities Act of 1933, as amended, or any successor rule thereunder.

"***Agent Members***" shall have the meaning set forth in Section 17(a) hereof.

"***Amended and Restated Articles of Incorporation***" shall have the meaning set forth in the recitals.

"***Applicable Market Value***" means, except as provided in Section 14(e), the average of the Daily Closing Price per share of Common Stock on each of the 20 consecutive Trading Days ending on the third Trading Day immediately preceding the Mandatory Conversion Date.

"***Board Of Directors***" means the board of directors of the Company or, with respect to any action to be taken by such board of directors, any committee of the board of directors duly authorized to take such action.

"***Business Day***" means any day other than a Saturday or Sunday or any other day on which commercial banks in The City of New York are authorized or required by law or executive order to close.

"***Cash Acquisition***" means the consummation of any acquisition (whether by means of a liquidation, share exchange, tender offer, consolidation, recapitalization, reclassification, merger of the Company, or any sale, lease or other transfer of the consolidated assets of the Company and its subsidiaries) or a series of related transactions or events pursuant to which 90% or more of the Company's Common Stock is exchanged for, converted into or constitutes solely the right to receive cash, securities or other property more than 10% of which consists of cash or securities or other property that are not, or upon issuance shall not be, traded on the New York Stock Exchange or quoted on the Nasdaq National Market.

"***Cash Acquisition Conversion***" shall have the meaning set forth in Section 10(a) hereof.

"***Cash Acquisition Conversion Date***" means the effective date of any Cash Acquisition Conversion of Convertible Preferred Stock pursuant to Section 10 hereof.

"***Cash Acquisition Conversion Notice***" shall have the meaning set forth in Section 10(b) hereof.

"***Cash Acquisition Conversion Period***" shall have the meaning set forth in Section 10(a) hereof.

"***Cash Acquisition Conversion Rate***" means the Conversion Rate set forth in the table below for the applicable effective date of the Cash Acquisition and the applicable Cash Acquisition Stock Price (as Cash Acquisition Stock Prices in the column headings for the table below are adjusted pursuant to Section 14 hereof):

	Stock Price on Effective Date											
Effective Date	$ $14.00	$ 15.00	$ 17.50	$ 20.00	$ 25.00	$ 30.00	$ 35.00	$ 40.00	$ 45.00	$ 50.00	$ 75.00	$ 100.00
11/19/2007	59.2213	58.8767	58.3258	58.0679	57.9688	58.0618	58.1809	58.2817	58.3575	58.4121	58.5204	58.5411
11/15/2008	60.4749	59.9422	59.0455	58.5813	58.2927	58.3072	58.3759	58.4354	58.4767	58.5033	58.5432	58.5473
11/15/2009	62.4499	61.5412	59.9469	59.1076	58.5658	58.5076	58.5224	58.5360	58.5428	58.5458	58.5480	58.5480
11/15/2010	71.4286	66.6667	58.5480	58.5480	58.5480	58.5480	58.5480	58.5480	58.5480	58.5480	58.5480	58.5480

If the Cash Acquisition Stock Price is in excess of $100.00 per share (as such amount is adjusted from time to time), then the Cash Acquisition Conversion Rate shall be the Minimum Conversion Rate. If the Cash Acquisition Stock Price is less than $14.00 per share (as such amount is adjusted from time to time), then the Cash Acquisition Conversion Rate shall be the Maximum Conversion Rate (as such amount is adjusted from time to time).

If the effective date falls between the dates set forth under the heading "Effective Date" in the table above, or if the Cash Acquisition Stock Price falls between two amounts set forth in the table above, the Cash Acquisition Conversion Rate shall be determined by straight-line interpolation between the Cash Acquisition Conversion Rates set forth for the next higher and lower Cash Acquisition Stock Prices and/or effective dates, as applicable, based on a 365-day year.

"***Cash Acquisition Stock Price***" means the consideration paid per share of Common Stock in a Cash Acquisition. If such consideration consists only of cash, the Cash Acquisition Stock Price shall equal the amount of cash paid per share. If such consideration consists of any property other than cash, the Cash Acquisition Stock Price shall be the average Daily Closing Price per share of the Common Stock on each of the 10 consecutive Trading Days up to, but not including, the effective date of the Cash Acquisition.

"***Common Stock***" as used herein means the Company's common stock, par value $0.50 per share, as the same exists at the Issue Date, or any other class of stock resulting from successive changes or reclassifications of such common stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value.

"***Conversion Date***" shall have the meaning set forth in Section 11(a) hereof.

"***Conversion Rate***" shall have the meaning set forth in Section 8(b) hereof.

"***Convertible Preferred Stock***" shall have the meaning set forth in Section 1 hereof.

"***Corporate Trust Office***" means the principal corporate trust office of the Transfer Agent at which, at any particular time, its corporate trust business shall be administered.

"***Company***" shall have the meaning set forth in the recitals.

"***Daily Closing Price***" of the Common Stock (or any other securities, cash or other property into which the Convertible Preferred Stock becomes convertible in connection with any Reorganization Event or which are distributed in a Spin-Off) on any Trading Day means the reported last sale price per share (or, if no last sale price is reported, the average of the bid and ask prices per share or, if more than one in either case, the average of the average bid and the average ask prices per share) on such date reported by the New York Stock Exchange, or, if the Common Stock (or such other property) is not listed on the New York Stock Exchange, as reported by the principal national securities exchange on which the Common Stock (or such other property) is listed or if the Common Stock (or such other property) is not so listed or quoted on a U.S. national securities exchange, as reported by the Nasdaq stock market, or, if no closing price for the Common Stock (or such property) is so reported, the last quoted bid price for the Common Stock (or such property) in the over-the-counter market as reported by Pink Sheets LLC or similar organization, or, if that bid price is not available, the market price of the Common Stock (or such property) on that date as determined by a nationally recognized independent investment banking firm retained for this purpose by the Company. For the purposes of this Statement with Respect to Shares, all references herein to the closing sale price and the last sale price reported of the Common Stock (or other property) on the New York Stock Exchange shall be the closing sale price and last reported sale price as reflected on the website of the New York Stock Exchange (www.nyse.com) and as reported by Bloomberg Professional Service; provided

that in the event that there is a discrepancy between the closing price and the last reported sale price as reflected on the website of the New York Stock Exchange and as reported by Bloomberg Professional Service, the closing sale price and the last reported sale price on the website of the New York Stock Exchange shall govern.

"***Depositary***" means DTC or its nominee or any successor appointed by the Company.

"***Dividend Cap***" shall have the meaning set forth in Section 4A hereof.

"***Dividend Payment Date***" means (i) the 15th calendar day of February, May, August and November of each year, or the following Business Day if such day is not a Business Day, prior to the Mandatory Conversion Date and (ii) the Mandatory Conversion Date.

"***Dividend Period***" means the period ending on the day before a Dividend Payment Date and beginning on the preceding Dividend Payment Date or, if there is no preceding Dividend Payment Date, on the Issue Date.

"***Dividend Rate***" shall have the meaning set forth in Section 4 hereof.

"***Dividend Reference Period***" shall be:

(i) in the case of any payment of a dividend other than in connection with a conversion pursuant to Section 8, 9 or 10 hereof, the five consecutive Trading Days beginning on and including the seventh Scheduled Trading Day immediately preceding the Dividend Payment Date for such dividend;

(ii) in the case of a payment of dividends upon a conversion pursuant to Section 8 hereof, the five consecutive Trading Days ending on the second Trading Day immediately preceding the Mandatory Conversion Date;

(iii) in the case of a payment of dividends upon a conversion pursuant to Section 9 hereof, the five consecutive Trading Days commencing on the third Trading Day immediately following the date on which the Transfer Agent receives a duly completed notice of conversion in accordance with Section 9(b); and

(iv) in the case of a payment of dividends upon a conversion pursuant to Section 10 hereof, the five consecutive Trading Days ending on the Trading Day immediately preceding the effective date of the Cash Acquisition.

"***DTC***" means The Depository Trust Company.

"***Early Conversion***" shall have the meaning set forth in Section 9(a) hereof.

"***Early Conversion Date***" shall have the meaning set forth in Section 9(e) hereof.

"***Electing Share***" shall have the meaning set forth in Section 14(e) hereof.

"***Exchange Property***" shall have the meaning set forth in Section 14(e) hereof.

"***Expiration Time***" shall have the meaning set forth in Section 14(a)(v) hereof.

"***Fair Market Value***" means (a) in the case of any Spin-Off, the fair market value of the portion of those shares of capital stock or similar equity interests so distributed applicable to one share of Common Stock as of the fifteenth Trading Day after the "ex-date" for such Spin-Off, and (b) in all other cases the fair market value as determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors.

"***Fixed Conversion Rates***" means the Maximum Conversion Rate and the Minimum Conversion Rate.

"***Global Preferred Share***" shall have the meaning set forth in Section 17 hereof.

"***Global Shares Legend***" shall have the meaning set forth in Section 17 hereof.

"***Holder***" means the Person in whose name the shares of the Convertible Preferred Stock are registered, which may be treated by the Company and the Transfer Agent as the absolute owner of the shares of Convertible Preferred Stock for the purpose of making payment and settling conversions and for all other purposes.

"***Initial Price***" shall have the meaning set forth in Section 8(b) hereof.

"***Issue Date***" shall mean November 19, 2007, the original date of issuance of the Convertible Preferred Stock.

"***Junior Stock***" means the Company's Common Stock, the Company's Series A Junior Participating Cumulative Preferred Stock, if any, and each other class of capital stock or series of preferred stock established after the Issue Date, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the Convertible Preferred Stock as to dividend rights or rights upon the Company's liquidation, winding-up or dissolution.

"***Liquidation Preference***" means, as to the Convertible Preferred Stock, $1,000.00 per share.

"***Mandatory Conversion Date***" means November 15, 2010.

"***Market Disruption Event***" means the occurrence or existence for more than one half hour period in the aggregate on any Scheduled Trading Day for the Common Stock (or any other securities, cash or other property into which the Convertible Preferred Stock becomes convertible in connection with any Reorganization Event) of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the New York Stock Exchange or otherwise) in the Common Stock (or such other property) or in any options, contracts or future contracts relating to the Common Stock (or such other property), and such suspension or limitation occurs or exists at any time before 1:00 p.m. (New York City time) on such day.

"***Maximum Conversion Rate***" shall have the meaning set forth in Section 8(b)(iii) hereof.

"***Minimum Conversion Rate***" shall have the meaning set forth in Section 8(b)(i) hereof.

"Non-U.S. Holder" means a Holder who is not a U.S. Holder.

"***Officer***" means the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the President, any Vice President, the Treasurer, or the Secretary of the Company.

"***Officer's Certificate***" means a certificate of the Company, signed by any duly authorized Officer of the Company.

"***Parity Stock***" means any class of capital stock or series of preferred stock established after the Issue Date, the terms of which expressly provide that such class or series shall rank on a parity with the Convertible Preferred Stock as to dividend rights or rights upon liquidation, winding-up or dissolution.

"***Person***" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

"***Record Date***" means the 1st calendar day (whether or not such calendar day is a Business Day) of the calendar month in which the applicable Dividend Payment Date falls.

"***Record Holder***" means the Holder of record of the Convertible Preferred Stock as they appear on the stock register of the Company at the close of business on a Record Date.

"***Reorganization Event***" shall have the meaning set forth in Section 14(e) hereof.

"Scheduled Trading Day" means a day that is scheduled to be a Trading Day on the primary U.S. national securities exchange or market on which the Common Stock is listed or, if the Common Stock is not listed on a U.S. national securities exchange, on the principal other market on which the Common Stock is then traded.

"***Senior Stock***" means any class of capital stock or series of preferred stock established after the Issue Date, the terms of which expressly provide that such class or series shall rank senior to the Convertible Preferred Stock as to dividend rights or rights upon liquidation, winding-up or dissolution.

"***Series A Junior Participating Preferred Stock***" means the series of preferred stock, par value $0.50 per share, of the Company, designated as the "Series A Junior Participating Preferred Stock."

"***Shelf Registration Statement***" shall mean the shelf registration statement filed with the Securities and Exchange Commission to cover resales of shares of Common Stock by holders thereof, as described under Section 4A(f).

"***Spin-Off***" shall have the meaning set forth in Section 14(a) hereof.

"***Threshold Appreciation Price***" shall have the meaning set forth in Section 8(b) hereof.

"***Trading Day***" means any day on which (i) there is no Market Disruption Event and (ii) the New York Stock Exchange is open for trading, or, if the Common Stock (or any other securities, cash or other property into which the Convertible Preferred Stock becomes convertible in connection with any Reorganization Event) is not listed on the New York Stock Exchange, any day on which the principal national securities exchange on which the Common Stock (or such other property) is listed is open for trading, or, if the Common Stock (or such other property) is not listed on a national securities exchange, any business day. A "Trading Day" only includes those days that have a scheduled closing time of 4:00 p.m. (New York City time) or the then standard closing time for regular trading on the relevant exchange or trading system.

"***Transfer Agent***" shall mean American Stock Transfer and Trust Company, the Company's duly appointed transfer agent, registrar, redemption, conversion and dividend disbursing agent for the Convertible Preferred Stock. The Company may, in its sole discretion, remove the Transfer Agent with 10 days' prior notice to the Transfer Agent; provided that the Company shall appoint a successor Transfer Agent who shall accept such appointment prior to the effectiveness of such removal.

"U.S. Holder" means a Holder who is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or of any political subdivision thereof, or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

"***Voting Rights Class***" shall have the meaning set forth in Section 6 hereof.

"***Voting Rights Triggering Event***" shall be deemed to have occurred at any time that dividends on the Convertible Preferred Stock are in arrears and unpaid with respect to six or more Dividend Periods (whether or not consecutive).

Section 3. Ranking. The Convertible Preferred Stock will, with respect to both dividend rights or rights upon the liquidation, winding-up or dissolution of the Company rank (i) senior to all Junior Stock, (ii) on parity with Parity Stock and (iii) junior to all Senior Stock.

Section 4. Dividends.

(a) Holders of shares of outstanding Convertible Preferred Stock shall be entitled, when, as and if declared by the Board of Directors out of funds of the Company legally available therefor, to receive cumulative dividends at the rate per annum of 6.50% per share on the Liquidation Preference (equivalent to $65.00 per annum per share), payable quarterly in arrears (the "***Dividend Rate***"). Dividends payable for each full Dividend Period will be computed by dividing the Dividend Rate by four and shall be payable in arrears on each Dividend Payment Date (commencing February 15, 2008) for the Dividend Period ending immediately prior to such Dividend Payment Date, to the holders of record of Convertible Preferred Stock on the close of business on the Record Date applicable to such Dividend Payment Date; provided that the Company shall not declare any dividend payable on any Dividend Payment Date following the first calendar day in the month in which such Dividend Payment Date occurs. Such dividends shall be cumulative from the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the Issue Date, whether or not in any Dividend Period or periods there shall be funds of the Company legally available for the payment of such dividends and shall accrue on a day-to-day basis, whether or not earned or declared, from and after the Issue Date. Dividends payable for any period other than a full Dividend Period, including the initial Dividend Period ending immediately prior to February 15, 2008, shall be computed on the basis of days elapsed over a 360-day year consisting of twelve 30-day months. Accumulations of dividends on shares of Convertible Preferred Stock shall not bear interest. The initial dividend on the Convertible Preferred Stock for the first Dividend Period, commencing on the Issue Date (assuming an Issue Date of November 19, 2007), to but excluding February 15, 2008, will be $15.53 per share, and when, as and if declared, will be payable, when and if declared on February 15, 2008 provided that the Company is legally permitted to pay such dividends at such time. Each subsequent quarterly dividend on the Convertible Preferred Stock, when, as and if declared, will be $16.25 per share, subject to adjustment as provided for in Section 18(c).

(b) No dividend shall be declared or paid upon, or any sum set apart for the payment of dividends upon, any outstanding share of the Convertible Preferred Stock with respect to any Dividend Period unless all dividends for all preceding Dividend Periods shall have been declared and paid or declared and a sufficient sum or number of shares of Common Stock shall have been set apart for the payment of such dividend, upon all outstanding shares of Convertible Preferred Stock.

(c) Holders of shares of Convertible Preferred Stock shall not be entitled to any dividends on the Convertible Preferred Stock, whether payable in cash, property or stock, in excess of full cumulative dividends. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Convertible Preferred Stock which may be in arrears.

Section 4A. *Method of Payment of Dividends.*

(a) All dividends (or any portion of any dividend) on the Convertible Preferred Stock, whether or not for a current Dividend Period or any prior Dividend Period (including in connection with the payment of accrued, cumulated and unpaid dividends to the extent required to be paid pursuant to Section 8, 9 or 10), may be paid, as determined in the Company's sole discretion:

(i) in cash;

(ii) by delivery of shares of Common Stock; or

(iii) through any combination of cash and Common Stock.

(b) Common Stock issued in payment or partial payment of a dividend shall be valued for such purpose at 97% of the average of the Daily Closing Price per share of Common Stock on each of the five consecutive Trading Days during the applicable Dividend Reference Period.

(c) Dividend payments on the Convertible Preferred Stock shall be made in cash, except to the extent the Company elects to make all or any portion of such payment in Common Stock by giving notice to

Holders thereof of such election and the portion of such payment that shall be made in cash and the portion of such payment that shall be made in Common Stock no later than 10 Trading Days prior to the Dividend Payment Date for such dividend (or, in the case of any dividend paid pursuant to Section 8, 9 or 10 hereof, in compliance with the notification requirements set forth in such Sections).

(d) In respect of any shares of Common Stock issued in payment or partial payment of a dividend to a Non-U.S. Holder, the Company may, in lieu of delivering all such shares of Common Stock to such Non-U.S. Holder, withhold and sell (or direct the Transfer Agent or any paying agent on behalf of the Company to withhold and sell) such number of shares of Common Stock as the Company deems necessary, to result in proceeds from such sale (after deduction of customary commissions, which shall be for the account of such Non-U.S. Holder) to pay all or any part of any U.S. withholding tax obligation that the Company has (as determined by it in its sole discretion) in respect of the payment or partial payment of such dividend of shares of Common Stock to such Non-U.S. Holder.

(e) Subject to Section 13 hereof, no fractional shares of Common Stock shall be delivered to Holders in payment or partial payment of a dividend.

(f) Notwithstanding the foregoing, in no event shall the number of shares of Common Stock delivered in connection with any dividend payment exceed an amount equal to the total dividend payment divided by 9.00, subject to adjustment in the same manner (but on an inversely proportional basis pursuant to the methodology described in Section 14(c)(ii) hereof for adjustments to each Cash Acquisition Stock Price) as each Fixed Conversion Rate as set forth in Section 14 hereof (the "***Dividend Cap***"). To the extent the Company delivers the maximum number of whole shares of Common Stock equal to the Dividend Cap on the Convertible Preferred Stock with respect to which the Company has notified the Holder that such dividends would be paid in shares of Common Stock in accordance with Section 4(c) above, the Company shall be deemed to have paid in full such amount of accrued, cumulated and unpaid dividends on such Convertible Preferred Stock. However, in the Company's sole discretion, the Company may elect to pay any such deficiency resulting from the Dividend Cap in cash.

(g) To the extent that the Company determines that a Shelf Registration Statement is required in connection with the issuance of, or for resales of, Common Stock issued as payment of a dividend, including dividends paid in connection with a conversion, the Company shall, to the extent such a Shelf Registration Statement is not currently filed and effective, use its reasonable best efforts to file and maintain the effectiveness of such a Shelf Registration Statement until the earlier of such time as all sales of Common Stock have been resold thereunder and such time as all such shares are freely tradeable without registration.

Section 5. Payment Restrictions.

(a) Unless all accrued, cumulated and unpaid dividends on the Convertible Preferred Stock for all prior Dividend Periods shall have been paid in full, the Company may not:

(i) declare or pay any dividend or make any distribution of assets on any Junior Stock, other than dividends or distributions in the form of Junior Stock and cash solely in lieu of fractional shares in connection with any such dividend or distribution;

(ii) redeem, purchase or otherwise acquire any shares of Junior Stock or pay or make any monies available for a sinking fund for such shares of Junior Stock, other than (A) upon conversion or exchange for other Junior Stock or (B) the purchase of fractional interests in shares of any Junior Stock pursuant to the conversion or exchange provisions of such Junior Stock;

(iii) declare or pay any dividend or make any distribution of assets on any shares of Parity Stock, other than dividends or distributions in the form of Parity Stock or Junior Stock and cash solely in lieu of fractional shares in connection with any such dividend or distribution; or

(iv) redeem, purchase or otherwise acquire any shares of Parity Stock, except upon conversion into or exchange for other Parity Stock or Junior Stock and cash solely in lieu of fractional shares in connection with any such conversion or exchange.

(b) When dividends are not paid in full upon the shares of Convertible Preferred Stock for all prior Dividend Periods, all dividends declared on the Convertible Preferred Stock and any other Parity Stock shall be paid either (i) pro rata so that the amount of dividends so declared on the shares of Convertible Preferred Stock and each such other class or series of Parity Stock shall in all cases bear to each other the same ratio as cumulated dividends on the shares of Convertible Preferred Stock and such class or series of Parity Stock bear to each other or (ii) on another basis that is at least as favorable to each Holder of the Convertible Preferred Stock entitled to receive such dividends.

Section 6. Voting Rights.

(a) The Holders of the Convertible Preferred Stock shall have no voting rights except as set forth below or as otherwise required by Pennsylvania law from time to time:

(i) If and whenever at any time or times a Voting Rights Triggering Event occurs, then the Holders of shares of Convertible Preferred Stock, voting as a single class with any Parity Stock having similar voting rights that are exercisable (the "***Voting Rights Class***"), shall be entitled at the Company's next regular or special meeting of shareholders of the Company to elect two additional directors to the Company's Board of Directors. Upon the election of any such additional directors, the number of directors that comprise the Board of Directors shall be increased by such number of additional directors.

(ii) Such voting rights may be exercised at a special meeting of the holders of the shares of the Voting Rights Class, called as hereinafter provided, or at any annual meeting of shareholders held for the purpose of electing directors, and thereafter at each such annual meeting until such time as all dividends in arrears on the shares of Convertible Preferred Stock shall have been paid in full, at which time or times such voting rights and the term of the directors elected pursuant to Section 6(a)(i) shall terminate.

(iii) At any time when voting rights pursuant to Section 6(a)(i) shall have vested and be continuing in Holders of the Convertible Preferred Stock, or if a vacancy shall exist in the office of any such additional director, the Board of Directors may call, and, upon written request of the Holders of record of at least twenty-five percent (25%) of the outstanding Convertible Preferred Stock, addressed to the chairman of the Board of Directors, shall call a special meeting of the holders of shares of the Voting Rights Class (voting as a single class) for the purpose of electing the directors, that such holders are entitled to elect. Such meeting shall be held at the earliest practicable date upon the notice required for annual meetings of shareholders at the place for holding annual meetings of shareholders of the Company, or, if none, at a place designated by the Board of Directors. Notwithstanding the provisions of this Section 6(a)(iii), no such special meeting shall be called during a period within the 60 days immediately preceding the date fixed for the next annual meeting of shareholders, in which such case, the election of directors pursuant to Section 6(a)(i) shall be held at such annual meeting of shareholders.

(iv) At any meeting at which the holders of the Voting Rights Class shall have the right to elect directors as provided herein, the presence in person or by proxy of the Holders of shares of Convertible Preferred Stock representing more than fifty percent (50%) in voting power of the then outstanding shares of the Convertible Preferred Stock shall be required and shall be sufficient to constitute a quorum of such class for the election of directors by such class. The affirmative vote of the holders of the Voting Rights Class constituting a majority of the Voting Rights Class present at such meeting, in person or by proxy, shall be sufficient to elect any such director.

(v) Any director elected pursuant to the voting rights created under this Section 6(a) shall hold office until the next annual meeting of shareholders (unless such term has previously terminated pursuant to Section 6(a)(ii)) and any vacancy in respect of any such director shall be filled only by vote of the remaining director so elected by holders of the Voting Rights Class, or if there be no such remaining director, by the holders of shares of the Voting Rights Class at a special meeting called in accordance with

the procedures set forth in this Section 6(a), or, if no such special meeting is called, at the next annual meeting of shareholders. Upon any termination of such voting rights, the term of office of all directors elected pursuant to this Section 6(a) shall terminate.

(vi) So long as any shares of Convertible Preferred Stock remain outstanding, unless a greater percentage shall then be required by law, the Company shall not, without the affirmative vote or consent of the holders of at least 66$^{2}/_{3}$% of the outstanding shares of Convertible Preferred Stock and all other shares of the Voting Rights Class, voting as a single class, in person or by proxy, at an annual meeting of the Company's shareholders or at a special meeting called for such purpose, or by written consent in lieu of such meeting, alter, repeal or amend, whether by merger, consolidation, combination, reclassification or otherwise, any provisions of the Company's Amended and Restated Articles of Incorporation or the provisions hereof if the amendment would amend, alter or affect the powers, preferences or rights of the Convertible Preferred Stock so as to adversely affect the Holders thereof, including, without limitation, the creation of, increase in the authorized number of, or issuance of, shares of any class or series of Senior Stock.

(vii) In exercising the voting rights set forth in this Section 6(a), each share of Convertible Preferred Stock and any other shares of the Voting Rights Class participating in the votes described above shall be in proportion to the liquidation preference of each such share.

(b) The Company may authorize, increase the authorized amount of, or issue any class or series of Parity Stock or Junior Stock, without the consent of the Holders of Convertible Preferred Stock, and in taking such actions the Company shall not be deemed to have affected adversely the rights, preferences, privileges or voting rights of Holders of shares of Convertible Preferred Stock.

Section 7. Liquidation, Dissolution or Winding-Up.

(a) In the event of any liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary, each Holder of Convertible Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its shareholders, the Liquidation Preference plus all cumulated and unpaid dividends thereon in preference to the holders of, and before any payment or distribution is made on, any Junior Stock, including, without limitation, Common Stock.

(b) Neither the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all the assets or business of the Company (other than in connection with the liquidation, winding-up or dissolution of its business) nor the merger or consolidation of the Company into or with any other Person shall be deemed to be a liquidation, winding-up or dissolution, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the Holders of the shares of Convertible Preferred Stock of full preferential amounts provided for in this Section 7, the Holders of Convertible Preferred Stock as such shall have no right or claim to any of the remaining assets of the Company.

(d) If upon the voluntary or involuntary liquidation, winding-up or dissolution of the Company, the amounts payable with respect to the Liquidation Preference of the Convertible Preferred Stock and all Parity Stock are not paid in full, the holders of the Convertible Preferred Stock and the Parity Stock will share equally and ratably in any distribution of the Company's assets in proportion to the full liquidation preference and accumulated and unpaid dividends to which such holders are entitled.

Section 8. Mandatory Conversion on the Mandatory Conversion Date.

(a) Each share of Convertible Preferred Stock shall automatically convert (unless previously converted at the option of the Holder in accordance with Section 9 hereof or pursuant to an exercise of a Cash Acquisition Conversion right pursuant to Section 10 hereof) on the Mandatory Conversion Date, into a number of shares of Common Stock equal to the Conversion Rate.

(b) The "***Conversion Rate***" shall be as follows:

(i) if the Applicable Market Value of the Common Stock is equal to or greater than $17.08 (the "***Threshold Appreciation Price***"), then the Conversion Rate shall be equal to 58.5480 shares of Common Stock per share of Convertible Preferred Stock (the "***Minimum Conversion Rate***");

(ii) if the Applicable Market Value of the Common Stock is less than the Threshold Appreciation Price but greater than $14.00 (the "***Initial Price***"), then the Conversion Rate shall be equal to $1,000.00 divided by the Applicable Market Value of the Common Stock; or

(iii) if the Applicable Market Value of the Common Stock is less than or equal to the Initial Price, then the Conversion Rate shall be equal to 71.4286 shares of Common Stock per share of Convertible Preferred Stock (the "***Maximum Conversion Rate***").

(c) The Minimum Conversion Rate, the Maximum Conversion Rate, the Threshold Appreciation Price and the Initial Price are each subject to adjustment in accordance with the provisions of Section 14 hereof.

(d) The Holders of Convertible Preferred Stock on the Mandatory Conversion Date shall have the right to receive an amount equal to all accrued, cumulated and unpaid dividends on the Convertible Preferred Stock (in the manner provided in Section 4A hereof; provided that if the Company elects to pay any accrued and unpaid dividends through the issuance of additional shares of Common Stock, the Company shall have provided the Holders of the Convertible Preferred Stock notice of any such election and the portion of such payment that will be made in Common Stock 10 Trading Days prior to the Mandatory Conversion Date, and the Company shall deliver shares of Common Stock and cash, if applicable, in respect of such payment on the Mandatory Conversion Date), whether or not declared prior to that date, for the Dividend Period ending immediately prior to the Mandatory Conversion Date and all prior Dividend Periods (other than previously declared dividends on the Convertible Preferred Stock payable to Record Holders as of a prior date) provided that the Company is legally permitted to pay such dividends at such time.

Section 9. Early Conversion at the Option of the Holder.

(a) Other than during the Cash Acquisition Conversion Period, shares of the Convertible Preferred Stock are convertible, in whole or in part, at the option of the Holder thereof ("***Early Conversion***") at any time prior to the Mandatory Conversion Date, into shares of Common Stock at the Minimum Conversion Rate, subject to adjustment as set forth in Section 14 hereof.

(b) Any written notice of conversion pursuant to this Section 9 shall be duly executed by the Holder, and specify:

(i) the number of shares of Convertible Preferred Stock to be converted;

(ii) the name(s) in which such Holder desires the shares of Common Stock issuable upon conversion to be registered and whether such shares of Common Stock are to be issued in book-entry or certificated form (subject to compliance with applicable legal requirements if any of such certificates are to be issued in a name other than the name of the Holder);

(iii) if certificates are to be issued, the address to which such Holder wishes delivery to be made of such new certificates to be issued upon such conversion; and

(iv) any other transfer forms, tax forms or other relevant documentation required and specified by the Transfer Agent, if necessary, to effect the conversion.

(c) If specified by the Holder in the notice of conversion that shares of Common Stock issuable upon conversion of the Convertible Preferred Stock shall be issued to a person other than the Holder

surrendering the shares of Convertible Preferred Stock being converted, then the Holder shall pay or cause to be paid any transfer or similar taxes payable in connection with the shares of Common Stock so issued.

(d) Upon receipt by the Transfer Agent of a completed and duly executed notice of conversion as set forth in Section 9(b), compliance with Section 9(c), if applicable, and surrender of a certificate representing share(s) of Convertible Preferred Stock to be converted (if held in certificated form), the Company shall, within three Business Days or as soon as possible thereafter (except in the case of shares of Common Stock issued pursuant to clause (f) below), issue and shall instruct the Transfer Agent to register the number of shares of Common Stock to which such Holder shall be entitled upon conversion in the name(s) specified by such Holder in the notice of conversion. If a Holder elects to hold its shares of Common Stock issuable upon conversion of the Convertible Preferred Stock in certificated form, the Company shall promptly send or cause to be sent, by hand delivery (with receipt to be acknowledged) or by first-class mail, postage prepaid, to the Holder thereof, at the address designated by such Holder in the written notice of conversion, a certificate or certificates representing the number of shares of Common Stock to which such Holder shall be entitled upon conversion. In the event that there shall have been surrendered a certificate or certificates representing shares of Convertible Preferred Stock, only part of which are to be converted, the Company shall issue and deliver to such Holder or such Holder's designee in the manner provided in the immediately preceding sentence a new certificate or certificates representing the number of shares of Convertible Preferred Stock that shall not have been converted.

(e) The issuance by the Company of shares of Common Stock upon a conversion of shares of Convertible Preferred Stock in respect of the Liquidation Preference of such shares in accordance with the terms hereof shall be deemed effective immediately prior to the close of business on the day (the "***Early Conversion Date***") of receipt by the Transfer Agent of the notice of conversion and other documents, if any, set forth in Section 9(b) hereof, compliance with Section 9(c), if applicable, and the surrender by such Holder or such Holder's designee of the certificate or certificates representing the shares of Convertible Preferred Stock to be converted (if held in certificated form), duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto).

(f) Subject to clause (g) below, a Holder of a share of Convertible Preferred Stock on the Early Conversion Date with respect to such share shall have the right to receive all accrued, cumulated and unpaid dividends (in the manner provided in Section 4A hereof; provided that if the Company elects to pay any accrued and unpaid dividends through the issuance of additional shares of Common Stock, the Company shall have provided the Holder of the Convertible Preferred Stock being converted notice of any such election and the portion of such payment that will be made in Common Stock not later than two Trading Days after the Early Conversion Date, and the Company shall deliver shares of Common Stock and cash, if applicable, in respect of such payment no later than the eighth Trading Day following the Early Conversion Date), whether or not declared prior to that date, for the portion of the then-current Dividend Period until the Early Conversion Date and for all prior Dividend Periods ending on or prior to the Dividend Payment Date immediately preceding the Early Conversion Date (other than previously declared dividends on the Convertible Preferred Stock payable to Record Holders as of a prior date) provided that the Company is then legally permitted to pay such dividends. Except as described above, upon any optional conversion of the Convertible Preferred Stock, the Company shall make no payment or allowance for unpaid dividends on the Convertible Preferred Stock.

(g) Notwithstanding clause (f) above, in the case of a conversion that occurs during the period from 5:00 p.m., New York City time, on a Record Date for any dividend to 9:00 a.m., New York City time, on the following Dividend Payment Date:

(i) the Record Holder of the converted share(s) of Convertible Preferred Stock on such Record Date will receive such dividend on such Dividend Payment Date;

(ii) the Holder who delivers such share(s) of Convertible Preferred Stock for conversion will receive any accrued, cumulated and unpaid dividends on such share(s), as described in clause (f) above, for all prior Dividend Periods ending on or prior to the next preceding Dividend Payment Date but, subject to subclause

(i) above, shall not be entitled to receive any accrued dividends for the portion of the then-current dividend period until the Early Conversion Date; and

(iii) share(s) of Convertible Preferred Stock surrendered for conversion during such period must be accompanied by an amount in cash equal to (i) the dividend payable on the following Dividend Payment Date with respect to the share(s) so converted, minus (ii) the amount of accrued dividends for the portion of the then current dividend period until the Early Conversion Date.

Section 10. Cash Acquisition Conversion.

(a) In the event of a Cash Acquisition, the Holders of the Convertible Preferred Stock shall have the right to convert their shares of Convertible Preferred Stock during a period (the "***Cash Acquisition Conversion Period***") that begins on the effective date of such Cash Acquisition and ends on a date that is 15 days after such effective date, which period must end prior to the Mandatory Conversion Date (such right of the Holders to convert their shares pursuant to this Section 10(a) being the "***Cash Acquisition Conversion***") at the Cash Acquisition Conversion Rate (as adjusted pursuant to Section 14).

(b) On or before the twentieth day prior to the date on which the Company anticipates consummating the Cash Acquisition, a written notice (the "***Cash Acquisition Conversion Notice***") shall be sent by or on behalf of the Company, by first-class mail, postage prepaid, to the Record Holders as they appear on the stock register of the Company. Such notice shall contain:

(i) the date on which the Cash Acquisition is anticipated to be effected;

(ii) whether Holders shall have Cash Acquisition Conversion rights in connection with such Cash Acquisition;

(iii) if Holders have Cash Acquisition Conversion rights in connection with such Cash Acquisition, (A) the first date, which shall be the effective date of such Cash Acquisition, on which the Cash Acquisition Conversion right may be exercised and (B) the date, which shall be 15 days after the effective date of the Cash Acquisition, by which the Cash Acquisition Conversion right must be exercised;

(iv) if Holders have Cash Acquisition Conversion rights in connection with such Cash Acquisition, whether the Company shall elect to pay any amount payable pursuant to Section 10(c) below in shares of Common Stock, cash or a combination of cash and Common Stock; and

(v) the instructions a Holder must follow to exercise the Cash Acquisition Conversion right, if any, in connection with such Cash Acquisition.

(c) Upon any conversion pursuant to Section 10(a), in addition to issuing the Holders shares of Common Stock at the Cash Acquisition Conversion Rate, the Company shall either,

(i) pay the converting Holders in cash (A) an amount equal to any accrued, cumulated and unpaid dividends on the shares of Convertible Preferred Stock subject to such Cash Acquisition Conversion, whether or not declared and including the pro rata portion of the accrued dividend for the then current Dividend Period (other than previously declared dividends on the Convertible Preferred Stock payable to Record Holders as of a prior date) and (B) the present value of all remaining dividend payments on the shares of Convertible Preferred Stock then outstanding through and including the Mandatory Conversion Date (excluding the pro rata portion of the accrued dividend for the then current Dividend Period) (the present value of the remaining future dividend payments shall be computed using a discount rate equal to 6.50%); provided that at such time the Company is then legally permitted to pay such dividends, or

(ii) increase the number of shares of Common Stock issuable upon conversion of the Convertible Preferred Stock by an amount equal to (A) the amount set forth in clause (i) above, divided by (B) the Cash Acquisition Stock Price; provided, that, (x) in no event shall the Company increase the number of shares of Common Stock to be issued in excess of the amount equal to the amount set forth in clause (i) above

divided by $9.00, subject to adjustment in the same manner as each Fixed Conversion Rate as set forth in Section 14 hereof (but on an inversely proportionate basis pursuant to the methodology described in Section 14(c)(ii) hereof for adjustments to each Cash Acquisition Stock Price) and (y) to the extent the Company delivers the maximum number of whole shares of Common Stock required by this clause (ii), the Company will be deemed to have paid in full the amount required to be paid pursuant to this clause (c). However, in the Company's sole discretion, it may elect to pay any such deficiency resulting from such cap in cash.

(d) To exercise a Cash Acquisition Conversion right, a Holder shall deliver to the Transfer Agent at its Corporate Trust Office, no earlier than the effective date of the Cash Acquisition, and no later than 5:00 p.m., New York City time on or before the date by which the Cash Acquisition Conversion right must be exercised as specified in the notice, the certificate(s) (if such shares are held in certificated form) evidencing the shares of Convertible Preferred Stock with respect to which the Cash Acquisition Conversion right is being exercised, duly assigned or endorsed for transfer to the Company, or accompanied by duly executed stock powers relating thereto, or in blank, with a written notice to the Company stating the Holder's intention to convert early in connection with the Cash Acquisition containing the information set forth in Section 9(b) and providing the Company with payment instructions.

(e) If a Holder does not elect to exercise the Cash Acquisition Conversion right pursuant to this Section 10, in lieu of shares of Common Stock, the Company shall deliver to such Holder on the Mandatory Conversion Date or an Early Conversion Date, such cash, securities and other property as determined in accordance with Section 14(e) hereof.

(f) Upon a Cash Acquisition Conversion, the Transfer Agent shall, in accordance with the instructions provided by the Holder thereof in the written notice provided to the Company as set forth above, deliver to the Holder such cash and securities issuable upon such Cash Acquisition Conversion, together with payment of cash in lieu of any fraction of a share, as provided in Section 13. Such delivery shall take place upon, and only to the extent of, the consummation of such Cash Acquisition Conversion.

(g) In the event that a Cash Acquisition Conversion is effected with respect to shares of Convertible Preferred Stock representing less than all the shares of Convertible Preferred Stock held by a Holder, upon such Cash Acquisition Conversion the Company shall execute and the Transfer Agent shall countersign and deliver to the Holder thereof, at the expense of the Company, a certificate evidencing the shares of Convertible Preferred Stock as to which Cash Acquisition Conversion was not effected.

Section 11. Conversion Procedures.

(a) On the Mandatory Conversion Date, the Cash Acquisition Conversion Date or any Early Conversion Date (collectively, a "***Conversion Date***"), dividends on any shares of Convertible Preferred Stock converted to Common Stock shall cease to accrue and cumulate, and such shares of Convertible Preferred Stock shall cease to be outstanding, in each case, subject to the right of Holders of such shares to receive shares of Common Stock into which such shares of Convertible Preferred Stock are convertible and any accrued, cumulated and unpaid dividends on such shares to which they are otherwise entitled pursuant to Section 8, 9 or 10 hereof, as applicable.

(b) The person or persons entitled to receive the Common Stock issuable upon any such conversion shall be treated for all purposes as the record holder(s) of such shares of Common Stock as of the close of business on the applicable Conversion Date. No allowance or adjustment, except as set forth in Section 14, shall be made in respect of dividends payable to holders of Common Stock of record as of any date prior to such applicable Conversion Date. Prior to such applicable Conversion Date, shares of Common Stock issuable upon conversion of any shares of Convertible Preferred Stock shall not be deemed outstanding for any purpose, and Holders of shares of Convertible Preferred Stock shall have no rights with respect to the Common Stock (including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock) by virtue of holding shares of Convertible Preferred Stock.

(c) Shares of Convertible Preferred Stock duly converted in accordance herewith, or otherwise reacquired by the Company, shall resume the status of authorized and unissued Preferred Stock, undesignated as to series and available for future issuance.

(d) In the event that a Holder of shares of Convertible Preferred Stock shall not by written notice designate the name in which shares of Common Stock to be issued upon conversion of such Convertible Preferred Stock should be registered or the address to which the certificate or certificates representing such shares of Common Stock should be sent, the Company shall be entitled to register such shares, and make such payment, in the name of the Holder of such Convertible Preferred Stock as shown on the records of the Company and to send the certificate or certificates representing such shares of Common Stock to the address of such Holder shown on the records of the Company.

Section 12. Reservation of Common Stock.

(a) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock or shares held in the treasury of the Company, solely for issuance upon the conversion of shares of Convertible Preferred Stock as herein provided, free from any preemptive or other similar rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of Convertible Preferred Stock then outstanding. For purposes of this Section 12(a), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of Convertible Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single Holder.

(b) Notwithstanding the foregoing, the Company shall be entitled to deliver upon conversion of shares of Convertible Preferred Stock, as herein provided, shares of Common Stock reacquired and held in the treasury of the Company (in lieu of the issuance of authorized and unissued shares of Common Stock), so long as any such treasury shares are free and clear of all liens, charges, security interests or encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(c) All shares of Common Stock delivered upon conversion of the Convertible Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders),

(d) Prior to the delivery of any securities that the Company shall be obligated to deliver upon conversion of the Convertible Preferred Stock, the Company shall use its reasonable best efforts to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

(e) The Company hereby covenants and agrees that, if at any time the Common Stock shall be listed on the New York Stock Exchange or any other national securities exchange or automated quotation system, the Company shall, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion of the Convertible Preferred Stock; provided, however, that if the rules of such exchange or automated quotation system permit the Company to defer the listing of such Common Stock until the first conversion of Convertible Preferred Stock into Common Stock in accordance with the provisions hereof, the Company covenants to list such Common Stock issuable upon conversion of the Convertible Preferred Stock in accordance with the requirements of such exchange or automated quotation system at such time.

Section 13. Fractional Shares.

(a) No fractional shares of Common Stock shall be issued as a result of any conversion of shares of Convertible Preferred Stock or as a result of any payment of dividends on the Convertible Preferred Stock in shares of Common Stock.

(b) In lieu of any fractional share of Common Stock otherwise issuable in respect of any mandatory conversion pursuant to Section 8 hereof or a conversion at the option of the Holder pursuant to Section 9 or a cash acquisition conversion pursuant to Section 10 hereof or as a result of the election of the Company to pay any dividend in shares of Common Stock in accordance with Section 4A hereof, the Company shall at its option either (i) issue to such Holder a whole share of Common Stock or (ii) pay an amount in cash (computed to the nearest cent) equal to the same fraction of the average Daily Closing Price of the Common Stock for the applicable Dividend Reference Period.

(c) If more than one share of the Convertible Preferred Stock is surrendered for conversion at one time by or for the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of the Convertible Preferred Stock so surrendered. If the Company pays dividends in Common Stock on more than one share of the Convertible Preferred Stock held at any one time by or for the same Holder, the number of full shares of Common Stock payable in connection with such dividend shall be computed on the basis of the aggregate number of shares of the Convertible Preferred Stock so held.

Section 14. Anti-Dilution Adjustments to the Fixed Conversion Rates. (a) Each Fixed Conversion Rate shall be adjusted from time to time as follows:

(*i*) *Stock Dividends and Distributions and Subdivisions, Splits and Combinations of the Common Stock.* If the Company issues Common Stock as a dividend or distribution on the Common Stock to all holders of the Common Stock, or if the Company effects a share split or share combination of the Common Stock, each Fixed Conversion Rate will be adjusted based on the following formula:

$$CR1 = CR0 \times OS1 / OS0$$

where:

CR0	=	the Fixed Conversion Rate in effect immediately prior to the adjustment relating to such event
CR1	=	the new Fixed Conversion Rate in effect taking such event into account
OS0	=	the number of shares of Common Stock outstanding immediately prior to such event
OS1	=	the number of shares of Common Stock outstanding immediately after such event

Any adjustment made pursuant to this subclause (i) shall become effective on the date that is immediately after (x) the date fixed for the determination of holders of Common Stock entitled to receive such dividend or other distribution or (y) the date on which such split or combination becomes effective, as applicable. If any dividend or distribution described in this subclause (i) is declared but not so paid or made, each new Fixed Conversion Rate shall be readjusted to the Fixed Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(*ii*) *Issuance of Stock Purchase Rights.* If the Company issues to all holders of the Common Stock any rights, warrants, options or other securities entitling them for a period of not more than 45 days after the date of issuance thereof to subscribe for or purchase shares of Common Stock, or if the Company issues to all holders of Common Stock securities convertible into Common Stock for a period of not more than 45 days after the date of issuance thereof, in either case at an exercise price per share of Common Stock or a conversion price per share of Common Stock less than the Daily Closing Price of the Common Stock on the Trading Day immediately preceding the time of announcement of such issuance, each Fixed Conversion Rate will be adjusted based on the following formula:

$$CR1 = CR0 \times (OS0 + X) / (OS0 + Y)$$

where:

CR0	=	the Fixed Conversion Rate in effect immediately prior to the adjustment relating to such event
CR1	=	the new Fixed Conversion Rate taking such event into account
OS0	=	the number of shares of Common Stock outstanding immediately prior to such event

X	=	the total number of shares of Common Stock issuable pursuant to such rights, warrants, options, other securities or convertible securities
Y	=	the number of shares of Common Stock equal to the quotient of (A) the aggregate price payable to exercise such rights, warrants, options, other securities or convertible securities and (B) the average of the closing prices of the Common Stock for the 10 consecutive Trading Days prior to the Trading Day immediately preceding the date of announcement for the issuance of such rights, warrants, options, other securities or convertible securities.

For purposes of this subclause (ii), in determining whether any rights, warrants, options, other securities or convertible securities entitle the holders to subscribe for or purchase, or exercise a conversion right for, Common Stock at less than the Daily Closing Price of the Common Stock on the applicable date, and in determining the aggregate exercise or conversion price payable for such Common Stock, there shall be taken into account any consideration the Company receives for such rights, warrants, options, other securities or convertible securities and any amount payable on exercise or conversion thereof, with the value of such consideration, if other than cash, to be determined by the Board of Directors. If any right, warrant, option, other security or convertible security described in this subclause (ii) is not exercised or converted prior to the expiration of the exercisability or convertibility thereof, the new Fixed Conversion Rate shall be readjusted to the Fixed Conversion Rate that would then be in effect if such right, warrant, option, other security or convertible security had not been so issued.

Any adjustment made pursuant to this subclause (ii) shall become effective on the date that is immediately after the date fixed for the determination of holders of Common Stock entitled to receive such rights, warrants, options, other securities or convertible securities.

(*iii) Debt or Asset Distribution.*

(A) If the Company distributes capital stock, evidences of indebtedness or other assets or property of the Company to all holders of the Common Stock, excluding:

(x) dividends, distributions, rights, warrants, options, other securities or convertible securities referred to in subclause (i) or (ii) above,

(y) dividends or distributions paid exclusively in cash, and

(z) Spin-Offs described in subclause (iii)(B) below, then each Fixed Conversion Rate will be adjusted based on the following formula:

$$CR1 = CR0 \times SP0 / (SP0 - FMV)$$

where:

CR0	=	the Fixed Conversion Rate in effect immediately prior to the adjustment relating to such event
CR1	=	the new Fixed Conversion Rate taking such event into account
SP0	=	the Daily Closing Price of the Common Stock on the Trading Day immediately preceding the ex-dividend date for such distribution
FMV	=	the Fair Market Value of the capital stock, evidences of indebtedness, assets or property distributed with respect to each outstanding share of Common Stock on the earlier of the record date or the ex-dividend date for such distribution.

An adjustment to each Fixed Conversion Rate made pursuant to this subclause (iii)(A) shall be made successively whenever any such distribution is made and shall become effective on the date fixed for the determination of holders of Common Stock entitled to receive such distribution for such distribution.

If any such dividend or distribution described in this subclause (iii)(A) is declared but not paid or made, each new Fixed Conversion Rate shall be readjusted to be the Fixed Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(B) If the Company distributes to all holders of the Common Stock capital stock of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit of the Company (a "***Spin-Off***"), each Fixed Conversion Rate in effect immediately before the close of business on the date fixed for determination of holders of Common Stock entitled to receive such distribution will be adjusted based on the following formula:

CR1 = CR0 × (FMV0 + MP0) / MP0

where:

CR0 = the Fixed Conversion Rate in effect immediately prior to the adjustment relating to such event
CR1 = the new Fixed Conversion Rate taking such event into account
FMV0 = the average of the Daily Closing Prices of the capital stock or similar equity interest distributed to holders of Common Stock applicable to one share of Common Stock over the first 10 consecutive Trading Days after the effective date of the Spin-Off

MP0 = the average of the Daily Closing Prices of the Common Stock over the first 10 consecutive Trading Days after the effective date of the Spin-Off.

An adjustment to each Fixed Conversion Rate made pursuant to this subclause (iii)(B) will occur on the 10th Trading Day from and including the effective date of the Spin-Off; provided that in respect of any conversion within the 10 Trading Days immediately following and including the date of the Spin-Off, references with respect to the Spin-Off to "10 Trading Days" shall be deemed replaced with such lesser number of Trading Days as have elapsed between the effective date of such Spin-Off and the conversion date in determining the applicable Fixed Conversion Rate.

If any such dividend or distribution described in this subclause (iii)(B) is declared but not paid or made, each new Fixed Conversion Rate shall be readjusted to be the Fixed Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(*iv) Cash Distributions.* If the Company pays or makes any dividend or distribution consisting exclusively of cash to all holders of Common Stock, each Fixed Conversion Rate will be adjusted based on the following formula:

CR1 = CR0 × SP0 / (SP0 - C)

where:

CR0 = the Fixed Conversion Rate in effect immediately prior to the adjustment relating to such event
CR1 = the new Fixed Conversion Rate taking such event into account
SP0 = the average of the Daily Closing Prices of the Common Stock over the 10 consecutive Trading Day period ending on the date fixed for determination of the holders of Common Stock entitled to receive such dividend or distribution
C = the amount in cash per share that the Company distributes to holders of the Common Stock.

An adjustment to each Fixed Conversion Rate made pursuant to this subclause (iv) shall become effective on the date fixed for determination of the holders of Common Stock entitled to receive such dividend or distribution. If any dividend or distribution described in this subclause (iv) is declared but not so paid or made, each new Fixed Conversion Rate shall be readjusted to the Fixed Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(*v) Self Tender Offers and Exchange Offers.* If the Company or any of its subsidiaries makes a payment in respect of a tender offer or exchange offer for the Common Stock to the extent that the cash and value of any other consideration included in the payment per share of Common Stock exceeds the Daily Closing Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or

exchanges may be made pursuant to such tender or exchange offer (the "***Expiration Time***"), each Fixed Conversion Rate will be adjusted based on the following formula:

CR1 = CR0 × (AC + (SP1 × OS1)) / (SP1 × OS0)

where:

CR0	=	the Fixed Conversion Rate in effect immediately prior to the adjustment relating to such event
CR1	=	the new Fixed Conversion Rate taking such event into account
AC	=	the aggregate Fair Market Value of all cash and any other consideration paid or payable for the Common Stock purchased in such tender or exchange offer
OS0	=	the number of shares of Common Stock outstanding immediately prior to the date such tender or exchange offer expires
OS1	=	the number of shares of Common Stock outstanding immediately after such tender or exchange offer expires (after giving effect to the purchase or exchange of shares pursuant to such tender or exchange offer)
SP1	=	the average of the Daily Closing Prices of the Common Stock for the 10 consecutive Trading Days commencing on the Trading Day next succeeding the date such tender or exchange offer expires; provided that in respect of any conversion within the 10 Trading Day period commencing on the Trading Day next succeeding such expiration date, references to "10 consecutive Trading Days" shall be deemed replaced with such number of Trading Days as have elapsed between the expiration of such tender or exchange offer and the conversion date.

If the application of the foregoing formula would result in a decrease in a Fixed Conversion Rate, no adjustment to such Fixed Conversion Rate will be made. Any adjustment to a Fixed Conversion Rate made pursuant to this subclause (v) shall become effective on the date immediately following the determination of the average of the Daily Closing Prices of the Common Stock for purposes of SP1 above. If the Company or one of its subsidiaries is obligated to purchase Common Stock pursuant to any such tender or exchange offer but is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, each new Fixed Conversion Rate shall be readjusted to be the Fixed Conversion Rate that would be in effect if such tender or exchange offer had not been made.

(*vi) Rights Plans.* If the Company has in effect a rights plan while any shares of Convertible Preferred Stock remain outstanding, Holders of Convertible Preferred Stock will receive, upon a conversion of Convertible Preferred Stock, in addition to Common Stock, rights under the Company's shareholder rights agreement unless, prior to such conversion, the rights have expired, terminated or been redeemed or unless the rights have separated from the Common Stock. If the rights provided for in the rights plan have separated from the Common Stock in accordance with the provisions of the applicable shareholder rights agreement so that holders of Convertible Preferred Stock would not be entitled to receive any rights in respect of the Common Stock, if any, that the Company is required to deliver upon conversion of Convertible Preferred Stock, each Fixed Conversion Rate will be adjusted at the time of separation as if the Company had distributed to all holders of the Common Stock, capital stock, evidences of indebtedness or other assets or property pursuant to subclause (iii)(A) above, subject to readjustment upon the subsequent expiration, termination or redemption of the rights.

(b) *Adjustment for Tax Reasons.* The Company may make such increases in each Fixed Conversion Rate, in addition to any other increases required by this Section 14, if the Board of Directors deems it advisable to avoid or diminish any income tax to holders of the Common Stock resulting from any dividend or distribution of the Company's shares (or issuance of rights or warrants to acquire shares) or from any event treated as such for income tax purposes or for any other reasons; provided that the same proportionate adjustment must be made to each Fixed Conversion Rate.

(c) *Calculation of Adjustments; Adjustments to Threshold Appreciation Price, Initial Price and Cash Acquisition Stock Price.*

(i) No adjustment in any Fixed Conversion Rate will be required unless the adjustment would require an increase or decrease of at least 1% of the Fixed Conversion Rate. If the adjustment is not made because the adjustment does not change the Fixed Conversion Rate by at least 1%, then the adjustment that is not made will be carried forward and taken into account in any future adjustment. All required calculations will be made to the nearest cent or 1/10,000th of a share. Notwithstanding the foregoing, all adjustments not previously made shall have effect with respect to any conversion of Convertible Preferred Stock pursuant to Section 8, 9 or 10 hereof. If an adjustment is made to the Fixed Conversion Rates pursuant to Section 14(a)(i), 14(a)(ii), 14(a)(iii), l4(a)(iv), 14(a)(v) or 14(b), an inversely proportional adjustment shall also be made to the Threshold Appreciation Price and the Initial Price solely for purposes of determining which of clauses (i), (ii) and (iii) of Section 8(b) shall apply on the Conversion Date. Such adjustment shall be made by dividing each of the Threshold Appreciation Price and the Initial Price by a fraction, the numerator of which shall be either Fixed Conversion Rate immediately after such adjustment pursuant to Section 14(a)(i), 14(a)(ii), 14(a)(iii), l4(a)(iv), 14(a)(v) or 14(b) and the denominator of which shall be such Fixed Conversion Rate immediately before such adjustment; provided that if such adjustment to the Fixed Conversion Rates is required to be made pursuant to the occurrence of any of the events contemplated by Section 14(a)(i), l4(a)(ii), 14(a)(iii), 14(a)(iv), 14(a)(v) or 14(b) during the period taken into consideration for determining the Applicable Market Value, appropriate and customary adjustments shall be made to the Fixed Conversion Rates.

(ii) If an adjustment is made to the Minimum Conversion Rate pursuant to Section 14(a)(i), 14(a)(ii), 14(a)(iii), 14(a)(iv), 14(a)(v) or 14(b), a proportional adjustment shall be made to each Cash Acquisition Stock Price column heading set forth in the table included in the definition of "Cash Acquisition Conversion Rate." Such adjustment shall be made by multiplying each Cash Acquisition Stock Price included in such table by a fraction, the numerator of which is the Minimum Conversion Rate immediately prior to such adjustment and the denominator of which is the Minimum Conversion Rate immediately after such adjustment.

(iii) No adjustment to the Conversion Rate need be made if Holders may participate in the transaction that would otherwise give rise to such adjustment, so long as the distributed assets or securities the Holders would receive upon conversion of the Convertible Preferred Stock—if such assets or securities are convertible, exchangeable, or exercisable—are convertible, exchangeable or exercisable, as applicable, without any loss of rights or privileges for a period of at least 45 days following conversion of the Convertible Preferred Stock. The applicable Conversion Rate shall not be adjusted:

(A) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in the Common Stock under any plan;

(B) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan, employee agreement or arrangement or program of the Company;

(C) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security outstanding as of the Issue Date;

(D) for a change in the par value of the Common Stock;

(E) for cumulated and unpaid dividends or distributions; or

(F) as a result of a tender offer solely to holders of fewer than 100 shares of the Common Stock.

(iv) The Company shall have the power to resolve any ambiguity and its action in so doing, as evidenced by a resolution of the Board of Directors, or a duly authorized committee thereof, shall be final and conclusive unless clearly inconsistent with the intent hereof.

(d) *Notice of Adjustment*. Whenever a Fixed Conversion Rate or the Cash Acquisition Conversion Rate, as applicable, is to be adjusted, the Company shall: (i) compute such adjusted Fixed Conversion Rate or the Cash Acquisition Conversion Rate, as applicable, and prepare and transmit to the Transfer Agent an Officer's Certificate setting forth such adjusted Fixed Conversion Rate or the Cash Acquisition Conversion Rate, as applicable, the method of calculation thereof in reasonable detail and the facts requiring such adjustment and upon which such adjustment is based; (ii) as soon as practicable following the occurrence of an event that requires an adjustment to a Fixed Conversion Rate or the Cash Acquisition Conversion Rate, as applicable (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware), provide, or cause to be provided, a written notice to the Holders of the Convertible Preferred Stock of the occurrence of such event and (iii) as soon as practicable following the determination of a revised Fixed Conversion Rate or Cash Acquisition Conversion Rate, as applicable, provide, or cause to be provided, to the Holders of the Convertible Preferred Stock a statement setting forth in reasonable detail the method by which the adjustment to such Fixed Conversion Rate or the Cash Acquisition Conversion Rate, as applicable, was determined and setting forth such revised Fixed Conversion Rate or Cash Acquisition Conversion Rate, as applicable.

(e) *Reorganization Events*. In the event of:

(A) any consolidation or merger of the Company with or into another Person (other than a merger or consolidation in which the Company is the continuing corporation and in which the shares of Common Stock outstanding immediately prior to the merger or consolidation are not exchanged for cash, securities or other property of the Company or another Person),

(B) any sale, transfer, lease or conveyance to another Person of all or substantially all of the Company's property and assets, or

(C) any reclassification of the Common Stock into securities including securities other than the Common Stock (any such event specified in paragraphs (A) through (C), a "***Reorganization Event***"), each share of Convertible Preferred Stock outstanding immediately prior to such Reorganization Event shall, after such Reorganization Event, be convertible into the kind of securities, cash and other property receivable in such Reorganization Event (without any interest thereon and without any right to dividends or distribution thereon which have a record date that is prior to the Conversion Date) per share of Common Stock (the "***Exchange Property***") by a holder of Common Stock that exercised his rights of election, if any, as to the kind or amount of securities, cash and other property receivable upon such Reorganization Event (provided that if the kind or amount of securities, cash and other property receivable upon such Reorganization Event is not the same for each share of Common Stock held immediately prior to such Reorganization Event and in respect of which such rights of election shall have been exercised ("***Electing Share***"), then, for the purpose of this Section 14(e) the kind and amount of securities, cash and other property receivable upon such Reorganization Event by each Electing Share shall be deemed to be the weighted average of the kinds and amounts so receivable per share by the Electing Shares). The amount of Exchange Property receivable upon conversion of any Convertible Preferred Stock in accordance with Section 8 or 9 hereof shall be determined based upon the Conversion Rate in effect on such Conversion Date. The applicable Conversion Rate for purposes of such Sections 8 and 9 shall be (x) the Minimum Conversion Rate, in the case of an Early Conversion Date and (y) determined based upon the definition of Conversion Rate set forth in Section 8 and the Applicable Market Value at such time, in the case of the Mandatory Conversion Date.

For purposes of this Section 14(e), "***Applicable Market Value***" shall be deemed to refer to the Applicable Market Value of the Exchange Property and such value shall be determined (A) with respect to any publicly traded securities that compose all or part of the Exchange Property, based on the Daily Closing Price of such securities, (B) in the case of any cash that composes all or part of the Exchange Property, based on the amount of such cash and (C) in the case of any other property that composes all or part of the Exchange Property, based on the value of such property, as determined by a nationally recognized independent investment banking firm retained by the Company for this purpose.

The above provisions of this Section 14(e) shall similarly apply to successive Reorganization Events and the provisions of Section 14 shall apply to any shares of capital stock of the Company (or any successor) received by the holders of Common Stock in any such Reorganization Event.

The Company (or any successor) shall, within 20 days of the occurrence of any Reorganization Event, provide written notice to the Holders of such occurrence of such event and of the kind and amount of the cash, securities or other property that constitute the Exchange Property. Failure to deliver such notice shall not affect the operation of this Section 14(e).

(f) For purposes of this Section 14, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock.

Section 15. Replacement Stock Certificates.

(a) If physical certificates are issued, and any of the Convertible Preferred Stock certificates shall be mutilated, lost, stolen or destroyed, the Company shall, at the expense of the Holder, issue, in exchange and in substitution for and upon cancellation of the mutilated Convertible Preferred Stock certificate, or in lieu of and substitution for the Convertible Preferred Stock certificate lost, stolen or destroyed, a new Convertible Preferred Stock certificate of like tenor and representing an equivalent amount of shares of Convertible Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Convertible Preferred Stock certificate and indemnity, if requested, satisfactory to the Company and the Transfer Agent.

(b) The Company is not required to issue any certificates representing the Convertible Preferred Stock on or after the Mandatory Conversion Date. In lieu of the delivery of a replacement certificate following the Mandatory Conversion Date, the Transfer Agent, upon delivery of the evidence and indemnity described above, shall deliver the shares of Common Stock issuable pursuant to the terms of the Convertible Preferred Stock formerly evidenced by the certificate.

Section 16. Transfer Agent, Registrar, Redemption, Conversion and Dividend Disbursing Agent. The duly appointed Transfer Agent, Registrar, Redemption, Conversion and Dividend Disbursing Agent for the Convertible Preferred Stock shall be American Stock Transfer and Trust Company. The Company may, in its sole discretion, remove the Transfer Agent in accordance with the agreement between the Company and the Transfer Agent; provided that the Company shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Company shall send notice thereof by first-class mail, postage prepaid, to the Holders of the Convertible Preferred Stock.

Section 17. Form.

(a) The Convertible Preferred Stock shall be issued in the form of one or more permanent global shares of Convertible Preferred Stock in definitive, fully registered form with the global legend (the "***Global Shares Legend***") as set forth on the form of Convertible Preferred Stock certificate attached hereto as Exhibit A (each, a "***Global Preferred Share***"), which is hereby incorporated in and expressly made a part hereof. The Global Preferred Shares may have notations, legends or endorsements required by law, stock exchange rules, agreements to which the Company is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Company). The Global Preferred Shares shall be deposited on behalf of the Holders of the Convertible Preferred Stock represented thereby with the Registrar, at its New York office as custodian for DTC or a Depositary, and registered in the name of the Depositary or a nominee of the Depositary, duly executed by the Company and countersigned and registered by the Registrar as hereinafter provided. The aggregate number of shares represented by each Global Preferred Share may from time to time be increased or decreased by adjustments made on the records of the Registrar and the Depositary or its nominee as hereinafter provided. This Section 17(a) shall apply only to a Global Preferred Share deposited with or on behalf of the Depositary. The Company shall execute and the Registrar shall, in accordance with this Section 17, countersign and deliver initially one or

more Global Preferred Shares that (i) shall be registered in the name of Cede & Co. or other nominee of the Depositary and (ii) shall be delivered by the Registrar to Cede & Co. or pursuant to instructions received from Cede & Co. or held by the Registrar as custodian for the Depositary pursuant to an agreement between the Depositary and the Registrar. Members of, or participants in, the Depositary ("***Agent Members***") shall have no rights under this Statement with Respect to Shares, with respect to any Global Preferred Share held on their behalf by the Depositary or by the Registrar as the custodian of the Depositary, or under such Global Preferred Share, and the Depositary may be treated by the Company, the Registrar and any agent of the Company or the Registrar as the absolute owner of such Global Preferred Share for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Registrar or any agent of the Company or the Registrar from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and its Agent Members, the operation of customary practices of the Depositary governing the exercise of the rights of a holder of a beneficial interest in any Global Preferred Share. The Holder of the Convertible Preferred Shares may grant proxies or otherwise authorize any Person to take any action that a Holder is entitled to take pursuant to the Convertible Preferred Shares, this Statement with Respect to Shares or the Amended and Restated Articles of Incorporation. Owners of beneficial interests in Global Preferred Shares shall not be entitled to receive physical delivery of certificated shares of Convertible Preferred Stock, unless (x) the Depositary is unwilling or unable to continue as Depositary for the Global Preferred Shares and the Company does not appoint a qualified replacement for the Depositary within 90 days or (y) the Depositary ceases to be a "clearing agency" registered under the Exchange Act and the Company does not appoint a qualified replacement for the Depositary within 90 days. In any such case, the Global Preferred Shares shall be exchanged in whole for definitive shares of Convertible Preferred Stock in registered form, with the same terms and of an equal aggregate Liquidation Preference. Definitive shares of Convertible Preferred Stock shall be registered in the name or names of the Person or Person specified by the Depositary in a written instrument to the Registrar.

(b) An Officer shall sign the Global Preferred Shares for the Company, in accordance with the Company's bylaws and applicable law, by manual or facsimile signature.

(i) If an Officer whose signature is on a Global Preferred Share no longer holds that office at the time the Transfer Agent authenticates the Global Preferred Share, the Global Preferred Share shall be valid nevertheless.

(ii) A Global Preferred Share shall not be valid until an authorized signatory of the Transfer Agent manually countersigns such Global Preferred Share. The signature shall be conclusive evidence that such Global Preferred Share has been authenticated under this Statement with Respect to Shares. Each Global Preferred Share shall be dated the date of its authentication.

Section 18. Miscellaneous.

(a) All notices referred to herein shall be in writing, and, unless otherwise specified herein, all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three Business Days after the mailing thereof if sent by registered or certified mail (unless first-class mail shall be specifically permitted for such notice under the terms of this Statement with Respect to Shares) with postage prepaid, addressed: (i) if to the Company, to its office at 1500 Corporate Drive, Canonsburg, Pennsylvania 15317, Attention: Chief Financial Officer or to the Transfer Agent at its Corporate Trust Office, or other agent of the Company designated as permitted by this Statement with Respect to Shares, or (ii) if to any Holder of the Convertible Preferred Stock or holder of shares of Common Stock, as the case may be, to such holder at the address of such holder as listed in the stock record books of the Company (which may include the records of any transfer agent for the Convertible Preferred Stock or Common Stock, as the case may be), or (iii) to such other address as the Company or any such holder, as the case may be, shall have designated by notice similarly given.

(b) The Company shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of Convertible Preferred Stock or shares of Common Stock or other securities issued on account of Convertible Preferred Stock pursuant hereto or

certificates representing such shares or securities. The Company shall not, however, be required to pay any such tax that may be payable in respect of any transfer involved in the issuance or delivery of shares of Convertible Preferred Stock or Common Stock or other securities in a name other than that in which the shares of Convertible Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any person other than a payment to the Holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the person otherwise entitled to such issuance, delivery or payment has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid or is not payable.

(c) The Liquidation Preference and the annual dividend rate set forth herein each shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event involving the Convertible Preferred Stock. Such adjustments shall be determined in good faith by the Board of Directors and submitted by the Board of Directors to the Transfer Agent.

(d) The Convertible Preferred Stock shall not be redeemable.

(e) Any shares of Convertible Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock, par value $0.50 per share, and may be reissued as part of a new series of Preferred Stock, par value $0.50 per share, subject to the conditions and restrictions on issuance set forth herein, in the Articles of Incorporation, or in any other Articles of Amendment creating a series of Preferred Stock, par value $0.50 per share, or any similar stock or as otherwise required by law.

FORM OF 6.5% MANDATORY CONVERTIBLE PREFERRED STOCK

SEE REVERSE FOR LEGEND

Number: [ ]

6.5% Mandatory Convertible Preferred Stock [ ] Shares

CUSIP NO.: 628530206

MYLAN INC.
FACE OF SECURITY

This certifies that Cede & Co. is the owner of fully paid and non-assessable shares of the 6.5% Mandatory Convertible Preferred Stock, par value $0.50 of Mylan Inc. (hereinafter called the "Company"), transferable on the books of the Company by the holder hereof in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Amended and Restated Articles of Incorporation of Mylan Inc. and all amendments thereto (copies of which are on file at the office of the Transfer Agent) to all of which the holder of this certificate by acceptance hereof assents. This certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

IN WITNESS WHEREOF, Mylan Inc. has executed this certificate as of the date set forth below.

MYLAN INC.

By: _____
Name:
Title:

Dated:

TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the certificates representing shares of the Convertible Preferred Stock referred to in the within mentioned Statement of Mylan Inc.

as Transfer Agent

By: _____
Name:
Title: Authorized Signatory

Dated:

REVERSE OF SECURITY
MYLAN INC.

The shares of 6.5% Mandatory Convertible Preferred Stock (the "***Convertible Preferred Stock***") shall automatically convert on November 15, 2010 into a number of shares of common stock, par value $0.50 per share, of the Company (the "***Common Stock***") as provided in the Statement with Respect to the Convertible Preferred Stock of the Company dated November 14, 2007 (the "***Statement***"). The shares of the Convertible Preferred Stock are also convertible at the option of the holder, into shares of Common Stock at any time prior to November 15, 2010 as provided in the Statement. The preceding description is qualified in its entirety by reference to the Statement, a copy of which shall be furnished by the Company to any holder without charge upon request addressed to the Secretary of the Company at its principal office in Canonsburg, Pennsylvania or to the Transfer Agent named on the face of this certificate.

The Company shall furnish to any shareholders, upon request, and without charge, a full statement of the designations, relative rights, preferences and limitations of the shares of each class and series authorized to be issued so far as the same have been determined and of the authority of the Board of Directors to divide the shares into classes or series and to determine and change the relative rights, preferences and limitations of any class or series. Any such request should be addressed to the Secretary of the Company at its principal office in Canonsburg, Pennsylvania, or to the Transfer Agent named on the face of this certificate.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("***DTC***"), TO THE CORPORATION OR THE TRANSFER AGENT NAMED ON THE FACE OF THIS CERTIFICATE, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS AN INTEREST HEREIN. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE STATEMENT WITH RESPECT TO SHARES. IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE TRANSFER AGENT NAMED ON THE FACE OF THIS CERTIFICATE SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

ASSIGNMENT

For value received, _____ hereby sell, assign and transfer unto
Please Insert Social Security or Other Identifying Number of Assignee

_____

(Please Print or Typewrite Name and Address, Including Zip Code, of Assignee)
shares of the capital stock represented by the within certificate, and do hereby irrevocably constitute and appoint Attorney to transfer the said stock on the books of the within named Company with full power of substitution in the premises.

Dated _____

_____

NOTICE: The Signature to this Assignment Must Correspond with the Name As Written Upon the Face of the Certificate in Every Particular, Without Alteration or Enlargement or Any Change Whatever.

SIGNATURE GUARANTEED

_____

(Signature Must Be Guaranteed by a Member of a
Medallion Signature Program)

Exhibit 3.2

MYLAN INC.,
A PENNSYLVANIA CORPORATION

SECOND AMENDED AND RESTATED BYLAWS, AS AMENDED

Adopted as of October 24, 2002, and amended on
June 19, 2003, October 28, 2003, February 18, 2005,
October 2, 2007, December 17, 2007 and May 7, 2009

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MYLAN INC.,
A PENNSYLVANIA CORPORATION

SECOND AMENDED AND RESTATED BYLAWS, AS AMENDED

ARTICLE I
Shareholders

Section 1.01. Annual Shareholders Meetings. The annual meeting of the shareholders of Mylan Inc. (the "Corporation") shall be held on such date and at such time and place as may be fixed by the Board of Directors (the "Board").

Section 1.02. Special Shareholders Meetings. Special meetings of the shareholders may be called at any time by the Chairman of the Board or by two-thirds of the Board. Special shareholders meetings shall be held at such time and such place as designated by the Chairman of the Board or his designee. No business may be transacted at any special meeting of the shareholders other than that stated in the notice of meeting.

Section 1.03. Organization. The Chairman of the Board shall preside and the Secretary, or in his absence any Assistant Secretary, shall act as secretary, at all meetings of the shareholders. In the event that the Chairman of the Board is absent, the Vice Chairman of the Board shall preside at such meeting. In the absence of the Vice Chairman of the Board, the Chairman of the Board shall designate another member of the Board, or an officer of the Corporation, to preside over such meeting. If the Chairman of the Board fails to designate such person, a member of the Board or an officer of the Corporation shall be selected by a majority of the Board in attendance at such meeting, and that officer shall preside over the meeting. In the absence of the Secretary and any Assistant Secretary, the person presiding over the meeting shall designate any person to act as secretary of the meeting.

Section 1.04. Nature of Business at Meetings of Shareholders Meetings. (a) No business may be transacted at an annual meeting of the shareholders, other than business that is either (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board (or any duly authorized committee thereof), (ii) otherwise properly brought before the annual meeting of the shareholders by or at the direction of the Board (or any duly authorized committee thereof), or (iii) otherwise properly brought before the annual meeting of the shareholders by any shareholder of the Corporation (A) who is a shareholder of record on the date of the giving of the notice provided for in this Section 1.04 and on the record date for the determination of shareholders entitled to notice of and to vote at such annual meeting of the shareholders and (B) who complies with the notice and other procedures set forth in this Section 1.04.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting of the shareholders by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary.

(b) To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than one hundred twenty (120) calendar days prior to the anniversary date of the immediately preceding annual meeting of the shareholders; provided, however, that in the event that the annual meeting of the shareholders is called for a date that is not within twenty-five (25) calendar days before or after such anniversary date, notice by the shareholder in order to be timely must be so received not later than the close of business on the tenth (10th) calendar day following the day on which such notice of the date of the annual meeting of the shareholders was mailed or such public disclosure of the date of the annual meeting of the shareholders was made, whichever first occurs.

(c) To be in proper written form, a shareholder's notice to the Secretary must set forth as to each matter such shareholder proposes to bring before the annual meeting of the shareholders (i) a brief description of the business desired to be brought before the annual meeting of the shareholders and the reasons for conducting such business at the annual meeting of the shareholders, (ii) the name and record address of such shareholder, (iii) the class or series and number of capital shares of the Corporation which are owned beneficially or of record by such shareholder, (iv) a description of all arrangements or understandings between such shareholder and any other person or persons (including their names) in connection with the proposal of such business by such shareholder and any material interest of such shareholder in such business, (v) a representation that such shareholder intends to appear in person or by proxy at the annual meeting of the shareholders to bring such business before the meeting and (vi) any other information that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies by such shareholder with respect to such business pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder.

(d) No business shall be conducted at the annual meeting of shareholders except business brought before the annual meeting of the shareholders in accordance with the procedures set forth in this Section 1.04; provided, however, that, once business has been properly brought before the annual meeting of the shareholders in accordance with such procedures, nothing in this Section 1.04 shall be deemed to preclude discussion by any shareholder of any such business. If the person presiding over an annual meeting of the shareholders determines that business was not properly brought before the annual meeting of the shareholders in accordance with the foregoing procedures, the person presiding over the annual meeting shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 1.05. Order of Business. The order and conduct of business at shareholders meetings shall be determined by the person presiding over the shareholders meeting. The person presiding over such meeting shall have the power to adjourn the meeting to another place, date and time.

ARTICLE II
Directors

Section 2.01. Number, Election and Term of Office. The number of Directors which shall constitute the full Board shall be such number, not less than three, as shall be fixed by the Board or the shareholders; provided, however, that if all the shares of the Corporation shall be owned beneficially and of record by either one or two shareholders, the number of Directors may be less than three but not less than the number of shareholders. The shareholders shall elect a full Board at each annual meeting of shareholders. Except as provided below with respect to Contested Elections and in Section 2.02, each Director shall be elected by the vote of the majority of the votes cast with respect to the Director.

For the purposes of this Section 2.01, a majority of votes cast means that the number of shares cast "for" a Director's election exceeds the number of votes cast "against" that Director's election. The following shall not be votes cast: (a) a share otherwise present at the meeting but for which there is an abstention and (b) a share otherwise present at the meeting as to which a shareholder gives no authority or direction. The Governance and Nominating Committee has established procedures under which any Director who is not elected shall offer to tender his or her resignation to the Board. The Governance and Nominating Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. In a Contested Election, the Directors shall be elected by the vote of a plurality of the votes cast. For purposes of these Bylaws, a "Contested Election" means an election of Directors with respect to which, as of five days prior to the date the Corporation first mails the notice of meeting for such meeting to shareholders, there are more nominees for election than positions on the Board to be filled by election at the meeting. Each Director shall serve until the next annual shareholders meeting, and thereafter until his successor has been selected and qualified, or until his death, resignation or removal. The Board shall elect from among its members a Chairman of the Board who shall appoint a Vice Chairman of the Board.

Section 2.02. Filling Vacancies. Any vacancy caused by the death, resignation or removal of a Director shall be filled by appointment thereto by the Chairman of the Board, or in his absence, by the Vice Chairman of the Board, and such Director so appointed shall serve for the unexpired term of the Director causing such vacancy.

Section 2.03. Nominations of Directors: Election. (a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election as directors of the Corporation may be made at any annual meeting of shareholders, (i) by or at the direction of the Board (or any duly authorized committee thereof) or (ii) by any shareholder of the Corporation (A) who is a shareholder of record on the date of the giving of the notice provided for in this Section 2.03 and on the record date for the determination of

shareholders entitled to notice of and to vote at such meeting and (B) who complies with the notice and other procedures set forth in this Section 2.03. Nominations of persons for election as directors of the Corporation may be made at any special meeting of shareholders called for the purpose of electing directors by or at the direction of the Board (or any duly authorized committee thereof).

In addition to any other applicable requirements, for a nomination to be made by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary.

(b) To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (a) in the case of an annual meeting, not less than one hundred twenty (120) calendar days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting of the shareholders is called for a date that is not within twenty-five (25) calendar days before or after such anniversary date, notice by the shareholder in order to be timely must be so received not later than the close of business on the tenth (10th) calendar day following the day on which such notice of the date of the annual meeting of the shareholders was mailed or such public disclosure of the date of the annual meeting of the shareholders was made, whichever first occurs; and (b) in the case of a special meeting of shareholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) calendar day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.

(c) To be in proper written form, a shareholder's notice to the Secretary must set forth (i) as to each person whom the shareholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of capital shares of the Corporation which are owned beneficially or of record by the person and (D) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; and (ii) as to the shareholder giving the notice (A) the name and record address of such shareholder, (B) the class or series and number of capital shares of the Corporation which are owned beneficially or of record by such shareholder, (C) a description of all arrangements or understandings between such shareholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such shareholder, (D) a representation that such shareholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (E) any other information relating to such shareholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written

consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

(d) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2.03. If the person presiding over the meeting determines that a nomination was not made in accordance with the foregoing procedures, the person presiding over the meeting shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 2.04. Annual Meeting of the Board. The annual meeting of the Board shall be held immediately after the annual meeting of the shareholders and shall be the annual organizational meeting of the Directors-elect, at which meeting the new Board shall be organized, Committees of the Board shall be established, and the officers of the Corporation for the ensuing year shall be elected by the Board of Directors or appointed by the Chief Executive Officer consistent with these Bylaws.

Section 2.05. Regular Board Meetings: Notice. Regular meetings of the Board shall be held at such places and times as shall be determined by resolution of the Board at its annual meeting. Notice of such regular meetings of the Board shall not be required to be given, except that whenever the time or place of such regular meetings shall be changed, notice of such action shall be given promptly by telephone or otherwise to each Director not participating in such action.

Section 2.06. Special Board Meetings: Notice. Special meetings of the Board may be called at any time by the Chairman of the Board or by two-thirds of the Directors, to be held at such place and times as shall be specified in the notice or waiver of notice thereof. Notice of every special meeting of the Board, stating the place, day and hour thereof, shall be given by telephone or otherwise to each Director at least twenty-four (24) hours before the time at which the meeting is to be held, unless such notice is waived pursuant to Section 7.05 of the Bylaws.

Section 2.07. Action by Consent in Writing. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all members of the Board shall consent thereto in writing, and the writing or writings shall be filed with the minutes of the proceedings of the Board.

Section 2.08. Organization. The Chairman of the Board shall preside at each meeting of the Board and the Secretary, or in his absence any Assistant Secretary, shall act as secretary at all meetings of the Board. In the event that the Chairman of the Board is absent, the Vice Chairman of the Board shall preside at such meeting. In the absence of the Vice Chairman of the Board, a Director shall be designated by the Chairman of the Board to preside over such meeting. If the Chairman of the Board fails to designate such person, a majority of the Board in attendance at such meeting shall select a Director to preside over such meeting. In the absence of the Secretary or any Assistant Secretary, the

person presiding over the meeting shall designate any person to act as secretary of the meeting.

Section 2.09. Board Meetings by Telephone. One or more of the Directors may participate in any regular or special meeting of the Board by telephone conference or similar communications equipment by means of which all persons participating in the meeting are able to hear each other.

Section 2.10. Resignations. Any Director may resign at any time by delivering his letter of resignation to the Chairman of the Board with a copy to the Secretary. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective shall not be specified therein, then it shall take effect immediately upon its receipt by the Chairman of the Board, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 2.11. Qualification of Directors. It shall be a qualification for membership on the Board that a Director not be a member of the board of directors or an officer or employee of a competitor (or an affiliate of a competitor) of the Corporation.

Section 2.12. Limitation of Director Liability. A Director of the Corporation shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless the Director has breached or failed to perform the duties of his office under Subchapter B of Chapter 17 of the Business Corporation Law of Pennsylvania ("BCL"), including Section 1712 thereof (relating to standard of care and justifiable reliance) and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness; provided, however, that the limitation of liability provided in this Section 2.12 shall not apply to the responsibility or liability of a director pursuant to any criminal statute or the liability of a director for payment of taxes pursuant to local, state or federal law. Neither the amendment nor the repeal of this Section 2.12 shall eliminate or reduce the effect of this Section 2.12 with respect to any matter occurring, or any cause of action, suit or claim that, but for this Section 2.12, would accrue or arise, prior to such amendment or repeal. If Subchapter B of Chapter 17 of the BCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by Subchapter B of Chapter 17, or any successor thereto under the BCL, as amended from time to time.

ARTICLE III
Committees

Section 3.01. Executive Committee: How Constituted and Powers. The Board may elect such Directors then in office, to constitute an Executive Committee (herein called the "Executive Committee"), provided, however, that both the Chairman of the Board and the Vice Chairman of the Board shall be members of said Committee. The Executive Committee shall keep proper minutes and records of its proceedings, and all actions of the Executive Committee shall be reported to the Board at its meeting next

succeeding such activity. During the intervals between the meetings of the Board of Directors, the Executive Committee shall have, and may exercise, all powers and rights of the Board unless otherwise limited by a resolution of the Board.

Section 3.02. Organization. The Chairman of the Board shall act as chairman at all meetings of the Executive Committee and shall designate a person to act as secretary thereof. In the event that the Chairman of the Board is absent, the Vice Chairman shall act as chairman at all meetings of the Executive Committee and shall designate a person to act as secretary thereof. If neither the Chairman of the Board, nor the Vice Chairman of the Board is present at such meeting, the chairman of such meeting shall be selected by a majority of the members of the Executive Committee in attendance at such meeting and that chairman shall designate a person to act as secretary thereof.

Section 3.03. Other Committees. The Board shall form an Audit Committee, a Compensation Committee, a Finance Committee, a Governance and Nominating Committee and such other committees as it may determine, which shall in each case consist of Directors elected by the Board. Committees shall keep proper minutes and records of their proceedings and may exercise such powers as the Board may by resolution determine and specify in their respective charters and such other resolutions as the Board may adopt.

Section 3.04. Procedures. A majority of all the members of any Committee of the Board may fix its rules of procedure, determine its action and fix the time and place of its meetings and specify what notice thereof, if any, shall be given, unless the Board shall otherwise by resolution provide.

Section 3.05. Action by Consent in Writing. Any action required or permitted to be taken at any meeting of any Committee may be taken without a meeting if all members of the Committee shall consent thereto in writing and the writing or writings shall be filed with the minutes of proceedings of the Committee.

Section 3.06. Meetings by Telephone. One or more members of a Committee may participate in any Committee meeting by telephone conference or similar communications equipment by means of which all persons participating in the meeting are able to hear each other.

Section 3.07. Resignations; Removal; Vacancies. Any member of a Committee of the Board may resign therefrom at any time by delivering a letter of resignation to the Chairman of the Board with a copy to the Secretary. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective shall not be specified therein, then it shall take effect immediately upon its receipt by the Chairman of the Board; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The Board may remove a member of any Committee of the Board. Any vacancy in a Committee of the Board shall be filled by the vote of the Board and shall be effective upon delivery of a written designation of such appointment to the Secretary.

ARTICLE IV
Officers

Section 4.01. Officers. The Corporation may have such officers as determined by the Board, subject to the requirements of the BCL or other applicable law, and pursuant to these Bylaws. Any two or more offices may be held by the same person, except that any officer holding the position of Chief Executive Officer, Chief Operating Officer, President or Chief Financial Officer, or any position equivalent to such position, cannot hold the office of the Secretary. The Board shall elect the Chief Executive Officer and the Board may elect, or delegate authority to the Chief Executive Officer to appoint, a President, a Chief Financial Officer, a Chief Legal Officer, a Chief Scientific Officer, and any other officers of the Corporation as the Board or the Chief Executive Officer may desire. Each officer elected by the Board, or appointed by the Chief Executive Officer, shall hold office until the next succeeding annual meeting of the Board and thereafter until his successor shall have been selected and shall qualify, or until his death, resignation or removal.

Section 4.02. Removal. The Board may remove, either with or without cause, at any time, any officer elected by the Board; provided, however, that the removal shall be without prejudice to the contract rights, if any, of the person so removed. The Board may delegate to the Chief Executive Officer the right to remove, either with or without cause, at any time, any officer the Chief Executive Officer has appointed; provided, however, that the removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4.03. Resignations. Any officer may resign at any time by delivering a letter of resignation to the Chairman of the Board, or to the Chief Executive Officer if such officer was appointed by the Chief Executive Officer, with a copy to the Secretary. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective shall not be specified therein, then it shall take effect immediately upon its receipt by the Chairman of the Board, or the Chief Executive Officer, as the case may be; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.04. Vacancies. A vacancy caused by the death, resignation or removal of any officer elected by the Board shall be filled by an election by the Board, and such officer so elected by the Board shall serve for the unexpired portion of the term of the officer causing such vacancy. The Board may delegate to the Chief Executive Officer the right to fill any vacancy caused by the death, resignation or removal of an officer appointed by the Chief Executive Officer.

Section 4.05. Chief Executive Officer. The Chief Executive Officer shall have such powers and perform such duties as from time to time may be assigned to him by the Board including, but not limited to, those powers and duties that may be conferred upon the Chief Executive Officer under these Bylaws or any resolution adopted by the Board

pursuant to these Bylaws. The Chief Executive Officer shall make a report of the state of the business of the Corporation at each annual meeting of the shareholders and from time to time the Chief Executive Officer shall report to the shareholders and to the Board those corporate matters, which, in the Chief Executive Officer's judgment, are required to be brought to their attention. The Chief Executive Officer shall have general and active supervision and control of the over-all business and affairs of the Corporation. Unless otherwise directed by the Board, the Chief Executive Officer shall be the officer authorized to execute documents or take actions on behalf of the Corporation in its capacity as a shareholder or equity owner of any other entity. The Chief Executive Officer may sign, execute and deliver in the name of the Corporation all contracts or other instruments requiring execution by the Corporation, except in cases where the signing, execution or delivery thereof shall be expressly delegated by the Board or by a duly authorized Committee of the Board to some other officer or agent of the Corporation or where any of them shall be required by law to be signed, executed or delivered by a person other than the Chief Executive Officer. The Chief Executive Officer may appoint from time to time such agents as may be deemed advisable for the prompt and orderly transaction of the business of the Corporation, prescribe their duties and the terms of their engagements, fix their compensation and dismiss such agents so appointed.

Section 4.06. President. The President shall have such powers and perform such duties as from time to time may be assigned to him by the Board or by the Chief Executive Officer.

Section 4.07. Chief Operating Officer. The Chief Operating Officer shall have such powers and perform such duties as from time to time may be assigned to him by the Board, by the Chief Executive Officer or by the President. The Chief Operating Officer shall be charged with the supervision of the day-to-day operations of the Corporation.

Section 4.08. Chief Financial Officer. The Chief Financial Officer shall have such powers and perform such duties as from time to time may be assigned to him by the Board, by the Chief Executive Officer or by the President. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of the Corporation, using appropriate accounting principles; have supervision over and be responsible for the financial affairs of the Corporation; cause to be kept at the principal executive office of the Corporation and preserved for review as required by law or regulation all financial records of the Corporation; be responsible for the establishment of adequate internal control over the transactions and books of account of the Corporation; and be responsible for rendering to the proper officers and the Board upon request, and to the shareholders and other parties as required by law or regulation, financial statements of the Corporation.

Section 4.09. Chief Legal Officer. The Chief Legal Officer shall have such powers and perform such duties as from time to time may be assigned to him by the Board, by the Chief Executive Officer or by the President. The Chief Legal Officer shall be the primary legal officer of the Corporation and shall have general and active supervision and direction over the legal affairs of the Corporation.

Section 4.10. Chief Scientific Officer. The Chief Scientific Officer shall have such powers and perform such duties as from time to time may be assigned to him by the Board, by the Chief Executive Officer or by the President. The Chief Scientific Officer shall be the person responsible for the implementation of the scientific direction of the corporation and shall have general and active supervision over scientific matters related to the Corporation.

Section 4.11. Vice Presidents. Each of the Vice Presidents (including each of the Executive Vice Presidents and Senior Vice Presidents) shall have such powers and perform such duties as from time to time may be assigned to him by the Chief Executive Officer or his designee.

Section 4.12. The Secretary and Assistant Secretaries. (a) The Secretary shall record all the proceedings of the meetings of the shareholders and the Board in one or more minute books kept for that purpose; see that all notices shall be duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the seal of the Corporation, and shall see that such seal, or, if authorized by the Board, a facsimile thereof, shall be affixed to any documents the execution of which on behalf of the Corporation shall be duly authorized and may attest such seal when so affixed; have charge, directly or through the transfer agent or transfer agents and registrar or registrars duly appointed, of the issue, transfer and registration of certificates for stock of the Corporation and of the records thereof; upon request, exhibit or cause to be exhibited at all reasonable times to the Board, at the place where they shall be kept, such records of the issue, transfer and registration of the certificates for stock of the Corporation; and in general, perform all duties incident to the office of Secretary and such duties as from time to time may be assigned to him by the Board or the Chief Executive Officer.

(b) At the request of the Secretary, or in his absence or inability to act, the Assistant Secretary, or if there be more than one, any of the Assistant Secretaries, shall perform the duties of the Secretary, and, when so acting, shall have the powers of, and be subject to all the restrictions upon, the Secretary. Each of the Assistant Secretaries shall perform such duties as from time to time may be assigned to him by the Board, the Chief Executive Officer or the Secretary.

Section 4.13. The Treasurer and Assistant Treasurers. (a) The Treasurer shall have charge and custody of, and be responsible for, all funds, corporate securities and investments, notes and valuable effects of the Corporation; receive and give receipt for money due and payable to the Corporation from any sources whatsoever; deposit all such money to the credit of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Section 6.02 hereof, cause such funds to be disbursed by checks or drafts on the authorized depositories of the Corporation signed as provided in Section 6.01 hereof; and be responsible for the accuracy of the amounts of, and cause to be preserved proper vouchers for all moneys so disbursed; render to the Chief Executive Officer, the Chief Financial Officer, or the Board, whenever they, respectively, shall request the Treasurer so to do, an account of the

financial condition of the Corporation and of all the Treasurer's transactions as such officer; upon request, exhibit or cause to be exhibited at all reasonable times, at the place where they shall be kept, the Treasurer's cash books and other records to the Board, the Chief Executive Officer or the Chief Financial Officer; and have such powers and perform such duties as from time to time may be assigned to him by the Board, the Chief Executive Officer or the Chief Financial Officer.

(b) At the request of the Treasurer, or in his absence or inability to act, the Assistant Treasurer, or if there be more than one, any of the Assistant Treasurers, shall perform the duties of Treasurer, and, so acting, shall have all the powers of, and be subject to all of the restrictions upon, the Treasurer. Each Assistant Treasurer shall perform such duties as from time to time may be assigned to him by the Board, the Chief Executive Officer, the Chief Financial Officer and the Treasurer.

Section 4.14. The Controller and Assistant Controllers. (a) The Controller shall keep or cause to be kept correct records of the business and transactions of the Corporation and shall, upon request, at all reasonable times exhibit or cause to be exhibited such records to the Board at the place where such records shall be kept. The Controller shall have such powers and perform such duties as from time to time may be assigned to him by the Board, the Chief Executive Officer or the Chief Financial Officer.

(b) At the request of the Controller, or in case of his absence or inability to act, the Assistant Controller, or, if there be more than one, any of the Assistant Controllers, shall perform the duties of the Controller, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Controller. Each of the Assistant Controllers shall perform such duties as from time to time may be assigned to him by the Board, the Chief Executive Officer, the Chief Financial Officer or the Controller.

ARTICLE V
Shares of Capital Stock

Section 5.01. Share Certificates. Every owner of stock of the Corporation shall be entitled to have a certificate registered in such owner's name in such form as the Board shall prescribe, certifying the number of shares of stock of the Corporation owned by such owner. The certificates representing shares of stock shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the Chief Executive Officer, the President or such other officer, duly authorized, and by the Secretary or an Assistant Secretary. Any or all of the signatures on any such certificate may be facsimiles. In case any officer or officers or transfer agent or registrar of the Corporation who shall have signed, or whose facsimile signature or signatures shall have been placed upon any such certificate shall cease to be such officer or officers or transfer agent or registrar before such certificate shall have been issued, such certificate may be issued by the Corporation with the same effect as though the person or persons who shall have signed such certificate, or whose facsimile signature or signatures shall have been placed thereupon, were such officer or officers or transfer agent or registrar at the date of issue. Records shall be kept of the amount of the stock of the Corporation

issued and outstanding, the manner in which and the time when such stock was paid for, the respective names, alphabetically arranged, and the addresses of the persons, firms or corporations owning of record the stock represented by certificates for stock of the Corporation, the number, class and series of shares represented by such certificates, respectively, the time when each became an owner of record thereof, and the respective dates of such certificates, and in case of cancellation, the respective dates of cancellation. Every certificate surrendered to the Corporation for exchange or transfer shall be canceled and a new certificate or certificates shall not be issued in exchange for any existing certificate until such existing certificate shall have been so canceled except in cases provided for in Section 5.02 hereof.

Section 5.02. Lost, Stolen, Destroyed or Mutilated Certificates. New certificates for shares of stock may be issued to replace certificates lost, stolen, destroyed or mutilated upon such conditions as the Board may from time to time determine. If the registered owner of any stock of the Corporation notifies the Corporation of any loss, theft, destruction or mutilation of the certificate therefor the Corporation may, in its discretion, require the registered owner of the lost, stolen or destroyed certificate or his legal representatives to give the Corporation a bond in such sum, limited or unlimited, and in such form and with such surety or sureties, as the Corporation shall in its uncontrolled discretion determine, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate, or the issuance of such new certificate. The Corporation may, however, in its discretion refuse to issue any such new certificate except pursuant to legal proceedings under the laws of the Commonwealth of Pennsylvania.

Section 5.03. Regulations Relating to Shares. The Board shall have power and authority to make all such rules and regulations not inconsistent with these Bylaws as it may deem expedient, concerning the issue, transfer and registration of certificates representing shares of stock of the Corporation.

Section 5.04. Holders of Record. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder and owner in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by the laws of Commonwealth of Pennsylvania.

ARTICLE VI
Execution of Instruments;
Deposit and Withdrawal of Corporate Funds

Section 6.01. Execution of Instruments Generally. The authority to sign any contracts and other instruments requiring execution by the Corporation may be conferred by the Board upon an authorized officer of the Corporation or upon any other person or persons designated by the Board. Any person having authority to sign on behalf of the

Corporation may delegate, from time to time, by instrument in writing, all or any part of such authority to any other person or persons so authorized by the Board.

Section 6.02. General and Special Bank Accounts. The Board may from time to time authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositories as the Board may select, or as may be selected by any officer or officers or agent or agents of the Corporation to whom power in that respect shall have been delegated by the Board. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these Bylaws, as it may deem expedient.

ARTICLE VII
General Provisions

Section 7.01. Offices. The principal executive office of the Corporation shall be located at such place within or without the Commonwealth of Pennsylvania as the Board from time to time designates. The registered office of the Corporation shall be located at 1030 Century Building, 130 Seventh Street, Pittsburgh, Pennsylvania 15222 or at such other place within the Commonwealth of Pennsylvania as the Board from time to time designates.

Section 7.02. Corporate Seal. The Board shall prescribe the form of a suitable corporate seal, which shall contain the full name of the Corporation and the year and state of incorporation.

Section 7.03. Fiscal Year. The fiscal year of the Corporation shall commence on the first day of January and end on the thirty-first day of December in each year.

Section 7.04. Financial Reports to Shareholders. The Board shall cause the preparation of financial statements reflecting the financial condition and results of operations of the Corporation as of and for the period ending upon the close of each fiscal year, and shall engage independent certified public accountants to audit such financial statements. The Board shall cause such financial statements and reports of auditors to be furnished to the shareholders, and shall cause such other financial statements, if any, as it deems advisable to be furnished to the shareholders.

Section 7.05. Waiver of Notices. Whenever notice shall be required to be given by these Bylaws or by the Articles of Incorporation of the Corporation or by the BCL, a written waiver thereof, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Section 7.06. Facsimile Signatures. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board or a Committee thereof.

Section 7.07. Reliance Upon Books, Reports and Records. Each Director, each member of any Committee designated by the Board, and each officer of the Corporation shall, in the performance of his duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation, including reports made to the Corporation by any of its officers, by an independent certified public accountant, by independent legal counsel, or by an appraiser.

Section 7.08. Gender. Any words in the masculine gender in these Bylaws shall be deemed to include the feminine gender.

ARTICLE VIII
Indemnification of Officers and Directors

Section 8.01. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), whether brought by or in the name of the Corporation or otherwise, by reason of the fact that he is or was a Director or an officer of the Corporation or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), 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, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by law, including, but not limited to the BCL, as the same exists or may hereafter be amended (but, in the case of such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board. For purposes of Section 8.01, 8.02 and 8.03, persons holding the following titles shall be considered officers of the Company: Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, Chief Legal Officer, Chief Scientific Officer, and all persons holding the title of Executive Vice President, Senior Vice President or Vice President.

Section 8.02. Right to Payment of Expenses. The right to indemnification conferred in Section 8.01 shall include the right to be paid by the Corporation the expenses (including attorneys' fees) incurred in defending any such proceeding prior to its final disposition (hereinafter a "payment of expenses"). The rights to indemnification and to the payment of expenses conferred in Sections 8.01 and 8.02 shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a Director,

officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

Section 8.03. Right of Indemnitee to Bring Suit. If a claim under Section 8.01 or 8.02 of this Article is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for a payment of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, the indemnitee also shall be entitled to be paid the expense of prosecuting or defending such suit, including attorney's fees.

Section 8.04. Non-Exclusivity of Rights. The rights to indemnification and to the payment of expenses shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Articles of Incorporation, Bylaws, any agreement, any vote of shareholders or disinterested directors or otherwise.

Section 8.05. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the BCL.

Section 8.06. Indemnification of Other Officers, Employees, Assistants and Agents. The Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the payment of expenses to any officer not otherwise covered by this Article, to an employee, an assistant or an agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and payment of expenses of Directors and officers of the Corporation.

Section 8.07. Other Enterprises, Fines, Serving at Corporation's Request. For purposes of this Article, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise tax assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a Director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such Director, officer, employee, or agent with respect to any employee benefit plan, its participants, or beneficiaries.

Section 8.08. Effect of Amendment. Any amendment, repeal or modification of any provision of this Article by the shareholders or the Directors shall not adversely affect any right or protection of a Director or officer existing at the time of such amendment, repeal or modification.

Section 8.09. Savings Clause. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation

shall nevertheless indemnify each indemnitee as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE IX
Amendments

Section 9.01. Amendments. These Amended and Restated Bylaws may be amended, altered and repealed, and new Bylaws may be adopted, by the shareholders or the Board at any regular or special meeting.

ARTICLE X
Inapplicable Subchapters of Business Corporation Law of Pennsylvania

Section 10.01. Subchapter E. The provisions of Subchapter E to Chapter 25 of the BCL (successor to Section 910 of the BCL) shall not be applicable to this Corporation.

Section 10.02. Subchapter G. The provisions of Subchapter G to Chapter 25 of the BCL, as approved April 27, 1990, shall not be applicable to this Corporation.

Section 10.03. Subchapter H. The provision of Subchapter H to Chapter 25 of the BCL, as approved April 27, 1990, shall not be applicable to this Corporation.

Exhibit 10.1

Privileged and Confidential

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "Agreement") is dated as of June 1, 2009, by and between Mylan Inc. (the "Company" or "Mylan") and Jolene Varney ("Executive").

RECITALS:

WHEREAS, the Company wishes to employ Executive as Executive Vice President and Chief Financial Officer as of the Effective Date (defined below), but may be interested in utilizing Executive in other capacities, in order to avail itself of Executive's skills and abilities in light of the Company's business needs;

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; Best Efforts. The Company agrees to employ Executive, and Executive accepts employment by the Company, as of the Effective Date, on the terms and conditions provided herein. As of the Effective Date, Executive shall serve as Executive Vice President and Chief Financial Officer.

2. Effective Date: Term of Employment. This Agreement shall commence and be effective as of June 8, 2009 (the "Effective Date") and shall remain in effect, unless earlier terminated, or extended or renewed, as provided in Section 9 of this Agreement, through the second anniversary of the Effective Date (the "Second Anniversary").

3. Performance of Duties; Best Efforts. During the term of this Agreement, Executive shall devote her full working time and attention to the business and affairs of Mylan and the performance of her duties hereunder, serve Mylan faithfully and to the best of her ability, and use her best efforts to promote Mylan's interests. Without limitation, Executive shall travel in connection with her employment in accordance with the reasonable direction of the Chief Executive Officer of the Company, commensurate with the activities of her position. 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. Executive's compensation shall include the following:

(a) Minimum Annual Base Salary. The Executive's minimum annual base salary (the "Minimum Annual Base Salary") shall be Four Hundred Fifty Thousand Dollars ($450,000), payable in accordance with the Company's normal payroll practices for its

executive officers. The Minimum Annual Base Salary may be increased from time to time at the discretion of the Compensation Committee of the Board of Directors of the Company, any other committee authorized by the Board of Directors or any officer having authority over executive compensation.

(b) Annual Bonus. Executive shall have an annual discretionary bonus opportunity of one hundred percent (100%) of Executive's then-current Minimum Annual Base Salary, to be paid upon satisfaction of certain criteria established by the Compensation Committee of the Board of Directors, or by any other committee or officer having authority over executive compensation. Such bonus shall be paid no later than March 15th of the year following the year in which the annual award is no longer subject to a substantial risk of forfeiture.

(c) Non-Qualified Stock Options. On the Effective Date, Executive shall receive non-qualified stock options to purchase 50,000 shares of Mylan common stock under the 2003 Long-Term Incentive Plan (the "Plan") in accordance with the following vesting schedule, provided that Executive remains employed by Mylan on the following vesting dates: on the first anniversary of the Effective Date, Executive shall vest in the first 16,667 shares; on the second anniversary of the Effective Date, Executive shall vest in an additional 16,666 shares; and on the third anniversary of the Effective Date, Executive shall vest in the remaining 16,667 shares. These options will be subject to all terms of the Plan 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 options in the event Executive resigns for Good Reason or is Terminated Without Cause, as provided in Section 9 herein.

(d) Restricted Stock. Executive shall be awarded 10,000 restricted stock units ("RSUs") under the Plan, in accordance with the following vesting schedule, provided that Executive remains employed by Mylan on the following vesting dates: on the first anniversary of the Effective Date, Executive shall vest in the first 2,500 RSUs; on the second anniversary of the Effective Date, Executive shall vest in an additional 2,500 RSUs; and on the third anniversary of the Effective Date, Executive shall vest in the remaining 5,000 RSUs. These RSUs will be subject to all terms of the Plan and the applicable RSU award instrument.

(e) Fringe Benefits and Expense Reimbursement. The Executive shall receive benefits and perquisites of employment similar to those as have been customarily provided to the Company's other executive officers including but not limited to, health insurance coverage, short-term disability benefits and twenty (20) vacation days, in each case in accordance with the plan documents or policies that govern such benefits. The Company shall reimburse Executive for all ordinary and necessary business expenses in accordance with established Company policy and procedures.

5. 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 her 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.

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

(a) Executive shall not, directly or indirectly, whether for herself 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 her 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 her shares or ownership interest in such manner as she 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 herself 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.

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 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 5 and/or 6 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.

9. Termination of Employment.

(a) Resignation. (i) Executive may resign from employment at any time upon 90 days written notice to 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 her best efforts to effect a smooth and effective transition to whoever will replace Executive. Mylan reserves the right to accelerate the effective date of Executive's resignation, provided that Executive shall 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 Agreement "Good Reason" shall mean: (a) a reduction of Executive's annual base salary below the Minimum Annual Base Salary stipulated in this Agreement, unless other executive officers of the Company are required to accept a similar reduction; or (b) 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 her obligations hereunder, Mylan will pay Executive a lump sum amount equal to her then-current annual Base Salary, plus an an amount equal to the bonus that Executive would have been entitled to receive for the fiscal year in which the termination occurs, pro rated based on the portion of such year during which Executive was employed by the Company. Subject to Section 9(h), such payment will be made within 30 days following Executive's termination of employment. Mylan shall also pay the cost of continuing Executive's health insurance benefits for the 12 months following her separation from the Company; 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. Executive will continue to be bound by all provisions of this Agreement that survive termination of employment.

(b) Termination for Cause. If Mylan determines to terminate Executive's employment during the term of this Agreement for Cause, as defined herein, Mylan will 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 the business or affairs of any of the Mylan Companies; (ii) Executive's insubordination, gross neglect of duties, dishonesty or deliberate disregard of any material rule or policy of any of the Mylan Companies; (iii) Executive's conviction of a crime involving moral turpitude; or (iv) Executive's conviction of any felony. 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, Mylan will pay a lump sum amount equal to her then-current annual Base Salary, plus a pro rata bonus equal to the bonus that Executive would have been entitled to receive for the fiscal year in which the termination occurs. Subject to Section 9(h), such payment will be made within 30 days following Executive's termination of employment. Mylan shall also pay the cost of continuing Executive's health insurance benefits (including, as applicable, those benefits that cover eligible members of her immediate family) for the 12 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. 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 her position within the meaning of the Americans With Disabilities Act of 1990. For all purposes of this Agreement, any such termination shall be treated in the same manner as a termination without Cause, as described in Section 9(c) above, and Executive, or Executive's estate, as applicable, shall receive all consideration, compensation and benefits that would be due and payable to Executive for a termination without Cause, provided, however, that such consideration, compensation and benefits shall be reduced by any death or disability benefits (as applicable) that the Executive or her estate or beneficiaries (as applicable) are entitled to pursuant to plans or arrangements of the Company.

(e) Extension or Renewal. If this Agreement has not been sooner terminated for any of the reasons stated in Section 9(a), (b), (c) or (d) of this Agreement, 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, Executive may terminate her employment at

the expiration of the contract, and the Company shall pay Executive a lump sum amount equal to her then-current annual Base Salary, which amount shall be paid within 30 days following Executive's separation from the Company, and Executive's health insurance benefits shall be continued for 12 months at the Company's cost; provided, however, that in the case of health insurance continuation, the Company's obligation to provide health insurance benefits shall end at such time as Executive, at her option, voluntarily obtains heath insurance benefits.

(f) 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.

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

(h) Conditions to Payment and Acceleration; Section 409A of the Code. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code (the "Code") to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payments shall be due to Executive under Section 9 of this Agreement until Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in Section 9 that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Executive's termination of employment shall instead be paid on the first business day after the date that is six months following Executive's termination of employment (or death, if earlier). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to Executive under this Agreement shall be paid to Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to Executive) during any one

year may not affect amounts reimbursable or provided in any subsequent year; provided, however, that with respect to any reimbursements for any taxes which Executive would become entitled to under the terms of the Agreement, the payment of such reimbursements shall be made by the Company no later than the end of the calendar year following the calendar year in which Executive remits the related taxes.

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

To the extent not otherwise limited by the Company's Bylaws in effect as of the date of this Agreement, in the event that Executive is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, (including those brought by or in the right of the Company) whether civil, criminal, administrative or investigative ("proceeding"), by reason of the fact that she is or was an officer, employee or agent of or is or was serving the Company or any subsidiary of the Company, or is or was serving at the request of the Company or another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, 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 her 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 Company 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 she 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 her 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 9 to the contrary notwithstanding, the Company shall not be liable for any settlement of any claim or action effected without its written consent.

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:

If to the Company:	Mylan Inc. 1500 Corporate Drive Canonsburg, Pennsylvania 15317 Attention: Chief Executive Officer
If to Executive:	at the most recent address on record at the Company.

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

13. Withholding. All payments required to be made by the Company hereunder to Executive or her 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 rally, 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 her from designating one or more beneficiaries to receive any amount that may be payable after her death and shall not preclude the legal representative of her estate from assigning any right hereunder to the person or persons entitled thereto under her will or, in the case of intestacy, to the person or persons entitled thereto under the laws of intestacy applicable to her 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 except that the parties shall be entitled to engage in all forms of discovery permitted under the Pennsylvania Rules of Civil Procedure (as such rules may be in effect from time to time). The hearing of any such dispute will be held in Pittsburgh, Pennsylvania, and the losing party shall bear the costs, expenses and counsel fees of such proceeding. Executive and Company agree for themselves, their, employees, successors and assigns and their accountants, attorneys and experts that any arbitration hereunder will be held in complete confidence and, without the other party's prior written consent, will not be disclosed, in whole or in part, to any other person or entity except as may be required by law. 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.

[Signature page follows]

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

MYLAN INC.

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

EXECUTIVE:

/s/ Jolene Varney
Jolene Varney

Exhibit 10.2

TRANSITION AND SUCCESSION AGREEMENT

THIS TRANSITION AND SUCCESSION AGREEMENT (this "Agreement") is entered into on June 1, 2009, effective as of June 8, 2009 (the "Commencement Date"), by and between Mylan Inc., a Pennsylvania corporation (the "Company"), and Jolene Varney (the "Executive").

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined herein), to ensure the Executive's full attention and dedication to the Company in the event of any threatened or actual Change of Control and to provide the Executive with compensation and benefits arrangements upon a Change of Control.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions.

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

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

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

(d) "Change of Control" means:

(1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 1(d), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company or (iv) any acquisition by any corporation pursuant to a transaction that complies with Sections 1(d)(3)(A), 1(d)(3)(B) and 1(d)(3)(C);

(2) Individuals who, as of the Commencement Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Commencement Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(3) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions

as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

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

(e) "Employment Agreement" means the Executive Employment Agreement dated as of June 1, 2009, by and between the Company and the Executive, and any extension or modification thereof or any successor agreement thereto.

2. Employment Period; Employment Agreement. The Company hereby agrees to continue the Executive in its employ, subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of the Effective Date (the "Employment Period"), provided the Employment Period shall terminate sooner upon the Executive's termination of employment for any reason. Upon the Effective Date, the Employment Agreement, with the exception of Section 10 thereof, which shall survive in all respects, shall be null and void and of no further force or effect, provided the Executive shall be paid all amounts earned and due to the Executive thereunder within twenty-four (24) hours of the Effective Date, subject in all respects to Section 6 below.

3. Terms of Employment.

(a) Position and Duties.

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

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

(b) Compensation.

(1) Base Salary. During the Employment Period, the Annual Base Salary shall be reviewed at least annually, beginning no more than 12 months after the Executive's last salary review. The Annual Base Salary shall be paid at such intervals as the Company pays executive salaries generally. During the Employment Period, the Annual Base Salary shall be reviewed at least annually, beginning no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date. Any increase in the Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. The Annual Base Salary shall not be reduced after any such increase and the term "Annual Base Salary" shall refer to the Annual Base Salary as so increased.

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

(3) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all cash incentive, equity incentive, savings and retirement plans, practices, policies, and programs applicable generally to other peer executives of the Company and the Affiliated Companies (with such appropriate deviations by virtue of country of residence, commensurate with deviations in place prior to the Effective Date), but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured

with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and the Affiliated Companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and the Affiliated Companies.

(4) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and the Affiliated Companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and the Affiliated Companies (with such appropriate deviations by virtue of country of residence, commensurate with deviations in place prior to the Effective Date), but in no event shall such plans, practices, policies and programs provide the Executive with benefits that are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and the Affiliated Companies. If, on or prior to the Executive's Date of Termination (as defined herein), the Executive has attained at least age 50 with at least 20 years of service with the Company (including all cumulative service, notwithstanding any breaks in service) the Executive shall be entitled to retiree medical and life insurance benefits at least equal to those that were provided to peer executives of the Company and the Affiliated Companies and their dependents (taking into account any required employee contributions, co-payments and similar costs imposed on the executives and the executives' dependents and the tax treatment of participation in the plans, programs, practices and policies by the executive and the executives' dependents) (with such appropriate deviations by virtue of country of residence, commensurate with deviations in place prior to the Effective Date), in accordance with the retiree medical plans, programs, practices and policies of the Company and the Affiliated Companies in effect as of the Date of Termination.

(5) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices

and procedures of the Company and the Affiliated Companies in effect for the Executive at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and the Affiliated Companies.

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

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

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

4. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically if the Executive dies during the Employment Period. If either the Company or the Executive (or her legal representative) determines in good faith that the Disability (as defined herein) of the Executive has occurred during the Employment Period, such party may give the other party written notice ("Disability Notice") in accordance with Section 12(b) of her or its intention that the Executive's employment be terminated. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of the Disability Notice by the Executive or by the Company, as the case may be (the "Disability Effective Date"), provided that, within 30 days after such receipt, the Executive

shall not have returned to full-time performance of the Executive's duties. "Disability" means the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the party providing the Disability Notice and reasonably acceptable to the other party.

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

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

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

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

guilty of the conduct described in Section 4(b)(1) or 4(b)(2), and specifying the particulars thereof in detail.

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

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

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

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

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

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

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

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

(8) if the Company (or the entity effectuating a Change of Control) continues to exist and be a company registered under the Securities Exchange Act of

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

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

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

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason (other than Disability, which is addressed in Section 4(a)), shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b). "Notice of Termination" means a written notice that (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (3) if the Date of Termination (as defined herein) is other than the date of receipt of such notice, specifies the Date of Termination (which Date of Termination shall be not more than 30 days

after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's respective rights hereunder.

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

5. Obligations of the Company upon Termination.

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

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

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

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

Executive's estate or beneficiaries are entitled to pursuant to plans or arrangements of the Company);

(2) for three years after the Executive's Date of Termination (or such shorter period as required by Section 409A of the Code to avoid the imposition of additional taxes), the Company shall continue to provide benefits to the Executive and/or the Executive's dependents at least equal to those that were provided to them (taking into account any required employee contributions, co-payments and similar costs imposed on the Executive and the Executive's dependents and the tax treatment of participation in the plans, programs, practices and policies by the Executive and the Executive's dependents) by or on behalf of the Company and or the Affiliated Companies in accordance with the benefit plans, programs, practices and policies (including those provided under the Employment Agreement) in effect immediately prior to a Change of Control or, if more favorable to the Executive, as in effect any time thereafter with respect to other peer executives of the Company and the Affiliated Companies and their dependents; provided, however, that, if the Executive becomes reemployed with another employer and is eligible to receive such benefits under another employer provided plan, program, practice or policy, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan, program, practice or policy during such applicable period of eligibility; and

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

Notwithstanding the above, to the extent the Executive is terminated (i) prior to the date on which a Change of Control occurs or (ii) following a Change of Control but prior to a change in ownership or control of the Company within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), amounts payable to the Executive hereunder, to the extent not in excess of the amount that the Executive would have received under any other pre-Change-of-Control severance plan or arrangement with the Company had such plan or arrangement been applicable, shall be paid at the time and in the manner provided by such plan or arrangement and the remainder shall be paid to the Executive in accordance with the provisions of this Section 5(a).

(b) Cause; Other Than for Good Reason. If the Executive's employment is terminated for Cause during the Employment Period, the Company shall provide to the Executive (1) the Executive's Annual Base Salary through the Date of Termination, (2) the amount of any compensation previously deferred by the Executive, and (3) the Other Benefits, in each case, to the extent theretofore unpaid, and shall have no other severance obligations under this Agreement. If the Executive voluntarily terminates employment during the Employment Period,

excluding a termination for Good Reason, the Company shall provide to the Executive the Accrued Obligations and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. In such case, all the Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

(c) Conditions to Payment and Acceleration; Section 409A of the Code. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payments shall be due to the Executive under Section 5 of this Agreement until the Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in Section 5 that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Executive's termination of employment shall instead be paid on the first business day after the date that is six months following the Executive's termination of employment (or death, if earlier). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to the Executive under this Agreement shall be paid to the Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to the Executive) during any one year may not affect amounts reimbursable or provided in any subsequent year; provided, however, that with respect to any reimbursements for any taxes which the Executive would become entitled to under the terms of the Agreement, the payment of such reimbursements shall be made by the Company no later than the end of the calendar year following the calendar year in which the Executive remits the related taxes.

6. Employment Agreement; Non-Exclusivity of Rights. The Executive shall be entitled to the higher of the benefits and compensation payable under this Agreement or those payable under the Employment Agreement as if the Change of Control were deemed a termination without Cause (as defined therein). It is the intent of the parties that nothing in this Agreement or in the Employment Agreement shall affect any right the Executive may have with respect to: (i) any vested or other Benefits that the Executive is entitled to receive under any plan, policy, practice or program of or any other contract or agreement

with the Company or the Affiliated Companies at or subsequent to a Change of Control ("Other Benefits"); and (ii) continuing or future participation in any plan, program, policy or practice provided by the Company or the Affiliated Companies and for which the Executive may qualify. If the Executive's employment is terminated by reason of the Executive's Disability (or death), with respect to the provision of the Other Benefits, the term "Other Benefits" shall include, and the Executive (or the estate or beneficiary of the Executive, in the event of the Executive's death) shall be entitled after the Disability Effective Date (or upon the Executive's death) to receive, disability (or death) benefits and other benefits at least equal to the most favorable of those generally provided by the Company and the Affiliated Companies to disabled executives (or to the estates and beneficiaries of deceased executives) and/or their families in accordance with such plans, programs, practices and policies relating to disability (or death), if any, as in effect generally with respect to other peer executives of the Company and the Affiliated Companies and their families at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and the Affiliated Companies and their families. .

7. No Set-Off; Company's Obligations; Mitigation. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right or action that the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from the Executive), to the full extent permitted by law, all legal fees and expenses that the Executive may reasonably incur as a result of any contest or disagreement (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus, in each case, interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code of 1986. No obligation of the Company under this Agreement to pay the Executive's fees or expenses shall in any manner confer upon the Company any right to select or approve any of the attorneys or accountants engaged by the Executive.

8. Certain Additional Payments by the Company.

   (a) Whether or not the Executive becomes entitled to any payments hereunder, if any of the payments or benefits received or to be received by the Executive (including any payment or benefits received in connection with a Change of Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the excise tax ("the Excise Tax") imposed

under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, and after taking into account the phase out of itemized deductions and personal exemptions attributable to the Gross-Up Payment, shall be equal to the Total Payments.

(b) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change of Control, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(l) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 8(b)), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(c) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Executive shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by the Executive), to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in

Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

9. Covenants of Executive.

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

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

conducted by the Company unless the Company was engaged in the business as of the Date of Termination and continues to be engaged in the business and at least twenty-five percent (25%) of the Company's consolidated gross sales and operating revenues, or net income, is derived from, or at least twenty-five percent (25%) of the Company's consolidated assets are devoted to, such business and no business shall be deemed to compete with a business conducted by the Company unless at least twenty-five percent (25%) of the consolidated gross sales and operating revenues, or net income, of any consolidated group that includes the business, is derived from, or at least twenty-five percent (25%) of the consolidated assets of any such consolidated group are devoted to, such business.

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

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

10. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that the Executive

shall be entitled to seek specific performance of the Executive's right to be paid any amounts or provided with any benefits due to the Executive hereunder during the pendency of any dispute or controversy arising under or in connection with this Agreement.

11. Successors.

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

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in Section 11(c), without the prior written consent of the Executive this Agreement shall not be assignable by the Company.

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

12. Miscellaneous.

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

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

if to the Executive:

at the most recent address on record at the Company;

if to the Company:

Mylan Inc.
1500 Corporate Drive

Canonsburg, PA 15317
Attention: Global General Counsel

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

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

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

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

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

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

MYLAN INC.

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

EXECUTIVE

/s/ Jolene Varney
Jolene Varney

MYLAN INC.
AMENDED AND RESTATED 2003 LONG-TERM INCENTIVE PLAN

ARTICLE I
PURPOSE AND ADOPTION OF THE PLAN

1.01 Purpose. The purpose of the Mylan Inc. Amended and Restated 2003 Long-Term Incentive Plan (as the same may be amended from time to time, the "Plan") is to assist Mylan Inc., a Pennsylvania corporation (previously known as Mylan Laboratories Inc.) (the "Company"), and its Subsidiaries (as defined below) in attracting and retaining highly competent key employees, consultants, independent contractors and non-employee directors and to act as an incentive in motivating selected key employees, consultants, independent contractors and non-employee directors of the Company and its Subsidiaries (as defined below) to achieve long-term corporate objectives.

1.02 Adoption and Term. The Plan was approved by the Board of Directors of the Company (the "Board") and became effective upon such approval and upon approval by the shareholders of the Company at the 2003 annual meeting of shareholders (the "Effective Date"). The Plan was amended on December 2, 2004 and again on April 3, 2006, and the Plan was amended and restated on March 24, 2008 by the Board, subject to the approval by shareholders of the Company at the 2008 annual meeting of shareholders (the "Re-Approval Date"), and further amended May 7, 2009. The Plan shall remain in effect until terminated by action of the Board; *provided*, *however*, that no Incentive Stock Option (as defined below) may be granted hereunder after the tenth anniversary of the Effective Date and the provisions of Articles VII and VIII with respect to the Performance Goals (as defined below) applicable to performance-based awards to "covered employees" under Section 162(m) of the Code (as defined below) shall expire as of the fifth anniversary of the Re-Approval Date unless such provisions are re-approved by the shareholders before such date.

ARTICLE II
DEFINITIONS

For the purposes of this Plan, capitalized terms shall have the following meanings:

2.01 Award means any grant to a Participant of one or a combination of Non-Qualified Stock Options, Incentive Stock Options, Stock Appreciation Rights described in Article VI, Restricted Shares or Restricted Units described in Article VII, Performance Awards described in Article VIII, other stock-based Awards described in Article IX and short-term cash incentive Awards described in Article X.

2.02 Award Agreement means a written agreement between the Company and a Participant or a written notice from the Company to a Participant specifically setting forth the terms and conditions of an Award granted under the Plan.

2.03 Award Period means, with respect to an Award, the period of time set forth in the Award Agreement during which specified target performance goals must be achieved or other conditions set forth in the Award Agreement must be satisfied.

2.04 Beneficiary means an individual, trust or estate who or which, by a written designation of the Participant filed with the Company or by operation of law, succeeds to the rights and obligations of the Participant under the Plan and an Award Agreement upon the Participant's death.

2.05 Board shall have the meaning given to such term in Section 1.02.

2.06 Change in Control means (a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote

generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 2.06(a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company or any of its subsidiaries, (ii) any acquisition by the Company or any of its subsidiaries, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate, (iv) any acquisition by a Person that is permitted to, and actually does, report its beneficial ownership on Schedule 13G (or any successor schedule); provided that, if such Person subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor schedule), then, for purposes of this paragraph, such Person shall be deemed to have first acquired, on the first date on which such Person becomes required to or does so report, beneficial ownership of all of the Outstanding Company Common Stock and Outstanding Company Voting Securities beneficially owned by it on such date or (v) any acquisition pursuant to a transaction that complies with Section 2.06 (c)(1), (c)(2) and (c)(3); or (b) Individuals who, as of December 2, 2004, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to December 2, 2004 whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of, an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or (c) consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (1) the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination continue to represent (either by remaining outstanding or being converted into voting securities of the resulting or surviving entity or any parent thereof) more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (2) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (3) individuals who comprise the Incumbent Board immediately prior to such Business Combination constitute at least a majority of the members of the board of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially of the Company's assets either directly or through one or more subsidiaries); or (d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the above, that for each Award subject to Section 409A of the Code, a Change in Control shall be deemed to have occurred under this Plan with respect to such Award only if a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company shall also be deemed to have occurred under Section 409A of the Code.

2.07 Code means the Internal Revenue Code of 1986, as amended. References to a section of the Code include that section and any comparable section or sections of any future legislation that amends, supplements or supersedes said section.

2.08 Committee means the Stock Option Committee of the Board or any successor committee that performs a similar function.

2.09 Company shall have the meaning given to such term in Section 1.01.

2.10 Common Stock means Common Stock of the Company.

2.11 Date of Grant means the date as of which the Committee grants an Award. If the Committee contemplates an immediate grant to a Participant, the Date of Grant shall be the date of the Committee's action. If the Committee contemplates a date on which the grant is to be made other than the date of the Committee's action, the Date of Grant shall be the date so contemplated and set forth in or determinable from the records of action of the Committee*; provided*, *however*, that the Date of Grant shall not precede the date of the Committee's action.

2.12 Effective Date shall have the meaning given to such term in Section 1.02.

2.13 Exchange Act means the Securities Exchange Act of 1934, as amended.

2.14 Exercise Price shall have the meaning given to such term in Section 6.01(b).

2.15 Fair Market Value means a price that is based on the opening, closing, actual, high, low, or average selling prices of a share of Common Stock on the New York Stock Exchange ("NYSE") or other established stock exchange (or exchanges) on the applicable date, the preceding trading day, the next succeeding trading day, or an average of trading days, as determined by the Committee in its discretion. Such definition of Fair Market Value shall be specified in the Award Agreement and may differ depending on whether Fair Market Value is in reference to the grant, exercise, vesting, or settlement or payout of an Award. If shares of Common Stock are not traded on an established stock exchange, Fair Market Value shall be determined by the Committee in good faith.

2.16 Incentive Stock Option means a stock option within the meaning of Section 422 of the Code.

2.17 Incumbent Board shall have the meaning given to such term in Section 2.06.

2.18 Merger means any merger, reorganization, consolidation, share sale or exchange, transfer of assets or other transaction having similar effect involving the Company.

2.19 Non-Qualified Stock Option means a stock option which is not an Incentive Stock Option.

2.20 Options means all Non-Qualified Stock Options and Incentive Stock Options granted at any time under the Plan.

2.21 Participant means a person designated to receive an Award under the Plan in accordance with Section 5.01.

2.22 Performance Awards means Awards granted in accordance with Article VIII.

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

Committee shall have the authority to make equitable adjustments to Performance Goals in recognition of unusual or non-recurring events affecting the Company or any subsidiary or affiliate or the financial statements of the Company or any subsidiary or affiliate, in response to changes in applicable laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of a business or related to a change in accounting principles.

2.24 Permanent Disability means the Participant is permanently and totally disabled within the meaning of Code Section 22(e)(3).

2.25 Plan shall have the meaning given to such term in Section 1.01.

2.26 Restricted Shares means Common Stock subject to restrictions imposed in connection with Awards granted under Article VII.

2.27 Restricted Unit means units representing the right to receive Common Stock in the future subject to restrictions imposed in connection with Awards granted under Article VII.

2.28 Retirement means a Participant's termination of employment after the Participant has reached age 55 and accumulated at least 10 years of continuous service with the Company; provided, however, that the Committee, in its sole discretion, may determine that a Participant has retired regardless of age and service with the Company.

2.29 Stock Appreciation Rights means Awards granted in accordance with Article VI.

2.30 Subsidiary means a subsidiary of the Company within the meaning of Section 424(f) of the Code.

ARTICLE III
ADMINISTRATION

3.01 Committee. The Plan shall be administered by the Committee. The Committee shall have exclusive and final authority in each determination, interpretation or other action affecting the Plan and its Participants. The Committee shall have the sole discretionary authority to interpret the Plan, to establish and modify administrative rules for the Plan, to impose such conditions and restrictions on Awards as it determines appropriate, and to take such steps in connection with the Plan and Awards granted hereunder as it may deem necessary or advisable. The Committee may, subject to compliance with applicable legal requirements, with respect to Participants who are not subject to Section 16(b) of the Exchange Act or Section 162(m) of the Code, delegate such of its powers and authority under the Plan as it deems appropriate to a subcommittee or to designated officers or employees of the Company. In addition, the Board may exercise any of the authority conferred upon the Committee hereunder. In the event of any such delegation of authority or exercise of authority by the Board, references in the Plan to the Committee shall be deemed to refer to the delegate of the Committee or the Board, as the case may be.

3.02 Indemnification. Each person who is or shall have been a member of the Board, or a Committee appointed by the Board, or an officer of the Company to whom authority was delegated in accordance with the Plan shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf*; provided*, *however*, that the foregoing indemnification shall not apply to any loss, cost, liability, or expense that is a result of his or her own willful misconduct. The foregoing right of indemnification shall not be

exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, conferred in a separate agreement with the Company, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

ARTICLE IV
SHARES

4.01 Number of Shares Issuable. The total number of shares of Common Stock authorized to be issued under the Plan shall be an aggregate of 37,500,000 shares. No more than an aggregate of 8,000,000 shares of Common Stock shall be issued under the Plan as Restricted Shares or Restricted Stock Units under Article VII, Performance Awards under Article VIII and other stock-based awards under Article IX. The foregoing share limitations shall be subject to adjustment in accordance with Section 11.08. The shares to be offered under the Plan shall be authorized and unissued shares of Common Stock, or issued shares of Common Stock which will have been reacquired by the Company.

4.02 Shares Subject to Terminated Awards. Shares of Common Stock covered by any unexercised portions of terminated Options (including canceled Options), Stock Appreciation Rights or Stock Units granted under Article VI, terminated Restricted Units or shares of Common Stock forfeited as provided in Article VII and shares of Common Stock subject to any Award that are otherwise surrendered by a Participant or terminated may be subject to new Awards under the Plan. If any shares of Common Stock are withheld from those otherwise issuable or are tendered to the Company, by attestation or otherwise, in connection with the exercise of an Option, only the net number of shares of Common Stock issued as a result of such exercise shall be deemed delivered for purposes of determining the maximum number of shares available for delivery under the Plan.

ARTICLE V
PARTICIPATION

5.01 Eligible Participants. Participants in the Plan shall be such key employees, consultants, independent contractors and non-employee directors of the Company and its Subsidiaries as the Committee, in its sole discretion, may designate from time to time. The Committee's designation of a Participant in any year shall not require the Committee to designate such person to receive Awards in any other year. The designation of a Participant to receive an Award under one portion of the Plan does not require the Committee to include such Participant under other portions of the Plan. The Committee shall consider such factors as it deems pertinent in selecting Participants and in determining the types and amounts of their respective Awards. The Committee may grant Awards from time to time on a discretionary basis and/or provide for automatic Awards on a formula basis to a Participant or designated group of Participants. Subject to adjustment in accordance with Section 11.08 and subject to limits on performance-based awards in Section 7.01, during any calendar year no Participant shall be granted Awards in respect of more than 800,000 shares of Common Stock (whether through grants of Options, Stock Appreciation Rights or other Awards of Common Stock or rights with respect thereto); provided, however, that if it is the Committee's intention as of the Date of Grant of an Award, as evidenced by the applicable Award Agreement, that such Award shall be earned by the Participant over a period of more than one calendar year, then for purposes of applying the foregoing per calendar year limitation, the shares of Common Stock subject to such Award shall be allocated, as determined by the Committee in its discretion, to the first calendar year in which such shares and/or cash may be earned (determined without regard to possible acceleration of vesting as a result of a Change in Control or pursuant to any provision of this Plan or an applicable Award Agreement authorizing the Committee to accelerate the vesting of an Award).

ARTICLE VI
STOCK OPTIONS

6.01 Option Awards.

(a) Grant of Options. The Committee may grant, to such Participants as the Committee may select, Options entitling the Participants to purchase shares of Common Stock from the Company in such numbers, at such prices, and on such terms and subject to such conditions, not inconsistent with the terms of the Plan, as may be established by the Committee. The terms of any Option granted under the Plan shall be set forth in an Award Agreement.

(b) Exercise Price of Options. The exercise price of each share of Common Stock which may be purchased upon exercise of any Option granted under the Plan (the "Exercise Price") shall be determined by the Committee; *provided*, *however*, that, except in the case of any substituted Options described in Section 11.08(c) (provided that the grant of a substitute Option is made in a manner that will not result in the substitute Option being subject to the requirements of Section 409A of the Code), the Exercise Price shall in all cases be equal to or greater than the Fair Market Value on the Date of Grant. Except for adjustments pursuant to Section 11.08 or any action approved by the shareholders of the Company, the Exercise Price for any outstanding Option granted under the Plan may not be decreased after the Date of Grant.

(c) Designation of Options. Except as otherwise expressly provided in the Plan, the Committee may designate, at the time of the grant of an Option, such Option as an Incentive Stock Option or a Non-Qualified Stock Option; *provided*, *however*, that an Option may be designated as an Incentive Stock Option only if the applicable Participant is an employee of the Company or a Subsidiary on the Date of Grant.

(d) Special Incentive Stock Option Rules. No Participant may be granted Incentive Stock Options under the Plan (or any other plans of the Company and its Subsidiaries) that would result in Incentive Stock Options to purchase shares of Common Stock with an aggregate Fair Market Value (measured on the Date of Grant) of more than $100,000 first becoming exercisable by such Participant in any one calendar year. Notwithstanding any other provision of the Plan to the contrary, no Incentive Stock Option shall be granted to any person who, at the time the Option is granted, owns stock (including stock owned by application of the constructive ownership rules in Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary, unless at the time the Incentive Stock Option is granted the Exercise Price is at least 110% of the Fair Market Value on the Date of Grant of the Common Stock subject to the Incentive Stock Option and the Incentive Stock Option by its terms is not exercisable for more than five (5) years from the Date of Grant.

(e) Rights as a Stockholder. A Participant or a transferee of an Option pursuant to Section 11.04 shall have no rights as a stockholder with respect to the shares of Common Stock covered by an Option until that Participant or transferee shall have become the holder of record of any such shares, and no adjustment shall be made with respect to any such shares of Common Stock for dividends in cash or other property or distributions of other rights on the Common Stock for which the record date is prior to the date on which that Participant or transferee shall have become the holder of record of any shares covered by such Option; *provided*, *however*, that Participants are entitled to the adjustments set forth in Section 11.08.

6.02 Stock Appreciation Rights.

(a) Stock Appreciation Right Awards. The Committee is authorized to grant to any Participant one or more Stock Appreciation Rights. Such Stock Appreciation Rights may be granted either independent of or in tandem with Options granted to the same Participant. Stock Appreciation Rights granted in tandem with Options may be granted simultaneously with, or, in the case of Non-Qualified Stock Options, subsequent to, the grant to such Participant of the related Option; *provided*, *however*, that: (i) any Option covering any share of Common Stock shall expire and not be exercisable upon the exercise of any Stock Appreciation Right with respect to the same share, (ii) any Stock Appreciation Right covering any share of Common Stock shall expire and not be exercisable upon the exercise of any related Option with respect to the same

share, and (iii) an Option and Stock Appreciation Right covering the same share of Common Stock may not be exercised simultaneously. Upon exercise of a Stock Appreciation Right with respect to a share of Common Stock, the Participant shall be entitled to receive an amount equal to the excess, if any, of (A) the Fair Market Value of a share of Common Stock on the date of exercise over (B) the Exercise Price of such Stock Appreciation Right established in the Award Agreement, which amount shall be payable as provided in Section 6.02(c).

(b) Exercise Price. The Exercise Price established under any Stock Appreciation Right granted under this Plan shall be determined by the Committee *provided, however,* that, except in the case of any substituted Awards described in Section 11.08(c) (provided that the grant of the substitute Award is made in a manner that will not result in the substitute Award being subject to the requirements of Section 409A of the Code), the Exercise Price shall in all cases be equal to or greater than the Fair Market Value on the Date of Grant; *provided further, however*, that in the case of Stock Appreciation Rights granted in tandem with Options the Exercise Price of the Stock Appreciation Right shall not be less than the Exercise Price of the related Option. Upon exercise of Stock Appreciation Rights, the number of shares subject to exercise under any related Option shall automatically be reduced by the number of shares of Common Stock represented by the Option or portion thereof which are surrendered as a result of the exercise of such Stock Appreciation Rights.

(c) Payment of Incremental Value. Any payment which may become due from the Company by reason of a Participant's exercise of a Stock Appreciation Right may be paid to the Participant as determined by the Committee (i) all in cash, (ii) all in Common Stock, or (iii) in any combination of cash and Common Stock. In the event that all or a portion of the payment is made in Common Stock, the number of shares of Common Stock delivered in satisfaction of such payment shall be determined by dividing the amount of such payment or portion thereof by the Fair Market Value on the Exercise Date. No fractional share of Common Stock shall be issued to make any payment in respect of Stock Appreciation Rights; if any fractional share would be issuable, the combination of cash and Common Stock payable to the Participant shall be adjusted as directed by the Committee to avoid the issuance of any fractional share.

6.03 Terms of Stock Options and Stock Appreciation Rights

(a) Conditions on Exercise. An Award Agreement with respect to Options and Stock Appreciation Rights may contain such waiting periods, exercise dates and restrictions on exercise (including, but not limited to, periodic installments) as may be determined by the Committee at the time of grant.

(b) Duration of Options and Stock Appreciation Rights. Options and Stock Appreciation Rights shall terminate after the first to occur of the following events:

(i) Expiration of the Option and Stock Appreciation Rights as provided in the related Award Agreement; or

(ii) Termination of the Award as provided in Section 6.03(e) following the Participant's Termination of Employment; or

(iii) Ten years from the Date of Grant.

(c) Acceleration of Exercise Time. The Committee, in its sole discretion, shall have the right (but shall not in any case be obligated), exercisable at any time after the Date of Grant, to permit the exercise of any Option and Stock Appreciation Rights prior to the time such Option and Stock Appreciation Rights would otherwise become exercisable under the terms of the related Award Agreement.

(d) Extension of Exercise Time. In addition to the extensions permitted under Section 6.03(e) in the event of Termination of Employment, the Committee, in its sole discretion, shall have the right (but shall not in any case be obligated), exercisable on or at any time after the Date of Grant, to permit the exercise of any Option or Stock Appreciation Right after its expiration date described in Section 6.03(e), subject, however, to the limitations described in Sections 6.03(b)(i) and (iii).

(e) Exercise of Options and Stock Appreciation Rights Upon Termination of Services.

(i) Death. If a Participant who is an employee of the Corporation or its subsidiaries shall die (A) while an employee of the Company or its Subsidiaries or (B) within two (2) years after termination of the Participant's employment with the Company or its Subsidiaries because of the Participant's Permanent Disability, any Option and Stock Appreciation Right then held by the Participant, regardless of whether it was otherwise exercisable on the date of death, may be exercised by the person or persons to whom the Participant's rights under the Option and Stock Appreciation Right pass by will or applicable law or if no person has the right, by the Participant's executors or administrators, at any time or from time to time, during the balance of the exercise period as set forth in Section 6.03(b)(iii).

(ii) Permanent Disability. If a Participant's employment by the Company or its Subsidiaries shall terminate because of Permanent Disability, the Participant may exercise any Option and Stock Appreciation Right then held by the Participant, regardless of whether it was otherwise exercisable on the date of such termination of employment, at any time, or from time to time, within two (2) years of the date of the termination of employment, but in no event later than the expiration date specified in Section 6.03(b)(iii).

(iii) Retirement. If a Participant's employment by the Company or its Subsidiaries shall terminate because of Retirement, any Option and Stock Appreciation Right then held by the Participant, regardless of whether it was otherwise exercisable on the date of Retirement, may be exercised by the Participant at any time, or from time to time, during the balance of the exercise period as set forth in Section 6.03(b)(iii). If such a Participant dies after Retirement but before such Participant's Options have either been exercised or otherwise expired, such Options may be exercised by the person to whom such options pass by will or applicable law or, if no person has that right, by the Participant's executors or administrators at any time, or from time to time, during the balance of the exercise period set forth in Section 6.03(b)(iii).

(iv) Reduction in Force. Unless a date of re-employment is identified at the time of a termination of employment that is the result of a reduction in force, any Options and Stock Appreciation Rights held by the Participant that are not exercisable at the date of such termination of employment shall terminate and be cancelled immediately upon such termination, and the Participant may exercise any Options and Stock Appreciation Rights that are exercisable as of the date of such termination at any time, or from time to time, within one (1) year of the date of such termination, but in no event later than the expiration date specified in Section 6.03(b)(iii).

(v) Other Termination. Except as provided by paragraphs (i) through (iv) of this Section 6.03(e), if a Participant's employment shall cease by reason of a voluntary or involuntary termination, either with or without cause, any Options and Stock Appreciation Rights held by the Participant that are not exercisable at the date of such termination of employment shall terminate and be cancelled immediately upon such termination, and the Participant may exercise any Options and Stock Appreciation Rights that are exercisable as of the date of such termination at any time, or from time to time, until the later of (A) thirty (30) days after such Participant's termination of employment or (B) thirty (30) days after the Participant receives notice from the Committee of the termination of the Participant's Options and Stock Appreciation Rights. Notwithstanding the prior sentence no portion of such Options and Stock Appreciation Rights shall be exercisable later than the expiration date specified in Section 6.03(b)(iii).

(vi) Grants to Non-Employees. In the case of grants to persons who are not employees of the Company or any of its Subsidiaries, the Committee shall establish, and set forth in the applicable Award Agreement, rules for determining the effect of termination of the Participant's services on the Participant's outstanding Options and Stock Appreciation Rights.

6.04 Option Exercise Procedures. Each Option and Stock Appreciation Right granted under the Plan shall be exercised by written notice to the Company which must be received by the officer or employee of the Company designated in the Award Agreement at or before the close of business on the expiration date of the Award. The Exercise Price of shares purchased upon exercise of an Option granted

under the Plan shall be paid in full in cash by the Participant pursuant to the Award Agreement; *provided, however*, that in lieu of such cash a Participant may pay the Exercise Price in whole or in part by delivering (actually or by attestation) to the Company shares of the Common Stock having a Fair Market Value on the date of exercise of the Option equal to the Exercise Price for the shares being purchased; except that (i) any portion of the Exercise Price representing a fraction of a share shall in any event be paid in cash and (ii) unless the Committee determines otherwise, no shares of the Common Stock which have been held for less than six months may be delivered in payment of the Exercise Price of an Option. Payment may also be made, in the discretion of the Committee, by the delivery (including, without limitation, by fax) to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the shares and deliver the sale or margin loan proceeds directly to the Company to pay for the Exercise Price. The date of exercise of an Option shall be determined under procedures established by the Committee, and as of the date of exercise the person exercising the Option shall, as between the Company and such person, be considered for all purposes to be the owner of the shares of Common Stock with respect to which the Option has been exercised. Any part of the Exercise Price paid in cash upon the exercise of any Option shall be added to the general funds of the Company and may be used for any proper corporate purpose. Unless the Committee shall otherwise determine, any shares of Common Stock transferred to the Company as payment of all or part of the Exercise Price upon the exercise of any Option shall be held as treasury shares.

6.05 Change in Control. Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all Options and Stock Appreciation Rights outstanding on the date of such Change in Control shall become immediately and fully exercisable. Unless otherwise determined by the Committee, the provisions of this Section 6.05 shall not be applicable to any Options and Stock Appreciation Rights granted to a Participant if any Change in Control results from such Participant's beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of Common Stock. Notwithstanding the above, unless otherwise provided by the Committee in the applicable Award Agreement, with respect to each Award that is subject to Section 409A of the Code, if a Change in Control would have occurred under the Plan pursuant to the definition in Section 2.8 except that such Change in Control does not constitute a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company under Section 409A, then each such Award shall become vested and non-forfeitable; provided, however, that the Grantee shall not be able to exercise the Award, and the Award shall not become payable, except in accordance with the terms of such Award or until such earlier time as the exercise and/or payment complies with Section 409A of the Code.

ARTICLE VII
RESTRICTED SHARES AND RESTRICTED UNITS

7.01 Restricted Share and Restricted Unit Awards. The Committee may grant to any Participant a Restricted Share Award consisting of such number of shares of Common Stock on such terms, conditions and restrictions, whether based on performance standards, periods of service, retention by the Participant of ownership of specified shares of Common Stock or other criteria, as the Committee shall establish. The Committee may also grant Restricted Unit Awards representing the right to receive shares of Common Stock in the future subject to the achievement of one or more goals relating to the completion of service by the Participant and/or the achievement of performance or other objectives. With respect to performance-based Awards of Restricted Shares or Restricted Units intended to qualify for deductibility under the "performance-based" compensation exception contained in Section 162(m) of the Code, performance targets will consist of specified levels of one or more of the Performance Goals. The terms of any Restricted Share and Restricted Unit Awards granted under this Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with this Plan; provided, however, that with respect to Restricted Units that are subject to Section 409A of the Code, the provisions of such Restricted Units shall comply with the requirements set forth in Section 409A of the Code. With respect to Restricted Share, Restricted Unit Awards, Performance Awards (as set forth in Section 8.01), and Other Stock-Based Awards (as set forth in Section 9.02) intended to qualify for the "performance-based" compensation exception contained in Section 162(m) of the Code, the aggregate number of Restricted Shares, Restricted Unit Awards and Performance Awards, and Other Stock-Based

Awards granted to a single Participant for any performance period shall not exceed 250,000 Shares, subject to adjustment as prescribed in Section 11.08.

(a) Issuance of Restricted Shares. As soon as practicable after the Date of Grant of a Restricted Share Award by the Committee, the Company shall cause to be transferred on the books of the Company or its agent, shares of Common Stock, registered on behalf of the Participant, evidencing the Restricted Shares covered by the Award, subject to forfeiture to the Company as of the Date of Grant if an Award Agreement with respect to the Restricted Shares covered by the Award is not duly executed by the Participant and timely returned to the Company. All shares of Common Stock covered by Awards under this Article VII shall be subject to the restrictions, terms and conditions contained in the Plan and the applicable Award Agreements entered into by the appropriate Participants. Until the lapse or release of all restrictions applicable to an Award of Restricted Shares the share certificates representing such Restricted Shares may be held in custody by the Company, its designee, or, if the certificates bear a restrictive legend, by the Participant. Upon the lapse or release of all restrictions with respect to an Award as described in Section 7.01(d), one or more share certificates, registered in the name of the Participant, for an appropriate number of shares as provided in Section 7.01(d), free of any restrictions set forth in the Plan and the related Award Agreement shall be delivered to the Participant.

(b) Stockholder Rights. Beginning on the Date of Grant of a Restricted Share Award and subject to execution of the related Award Agreement as provided in Section 7.01(a), and except as otherwise provided in such Award Agreement, the Participant shall become a stockholder of the Company with respect to all shares subject to the Award Agreement and shall have all of the rights of a stockholder, including, but not limited to, the right to vote such shares and the right to receive dividends; *provided, however*, that any shares of Common Stock distributed as a dividend or otherwise with respect to any Restricted Shares as to which the restrictions have not yet lapsed, shall be subject to the same restrictions as such Restricted Shares and held or restricted as provided in Section 7.01(a).

(c) Restriction on Transferability. None of the Restricted Shares may be assigned or transferred (other than by will or the laws of descent and distribution or to an *inter vivos* trust with respect to which the Participant is treated as the owner under Sections 671 through 677 of the Code), pledged or sold prior to the lapse of the restrictions applicable thereto.

(d) Delivery of Shares Upon Vesting. Upon expiration or earlier termination of the forfeiture period without a forfeiture and the satisfaction of or release from any other conditions prescribed by the Committee, or at such earlier time as provided under the provisions of Section 7.03, the restrictions applicable to the Restricted Shares shall lapse. As promptly as administratively feasible thereafter, subject to the requirements of Section 11.05, the Company shall deliver to the Participant or, in case of the Participant's death, to the Participant's Beneficiary, one or more share certificates for the appropriate number of shares of Common Stock, free of all such restrictions, except for any restrictions that may be imposed by law.

7.02 Terms of Restricted Shares.

(a) Forfeiture of Restricted Shares. Subject to Sections 7.02(b) and 7.04, Restricted Shares shall be forfeited and returned to the Company and all rights of the Participant with respect to such Restricted Shares shall terminate unless the Participant continues in the service of the Company or a Subsidiary until the expiration of the forfeiture period for such Restricted Shares and satisfies any and all other conditions set forth in the Award Agreement. The Committee shall determine the forfeiture period (which may, but need not, lapse in installments) and any other terms and conditions applicable with respect to any Restricted Share Award.

(b) Waiver of Forfeiture Period. Notwithstanding anything contained in this Article VII to the contrary, the Committee may, in its sole discretion, waive the forfeiture period and any other conditions set forth in any Award Agreement under appropriate circumstances (including the death, Permanent Disability or Retirement of the Participant or a material change in circumstances arising after the date of an Award) and subject to such terms and conditions (including forfeiture of a proportionate number of the Restricted

Shares) as the Committee shall deem appropriate; provided, however, that any performance conditions applicable to Awards that are intended to qualify for the "performance-based" compensation exception contained in Section 162(m) of the Code shall not be waived and provided further that any conditions waived in respect of Restricted Units Awards shall be done in a manner intended to comply with Section 409A of the Code.

7.03 Restricted Stock Units. Restricted Unit Awards shall be subject to the restrictions, terms and conditions contained in the Plan and the applicable Award Agreements entered into by the appropriate Participants. Until the lapse or release of all restrictions applicable to an Award of Restricted Units, no shares of Common Stock shall be issued in respect of such Awards and no Participant shall have any rights as a stockholder of the Company with respect to the shares of Common Stock covered by such Restricted Unit Award. Upon the lapse or release of all restrictions with respect to a Restricted Unit Award or at a later date if distribution has been deferred, one or more share certificates, registered in the name of the Participant, for an appropriate number of shares, free of any restrictions set forth in the Plan and the related Award Agreement shall be delivered to the Participant. A Participant's Restricted Unit Award shall not be contingent on any payment by or consideration from the Participant other than the rendering of services. Notwithstanding anything contained in this Section 7.03 to the contrary, the Committee may, in its sole discretion, waive the forfeiture period and any other conditions set forth in any Award Agreement under appropriate circumstances (including the death, Permanent Disability or Retirement of the Participant or a material change in circumstances arising after the date of an Award) and subject to such terms and conditions (including forfeiture of a proportionate number of the Restricted Units) as the Committee shall deem appropriate provided that such waiver is done in a manner intended to comply with Section 409A of the Code.

7.04 Change in Control. Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all restrictions applicable to Restricted Shares and Restricted Unit Awards shall terminate fully and the Participant shall immediately have the right to the delivery of share certificates. Unless otherwise determined by the Committee, the provisions of this Section 7.04 shall not be applicable to any Restricted Shares and Restricted Units granted to a Participant if any Change in Control results from such Participant's beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of Common Stock. Notwithstanding the above, unless otherwise provided by the Committee in the applicable Award Agreement, with respect to each Award that is subject to Section 409A of the Code, if a Change in Control would have occurred under the Plan pursuant to the definition in Section 2.8 except that such Change in Control does not constitute a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company under Section 409A, then each such Award shall become vested and non-forfeitable; provided, however, that the Grantee shall not be able to exercise the Award, and the Award shall not become payable, except in accordance with the terms of such Award or until such earlier time as the exercise and/or payment complies with Section 409A of the Code.

ARTICLE VIII
PERFORMANCE AWARDS

8.01 Performance Awards.

(a) Award Periods and Determinations of Awards. The Committee may grant Performance Awards to Participants. A Performance Award shall consist of the right to receive a payment (measured by the Fair Market Value of a specified number of shares of Common Stock, increases in such Fair Market Value during the Award Period and/or a fixed cash amount) contingent upon the extent to which certain predetermined performance targets have been met during an Award Period. Performance Awards may be made in conjunction with, or in addition to, Restricted Share Awards and Restricted Units made under Article VII. The Award Period shall be two or more fiscal or calendar years or other annual periods as determined by the Committee. The Committee, in its discretion and under such terms as it deems appropriate, may permit newly eligible Participants, such as those who are promoted or newly hired, to receive Performance Awards after an Award Period has commenced.

(b) Performance Targets. The performance targets may include such goals related to the performance of the Company and/or the performance of a Participant as may be established by the Committee in its discretion. In the case of Performance Awards intended to qualify for deductibility under the "performance-based" compensation exception contained in Section 162(m) of the Code, the targets will consist of specified levels of one or more of the Performance Goals. The performance targets established by the Committee may vary for different Award Periods and need not be the same for each Participant receiving a Performance Award in an Award Period. Except to the extent inconsistent with the performance-based compensation exception under Section 162(m) of the Code, in the case of Performance Awards granted to Participants to whom such section is applicable, the Committee, in its discretion, but only under extraordinary circumstances as determined by the Committee, may change any prior determination of performance targets for any Award Period at any time prior to the final determination of the value of a related Performance Award when events or transactions occur to cause such performance targets to be an inappropriate measure of achievement.

(c) Earning Performance Awards. The Committee, on or as soon as practicable after the Date of Grant, shall prescribe a formula to determine the percentage of the applicable Performance Award to be earned based upon the degree of attainment of performance targets.

(d) Payment of Earned Performance Awards. Payments of earned Performance Awards shall be made in cash or shares of Common Stock or a combination of cash and shares of Common Stock, in the discretion of the Committee. The Committee, in its sole discretion, may provide such terms and conditions with respect to the payment of earned Performance Awards as it may deem desirable, provided that the terms and conditions with respect to the payment of Performance Awards shall comply with the requirements set forth in Section 409A of the Code.

8.02 Terms of Performance Awards.

(a) Termination of Employment. Unless otherwise provided below or in Section 8.03, in the case of a Participant's Termination of Employment prior to the end of an Award Period, the Participant will not have earned any Performance Awards for that Award Period.

(b) Retirement. If a Participant's Termination of Employment is because of Retirement prior to the end of an Award Period, the Participant will not be paid any Performance Award, unless the Committee, in its sole and exclusive discretion, determines that an Award should be paid. In such a case, the Participant shall be entitled to receive a pro-rata portion of his or her Award as determined under subsection (d), provided, however, that any Performance Award intended to qualify for the "performance-based" compensation exception contained in Section 162(m) of the Code shall not be paid unless the performance goals are satisfied and provided further that any payment of Performance Awards shall be done in a manner intended to comply with Section 409A of the Code.

(c) Death or Permanent Disability. If a Participant's Termination of Employment is due to death or to Permanent Disability (as determined in the sole and exclusive discretion of the Committee) prior to the end of an Award Period, the Participant or the Participant's personal representative shall be entitled to receive a pro-rata share of his or her Award as determined under subsection (d).

(d) Pro-Rata Payment. The amount of any payment to be made to a Participant whose employment is terminated by Retirement, death or Permanent Disability (under the circumstances described in subsections (b) and (c)) will be the amount determined by multiplying (i) the amount of the Performance Award that would have been earned through the end of the Award Period had such employment not been terminated by (ii) a fraction, the numerator of which is the number of whole months such Participant was employed during the Award Period, and the denominator of which is the total number of months of the Award Period. Any such payment made to a Participant whose employment is terminated prior to the end of an Award Period shall be made at the end of such Award Period, unless otherwise determined by the Committee in its sole discretion. To the extent permitted by Section 409A of the Code, any partial payment previously made or credited to a deferred account for the benefit of a Participant in accordance with

Section 8.01(d) of the Plan shall be subtracted from the amount otherwise determined as payable as provided in this Section 8.02(d).

(e) Other Events. Notwithstanding anything to the contrary in this Article VIII, the Committee may, in its sole and exclusive discretion, determine to pay all or any portion of a Performance Award to a Participant who has terminated employment prior to the end of an Award Period under certain circumstances (including the death, Permanent Disability or Retirement of the Participant or a material change in circumstances arising after the Date of Grant), subject to such terms and conditions as the Committee shall deem appropriate; provided, however, that any Performance Award intended to qualify for the "performance-based" compensation exception contained in Section 162(m) of the Code shall not be paid unless the performance goals are satisfied and provided further that any payment of Performance Awards shall be done in a manner intended to comply with Section 409A of the Code.

8.03 Change in Control. Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all Performance Awards for all Award Periods shall immediately become fully payable (at the maximum level) to all Participants and shall be paid to Participants within thirty (30) days after such Change in Control. Unless otherwise determined by the Committee, the provisions of this Section 8.03 shall not be applicable to any Performance Awards granted to a Participant if any Change in Control results from such Participant's beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of Common Stock. Notwithstanding the above, unless otherwise provided by the Committee in the applicable Award Agreement, with respect to each Award that is subject to Section 409A of the Code, if a Change in Control would have occurred under the Plan pursuant to the definition in Section 2.8 except that such Change in Control does not constitute a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company under Section 409A, then each such Award shall become vested and non-forfeitable; provided, however, that the Grantee shall not be able to exercise the Award, and the Award shall not become payable, except in accordance with the terms of such Award or until such earlier time as the exercise and/or payment complies with Section 409A of the Code.

ARTICLE IX
OTHER STOCK-BASED AWARDS

9.01 Grant of Other Stock-Based Awards. Other stock-based awards, consisting of stock purchase rights (with or without loans to Participants by the Company containing such terms as the Committee shall determine), Awards of Common Stock, or Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, may be granted either alone or in addition to or in conjunction with other Awards under the Plan. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the persons to whom and the time or times at which such Awards shall be made, the number of shares of Common Stock to be granted pursuant to such Awards, and all other conditions of the Awards. Any such Award shall be confirmed by an Award Agreement executed by the Company and the Participant, which Award Agreement shall contain such provisions as the Committee determines to be necessary or appropriate to carry out the intent of this Plan with respect to such Award.

9.02 Terms of Other Stock-Based Awards. In addition to the terms and conditions specified in the Award Agreement, Awards made pursuant to this Article IX shall be subject to the following:

(a) Non-Transferability. Any Common Stock subject to Awards made under this Article IX may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses; and

(b) Interest and Dividends. If specified by the Committee in the Award Agreement, the recipient of an Award under this Article IX shall be entitled to receive, currently or on a deferred basis, interest or dividends or dividend equivalents with respect to the Common Stock or other securities covered by the Award; and

(c) Termination of Service. The Award Agreement with respect to any Award shall contain provisions dealing with the disposition of such Award in the event of a termination of service prior to the exercise, realization or payment of such Award, whether such termination occurs because of Retirement, Permanent Disability, death or other reason, with such provisions to take account of the specific nature and purpose of the Award.

(d) Performance-Based Awards. With respect to Awards under this Article IX intended to qualify for deductibility under the "performance-based" compensation exception contained in Section 162(m) of the Code, performance targets will consist of specified levels of one or more of the Performance Goals.

9.03 Change in Control. Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all other stock-based Awards under this Article IX shall immediately become fully vested and payable to all Participants and shall be paid to Participants within thirty (30) days after such Change in Control. Unless otherwise determined by the Committee, the provisions of this Section 9.03 shall not be applicable to any Awards granted to a Participant if any Change in Control results from such Participant's beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of Common Stock. Notwithstanding the above, unless otherwise provided by the Committee in the applicable Award Agreement, with respect to each Award that is subject to Section 409A of the Code, if a Change in Control would have occurred under the Plan pursuant to the definition in Section 2.8 except that such Change in Control does not constitute a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company under Section 409A, then each such Award shall become vested and non-forfeitable; provided, however, that the Grantee shall not be able to exercise the Award, and the Award shall not become payable, except in accordance with the terms of such Award or until such earlier time as the exercise and/or payment complies with Section 409A of the Code.

ARTICLE X
SHORT-TERM CASH INCENTIVE AWARDS

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

10.02 Awards.

(a) Performance Targets. For each fiscal year of the Company with respect to which the Committee determines this Article X to be in effect, the Committee shall establish objective performance targets based on specified levels of one or more of the Performance Goals. Such performance targets shall be established by the Committee on a timely basis to ensure that the targets are considered "pre-established" for purposes of Section 162(m) of the Code.

(b) Amounts of Awards. In conjunction with the establishment of performance targets for a fiscal year, the Committee shall adopt an objective formula (on the basis of percentages of Participants' salaries, shares in a bonus pool or otherwise) for computing the respective amounts payable under the Plan to Participants if and to the extent that the performance targets are attained. Such formula shall comply with the requirements applicable to performance-based compensation plans under Section 162(m) of the Code and, to the extent based on percentages of a bonus pool, such percentages shall not exceed 100% in the aggregate.

(c) Payment of Awards. Awards will be payable to Participants in cash each year upon prior written certification by the Committee of attainment of the specified performance targets for the preceding fiscal year and shall in no event be payable after March 15th of the year following the year in which the award is no longer subject to a substantial risk of forfeiture (within the meaning of Section 409A of the Code).

(d) Negative Discretion. Notwithstanding the attainment by the Company of the specified performance targets, the Committee shall have the discretion, which need not be exercised uniformly among the Participants, to reduce or eliminate the award that would be otherwise paid.

(e) Guidelines. The Committee may adopt from time to time written policies for its implementation of this Article X. Such guidelines shall reflect the intention of the Company that all payments hereunder qualify as performance-based compensation under Section 162(m) of the Code.

10.03 Non-Exclusive Arrangement. The adoption and operation of this Article X shall not preclude the Board or the Committee from approving other short-term incentive compensation arrangements for the benefit of individuals who are Participants hereunder as the Board or Committee, as the case may be, deems appropriate and in the best interests of the Company.

ARTICLE XI
TERMS APPLICABLE TO ALL AWARDS GRANTED UNDER THE PLAN

11.01 Plan Provisions Control Award Terms; Successors. The terms of the Plan shall govern all Awards granted under the Plan, and in no event shall the Committee have the power to grant any Award under the Plan the terms of which are contrary to any of the provisions of the Plan. In the event any provision of any Award granted under the Plan shall conflict with any term in the Plan as constituted on the Date of Grant of such Award, the term in the Plan as constituted on the Date of Grant of such Award shall control. All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

11.02 Award Agreement. No person shall have any rights under any Award granted under the Plan unless and until the Company and the Participant to whom such Award shall have been granted shall have executed and delivered an Award Agreement or the Participant shall have received and acknowledged notice of the Award authorized by the Committee expressly granting the Award to such person and containing provisions setting forth the terms of the Award.

11.03 Modification of Award After Grant. No Award granted under the Plan to a Participant may be modified (unless such modification does not materially decrease the value of that Award) after its Date of Grant except by express written agreement between the Company and such Participant, provided that any such change (a) may not be inconsistent with the terms of the Plan, (b) shall be approved by the Committee, and (c) shall be done in a manner that does not result in the acceleration of income or the imposition of an additional tax under Section 409A of the Code.

11.04 Limitation on Transfer. Except as provided in Section 7.01(c) in the case of Restricted Shares, a Participant's rights and interest under the Plan may not be assigned or transferred other than by will or the laws of descent and distribution and, during the lifetime of a Participant, only the Participant personally (or the Participant's personal representative) may exercise rights under the Plan. The Participant's Beneficiary may exercise the Participant's rights to the extent they are exercisable under the Plan following the death of the Participant. Notwithstanding the foregoing, the Committee may grant Non-Qualified Stock Options that are transferable, without payment of consideration, to immediate family members of the Participant, to trusts or partnerships for such family members, or to such other parties as the Committee may approve (as evidenced by the applicable Award Agreement or an amendment thereto), and the Committee may also amend outstanding Non-Qualified Stock Options to provide for such transferability.

11.05 Withholding Taxes. The Company shall be entitled, if the Committee deems it necessary or desirable, to withhold (or secure payment from the Participant in lieu of withholding) the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to any amount payable and/or shares issuable under such Participant's Award or with respect to any income recognized upon a disqualifying disposition of shares received pursuant to the exercise of an Incentive Stock Option, and the Company may defer payment of cash or issuance of shares upon exercise or vesting of an Award unless indemnified to its satisfaction against any liability for any such tax. The amount of such withholding or tax payment shall be determined by the Committee and shall be payable by the Participant at such time as the Committee determines. With the approval of the Committee, the Participant may elect to meet his or her withholding requirement (i) by having withheld from such Award at the appropriate time that number of shares of Common Stock, rounded up to the next whole share, the Fair Market Value of which is equal to the amount of withholding taxes due (the amount of withholding that may be satisfied in this manner may be limited by the Committee, in its discretion, in order to avoid adverse financial accounting consequences to the Company), (ii) by direct payment to the Company in cash of the minimum amount of any taxes required to be withheld with respect to such Award or (iii) by a combination of withholding such shares and paying cash.

11.06 Surrender of Awards. Any award granted under the Plan may be surrendered to the Company for cancellation on such terms as the Committee and the Participant approve.

11.07 Cancellation of Awards. Unless the Award Agreement specifies otherwise, the Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict any unexpired, unpaid, or deferred Awards at any time if the Participant is not in compliance with all applicable provisions of the Award Agreement and the Plan, or if the Participant engages in any "Detrimental Activity." For purposes of this Section 11.07, "Detrimental Activity" shall include: (i) the rendering of services for any organization or engaging directly or indirectly in any business which is or becomes competitive with the Company, or which organization or business, or the rendering of services to such organization or business, is or becomes otherwise prejudicial to or in conflict with the interests of the Company; (ii) the disclosure to anyone outside the Company, or the use in other than the Company's business, without prior written authorization from the Company, of any confidential information or material relating to the business of the Company, acquired by the Participant either during or after employment with the Company; (iii) any attempt directly or indirectly to induce any employee of the Company to be employed or perform services elsewhere or any attempt directly or indirectly to solicit the trade or business of any current or prospective customer, supplier or partner of the Company; or (iv) any other conduct or act determined to be injurious, detrimental or prejudicial to any interest of the Company. Notwithstanding anything in this Plan or in any Award Agreement to the contrary, this Section 11.07 shall be of no force and effect on or following the occurrence of a Change in Control.

11.08 Adjustments to Reflect Capital Changes.

(a) Recapitalization. The number and kind of shares subject to outstanding Awards, the Exercise Price for such shares, the number and kind of shares available for Awards subsequently granted under the Plan, the maximum number of shares in respect of which Awards can be made to any Participant in any calendar year and the Performance Goals and Award Periods applicable to outstanding Awards shall be appropriately adjusted to reflect any stock dividend, stock split, or share combination or any recapitalization, merger, consolidation, exchange of shares, liquidation or dissolution of the Company or other change in capitalization with a similar substantive effect upon the Plan or the Awards granted under the Plan. The Committee shall have the power and sole discretion to determine the amount of the adjustment to be made in each case.

(b) Certain Mergers. In the event the Company is a party to a Merger, each outstanding Award shall be subject to the applicable agreement governing such Merger. Such agreement, without Participant's consent, may provide for, among other things:

(i) the continuation of such outstanding Awards by the Company (if the Company is the surviving corporation);

(ii) the full vesting of such Award immediately prior to the consummation of such transaction and the cancellation of any such Award that is not exercised before the actual consummation of such transaction;

(iii) the assumption of the Plan and such outstanding Awards by the surviving corporation or its Parent;

(iv) the substitution by the surviving corporation or its parent of stock-based awards with substantially the same terms and conditions for such outstanding Awards; or

(v) the cancellation of all vested and non-vested outstanding Awards in exchange for a payment in cash and/or other property in an amount equal to the value imputed to such Award, as determined by the Committee in its sole discretion, in connection with the Merger transaction (which, in the case of Options, shall be the amount of the Option "spread").

(c) Options to Purchase Shares or Stock of Acquired Companies. After any Merger in which the Company or a Subsidiary shall be a surviving corporation, the Committee may grant Options or other Awards under the provisions of the Plan, pursuant to Section 424 of the Code or as is otherwise permitted under the Code, in full or partial replacement of or substitution for old stock options granted under a plan of another party to the merger whose shares of stock subject to the old options may no longer be issued following the Merger. The manner of application of the foregoing provisions to such options and any appropriate adjustments in the terms of such stock options shall be determined by the Committee in its sole discretion. Any such adjustments may provide for the elimination of any fractional shares which might otherwise become subject to any Options. The foregoing shall not be deemed to preclude the Company from assuming or substituting for stock options of acquired companies other than pursuant to this Plan.

11.09 Legal Compliance. Shares of Common Stock shall not be issued hereunder unless the issuance and delivery of such shares shall comply with applicable laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

11.10 No Right to Employment. No Participant or other person shall have any claim of right to be granted an Award under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the service of the Company or any of its Subsidiaries.

11.11 Awards Not Includable for Benefit Purposes. Payments received by a Participant pursuant to the provisions of the Plan shall not be included in the determination of benefits under any pension, group insurance or other benefit plan applicable to the Participant which is maintained by the Company or any of its Subsidiaries, except as may be provided under the terms of such plans or determined by the Board.

11.12 Governing Law. All determinations made and actions taken pursuant to the Plan shall be governed by the laws of the Commonwealth of Pennsylvania, other than the conflict of laws provisions thereof, and construed in accordance therewith.

11.13 No Strict Construction. No rule of strict construction shall be implied against the Company, the Committee or any other person in the interpretation of any of the terms of the Plan, any Award granted under the Plan or any rule or procedure established by the Committee.

11.14 Captions. The captions (i.e., all Section headings) used in the Plan are for convenience only, do not constitute a part of the Plan, and shall not be deemed to limit, characterize or affect in any way any provisions of the Plan, and all provisions of the Plan shall be construed as if no captions had been used in the Plan.

11.15 Severability. Whenever possible, each provision in the Plan and every Award at any time granted under the Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan or any Award at any time granted under the Plan shall be held to be prohibited by or invalid under applicable law, then (a) such provision shall be deemed amended to

accomplish the objectives of the provision as originally written to the fullest extent permitted by law and (b) all other provisions of the Plan, such Award and every other Award at any time granted under the Plan shall remain in full force and effect.

11.16 Amendment and Termination.

(a) Amendment. The Board shall have complete power and authority to amend the Plan at any time*; provided, that* no termination or amendment of the Plan may, without the consent of the Participant to whom any Award shall theretofore have been granted under the Plan, materially adversely affect the right of such individual under such Award*; and provided further,* that no such alteration or amendment of the Plan shall, without approval by the stockholders of the Company (i) increase the total number of shares of Common Stock which may be issued or delivered under the Plan, (ii) increase the total number of shares which may be covered by Awards to any one Participant or (iii) amend Section 6.01(b).

(b) Termination. The Board shall have the right and the power to terminate the Plan at any time. No Award shall be granted under the Plan after the termination of the Plan, but the termination of the Plan shall not have any other effect and any Award outstanding at the time of the termination of the Plan may be exercised after termination of the Plan at any time prior to the expiration date of such Award to the same extent such Award would have been exercisable had the Plan not been terminated.

11.17 Employees Based Outside of the United States. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have employees or directors, the Board, in its sole discretion, shall have the power and authority to:

(a) Determine which Subsidiaries shall be covered by the Plan;

(b) Determine which employees or directors outside the United States are eligible to participate in the Plan;

(c) Modify the terms and conditions of any Award granted to employees or directors outside the United States to comply with applicable foreign laws;

(d) Establish sub-plans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable. Any sub-plans and modifications to Plan terms and procedures established under this Section 11.17 by the Board shall be attached to this Plan document as appendices; and

(e) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals. Notwithstanding the above, the Board may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law, or governing statute or any other applicable law.

11.18 Code Section 409A Compliance. Notwithstanding any provision of the Plan, to the extent that any Award would be subject to Section 409A of the Code, no such Award may be granted if it would fail to comply with the requirements set forth in Section 409A of the Code. To the extent that the Committee determines that the Plan or any Award is subject to Section 409A of the Code and fails to comply with the requirements of Section 409A of the Code, notwithstanding anything to the contrary contained in the Plan or in any Award Agreement, the Committee, reserves the right to amend or terminate the Plan and/or amend, restructure, terminate or replace the Award in order to cause the Award to either not be subject to Section 409A of the Code or to comply with the applicable provisions of such section.

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

I, Robert J. Coury, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mylan Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period[s] presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

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

Date: July 31, 2009

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

I, Jolene L. Varney, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mylan Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period[s] presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

/s/ Jolene L. Varney
Jolene L. Varney
Chief Financial Officer

Date: July 31, 2009

Exhibit 32

Certification of CEO and CFO Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Mylan Inc. (the "Company") for the period ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

/s/ Jolene L. Varney
Jolene L. Varney
Chief Financial Officer

Date: July 31, 2009

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

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