SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
Ammendment No. 1

Annual Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended March 31, 1995 Commission File No. 1-9114

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

Pennsylvania 25-1211621
(State or other jurisdiction of incorporation or organization) (IRS EmployerIdentification No.)

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

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

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $.50 per share	New York Stock Exchange

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

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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

The aggregate market value of voting stock held by persons other than Directors and Officers of the registrant computed by reference to the closing price of such stock as of May 31, 1995: $2,200,910,441

The number of shares of Common Stock of the registrant outstanding as of May 31, 1995: 79,514,544

Documents incorporated by reference into this Report are:

Annual Report to Shareholders for year ended March 31, 1995.	Parts I and II, Items 1, 5-8
Proxy Statement for 1995 Annual Meeting of Shareholders.	Part III, Items 10-13

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

Overview

By any measure fiscal 1995 was a rewarding year for the Company and our shareholders. Years of commitment to Mylan's standards of quality manufacturing, customer service and product development all contributed to the significant growth in net sales and net earnings.

The Company's premier position in the generic industry provided a platform for unprecedented success in new product launches in fiscal 1995, including five products developed internally and five products licensed from brand name manufacturers. Additionally the strength of the Company's distribution capabilities was a key factor in the establishment of an arrangement with a subsidiary of Eli Lilly and Company relating to cefaclor. While the Company recognized revenue on a fee for services basis and not to the extent of actual sales to customers, this arrangement provides a significant enhancement to the Mylan product line.

The extraordinary growth in sales and gross profits has enabled the Company to accelerate and expand our investment into new product development and solidify our infrastructure. During fiscal 1995 the Company broke ground on a 150,000 square foot research and development facility. Scheduled for completion in late 1995, this state-of-the-art facility will not only enhance our product development effort, but will also provide for expansion of our manufacturing and administrative facilities. These steps will help the Company to meet the many challenges which lie ahead in the constantly changing pharmaceutical industry.

Mylan shareholders realized significant rewards from the Company's financial results in fiscal 1995. The Company declared dividends of just over $23 million during the year, a 94% increase over the previous year and the market price for the Company's common stock appreciated significantly.

Results of Operations

Net Sales and Gross Margin

The following table outlines net sales, gross margins and the corresponding increase over the previous year.

(dollars in millions)

Year Ended March 31,	Net Sales Dollars	Net Sales Change	Gross Margin Dollars	Gross Margin Change	Gross Margin as % of Net Sales
1995	$ 396.1	57%	$ 226.5	80%	57%
1994	$ 251.8	19%	$ 126.1	3%	50%
1993	$ 212.0	61%	$ 122.6	97%	58%

The changes in net sales, gross margins and gross margin as a % of net sales are indicative of the highly competitive nature of the generic pharmaceutical industry and the Company's history of obtaining new product approvals. Generic products generally yield higher gross margins as a percent of sales in the short term period after introduction, and are subject to, sometimes severe, pricing deterioration as other competitors enter the market.

With respect to the Company's generic product line, the Company added 11 products in fiscal 1995 which accounted for $151.5 million of net sales in fiscal 1995, added eight products in fiscal 1994 which accounted for $25.8 million of net sales in fiscal 1994 and added four products in fiscal 1993 which accounted for $50.8 million of net sales in fiscal 1993. The Company experienced increased price competition on new products during the fourth quarter of fiscal 1995 and expects continued competition throughout fiscal 1996.

In addition to new generic products the changes in sales and gross margins from 1993 to 1994 were affected by sales from Bertek (acquired in February 1993) which generally provides lower gross margin rates.

Due to the competitive nature of the generic pharmaceutical industry, net sales and gross margin percentages recognized in fiscal 1995 are not necessarily indicative of the results to be expected in future periods.

Research and Development

Research and Development expenses were $30,533,000 compared to $21,648,000 in 1994 and $13,524,000 in 1993. These amounts represent approximately 8% of corresponding net sales in 1995, 9% in 1994 and 6% in 1993. Fiscal 1994 and 1995 expenditures include amounts for transdermal delivery system development in addition to increased expenditures for ongoing research and development of both innovative and generic products. The Company continues its commitment to new and increased product development.

Selling and Administrative

Selling and Administrative expenses were $58,035,000 in fiscal 1995 compared to $49,173,000 in fiscal 1994 and $36,714,000 in fiscal 1993, which represents approximately 15%, 20% and 17% of corresponding net sales. The fiscal 1994 and 1995 amounts include approximately $3,143,000 each year in amortization of intangible assets associated with the Bertek acquisition. In 1994, $3,229,000 was expensed resulting from the death of Mr. McKnight the former Chairman and Chief Executive Officer of the Company. Other changes from 1994 to 1995 and from 1993 to 1994 are attributable in large part to compensation and related expenses, selling/marketing expenses associated with new products including sales commissions and legal and professional fees associated with the various court actions to which the Company has been involved.

Equity in Earnings of Somerset

Somerset's contribution to the Company's pretax earnings (in thousands) and net earnings per share are as follows:

	1995		1994		1993	
Quarter Ended	Pretax Earnings	Net Earnings Per Share	Pretax Earnings	Net Earnings Per Share	Pretax Earnings	Net Earnings Per Share
6/30	$ 5,348	$ .06	$ 5,682	$ .06	$ 4,309	$ .05
9/30	6,141	.07	5,727	.07	5,101	.06
12/31	8,330	.09	6,841	.08	6,120	.07
3/31	5,587	.06	5,346	.06	5,606	.06
Fiscal Year	$25,406	$ .28	$ 23,596	$ .27	$ 21,136	$ .24

Under the Orphan Drug Act, Somerset has exclusivity relating to marketing the chemical compound Eldepryl(R) for use as a treatment for late stage Parkinson's disease through June of 1996. Under the Waxman Hatch Act, Somerset had exclusivity for all uses of the chemical compound through June of 1994. Somerset is actively involved in research projects regarding additional uses of this chemical compound, and other potential products.

Other Income

Other income for the year ended March 31, 1995 was $7,958,000 compared to $8,148,000 in 1994 and $3,879,000 in 1993. The 1994 amount includes $3,375,000 in legal settlements. Other changes are indicative of market fluctuations effecting the yields on investments, and changes in assets available for investment.

Income Taxes

The effective tax rates for 1995, 1994 and 1993 were 29%, 16% and 27% respectively. The 1994 effective tax rate was reduced by 5% as a result of recording the cumulative effects of changes in financial reporting requirements and changes in the federal tax code.
The Company recognized tax credits which reduced the effective tax rates by approximately 5% in 1995, 8% in 1994 and 2% in 1993. The tax credits result principally from operations in Puerto Rico and also from credits for increasing research and development activities. Changes in the Federal Tax Code enacted in 1993 reduced tax credits otherwise available for operating in Puerto Rico by 40% in fiscal 1995 with additional 5% reductions in the next four fiscal years. In addition recent tax rulings may reduce the amount of credit otherwise available to the Company for research and development activities.

Liquidity and Capital Resources

The Company's balance sheet remains strong with total assets increasing by 35% to $546,201,000 at March 31, 1995. Working capital of $275,032,000 represents 57% of net worth at March 31, 1995 versus $191,647,000 or 50% of net worth at March 31, 1994. The ratio of current assets to current liabilities was 5.9 to 1 at March 31, 1995 versus 11.7 to 1 at March 31, 1994.

Cash flows from operating activities increased significantly from fiscal 1994 to 1995 due principally to the higher level of net earnings and also to the timing of collections of accounts receivable and payment of income taxes.

The Company invested $17,485,000 in 1995 and $20,164,000 in 1994 for facilities expansion, including relocation of our Greensboro distribution center, and expansion and renovation of facilities in Puerto Rico and Vermont. During fiscal 1994, the Company also acquired aircraft which were previously leased on a flight by flight basis. All capital expenditures during fiscal years 1995 and 1994 were made with the general funds of the Company without incurring bank financing. As of March 31, 1995 the Company has commitments for future capital expenditures of approximately $10,828,000, including the construction of a 150,000 square foot research and development facility in Morgantown, WV.

In addition to investing in property, plant and equipment, the Company has invested considerable amounts over the past two years into marketable securities, principally tax exempt instruments. Increases in intangible and other assets includes equity investments and payments for long-term licenses to entities with which the Company is jointly developing new products.
Payments of long-term obligations in 1994 represents a final settlement with the estate of Roy McKnight in connection with Mr. McKnight's salary continuation agreement. Prior year payments were for obligations assumed in the business combination of Bertek in 1993.
The Company paid cash dividends of $.28 per share in 1995 totaling $22,208,0000 compared to $.14 per share in 1994 which totaled $11,026,000.

ITEM 8. Financial Statements and Supplementary Data

Consolidated Balance Sheets

March 31	1995	1994
Assets		
Current Assets		
Cash and cash equivalents	$ 127,280,000	$ 75,526,000
Marketable securities	52,575,000	12,925,000
Accounts receivable - net	58,343,000	55,430,000
Inventories	78,205,000	57,996,000
Prepaid income taxes	-	1,265,000
Deferred income tax benefit	10,545,000	2,082,000
Other current assets	4,435,000	4,349,000
Total Current Assets	331,383,000	209,573,000
Property, Plant and Equipment-net of accumulated depreciation	92,299,000	82,514,000
Deferred income tax benefit, non-current	1,043,000	-
Marketable Securities, Non-Current	21,958,000	12,125,000
Intangible Assets-Net of accumulated amortization	28,518,000	33,228,000
Other Assets	48,945,000	48,122,000
Investment In and Advances to Somerset	22,055,000	17,763,000
Total Assets	$ 546,201,000	$ 403,325,000

See notes to consolidated Financial statements.

Consolidated Balance Sheets

March 31 Liabilities and Shareholders' Equity	1995	1994
Current Liabilities		
Trade accounts payable	$ 10,466,000	$ 6,699,000
Income taxes payable	24,019,000	-
Other current liabilities	17,890,000	8,056,000
Cash dividend payable	3,976,000	3,171,000
Total Current Liabilities	56,351,000	17,926,000
Long-Term Obligations	7,122,000	4,609,000
Deferred Income Tax Liability	-	821,000
Shareholders' Equity		
Preferred stock, par value $.50 per share, authorized 5,000,000 shares, issued and outstanding - none	-	-
Common stock, par value $.50 per share, authorized 300,000,000 shares, issued 79,972,248 shares at March 31, 1995 and 79,697,295 shares at March 31, 1994	39,986,000	39,849,000
Additional paid-in capital	57,577,000	54,272,000
Retained earnings	386,212,000	288,357,000
Unrealized gain on investments	1,374,000	-
	485,149,000	382,478,000
Less treasury stock at cost - 476,523 shares at March 31, 1995 and 495,864 shares at March 31, 1994	2,421,000	2,509,000
Net Worth	482,728,000	379,969,000
Total Liabilities and Shareholders' Equity	$ 546,201,000	$ 403,325,000

Consolidated Statements of Earnings

Year ended March 31	1995	1994	1993
Net Sales	$ 396,120,000	$ 251,773,000	$ 211,964,000
Cost and Expenses			
Cost of Sales	169,590,000	125,631,000	89,400,000
Research and Development	30,533,000	21,648,000	13,524,000
Selling and Administrative	58,035,000	49,173,000	36,714,000
	258,158,000	196,452,000	139,638,000
Equity in Earnings of Somerset	25,406,000	23,596,000	21,136,000
Other Income	7,958,000	8,148,000	3,879,000
Earnings Before income Taxes	171,326,000	87,065,000	97,341,000
Income Taxes	50,457,000	13,998,000	26,720,000
Net Earnings	$ 120,869,000	$ 73,067,000	$ 70,621,000
Earnings Per Share	$ 1.52	$ .93	$ .92
Weighted Average Common Shares	79,309,000	78,949,000	77,101,000

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Unrealized Gain on Investments
April 1, 1992	38,631,373	$ 19,317,000	$ 7,699,000	$ 176,789,000	$ -
Stock options exercised	713,857	357,000	12,732,000	-	-
Cash dividend $.115 per share	-	-	-	(8,902,000)	-
Stock split (2 for 1)	38,654,343	19,327,000	(7,958,000)	(11,369,000)	-
Bertek acquisition	615,880	308,000	17,393,000	-	-
Net earnings	-	-	-	70,621,000	-
March 31, 1993	78,615,453	$ 39,309,000	$ 29,866,000	$ 227,139,000	$ -
Stock options exercised	347,747	173,000	4,447,000	-	-
Cash dividend $.15 per share	-	-	-	(11,849,000)	-
Bertek acquisition	734,095	367,000	19,959,000	-	-
Net earnings	-	-	-	73,067,000	-
March 31, 1994	79,697,295	$ 39,849,000	$ 54,272,000	$ 288,357,000	$ -
Stock options exercised	274,953	137,000	3,305,000	-	-
Cash dividend $.29 per share	-	-	-	(23,014,000)	-
Net earnings	-	-	-	120,869,000	-
Change in unrealized gain on investments	-	-	-	-	1,374,000
March 31, 1995	79,972,248	$ 39,986,000	$ 57,577,000	$ 386,212,000	$ 1,374,000

See notes to consolidated Financial statements.

Consolidated Statements of Cash Flows

Year ended March 31	1995	1994	1993
Cash flows from operating activities			
Net earnings	$ 120,869,000	$ 73,067,000	$ 70,621,000
Adjustments to reconcile net earnings to net cash provided from operating activities:			
Depreciation and amortization	12,700,000	11,154,000	5,089,000
Deferred income tax benefit	(10,427,000)	(656,000)	(888,000)
Equity in earnings of Somerset	(25,406,000)	(23,596,000)	(21,136,000)
Cash received from Somerset	21,114,000	20,676,000	19,966,000
Other noncash expenses	13,252,000	4,192,000	3,758,000
Changes in operating assets and liabilities:			
Accounts receivable	(14,240,000)	(23,485,000)	(9,073,000)
Inventories	(19,590,000)	(12,002,000)	(9,825,000)
Trade accounts payable	3,410,000	207,000	1,911,000
Income taxes payable	25,060,000	(11,111,000)	6,263,000
Other operating assets and liabilities	9,789,000	(2,813,000)	1,651,000
Net cash provided from operating activities	136,531,000	35,633,000	68,337,000
Cash Flows from Investing Activities			
Additions to property, plant and equipment	(17,485,000)	(20,164,000)	(12,294,000)
Increase in intangible and other assets	(8,238,000)	(15,147,000)	(10,833,000)
Purchase of marketable securities	(58,491,000)	(12,925,000)	-
Proceeds from sales and maturities of marketable securities	25,482,000	4,800,000	-
Acquisition-net of cash acquired	(6,432,000)	-	-
Net cash used in investing activities	(65,164,000)	(43,436,000)	(23,127,000)

See notes to consolidated Financial statements.

Consolidated Statements of Cash Flows

Year ended March 31	1995	1994	1993
Cash flows from Financing activities			
Payments on long-term obligations	$ (451,000)	$ (4,320,000)	$ (8,373,000)
Cash dividend paid	(22,208,000)	(11,026,000)	(8,476,000)
Payments on acquisition obligation	-	(977,000)	-
Proceeds from exercise of stock options	3,046,000	1,406,000	9,561,000
Net cash used in financing activities	(19,613,000)	(14,917,000)	(7,288,000)
Net Increase (Decrease) in Cash and Cash Equivalents	51,754,000	(22,720,000)	37,922,000
Cash and Cash Equivalents-Beginning of Year	75,526,000	98,246,000	60,324,000
Cash and Cash Equivalents-End of Year	$ 127,280,000	$ 75,526,000	$ 98,246,000

For purposes of presentation in the statements of cash flows, cash, overnight deposits, certificates of deposit, money market funds and marketable securities with original maturities of less than three months have been classified as cash and cash equivalents. The carrying value of these items approximates fair value.

Cash payments for interest were $25,000 in 1995, $30,000 in 1994 and $64,000 in 1993. Cash payments for income taxes were $35,822,000 in 1995, $27,055,000 in 1994 and $21,345,000 in 1993.

During fiscal 1993 the Company acquired substantially all of the assets of Bertek, Inc. (Bertek) (see note B) for approximately $39,112,000 and assumed liabilities of approximately $10,090,000. During the years ended March 31, 1994 and 1993 $20,326,000 and $17,701,000 of the purchase price was satisfied through the issuance of the Company's common stock. At the closing of this transaction, the Company repaid with cash approximately $8,293,000 in long-term debt obligations assumed.

During fiscal 1993 the Company declared a 2 for 1 stock split effected in the form of a stock dividend (see note M).

Certain stock option transactions result in a reduction of income taxes payable and a corresponding increase in additional paid-in capital. The amounts for the years ended March 31, 1995, 1994 and 1993 were $396,000, $1,040,000 and $3,528,000 respectively.
During fiscal 1995 and 1994 the Company received and recorded into treasury stock 659 and 75,658 shares of common stock valued at $14,000 and $ 2,174,000 respectively in consideration for the exercise of stock options.

Notes to Consolidated Financial Statements

A. Summary of Significant Accounting Policies

1. Principles of Consolidation

The consolidated financial statements include the accounts of Mylan Laboratories Inc. (the Company) and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company's principal line of business is the manufacturing and distribution of pharmaceutical products. The Company had sales to one customer which represented 12% of net sales in 1993.

2. Marketable Securities

Effective April 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115 (SFAS No. 115), "Accounting for Certain Investments in Debt and Equity Securities." Under this Statement, the Company's investments classified as "available for sale" are recorded at current market value with offsetting adjustments to shareholders' equity, net of income taxes. At March 31, 1994, investments were stated at the lower of aggregate cost or market. The adoption of SFAS No. 115 did not have a material impact on the financial position of the Company.

3. Accounts Receivable and Revenue Recognition

The Company recognizes revenue from product sales upon shipment to customers. Provisions for discounts, rebates, returns and other adjustments are provided for in the same period as the related sales are recorded. Accounts receivable are presented net of such provisions which amounted to $14,777,000 at March 31, 1995 and $3,449,000 at March 31, 1994.

4. Inventories

Inventories are stated at the lower of cost (principally, first-in, first-out) or market.

5. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is provided in amounts sufficient to relate cost of depreciable assets to operations over the estimated service lives, principally on a straight-line basis.

6. Research and Development

Research and development expenses are charged to operations as incurred.

7. Income Taxes

Deferred income taxes reflect the tax consequences on future years of events that have already been recognized by the Company in the financial statements or tax returns. Prior to April 1, 1993 deferred income taxes were provided for the difference between income and expense recognition for financial reporting purposes and income tax purposes.

8. Earnings Per Share

Earnings per share of common stock are based on the weighted average number of shares outstanding during each year. The effect on earnings per share, resulting from the assumed exercise of outstanding stock options, is not material.

9. Reclassification

Certain prior year amounts have been reclassified to conform to the 1995 presentation.

B. Business Combinations

American Triumvirate Insurance Company

On December 21, 1994 the Company acquired the 50% interest in American Triumvirate Insurance Company (ATIC) that it did not previously own. ATIC is a captive insurance company located in Burlington, Vermont. The business combination has been accounted for under the purchase method of accounting. The Company paid $8,166,000 which equaled 50% of the net book value of ATIC as of December 31, 1994.

Bertek

On February 25, 1993 a wholly-owned subsidiary of the Company acquired substantially all of the net assets of Bertek, Inc. (Bertek). Bertek, headquartered in St. Albans, Vermont, is a manufacturer of transdermal drug delivery systems and also has operations in laminating and label manufacturing. The business combination has been accounted for under the purchase method of accounting. Goodwill of approximately $2,686,000 resulting from the acquisition is being amortized on a straight-line basis over a 20 year period.

C. Inventories

Inventories consist of the following components: (in thousands)

March 31,	1995	1994
Raw materials	$ 29,795	$ 26,138
Work in process	17,539	14,978
Finished goods	30,871	16,880
	$ 78,205	$ 57,996

D. Property, Plant and Equipment

Property, plant and equipment consist of the following components:
(in thousands)

March 31,	1995	1994
Land and land improvements	$ 5,767	$ 5,088
Buildings and improvements	48,674	41,705
Machinery and equipment	69,626	59,178
Construction in progress	8,532	9,143
	132,599	115,114
Less accumulated depreciation	40,300	32,600
	$ 92,299	$ 82,514

E. Investment in and Advances to Somerset

The Company owns 50% of all the outstanding common stock of Somerset Pharmaceuticals Inc. (Somerset) and uses the equity method of accounting for its investment.
Equity in Earnings of Somerset includes the Company's 50% portion of Somerset's net earnings and expense for amortization of intangible assets resulting from the acquisition of Somerset. Such intangible assets are amortized over a 15 year period. Amortization expense amounted to $924,000 in 1995, 1994 and 1993. Additionally, the Company's charges to Somerset for management services and product development activities are included in Equity in Earnings of Somerset. These charges have been recorded by Somerset as a reduction of its net earnings.

Condensed audited balance sheet information of Somerset is as follows:
(in thousands)

December 31,	1994	1993	1992
Current assets	$ 48,770	$ 35,248	$ 30,016
Non-current assets	6,380	6,165	2,692
Current liabilities	29,211	23,417	28,585
Payable to Owners	2,318	2,063	10,585
Other liabilities	292	458	625

Condensed audited income statement information of Somerset is as follows:
(in thousands)

Year ended December 31,	1994	1993	1992
Net sales	$ 124,566	$ 118,998	$ 104,071
Costs and expenses	59,557	55,825	47,266
Income taxes	20,900	21,408	20,736
Net earnings	$ 44,109	$ 41,765	$ 36,069

The above information represents 100% of Somerset's operations of which the Company has a 50% interest.
Under the Orphan Drug Act, Somerset has exclusivity relating to marketing the chemical compound Eldepryl(R) for use as a treatment for late stage Parkinson's disease through June of 1996.

F. Marketable Securities

Effective April 1, 1994 the Company adopted Statement of Financial Accounting Standards No. 115 (SFAS No. 115), "Accounting for Certain Investments in Debt and Equity Securities". Prior years' financial statements have not been restated to apply the provisions of SFAS No. 115. This Standard changes the manner in which certain investments are valued and affects the way in which unrealized gains and losses are recognized for financial reporting purposes. The Company has classified its portfolio of marketable securities as "available for sale". Such securities are recorded at market value with unrealized gains and losses being recognized as a separate component of shareholders' equity, net of income taxes.

The amortized cost and estimated market values at March 31, 1995 are as follows: (in thousands)

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Debt securities:				
U.S. Government obligations	$ 17,083	$ 262	$ 22	$ 17,323
Municipal obligations	33,047	95	10	33,132
Corporate bonds	3,090	69	75	3,084
Certificates of deposit	15,804	-	-	15,804
Total debt securities	69,024	426	107	69,343
Equity securities	3,400	1,868	78	5,190

Maturities of debt securities at market value are as follows: (in thousands)

Due in one year or less	$ 47,384
Due after one year through five years	16,553
Due after five years	5,406
Total	$ 69,343

Proceeds from sales of marketable securities were $5,068,000 during 1995. Gross gains of $14,000 and gross losses of $142,000 were realized on those sales during 1995. The cost of investments sold is determined by the specific identification method.

G. Intangible Assets

Intangible assets are stated net of accumulated amortization of $13,874,000 and $8,874,000 at March 31, 1995 and 1994 respectively. Amortization is provided for on a straight-line basis over periods ranging from 14 to 17 years for patents and technology and 2 to 20 years for other intangible assets.

Values assigned to patents and technology at March 31, 1995 and 1994, were $20,945,000 and $22,324,000 respectively. The remaining amounts consist principally of values assigned to licenses, agreements and goodwill.

H. Other Assets

Other assets consist of the following components: (in thousands)

March 31,	1995	1994
Pooled asset funds	$ 14,587	$ 13,758
Cash surrender value	16,377	16,254
Captive insurance company	-	7,712
Other investments	17,981	10,398
	$ 48,945	$ 48,122

Pooled asset funds are carried at the lower of cost or market and include the Company's interest in various funds which invest in common and preferred stocks, bonds, and money market funds. Earnings on these investments included under the caption "Other Income" amounted to $829,000 in 1995, $402,000 in 1994 and ($645,000) in 1993. At March 31, 1995 and 1994 the carrying amounts of these investments approximated fair value.

Cash surrender value represents insurance policies on certain officers and key employees and the value of a split dollar life insurance arrangement with the estate of the former Chairman and Chief Executive Officer of the Company (see note P). Other investments are comprised principally of equity investments in non-publically traded entities. Such investments are accounted for under the cost method. Prior to December 21, 1994 the Company's interest in a captive insurance company was accounted for using the equity method of accounting (see note B). Earnings from this investment included under the caption "Other Income" amounted to $454,000 in 1995 prior to acquisition, $937,000 in 1994 and $940,000 in 1993.

I. Other Current Liabilities
Other current liabilities includes payroll and employee benefit plan accruals which amounted to $6,103,000 at March 31, 1995 and $5,388,000 at March 31, 1994, accruals for Medicaid reimbursements of $3,640,000 at March 31, 1995 and $1,479,000 at March 31, 1994 and deferred revenue related to a distribution agreement (see note K) of $3,500,000 at March 31, 1995.

J. Long-Term Obligations
Long-term obligations represent accruals for post-retirement compensation pursuant to agreements with certain key employees and directors. Under these agreements, benefits are to be paid over periods of 10 to 15 years commencing at retirement.

K. Distribution Agreement
On October 10, 1994 the Company entered into a distribution agreement with STC Pharmaceuticals, Inc. (STC), a wholly owned subsidiary of Eli Lilly and Company (Lilly). Under the terms of the agreement the Company is distributing a generic form of Lilly's oral antibiotic Ceclor(R) on behalf of STC. The Company is being paid a fixed monthly fee for distributing the product. Upon certain events, as defined in the agreement, the fixed monthly fee will convert to a variable amount predicated upon STC's net sales of the product. Revenues and gross profits resulting from this agreement did not have a material impact on operations.

L. Income Taxes
Income taxes consist of the following components: (in thousands)

Year ended March 31,	1995	1994	1993
Federal			
Current	$ 48,851	$ 11,888	$ 25,325
Deferred	(8,111)	61	(888)
	40,740	11,949	24,437
State			
Current	12,033	2,766	2,283
Deferred	(2,316)	(717)	-
	9,717	2,049	2,283
Income taxes	$ 50,457	$ 13,998	$ 26,720
Pre-tax earnings	$ 171,326	$ 87,065	$ 97,341
Effective tax rate	29.5%	16.1%	27.4%

Effective April 1, 1993 the Company adopted Statement of Financial Accounting Standards No. 109 (SFAS No. 109), "Accounting for Income Taxes". The prior year's financial statements have not been restated to apply the provisions of SFAS No. 109. The cumulative effect of adopting this Standard resulted in an increase in net earnings of $1,124,000 or $.01 per share in the 1994 Consolidated Statement of Earnings. There was no cash flow impact.
This Standard requires an asset and liability approach to accounting for income taxes. Deferred income tax assets and liabilities reflect the future tax consequences of events that have already been recognized in the financial statements or tax returns. Changes in enacted tax rates or laws will result in adjustments to the recorded tax asset or liabilities in the period that the tax law is enacted.

Temporary differences and carryforwards which give rise to the deferred income tax assets and liabilities are as follows:
(in thousands)

March 31,	1995	1994
Deferred Tax Assets:		
Employee benefits	$ 2,758	$ 1,745
Deferred revenue	1,881	868
Asset allowances	5,785	1,279
Inventory	5,378	829
Investments	634	1,022
Total Deferred Tax Assets	16,436	5,743
Deferred Tax Liabilities:		
Property	2,642	3,379
Investments	2,206	1,103
Total Deferred Tax Liabilities	4,848	4,482
Deferred Tax Assets - Net	$ 11,588	$ 1,261
Classification in the Consolidated Balance Sheet:		
Deferred Income Tax Benefit - Current	$ 10,545	$ 2,082
Deferred Income Tax Benefit - Non-Current	1,043	-
Deferred Income Tax Liability - Non-Current	-	(821)
Deferred Tax Assets - Net	$ 11,588	$ 1,261

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

Year Ended March 31,	1995	1994	1993
Statutory tax rate	35.0%	35.0%	34.0%
State income taxes-net	4.2%	1.7%	1.5%
Tax exempt earnings- primarily dividend exclusion	(4.8%)	(7.7%)	(5.9%)
Tax credits	(4.9%)	(7.6%)	(2.2%)
SFAS 109	-	(1.3%)	-
Changes in tax code	-	(3.7%)	-
Other items	-	(0.3%)	-
Effective tax rate	29.5%	16.1%	27.4%

Tax credits result principally from operations in Puerto Rico.
In August of 1993, President Clinton signed into law the Omnibus Budget Reconciliation Act of 1993 ("the Act"). The Act has several provisions which affect the Company's income tax expense including a change in the Federal corporate tax rate and significant changes relating to tax credits for operations in Puerto Rico. As a direct result of the changes in the tax code, the Company reassessed its position on the filing alternatives available under the tax code. Based on the new tax code provisions, the Company made a decision which resulted in a reduction of income tax expense of $3,225,000. This amount represents management's estimate of the cumulative effect of this change.

M. Common Stock
During fiscal year 1993 the company declared a 2 for 1 stock split effected in the form of a stock dividend. The par value of the new shares issued totaled $19,327,000 and has been transferred from additional paid-in capital and retained earnings to the common stock account. Per share amounts and stock options have been adjusted for the stock split.
On April 7, 1993, the shareholders of the Company approved an increase in the number of shares of common stock authorized to 300,000,000.

N. Stock Option Plans
On December 1, 1986 the Board of Directors adopted the "Mylan Laboratories Inc. 1986 Incentive Stock Option Plan" ("the Plan") which was approved by the shareholders on June 24, 1987. A total of 6,000,000 shares of the Company's common stock are reserved for issuance upon exercise of stock options. Options, which may be granted at not less than fair market value on the date of the grant may be excercised within ten years from the date of grant. As of March 31, 1995 options for 3,040,300 shares have been granted pursuant to the Plan.

On June 23, 1992 the Board of Directors adopted the "1992 Nonemployee Director Stock Option Plan" (the "Directors' Plan") subject to shareholder approval, which was obtained on April 7, 1993. A total of 400,000 shares of the Company's common stock are reserved for issuance upon exercise of stock options which may be granted at not less than fair market value on the date of grant.

Shares are granted, based on a formula as described in the Directors' Plan, upon the nonemployee director's initial and subsequent election to the Board of Directors. Options may be exercised within ten years from the date of grant. As of March 31, 1995, 170,000 shares have been granted pursuant to the Directors' Plan.
As of March 31, 1995 options for 1,212,299 shares are exercisable under all plans at option prices ranging from $4.24 to $28.125 per share. A summary of the activity resulting from all plans adjusted for the stock split is as follows:

	Number of shares under option	Option price per share
Outstanding April 1, 1992	1,120,504	$ 4.125-16.00
Options granted	1,778,000	18.00
Options exercised	(713,857)	4.125-18.00
Options cancelled or surrendered	(64,398)	4.75-16.00
Outstanding March 31, 1993	2,120,249	$ 4.125-18.00
Options granted	6,000	26.125-28.125
Options exercised	(347,747)	4.125-18.00
Options cancelled or surrendered	(6,875)	16.00
Outstanding March 31, 1994	1,771,627	$ 4.24-28.125
Options granted	296,000	15.875-22.00
Options exercised	(274,953)	4.125-18.00
Options cancelled or surrendered	(22,000)	7.25-18.00
Outstanding March 31, 1995	1,770,674	$ 4.24-28.125

O. Profit Sharing and 401(K) Plans
The Company has a noncontributory trusteed profit sharing plan covering essentially all employees who are not covered by 401(k) plans, a 401(k) plan covering essentially all Hickam employees, a profit sharing plan with a 401(k) provision covering all employees of Bertek and a 401(k) plan covering all employees of the bargaining unit.

Contributions to the profit sharing plan and the Bertek plan are made at the discretion of the Board of Directors. Contributions to the Hickam plan are based upon a formula matching the employees salary deferral. Contributions to the bargaining unit plan are based upon the union agreement. Total contributions to all plans for the years ended March 31, 1995, 1994 and 1993 were $3,060,000, $2,300,000 and $1,860,000 respectively.

P. Related Party Transactions
Pursuant to a salary continuation agreement between Mr. McKnight, former Chairman and Chief Executive Officer, and the Company, a one time payment of $4,306,000 was made on March 31, 1994 of which $2,861,000 was expensed during 1994. The Company also purchased aircraft, which it previously leased on a flight by flight basis, from the estate of Mr. McKnight for $5,900,000. In addition, the Company will continue to fund life insurance premiums pursuant to a split-dollar life insurance agreement whereby the Company has rights to the cash surrender value of the insurance policies.

Q. Legal Matters
The Company is involved in various legal proceedings that are considered normal to its business. While it is not feasible to predict the ultimate outcome of such proceedings it is the opinion of management that the outcome will have no material adverse effect on the Company's operations or financial position.
During fiscal 1994 the Company settled certain legal matters relating to the Company's suit filed under the Federal Antitrust Laws and the Racketeer Influence and Corrupt Organization Act (RICO), for approximately $3,375,000. Additionally during fiscal 1994 the jury in the Company's lawsuit against American Cyanamid ruled in favor of Cyanamid on the company's claims and in favor of the Company on Cyanamid's counterclaims. No money damages were awarded to either party. The U.S. Court of Appeals for the Fourth Circuit upheld the jury verdicts on all claims.

Independent Auditors' Report
Board of Directors and Shareholders
Mylan Laboratories Inc.
Pittsburgh, Pennsylvania

We have audited the accompanying consolidated balance sheets of Mylan Laboratories Inc. and subsidiaries as of March 31, 1995 and 1994, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 1995, appearing on pages 40 through 51. These fiancial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Mylan Laboratories Inc. and subsidiaries as of March 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 1995, in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP

Pittsburgh, Pennsylvania
April 28, 1995

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

(a) 1. List of Financial Statements

2. Financial Statement Schedules

The information required by this item is incorporated herein by reference to Exhibit 99. All other schedules have been omitted because they are not required.

3. Exhibits

(3)(a) Amended and Restated Articles of Incorporation of the registrant, filed as Exhibit (3)(a) to Form 10-Q for quarter ended June 30, 1992 and incorporated herein by reference.

(b) By-laws of the registrant, as amended to date, filed as Exhibit 3(b) to Form 10-Q for the quarter ended June 30, 1992 and incorporated herein by reference.

(10)(a) 1986 Incentive Stock Option Plan, as amended to date, filed as Exhibit 10(b) to Form 10-K for fiscal year ended March 31, 1993 and incorporated herein by reference.

(b) "Salary Continuation Plan" with Milan Puskar, Dana G. Barnett and C.B. Todd each dated as of January 27, 1995 and filed herewith *.

(c) "Salary Continuation Plan" with Roderick P. Jackson and Louis J. DeBone each dated March 14, 1995 and filed herewith *.

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

(e) Split Dollar Life Insurance Arrangement with McKnight Irrevocable Trust filed as Exhibit 10(g) to Form 10-K for fiscal year ended March 31, 1994 and incorporated herein by reference.

(f) 1992 Nonemployee Director Stock Option Plan filed as Exhibit 10(g) to Form 10-K for fiscal year ended March 31, 1993 and incorporated herein by reference.

(g) "Service Benefit Agreement" with Laurence S. DeLynn, John C. Gaisford, M.D., Richard A. Graciano and Robert W. Smiley, Esq. each dated January 27, 1995 and filed herewith *.

(13) Fiscal 1995 Annual Report to the Shareholders (only those portions which are incorporated in this Report by reference are being filed herewith *).

(21) Subsidiaries of the registrant, filed herewith. *

(23) Consents of Independent Auditors, filed herewith.

Exhibit 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-65916 and No. 33-65918 of Mylan Laboratories Inc. on Form S-8 of our report dated April 28, 1995, included in this Amendment No. 1 on Form 10-K/A of Mylan Laboratories Inc. for the year ended March 31, 1995.

/s/Deloitte & Touche LLP
Deloitte & Touche LLP

Pittsburgh, Pennsylvania
February 5, 1996

Exhibit 23 (cont.)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-65916 and No. 33-65918 of Mylan Laboratories Inc. on Form S-8 of our report dated February 3, 1995 relating to the consolidated financial statements of Somerset Pharmaceuticals, Inc. and subsidiaries for the year ended December 31, 1994, included as an exhibit to Amendment No. 1 on Form 10-K/A of Mylan Laboratories Inc. for the year ended March 31, 1995.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP

Pittsburgh, Pennsylvania
February 5, 1996

(27) Financial Data Schedule, filed herewith. *

(99) Consolidated financial statements of Somerset Pharmaceuticals, Inc. for Years ended December 31, 1994, 1993 and 1992, filed herewith.

SOMERSET PHARMACEUTICALS, INC. AND SUBSIDIARIES

Consolidated Financial Statements for the
Years Ended December 31, 1994, 1993 and 1992, and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Somerset Pharmaceuticals, Inc.:

We have audited the accompanying consolidated balance sheets of Somerset Pharmaceuticals, Inc. and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Somerset Pharmaceuticals, Inc. and subsidiaries as of December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche

Pittsburgh, Pennsylvania
February 3, 1995

SOMERSET PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1994 AND 1993

ASSETS	1994	1993
CURRENT ASSETS:		
Cash and cash equivalents	$17,529,000	$10,281,000
Investment securities	3,338,000	3,470,000
Accounts receivable (net of allowance for doubtful accounts of $100,000)	20,653,000	16,095,000
Inventories	5,293,000	3,820,000
Prepaid expenses and other current assets	1,957,000	1,582,000
Total current assets	48,770,000	35,248,000
PROPERTY AND EQUIPMENT - Net	4,266,000	2,762,000
INTANGIBLE ASSETS - Net	1,644,000	1,987,000
OTHER ASSETS	470,000	1,416,000
	$55,150,000	$41,413,000

Liabilities and Stock holder's Equity	1994	1993
Current Liabilities:		
Accounts payable	$ 292,000	$ 205,000
Note payable	-	253,000
Accrued marketing costs	11,000,000	9,100,000
Royalty payable	5,850,000	4,780,000
Other accrued expenses	2,833,000	2,070,000
Accrued research and development	1,901,000	2,046,000
Income taxes payable	5,017,000	2,900,000
Amounts due to related paries	2,318,000	2,063,000
Total current liabilities	29,211,000	23,417,000
Deferred revenue	292,000	458,000
Stockholder's Equity:		
Common stock, $.01 par value; 13,719 shares authorized, 11,297 shared issued	-	-
Retained earnings	26,099,000	17,990,000
Less treasury stock, 644 shares at cost	(452,000)	(452,000)
Total stockholder's equity	25,647,000	17,538,000
	$55,150,000	$41,413,000

See notes to consolidated financial statements.

SOMERSET PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31,1994, 1993 AND 1992

	1994	1993	1992
NET SALES	$124,566,000	$118,998,000	$104,071,000
COSTS AND EXPENSES:			
Cost of sales	16,399,000	13,991,000	12,552,000
Marketing	23,457,000	25,826,000	23,415,000
Research and development	10,424,000	9,134,000	5,580,000
Administrative	9,845,000	8,005,000	6,736,000
	60,125,000	56,956,000	48,283,000
	64,441,000	62,042,000	55,788,000
OTHER INCOME	568,000	1,131,000	1,017,000
INCOME BEFORE INCOME TAXES	65,009,000	63,173,000	56,805,000
PROVISION FOR INCOME TAXES	20,900,000	21,408,000	20,736,000
NET INCOME	$ 44,109,000	$ 41,765,000	$ 36,069,000

See notes to consolidated financial statements.

SOMERSET PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings	Stockholders' Equity
BALANCE, DECEMBER 31, 1991	11,297	$ -	644	$ (452,000)	$ 7,900,000	$ 7,448,000
Accretion of the carrying value of the redeemable preferred stock	-	-	-	-	(122,000)	(122,000)
Dividends	-	-	-	-	(41,207,000)	(41,207,000)
Net income	-	-	-	-	36,069,000	36,069,000
BALANCE, DECEMBER 31, 1992	11,297	-	644	(452,000)	2,640,000	2,188,000
Accretion of the carrying value of the redeemable preferred stock	-	-	-	-	(15,000)	(15,000)
Dividends	-	-	-	-	(26,400,000)	(26,400,000)
Net income	-	-	-	-	41,765,000	41,765,000
BALANCE, DECEMBER 31, 1993	11,297	-	644	(452,000)	17,990,000	17,538,000
Dividends	-	-	-	-	(36,000,000)	(36,000,000)
Net income	-	-	-	-	44,109,000	44,109,000
BALANCE, DECEMBER 31, 1994	11,297	$ -	644	$ (452,000)	$ 26,099,000	$ 25,647,000

See notes to consolidated financial statements.

SOMERSET PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

	1994	1993	1992
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$44,109,000	$41,765,000	$36,069,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	587,000	285,000	229,000
Deferred tax expense (benefit)	862,000	(800,000)	20,000
Deferred revenue	(166,000)	(167,000)	(166,000)
Changes in operating assets and liabilities:			
Accounts receivable	(4,558,000)	(1,872,000)	(3,989,000)
Inventories	(1,473,000)	(1,578,000)	614,000
Prepaid expenses and other current assets	(375,000)	352,000	(249,000)
Accounts payable	87,000	(227,000)	(1,121,000)
Royalty payable	1,070,000	190,000	901,000
Accrued marketing costs	1,900,000	1,386,000	2,074,000
Accrued research and development	(145,000)	981,000	-
Other accrued expenses	763,000	201,000	1,338,000
Income taxes payable	2,117,000	570,000	(177,000)
Amounts due to related parties	255,000	278,000	542,000
Net cash provided by operating activities	45,033,000	41,364,000	36,085,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net decrease (increase) in investment securities	132,000	2,006,000	(1,685,000)
Purchase of property and equipment	(1,898,000)	(2,690,000)	(127,000)
Decrease (increase) in other assets	234,000	(268,000)	23,000
Net cash used in investing activities	(1,532,000)	(952,000)	(1,789,000)

(Continued)

SOMERSET PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

	1994	1993	1992
CASH FLOWS FROM FINANCING ACTIVITIES:			
Redemption of preferred stock	$ -	$ (1,149,000)	$ (1,149,000)
Dividends paid on preferred stock	-	(176,000)	(85,000)
Dividends paid on common stock	(36,000,000)	(35,200,000)	(36,300,000)
Net (decrease) increase in note payable	(253,000)	253,000	-
Net cash used in financing activities	(36,253,000)	(36,272,000)	(37,534,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,248,000	4,140,000	(3,238,000)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,281,000	6,141,000	9,379,000
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 17,529,000	$ 10,281,000	$ 6,141,000
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	$ 7,000	$ 5,000	$ -
Income taxes	$ 17,683,000	$ 21,259,000	$ 20,992,000

SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:

During 1992, the Company recorded $8,800,000 of dividends payable on common stock which had not been paid as of the end of that year.

See notes to consolidated financial statements.

1. PRINCIPLES OF CONSOLIDATION AND OPERATIONS

The consolidated financial statements include the accounts of Somerset Pharmaceuticals, Inc. (the Company) and its wholly owned subsidiaries, Somerset Pharmaceuticals Holding Company and Somerset Caribe, Inc. The Company is jointly owned by Mylan Laboratories, Inc. and Circa Pharmaceuticals, Inc., with each owning 50% of all the outstanding common stock of the Company. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company, incorporated in February 1986, is engaged in the development, testing and marketing of drugs to be used in the treatment of various human disorders. Currently, the Company manufactures, markets and sells Eldepryl, which is used as a treatment for Parkinson's Disease.

The Company is party to an exclusive 14-year agreement (through November 22, 2003) with Chinoin Pharmaceutical Company (Chinoin) of Budapest, Hungary under which Eldepryl and other new potential drugs resulting from Chinoin research are made available for licensing by the Company. The license agreement requires the Company to pay royalties equal to 7% of net sales of Eldepryl including sub-license revenues. The Company incurred royalty expense of approximately $9,983,000, $8,383,000 and $8,105,000 for the years ended December 31, 1994, 1993 and 1992, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Cash and Cash Equivalents - The Company generally considers debt instruments purchased with a maturity of three months or less to be cash equivalents.

b. Investment Securities - Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The effect of adopting SFAS No. 115 on the Company's financial statements was not material. During the current year, gross proceeds from sales and maturities of investments approximated $797,000 and $750,000, respectively, and realized gains or losses were not material. At December 31, 1994, the investment securities were available for sale, and there were no material unrealized gains or losses.

At December 31, 1993, investment securities included both debt and equity instruments which were valued at the lower of cost or market with cost approximating market.

c. Inventories - Inventory is stated at the lower of cost or market, with cost determined on a first-in, first-out basis.

d. Property and Equipment - Property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the assets by the straight-line method. Estimated useful lives are five to seven years for machinery and equipment and thirty-five years for the building.

e. Intangible Assets - Intangible assets are amortized on a straight-line basis over 14 years.

f. Research and Development - Research and development costs are expensed as incurred.

3. INVENTORY

Inventory consists of the following at December 31:

	1994	1993
Raw material	$ 4,686,000	$ 2,864,000
Work in process	375,000	470,000
Finished goods	232,000	486,000
Total	$ 5,293,000	$ 3,820,000

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	1994	1993
Land	$ 300,000	$ 300,000
Building	2,067,000	1,638,000
Machinery and equipment	2,410,000	963,000
Furniture and fixtures	87,000	65,000
	4,864,000	2,966,000
Less accumulated depreciation	(598,000)	(204,000)
Property and equipment - net	$ 4,266,000	$ 2,762,000

5. SUB-LICENSE OF RIGHTS

On February 9, 1988, the Company granted a sub-license to its exclusive right and license to use its technology to Draxis Health Inc. (formerly Deprenyl Research Limited) to commercialize certain drugs in Canada for 15 years. The Company receives a royalty of 11% of Draxis Health Inc.'s net sales over the license period.

Royalty income, less related royalty expense to Chinoin, included in other income for the years ended December 31, 1994, 1993 and 1992 was approximately $199,000, $357,000 and $414,000, respectively.

6. INTANGIBLE ASSETS

Intangible assets primarily represent the cost of a modification to the terms of the Chinoin Agreement, less accumulated amortization of $1,061,000 and $868,000 at December 31, 1994 and 1993, respectively.

7. CO-PROMOTIONAL AGREEMENT

Effective October 1, 1990, the Company entered into an agreement with Sandoz Pharmaceuticals Corporation (Sandoz) to co-promote the product Eldepryl. Under the terms of the agreement, the Company is required to make certain payments to Sandoz in the event sales of Eldepryl exceed certain predefined minimums. The agreement requires Sandoz, among other things, to expend, at a minimum, a predetermined amount for advertising during each year of the agreement. Once the predetermined levels of sales are exceeded, the Company is required to pay Sandoz for advertising expenditures made on behalf of the Company. After Sandoz's advertising expenses are reimbursed, any additional amounts are shared by Sandoz and the Company based upon the terms of the agreement. During 1994, 1993 and 1992, the Company expensed approximately $22,360,000, $24,260,000 and $22,321,000, respectively, pursuant to the agreement. Additionally, certain co-promotional fees paid by Sandoz at the commencement of the agreement are being recognized ratably by the Company during the term of the agreement (six years), and certain costs associated with the procurement, negotiation and execution of the agreement by the owners of the Company are being incurred by the Company in approximately the same amount.

In December 1994, the Company amended its co-promotional agreement with Sandoz. The amended agreement eliminated certain residual period payments to Sandoz, shortened the term to March 31, 1996, eliminated certain sales force detail requirements and requires certain payments to be made to the Company if a predetermined level of sales is not achieved.

8. NOTE PAYABLE

On June 30, 1993, the Company entered into a one-year $1,500,000 line of credit agreement with a bank in conjunction with the renovation of the Company's research facility. Interest on amounts drawn on the line of credit was payable monthly at the bank's prime rate (6% at December 31, 1993) less 0.25%. Pursuant to the agreement, all borrowings under this line of credit were paid off in 1994.

9. REDEEMABLE PREFERRED STOCK

The Class A and B redeemable preferred stock were fully redeemed during 1993.

The Class A stock, ($.10 par value, 1,950 shares authorized and 488 shares outstanding at December 31, 1992) was carried at redemption value plus undeclared dividends.

The Class B stock ($.10 par value, 2,850 shares authorized and issued and 661 shares outstanding at December 31, 1992) was convertible into common stock based on a conversion price set by the Board of Directors and subject to adjustment from time to time.

10. INCOME TAXES

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes" effective January 1, 1993. As permitted by SFAS No. 109, prior-year financial statements have not been restated to reflect the change in accounting method. The cumulative effect of adopting SFAS No. 109 on the Company's financial statements was not material.

The income tax provision consists of the following for the years ended December 31:

	1994	1993	1992
Current tax expense:			
Federal	$ 15,025,000	$ 17,938,000	$ 18,540,000
State	4,899,000	4,124,000	2,050,000
Foreign	114,000	146,000	126,000
	20,038,000	22,208,000	20,716,000
Deferred tax expense (benefit):			
Federal	754,000	(700,000)	20,000
State	108,000	(100,000)	-
	862,000	(800,000)	20,000
Total provision for income taxes	$ 20,900,000	$ 21,408,000	$ 20,736,000

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effects of significant items comprising the Company's deferred taxes (which are included in "Other Assets" in the balance sheet) as of December 31, 1994 are as follows:

Deferred tax assets:	
Deferred revenue	$ 110,000
Deferred compensation	228,000
Chargeback allowance	152,000
Other	42,000
	532,000
Deferred tax liabilities:	
Excess of tax amortization over reporting amortization	165,000
Net deferred tax assets	$ 367,000

The statutory federal income tax rate is reconciled to the effective tax rate as follows for the years ended December 31:

	1994	1993	1992
Tax at statutory rate	35.0%	35.0%	34.0%
State income tax (net of federal benefit)	3.5	4.1	2.4
Tax credits	(9.9)	(7.2)	(.2)
Tollgate tax	3.9	2.0	-
Other	(.4)	-	.3
Effective tax rate	32.1%	33.9%	36.5%

Tax credits result principally from operations in Puerto Rico.

11. RELATED PARTY TRANSACTIONS

The Company incurs expenses for ongoing management services and over a six year period for specific services related to the procurement, negotiation and execution of the co-promotion agreement by the owners of the Company. The Company also incurs other expenses from one or both of its owners as detailed below for the years ended December 31:

	1994	1993	1992
Management fees	$ 6,228,000	$ 5,950,000	$ 5,204,000
Research and development	1,020,000	835,000	239,000
Inventory handling and distribution fees	650,000	750,000	331,000
Rent - equipment and facilities	1,065,000	647,000	-
Product liability insurance	618,000	675,000	675,000

During 1993, the Company purchased $696,000 of equipment from one of its owners.

At December 31, 1994 and 1993 the balance of amounts due to related parties represents rent, research and development, distribution and management fees payable to the owners of the Company.

12. SIGNIFICANT CUSTOMERS

The Company had sales to certain customers which individually exceeded 10% of net sales. Three customers represented 57% of net sales for the year ended December 31, 1994 and two customers represented 45% and 41% of net sales for the years ended December 31, 1993 and 1992, respectively.

13. COMMITMENTS

As of December 31, 1994, the Company is committed to fund approximately $5,160,000 for various research and development studies through 1995.

14. EMPLOYEE BENEFIT PLANS

The Company has a defined contribution profit sharing plan covering substantially all employees. Contributions are made at the discretion of the Board of Directors. Additionally, during 1994, the Company initiated a deferred compensation plan for select key employees. Contributions are based on profitability levels for the year. During 1994, 1993 and 1992, the Company recorded expense of $755,000, $100,000 and $-0- for these plans, respectively.

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[/TABLE]

(b) Reports on Form 8-K

The Company was not required to file a report on Form 8-K during the quarter ended March 31, 1995.

* Filed with original of this 10-K on June 21, 1995.

SIGNATURE

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

Mylan Laboratories Inc.
(Registrant)

DATE February 5, 1996

/s/ Milan Puskar

Milan Puskar
Chairman of the Board, Chief Executive Officer and President