MYLAN INC.
Form 10-K/A
March 03, 2009

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K/A
Amendment No. 1

þ **Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the Fiscal Year Ended December 31, 2008

o **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to .

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)
Registrant s telephone number, including area code:
(724) 514-1800

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

Title of Each Class:	**Name of Each Exchange on Which Registered:**
Common Stock, par value $0.50 per share	The NASDAQ Stock Market
6.50% Mandatory Convertible Preferred Stock	The NASDAQ Stock Market

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

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

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

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 þ No o

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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 þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o

(Do not check if a smaller reporting company)

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

The aggregate market value of the outstanding common stock, other than shares held by persons who may be deemed affiliates of the registrant, as of June 30, 2008, the last business day of the registrant s most recently completed second fiscal quarter was approximately $3,668,813,108.

The number of outstanding shares of common stock of the registrant as of February 16, 2009, was 304,704,472.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts of Form 10-K into which Document is Incorporated
Proxy Statement for the 2009 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant s fiscal year ended December 31, 2008.	III

Table of Contents

Explanatory Note

On February 23, 2009, Mylan Inc. (the Company) filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2008. The Company hereby amends its Annual Report on Form 10-K to amend Items 8 and 15 and the Exhibit Index and to include conformed signatures of Deloitte & Touche LLP (D&T) on each of D&T s reports listed in Items 8 and 15 and in D&T s consent filed as Exhibit 23. These conformed signatures were inadvertently omitted from the original filing of the Company s Form 10-K. This Amendment No. 1 on Form 10-K/A does not reflect events occurring after the filing of the original Annual Report on Form 10-K. Other than amending Items 8 and 15 and the Exhibit Index and including the conformed signatures of D&T on each of D&T s reports listed in Items 8 and15 and in D&T s consent filed as Exhibit 23, this amendment does not modify or update in any way the disclosures in the Company s original Annual Report on Form 10-K. In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, new Certifications by the Company's CEO and CFO are filed as Exhibits to the Form 10-K/A.

MYLAN INC.
INDEX TO FORM 10-K/A
For the Year Ended December 31, 2008

Table of Contents

ITEM 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements and Supplementary Financial Information

Table of Contents

MYLAN INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	December 31, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 557,147	$ 484,202
Restricted cash	40,309	
Available-for-sale securities	42,260	91,361
Accounts receivable, net	1,164,613	1,132,121
Inventories	1,065,990	1,063,840
Deferred income tax benefit	199,278	192,113
Prepaid expenses and other current assets	105,076	95,664
Total current assets	3,174,673	3,059,301
Property, plant and equipment, net	1,063,996	1,102,932
Intangible assets, net	2,453,161	2,978,706
Goodwill	3,161,580	3,855,971
Deferred income tax benefit	16,493	18,703
Other assets	539,956	337,563
Total assets	$ 10,409,859	$ 11,353,176
Liabilities and shareholders equity		
Liabilities		
Current liabilities:		
Trade accounts payable	$ 585,711	$ 608,070
Short-term borrowings	151,109	144,355
Income taxes payable	92,158	169,518
Current portion of long-term debt and other long-term obligations	5,099	410,934
Deferred income tax liability	1,935	24,344
Other current liabilities	708,638	645,130
Total current liabilities	1,544,650	2,002,351
Deferred revenue	18,021	122,870
Long-term debt	5,165,419	4,706,716
Other long-term obligations	404,031	206,672
Deferred income tax liability	545,121	876,816
Total liabilities	7,677,242	7,915,425
Minority interest	29,108	34,325
Shareholders equity		
Preferred stock par value $0.50 per share		
Shares authorized: 5,000,000 as of December 31, 2008 and 2007		
Shares issued: 2,139,000 as of December 31, 2008 and 2007	1,070	1,070

Common stock par value $0.50 per share		
Shares authorized: 600,000,000 as of December 31, 2008 and 2007		
Shares issued: 395,368,062 and 395,260,355 as of December 31, 2008 and 2007	197,684	197,630
Additional paid-in capital	3,873,743	3,785,729
Retained earnings	594,352	922,857
Accumulated other comprehensive (loss) earnings	(380,802)	83,044
	4,286,047	4,990,330
Less treasury stock at cost		
Shares: 90,635,441 and 90,885,188 as of December 31, 2008 and 2007	1,582,538	1,586,904
Total shareholders equity	2,703,509	3,403,426
Total liabilities and shareholders equity	$ 10,409,859	$ 11,353,176

See Notes to Consolidated Financial Statements

Table of Contents

MYLAN INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(in thousands, except per share amounts)

	Calendar Year Ended December 31, 2008	Nine Months Ended December 31, 2007	Fiscal Year Ended March 31, 2007
Revenues:			
Net revenues	$ 4,631,237	$ 2,162,943	$ 1,586,947
Other revenues	506,348	15,818	24,872
Total revenues	5,137,585	2,178,761	1,611,819
Cost of sales	3,067,364	1,304,313	768,151
Gross profit	2,070,221	874,448	843,668
Operating expenses:			
Research and development	317,217	146,063	103,692
Acquired in-process research and development		1,269,036	147,000
Goodwill impairment	385,000		
Selling, general and administrative	1,053,485	449,598	215,538
Litigation settlements, net	16,634	(1,984)	(50,116)
Total operating expenses	1,772,336	1,862,713	416,114
Earnings (loss) from operations	297,885	(988,265)	427,554
Interest expense	357,045	179,410	52,276
Other income, net	11,337	86,611	50,234
(Loss) earnings before income taxes and minority interest	(47,823)	(1,081,064)	425,512
Income tax provision	137,423	60,073	208,017
(Loss) earnings before minority interest	(185,246)	(1,141,137)	217,495
Minority interest (income) expense	(4,031)	(3,112)	211
Net (loss) earnings before preferred dividends	(181,215)	(1,138,025)	217,284
Preferred dividends	139,035	15,999	
Net (loss) earnings available to common shareholders	$ (320,250)	$ (1,154,024)	$ 217,284
(Loss) earnings per common share:			
Basic	$ (1.05)	$ (4.49)	$ 1.01
Diluted	$ (1.05)	$ (4.49)	$ 0.99
Weighted average common shares outstanding:			

Basic	304,360	257,150	215,096
Diluted	304,360	257,150	219,120

See Notes to Consolidated Financial Statements

Table of Contents

MYLAN INC. AND SUBSIDIARIES
Consolidated Statements of Shareholders Equity
(in thousands, except share and per share amounts)

	Comprehensive Earnings (Loss)	Preferred Stock Shares	Preferred Stock Cost	Common Stock Shares	Common Stock Cost	Additional Paid-In Capital	Retained Earnings	Trea Shares
			$	309,150,251	$ 154,575	$ 418,954	$ 1,939,045	(98,971,4
	$ 217,284						217,284	
	1,266							
s, net of tax	(1,569)							
earnings	669	(900)						
		366						
		217,650						
				26,162,500	13,081	476,015		
ered for payment				4,048,450	2,025	47,242		
						45,360		
withheld						(2,526)		(35,6
						23,045		8,058,1
100						(81,900)		
						22,156		
						14,419		
							(53,047)	
58, net of tax of $751								
						(19)		
				339,361,201	169,681	962,746	2,103,282	(90,948,9
	$ (1,138,025)						(1,138,025)	
ervice cost related to								
	(663)							
	87,602							
t of tax	(4,723)							
s, net of tax	(525)							
arnings	(191)	(716)						
		81,500						
	(1,056,525)							
				55,440,000	27,720	720,331		

ered for payment			459,154	229	7,503		
	2,139,000	1,070			2,072,816		
ithheld					(1,485)		63,7
					17,332		
					5,648		
						(11,478)	
						(15,999)	
						(14,923)	
					838		
	2,139,000	$ 1,070	395,260,355	$ 197,630	$ 3,785,729	$ 922,857	(90,885,1

See Notes to Consolidated Financial Statements

Table of Contents

MYLAN INC. AND SUBSIDIARIES
Consolidated Statements of Shareholders Equity (Continued)
(in thousands, except share and per share amounts)

	Comprehensive Earnings (Loss)	Preferred Stock Shares	Preferred Stock Cost	Common Stock Shares	Common Stock Cost	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Treasury
	$ (181,215)						(181,215)		
or service									
et of tax	(2,529)								
nt	(420,167)								
, net of tax	(40,633)								
urities, net of tax	(577)								
net earnings	60	(517)							
		(463,846)							
		$ (645,061)							
tendered for payment				107,707	54	1,137			
es withheld						(5,529)		249,747	
						30,639			
						(223)			
						62,560			
							(8,255)		
							(139,035)		
						(570)			
		2,139,000	$ 1,070	395,368,062	$ 197,684	$ 3,873,743	$ 594,352	(90,635,441)	$

See Notes to Consolidated Financial Statements

Table of Contents

MYLAN INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(in thousands)

	Calendar Year Ended December 31, 2008	Nine Months Ended December 31, 2007	Fiscal Year Ended March 31, 2007
Cash flows from operating activities:			
Net (loss) earnings before preferred dividends	$ (181,215)	$ (1,138,025)	$ 217,284
Adjustments to reconcile net (loss) earnings before preferred dividends to net cash provided by operating activities:			
Depreciation and amortization	425,279	157,800	61,512
Stock-based compensation expense	30,639	17,332	22,156
In-process research and development		1,269,036	147,000
Minority interest	(4,031)	(3,112)	211
Net income from equity method investees	(4,161)	(2,573)	(6,659)
Change in estimated sales allowances	10,576	31,337	14,386
Deferred income taxes	(193,564)	(77,131)	(50,479)
Non-cash impairments	457,517		
Other non-cash items	31,076	54,408	7,914
Litigation settlements, net	16,635	(4,526)	6,464
Cash received from Somerset			5,870
Gain on foreign exchange contract		(85,063)	
Changes in operating assets and liabilities:			
Accounts receivable	(172,447)	(124,385)	(60,773)
Inventories	(83,327)	16,305	(28,987)
Trade accounts payable	23,166	86,467	(29,312)
Income taxes	73,983	(34,632)	73,567
Deferred revenue	(113,998)	34,864	(5,504)
Other operating assets and liabilities, net	68,319	(30,413)	15,542
Net cash provided by operating activities	384,447	167,689	390,192
Cash flows from investing activities:			
Capital expenditures	(165,113)	(110,538)	(161,851)
Acquisitions, net of cash acquired		(7,001,930)	(761,049)
Increase in restricted cash	(38,182)		
Purchase of available-for-sale securities	(18,032)	(275,802)	(655,948)
Proceeds from sale of available-for-sale securities	65,712	357,922	848,520
Other items, net	2,785	(4,976)	(407)
Net cash used in investing activities	(152,830)	(7,035,324)	(730,735)
Cash flows from financing activities:			
Cash dividends paid	(137,495)	(29,825)	(50,751)
Payment of financing fees	(15,074)	(89,538)	(15,329)
Proceeds from the issuance of preferred stock, net		2,073,886	

Proceeds from issuance of common stock, net		748,051	657,678
Purchase of bond hedge	(161,173)		(126,000)
Proceeds from issuance of warrants	62,560		45,360
Change in short-term borrowing, net	26,239	26,240	
Proceeds from long-term debt	581,352	7,701,240	1,556,251
Payment of long-term debt	(524,536)	(4,389,183)	(689,938)
Proceeds from exercise of stock options	1,191	7,732	49,824
Change in outstanding checks in excess of cash disbursements accounts		18,008	10,403
Other items, net		2,171	5,318
Net cash (used in) provided by financing activities	(166,936)	6,068,782	1,442,816
Effect on cash and cash equivalents of changes in exchange rates	8,264	30,690	(32)
Net increase (decrease) in cash and cash equivalents	72,945	(768,163)	1,102,241
Cash and cash equivalents beginning of period	484,202	1,252,365	150,124
Cash and cash equivalents end of period	$ 557,147	$ 484,202	$ 1,252,365
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Income taxes	$ 218,012	$ 179,092	$ 176,353
Interest	$ 307,895	$ 174,034	$ 59,996

See Notes to Consolidated Financial Statements

Table of Contents

Mylan Inc. and Subsidiaries
Notes to Consolidated Financial Statements
Note 1. Nature of Operations

Mylan Inc. and its subsidiaries (the Company or Mylan) are engaged in the development, licensing, manufacture, marketing and distribution of generic, brand and branded generic pharmaceutical products for resale by others and active pharmaceutical ingredients (API) globally through three reportable segments in accordance with Statement of Financial Accounting Standards (SFAS) No. 131, *Disclosures about Segments of an Enterprise and Related Information* (SFAS No. 131), the Generics Segment, the Specialty Segment and the Matrix Segment. The principal markets for the Generics Segment products are proprietary and ethical pharmaceutical wholesalers and distributors, drug store chains, drug manufacturers, institutions, and public and governmental agencies primarily within the United States (U.S.) and Canada (collectively, North America), Europe, Middle East and Africa (collectively, EMEA), and Australia, Japan and New Zealand (collectively, Asia Pacific). The Matrix Segment has a wide range of products in multiple therapeutic categories and focuses mainly on developing API with non-infringing processes to partner with generic manufacturers in regulated markets such as the U.S. and the European Union (EU) at market formation. The principal market for the Specialty Segment is also pharmaceutical wholesalers and distributors primarily in the U.S.

The Company amended its articles of incorporation to change its name from Mylan Laboratories Inc. to Mylan Inc., effective as of October 2, 2007.

Effective October 2, 2007, the Company amended its bylaws, to change the Company s fiscal year from beginning April 1st and ending on March 31st, to beginning January 1st and ending on December 31st.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation. The Consolidated Financial Statements include the accounts of Mylan Inc. and those of its wholly-owned and majority-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Non-controlling interests in the Company s subsidiaries are recorded net of tax as minority interest.

On October 2, 2007, Mylan completed its acquisition of Merck KGaA s generics business (the former Merck Generics business). Accordingly, Mylan began consolidating the results of operations of the former Merck Generics business as of October 2, 2007 (see Note 3).

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

Available-for-Sale Securities. Debt and marketable equity securities are classified as available-for-sale and are recorded at fair value, with net unrealized gains and losses, net of income taxes, reflected in accumulated other comprehensive earnings as a component of shareholders equity. Net realized gains and losses on sales of available-for-sale securities are computed on a specific security basis and are included in other income in the Consolidated Statements of Operations.

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

Mylan invests its excess cash in high-quality, liquid money market instruments, principally overnight deposits, highly rated money market funds and market auction securities. The Company maintains deposit balances at certain financial institutions in excess of federally insured amounts. Periodically, the Company reviews the creditworthiness of its counterparties to derivative transactions, and it does not expect to incur a loss from failure of any counterparties to perform under agreements it has with such counterparties.

Mylan performs ongoing credit evaluations of its customers and generally does not require collateral. Approximately 37% and 34% of the accounts receivable balances represent amounts due from three customers at December 31, 2008 and December 31, 2007. Total allowances for doubtful accounts were $26.9 million and $38.1 million at December 31, 2008 and December 31, 2007.

Table of Contents

Inventories. Inventories are stated at the lower of cost or market, with cost determined by the first-in, first-out method. Provisions for potentially obsolete or slow-moving inventory, including pre-launch inventory, are made based on our analysis of inventory levels, historical obsolescence and future sales forecasts.

Property, Plant and Equipment. Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed and recorded on a straight-line basis over the assets estimated service lives (3 to 19 years for machinery and equipment and 15 to 39 years for buildings and improvements). The Company periodically reviews the original estimated useful lives of assets and makes adjustments when appropriate. Depreciation expense was $122.8 million, $57.1 million and $39.1 million for the calendar year ended December 31, 2008, the nine months ended December 31, 2007 and fiscal year ended March 31, 2007, respectively.

Intangible Assets and Goodwill. Intangible assets are stated at cost less accumulated amortization. Amortization is generally recorded on a straight-line basis over estimated useful lives ranging from 5 to 20 years. The Company periodically reviews the original estimated useful lives of assets and makes adjustments when events indicate that a shorter life is appropriate.

The Company accounts for acquired businesses using the purchase method of accounting, which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. The cost to acquire a business, including transaction costs, is allocated to the underlying net assets of the acquired business in proportion to their respective fair values. Amounts allocated to acquired in-process research and development are expensed at the date of acquisition. Definite lived intangible assets are amortized over the expected life of the asset. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact the Company s results of operations. Fair values and useful lives are determined based on, among other factors, the expected future period of benefit of the asset, the various characteristics of the asset and projected cash flows.

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

Goodwill is tested for impairment at least annually or when events or other changes in circumstances indicate that the carrying amount of the assets may not be recoverable based on management s assessment of the fair value of the Company s identified reporting units as compared to their related carrying value. If the fair value of a reporting unit is less than its carrying value, additional steps, including an allocation of the estimated fair value to the assets and liabilities of the reporting unit, would be necessary to determine the amount, if any, of goodwill impairment.

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

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

Short-Term Borrowings. Matrix has a financing arrangement for the sale of its accounts receivable with certain commercial banks. The commercial banks purchase the receivables at a discount and Matrix records the proceeds as short-term borrowings. Upon receipt of payment of the receivable, the short-term borrowings are reversed. As the banks have recourse to Matrix on the receivables sold, the receivables are included in accounts receivable, net in the Consolidated Balance Sheets. Additionally, Matrix has working capital facilities with several banks which are secured first by Matrix s current assets and second by Matrix s property, plant and equipment. The working capital facilities carry interest rates of 4%-14%.

Revenue Recognition. Mylan recognizes revenue for product sales when title and risk of loss pass to its customers and when provisions for estimates, including discounts, rebates, price adjustments, returns, chargebacks and other promotional programs, are reasonably determinable. No revisions were made to the methodology used in determining

these provisions during the calendar year ended December 31, 2008. The following briefly describes the nature of each provision and how such provisions are estimated.

Table of Contents

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

Rebates are offered to key customers to promote customer loyalty and encourage greater product sales. These rebate programs provide that upon the attainment of pre-established volumes or the attainment of revenue milestones for a specified period, the customer receives credit against purchases. Other promotional programs are incentive programs periodically offered to our customers. The Company is able to estimate provisions for rebates and other promotional programs based on the specific terms in each agreement at the time of sale.

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

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

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

At March 31, 2007, as a result of significant uncertainties surrounding the Food and Drug Administration s (FDA s) approval of additional abbreviated new drug applications (ANDAs) with respect to a product launched by the Company in late March 2007, the Company was not able to reasonably estimate the amount of potential price adjustments that would occur as a result of the additional approvals. As a result, revenues on shipments of this product were deferred until such uncertainties were resolved. Initially, such uncertainties were considered to be resolved upon our customers sale of this product. During the quarter ended September 30, 2007, as a result of additional competition entering the market upon companies receiving final FDA approval, these uncertainties were resolved and the Company was able to reasonably estimate the amount of potential price adjustments. Accordingly, all revenues on shipments previously deferred were recognized and revenue is currently being recorded as described above.

Accounts receivable are presented net of allowances relating to the above provisions. No revisions were made to the methodology used in determining these provisions during the calendar year ended December 31, 2008 and the nine months ended December 31, 2007. Such allowances were $496.5 million and $420.4 million at December 31, 2008 and December 31, 2007. Other current liabilities include $236.3 million and $301.8 million at December 31, 2008 and December 31, 2007, for certain rebates and other adjustments that are paid to indirect customers.

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

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

Royalty revenue from licensees, which are based on third-party sales of licensed products and technology, is earned in accordance with the contract terms when third-party sales can be reliably measured and collection of the

funds is reasonably assured. Royalty revenue is included in other revenue in the Consolidated Statements of Operations.

Table of Contents

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

During the calendar year ended December 31, 2008, sales to McKesson Corporation and Cardinal Health, Inc. represented 12% and 10% of consolidated net revenues. Sales to Cardinal Health, Inc. and McKesson Corporation represented 11% and 16% of consolidated net revenues during the nine months ended December 31, 2007. Sales to AmerisourceBergen Corporation, Cardinal Health, Inc. and McKesson Corporation represented approximately 13%, 18% and 19%, respectively, of net revenues in fiscal 2007.

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

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

(Loss) Earnings per Common Share. Basic (loss) earnings per share excludes dilution and is computed by dividing net (loss) earnings available to common shareholders by the weighted average number of shares outstanding during the period. Diluted (loss) earnings per share is computed by dividing net (loss) earnings available to 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 stock options, convertible instruments, warrants and other instruments indexed in the Company s stock 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 the Company s common stock, subject to anti-dilution adjustments, depending on the average stock price of its common stock over the 20 trading-day period ending on the third trading day prior to conversion. For the calendar year ended December 31, 2008 and the nine months ended December 31, 2007, the preferred stock conversion would have been anti-dilutive and, as such, was not assumed in the computation of diluted loss per share.

Basic and diluted (loss) earnings per common share is calculated as follows:

(in thousands, except per share amounts)	Calendar Year Ended December 31, 2008	Nine Months Ended December 31, 2007	Fiscal Year Ended March 31, 2007
Basic (loss) earnings available to common shareholders (numerator):			
Net (loss) earnings before preferred dividends	$ (181,215)	$ (1,138,025)	$ 217,284
Less: Preferred stock dividends	139,035	15,999	
Net (loss) earnings available to common shareholders	$ (320,250)	$ (1,154,024)	$ 217,284
Shares (denominator):			
Weighted average shares outstanding	304,360	257,150	215,096
Basic (loss) earnings per common share	$ (1.05)	$ (4.49)	$ 1.01
Dilutive (loss) earnings available to common shareholders (numerator):			
Net (loss) earnings available to common shareholders	$ (320,250)	$ (1,154,024)	$ 217,284
Add: Preferred stock dividend			

Income available to common shareholders and assumed conversions	$ (320,250)	$ (1,154,024)	$ 217,284
Shares (denominator):			
Stock-based awards			4,024
Preferred stock conversion			
Total dilutive shares outstanding assuming conversions	304,360	257,150	219,120
Diluted (loss) earnings per common share	$ (1.05)	$ (4.49)	$ 0.99

Additional stock options or restricted stock awards representing 20.7 million, 12.5 million and 1.6 million shares were outstanding for the calendar year ended December 31, 2008, the nine months ended December 31, 2007, and fiscal year ended March 31, 2007, respectively, but were not included in the computation of diluted (loss) earnings per share because the effect would be anti-dilutive.

Table of Contents

During the calendar year ended December 31, 2008, the Company paid dividends of $137.5 million on the preferred stock. On January 29, 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 February 17, 2009, to the holders of preferred stock of record as of February 1, 2009.

Stock Options. The Company adopted SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS No. 123R), effective April 1, 2006. SFAS No. 123R requires the recognition of the fair value of stock-based compensation in net earnings. Prior to April 1, 2006, the Company accounted for its stock options using the intrinsic value method of accounting provided under Accounting Principles Board Opinion (APB) No. 25, *Accounting for Stock Issued to Employees*, (APB No. 25), and related Interpretations, as permitted by SFAS No. 123, *Accounting for Share Based Compensation* (SFAS No. 123).

Mylan adopted the provisions of SFAS No. 123R, using the modified prospective transition method. Under this method, compensation expense recognized in the calendar year ended December 31, 2008, the nine-month period ended December 31, 2007, and the fiscal year ended March 31, 2007 includes: (a) compensation cost for all share-based payments granted prior to April 1, 2006, but for which the requisite service period had not been completed as of April 1, 2006 based on the grant date fair value, estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all share-based payments granted subsequent to April 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123R.

Foreign Currencies. The Consolidated Financial Statements are presented in the reporting currency of Mylan, U.S. Dollars (USD). Statements of Operations and Cash Flows of all of the Company s subsidiaries that have functional currencies other than USD are translated at a weighted average exchange rate for the period, whereas assets and liabilities are translated at the end of the period exchange rates. Translation differences are recorded directly in shareholders equity as cumulative translation adjustments. Gains or losses on transactions denominated in a currency other than the subsidiaries functional currency, which arise as a result of changes in foreign currency exchange rates, are recorded in the Consolidated Statements of Operations.

Derivatives. From time to time the Company may enter into derivative instruments (mainly foreign currency exchange forward contracts, purchased currency options, interest rate swaps and purchased equity call options) designed to hedge the cash flows resulting from existing assets and liabilities and transactions expected to be entered into over the next twelve months, in currencies other than the functional currency, to hedge the variability in interest expense on floating rate debt or to hedge cash or share payments required on conversion of issued convertible notes. When such instruments qualify for hedge accounting under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133), they are recognized on the balance sheet with the change in the fair value recorded as a component of other comprehensive income until the underlying hedged item is recognized in the Consolidated Statements of Operations. When such derivatives do not qualify for hedge accounting under SFAS No. 133, they are recognized on the balance sheet at their fair value, with changes in the fair value recorded in the Consolidated Statements of Operations and included in other income, net.

Financial Instruments. The Company s financial instruments consist primarily of short-term and long-term debt, interest rate swaps, forward contracts, and option contracts. The Company s financial instruments also include cash and cash equivalents as well as accounts and other receivables and accounts payable, the fair values of which approximate their carrying values. As a policy, the Company does not engage in speculative or leveraged transactions, nor does the Company hold or issue financial instruments for trading purposes.

The Company uses derivative financial instruments for the purpose of hedging foreign currency and interest rate exposures, which exist as part of ongoing business operations or to hedge cash or share payments required on conversion of issued convertible notes. The Company carries derivative instruments on the balance sheet at fair value, determined by reference to market data such as forward rates for currencies, implied volatilities and interest rate swap yield curves. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, if so, the reason for holding it.

Use of Estimates in the Preparation of Financial Statements. The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America (GAAP), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of

the financial statements and the reported amounts of revenues and expenses during the reporting period. Because of the uncertainty inherent in such estimates, actual results could differ from those estimates.

Table of Contents

Recent Accounting Pronouncements. In June 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* (FSP No. EITF 03-6-1). FSP No. EITF 03-6-1 states that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. FSP No. EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008. The adoption of FSP No. EITF 03-6-01 will not have a material impact on the Company s Consolidated Financial Statements.

In May 2008, the FASB issued 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 our Senior Convertible Notes) that may be settled entirely or partially in cash upon conversion, an entity should 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 for the debentures is that the equity component would be included in the paid-in-capital section of stockholders equity on our consolidated balance sheet and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the Senior Convertible Notes. FSP No. APB 14-1 will be effective for fiscal years beginning after December 15, 2008, and for interim periods within those fiscal years, with retrospective application required. Higher interest expense will result through the accretion of the discounted carrying value of the Senior Convertible Notes to their face amount over the term of the Senior Convertible Notes. Prior period interest expense will also be higher than previously reported interest expense due to retrospective application. Early adoption is not permitted. The Company evaluated the impact of adopting FSP No. APB 14-1 on its Consolidated Financial Statements and determined that the retrospective application will increase the net loss available to common shareholders by approximately $10.0 million for the nine months ended December 31, 2007, and $15.0 million for calendar year ended December 31, 2008. In addition, at December 31, 2008, additional paid-in capital will increase by $85.0 million and long-term debt, retained earnings and tax assets will decrease by $87.0 million, $26.0 million and $28.0 million, respectively.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP No. FAS 142-3). FSP No. FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142) in order to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141(R), *Business Combinations* (SFAS No. 141(R)), and other GAAP. FSP No. FAS 142-3 is effective for fiscal years beginning after December 15, 2008. The adoption of FSP No. FAS 142-3 will not have a material impact on the Company s Consolidated Financial Statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* (SFAS No. 161). SFAS No. 161 requires enhanced disclosures about an entity s derivative and hedging activities, including (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and (iii) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. This standard is effective for fiscal years beginning after November 15, 2008. Management is currently assessing the impact of the disclosures on the Company s Consolidated Financial Statements.

In March 2008, the Emerging Issues Task Force (EITF) issued EITF No. 07-5, *Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity s Own Stock* (EITF No. 07-5). EITF No. 07-5 states that if an instrument (or an embedded feature) has the characteristics of a derivative instrument under paragraphs 6-9 of SFAS No. 133, and is indexed to an entity s own stock, it is necessary to evaluate whether it is classified in shareholders equity (or would be classified in shareholders equity if it were a freestanding instrument). EITF No. 07-5 is effective for fiscal years beginning after December 15, 2008. The adoption of EITF No. 07-5 will not have a material impact on the Company s Consolidated Financial Statements.

On January 1, 2008, the Company adopted Statement 133 Implementation Issue No. E23, *Hedging General: Issues Involving the Application of the Shortcut Method under Paragraph 58* (Issue No. E23). Issue No. E23 provides guidance on certain practice issues related to the application of the shortcut method by amending paragraph 68 of

SFAS No. 133 with respect to the conditions that must be met in order to apply the shortcut method for assessing hedge effectiveness of interest rate swaps. In addition to applying the provisions of Issue No. E23 on hedging arrangements designated on or after January 1, 2008, an assessment was required to be made on January 1, 2008 to determine whether preexisting hedging arrangements met the provisions of Issue No. E23 as of their original inception. Management performed such an assessment and determined that the adoption of Issue No. E23 did not have a material impact on preexisting hedging arrangements.

Table of Contents

On January 1, 2008, the Company adopted SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115* (SFAS No. 159). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis (the fair value option) with changes in fair value reported in earnings. The Company already records marketable securities at fair value in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* (SFAS No. 115), and derivative contracts and hedging activities at fair value in accordance with SFAS No. 133. The adoption of SFAS No. 159 did not have a material impact on the Company s Consolidated Financial Statements as management did not elect the fair value option for any other financial instruments or certain other assets and liabilities.

In December 2007, the FASB issued SFAS No. 141(R). SFAS No. 141(R) replaces SFAS No. 141, *Business Combinations*, (SFAS No. 141) and retains the fundamental requirements in SFAS No. 141, including that the purchase method be used for all business combinations and for an acquirer to be identified for each business combination. This standard defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control instead of the date that the consideration is transferred. SFAS No. 141(R) requires an acquirer in a business combination, including business combinations achieved in stages (step acquisition), to recognize the assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values at that date, with limited exceptions. It also requires the recognition of assets acquired and liabilities assumed arising from certain contractual contingencies as of the acquisition date, measured at their acquisition-date fair values. SFAS No. 141(R) is effective for any business combination with an acquisition date on or after January 1, 2009. The Company is currently evaluating the potential impact of SFAS No. 141(R) on the Consolidated Financial Statements.

In December 2007, the FASB issued 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. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. Although certain captions and disclosures will be revised, the adoption of SFAS No. 160 will not have a material impact on the Company s Consolidated Financial Statements.

In March 2007, the EITF issued EITF No. 06-10, *Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements* (EITF No. 06-10). Under the provisions of EITF No. 06-10, an employer is required to recognize a liability for the postretirement benefit related to a collateral assignment split-dollar life insurance arrangement with the employee. The provisions of EITF No. 06-10 also require an employer to recognize and measure the asset in a collateral assignment split-dollar life insurance arrangement based on the nature and substance of the arrangement. The Company adopted the provisions of EITF No. 06-10 as of January 1, 2008. As a result of the adoption, the Company recognized a liability of $8.3 million, representing the present value of the future premium payments to be made under the existing policies. In accordance with the transition provisions of EITF No. 06-10, this amount was recorded as a direct decrease to retained earnings.

In March 2007, the EITF issued EITF No. 06-04, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsed Split-Dollar Life Insurance Arrangements* (EITF No. 06-4), which concludes that an employer should recognize a liability for post-employment benefits promised an employee based on the substantive arrangement between the employer and the employee. The Company adopted the provisions of EITF No. 06-04 as of January 1, 2008. The adoption of EITF No. 06-04 did not have a material impact on the Company s Consolidated

Financial Statements.

Note 3. Acquisitions

Acquisition of the Former Merck Generics Business

On May 12, 2007, Mylan and Merck KGaA announced the signing of a definitive agreement under which Mylan agreed to purchase Merck s generic pharmaceutical business in an all-cash transaction. On October 2, 2007, Mylan completed its acquisition of the former Merck Generics business.

Table of Contents

In accordance with SFAS No. 141, the Company used the purchase method of accounting to account for this transaction. Under the purchase method of accounting, the assets acquired and liabilities assumed in the transaction were recorded at the date of acquisition at the estimate of their respective fair values.

The purchase price plus acquisition costs exceeded the estimate of fair values of acquired assets and assumed liabilities resulting in the recognition of goodwill in the preliminary amount of $3.17 billion. This was a cash-free/debt-free transaction as defined in the Share Purchase Agreement (SPA). The total purchase price, including acquisition costs of $38.7 million, was approximately $7.0 billion. The operating results of the former Merck Generics business from October 2, 2007 are included in the Consolidated Financial Statements. The allocation of assets acquired and liabilities assumed for the former Merck Generics business as of the acquisition date is as follows:

(in thousands)	
Current assets (excluding inventories)	$ 765,495
Inventories	645,449
Property, plant and equipment, net(4)	344,454
Identified intangible assets	2,654,163
Other non-current assets(2)	140,015
In-process research and development(1)	1,269,036
Goodwill	3,166,005
Total assets acquired	8,984,617
Current liabilities(3)	(820,444)
Deferred tax liabilities	(1,020,040)
Other non-current liabilities	(142,203)
Net assets acquired	$ 7,001,930

(1) The amount allocated to acquired in-process research and development represents an estimate of the fair value of purchased in-process technology for research projects that, as of the closing date of the acquisition, had not reached technological feasibility and had no alternative future use. The fair value of the acquired

in-process technology and research projects was based on the excess earnings method on a project-by-project basis. This amount was written-off upon acquisition as acquired in-process research and development expense.

(2) Included in non-current assets is $137.1 million of receivables for the agreement of Merck KGaA under the terms of the SPA to indemnify Mylan for certain acquired significant litigation (see Note 19).

(3) Included in current liabilities are $74.3 million of restructuring reserves that impacted goodwill. These estimated exit costs are associated with involuntary termination benefits for the former Merck Generics business employees and costs to exit certain activities of the former Merck Generics

business and were recorded as a liability in conjunction with recording the initial purchase price.

(4) Included in property, plant and equipment are $36.4 million of asset writedowns that have impacted goodwill. These writedowns relate to adjusting equipment and buildings down to their expected residual value upon their sale or closure.

At December 31, 2007, as a result of the Company s preliminary allocation of goodwill, approximately $2.4 billion and $711.2 million were allocated to its Generics Segment and Specialty Segment.

As of December 31, 2008, the Company has finalized the purchase price allocation. Finalization of the purchase price allocation consisted of net adjustments to deferred tax liabilities, adjustments to certain asset fair values, and additional restructuring liabilities. During the calendar year ended December 31, 2008, a net decrease of approximately $53.1 million was recorded to goodwill related to the finalization of the purchase price allocation (see Note 10).

The Company has finalized its plans to exit certain activities of the former Merck Generics business as of December 31, 2008. As a result, the Company has a $67.0 million reserve at December 31, 2008 related to involuntary termination benefits and certain other exit costs accounted for in accordance with EITF No. 95-3, *Recognition of Liabilities in Conjunction with a Purchased Business Combination* (EITF No. 95-3) (see Note 6).

Table of Contents

In conjunction with the acquisition of the former Merck Generics business, the Company assumed certain loss contingencies. As disclosed in Note 19 Contingencies, Merck KGaA has indemnified Mylan under the provisions of the SPA for certain of these contingencies.

Also in conjunction with the acquisition, Mylan entered into a deal-contingent foreign currency option contract in order to mitigate the risk of foreign currency exposure related to the Euro-denominated purchase price. The contract was contingent upon the closing of the acquisition, and included a premium of $121.9 million, which was paid upon such closing on October 2, 2007. The value of the foreign currency option contract fluctuated depending on the value of the U.S. dollar compared to the Euro. The Company accounted for this instrument under the provisions of SFAS No. 133. This instrument did not qualify for hedge accounting treatment under SFAS No. 133 and therefore was required to be adjusted to fair value with the change in the fair value of the instrument recorded in current earnings. The Company recorded a gain of $85.0 million (net of the premium), during the nine-month period ended December 31, 2007, related to the deal-contingent foreign currency option contract. This amount is included within other income, net in the Consolidated Statements of Operations. In conjunction with the closing on October 2, 2007 of the acquisition of the former Merck Generics business, this foreign currency option contract was settled (net of the premium).

Acquisition of Matrix Laboratories Limited

On August 28, 2006, Mylan Inc. entered into a Share Purchase Agreement (the Share Purchase Agreement) to acquire, through MP Laboratories (Mauritius) Ltd, its wholly-owned indirect subsidiary, a controlling interest in Matrix, a publicly traded company in India. Matrix is engaged in the manufacture of APIs and solid oral dosage forms and is headquartered in Hyderabad, India.

Pursuant to the Share Purchase Agreement, Mylan agreed to pay a cash purchase price of 306 Rupees per share for approximately 51.5% of the outstanding share capital of Matrix held by certain selling shareholders (the Selling Shareholders).

In accordance with applicable Indian law, MP Laboratories (Mauritius) Ltd, along with the Company, commenced an open offer to acquire up to an additional 20% of the outstanding shares of Matrix (the Public Offer) from Matrix s shareholders (other than the Selling Shareholders) on November 22, 2006, which Public Offer expired on December 11, 2006. The price in the Public Offer was 306 Rupees per share, in accordance with applicable Indian regulations.

On December 21, 2006, the Public Offer was completed and a total of 54,585,189 shares were validly tendered, of which Mylan accepted 30,836,662 shares. Payment in the amount of $210.6 million for the shares properly tendered and accepted was dispatched to the shareholders. On January 8, 2007, Mylan completed its acquisition of approximately 51.5% of Matrix s outstanding shares from the Selling Shareholders for approximately $545.6 million, thereby increasing its ownership to approximately 71.5% of the voting share capital of Matrix. Including the Matrix shareholdings maintained by Prasad Nimmagadda (one of the Selling Shareholders), which are subject to a voting arrangement with Mylan, Mylan controls in excess of 75% of the voting share capital of Matrix.

Following the closing of this transaction, certain of the Selling Shareholders used approximately $168.0 million of their proceeds to acquire Mylan Inc. common stock from the Company in a private sale at a price of $20.85 per share. In connection with these transactions a total of 8,058,139 shares were issued to the Selling Shareholders. For purchase accounting purposes, the Company valued these shares at $20.32 per share, which represents Mylan s average stock price for the period two business days before and two business days after the August 28, 2006 announcement of the acquisition.

As a result of Mylan s aggregate ownership in Matrix, Mylan accounted for this transaction as a purchase under SFAS No. 141 and has consolidated the results of operations of Matrix since January 8, 2007. The purchase price has been allocated to the fair value of the tangible and intangible assets and liabilities with the excess being recorded as goodwill as of the effective date of the acquisition. As the acquisition was structured as a purchase of equity, the amortization of the portion of the purchase price assigned to assets in excess of Matrix s historic tax basis will not be deductible for income tax purposes.

Table of Contents

The total purchase price of $776.2 million, including acquisition costs of $24.3 million, less cash acquired of $10.9 million, was $765.2 million. The allocation of assets acquired and liabilities assumed for Matrix is as follows:

(in thousands)	
Current assets (excluding cash and inventories)	$ 129,621
Inventories	123,000
Property, plant and equipment, net	152,580
Identified intangible assets	270,440
Other non-current assets	65,878
In-process research and development(1)	147,000
Goodwill	505,801
Total assets acquired	1,394,320
Current liabilities	(374,458)
Deferred tax liabilities	(106,470)
Other non-current liabilities	(104,045)
Total liabilities assumed	(584,973)
Total minority interest	(44,117)
Net assets acquired	$ 765,230

(1) The amount allocated to acquired in-process research and development represents an estimate of the fair value of purchased in-process technology for research projects that, as of the closing date of the acquisition, had not reached technological feasibility and had no alternative future use. The fair value of the acquired in-process technology and research projects was based on the

excess earnings method on a project-by-project basis. This amount was written-off upon acquisition as acquired in-process research and development expense.

In conjunction with the Matrix transaction, the Company entered into a foreign exchange forward contract to purchase Indian Rupees with U.S. Dollars in order to mitigate the risk of foreign currency exposure related to the Indian Rupee-denominated purchase price. The Company accounted for this instrument under the provisions of SFAS No. 133. This instrument did not qualify for hedge accounting treatment under SFAS No. 133 and therefore was required to be adjusted to fair value with the change in the fair value of the instrument recorded in current earnings. The Company recorded a gain of $16.2 million for the fiscal year ended March 31, 2007 related to this deal-contingent forward contract. This amount is included within other income, net in the Consolidated Statements of Operations.

Pro forma financial results

The operating results of the former Merck Generics business have been included in Mylan s Consolidated Financial Statements since October 2, 2007. The operating results of Matrix have been included in Mylan s Consolidated Financial Statements since January 8, 2007. Pro forma results of operations for the nine months ended December 31, 2007 included below assumes that the former Merck Generics business acquisition occurred on April 1, 2007. Matrix s actual results of operations are included in the calendar year ended December 31, 2008 and the nine months ended December 31, 2007. Pro forma results of operations for the fiscal year ended March 31, 2007 included below assume both acquisitions occurred on April 1, 2006. This summary of the unaudited pro forma results of operations is not necessarily indicative of what Mylan s results of operations would have been had the former Merck Generics business and Matrix been acquired at the beginning of the periods indicated, nor does it purport to represent results of operations for any future periods.

The unaudited pro forma financial information for each of periods below includes the following material, non-recurring charges directly attributable to the accounting for the acquisitions: In the nine-month period ended December 31, 2007, amortization of the step-up of inventory of $109.4 million and an acquired in-process research and development charge of $1.27 billion for the former Merck Generics business. For the fiscal year ended March 31, 2007, $141.7 million related to the amortization of the step-up of inventory and an acquired in-process research and development charge of $147.0 million for Matrix and $1.27 billion for the former Merck Generics business. In addition, the pro forma financial information for each period presented includes the effects of the preferred and common stock offerings closed in November 2007, the proceeds of which were used to repay the Interim Term Loans (see Notes 12 and 14).

Table of Contents

(in thousands, except per share data)	Nine Months Ended December 31, 2007	Fiscal Year Ended March 31, 2007
Total revenues	$ 3,428,231	$ 4,197,786
Net loss before preferred dividend	$ (1,290,242)	$ (1,311,466)
Preferred dividend	(104,276)	(121,656)
Net loss available to common shareholders	$ (1,394,518)	$ (1,433,122)
Loss per common share		
Basic	$ (4.91)	$ (5.35)
Diluted	$ (4.91)	$ (5.35)
Weighted average shares		
Basic	283,900	267,984
Diluted	283,900	267,984

In July 2008, Mylan purchased from Watson Pharmaceutical Inc. a 50% interest in the outstanding shares of Somerset Pharmaceuticals, Inc. Mylan had previously owned the other 50% of Somerset and had accounted for the investment using the equity method. This acquisition was not material to the Company s statements of financial position, results of operations, or cash flows.

Note 4. 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, 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.

As a result of its 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* (SFAS No. 144). 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 acquisition, Dey was defined as the Specialty Segment under the provisions of SFAS No. 131. Dey is also considered a reporting unit under the provisions of 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.

Table of Contents

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 its best estimate as of March 31, 2008. The allocation discussed above was performed only for purposes of assessing goodwill for impairment; accordingly, Mylan has not adjusted the net book value of the assets and liabilities on the Company s 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 requires the Company to make significant estimates and assumptions. The hypothetical allocation requires several analyses to determine the estimate of the fair value of assets and liabilities of the reporting unit (see Note 10).

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, including positioning the Company to divest Dey s current facilities over the next two years (see Note 6). As a result, the Company expects to incur severance and other exit costs. In addition, the comprehensive review resulted in the impairment of certain non-core, insignificant, third-party products.

Note 5. Revenue Recognition

In January 2006, the Company announced an agreement with Forest Laboratories Holdings, Ltd. (Forest), a wholly-owned subsidiary of Forest Laboratories, Inc., for the commercialization, development and distribution of Bystolic® in the United States and Canada (the 2006 Agreement). Under the terms of that agreement, Mylan received a $75.0 million up-front payment and $25.0 million upon approval of the product. Such amounts were being deferred until the commercial launch of the product and were to be amortized over the remaining term of the license agreement. Mylan also had the potential to earn future milestones and royalties on Bystolic sales and an option to co-promote the product, while Forest assumed all future development and selling and marketing expenses.

In February 2008, Mylan executed an agreement with Forest whereby Mylan sold to Forest its rights to Bystolic (the Amended Agreement). Under the terms of the Amended Agreement, Mylan received a one-time cash payment of $370.0 million, which was deferred along with the $100.0 million received under the 2006 Agreement, and retained its contractual royalties for three years, through 2010. Mylan s obligations under the 2006 Agreement to supply Bystolic to Forest were unchanged by the Amended Agreement. Mylan believed that these supply obligations represented significant continuing involvement as Mylan remained contractually obligated to manufacture the product for Forest while the product was being commercialized. As a result of this continuing involvement, Mylan had been amortizing the $470.0 million of deferred revenue ratably through 2020 pending the transfer of manufacturing responsibility that was anticipated to occur in the second half of 2008.

In September 2008, Mylan completed the transfer of all manufacturing responsibilities for the product to Forest, and Mylan s supply obligations have therefore been eliminated. The Company believes that it no longer has significant continuing involvement and that the earnings process has been completed. As such, the remaining deferred revenue of $455.0 million was recognized and included in other revenues in the Company s Consolidated Statements of Operations.

Table of Contents

Future royalties are considered to be contingent consideration and are recognized in other revenues as earned upon sales of the product by Forest. Such royalties are recorded at the net royalty rates specified in the Amended Agreement.

Note 6. Restructuring

The Company s Consolidated Balance Sheet as of December 31, 2008, includes a $67.0 million restructuring reserve, which relates to certain estimated exit costs associated with the acquisition of the former Merck Generics business. The plans related to these exit activities have now been finalized. Payments of approximately $9.4 million were made during the calendar year ended December 31, 2008, of which $6.1 million were severance costs and the remaining $3.3 million were other exit costs.

The Company announced its intent to restructure certain activities and incur certain related exit costs, including related to the realignment of the Dey business. In accordance with the provisions of SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (SFAS No. 146), the Company has recorded a reserve for such activities of which approximately $8.0 million remains at December 31, 2008 and made payments of approximately $0.7 million. In addition, the Company recorded approximately $3.7 million for the acceleration of depreciation expense, during the calendar year ended December 31, 2008. As finalization of the plans are still in progress, the Company has not yet estimated the total amount expected to be incurred in connection with such activities. However, Mylan expects the majority of such costs will relate to one-time termination benefits and certain asset write-downs and could be significant.

Note 7. Comparative Nine-Month Financial Information

Effective as of October 2, 2007, the Board of Directors of Mylan approved a change to its fiscal year end from March 31st to December 31st. Consolidated Statements of Operations for the nine months ended December 31, 2007 and 2006 are summarized below. All data for the nine months ended December 31, 2006 are derived from the Company s unaudited Condensed Consolidated Financial Statements.

MYLAN INC. AND SUBSIDIARIES
Consolidated Statements of Operations

Nine Months Ended December 31, *(in thousands, except per share amounts)*	**2007**	**2006 (Unaudited)**
Revenues		
Net revenues	$ 2,162,943	$ 1,103,247
Other revenues	15,818	21,310
Total revenues	2,178,761	1,124,557
Cost of sales	1,304,313	515,736
Gross profit	874,448	608,821
Operating expenses:		
Research and development	146,063	66,844
Acquired in-process research and development	1,269,036	
Selling, general and administrative	449,598	152,784
Litigation settlements, net	(1,984)	(46,154)
Total operating expenses	1,862,713	173,474
(Loss) earnings from operations	(988,265)	435,347
Interest expense	179,410	31,292
Other income, net	86,611	39,785

(Loss) earnings before income taxes and minority interest	(1,081,064)	443,840
Provision for income taxes	60,073	155,267
(Loss) earnings before minority interest	(1,141,137)	288,573
Minority interest income	3,112	
Net (loss) earnings before preferred dividends	(1,138,025)	288,573
Preferred dividend	15,999	
Net (loss) earnings available to common shareholders	(1,154,024)	288,573
(Loss) earnings per common share:		
Basic	$ (4.49)	$ 1.37
Diluted	$ (4.49)	$ 1.34

Table of Contents

Nine Months Ended December 31, *(in thousands, except per share amounts)*	2007	2006 (Unaudited)
Weighted average common shares outstanding:		
Basic	257,150	211,075
Diluted	257,150	215,275

Note 8. Balance Sheet Components

Selected balance sheet components consisted of the following:

(in thousands)	December 31, 2008	December 31, 2007
Inventories:		
Raw materials	$ 273,232	$ 255,744
Work in process	157,473	160,918
Finished goods	635,285	647,178
	$ 1,065,990	$ 1,063,840
Property, plant and equipment:		
Land and improvements	$ 56,945	$ 62,824
Buildings and improvements	577,182	583,097
Machinery and equipment	1,012,748	980,340
Construction in progress	110,721	125,682
	1,757,596	1,751,943
Less accumulated depreciation	693,600	649,011
	$ 1,063,996	$ 1,102,932
Other current liabilities:		
Payroll and employee benefit plan accruals	$ 181,316	$ 136,232
Accrued rebates	236,312	301,829
Fair value of financial instruments	91,797	
Legal and professional accruals	71,813	58,883
Other	127,400	148,186
	$ 708,638	$ 645,130

Note 9. Available-for-Sale Fixed Income Securities

The amortized cost and estimated fair value of available-for-sale fixed income securities were as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2008				
Debt securities	$ 42,146	$ 1,772	$ (2,260)	$ 41,658

Equity securities		602		602
	$ 42,146	$ 2,374	$ (2,260)	$ 42,260
December 31, 2007				
Debt securities	$ 88,806	$ 1,748	$ (315)	$ 90,239
Equity securities		1,122		1,122
	$ 88,806	$ 2,870	$ (315)	$ 91,361

Maturities of debt securities at fair value as of December 31, 2008, were as follows:

(in thousands)	
Mature within one year	$ 2,819
Mature in one to five years	14,115
Mature in five years and later	24,724
	$ 41,658

Gross gains of $0.1 million, $1.8 million and $0.8 million and gross losses of $0.2 million, $1.5 million and $1.8 million were realized during the calendar year ended December 31, 2008, the nine months ended December 31, 2007 and fiscal year 2007, respectively.

Table of Contents

The Company also had approximately $9.1 million and $40.6 million of auction rate securities (ARS) at December 31, 2008 and December 31, 2007. During the nine months ended December 31, 2007, no auctions failed. During the calendar year ended December 31, 2008, the securities were subject to a failed auction in May 2008. These ARS continue to pay interest according to their terms. The securities were issued by a state educational loan authority and are backed by student loans. The state educational loan authority has requested and received required consent from bondholders to amend the existing indentures governing the securities to add a call provision, which permits the securities to be called at par after August 1, 2008. The Company does not believe these securities are subject to any impairment as the Company has the intent and the ability to hold these securities until maturity or until called.

Note 10. Goodwill and Other Intangible Assets

A rollforward of goodwill from December 31, 2007 to December 31, 2008 and from March 31, 2007 to December 31, 2007 is as follows:

(in thousands)	**Total**
Goodwill balance at December 31, 2007	$ 3,855,971
Impairment loss on goodwill	(385,000)
Foreign currency translation and other	(309,391)
Goodwill balance at December 31, 2008	$ 3,161,580

(in thousands)	**Total**
Goodwill balance at March 31, 2007	$ 612,742
Acquisition of Merck Generics	3,166,005
Foreign currency translation and other	77,224
Goodwill balance at December 31, 2007	$ 3,855,971

Included in foreign currency translation and other for the calendar year ended December 31, 2008 is an approximate $53.1 million net decrease to goodwill related to the finalization of the Merck Generics acquisition purchase price allocation. Finalization of the purchase price allocation consisted of net adjustments to deferred tax liabilities, adjustments to certain asset fair values, and additional restructuring liabilities.

At December 31, 2008, approximately $2.39 billion, $320.0 million and $455.4 million were allocated to our Generics Segment, Specialty Segment and Matrix Segment, respectively.

Intangible assets consist of the following components:

(dollars in thousands)	**Weighted Average Life (Years)**	**Original Cost**	**Accumulated Amortization**	**Net Book Value**
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
December 31, 2007				
Amortized intangible assets:				

Patents and technologies	20	$ 118,926	$ 65,578	$ 53,348
Product rights and licenses	10	2,961,712	152,865	2,808,847
Other	8	129,031	12,520	116,511
		$ 3,209,669	$ 230,963	$ 2,978,706

Other intangibles consist principally of customer lists and contracts. As a result of the acquisition of a controlling interest in Matrix the Company recorded intangible assets of $270.4 million, primarily product rights and licenses, which have a weighted average

Table of Contents

useful life of eight years. As a result of the acquisition of the former Merck Generics business, the Company recorded intangible assets of $2.65 billion, primarily product rights and licenses, which have a weighted average useful life of 10 years (see Note 3).

Amortization expense, which is classified within cost of sales on the Company s Consolidated Statements of Operations, for the calendar year ended December 31, 2008, the nine months ended December 31, 2007 and the fiscal year ended March 31, 2007 was $368.2 million, $100.7 million and $22.4 million, respectively, and is expected to be $298.5 million, $291.6 million, $283.1 million, $267.7 million and $244.8 million for the years ended December 31, 2009 through 2013, respectively.

Included within amortization expense for calendar year ended December 31, 2008, is approximately $65.7 million of non-cash intangible impairment charges related primarily to certain non-core, insignificant, third-party manufactured products and assets.

Note 11. Financial Instruments and Risk Management

Foreign Currency Exchange Risk

A significant portion of the Company s revenues and earnings are exposed to changes in foreign currency exchange rates. The Company seeks to manage its foreign exchange risk in part through operational means, including managing same currency revenues in relation to same currency costs, and same currency assets in relation to same currency liabilities.

Foreign exchange risk is also managed through the use of foreign currency forward-exchange contracts. These contracts are used to hedge the potential earnings effects from mostly intercompany foreign currency assets and liabilities that arise from operations and from intercompany loans.

The Company enters into financial instruments to hedge or offset, by the same currency, a portion of the currency risk and the timing of the hedged or offset item.

As of December 31, 2008, the more significant financial instruments employed to manage foreign exchange risk are as follows:

812.4 million ($1.13 billion) of borrowings under the Senior Credit Agreement that are designated as a hedge of our net investment in certain Euro-functional currency subsidiaries. The after-tax impact of revaluing these borrowings due to changes in spot exchange rates is included in the foreign currency translation adjustment component of other comprehensive (loss) earnings in the Consolidated Statements of Shareholders Equity.

$489.6 million net notional value of foreign exchange forward contracts maturing within one month that serve to offset changes in spot exchange rates of intercompany foreign currency denominated assets or liabilities. The Company recognizes the earnings impact of these contracts in other income, net in the Consolidated Statements of Operations during the terms of the contracts, along with the earnings impact of the items they generally offset.

As of December 31, 2007, the more significant financial instruments employed to manage foreign exchange risk are as follows:

875.4 million ($1.23 billion) of borrowings under the Senior Credit Agreement that are designated as a hedge of our net investment in certain Euro-functional currency subsidiaries. The after-tax impact of revaluing these borrowings due to changes in spot exchange rates is included in the foreign currency translation adjustment component of other comprehensive (loss) earnings in the Consolidated Statements of Shareholders Equity.

$345.6 million net notional value of foreign exchange forward contracts maturing within one month that serve to offset changes in spot exchange rates of intercompany foreign currency denominated assets or liabilities. The Company recognizes the earnings impact of these contracts in other income, net in the Consolidated Statements of Operations during the terms of the contracts, along with the earnings impact of the items they generally offset.

All derivative contracts used to manage foreign currency exchange risk are measured at fair value and reported as assets or liabilities on the balance sheet. Any ineffectiveness in a hedging relationship is recognized immediately into earnings. There was no significant ineffectiveness during the calendar year ended December 31, 2008 or the nine

months ended December 31, 2007.

Table of Contents

Interest Rate Risk

The Company s interest-bearing investments and borrowings are subject to interest rate risk. The Company invests primarily on a variable-rate basis. The Company borrows on both a fixed and variable-rate basis. From time to time, depending on market conditions, the Company will fix interest rates either through entering into fixed-rate borrowings or through the use of derivative financial instruments.

In 2008, the Company executed the following interest rate derivatives in order to fix the interest rate on a portion of the Company s variable-rate U.S. Tranche B Term Loans under the Senior Credit Agreement. These swaps are designated as cash flow hedges of expected future borrowings under the Senior Credit Agreement.

$500.0 million of notional interest rate swaps that fix a rate of 5.44% until March 2010

$500.0 million of notional interest rate swaps that fix a rate of 6.03% until December 2010

During the nine months ended December 31, 2007, the Company executed $1.0 billion of notional interest rate swaps in order to fix the interest rate on a portion of the Company s U.S. Tranche B Term Loans under the Senior Credit Agreement (see Note 12). These swaps are designated as cash flow hedges of the variability of interest expense related to our variable rate debt and fix a rate of 7.37% until December 2010.

The Company recognizes the earnings impact of the interest rate swaps in interest expense in the Company s Consolidated Statements of Operations upon the recognition of the interest related to the hedged items.

All derivative contracts used to manage interest rate risk are measured at fair value and reported as assets or liabilities on the balance sheet. 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. There was no significant ineffectiveness during the calendar year ended December 31, 2008 or the nine months ended December 31, 2007.

In February 2009, the Company executed an additional 200.0 ($277.8) million of notional interest rate swaps in order to fix the interest rate on a portion of our Euro Tranche B Term Loans. This swap fixes a rate of 5.38% on a portion of the Company s variable rate debt until March 2011 and are designated as a cash flow hedge of expected future borrowings under the Senior Credit Agreement.

Equity Risk

From time to time the Company may enter into derivative instruments to hedge cash or share-based payments required on conversion of issued convertible notes.

Fair Value Measurement

On January 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements*, (SFAS No. 157) for financial assets and liabilities and any other assets and liabilities carried at fair value. This pronouncement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Company s adoption of SFAS No. 157 did not have a material effect on the Company s Condensed Consolidated Financial Statements for financial assets and liabilities and any other assets and liabilities carried at fair value.

Effective September 30, 2008, the Company adopted FSP No. FAS 157-3, *Determining the Fair Value of a Financial Asset when the Market for that Asset is not Active*, (FSP No. FAS 157-3). FAS No. FAS 157-3 clarifies the application of SFAS No. 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. The Company s adoption of FSP No. FAS 157-3 did not have a material impact on the Company s Condensed Consolidated Financial Statements.

As defined in 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.

Table of Contents

Level 2: Observable prices that are based on inputs not quoted on 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.

Financial assets and liabilities carried at fair value as of December 31, 2008 are classified in the table below in one of the three categories described above:

Financial Assets ***(in thousands)***	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale fixed income investments	$	$ 32,583	$	$ 32,583
Available-for-sale equity securities	602			602
Foreign exchange derivative assets		14,632		14,632
Purchased cash convertible note hedge		235,750		235,750
Auction rate securities[2]			9,075	9,075
Total assets at fair value[1]	$ 602	$ 282,965	$ 9,075	$ 292,642

Financial Liabilities ***(in thousands)***	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign exchange derivative liabilities	$	$ 19,402	$	$ 19,402
Interest rate swap derivative liabilities		72,395		72,395
Cash conversion feature of cash convertible notes		235,750		235,750
Total liabilities at fair value[1]	$	$ 327,547	$	$ 327,547

(1) The Company chose not to elect the fair value option as prescribed by SFAS No. 159 for its financial assets and liabilities that had not been previously carried at fair value. Therefore, material financial assets and liabilities such as short-term and

long-term debt obligations and trade accounts receivable and payable, are still reported at their carrying values.

(2) There have been no changes to the fair value of these securities during the quarter ended December 31, 2008.

Due to the lack of observable market quotes on the Company s ARS portfolio, the Company utilizes valuation models that rely exclusively on Level 3 inputs, including those that are based on expected cash flow streams and collateral values. The Company has approximately $9.1 million in ARS, which were subject to a failed auction in May 2008. These ARS continue to pay interest according to their terms. The securities were issued by a state educational loan authority and are backed by student loans. The state educational loan authority has requested and received required consent from bondholders to amend the existing indentures governing the securities to add a call provision, which permits the securities to be called at par after August 1, 2008. The Company does not believe these securities are subject to any other than temporary impairment as the Company has the intent and the ability to hold these securities until maturity or until called.

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.

Table of Contents

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 calendar year ended December 31, 2008, 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 calendar year ended December 31, 2008, 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 calendar year ended December 31, 2008, that would reduce the receivable amount owed, if any, to the Company.

Although the Company has not elected the fair value option for financial assets and liabilities existing at January 1, 2008 or transacted during the calendar year ended December 31, 2008, any future transacted financial asset or liability will be evaluated for the fair value election as prescribed by SFAS No. 159 and adjusted to fair value as determined under the provisions of SFAS No. 157.

Note 12. Long-Term Debt

A summary of long-term debt is as follows:

(in thousands)	**December 31, 2008**	**December 31, 2007**
U.S. Tranche A Term Loans[(A)]	$ 265,625	$ 312,500
Euro Tranche A Term Loans[(A)]	413,684	516,127
U.S. Tranche B Term Loans[(A)]	2,504,880	2,556,000
Euro Tranche B Term Loans[(A)]	714,583	773,273
Revolving Facility[(A)]		300,000
Senior Convertible Notes[(B)]	600,000	600,000
Cash Convertible Notes[(C)]	655,442	
Other	14,586	54,194
	$ 5,168,800	$ 5,112,094
Less: Current portion	3,381	405,378
Total long-term debt	$ 5,165,419	$ 4,706,716

(A) On October 2, 2007, the Company entered into a credit agreement (the Senior Credit Agreement) among the

Company, a wholly-owned European subsidiary (the Euro Borrower), certain lenders and JPMorgan Chase Bank, National Association, as Administrative Agent, pursuant to which the Company borrowed $500.0 million in Tranche A Term Loans (the U.S. Tranche A Term Loans) and $2.0 billion in Tranche B Term Loans (the U.S. Tranche B Term Loans), and the Euro Borrower borrowed approximately 1.13 billion ($1.6 billion) in Euro Term Loans (the Euro Term Loans and, together with the U.S. Tranche A Term Loans and the U.S. Tranche B Term Loans, the Term Loans). The proceeds of the Term Loans were used (1) to pay a portion of the consideration for the acquisition of the former Merck Generics

business, (2) to refinance the 2007 credit facility and the 2006 credit facility, (together the Existing Credit Agreements), by and among the Company, the lenders party thereto and JPMorgan Chase Bank, National Association, as administrative agent, (3) to purchase the Senior Notes tendered pursuant to the cash tender offers therefore and (4) to pay a portion of the fees and expenses in respect of the foregoing transactions (collectively, the Transactions). The termination of the Existing Credit Agreements was concurrent with, and contingent upon, the effectiveness of the Senior Credit Agreement. The Senior Credit Agreement also contains a $750.0 million revolving

facility (the Revolving Facility and, together with the Term Loans, the Senior Credit Facilities) under which either the Company or the Euro Borrower may obtain extensions of credit, subject to the satisfaction of specified conditions. In conjunction with the closing of the former Merck Generics business acquisition the Company borrowed $300.0 million under the Revolving Facility. The Revolving Facility includes a $100.0 million subfacility for the issuance of letters of credit and a $50.0 million subfacility for swingline borrowings. Borrowings under the Revolving Facility are available in U.S. dollars, Euro, Pounds Sterling, Yen or other currencies that may be agreed. The Euro Term

Loans are guaranteed by the Company and the Senior Credit Facilities are guaranteed by substantially all of the Company s domestic subsidiaries (the Guarantors). The Senior Credit Facilities are also secured by a pledge of the capital stock of substantially all direct subsidiaries of the Company and the Guarantors (limited to 65% of outstanding voting stock of foreign holding companies and any foreign subsidiaries) and substantially all of the other tangible and intangible property and assets of the Company and the Guarantors. The Revolving Facility expires in October 2013.

Table of Contents

The U.S. Tranche A Term Loans currently bear interest at LIBOR (determined in accordance with the Senior Credit Agreement) plus 3% per annum, if the Company chooses to make LIBOR borrowings, or at a base rate (determined in accordance with the Senior Credit Agreement) plus 2% per annum. The U.S. Tranche B Term Loans currently bear interest at LIBOR (determined in accordance with the Senior Credit Agreement) plus 3.25% per annum, if the Company chooses to make LIBOR borrowings, or at a base rate (determined in accordance with the Senior Credit Agreement) plus 2.25% per annum. The Euro Tranche A Term Loans currently bear interest at the Euro Interbank Offered Rate (EURIBO) determined in accordance with the Senior Credit Agreement) plus 3% per annum. The Euro Tranche B

Term Loans currently bear interest at the EURIBO determined in accordance with the Senior Credit Agreement) plus 3.25% per annum. Borrowings under the Revolving Facility currently bear interest at LIBOR (or EURIBO, in the case of borrowings denominated in Euro) plus 2.50% per annum, if the Company chooses to make LIBOR (or EURIBO, in the case of borrowings denominated in Euro) borrowings, or at a base rate plus 1.50% per annum. The applicable margins over LIBOR, EURIBO or the base rate for the Revolving Facility and the U.S. Tranche A Term Loans can fluctuate based on a calculation of the Company s Consolidated Leverage Ratio as defined in the Senior Credit Agreement. The Company also pays a facility fee on the entire amount of the Revolving Facility. The facility fee is currently 0.50% per annum, but can

decrease to 0.375% per annum based on the Company s Consolidated Leverage Ratio.

The Senior Credit Agreement contains customary affirmative covenants for facilities of this type, including covenants pertaining to the delivery of financial statements, notices of default and certain other information, maintenance of business and insurance, collateral matters and compliance with laws, as well as customary negative covenants for facilities of this type, including limitations on the incurrence of indebtedness and liens, mergers and certain other fundamental changes, investments and loans, acquisitions, transactions with affiliates, dispositions of assets, payments of dividends and other restricted payments, prepayments or amendments to the terms of specified indebtedness (including the

Interim Credit Agreement described below) and changes in lines of business. The Senior Credit Agreement contains financial covenants requiring maintenance of a minimum interest coverage ratio and a senior leverage ratio, both of which are defined within the agreement.

The Senior Credit Agreement contains default provisions customary for facilities of this type, which are subject to customary grace periods and materiality thresholds, including, among other things, defaults related to payment failures, failure to comply with covenants, misrepresentations, defaults or the occurrence of a change of control under other material indebtedness, bankruptcy and related events, material judgments, certain events related to pension plans, specified changes in control of the Company and invalidity of guarantee and

security agreements. If an event of default occurs under the Senior Credit Agreement, the lenders may, among other things, terminate their commitments, declare immediately payable all borrowings and foreclose on the collateral.

The U.S. Tranche A Term Loans and the Euro Tranche A Term Loans mature on October 2, 2013. The U.S. Tranche B Term Loans and the Euro Tranche B Term Loans mature on October 2, 2014. The U.S. Tranche B Term Loans and the Euro Term Loans amortize quarterly at the rate of 1.0% per annum beginning in 2008. The Senior Credit Agreement requires prepayments of the Term Loans with (1) up to 50% of Excess Cash Flow, as defined within the Senior Credit Agreement, beginning in 2009, with reductions based on the Company s Consolidated Leverage Ratio, (2) the proceeds from certain asset

sales and casualty events, unless the Company s Consolidated Leverage Ratio is equal to or less than 3.5 to 1.0, and (3) the proceeds from certain issuances of indebtedness not permitted by the Senior Credit Agreement. Amounts drawn on the Revolving Facility become due and payable on October 2, 2013. The Term Loans and amounts drawn on the Revolving Facility may be voluntarily prepaid without penalty or premium.

In addition, on October 2, 2007, the Company entered into a credit agreement (the Interim Credit Agreement) among the Company, certain lenders and Merrill Lynch Capital Corporation, as Administrative Agent, pursuant to which the Company borrowed $2.85 billion in term loans (the Interim Term Loans). The proceeds of the Interim Term Loans were used to finance in part the

acquisition of the former Merck Generics business. On November 19, 2007, the Interim Term Loans were paid using primarily the proceeds received from the preferred stock and common stock issuances of $2.82 billion and the remaining $28.1 million was paid using existing cash of the Company.

On December 20, 2007, the Euro Borrower, certain lenders and the Administrative Agent entered into an Amended and Restated Credit Agreement (the Amended Senior Credit Agreement), which became effective December 28, 2007, that, among other things, amends certain provisions of the Original Senior Credit Agreement as set out below.

The Amended Senior Credit Agreement (i) reduced the principal amount of the U.S. Tranche A Term Loans of the Company to an aggregate principal amount of

$312.5 million, (ii) increased the principal amount of the U.S. Tranche B Term Loans of the Company to an aggregate principal amount of $2.56 billion, (iii) created a tranche of Euro Tranche A Term Loans of the Euro Borrower in an aggregate principal amount of 350.4 ($516.1) million and (iv) reduced the Euro Tranche B Term Loans of the Euro Borrower to an aggregate principal amount of 525.0 ($773.3) million.

The Euro Tranche A Term Loans currently bear interest at EURIBO (determined in accordance with the Amended Senior Credit

Table of Contents

Agreement) plus 3.25% per annum. Under the terms of the Amended Senior Credit Agreement, the applicable margin over EURIBO for the Euro Tranche A Term Loans can fluctuate based on the Company s Consolidated Leverage Ratio.

The Amended Senior Credit Agreement added a prepayment premium of 1.0% of the principal amount of the U.S. Tranche B Term Loans or Euro Tranche B Term Loans prepaid in connection with voluntary and certain mandatory prepayments during the 12 months following the date of effectiveness of the Amended Senior Credit Agreement.

During the calendar year ended December 31,

2008, the company paid $46.9 million on the U.S. Tranche A Term Loans, which included $31.3 million of prepayments related to 2009, 52.6 ($74.4) million on the Euro Tranche A Term Loans, which included 35.0 ($49.6) million of prepayments related to 2009, $51.1 million on the U.S. Tranche B Term Loans, which included $25.6 million of prepayments related to 2009, and 10.5 ($15.2) million on the Euro Tranche B Term Loans, which included 5.3 ($7.4) million of prepayments related to 2009. On September 15, 2008, the outstanding borrowings under the Revolving Facility were repaid in the amount of $300.0 million using proceeds from the Cash Convertible Notes.

At December 31, 2008 and December 31, 2007, the Company had outstanding letters of credit of $83.6 million and $51.3 million.

(B) On March 1, 2007, Mylan entered into a purchase agreement relating to the sale by the Company of $600.0 million aggregate principal amount of the Company s 1.25% Senior Convertible Notes due 2012 (the Senior Convertible Notes). The Senior Convertible Notes bear interest at a rate of 1.25% per year, accruing from March 7, 2007. Interest is payable semiannually in arrears on March 15 and September 15 of each year, beginning September 15, 2007. The Senior Convertible Notes will mature on March 15, 2012,

subject to earlier repurchase or conversion. Holders may convert their notes subject to certain conversion provisions determined by, among others, the market price of the Company s common stock and the trading price of the Senior Convertible Notes. The Senior Convertible Notes have an initial conversion rate of 44.5931 shares of common stock per $1,000 principal amount (equivalent to an initial conversion price of approximately $22.43 per share), subject to adjustment, with the principal amount payable in cash and the remainder in cash or stock at the option of the Company. The accounting related to the Senior Convertible Notes will change in accordance with the adoption of

FSP No. APB 14-1 (see Note 2).

On March 1, 2007, concurrently with the sale of the Senior Convertible Notes, Mylan entered into a convertible note hedge transaction, comprised of a purchased call option, and two warrant transactions with each of Merrill Lynch International, an affiliate of Merrill Lynch, and JPMorgan Chase Bank, National Association, London Branch, an affiliate of JPMorgan, each of which the Company refers to as a counterparty. The net cost of the transactions was $80.6 million. The purchased call options will cover approximately 26.8 million shares of Mylan common stock, subject to anti-dilution adjustments substantially

similar to the anti-dilution adjustments for the Senior Convertible Notes, which under most circumstances represents the maximum number of shares that underlie the Senior Convertible Notes. Concurrently with entering into the purchased call options, the Company entered into warrant transactions with the counterparties. Pursuant to the warrant transactions, the Company will sell to the counterparties warrants to purchase in the aggregate approximately 26.8 million shares of Mylan common stock, subject to customary anti-dilution adjustments. The warrants may not be exercised prior to the maturity of the Senior Convertible Notes, subject to certain limited

exceptions.

The purchased call options are expected to reduce the potential dilution upon conversion of the Senior Convertible Notes in the event that the market value per share of Mylan common stock at the time of exercise is greater than approximately $22.43, which corresponds to the initial conversion price of the Senior Convertible Notes. The sold warrants have an exercise price that is 60.0% higher than the price per share of $19.50 at which the Company offered common stock in a concurrent equity offering. If the market price per share of Mylan common stock at the time of conversion of any Senior Convertible Notes is above the strike price of the purchased call options, the purchased call

options will, in most cases, entitle the Company to receive from the counterparties in the aggregate the same number of shares of our common stock as the Company would be required to issue to the holder of the converted Senior Convertible Notes. Additionally, if the market price of Mylan common stock at the time of exercise of the sold warrants exceeds the strike price of the sold warrants, the Company will owe the counterparties an aggregate of approximately 26.8 million shares of Mylan common stock. The purchased call options and sold warrants may be settled for cash at the Company s election.

The purchased call options and sold warrants are separate transactions entered into by

the Company with the counterparties, are not part of the terms of the Senior Convertible Notes, and will not affect the holders rights under the Senior Convertible Notes. Holders of the Senior Convertible Notes will not have any rights with respect to the purchased call options or the sold warrants. The purchased call options and sold warrants meet the definition of derivatives under SFAS No. 133 (as amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities* and SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*). 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* (EITF Issue No. 01-6)) and have been recorded in stockholders equity in the Company s Consolidated Balance Sheet (as determined under EITF Issue No. 00-19, *Accounting for Derivative Financial Instruments Indexed to, and*

Table of Contents

Potentially Settled in, a Company s Own Stock (EITF Issue No. 00-19)), the instruments are exempted from the scope of SFAS No. 133 and are not subject to the fair value provisions of that standard.

(C) On September 15, 2008, Mylan entered into a purchase agreement relating to the sale by the Company of $575.0 million aggregate principal amount of Cash Convertible Notes due 2015 (Cash Convertible Notes). The Cash Convertible Notes bear stated interest at a rate of 3.75% per year, accruing from September 15, 2008. The effective interest rate at December 31, 2008 is 9.5%. Interest is payable

semi-annually in arrears on March 15 and September 15 of each year, beginning on March 15, 2009. The Cash Convertible Notes will mature on September 15, 2015, subject to earlier repurchase or conversion. Holders may convert their notes subject to certain conversion provisions determined by the market price of the Company s common stock, specified distributions to common shareholders, a fundamental change, and certain time periods specified in the purchase agreement. The Cash Convertible Notes have an initial conversion reference rate of 75.0751 shares of common stock per $1,000 principal amount (equivalent to an initial

conversion reference price of $13.32 per share), subject to adjustment, with the principal amount and remainder payable in cash. The Cash Convertible Notes are not convertible into our common stock or any other securities under any circumstance.

On September 15, 2008, concurrent with the sale of the Cash Convertible Notes, Mylan entered into a convertible note hedge and warrant transaction with certain counterparties. The net cost of the transactions was $98.6 million. The cash convertible note hedge is comprised of purchased cash-settled call options that are expected to reduce the Company s exposure to potential cash

payments required to be made by Mylan upon the cash conversion of the Cash Convertible Notes. Concurrent with entering into the purchased cash-settled call options, the Company entered into respective warrant transactions with the counterparties pursuant to which the Company has sold to each counterparty warrants for the purchase of shares of our common stock. Pursuant to the warrant transactions, the Company sold to the counterparties warrants to purchase in the aggregate up to approximately 43.2 million shares of Mylan common stock, subject to anti-dilution adjustments substantially similar to the anti-dilution adjustments for the Cash Convertible

Notes, which under most circumstances represents the maximum number of shares that underlie the conversion reference rate for the Cash Convertible Notes. The warrants may not be exercised prior to the maturity of the Cash Convertible Notes.

Pursuant to the call option transactions, if the market price per share of the Company s common stock at the time of cash conversion of any Cash Convertible Notes is above the strike price of the purchased cash-settled call options, such call options will, in most cases, entitle us to receive from the counterparties in the aggregate the same amount of cash as we would be required to issue to the holder of the cash converted notes in excess of the

principal amount thereof. The sold warrants have an exercise price of $20.00 (which represents an exercise price of approximately 80% higher than the market price per share of $11.10) and are net share settled, meaning that Mylan will issue a number of shares per warrant corresponding to the difference between our share price at each warrant expiration date and the exercise price.

The purchased call options and sold warrants are separate contracts entered into by us with the counterparties, are not part of the notes and do not affect the rights of holders under the Cash Convertible Notes. Holders of the Cash Convertible Notes will not have any rights with respect to the purchased call options or

the sold warrants. The purchased cash-settled call options meet the definition of derivatives under SFAS No. 133. As such, the instrument is marked to market each period. In addition, the liability associated with the cash conversion feature of the Cash Convertible Notes is marked to market each period. At December 31, 2008, the $655.4 million consists of $419.7 million of debt ($575.0 million face amount, net of $155.3 million discount) and a liability with a fair value of $235.8 million related to the bifurcated conversion feature. The purchased call options are assets recorded at their fair value of $235.8 million within other assets in the

Consolidated Balance Sheets at December 31, 2008. 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 and have been recorded in shareholders equity in the Company s Consolidated Balance Sheets (as determined under EITF Issue No. 00-19), the instruments are exempt from the scope of SFAS No. 133 and are not subject to the fair value provisions of that standard.

Table of Contents

Details of the interest rates in effect at December 31, 2008 and December 31, 2007 on the outstanding borrowings under the Term Loans are in the table below:

	December 31, 2008		
(in thousands, except interest rates)	**Outstanding**	**Basis**	**Rate**
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]	$ 500,000	Fixed	6.03%
Swapped to Fixed Rate March 2010[1][2]	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 March 2012 at a rate of 5.38%, effective March 2010

	December 31, 2007		
(in thousands, except interest rates)	**Outstanding**	**Basis**	**Rate**
U.S. Tranche A Term Loans	$ 312,500	LIBOR + 3.25%	8.31%
Euro Tranche A Term Loans	$ 516,127	EURIBO + 3.25%	7.75%
U.S. Tranche B Term Loans			
Swapped to Fixed Rate December 2010	$ 1,000,000	Fixed	7.37%
Floating Rate	1,556,000	LIBOR + 3.25%	8.24%
Total U.S. Tranche B Term Loans	$ 2,556,000		
Euro Tranche B Term Loans	$ 773,273	EURIBO + 3.25%	7.75%

All financing fees associated with the Company s borrowings are being amortized over the life of the related debt. The total unamortized amounts of $83.8 million and $83.0 million are included in other assets in the Consolidated Balance Sheets at December 31, 2008 and December 31, 2007.

In conjunction with the refinancing of debt, approximately $12.1 million of deferred financing fees were written off for the Senior Notes and Credit Facilities on October 2, 2007. There was also a tender offer premium to the Senior Notes holders made in the amount of approximately $30.8 million. In conjunction with the financing for the former

Merck Generics business acquisition, Mylan incurred approximately $132.4 million in financing fees, of which approximately $42.8 million were refunded from our financial institution upon the repayment of the Interim Term Loans, and an additional $14.3 million was expensed.

At December 31, 2008 and December 31, 2007, the fair value of the Senior Convertible Notes was approximately $444.0 million and $545.5 million. At December 31, 2008, the fair value of the Cash Convertible Notes was approximately $524.4 million.

Certain of the Company s debt agreements contain certain cross-default provisions.

Mandatory minimum repayments remaining on the outstanding borrowings under the term loans and convertible notes at December 31, 2008 are as follows for each of the periods ending December 31:

(in thousands)	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
2009	$	$	$	$	$	$	$
2010	46,875	73,003	25,560	7,292			152,730
2011	62,500	97,338	25,560	7,292			192,690
2012	78,125	121,672	25,560	7,292	600,000		832,649
2013	78,125	121,671	25,560	7,292			232,648
2014			2,402,640	685,415			3,088,055
Thereafter						655,442	655,442
Total	$ 265,625	$ 413,684	$ 2,504,880	$ 714,583	$ 600,000	$ 655,442	$ 5,154,214

Table of Contents

Note 13. Income Taxes

Income tax expense (benefit) consisted of the following components:

(dollars in thousands)	Calendar Year Ended December 31, 2008	Nine Months Ended December 31, 2007	Fiscal Year Ended March 31, 2007
Federal:			
Current	$ 219,370	$ 101,659	$ 242,434
Deferred	(90,470)	(29,343)	(46,593)
	128,900	72,316	195,841
State and Puerto Rico:			
Current	28,226	9,598	16,746
Deferred	15,978	1,903	(3,740)
	44,204	11,501	13,006
Foreign:			
Current	79,187	23,413	174
Deferred	(114,868)	(47,157)	(1,004)
	(35,681)	(23,744)	(830)
Income taxes	$ 137,423	$ 60,073	$ 208,017
Pre-tax (loss) earnings			
Domestic	$ (303,167)	$ (413,886)	$ 586,298
Foreign	255,344	(667,178)	(160,786)
Total	$ (47,823)	$ (1,081,064)	$ 425,512
Effective tax rate	(287.4)%	(5.6)%	48.9%

Temporary differences and carry forwards that result in the deferred tax assets and liabilities were as follows:

(in thousands)	Calendar Year Ended December 31, 2008	Nine Months Ended December 31, 2007	Fiscal Year Ended March 31, 2007
Deferred tax assets:			
Employee benefits	$ 48,868	$ 40,038	$ 16,501
Legal matters	65,988	59,388	5,048
Accounts receivable allowances	145,579	152,123	126,191
Inventories	23,916		8,859
Deferred revenue			43,250
Investments	16,852	4,321	7,256
Other reserves	26,158	6,767	

Tax credits	4,200	3,575	3,112
Net operating losses	134,779	99,289	17,111
Convertible debt	42,733	40,514	44,100
Other	82,428	20,885	3,801
	591,501	426,900	275,229
Less: Valuation allowance	(110,194)	(76,100)	(18,355)
Total deferred tax assets	481,307	350,800	256,874
Deferred tax liabilities:			
Inventory	2,818	16,897	
Plant and equipment	77,056	67,425	40,698
Intangible assets	663,987	947,009	98,285
Investments	2,541	9,813	10,779
Other	66,190		1,890
Total deferred tax liabilities	812,592	1,041,144	151,652
Deferred tax (liabilities) assets, net	$ (331,285)	$ (690,344)	$ 105,222
Classification in the Consolidated Balance Sheets:			
Deferred income tax benefit current	$ 199,278	$ 192,113	$ 145,343
Deferred income tax liability current	(1,935)	(24,344)	
Deferred income tax benefit noncurrent	16,493	18,703	45,779
Deferred income tax liability noncurrent	(545,121)	(876,816)	(85,900)
Deferred tax (liability) asset, net	$ (331,285)	$ (690,344)	$ 105,222

Table of Contents

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

	Calendar Year Ended December 31, 2008	Nine Months Ended December 31, 2007	Fiscal Year Ended March 31, 2007
Statutory tax rate	35.0%	35.0%	35.0%
State and Puerto Rico income taxes and credits	(41.0)%	(0.6)%	2.8%
Research and Development tax credits	4.9%	0.3%	(0.3)%
Acquired In-Process R & D	0.0%	(41.1)%	12.1%
Effect of foreign operations	9.5%	1.8%	0.0%
Impairment of goodwill	(281.8)%	0.0%	0.0%
Other items	(14.0)%	(1.0)%	(0.7)%
Effective tax rate	(287.4)%	(5.6)%	48.9%

Valuation Allowance

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. A valuation allowance has been applied to certain foreign and state deferred tax assets in the amount of $110.2 million.

Net Operating Losses

As of December 31, 2008, the Company has net operating loss carryforwards for international and U.S. state income tax purposes of approximately $1.06 billion, some of which will expire in fiscal years 2009 through 2029, while others can be carried forward indefinitely. Of these loss carryforwards, there is an amount of $568.1 million related to state losses. A majority of the state net operating losses are attributable to Pennsylvania, where a taxpayer s use is limited to the greater of 12.5% of taxable income or $3.0 million each taxable year. In addition, the Company has foreign net operating loss carryforwards of approximately $494.7 million, of which $367.6 million can be carried forward indefinitely, with the remainder expiring in years 2009 through 2023. Most of the net operating losses (foreign and state) are fully reserved.

Acquired In-Process Research and Development

On January 8, 2007, the Company acquired a controlling interest in Matrix, as discussed in Note 3. Of the purchase price, $147.0 million was allocated to acquired in-process research and development and expensed. This amount is not deductible for tax purposes, and no deferred tax benefit is recorded, as required by EITF Issue No. 96-7, *Accounting for Deferred Taxes on In-Process Research and Development Activities Acquired in a Purchase Business Combination* (EITF No. 96-7).

On October 2, 2007, the Company acquired the former Merck Generics business. Of the purchase price, $1.27 billion was allocated to acquired in-process research and development and expensed. Applying the guidance in EITF No. 96-7, we determined that this amount is not deductible for tax purposes.

Undistributed Earnings

Operations in Puerto Rico benefit from incentive grants from the government of Puerto Rico, which partially exempt the Company from income, property and municipal taxes. In fiscal 2001, a tax grant was negotiated with the government of Puerto Rico, extending tax incentives until fiscal years 2010. This grant exempts all earnings during this grant period from tollgate tax upon repatriation of cash to the United States. In fiscal year 2007 and fiscal year 2004, $46.5 million and $100.0 million of cash from post-fiscal 2000 earnings was repatriated to the United States. Pursuant to the terms of our tax grant, no tollgate tax was due for these repatriations.

Federal Tax Credits and Ongoing IRS Examinations

Federal tax credits result principally from qualified research and development expenditures in the United States. State tax credits are comprised mainly of awards for expansion and wage credits at the Company s manufacturing facilities and research credits awarded by certain states. State income taxes and state tax credits are shown net of the

federal tax effect.

Beginning with fiscal year 2007, Mylan became a voluntary participant in the IRS Compliance Assurance Process (CAP) which results in real-time federal issue resolution. The calendar year 2007 CAP return was filed in the third quarter of calendar year 2008 and a Partial Acceptance Letter was received. Mylan did not reach agreement on a single issue that will be audited in accordance with regular IRS processes. The Company anticipates that the CAP 2007 year will be settled in the first quarter of 2009. Tax and interest continue to be accrued related to certain tax positions.

Table of Contents

FIN 48

Effective April 1, 2007, the Company adopted FIN 48, which prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. Though the validity of any tax position is a matter of tax law, the body of statutory, regulatory and interpretive guidance on the application of the law is complex and often ambiguous. Because of this, whether a tax position will ultimately be sustained may be uncertain. Prior to April 1, 2007, the impact of an uncertain tax position that did not create a difference between the financial statement basis and the tax basis of an asset or liability was included in our income tax provision if it was probable the position would be sustained upon audit. The benefit of any uncertain tax position that was temporary was reflected in our tax provision if it was more likely than not that the position would be sustained upon audit. Prior to the adoption of FIN 48, Mylan recognized interest expense based on our estimates of the ultimate outcomes of the uncertain tax positions.

Under FIN 48, the impact of an uncertain tax position that is more likely than not of being sustained upon audit by the relevant taxing authority must be recognized at the largest amount that is more likely than not to be sustained. No portion of an uncertain tax position will be recognized if the position has less than a 50% likelihood of being sustained. Also, under FIN 48, interest expense is recognized on the full amount of deferred benefits for uncertain tax positions.

As of December 31, 2008 and December 31, 2007, the Company s Consolidated Balance Sheet reflects a liability for unrecognized tax benefits of $166.5 million and $77.6 million. Accrued interest and penalties included in the Consolidated Balance Sheet were $34.8 million and $24.4 million as of December 31, 2008 and December 31, 2007. For the calendar year ended December 31, 2008 and the nine months ended December 31, 2007, Mylan recognized $8.9 million and $1.8 million for interest expense related to uncertain tax positions.

The major state taxing jurisdictions applicable to the Company remain open from fiscal year 2005 through fiscal year 2008. The major taxing jurisdictions for the Company internationally remain open from 2002 through 2008 some of which are indemnified by Merck KGaA for tax assessments.

A reconciliation of the unrecognized tax benefits from December 31, 2007 to December 31, 2008 and from March 31, 2007 to December 31, 2007 is as follows:

(in thousands)	**Unrecognized Tax Benefits**
Balance at December 31, 2007	$ 77,600
Additions for current year tax positions	49,169
Additions for prior year tax positions	538
Reductions for prior year tax positions	(3,313)
Settlements	
Reductions related to expirations of statute of limitations	(4,819)
Addition due to cumulative adjustment	47,338
Balance at December 31, 2008	$ 166,513

(in thousands)	**Unrecognized Tax Benefits**
Balance at March 31, 2007	$ 42,900
Additions for current year tax positions	5,700
Additions for prior year tax positions	4,400
Reductions for prior year tax positions	(3,300)
Settlements	(10,500)

Reductions related to expirations of statute of limitations		(1,200)
Addition due to cumulative adjustment		39,600
Balance at December 31, 2007	$	77,600

In accordance with Mylan s accounting policy, both before and after adoption of FIN 48, interest expense and penalties related to income taxes are included in the tax provision.

Table of Contents

It is anticipated that the amount of unrecognized tax benefits will decrease in the next twelve months. The Company foresees issues involving purchase accounting, state tax audits and the expiration of certain statutes of limitations having a significant impact on its results of operations, cash flows and financial position. We expect the range of the decrease of our existing reserve to be between $20.0 million and $35.0 million. We do not anticipate significant increases to the reserve within the next twelve months.

Note 14. Preferred and Common Stock

The Company entered into a Rights Agreement (the Rights Agreement) with American Stock Transfer & Trust Company, as rights agent, to provide the Board with sufficient time to assess and evaluate any takeover bid and explore and develop a reasonable response. Effective November 1999, the Rights Agreement was amended to eliminate certain limitations on the Board s ability to redeem or amend the rights to permit an acquisition and also to eliminate special rights held by incumbent directors unaffiliated with an acquiring shareholder. The Rights Agreement will expire on August 13, 2014 unless it is extended or such rights are earlier redeemed or exchanged.

In fiscal year 1985, the Board of Directors (the Board) authorized 5,000,000 shares of $0.50 par value preferred stock. Prior to November 19, 2007, no preferred stock had been issued. On November 19, 2007, the Company completed public offerings of 2,139,000 shares of 6.5% mandatory convertible preferred stock (preferred stock) at $1,000 per share, as well as an offering of 55,440,000 shares of common stock at $14.00 per share, pursuant to a shelf registration statement previously filed with the Securities and Exchange Commission.

The preferred stock will pay, when declared by the Board of Directors, dividends at a rate of 6.50% per annum on the liquidation preference of $1,000 per share, payable quarterly in arrears in cash, shares of Mylan common stock or a combination thereof at the Company s election. The first dividend date was February 15, 2008. Each share of preferred stock will automatically convert on November 15, 2010, into between 58.5480 shares and 71.4286 shares of the Company s common stock, depending on the average daily closing price per share of our common stock over the 20 trading day period ending on the third trading day prior to November 15, 2010. The conversion rate will be subject to anti-dilution adjustments in certain circumstances. Holders may elect to convert at any time at the minimum conversion rate of 58.5480 shares of common stock for each share of preferred stock.

During the calendar year ended December 31, 2008, the Company paid dividends of $137.5 million on the preferred stock. On January 29, 2009, the Company announced that a quarterly dividend of $16.25 per share was declared, payable on February 17, 2009, to the holders of preferred stock of record as of February 1, 2009. Accordingly, Mylan recorded a dividend payable of $17.5 million and $16.0 million at December 31, 2008 and December 31, 2007. The Company expects to pay dividends in cash on February 15, May 15, August 15, and November 15 (or, as applicable, the next business day) of each year prior to November 15, 2010. Under certain circumstances, the Company may not be allowed to pay dividends in cash. If this were to occur, any unpaid dividend would be payable in shares of common stock on November 15, 2010 based on the market value of common stock at that time.

Note 15. 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 and April 25, 2008 (as amended, the 2003 Plan). Under the 2003 Plan, 37,500,000 shares of common stock are available 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 2003 Plan, no more than 5,000,000 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.

Table of Contents

The following table summarizes stock option activity:

	Number of Shares Under Option	Weighted Average Exercise Price per Share
Outstanding at March 31, 2006	21,358,670	$ 15.16
Options granted	1,139,400	21.65
Options exercised	(4,053,061)	12.18
Options forfeited	(797,281)	17.28
Outstanding at March 31, 2007	17,647,728	16.17
Options granted	4,303,792	15.91
Options exercised	(459,836)	13.18
Options forfeited	(661,148)	17.51
Outstanding at December 31, 2007	20,830,536	16.15
Options granted	4,180,133	11.46
Options exercised	(107,707)	10.20
Options forfeited	(1,479,921)	16.64
Outstanding at December 31, 2008	23,423,041	$ 15.32
Vested and expected to vest at December 31, 2008	22,852,133	$ 15.35
Options exercisable at December 31, 2008	15,048,569	$ 15.86

As of December 31, 2008, options outstanding, options vested and expected to vest, and options exercisable had average remaining contractual terms of 5.93 years, 5.86 years and 4.49 years, respectively. Also at December 31, 2008, options outstanding, options vested and expected to vest and options exercisable had aggregate intrinsic values of $0.1 million, $0.1 million and $0.05 million, respectively.

A summary of the status of the Company s nonvested restricted stock and restricted stock unit awards is presented below:

Restricted Stock Awards	Number of Restricted Stock Awards	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2007	1,295,347	$ 16.95
Granted	1,699,856	11.30
Released	(367,939)	15.57
Forfeited	(83,916)	14.22
Nonvested at December 31, 2008	2,543,348	$ 13.46

Of the 1,699,856 awards granted during the calendar year ended December 31, 2008, 601,801 vest ratably over 3 years, 750,246 vest in three years, 262,388 vest one-third immediately with the remaining vesting ratably over two years, 56,421 vest in one year, and the remaining 29,000 vest ratably over four years.

As of December 31, 2008, the Company had $40.2 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 1.72 years. The total intrinsic value of stock-based awards exercised and restricted stock units converted during the calendar year ended December 31, 2008 and the nine months ended December 31, 2007 was $4.7 million and $3.3 million.

With respect to options granted under the Company s stock-based compensation plans, the fair value of each option grant was estimated at the date of grant using the Black-Scholes option pricing model. Black-Scholes utilizes assumptions related to volatility, the risk-free interest rate, the dividend yield and employee exercise behavior. Expected volatilities utilized in the model are based mainly on the historical volatility of the Company s stock price and other factors. The risk-free interest rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The model incorporates exercise and post-vesting forfeiture assumptions based on an analysis of historical data. The expected lives of the grants are derived from historical and other factors. The assumptions used are as follows:

Table of Contents

	Calendar Year Ended December 31, 2008	Nine Months Ended December 31, 2007	Fiscal Year Ended March 31, 2007
Volatility	31.0%	30.8%	34.0%
Risk-free interest rate	2.2%	4.6%	4.8%
Dividend yield	0.0%	0.0%	1.1%
Expected term of options (in years)	4.5	5.0	4.5
Forfeiture rate	5.5%	3.0%	3.0%
Weighted average grant date fair value per option	$ 3.37	$ 5.60	$ 6.90

In addition, Matrix has a stock option plan under which 3,288,965 options have been granted to its employees as of March 31, 2007. These grants were made prior to the acquisition of Matrix by Mylan. During the calendar year ended December 31, 2008 and the nine-month period ended December 31, 2007, no options were granted under the Matrix plan. As of December 31, 2008, there were 1.9 million options exercisable.

Note 16. Employee Benefits

Defined Benefit Plans

The Company sponsors various defined benefit pension plans in several countries, most of which were assumed in the acquisition of the former Merck Generics business. Benefit formulas are based on varying criteria on a plan by plan basis. Mylan s policy is to fund domestic pension liabilities in accordance with the minimum and maximum limits imposed by the Employee Retirement Income Security Act of 1974 (ERISA) and Federal income tax laws. The Company funds non-domestic pension liabilities in accordance with laws and regulations applicable to those plans, which typically results in these plans being unfunded. The amounts accrued related to these benefits were $48.3 million and $37.5 million at December 31, 2008 and December 31, 2007.

The Company has a plan covering certain employees in the United States and Puerto Rico to provide for limited reimbursement of postretirement supplemental medical coverage. In addition, in December 2001, the Supplemental Health Insurance Program for Certain Officers of the Company was adopted to provide full postretirement medical coverage to certain officers and their spouses and dependents. The program was terminated in April 2006, except with respect to certain individuals. These plans generally provide benefits to employees who meet minimum age and service requirements. The amounts accrued related to these benefits were not material at December 31, 2008 and December 31, 2007.

Effective March 31, 2007, the Company adopted SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (SFAS No. 158). The provisions of SFAS No. 158 require that the funded status of the Company s pension plans and the benefit obligations of our post-retirement benefit plans be recognized in the balance sheet. SFAS No. 158 did not change the measurement or recognition of these plans, although it did require that plan assets and benefit obligations be measured as of the balance sheet date. The Company has historically measured the plan assets and benefit obligations as of the balance sheet date. Under SFAS No. 158, changes in the funded status will be recognized in other comprehensive income until they are amortized as a component of net periodic benefit cost. The adjustments to adopt SFAS No. 158 were not material and were recorded as a component of accumulated other comprehensive income at the adoption date.

Defined Contribution Plans

The Company sponsors defined contribution plans covering certain of its employees in the United States and Puerto Rico, as well as certain employees in a number of countries related to the former Merck Generics business acquisition. Its domestic defined contribution plans consist primarily of a 401(k) retirement plan with a profit sharing component for non-union employees and a 401(k) retirement plan for union employees. Profit sharing contributions are made at the discretion of the Board. Its non-domestic plans vary in form depending on local legal requirements. The Company s contributions are based upon employee contributions, service hours, or pre-determined amounts depending upon the plan. Obligations for contributions to defined contribution plans are recognized as expense in the

Consolidated Statements of Operations when they are due. Total employer contributions to defined contribution plans were $20.4 million for the calendar year ended December 31, 2008, $12.2 million for the nine months ended December 31, 2007 and $16.5 million for the fiscal year ended March 31, 2007.

Additionally, Matrix has several defined contribution plans covering certain employees and a Provident Fund which, in accordance with Indian Law, covers all employees located in India.

Table of Contents

Other Benefit Arrangements

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

The production and maintenance employees at the Company s manufacturing facilities in Morgantown, West Virginia, are covered under a collective bargaining agreement that expires in April 2012. In addition, there are non-U.S. Mylan locations, primarily concentrated in Europe and India, that have employees who are unionized or part of works councils or trade unions. These employees represented approximately 13% and 17% of the Company s total permanent workforce at December 31, 2008 and December 31, 2007.

Note 17. 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 APIs and FDFs and the distribution of certain branded generic products. Additionally, certain general and administrative expenses, as well as litigation settlements, non-cash impairment charges and other expenses not attributable to segments are reported in Corporate/Other.

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. Amortization of intangible assets as well as other purchase accounting related items including the write-off of in-process research and development and the amortization of the inventory step-up, non-cash impairment charges and revenue related to the sale of Bystolic product rights are excluded from segment profitability. 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 Note 2 to Consolidated Financial Statements. 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.

Calendar Year Ended

December 31, 2008 (in thousands)	Generics Segment	Specialty Segment	Matrix Segment	Corporate/Other[1]	Consolidated
Total revenues					
Third party	$ 3,907,518	$ 385,963	$ 376,007	$ 468,097	$ 5,137,585
Intersegment	1,798	31,278	68,813	(101,889)	
Total	3,909,316	417,241	444,820	366,208	$ 5,137,585
Segment profitability	$ 969,929	$ 36,649	$ 25,033	$ (733,726)	$ 297,885

Nine Months Ended

December 31, 2007	Generics Segment	Specialty Segment	Matrix Segment	Corporate/Other[1]	Consolidated
Total revenues					
Third party	$ 1,812,404	$ 102,126	$ 264,231	$	$ 2,178,761
Intersegment	563	3,401	29,547	(33,511)	
Total	1,812,967	105,527	293,778	(33,511)	$ 2,178,761

Segment profitability	$ 590,363	$ 18,880	$ 18,120	$ (1,615,628)	$ (988,265)

Fiscal Year Ended

March 31, 2007	**Generics Segment**	**Specialty Segment**	**Matrix Segment**	**Corporate/Other[(1)]**	**Consolidated**
Total revenues					
Third party	$ 1,532,407	$	$ 79,412	$	$ 1,611,819
Intersegment			16,389	(16,389)	
Total	1,532,407		95,801	(16,389)	$ 1,611,819
Segment profitability	$ 712,685	$	$ 8,578	$ (293,709)	$ 427,554

Table of Contents

(1) *Includes corporate general and administrative expenses, litigation settlements, intercompany eliminations, revenue related to the sale of Bystolic product rights, amortization of intangible assets and certain purchase accounting items (such as the write-off of in-process research and development and the amortization of the inventory step-up), non-cash impairment charges, and other expenses not directly attributable to segments.*

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

(in thousands)	Calendar Year Ended December 31, 2008	Nine Months Ended December 31, 2007	Fiscal Year Ended March 31, 2007
Allergy	$ 219,308	$ 28,301	$
Anti-infective Agents	455,513	166,383	60,768
Cardiovascular	889,523	587,020	463,610
Central Nervous System	1,235,340	584,466	579,814
Dermatology	72,944	44,718	58,066
Endocrine and Metabolic	408,384	198,875	133,967
Gastrointestinal	357,489	149,804	59,655

Renal and Genitourinary	209,374	122,484	148,494
Respiratory Agents	310,993	71,167	7,810
Other[1]	472,369	209,725	74,763
	$ 4,631,237	$ 2,162,943	$ 1,586,947

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

Geographic Information

The Company s principal markets are North America, EMEA, and Asia Pacific. Net revenues are classified based on the geographic location of the customers and are as follows:

(in thousands)	**Calendar Year Ended December 31, 2008**	**Nine Months Ended December 31, 2007**	**Fiscal Year Ended March 31, 2007**
Net third-party revenues			
The Americas			
United States	$ 2,075,308	$ 1,342,564	$ 1,506,419
Other Americas	163,512	68,117	2,622
Europe[1]	1,755,807	508,549	50,958
Asia	636,610	243,713	26,948
	$ 4,631,237	$ 2,162,943	$ 1,586,947

(1) Sales in France consisted of 16% of consolidated net revenues for the calendar year ended December 31, 2008.

Note 18. Commitments

The Company leases certain property under various operating lease arrangements that expire over the next seven years. These leases generally provide the Company with the option to renew the lease at the end of the lease term. For the calendar year ended December 31, 2008, the nine months ended December 31, 2007 and the fiscal year ended March 31, 2007, the Company made lease payments of $33.0 million, $9.3 million and $3.9 million, respectively.

Table of Contents

Future minimum lease payments under these commitments are as follows:

December 31, *(in thousands)*	Operating Leases
2009	$ 30,081
2010	24,178
2011	19,230
2012	12,814
2013	10,128
Thereafter	57,905
	$ 154,336

The Company has entered into various product licensing and development agreements. In some of these arrangements, the Company provides funding for the development of the product or to obtain rights to the use of the patent, through milestone payments, in exchange for marketing and distribution rights to the product. Milestones represent the completion of specific contractual events, and it is uncertain if and when these milestones will be achieved, hence, we have not attempted to predict the period in which such milestones would possibly be incurred. In the event that all projects are successful, milestone and development payments of approximately $39.3 million would be paid subsequent to December 31, 2008.

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

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

Note 19. Contingencies

Legal Proceedings

While it is not possible to determine with any degree of certainty the ultimate outcome of the following legal proceedings, the Company believes that it has meritorious defenses with respect to the claims asserted against it and intends to vigorously defend its position. 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.

Omeprazole

On May 17, 2000, Mylan Pharmaceuticals Inc. (MPI) filed an ANDA seeking approval from the FDA to manufacture, market and sell omeprazole delayed-release capsules and on August 8, 2000 made Paragraph IV certifications to several patents owned by AstraZeneca PLC (AstraZeneca) that were listed in the FDA s Orange Book. On September 8, 2000, AstraZeneca filed suit against MPI and Mylan in the U.S. District Court for the Southern District of New York alleging infringement of several of AstraZeneca s patents. On May 29, 2003, the FDA approved MPI s ANDA for the 10 mg and 20 mg strengths of omeprazole delayed-release capsules, and, on August 4, 2003, Mylan announced that MPI had commenced the sale of omeprazole 10 mg and 20 mg delayed-release capsules. AstraZeneca then amended the pending lawsuit to assert claims against Mylan and MPI and filed a separate lawsuit

against MPI s supplier, Esteve Quimica S.A. (Esteve), for unspecified money damages and a finding of willful infringement. MPI has certain indemnity obligations to Esteve in connection with this litigation. On May 31, 2007, the district court ruled in Mylan s and Esteve s favor by finding that the asserted patents were not infringed by Mylan s/Esteve s products. On July 18, 2007, AstraZeneca appealed the decision to the United States Court of Appeals for the Federal Circuit. On June 10, 2008, the appellate court issued a judgment and decision affirming the district court s finding of noninfringement and the mandate was issued on July 1, 2008.

Table of Contents

Lorazepam and Clorazepate

On June 1, 2005, a jury verdict was rendered against Mylan, 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 $9.0 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 December 31, 2008) 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 has submitted objections to the magistrate judge s recommendations and now pending is the district court s determination of whether to accept or reject those recommendations. If the magistrate s recommendations on prejudgment interest are accepted, Mylan intends to contest these rulings as part of its pending appeal.

Pricing and Medicaid Litigation

On June 26, 2003, MPI and 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 Laboratories Inc. (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 an unspecified amount in money damages, civil penalties and/or treble damages, counsel fees and costs, and injunctive relief. In each of these matters Mylan, MPI and/or UDL either 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

Table of Contents

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 our 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, L.P. is a defendant currently in lawsuits brought by the state AG s 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, the U.S. federal government filed a claim against Dey, L.P. in August 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. In conjunction with the former Merck Generics business acquisition by Mylan, Mylan is entitled to indemnification by Merck KGaA for these Dey pricing related suits.

The Company has approximately $118.6 million recorded in other liabilities related to the price-related litigation involving Dey. As stated above, in conjunction with the former Merck Generics business acquisition, Mylan is entitled to indemnification from Merck KGaA under the Share Purchase Agreement. As a result, the Company has recorded approximately $119.7 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 MTI 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 is cooperating 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

In March 2004, Mylan Inc. and MPI, along with Dr. Reddy s Laboratories, Inc., were named in a civil lawsuit filed in the Northern District of Georgia by UCB Society Anonyme and UCB Pharma, Inc. (UCB) alleging infringement of U.S. Patent No. 4,943,639 relating to levetiracetam tablets. This litigation was settled in October 2007. Under the terms of the settlement, Mylan was granted the right to market 250 mg, 500 mg, and 750 mg levetiracetam tablets in the United States beginning on November 1, 2008, provided that UCB obtained pediatric exclusivity for its product and Mylan obtained final approval for its ANDA from the FDA. Pediatric exclusivity has been granted. In addition, by letter dated November 19, 2007, Mylan was notified by the FTC of an investigation

Table of Contents

relating to the settlement of the levetiracetam patent litigation. In its letter, the FTC requested certain information from Mylan pertaining to the patent litigation and the settlement thereof. On April 9, 2008, the FTC issued a civil investigative demand requesting additional information from Mylan relating to the investigation. Mylan is cooperating fully with the government s investigation and has complied with all requests for information. Mylan launched its 250 mg, 500 mg, and 750 mg levetiracetam tablet products in November 2008.

Digitek® 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 is 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 198 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 adverse effect 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 ANDA product infringed a patent asserted against them by Takeda Pharmaceuticals North America, Inc. and Takeda Chemical Industries, Ltd (hereinafter, Takeda) and that the patent was enforceable. That same court also held that Alphapharm Pty, Ltd and Genpharm, Inc. 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 have been paid, Mylan and Alphapharm/Genpharm intend to continue to challenge the exceptional case findings by filing petitions for writ of certiorari with the United States Supreme Court.

Litigation related to the former Merck Generics Business

Generics UK Ltd. was accused of having been involved in pricing agreements pertaining to certain drugs during the years 1996 to 2000. Generics UK Ltd. was able to settle civil claims for damages brought by the National Health Service in England, and Wales, and health authorities in Scotland and Northern Ireland out of court, without any admission of liability. In addition to these civil claims, in 2006 criminal proceedings were filed in Southwark Crown Court against Generics UK Ltd. and other companies, as well as against a number of individuals who were alleged to be responsible for decision making in the companies. In early 2008, the House of Lords ruled that a price fixing cartel was not at the relevant times a criminal offense. The case was remanded back to the Crown Court for the prosecution to make an application to amend the indictment. On July 11, 2008, the Crown Court refused to allow the prosecution s application, quashed the indictment and denied the prosecution s application for permission to appeal. On July 17, 2008, the prosecution applied to the Court of Appeal (Criminal Division) for permission to appeal. On December 3, 2008, the Court of Appeal denied the prosecution s application for permission to appeal. Accordingly, all civil and criminal proceedings relating to the above described pricing agreements have now been either terminated or resolved.

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 former Merck Generics business acquisition. While it is not possible 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.

Table of Contents

Management s Report on Internal Control over Financial Reporting

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

In conducting the December 31, 2008 assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control Integrated Framework* (COSO). As a result of this assessment and based on the criteria in the COSO framework, management has concluded that, as of December 31, 2008, the Company s internal control over financial reporting was effective.

Our independent registered public accounting firm, Deloitte & Touche LLP, has audited ths internal control over financial reporting. Deloitte & Touche LLP s opinion on the Company s internal control over financial reporting appears on page 122 of this Form 10-K.

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Mylan Inc.:

We have audited the accompanying consolidated balance sheets of Mylan Inc. and subsidiaries (the Company) as of December 31, 2008 and 2007, and the related consolidated statements of operations, shareholders equity, and cash flows for the year ended December 31, 2008, the nine months ended December 31, 2007 and the year ended March 31, 2007. Our audits also included the consolidated financial statement schedule included in Item 15. These financial statements, and financial statement schedule, are the responsibility of the Company s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 Inc. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the year ended December 31, 2008, the nine months ended December 31, 2007, and the year ended March 31, 2007, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 13 to the consolidated financial statements, effective April 1, 2007, the Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109*.

As discussed in Note 1 to the consolidated financial statements, effective October 2, 2007, the Company changed its fiscal year to begin on January 1 and end on December 31.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2008, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 16, 2009 expressed an unqualified opinion on the Company s internal control over financial reporting.

/s/ Deloitte & Touche LLP

Pittsburgh, Pennsylvania

February 16, 2009

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Mylan Inc.:

We have audited the internal control over financial reporting of Mylan Inc. and subsidiaries (the Company) as of December 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and consolidated financial statement schedule as of and for the year ended December 31, 2008 of the Company and our report dated February 16, 2009 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP
Pittsburgh, Pennsylvania
February 16, 2009

Table of Contents

Mylan Inc.
Supplementary Financial Information
Quarterly Financial Data
(unaudited, in thousands, except per share data)
Calendar Year Ended December 31, 2008

	Three-Month Period Ended			
	March 31, 2008[3]	**June 30, 2008**	**September 30, 2008[4]**	**December 31, 2008**
Total revenues	$1,074,461	$1,203,122	$1,656,848	$1,203,154
Gross profit	350,221	414,210	911,137	394,653
Net (loss) earnings available to common shareholders	(443,893)	(8,366)	171,999	(39,990)
(Loss) earnings per share[1]:				
Basic	$ (1.46)	$ (0.03)	$ 0.56	$ (0.13)
Diluted	$ (1.46)	$ (0.03)	$ 0.45	$ (0.13)
Share prices[2]:				
High	$ 15.40	$ 13.35	$ 14.02	$ 11.28
Low	$ 10.33	$ 11.40	$ 10.85	$ 5.77

Nine Months Ended December 31, 2007

	Three-Month Period Ended		
	June 30, 2007	**September 30, 2007**	**December 31, 2007[5]**
Total revenues	$546,321	$477,091	$ 1,155,349
Gross profit	296,708	221,641	356,099
Net (loss) earnings available to common shareholders	79,727	149,827	(1,383,577)
(Loss) earnings per share[1]:			
Basic	$ 0.32	$ 0.60	$ (5.04)
Diluted	$ 0.32	$ 0.60	$ (5.04)
Share prices[2]:			
High	$ 22.64	$ 18.19	$ 16.87
Low	$ 18.19	$ 14.00	$ 13.25

(1) The sum of earnings per share for the quarters may not equal earnings per share for the total year due to changes in the average number of common shares outstanding and the effect of the if-converted

method related to our outstanding mandatorily redeemable preferred stock.

(2) Closing prices for all dates prior to December 29, 2008 are as reported on the New York Stock Exchange. Closing prices for December 31, 2008 are as reported on The NASDAQ Stock Market.

(3) The results for the three months ended March 31, 2008, include a $385.0 million non-cash goodwill impairment charge.

(4) The results for the three months ended September 30, 2008, include $455.0 million of revenue and gross profit related to the sale of the Bystolic product rights.

(5) The results for the three months ended

December 31, 2007, include the results of the former Merck Generics business since its acquisition on October 2, 2007, and certain purchase accounting adjustments, including $1.27 billion related to acquired in-process research and development.

Table of Contents

ITEM 15. Exhibits, Financial Statement Schedules

1. *Consolidated Financial Statements*

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

2. *Financial Statement Schedules*

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

Description	Beginning Balance	Additions (Deductions) Charged to Costs and Expenses	Additions (Deductions) Charged to Other Accounts	Deductions	Ending Balance
Allowance for doubtful accounts:					
Calendar year ended December 31, 2008	$38,088	$ (2,355)	$ (2,502)	$(6,338)	$ 26,893
Nine months ended December 31, 2007	$15,149	$ 9,959	$ 13,255*	$ (275)	$ 38,088
Fiscal year ended March 31, 2007	$10,954	$ (500)	$ 4,778**	$ (83)	$ 15,149
Valuation allowance for deferred tax assets:					
Calendar year ended December 31, 2008	$76,100	$53,421	$(16,285)	$(3,042)	$110,194
Nine months ended December 31, 2007	$18,355	$33,545	$ 24,200*	$	$ 76,100
Fiscal year ended March 31, 2007	$ 1,644	$ 5,531	$ 11,180**	$	$ 18,355

* Allowance recorded as part of the former Merck Generics business acquisition.

** Allowance recorded as part of the Matrix acquisition.

3. *Exhibits*

3.1(a) Amended and Restated Articles of Incorporation of the registrant, filed as Exhibit 3.1 to the Form 10-Q for the quarterly period ended June 30, 2003, and incorporated herein by reference.

3.1(b) Amendment to Amended and Restated Articles of Incorporation of the registrant, filed as Exhibit 3.2 to the Report on Form 8-K filed with the SEC on October 5, 2007, and incorporated herein by reference.

3.1(c) Amendment to Amended and Restated Articles of Incorporation of the registrant, filed as Exhibit 3.1 to the Report on Form 8-K filed with the SEC on November 20, 2007, and incorporated herein by reference.

3.2	Bylaws of the registrant, as amended to date, filed as Exhibit 3.1 to the Report of Form 8-K filed on December 21, 2007, and incorporated herein by reference.
4.1(a)	Rights Agreement dated as of August 22, 1996, between the registrant and American Stock Transfer & Trust Company, filed as Exhibit 4.1 to 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.

Table of Contents

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	1986 Incentive Stock Option Plan, as amended to date, filed as Exhibit 10(b) to Form 10-K for the fiscal year ended March 31, 1993, and incorporated herein by reference.*
10.2	1997 Incentive Stock Option Plan, as amended to date, filed as Exhibit 10.3 to Form 10-Q for the quarter ended September 30, 2002, and incorporated herein by reference.*
10.3	1992 Nonemployee Director Stock Option Plan, as amended to date, filed as Exhibit 10(l) to Form 10-K for the fiscal year ended March 31, 1998, and incorporated herein by reference.*
10.4(a)	Amended and Restated 2003 Long-Term Incentive Plan, filed as Appendix A to Definitive Proxy Statement on Schedule 14A, filed with the SEC on March 28, 2008, and incorporated herein by reference.*
10.4(b)	Form of Stock Option Agreement under the 2003 Long-Term Incentive Plan, filed as Exhibit 10.4(b) to Form 10-K for the fiscal year ended March 31, 2005, and incorporated herein by reference.*
10.4(c)	Form of Restricted Share Award under the 2003 Long-Term Incentive Plan, filed as Exhibit 10.4(c) to Form 10-K for the fiscal year ended March 31, 2005, and incorporated herein by reference.*
10.4(d)	Amendment No. 1 to the Amended and Restated 2003 Long-Term Incentive Plan, dated as of December 17, 2008, filed as Exhibit 10.4(d) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*

10.5	Mylan Inc. Severance Plan, amended as of December 17, 2008, filed as Exhibit 10.5 to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*
10.6	3.75% Cash Convertible Notes due 2015 Purchase Agreement dated September 9, 2008, among the registrant and the initial purchaser named therein, filed as Exhibit 1.1 to the Report on Form 8-K filed with the SEC on September 15, 2008, and incorporated herein by reference.
10.7(a)	Confirmation of OTC Convertible Note Hedge Transaction dated September 9, 2008, among the registrant, Merrill Lynch International and Merrill Lynch, Pierce, Fenner & Smith Incorporated, filed as Exhibit 10.1 to the Report on Form 8-K filed with the SEC on September 15, 2008, and incorporated herein by reference.
10.7(b)	Confirmation of OTC Convertible Note Hedge Transaction, amended as of November 25, 2008, among the registrant, Merrill Lynch International and Merrill Lynch, Pierce, Fenner & Smith Incorporated, filed as Exhibit 10.7(b) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.
10.8	Confirmation of OTC Convertible Note Hedge Transaction dated September 9, 2008, between the registrant and Wells Fargo Bank, National Association, filed as Exhibit 10.2 to the Report on Form 8-K filed with the SEC on September 15, 2008, and incorporated herein by reference.
10.9	Confirmation of OTC Warrant Transaction dated September 9, 2008, among the registrant, Merrill Lynch International and Merrill Lynch, Pierce, Fenner & Smith Incorporated, filed as Exhibit 10.3 to the Report on Form 8-K filed with the SEC on September 15, 2008, and incorporated herein by reference.
10.10	Confirmation of OTC Warrant Transaction dated September 9, 2008, between the registrant and Wells Fargo Bank, National Association, filed as Exhibit 10.4 to the Report on Form 8-K filed with the SEC on September 15, 2008, and incorporated herein by reference.

Table of Contents

10.11	Amendment to Confirmation of OTC Warrant Transaction dated September 15, 2008 among the registrant, Merrill Lynch International and Merrill Lynch, Pierce, Fenner & Smith Incorporated, filed as Exhibit 10.5 to the Report on Form 8-K filed with the SEC on September 15, 2008, and incorporated herein by reference.
10.12	Amendment to Confirmation of OTC Warrant Transaction dated September 15, 2008, between the registrant and Wells Fargo Bank, National Association, filed as Exhibit 10.6 to the Report on Form 8-K filed with the SEC on September 15, 2008, and incorporated herein by reference.
10.13	Amendment to Confirmation of OTC Warrant Transaction dated as of September 9, 2008 among Mylan Inc., Merrill Lynch International and Merrill Lynch, Pierce, Fenner & Smith Incorporated, filed as Exhibit 10.7 to the Report on Form 8-K filed with the SEC on September 15, 2008, and incorporated herein by reference.
10.14	Amendment to Confirmation of OTC Warrant Transaction dated as of September 9, 2008 among Mylan Inc., Merrill Lynch International and Merrill Lynch, Pierce, Fenner & Smith Incorporated, filed as Exhibit 10.8 to the Report on Form 8-K filed with the SEC on September 15, 2008, and incorporated herein by reference.
10.15	Calculation Agent Agreement dated September 9, 2008, among the registrant, Wells Fargo Bank, National Association and Goldman Sachs International, filed as Exhibit 10.9 to the Report on Form 8-K filed with the SEC on September 15, 2008, and incorporated herein by reference.
10.16(a)	Amended and Restated Executive Employment Agreement dated as of April 3, 2006, between the registrant and Robert J. Coury filed as Exhibit 10.5 to Form 10-K for the fiscal year ended March 31, 2006, and incorporated herein by reference.*
10.16(b)	Amendment No. 1 to Amended and Restated Executive Employment Agreement, dated as of December 22, 2008, between the registrant and Robert J. Coury, filed as Exhibit 10.16(b) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*
10.17(a)	Executive Employment Agreement dated as of July 1, 2004, between the registrant and Edward J. Borkowski, filed as Exhibit 10.27 to Form 10-Q/A for the quarter ended September 30, 2004, and incorporated herein by reference.*
10.17(b)	Amendment No. 1 to Executive Employment Agreement dated as of April 3, 2006, between the registrant and Edward J. Borkowski filed as Exhibit 10.6(b) to Form 10-K for the fiscal year ended March 31, 2006, and incorporated herein by reference.*
10.17(c)	Amendment No. 2 to Executive Employment Agreement dated as of March 12, 2008, by and between registrant and Edward J. Borkowski filed as Exhibit 99.1 to the Report on Form 8-K filed with the SEC on March 12, 2008, and incorporated herein by reference.*
10.17(d)	Amendment No. 3 to Executive Employment Agreement dated as of December 22, 2008, by and between registrant and Edward J. Borkowski, filed as Exhibit 10.17(d) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*
10.18(a)	

	Executive Employment Agreement, dated as of January 31, 2007, between the registrant and Heather Bresch filed as Exhibit 10.3 to Form 10-Q for the quarter ended March 31, 2008, and incorporated herein by reference.*
10.18(b)	Amendment No. 1 to Executive Employment Agreement dated as of October 2, 2007, by and between the registrant and Heather Bresch filed as Exhibit 10.4 to Form 10-Q for the quarter ended March 31, 2008, and incorporated herein by reference.*
10.18(c)	Amendment No. 2 to Executive Employment Agreement dated as of December 22, 2008, by and between the registrant and Heather Bresch, filed as Exhibit 10.18(c) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*
10.19(a)	Executive Employment Agreement, dated as of January 31, 2007, between the registrant and Rajiv Malik filed as Exhibit 10.6 to Form 10-Q for the quarter ended March 31, 2008, and incorporated herein by reference.*
10.19(b)	Amendment No. 1 to Executive Employment Agreement dated as of October 2, 2007, by and between the registrant and Rajiv Malik filed as Exhibit 10.7 to Form 10-Q for the quarter ended March 31, 2008, and incorporated herein by reference.*
10.19(c)	Amendment No. 2 to Executive Employment Agreement dated as of December 22, 2008, by and between the registrant and Rajiv Malik, filed as Exhibit 10.19(c) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*
10.20(a)	Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and Robert J. Coury filed as Exhibit 10.7 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.20(b)	Amendment No. 1 to Retirement Benefit Agreement dated as of April 3, 2006, between the registrant and Robert J. Coury filed as Exhibit 10.11(b) to Form 10-K for the fiscal year ended March 31, 2006, and incorporated herein by reference.*
10.20(c)	Amendment No. 2 to Retirement Benefit Agreement dated as of December 22, 2008, between the registrant and Robert J. Coury, filed as Exhibit 10.20(c) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*

Table of Contents

10.21(a)	Retirement Benefit Agreement dated as of December 31, 2004, between the registrant and Edward J. Borkowski, filed as Exhibit 10.8 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.21(b)	Amendment No. 1 to Retirement Benefit Agreement dated as of April 3, 2006, between the registrant and Edward J. Borkowski filed as Exhibit 10.12(b) to Form 10-K for the fiscal year ended March 31, 2006, and incorporated herein by reference.*
10.21(c)	Amendment No. 2 to Retirement Benefit Agreement dated as of December 22, 2008, between the registrant and Edward J. Borkowski, filed as Exhibit 10.21(c) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*
10.22	Retirement Benefit Agreement dated January 27, 1995, between the registrant and C.B. Todd, filed as Exhibit 10(b) to Form 10-K for the fiscal year ended March 31, 1995, and incorporated herein by reference.*
10.23(a)	Retirement Benefit Agreement dated January 27, 1995, between the registrant and Milan Puskar, filed as Exhibit 10(b) to Form 10-K for the fiscal year ended March 31, 1995, and incorporated herein by reference.*
10.23(b)	First Amendment to Retirement Benefit Agreement dated September 27, 2001, between the registrant and Milan Puskar, filed as Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2001, and incorporated herein by reference.*
10.23(c)	Amendment No. 2 to Retirement Benefit Agreement dated as of April 25, 2008, by and between registrant and Milan Puskar, filed as Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2008, and incorporated herein by reference.*
10.24	Split Dollar Life Insurance Arrangement between the registrant and the Milan Puskar Irrevocable Trust filed as Exhibit 10(h) to Form 10-K for the fiscal year ended March 31, 1996, and incorporated herein by reference.*
10.25(a)	Transition and Succession Agreement dated as of December 15, 2003, between the registrant and Robert J. Coury, filed as Exhibit 10.19 to Form 10-Q for the quarter ended December 31, 2003, and incorporated herein by reference.*
10.25(b)	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and Robert J. Coury, filed as Exhibit 10.1 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.25(c)	Amendment No. 2 to Transition and Succession Agreement dated as of April 3, 2006, between the registrant and Robert J. Coury filed as Exhibit 10.19(c) to Form 10-K for the fiscal year ended March 31, 2006, and incorporated herein by reference.*
10.25(d)	Amendment No. 3 to Transition and Succession Agreement dated as of December 22, 2008, between the registrant and Robert J. Coury, filed as Exhibit 10.25(d) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*

10.26(a)	Transition and Succession Agreement dated as of December 15, 2003, between the registrant and Edward J. Borkowski, filed as Exhibit 10.20 to Form 10-Q for the quarter ended December 31, 2003, and incorporated herein by reference.*
10.26(b)	Amendment No. 1 to Transition and Succession Agreement dated as of December 2, 2004, between the registrant and Edward J. Borkowski, filed as Exhibit 10.2 to Form 10-Q for the quarter ended December 31, 2004, and incorporated herein by reference.*
10.26(c)	Amendment No. 2 to Transition and Succession Agreement dated as of April 3, 2006, between the registrant and Edward J. Borkowski filed as Exhibit 10.20(c) to Form 10-K for the fiscal year ended March 31, 2006, and incorporated herein by reference.*
10.26(d)	Amendment No. 3 to Transition and Succession Agreement dated as of December 22, 2008, between the registrant and Edward J. Borkowski, filed as Exhibit 10.26(d) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*
10.27(a)	Amended and Restated Transition and Succession Agreement dated as of October 2, 2007, between the registrant and Heather Bresch, filed as Exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2008, and incorporated herein by reference.*
10.27(b)	Amendment No. 1 to Transition and Succession Agreement dated as of December 22, 2008, between the registrant and Heather Bresch, filed as Exhibit 10.27(b) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*
10.28(a)	Transition and Succession Agreement dated as of January 31, 2007, between the registrant and Rajiv Malik, filed as Exhibit 10.5 to Form 10-Q for the quarter ended March 31, 2008, and incorporated herein by reference.*
10.28(b)	Amendment No. 1 to Transition and Succession Agreement dated as of December 22, 2008, between the registrant and Rajiv Malik, filed as Exhibit 10.28(b) to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*
10.29	Executives Retirement Savings Plan, filed as Exhibit 10.14 to Form 10-K for the fiscal year ended March 31, 2001, and incorporated herein by reference.*

Table of Contents

10.30	Supplemental Health Insurance Program For Certain Officers of the registrant, effective December 15, 2001, filed as Exhibit 10.1 to Form 10-Q for the quarter ended December 31, 2001, and incorporated herein by reference.*
10.31	Form of Indemnification Agreement between the registrant and each Director, filed as Exhibit 10.31 to Form 10-Q/A for the quarter ended September 30, 2004, and incorporated herein by reference.*
10.32	Description of the registrant s Director Compensation Arrangements in effect as of the date hereof, filed as Exhibit 10.32 to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*
10.33	Agreement Regarding Consulting Services and Shareholders Agreement dated as of December 31, 2007 by and among the registrant, MP Laboratories (Mauritius) Ltd, Prasad Nimmagadda, Globex and G2 Corporate Services Limited, filed as Exhibit 10.26 to Form 10-KT/A for the period ended December 31, 2007, and incorporated herein by reference.
10.34(a)	Share Purchase Agreement dated May 12, 2007 by and among Merck Generics Holding GmbH, Merck Internationale Beteiligung GmbH, Merck KGaA and the registrant, filed with the Report on Form 8-K filed with the SEC on May 17, 2007, and incorporated herein by reference.
10.34(b)	Amendment No. 1 to Share Purchase Agreement by and among the registrant and Merck Generics Holding GmbH, Merck S.A. Merck Internationale Beteiligung GmbH and Merck KGaA, filed as Exhibit 10.1 to the Report on Form 8-K filed with the SEC on October 5, 2007, and incorporated herein by reference.
10.35	Amended and Restated Credit Agreement dated as of December 20, 2007 by and among the registrant, Mylan Luxembourg 5 S.à.r.l., certain lenders and JPMorgan Chase Bank, National Association, as Administrative Agent, filed as Exhibit 10.1 to the Report on Form 8-K filed with the SEC on December 27, 2007, and incorporated herein by reference.
10.36	Separation Agreement and Release dated February 20, 2009, by and between the registrant and Edward J. Borkowski, filed as Exhibit 10.36 to Form 10-K for the fiscal year ended December 31, 2008, and incorporated herein by reference.*
21	Subsidiaries of the registrant.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Denotes management contract or compensatory

plan or
arrangement.

Table of Contents

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form to be signed on its behalf by the undersigned, thereunto duly authorized on March 2, 2009.

Mylan Inc.

by /s/ EDWARD J. BORKOSKI
Edward J. Borkowski
Executive Vice President and
Chief Financial Officer

Table of Contents

EXHIBIT INDEX

23 Consent of Independent Registered Public Accounting Firm.

31.1 Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32 Certification of CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.