MYLAN INC.
Form 424B3
November 15, 2007

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CALCULATION OF REGISTRATION FEE

Title of each class of securities offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
6.50% Mandatory Convertible Preferred Stock	$ 2,139,000,000	$ 65,667.30

(1) Calculated in accordance with Rule 457(r).

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-140778

PROSPECTUS SUPPLEMENT
(To prospectus dated February 20, 2007)

1,860,000 Shares

Mylan Inc.
6.50% Mandatory Convertible Preferred Stock

We are offering 1,860,000 shares of our 6.50% mandatory convertible preferred stock.

We will pay annual dividends on each share of our mandatory convertible preferred stock at a rate of 6.50% per share on the initial liquidation preference thereof of $1,000.00 per share. Dividends will accrue and cumulate from the date of issuance and, to the extent that we are legally permitted to pay dividends and our board of directors declares a dividend payable, we will pay dividends in cash, common stock or a combination thereof, on February 15, May 15, August 15 and November 15 of each year through and including November 15, 2010. The first dividend payment will be made on February 15, 2008, in the expected amount of $15.53 per share of our mandatory convertible preferred stock, which reflects the time period from the expected date of issuance to February 15, 2008.

Each share of our mandatory convertible preferred stock has a liquidation preference of $1,000.00, plus accrued, cumulated and unpaid dividends. Each share of our mandatory convertible preferred stock will automatically convert on November 15, 2010, into between 58.5480 and 71.4286 shares of our common stock, subject to anti-dilution adjustments, 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 such date. At any time prior to November 15, 2010, holders may elect to convert each share of our mandatory convertible preferred stock into 58.5480 shares of common stock, subject to anti-dilution adjustments.

Prior to this offering, there has been no public market for our mandatory convertible preferred stock. Our mandatory convertible preferred stock has been approved for listing on the New York Stock Exchange under the symbol MYLPrA, subject to official notice of issuance and satisfaction of its minimum listing standards. Our common stock is listed on the New York Stock Exchange under the symbol MYL. The last reported sale price of our common stock on November 13, 2007 was $14.35 per share.

Concurrently with this offering of mandatory convertible preferred stock, we are offering 53,500,000 shares of our common stock (61,525,000 shares if the underwriters exercise their overallotment option in full). The common stock will be offered pursuant to a separate prospectus supplement. This prospectus supplement shall not be deemed an offer to sell or a solicitation to buy any of our common stock. This offering is not conditioned upon the successful completion of the common stock offering.

Investing in our mandatory convertible preferred stock involves risks. See Risk Factors beginning on page S-16.

	Per Share	Total
Public offering price	$1,000	$1,860,000,000
Underwriting discount	$30	$55,800,000
Proceeds before expenses, to us	$970	$1,804,200,000

The underwriters may also purchase up to an additional 279,000 of our 6.50% mandatory convertible preferred stock from us at the public offering price, less the underwriting discount, within 30 days following the date of this prospectus supplement to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares against payment on or about November 19, 2007.

Merrill Lynch & Co. **Goldman, Sachs & Co.**

Citi

JPMorgan

Cowen and Company

Banc of America Securities LLC

Mitsubishi UFJ Securities

The date of this prospectus supplement is November 13, 2007.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. Under this shelf process, we may, from time to time, sell securities in one or more offerings. In this prospectus supplement, we provide you with specific information about the shares of our mandatory convertible preferred stock that we are selling in this offering. Both this prospectus supplement and the accompanying prospectus include important information about us, our mandatory convertible preferred stock and other information you should know before investing. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus. You should read both this prospectus supplement and the accompanying prospectus as well as additional information described under Incorporation of Certain Documents by Reference on page ii of the accompanying prospectus and Where You Can Find More Information before investing in our mandatory convertible preferred stock.

You should rely only on the information incorporated by reference or provided in this prospectus supplement and the accompanying prospectus or which we or the underwriters provide to you. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. If anyone provided you with additional or different information, you should not rely on it. Neither we nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

CHANGE OF NAME AND FISCAL YEAR

We amended our articles of incorporation to change our name from Mylan Laboratories Inc. to Mylan Inc., effective as of October 2, 2007.

On October 2, 2007, we also amended our bylaws to change our fiscal year. Our fiscal year previously commenced April 1 and ended March 31. Our fiscal year will now begin on January 1 and end on December 31. As a result of this change, we will be required to file a transition report on Form 10-K for the nine-month period ending December 31, 2007 and will thereafter report based on our changed fiscal year. The historical information for Mylan that is incorporated by reference in this prospectus supplement and the accompanying prospectus for periods through September 30, 2007 is based on fiscal years ended March 31.

FINANCIAL INFORMATION OF MERCK GENERICS AND EXCHANGE RATE INFORMATION

The generic pharmaceutical business, or Merck Generics, we acquired from Merck KGaA has a fiscal year end of December 31. The unaudited pro forma condensed combined financial information included and incorporated by reference in this prospectus supplement for the year ended March 31, 2007 is derived from the audited Mylan historical financial information for the year ended March 31, 2007, incorporated by reference in this prospectus supplement from our Annual Report on Form 10-K, the unaudited Matrix historical financial information for the nine months ended December 31, 2006 which is incorporated by reference in this prospectus supplement from our Current Report on Form 8-K/A filed on February 20, 2007 and the audited Merck Generics historical financial information for the year ended December 31, 2006 which is incorporated by reference in this prospectus supplement from our Current Report on Form 8-K/A filed on November 1, 2007. Similarly, the unaudited pro forma condensed combined financial information for the six months ended September 30, 2007 which is included and incorporated by reference in this prospectus supplement is derived from the unaudited Mylan interim financial information for the six months ended September 30, 2007 incorporated by reference in this prospectus supplement from our Quarterly Report

on Form 10-Q and the unaudited Merck Generics interim financial information for the six months ended June 30, 2007 incorporated by reference in this prospectus supplement from our Current Report on Form 8-K/A filed on November 1, 2007. The financial statements of Merck Generics incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, or IFRS, and

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are reported in Euros. For purposes of the pro forma information included herein, all amounts have been converted into amounts prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP.

The following table shows, for the periods indicated, information concerning the exchange rate between the U.S. dollar and the Euro. This information is provided solely for your information, and we do not represent that Euros could be converted into U.S. dollars at these rates or at any other rate.

The data provided in the following table is expressed in U.S. dollars per Euro and is based on noon buying rates published by the Federal Reserve Bank of New York for the Euro. On October 31, 2007 the exchange rate was 1.00 = $1.4468.

Annual Data	Period End(1)	Average(2)
2004	$ 1.3538	$ 1.2438
2005	1.1842	1.2449
2006	1.3197	1.2563
2006 interim (through June 30)	1.2779	1.2309
2007 (through June 30)	1.3520	1.3300

(1) The period-end rate is the noon buying rate on the last business day of the applicable period.

(2) The average rates for the interim and annual periods were calculated by taking the simple average of the daily noon buying rates of each business day in the period, as published by the Federal Reserve Bank of New York.

MARKET, RANKING AND OTHER DATA

The data included in this prospectus supplement regarding markets and ranking, including the size of certain markets and our position and the position of our competitors within these markets, is based on published industry sources, subscription services and our estimates. Our estimates are based on information obtained from our customers, suppliers, trade and business organizations and other contacts in the markets in which we operate. We believe these estimates to be accurate as of the date of this prospectus supplement. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for our estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that market, ranking and other similar data included in this prospectus supplement, and estimates and beliefs based on that data, may not be reliable. We cannot guarantee the accuracy or completeness of such information contained in this prospectus supplement.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Such forward-looking information about us is intended to be covered by the safe harbor to forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this prospectus supplement or the accompanying prospectus or may be incorporated in this prospectus supplement or the accompanying prospectus by reference to other documents and may include statements

for the period following the completion of this transaction. Our representatives may also make forward-looking statements. When used in this document, the words anticipate, may, can, could, continue, plan, feel, fore estimate, expect, project, potential, intend, likely, will, should, would, to be and any

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similar expressions and any other statements that are not historical facts, in each case as they relate to us, our management or the Transactions (as defined below) are intended to identify those assertions as forward-looking statements. In making any of those statements, the person making them believes that its expectations are based on reasonable assumptions. However, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected or anticipated. These forward-looking statements are subject to numerous risks and uncertainties, including the risks described under Risk Factors in this prospectus supplement as well as under Risk Factors in our Annual Report on Form 10-K for the period ended March 31, 2007, and our Quarterly Report on Form 10-Q for the period ended September 30, 2007, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Forward-looking statements speak only as of the date on which they are made. We expressly disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Some of these risks and uncertainties include, but are not limited to:

- risks relating to the integration of Merck Generics and the failure to achieve anticipated cost savings;
- risks related to our rapid growth;
- risks related to us being a global business;
- risks of us not being able to commercialize new products on a timely basis;
- challenges by tax regulators of our transfer pricing arrangements;
- market acceptance of new products or of existing products in new markets;
- risks related to product or market concentration;
- regulatory delays and uncertainties;
- new and existing legislation affecting our business;
- unsuccessful research and development;
- risks related to our substantial indebtedness;
- supplier concentration;
- risk in migrating from the Merck name and transitional services provided by Merck KGaA;
- concentration of manufacturing facilities;
- litigation, including product liability claims and patent litigation;
- loss of key senior management or scientific staff;
- macroeconomic conditions and general industry conditions, such as the competitive environment of the generic pharmaceutical industry;

changes in political, social or economic circumstances in the markets where we operate;

labor relations;

fluctuations in interest rates or foreign currency exchange rates and other adverse financial market conditions;

changes in tax and other laws;

our ability to protect our intellectual property;

pricing pressures from reimbursement policies of private managed care organizations and other third-party payors, including government sponsored health systems;

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- the continued consolidation of the distribution network through which we sell our products, including wholesale drug distributors and the growth of large retail drug store chains;

- government regulation affecting the development, manufacture, marketing and sale of pharmaceutical products, including our ability and the ability of companies with which we do business to obtain necessary regulatory approvals;

- our ability to successfully complete the implementation of a new enterprise resource planning system in the U.S. without disrupting our business;

- our ability to manage the growth of our business by successfully identifying, developing, acquiring or licensing and marketing new products, obtain regulatory approval and customer acceptance of those products, and continued customer acceptance of our existing products; and

- other risks detailed from time-to-time in our periodic reports filed with the SEC, our financial statements and other investor communications.

Actual results or performance by us could differ materially from those expressed in, or implied by, any forward-looking statements relating to those matters. Accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do occur, what impact they will have on the results of operations or financial condition of the company. Except as required by law, we are under no obligation, and expressly disclaim any obligation, to update, alter or otherwise revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information more fully described elsewhere in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information you should consider before investing in our mandatory convertible preferred stock. You should read this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein and therein carefully, especially the risks of investing in our mandatory convertible preferred stock discussed in Risk Factors below and in the incorporated documents.

On October 2, 2007, we acquired the generics businesses, or Merck Generics, of Merck KGaA, which we refer to as the Acquisition. In this prospectus supplement, we refer to the initial borrowings under the senior secured credit agreement and the senior unsecured interim loan agreement, both dated October 2, 2007, to finance the Acquisition as the Financings.

In this prospectus supplement, except as otherwise indicated, (i) the Company, Mylan, we, our, and us refer to Mylan Inc. (formerly Mylan Laboratories Inc.) and its consolidated subsidiaries (which includes Merck Generics, from October 2, 2007 and Matrix from January 8, 2007) and (ii) Matrix refers to Matrix Laboratories Limited, in which we acquired a controlling interest on January 8, 2007. References herein to pro forma mean after giving effect to the acquisition of Merck Generics and the controlling interest in Matrix, as further described under Unaudited Pro Forma Condensed Combined Financial Information herein.

Overview

We are a leading pharmaceutical company and have developed, manufactured, marketed, licensed and distributed high quality generic, branded and branded generic pharmaceutical products for more than 45 years. As a result of our recent acquisitions of Merck Generics and a controlling interest in Matrix earlier this year, we are the third largest generic pharmaceutical company in the world based on 2006 combined calendar year revenues, a leader in branded specialty pharmaceuticals and the second largest active pharmaceutical ingredient, or API, manufacturer with respect to the number of drug master files, or DMFs, filed with regulatory agencies. We currently employ more than 11,000 people globally and have sales in over 90 countries. We hold a leading sales position in four of the world s six largest generic pharmaceutical markets: the United States, the United Kingdom, France and Japan, and we also hold leading sales positions in several other key generics markets, including Australia, Belgium, Italy, Portugal and Spain. Our product portfolio is among the largest of all generic pharmaceutical companies, consisting of approximately 570 products in a broad range of therapeutic areas. In addition, we have a significant product pipeline, with more than 255 regulatory applications or dossiers pending approval with regulatory agencies worldwide. Our acquisition of a controlling interest in Matrix provides us with lower cost API supply and a vertically integrated platform. We have extensive research and development capabilities, with 11 sites around the world, and extensive manufacturing capabilities, with the capacity to manufacture more than 45 billion finished doses of pharmaceutical products per year. On a pro forma basis for the fiscal year ended March 31, 2007, we had total net revenues of approximately $4.1 billion.

We achieved our position as one of the leaders in the U.S. generic pharmaceutical industry through our success in obtaining Abbreviated New Drug Application, or ANDA, approvals, our reputation for quality and our ability to consistently deliver large scale commercial volumes to our customers. With the addition of Merck Generics and Matrix, we have created a horizontally and vertically integrated platform with global scale, a diversified product portfolio and an expanded range of capabilities that position us well for the future. We expect that as a result of these acquisitions we will be less dependent on any single market or product and will be able to compete more effectively on a global basis.

We derive the majority of our U.S. generic product revenues through our subsidiary, Mylan Pharmaceuticals Inc., or MPI. These revenues are derived from approximately 170 products, primarily solid oral dosage pharmaceuticals, in approximately 50 therapeutic areas. Another of our subsidiaries, UDL Laboratories, Inc., or UDL, is the largest re-packager in the United States of pharmaceuticals in unit dose formats, which are used primarily in hospitals, nursing homes and other institutional settings. Our U.S.

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generics business is further augmented by our subsidiary, Mylan Technologies Inc., or MTI, which is a leader in transdermal drug delivery systems and focuses on the research, development, manufacturing and supply of both brand and generic transdermal products both in the United States and internationally.

Our generic pharmaceutical revenues outside of the United States are primarily derived from Merck Generics, which we acquired on October 2, 2007. Merck Generics consists of a number of former subsidiaries of Merck KGaA, a 300-year-old global chemicals and pharmaceuticals company. Merck Generics, formed in 1984, has sales in more than 90 countries and was the world s third largest generic pharmaceutical business based on 2006 calendar year revenues of 1.8 billion ($2.3 billion). Merck Generics has more than 400 products and approximately 70% of its generic pharmaceutical revenues in calendar year 2006 were generated from countries where it has a top three market share position. Through Merck Generics, we gained a strong presence in some of the world s most important generic pharmaceuticals markets, including France, Germany, the United Kingdom, Japan, Canada and Australia. As part of the Acquisition, we received a right to purchase for a period of two years from the closing of the Acquisition, for actual costs incurred to separate such businesses, Merck KGaA s generic pharmaceutical operations in 17 additional countries in Latin America, Central and Eastern Europe and the Asia Pacific region, many of which represent emerging generic pharmaceutical markets.

As part of the Merck Generics acquisition we also acquired our U.S. branded specialty pharmaceuticals subsidiary, Dey L.P., or Dey. Founded in 1978, Dey is a fully integrated specialty pharmaceutical business focused on the development, manufacturing and marketing of specialty pharmaceuticals in the respiratory, and severe allergy markets. Through its approximately 250-person sales force, Dey markets six products to physicians and hospitals. Dey s key products include, among others, EpiPen, an epinephirine autoinjector for severe allergy and anaphalaxis, DuoNeb, a nebulized unit dose formulation of ipratropium bromide and albuterol sulfate for chronic obstructive pulmonary disorder, or COPD, and the recently launched Perforomist inhalation solution, a long-acting nebulized unit dose formoterol fumarate for COPD. In 2007, Dey launched three new products, including Perforomist, which we expect will help to replace some of the sales that we anticipate will be lost as a result of the July 2007 loss of market exclusivity for DuoNeb. Further, Dey has a pipeline of next generation and differentiated specialty product candidates that we expect will provide additional growth opportunities in the future.

Through Matrix, an Indian listed company in which we have a 71.5% controlling interest, we manufacture and supply low cost, high quality API for our own products and pipeline, as well as for third parties. Matrix is the world s second largest API manufacturer with respect to the number of DMFs filed with regulatory agencies, with more than 165 APIs in the market or under development. Matrix is also a leader in supplying API for the manufacturing of generic anti-retroviral drugs, which are utilized in the treatment of HIV/AIDS.

Our Strengths

We believe our competitive strengths are the following:

Leadership and scale in key global markets. We now have a global presence, with sales in more than 90 countries and operations in over 45 countries, including significant operations in each of the top seven largest generic pharmaceutical markets. In addition to our position as one of the leaders in the U.S. market, the globalization of our business established us as leaders in key markets in Europe and the Asia Pacific region. Our global platform creates substantial growth opportunities and will enable us to compete more effectively in the world s largest generics markets, as well as in less developed markets that have higher growth rates and potentially more favorable competitive dynamics. Our scale also creates opportunities to achieve operating efficiencies and reduces risks associated with an over-reliance on any one market.

Broad and diversified product portfolio. We have a robust product portfolio of approximately 570 generic, branded generic and branded pharmaceutical products, which are well-diversified across therapeutic areas. The breadth and diversity of our product portfolio reduces our operating risk profile to ensure that we are not overly reliant on any one product or therapeutic area. We have development and manufacturing capabilities in several specialized dosage forms, some of which are difficult to formulate and manufacture and

typically have longer product growth cycles than traditional generic pharmaceuticals. These dosage forms include high potency formulations, steriles, injectables, transdermal patches, controlled-release and respiratory delivery products. Additionally, we benefit from Merck Generics highly successful in-licensing strategy that is designed to develop critical mass in key differentiated dosages in attractive markets globally.

Manufacturing scale with a vertically and horizontally integrated platform. We are an integrated pharmaceutical company with capabilities in research, development, regulatory and legal matters, manufacturing, sales and distribution. Through Matrix, we have access to low-cost API and intermediates. This enables us to compete more effectively with other low-cost producers and potentially enhance margins and extend product lifecycles. In addition to our eight API manufacturing sites we currently have 17 finished dose manufacturing sites in the United States and internationally, including specialized manufacturing such as transdermals, inhalation aerosols and semi-solids, in addition to solid dosage. We expect to recognize significant cost savings as a result of our scale and efficiency, and in particular through our finished dose and Matrix s high quality API manufacturing capacity. Further, our horizontally integrated platform allows us to leverage each of our research and development projects into numerous markets around the world.

Scale in research and development. We have expanded our research and development capabilities through the Merck Generics and Matrix acquisitions, and now have significant scale with a network of 11 research and development sites across the globe. As a result of the expansion of our capabilities, we expect to be able to increase our research and development efficiency and speed to market. As of June 30, 2007, we had more than 255 applications or dossiers pending regulatory approval worldwide. As a result of the Matrix acquisition and excluding any impact from the acquisition of Merck Generics, for the 12 months ending March 31, 2008, we expect to file 60 submissions with the United States Food and Drug Administration, or FDA, as compared to 24 submissions filed with the FDA in the prior 12 months.

Intellectual property expertise. We believe that expertise in intellectual property is a core competency for future product development. Accordingly, we maintain development teams, including legal counsel, focused on the analysis and selection of opportunities to file generic product dossiers, ANDAs and Paragraph IV ANDA patent challenges, which could provide us with 180 days of generic market exclusivity. We have been successful in monetizing many Paragraph IV ANDA opportunities, including launches within the last 12 months of amlodipine besylate and oxybutynin ER, and the recent legal settlements on paroxetine hydrochloride ER and levetiracetam for future launches.

Product quality. Our ability to produce high quality commercial volumes of our products has given us a reputation as a reliable supplier to our customers. We have an excellent manufacturing compliance record with regulatory agencies globally, including the FDA. We believe that, in an era of growing concern among individual consumers regarding the quality of the prescription drugs they purchase, we are in a strong position to leverage our reputation for product excellence.

Specialty pharmaceutical expertise. We have formulation expertise with products that are difficult to develop, formulate and manufacture, such as transdermals, high potency products and nebulized formulations. Our Dey business provides highly differentiated pharmaceutical offerings in the respiratory and severe allergy markets which we expect will provide us with a growth platform in branded pharmaceuticals. Our MTI operation focuses on applying our leading transdermal technology to the potential development of new products through strategic alliances with branded pharmaceutical companies. MTI is also a leader in the development and manufacturing of generic transdermal products in the United States and internationally, including fentanyl, which has been a very important product for us.

Experienced management. Our senior management team collectively has broad experience across the businesses and markets in which we operate. In addition, we have been successful in retaining key Matrix and Merck Generics

executive teams including key regional leaders and operators.

Industry Overview

Generic pharmaceutical products provide a safe, effective and cost-efficient alternative to branded pharmaceutical products. Generic pharmaceuticals are the bioequivalent of patented or brand-name

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pharmaceuticals, and as with their brand-name equivalents, generic pharmaceuticals require regulatory approval prior to their sale. Generic pharmaceuticals may be marketed only if relevant patents on their brand-name equivalents, and any additional government-mandated market exclusivity periods, have expired, have been challenged and invalidated, are licensed by the patent holder, or such patents are shown to not otherwise be infringed.

The generic pharmaceutical market has grown as a result of the ongoing efforts by governments around the world and in the private sector to address the increasing burden of healthcare expenditures, in particular prescription pharmaceuticals. In addition, the market has been positively impacted in recent years by changing demographics as well as by increased acceptance among consumers, physicians and pharmacists that generic pharmaceuticals are lower-cost equivalents of brand-name pharmaceuticals. The average price of a generic pharmaceutical prescription in the United States in 2006 was approximately $32, while the average price of a brand name pharmaceutical prescription was approximately $111. Similar to the United States, in most international markets, brand-name pharmaceuticals, on average, cost substantially more than generic products on a per prescription basis. Many countries are exploring the use of generic products to curtail increasing pharmaceutical expenditures, which is one of the factors causing the generic market to grow faster than the pharmaceutical industry as a whole. A large number of countries now actively promote generic pharmaceuticals through their government reimbursement systems. Generic substitution, whereby a pharmacist substitutes a prescribed brand name product with a generic one, is permitted in many countries and even compulsory in some countries as a cost-saving measure in the purchase of, or reimbursement for, prescription pharmaceuticals.

Worldwide expenditures on generic pharmaceutical products were approximately $84.4 billion in 2006, which represented approximately 11% of the total pharmaceutical market. For 2006, after the United States ($31.0 billion), which accounted for approximately 37% of global expenditures on generic pharmaceuticals, the largest national markets for generic pharmaceuticals in the world were Germany ($14.0 billion), India ($6.6 billion), the United Kingdom ($4.7 billion), France ($3.6 billion) and Japan ($3.3 billion). Spending on generic pharmaceutical products in certain international markets, though smaller in nominal terms, is expected to grow at a faster rate than in the United States. In particular, over the next five years, the market for generic pharmaceutical products is expected to increase annually at rates of 25% in Brazil, 24% in Switzerland, 20% in France and 15% in Spain, countries in which generic pharmaceuticals currently account for less than 15% of sales in the domestic pharmaceutical market.

The U.S. market for generic pharmaceutical products is expected to increase in value at an average annual rate of approximately 11% over the next five years. We believe that this growth will be driven by certain demographic trends, including an aging population, the lengthening of average life expectancy and the rising incidence of chronic diseases. In addition, we believe that the U.S. generic pharmaceutical market is well positioned to capitalize on cost-cutting initiatives by federal and state governments, as well as managed care providers, which favor the use of lower-cost generics over branded pharmaceuticals. For example, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or MMA, encourages health care providers to utilize generic pharmaceutical products as a tool to manage public healthcare spending. Also, Part D of the Medicare Modernization Act, which became effective on January 1, 2006 and provides for increased coverage of pharmaceutical products, has led to increased usage of pharmaceutical products, which we believe will continue to benefit the generic pharmaceutical industry.

In addition, a large number of high-value branded pharmaceutical patent expirations are expected over the next three years. In 2006, United States sales for branded products expected to face patent expiration between 2007 and 2009 were approximately $45 billion. Also, many countries outside of the United States have later dated patent expirations than in the United States. This means that many of the well known pharmaceuticals that have recently lost patent protection in the United States have not yet lost patent protection in many other jurisdictions around the world. This provides for potential growth opportunities for generic equivalents of these pharmaceuticals in the global markets.

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Our Strategy

Our objective is to capitalize upon our position as the third largest generic pharmaceutical company in the world by successfully integrating Merck Generics and by focusing on the principal strategies set forth below:

Capitalize on our global footprint and vertical integration. We intend to sell existing and new products into numerous global markets, creating substantial opportunities for growth and potentially longer product lifecycles. In addition, we intend to capitalize on our combined capabilities by integrating our global operations to drive cost savings, including by rationalizing duplicative research and development programs and by optimizing our manufacturing capacity. We plan to use Matrix s API capabilities and our expertise in finished dosage manufacturing to increase vertical integration of our product portfolio so that we are less reliant on third-party producers. We believe this will be a particularly important strategy for the Merck Generics business, which has relied heavily on third party suppliers of API and contract manufacturers. We expect this strategy to help us to maintain lower production costs which will be of particular significance in highly competitive markets where margins may become compressed.

Focus on difficult to develop and specialty pharmaceuticals. We believe that we have differentiated ourselves in the industry by being a leader in the development, formulation and manufacture of various difficult to develop pharmaceuticals. We intend to continue to expand our formulation expertise with products that are difficult to develop, formulate and manufacture. With the addition of Merck Generics we added more products with high barriers to entry as well as formulation capabilities, including high-potency products, injectables, topicals, liquids, inhalables and controlled-release products. We will strive to maintain our advantage over our competitors in the production of commercial quantities of oral solid dosage, controlled-release and transdermal formulation products, as well as the high barrier to entry products described above and our branded specialty pharmaceuticals such as the respiratory products produced by Dey.

Leverage scale in research and development. We have invested and expect to continue to invest heavily in our generic research and development network. This investment has allowed us to build a robust pipeline of ANDAs and product dossiers. Additionally, we intend to build upon Matrix s strong record of DMF filings, as well as to leverage the significant investments made by Matrix in research and development capabilities, to further bolster our product pipeline. Finally, with the addition of Merck Generics research and development capabilities we are now able to utilize our global expertise to develop products for multiple markets.

Maintain manufacturing excellence. We intend to leverage our scale in manufacturing and our global manufacturing network by increasing our commercial volumes and improving efficiencies, while maintaining our reputation for quality and reliability. We now have the capacity to produce more than 45 billion doses annually. This capacity, coupled with our large high quality product portfolio and track record of compliance and reliability, provide us with marketing advantages to serve our customers. With the Matrix acquisition we have additional manufacturing capacity and manufacturing flexibility. These features allow us to better manage industry cycles while optimizing market share and gross margins, and afford us the capability to manufacture products in additional categories.

Realize our First In Last Out goal in new markets. We seek to be the first generic pharmaceutical company to penetrate a new market or capture a new product opportunity. Depending on the market, we also try to be the last out by either remaining price competitive as others enter the market or by leveraging our strong brand name and portfolio. In the United States, in some cases we also aim to be the first-to-file with the FDA a Paragraph IV certification, in an effort to gain 180 days of generic market exclusivity. In other markets worldwide, we intend to utilize our country sales forces and distribution networks to leverage strong relationships with key decision makers in order to be the first generic products in those markets. We will strive to maintain our product volumes by being a low-cost producer through vertical integration, and thereby keep our products on the shelves longer and reduce the impact of increased competition.

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The Acquisitions of Merck Generics and a Controlling Interest in Matrix

We acquired Merck Generics on October 2, 2007, and we completed the acquisition of 71.5% of the outstanding shares of Matrix, a company listed on the Bombay Stock Exchange and National Stock Exchange of India, on January 8, 2007.

In order to fund our acquisition of Merck Generics as well as to refinance a portion of our existing indebtedness, on October 2, 2007 we incurred $2,500 million of senior secured U.S. dollar term debt and 1,130 million ($1,600 million) of senior secured Euro term debt pursuant to what we refer to herein as our Senior Secured Credit Agreement and $2,850 million of senior unsecured interim debt pursuant to what we refer to herein as our Senior Unsecured Interim Loan Agreement. In addition, as part of our new Senior Secured Credit Agreement, we put in place a $750 million senior secured revolving credit facility of which approximately $325 million was drawn in connection with the closing of the Acquisition. See also Overview of Financial Condition, Liquidity and Capital Resources.

We expect to achieve significant operating cost savings and synergies as a result of combining our historical Mylan business, Merck Generics and by leveraging our Matrix platform. We expect to achieve these cost savings by, among other things, reducing duplicative research and development programs, rationalizing manufacturing and leveraging Matrix s API capabilities across the rest of our business. We also expect to cross-sell our broad range of products into new markets in which we now have a presence. Nevertheless, there is no assurance that we will achieve the full benefit of such cost savings and synergies. See Risk Factors Our acquisition of Merck Generics involves a number of integration risks. These risks could cause a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

Sources and Uses

The table below sets forth the estimated sources and uses for the Acquisition and the Financings at closing based on balances as of September 30, 2007. We intend to refinance up to $2,517.0 million of the indebtedness under the Senior Unsecured Interim Loan Agreement with the net proceeds of this offering and the concurrent offering of common stock, as discussed below.

Sources of Funds	Amount	Uses of Funds	Amount
	(Dollars in millions)		
Cash(1)	$ 853	Purchase price(2)	$ 6,992
Senior secured U.S. term loans	2,500	Estimated fees and expenses(3)	189
Senior secured Euro term loan(4)	1,600	Repayment of senior notes and term debt	947
Senior secured revolving credit facility	325		
Senior unsecured interim loan	2,850		
Total sources	$ 8,128	Total uses	$ 8,128

(1) The cash amount is net of $604 million of cash acquired and includes $85 million received from settlement of the deal contingent option contract related to the Euro denominated purchase price.

(2)

The purchase price amount represents the preliminary purchase price under the terms of the share purchase agreement relating to the Acquisition. Amount includes preliminary working capital and certain other adjustments.

(3) The estimated fees and expenses include approximately $32 million related to the tender offer and consent solicitation fees to note holders.

(4) The senior secured Euro term loan is converted at the exchange rate of 1 Euro to $1.4151, the rate as of October 2, 2007.

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Concurrent Transactions

Concurrently with this offering, we are offering 53,500,000 shares of common stock. The underwriters have the option to purchase from us up to an additional 8,025,000 shares of common stock to cover overallotments. There is no assurance that our concurrent public offering of common stock will be completed or, if completed, that it will be completed for the amount contemplated. The common stock will be offered by a separate prospectus supplement to the prospectus dated February 20, 2007, and this offering and the common stock offering are not conditioned on each other.

Risks of Investment

Any investment in our mandatory convertible preferred stock involves a high degree of risk. You should carefully consider the risks described in Risk Factors below and all of the other information contained in this prospectus supplement and the accompanying prospectus before deciding whether to purchase our mandatory convertible preferred stock. In addition, you should carefully consider, among other things, the matters discussed under Risk Factors in our quarterly report on Form 10-Q for the period ended September 30, 2007, and in other documents that are incorporated by reference herein and in the accompanying prospectus. These risks include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See Forward-Looking Statements.

Company Information

Our business began in 1961. Mylan Inc. was incorporated in Pennsylvania to be our holding company in 1970. Our common stock is listed on the New York Stock Exchange under the symbol MYL . Our principal offices are located at 1500 Corporate Drive, Canonsburg, Pennsylvania 15317 and the telephone number is (724) 514-1800. We changed our name from Mylan Laboratories Inc. to Mylan Inc. on October 2, 2007. Our Internet address is www.mylan.com. Information on our website does not constitute part of this prospectus supplement.

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The Offering

Issuer	Mylan Inc. (formerly Mylan Laboratories Inc.)
Securities offered	1,860,000 shares of 6.50% mandatory convertible preferred stock (2,139,000 shares if the underwriters exercise their overallotment option in full), which we refer to in this prospectus supplement as the mandatory convertible preferred stock.
Initial offering price	$1,000.00 per share of mandatory convertible preferred stock.
Option to purchase additional shares of mandatory convertible preferred stock	To the extent the underwriters sell more than 1,860,000 shares of our mandatory convertible preferred stock, the underwriters have the option to purchase up to 279,000 additional shares of our mandatory convertible preferred stock from us at the initial offering price, less underwriting discounts and commissions, within 30 days from the date of this prospectus supplement solely to cover overallotments.
Dividends	6.50% per share on the liquidation preference thereof of $1,000.00 for each share of our mandatory convertible preferred stock per year. Dividends will accrue and cumulate from the date of issuance and, to the extent that we are legally permitted to pay dividends and we declare a dividend payable, we will pay, at our election, dividends in cash, common stock or a combination thereof on each dividend payment date. The expected dividend payable on the first dividend payment date is $15.53 per share and on each subsequent dividend payment date is expected to be $16.25 per share. See Description of Mandatory Convertible Preferred Stock Dividends.
Dividend payment dates	February 15, May 15, August 15 and November 15 of each year prior to the mandatory conversion date (as defined below), and on the mandatory conversion date, commencing on February 15, 2008.
Redemption	Our mandatory convertible preferred stock is not redeemable.
Mandatory conversion date	November 15, 2010.
Mandatory conversion	On the mandatory conversion date, each share of our mandatory convertible preferred stock will automatically convert into shares of our common stock, based on the conversion rate as described below. Holders of mandatory convertible preferred stock on the mandatory conversion date will have the right to receive the dividend due on such date in cash, common stock or a combination thereof (including any accrued, cumulated and unpaid dividends on the mandatory convertible preferred stock as of the mandatory conversion date), whether or not declared (other than previously declared dividends on the mandatory convertible preferred stock payable to holders of record as of a prior date), to the extent we are legally permitted to pay such dividends at such time.

Conversion rate	The conversion rate for each share of our mandatory convertible preferred stock will be not more than 71.4286 shares of common stock and not less than 58.5480 shares of common stock,

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depending on the applicable market value of our common stock, as described below.

The applicable market value of our common stock is the average of the daily closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding the mandatory conversion date. It will be calculated as described under Description of Mandatory Convertible Preferred Stock Mandatory Conversion.

The conversion rate is subject to certain adjustments, as described under Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments.

The following table illustrates the conversion rate per share of our mandatory convertible preferred stock subject to certain anti-dilution adjustments described under Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments, based on the applicable market value of our common stock on the mandatory conversion date.

Applicable Market Value on the Mandatory Conversion Date	Conversion Rate
Less than or equal to $14.00	71.4286
Greater than $14.00 and less than $17.08	$1,000.00 divided by the applicable market value
Equal to or greater than $17.08	58.5480

Optional conversion

At any time prior to November 15, 2010, you may elect to convert each of your shares of our mandatory convertible preferred stock at the minimum conversion rate of 58.5480 shares of common stock for each share of mandatory convertible preferred stock. This conversion rate is subject to certain adjustments as described under Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments.

Holders of mandatory convertible preferred stock who exercise the optional conversion right will have the right to receive (in cash, stock or a combination thereof) any accrued, cumulated and unpaid dividends on the mandatory convertible preferred stock as of the conversion date, whether or not declared (other than previously declared dividends on the mandatory convertible preferred stock payable to holders of record as of a prior date), to the extent we are legally permitted to pay such dividends at such time.

Conversion upon cash acquisition; cash acquisition make-whole amount

If we are the subject of specified cash acquisitions on or prior to November 15, 2010, under certain circumstances we will (i) permit

conversion of our mandatory convertible preferred stock during the period beginning on the effective date of the cash acquisition and ending on the date that is 15 days after the effective date at a specified conversion rate determined by reference to the price per share of our common stock paid in such cash acquisition and (ii) pay converting holders an amount equal to the sum of any

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	accrued, cumulated and unpaid dividends on shares of our mandatory convertible preferred stock that are converted plus the present value of all remaining dividend payments on such shares through and including November 15, 2010, as described under Description of Mandatory Convertible Preferred Stock Conversion Upon Cash Acquisition; Cash Acquisition Dividend Make-Whole Amount. The applicable conversion rate will be determined based on the effective date and the price paid per share of our common stock in such transaction.
Anti-dilution adjustments	The formula for determining the conversion rate and the number of shares of common stock to be delivered upon conversion may be adjusted in the event of, among other things, stock dividends or distributions in shares of common stock or subdivisions, splits and combinations of our common shares. See Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments.
Liquidation preference	$1,000.00 per share of mandatory convertible preferred stock, plus an amount equal to the sum of all accrued, cumulated and unpaid dividends.
Voting rights	Except as required by Pennsylvania law and our amended and restated articles of incorporation, which will include the certificate of designation for the mandatory convertible preferred stock, the holders of mandatory convertible preferred stock will have no voting rights. If dividends payable on the mandatory convertible preferred stock are in arrears for six or more quarterly periods, the holders of the mandatory convertible preferred stock, voting as a single class with the shares of any other preferred stock or securities having similar voting rights in proportion to their respective liquidation preferences, will be entitled at the next regular or special meeting of our shareholders to elect two directors and the number of directors that comprise our board will be increased by the number of directors so elected. These voting rights and the terms of the directors so elected will continue until such time as the dividend arrearage on the mandatory convertible preferred stock has been paid in full. The affirmative consent of holders of at least 662/3% of the outstanding mandatory convertible preferred stock and all other preferred stock or securities having similar voting rights voting in proportion to the respective liquidation preferences will be required for the issuance of any class or series of stock ranking senior to the mandatory convertible preferred stock as to dividend rights or rights upon liquidation, winding-up or dissolution and for amendments to our amended and restated articles of incorporation that would alter the rights of holders of the mandatory convertible preferred stock in a manner materially adverse to the holders. See Description of Mandatory Convertible Preferred Stock Voting Rights.

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Ranking	The mandatory convertible preferred stock will rank with respect to dividend rights and rights upon our liquidation, winding-up or dissolution: senior to all of our common stock and to all of our other capital stock issued in the future (including our Series A Junior Participating Preferred Stock, if any) unless the terms of that stock expressly provide that it ranks senior to, or on a parity with, the mandatory convertible preferred stock; on a parity with any of our capital stock issued in the future, the terms of which expressly provide that it will rank on a parity with the mandatory convertible preferred stock; and junior to all of our capital stock issued in the future, the terms of which expressly provide that such stock will rank senior to the mandatory convertible preferred stock.
Use of proceeds	We intend to use the net proceeds from the offering to repay outstanding indebtedness under our senior unsecured Interim Loan Agreement incurred to finance the acquisition of Merck Generics. See Use of Proceeds.
Concurrent offering of common stock	Concurrently with this offering, we are offering by means of a separate prospectus supplement 53,500,000 shares of our common stock (and up to an additional 8,025,000 shares if the underwriters exercise their overallotment option in full). This offering is not contingent on completion of the common stock offering.
Certain U.S. federal income tax consequences	The material U.S. federal income tax consequences of purchasing, owning and disposing of the mandatory convertible preferred stock and any common stock received upon its conversion are described in Certain U.S. Federal Tax Considerations. You should consult your tax advisor with respect to the U.S. federal income tax consequences of owning our mandatory convertible preferred stock and common stock in light of your own particular situation and with respect to any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction.
Listing	The mandatory convertible preferred stock has been approved for listing on the New York Stock Exchange under the symbol MYLPrA, subject to official notice of issuance.
Book-entry, delivery and form	Initially, the mandatory convertible preferred stock will be represented by one or more permanent global certificates in definitive, fully registered form deposited with a custodian for, and registered in the name of, a nominee of DTC.
Common stock	Our common stock is listed for trading on the NYSE under the symbol MYL .

Risk factors	See Risk Factors beginning on page S-16 of this prospectus supplement and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of the factors you should carefully consider before deciding to invest in our mandatory convertible preferred stock.

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Summary Unaudited Pro Forma Condensed Combined Financial Information

The summary unaudited pro forma condensed combined financial information shown below gives effect to (i) the Acquisition, (ii) the Financing and (iii) the acquisition of a 71.5% controlling interest in Matrix (all of the foregoing the Transactions) as further discussed below. Because Matrix is consolidated in our historical results from January 8, 2007, it is included as part of the Transactions only for the pro forma statement of operations information for the fiscal year ended March 31, 2007. All pro forma information has been derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial information and the notes thereto included elsewhere in this prospectus supplement. See Financial Information of Merck Generics and Exchange Rate Information and Unaudited Pro Forma Condensed Combined Financial Information.

The unaudited pro forma condensed combined statement of earnings information gives effect to the Transactions as if they had occurred on April 1, 2006. The pro forma statement of operations information for the fiscal year ended March 31, 2007 has been derived by combining the audited consolidated statement of operations of Mylan for the fiscal year ended March 31, 2007, the unaudited consolidated statement of operations of Matrix for the nine months ended December 31, 2006 and a U.S. GAAP historical combined income statement of Merck Generics, derived from the audit historical combined income statement of Merck Generics for the year ended December 31, 2006. The pro forma statement of operations information for the six months ended September 30, 2007 has been derived by combining the unaudited condensed consolidated statement of earnings of Mylan for the six months ended September 30, 2007 with the U.S. GAAP historical combined income statement of Merck Generics derived from the unaudited historical condensed combined income statement of Merck Generics for the six months ended June 30, 2007. The pro forma balance sheet information gives effect to the Transactions as if they had occurred on September 30, 2007, and was derived by combining the unaudited condensed consolidated balance sheet of Mylan as of September 30, 2007 with a U.S. GAAP historical combined balance sheet of Merck Generics derived from the unaudited interim condensed combined balance sheet of Merck Generics as of June 30, 2007.

The unaudited condensed combined pro forma financial information is provided for illustrative purposes only. It does not purport to represent what Mylan s consolidated results of operations and financial position would have been had the Transactions actually occurred as of the dates indicated, and they do not purport to project Mylan s future consolidated results of operations or financial position.

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Summary Unaudited Pro Forma Condensed Combined Financial Information

	Year Ended March 31, 2007	Six Months Ended September 30, 2007
	(in millions except per share data)	
Statement of Operations:		
Total revenues	$ 4,123.6	$ 2,258.5
Cost of sales	2,466.6	1,310.4
Gross profit	1,657.0	948.1
Operating Expenses:		
Research and development	283.7	145.5
Impairment loss on goodwill	25.6	
Acquired in-process research and development	147.0	
Selling, general and administrative	712.4	426.6
Litigation settlements, net	(27.9)	12.3
Total operating expenses	1,140.8	584.4
Earnings from operations	516.2	363.7
Interest expense	722.7	377.5
Other income, net	53.3	129.1
(Loss) earnings before income taxes and minority interest	(153.2)	115.3
Provision for income taxes	24.7	50.7
Net (Loss) earnings before minority interest	(177.9)	64.6
Minority interest	10.2	(2.8)
Net (Loss) earnings	$ (167.7)	$ 67.4
Earnings per common share:		
Basic	$ (0.75)	$ 0.27
Diluted	$ (0.75)	$ 0.27
Weighted average common shares outstanding:		
Basic	223.2	248.6
Diluted	223.2	251.1
Selected balance sheet data (at period end):		
Cash and marketable securities		$ 501.3
Property, plant and equipment, net		993.3
Intangible assets, net		2,845.2
Total assets		10,621.4
Long-term debt, including amounts due within one year		7,933.0
Total shareholders equity(1)		61.4

(1) As part of the Acquisition, a portion of the purchase price will be allocated to the estimated fair value of in-process research and development acquired which reduced our retained earnings and shareholders equity. Because this expense is directly attributable to the acquisition and will not have a continuing impact, it is not reflected in the unaudited condensed combined pro forma statements of operations. However, the actual amount based upon a valuation will be recorded as an expense in our quarter ended December 31, 2007. As a result of a preliminary valuation, an estimate of $1.78 billion related to in-process research and development is included.

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Summary Mylan Historical Financial Information

The summary historical consolidated financial information of Mylan as of March 31, 2005, 2006 and 2007 and for each of the three years in the period ended March 31, 2007 has been derived from the audited consolidated financial statements and notes thereto of Mylan incorporated by reference in this prospectus supplement. The summary historical unaudited condensed consolidated financial information as of September 30, 2006 and 2007, and for the six months ended September 30, 2006 and 2007, has been derived from the unaudited condensed consolidated financial statements and notes thereto of Mylan incorporated by reference in this prospectus supplement. We believe the interim information contains all adjustments, consisting only of normal recurring adjustments, necessary to fairly present this information. The results for any interim period are not necessarily indicative of results that may be expected for a full year. You should read the data below in conjunction with Mylan s financial statements referred to above.

	Year Ended March 31,			Six Months Ended September 30,	
	2005	2006	2007	2006	2007
	(in millions except per share data)				
Statement of earnings:					
Total revenues	$ 1,253.3	$ 1,257.1	$ 1,611.8	$ 722.8	$ 1,023.4
Cost of sales	629.8	629.5	768.1	338.5	505.1
Gross profit	623.5	627.6	843.7	384.3	518.3
Operating Expenses:					
Research and development	88.2	102.4	103.7	43.9	65.2
In-process research and development written off			147.0		
Selling, general and administrative	259.1	225.4	215.5	100.2	173.9
Litigation settlements, net	(26.0)	12.4	(50.1)	(11.5)	(0.8)
Total operating expenses	321.3	340.2	416.1	132.6	238.3
Earnings from operations	302.2	287.4	427.6	251.7	280.0
Interest expense		31.3	52.3	20.8	46.0
Other income, net	10.1	18.5	50.2	7.4	130.5
Earnings before income taxes and minority interest	312.3	274.6	425.5	238.3	364.5
Provision for income taxes	108.7	90.1	208.0	85.2	137.7
Net earnings before minority interest	203.6	184.5	217.5	153.1	226.8
Minority interest			0.2		(2.8)
Net earnings	$ 203.6	$ 184.5	$ 217.3	$ 153.1	$ 229.6
Earnings per common share					
Basic	$ 0.76	$ 0.80	$ 1.01	$ 0.73	$ 0.92
Diluted	$ 0.74	$ 0.79	$ 0.99	$ 0.71	$ 0.91

Weighted average common shares outstanding					
Basic	269.0	229.4	215.1	210.5	248.6
Diluted	273.6	234.2	219.1	214.9	251.1
Cash dividends declared per common share	$ 0.12	$ 0.24	$ 0.24	$ 0.12	$ 0.06
Selected balance sheet data (at period end):					
Cash and marketable securities	$ 808.1	$ 518.1	$ 1,426.6	$ 611.7	$ 1,269.6
Property, plant and equipment	336.7	406.9	686.7	439.4	725.4
Intangible assets, net	120.5	105.6	352.8	96.2	334.5
Total assets	2,135.7	1,870.5	4,253.9	2,035.7	4,476.6
Long-term debt, including amounts due within one year		687.9	1776.4	687.0	1596.0
Total shareholders equity	1,845.9	787.7	1,648.9	956.8	1,886.7

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Summary Merck Generics Historical Financial Information

The summary historical combined financial information of Merck Generics for the years ended December 31, 2004, 2005 and 2006, and as of December 31, 2005 and 2006 has been derived from the audited financial statements of Merck Generics included in our Current Report on Form 8-K/A filed on November 1, 2007, which is incorporated by reference herein. The summary historical combined financial information presented below as of June 30, 2007 and for the six months ended June 30, 2006 and 2007 is derived from the Merck Generics unaudited historical interim condensed combined financial statements which are also included in such Form 8-K/A. We believe the interim information contains all adjustments, consisting only of normal recurring adjustments, necessary to fairly present this information. The results for any interim period are not necessarily indicative of results that may be expected for a full year. You should read the data below in conjunction with the Merck Generics financial statements referred to above.

The financial statements of Merck Generics are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Amounts presented as of December 31, 2006, and June 30, 2007, have been translated into U.S. dollars for the convenience of the reader at an exchange rate of 1 Euro to $1.3197 and 1 Euro to $1.3520, respectively, which represents the exchange rate on the dates indicated. Amounts presented for the year ended December 31, 2006 and for the six months ended June 30, 2007 have been translated into U.S. dollars for the convenience of the reader at the rate of 1 Euro to $1.2563 and 1 Euro to $1.3300, respectively, which represents the average exchange rate for the periods indicated. See Financial Information of Merck Generics and Exchange Rate Information.

	Year Ended December 31,				Six Months Ended June 30,		
	2004	2005	2006	2006	2006	2007	2007
		(in millions)		($ in millions)	(in millions)		($ in millions)
Combined income statements:							
Revenues	1,544.8	1,711.0	1,807.0	$ 2,270.1	885.2	926.1	$ 1,231.7
Cost of sales	854.3	956.7	954.6	1,199.3	474.5	483.9	643.6
Gross margin	690.5	754.3	852.4	1,070.8	410.7	442.2	588.1
Marketing and selling expenses	294.0	291.7	323.2	406.0	159.0	177.5	236.1
Administration expenses	68.1	74.6	83.1	104.4	38.7	41.3	54.9
Other operating expenses, net	67.7	90.9	119.0	149.5	23.2	17.2	22.9
Research and development expenses	99.4	125.3	131.8	165.6	67.7	60.3	80.2
Operating income	161.3	171.8	195.3	245.3	122.1	145.9	194.0
Financial income, net	0.9	0.1	8.9	11.2	3.1	6.8	9.0
Income before income tax	162.2	171.9	204.2	256.5	125.2	152.7	203.0
Income tax expense	92.1	59.9	82.3	103.4	52.6	52.0	69.2
Net income	70.1	112.0	121.9	$ 153.1	72.6	100.7	$ 133.8
Attributable to:							
Minority interest	2.5	1.7	0.3	$ 0.4	1.1		

Merck	67.6	110.3	121.6	$ 152.7	71.5	100.7	$	133.8
Selected balance sheet data (at period end):								
Cash and cash equivalents		401.5	503.4	$ 664.3		447.2	$	604.6
Property, plant and equipment, net		213.6	199.1	262.8		198.3		268.1
Other intangible assets, net		39.4	50.8	67.0		57.9		78.3
Total assets		1,827.6	1,916.5	2,529.2		2,103.2		2,843.5
Financial liabilities (current and non-current)		344.5	345.0	455.3		301.5		407.6
Total equity		922.8	1,041.5	1,374.5		1,173.5		1,586.6

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RISK FACTORS

Any investment in our mandatory convertible preferred stock involves a high degree of risk. You should carefully consider the risks described below as well as the matters discussed under Risk Factors in our Annual Report on Form 10-K for the period ended March 31, 2007, our Quarterly Report on Form 10-Q for the period ended September 30, 2007, and in other documents that we subsequently file with the SEC that are incorporated by reference into this prospectus supplement. Other risks and uncertainties not presently known to us or that we currently deem immaterial may also materially adversely affect us. If any of such risks actually occur, you may lose all or part of your investment. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See Forward-Looking Statements.

Risks Relating to Our Business

Our acquisition of Merck Generics involves a number of integration risks. These risks could cause a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

Our acquisition of Merck Generics involves a number of integration risks, such as:

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

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

We may fail to realize the expected cost savings, growth opportunities and other benefits anticipated from the acquisitions of Merck Generics and a controlling interest in Matrix.

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

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

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

We have grown at a very rapid pace. Our inability to properly manage or support this growth may have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

Our global expansion through the acquisitions of Merck Generics and a controlling interest in Matrix exposes us to additional risks which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

- compliance with a variety of national and local laws of countries in which we do business, including restrictions on the import and export of certain intermediates, drugs and technologies;
- fluctuations in exchange rates for transactions conducted in currencies other than the U.S. dollar;
- adverse changes in the economies in which we operate as a result of a slowdown in overall growth, a change in government or economic liberalization policies, or financial, political or social instability in such countries that affects the markets in which we operate, particularly emerging markets;
- wage increases or rising inflation in the countries in which we operate;
- natural disasters, including drought, floods and earthquakes in the countries in which we operate; and
- communal disturbances, terrorist attacks, riots or regional hostilities in the countries in which we operate.

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

Our future revenue growth and profitability are dependent upon our ability to develop and/or license, or otherwise acquire, and introduce new products on a timely basis in relation to our competitors product introductions. Our failure to do so successfully could have a material adverse effect on our financial position and results of operations and could cause the market value of our stock to decline.

Our future revenues and profitability will depend, to a significant extent, upon our ability to successfully develop and/or license, or otherwise acquire and commercialize, new generic and patent or statutorily protected pharmaceutical products in a timely manner. Product development is inherently risky, especially for new drugs for which safety and efficacy have not been established and the market is not yet proven. Likewise, product licensing involves inherent risks including uncertainties due to matters that may

affect the achievement of milestones, as well as the possibility of contractual disagreements with regard to terms such as license scope or termination rights. The development and commercialization process, particularly with regard to new drugs, also requires substantial time, effort and financial resources. We, or a partner, may not be successful in commercializing any of such products on a timely basis, if at all, including, without limitation, nebivolol, for which we are dependent on our partner Forest Laboratories, which could adversely affect our product introduction plans, business, financial position and results of operations and could cause the market value of our stock to decline.

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

The approval process for generic pharmaceutical products often results in the relevant regulatory agency granting final approval to a number of generic pharmaceutical products at the time a patent claim for a corresponding branded product or other market exclusivity expires. This often forces us to face immediate competition when we introduce a generic product into the market. Additionally, further generic approvals often continue to be granted for a given product subsequent to the initial launch of the generic product. These circumstances generally result in significantly lower prices, as well as reduced margins, for generic products compared to branded products. New generic market entrants generally cause continued price and margin erosion over the generic product life cycle.

In the United States, the Drug Price Competition and Patent Term Restoration Act of 1984, or the Waxman-Hatch Act, provides for a period of 180 days of generic marketing exclusivity for each ANDA applicant that is first-to-file an ANDA containing a certification of invalidity, non-infringement or unenforceability related to a patent listed with respect to a reference drug product, commonly referred to as a Paragraph IV certification. During this exclusivity period, which under certain circumstances may be required to be shared with other applicable ANDA sponsors with Paragraph IV certifications, the FDA cannot grant final approval to other ANDA sponsors holding applications for the same generic equivalent. If an ANDA containing a Paragraph IV certification is successful and the applicant is awarded exclusivity, the applicant generally enjoys higher market share, net revenues and gross margin for that product. Even if we obtain FDA approval for our generic drug products, if we are not the first ANDA applicant to challenge a listed patent for such a product, we may lose significant advantages to a competitor that filed its ANDA containing such a challenge. The same would be true in situations where we are required to share our exclusivity period with other ANDA sponsors with Paragraph IV certifications. For example, DuoNeb, one of our key products, came off exclusivity in July 2007, and we expect this to adversely affect our revenues for that product. Such situations could have a material adverse effect on our ability to market that product profitably and on our business, financial position and results of operations, and the market value of our stock could decline.

In Europe, there is no exclusivity period for the first generic. The EMA or national regulatory agencies may grant marketing authorizations to any number of generics. However, if there are other relevant patents when the core patent expires, for example, new formulations, the owner of the original brand

pharmaceutical may be able to obtain preliminary injunctions in certain European jurisdictions preventing launch of the generic product, if the generic company did not commence proceedings in a timely manner to invalidate any relevant patents prior to launch of its generic.

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

If the transfer pricing arrangements we have among our subsidiaries are determined to be inappropriate, our tax liability may increase, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

We have transfer pricing arrangements among our subsidiaries in relation to various aspects of our business, including manufacturing, marketing, sales and delivery functions. Transfer pricing regulations in most of the countries in which we operate require that any international transaction involving associated companies be on arm s-length terms. If, however, a tax authority in any jurisdiction reviews any of our tax returns and determines that the transfer prices and terms we have applied are not appropriate, or that other income of our affiliates should be taxed in that jurisdiction, we may incur increased tax liability, including accrued interest and penalties, which would cause our tax expense to increase. This could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

Our approved products may not achieve expected levels of market acceptance, which could have a material adverse effect on our profitability, business, financial position and results of operations and could cause the market value of our stock to decline.

Even if we are able to obtain regulatory approvals for our new pharmaceutical products, generic or branded, the success of those products is dependent upon market acceptance. Levels of market acceptance for our new products could be impacted by several factors, including:

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

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

A relatively small group of products may represent a significant portion of our net revenues, gross profit or net earnings from time to time. If the volume or pricing of any of these products declines, it could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

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We face vigorous competition from other pharmaceutical manufacturers that threatens the commercial acceptance and pricing of our products. Such competition could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

The generic pharmaceutical industry is highly competitive. We face competition from many U.S. and foreign manufacturers, some of whom are significantly larger than we are. Our competitors may be able to develop products and processes competitive with or superior to our own for many reasons, including that they may have:

- proprietary processes or delivery systems;
- larger research and development and marketing staffs;
- larger production capabilities in a particular therapeutic area;
- more experience in preclinical testing and human clinical trials;
- more products; or
- more experience in developing new drugs and greater financial resources, particularly with regard to manufacturers of branded products.

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

Because the pharmaceutical industry is heavily regulated, we face significant costs and uncertainties associated with our efforts to comply with applicable regulations. Should we fail to comply, we could experience material adverse effects on our business, financial position and results of operations, and the market value of our stock could decline.

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

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

In addition to the new drug approval process, government agencies also regulate the facilities and operational procedures that we use to manufacture our products. We must register our facilities with the FDA and other similar regulators. Products manufactured in our facilities must be made in a manner consistent with current good manufacturing practices, or cGMP. Compliance with cGMP regulations requires substantial expenditures of time, money and effort in such areas as production and quality control to ensure full technical compliance. The FDA and other agencies periodically inspect our manufacturing facilities for compliance. Regulator approval to manufacture a drug is site-specific. Failure to comply with cGMP regulations at one of our manufacturing facilities could result in an enforcement action brought by the FDA or other regulatory

bodies which could include withholding the approval of our submissions or other product applications of that facility. If any regulatory body were to require one of our manufacturing facilities to cease or limit production, our business could be adversely affected. Delay and cost in obtaining FDA or other regulatory approval to manufacture at a different facility also could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

Our reporting and payment obligations under the Medicare and/or Medicaid rebate program and other governmental purchasing and rebate programs are complex and may involve subjective decisions that could change as a result of new business circumstances, new regulatory guidance, or advice of legal counsel. Any determination of failure to comply with those obligations could subject us to penalties and sanctions which could have a material adverse effect on our business, financial position and results of operations, and the market value of our stock could decline.

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

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

Any governmental agencies that have commenced, or may commence, an investigation of the Company could impose, based on a claim of violation of fraud and false claims laws or otherwise, civil and/or criminal sanctions, including fines, penalties and possible exclusion from federal health care programs including Medicare and/or Medicaid. Some of the applicable laws may impose liability even in the absence of specific intent to defraud. Furthermore, should there be ambiguity with regard to how to properly calculate and report payments and even in the absence of any such ambiguity a governmental authority may take a

position contrary to a position we have taken, and may impose civil and/or criminal sanctions. Any such penalties or sanctions could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

We expend a significant amount of resources on research and development efforts that may not lead to successful product introductions. Failure to successfully introduce products into the market could have a material adverse effect on our business, financial position and results of operations, and the market value of our stock could decline.

Much of our development effort is focused on technically difficult-to-formulate products and/or products that require advanced manufacturing technology. We conduct research and development primarily to enable us to manufacture and market approved pharmaceuticals in accordance with applicable regulations. Typically, research expenses related to the development of innovative compounds and the filing of marketing authorization applications for innovative compounds (such as NDAs in the United States) are significantly greater than those expenses associated with the development of and filing of marketing authorization applications for, generic products (such as ANDAs in the United States and abridged applications in Europe). As we continue to develop new products, our research expenses will likely increase. Because of the inherent risk associated with research and development efforts in our industry, particularly with respect to new drugs (including, without limitation, nebivolol), our, or a partner s, research and development expenditures may not result in the successful introduction of new pharmaceutical products approved by the relevant regulatory bodies. Also, after we submit a marketing authorization application for a new compound or generic product, the relevant regulatory authority may request that we conduct additional studies and, as a result, we may be unable to reasonably determine the total research and development costs to develop a particular product. Finally, we cannot be certain that any investment made in developing products will be recovered, even if we are successful in commercialization. To the extent that we expend significant resources on research and development efforts and are not able, ultimately, to introduce successful new products as a result of those efforts, our business, financial position and results of operations may be materially adversely affected, and the market value of our stock could decline.

A significant portion of our net revenues is derived from sales to a limited number of customers. Any significant reduction of business with any of these customers could have a material adverse effect on our business, financial position and results of operations, and the market value of our stock could decline.

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

The use of legal, regulatory and legislative strategies by competitors, both brand and generic, including authorized generics and citizen s petitions, as well as the potential impact of proposed legislation, may increase our costs associated with the introduction or marketing of our generic products, could delay or prevent such introduction and/or could significantly reduce our profit potential. These factors could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

- entering into agreements whereby other generic companies will begin to market an authorized generic, a generic equivalent of a branded product, at the same time generic competition initially enters the market;

filing citizen s petitions with the FDA or other regulatory bodies, including timing the filings so as to thwart generic competition by causing delays of our product approvals;

seeking to establish regulatory and legal obstacles that would make it more difficult to demonstrate bioequivalence;

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initiating legislative efforts to limit the substitution of generic versions of brand pharmaceuticals;

filing suits for patent infringement that may delay regulatory approval of many generic products;

introducing next-generation products prior to the expiration of market exclusivity for the reference product, which often materially reduces the demand for the first generic product for which we seek regulatory approval;

obtaining extensions of market exclusivity by conducting clinical trials of brand drugs in pediatric populations or by other potential methods;

persuading regulatory bodies to withdraw the approval of brand name drugs for which the patents are about to expire, thus allowing the brand name company to obtain new patented products serving as substitutes for the products withdrawn; and

seeking to obtain new patents on drugs for which patent protection is about to expire.

In the United States, some companies have lobbied Congress for amendments to the Waxman-Hatch legislation that would give them additional advantages over generic competitors. For example, although the term of a company s drug patent can be extended to reflect a portion of the time an NDA is under regulatory review, some companies have proposed extending the patent term by a full year for each year spent in clinical trials rather than the one-half year that is currently permitted.

If proposals like these in the United States, Europe or in other countries where we operate were to become effective, our entry into the market and our ability to generate revenues associated with new products may be delayed, reduced or eliminated, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

We have substantial indebtedness and will be required to apply a substantial portion of our cash flow from operations to service our indebtedness. Our substantial indebtedness may have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

We incurred significant indebtedness to fund a portion of the consideration for our acquisition of Merck Generics and we will continue to have significant indebtedness even after this and the concurrent stock offering. As of September 30, 2007, on a pro forma basis after giving effect to the Acquisition and the Financings, the issuance of the preferred stock offered hereby, the concurrent offering of common stock and the application of the net proceeds from such offerings to reduce outstanding debt, the outstanding principal amount of our indebtedness would have been approximately $5,540.5 million (excluding unused availability under our revolving credit facility of approximately $425 million). If we complete this offering but do not complete the concurrent stock offering, the outstanding principal amount of our indebtedness on a pro forma basis would have been approximately $6,263.3 million. Our high level of indebtedness could have important consequences, including:

increasing our vulnerability to general adverse economic and industry conditions;

requiring us to dedicate a substantial portion of our cash flow from operations and proceeds of any equity issuances to payments on our indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;

making it difficult for us to optimally capitalize and manage the cash flow for our businesses;

limiting our flexibility in planning for, or reacting to, changes in our businesses and the markets in which we operate;

making it difficult for us to meet the leverage and interest coverage ratios required by our Senior Secured Credit Agreement;

limiting our ability to borrow money or sell stock to fund our working capital, capital expenditures, acquisitions and debt service requirements and other financing needs;

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increasing our vulnerability to increases in interest rates in general because a substantial portion of our indebtedness bears interest at floating rates;

requiring us to sell assets in order to pay down debt; and

placing us at a competitive disadvantage to our competitors that have less debt.

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

Our credit facilities and any additional indebtedness we incur in the future impose, or may impose, significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities. These factors could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

We may decide to sell assets which could adversely affect our prospects and opportunities for growth.

We may from time to time consider selling certain assets if we determine that such assets are not critical to our strategy, or if we believe the opportunity to monetize the asset is attractive, or in order to reduce indebtedness, or for other reasons. We have explored and will continue to explore the sale of certain non-core assets. Although our intention is to engage in asset sales only if they advance our overall strategy, any such sale could reduce the size or scope of our business, our market share in particular markets or our opportunities with respect to certain markets, products or therapeutic categories. As a result, any such sale could have an adverse effect on our business, prospects and opportunities for growth.

We depend on third-party suppliers and distributors for the raw materials, particularly the chemical compound(s) comprising the active pharmaceutical ingredient, that we use to manufacture our products as well as certain

finished goods. A prolonged interruption in the supply of such products could have a material adverse effect on our business, financial position and results of operations, and the market value of our stock could decline.

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

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

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

Our efforts to transition our Merck Generics subsidiaries away from the Merck name and away from services being provided by Merck KGaA may impose inherent risks or result in greater than expected costs or impediments, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

As part of the Merck Generics acquisition we entered into a transitional services agreement whereby Merck KGaA agreed to continue to provide certain services including accounting and information technology to Merck Generics for certain periods. The cost of transitioning such services from Merck KGaA to us during those periods as well as the capital expenditures that may be required for system upgrades may be greater than we expect or result in other impediments to our business. Such costs or impediments may have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

In addition, in limited circumstances, entities we acquired in the Acquisition are party to litigation and/or subject to investigation in matters under which we are entitled to indemnification by Merck KGaA. However, there are risks inherent in such indemnities and, accordingly, there can be no assurance that we will receive the full benefits of such indemnification.

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Our business is highly dependent upon market perceptions of us, our brands and the safety and quality of our products. Our business or brands could be subject to negative publicity, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

We have a limited number of manufacturing facilities producing a substantial portion of our products. Production at any one of these facilities could be interrupted, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

We may experience declines in the sales volume and prices of our products as the result of the continuing trend toward consolidation of certain customer groups, such as the wholesale drug distribution and retail pharmacy industries, as well as the emergence of large buying groups. The result of such developments could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

Our competitors, including branded pharmaceutical companies, or other third parties may allege that we are infringing their intellectual property, forcing us to expend substantial resources in resulting litigation, the outcome of which is uncertain. Any unfavorable outcome of such litigation could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

Companies that produce brand pharmaceutical products routinely bring litigation against ANDA or similar applicants that seek regulatory approval to manufacture and market generic forms of their branded products. These companies allege patent infringement or other violations of intellectual property rights as the basis for filing suit against an ANDA or similar applicant. Likewise, patent holders may bring patent infringement suits against companies that are currently marketing and selling their approved generic products. Litigation often involves significant expense and can

delay or prevent introduction or sale of our generic products. If patents are held valid and infringed by our products in a particular jurisdiction, we would, unless we could obtain a license from the patent holder, need to cease selling in that jurisdiction and may need to deliver up or destroy existing stock in that jurisdiction.

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

We may experience reductions in the levels of reimbursement for pharmaceutical products by governmental authorities, HMOs or other third-party payers. Any such reductions could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

In Germany recent legislative changes have been introduced which are aimed at reducing costs for the German statutory health insurance, or SHI, scheme. The measure is likely to have an impact upon marketing practice and reimbursement of drugs and may increase pressure on competition and reimbursement margins. The Act to Increase Competition in the Statutory Health Insurance Scheme provides, inter alia: (i) in addition to the existing reference price scheme, SHI funds will impose reimbursement caps on innovative drugs; (ii) SHI-funds will receive a rebate for generic drugs corresponding to 10% of the selling price, excluding VAT (this does not apply to generic drugs the price of which is at least 30% below the reference price); (iii) SHI funds will receive a rebate for generic drugs corresponding to 16% of the selling price, excluding VAT, for generics which are not listed in the inventory of groups of pharmaceuticals with a fixed price to be reimbursed by the statutory health insurance scheme and (iv) new incentives for individual rebate contracts between pharmaceutical companies and single SHI funds. These changes could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

In the UK, the Office of Fair Trading produced recommendations in February 2007 that suggested that the UK should move towards a value based pricing structure for the reimbursement of pharmaceutical products from 2010. If these recommendations are accepted and lead to change in the system of reimbursement, this could lead to increased pressure on competition and reimbursement margins. This could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

Legislative or regulatory programs that may influence prices of prescription drugs could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

Current or future federal, state or foreign laws and regulations may influence the prices of drugs and, therefore, could adversely affect the prices that we receive for our products. For example, programs in existence in certain states in the United States seek to set prices of all drugs sold within those states through the regulation and administration of the sale of prescription drugs. Expansion of these programs, in particular

state Medicare and/or Medicaid programs, or changes required in the way in which Medicare and/or Medicaid rebates are calculated under such programs, could adversely affect the prices we receive for our products and could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

We are involved in various legal proceedings and certain government inquiries and may experience unfavorable outcomes of such proceedings or inquiries, which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

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

We enter into various agreements in the normal course of business which periodically incorporate provisions whereby we indemnify the other party to the agreement. In the event that we would have to perform under these indemnification provisions, it could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

Our future success is highly dependent on our continued ability to attract and retain key personnel. Any failure to attract and retain key personnel could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

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We have begun the implementation of an enterprise resource planning system. As with any implementation of a significant new system, difficulties encountered could result in business interruptions, and could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

We have begun the implementation of an enterprise resource planning, or ERP, system in the United States to enhance operating efficiencies and provide more effective management of our business operations. Implementations of ERP systems and related software carry risks such as cost overruns, project delays and business interruptions and delays. If we experience a material business interruption as a result of our ERP implementation, it could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

Changing the fiscal year end involves incremental work and complexities and results in the acceleration of certain deadlines. Failure to meet these accelerated deadlines and/or issues resulting from the additional work and complexities could impact our results of operations and cause our stock to decline.

On October 2, 2007, we amended our bylaws to change our fiscal year. Our fiscal year previously commenced April 1 and ended March 31. Our fiscal year will now begin on January 1 and end on December 31. As a result of this we will be filing a transition report for the nine-month period ending December 31, 2007 and thereafter report on the basis of a fiscal year ending December 31. This change involves significant incremental work as well as certain complexities and expedited deadlines. Among them are the need to reconfigure certain internal processes and systems, the acceleration of effectiveness testing for certain Sarbanes-Oxley compliance measures for us and our subsidiaries, and accelerated external audit timing and reporting, including the impact of the Merck Generics acquisition. Issues may arise as a result of these additional complexities or expedited deadlines or we may fail to meet compliance requirements within these accelerated deadlines which could adversely affect our business, financial position and results of operations and could cause the market value of our stock to decline.

Any future acquisitions or divestitures would involve a number of inherent risks. These risks could cause a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

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

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Matrix, an important part of our business, is located in India and it is subject to regulatory, economic, social and political uncertainties in India. These risks could cause a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

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

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

Movements in foreign currency exchange rates could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

If we fail to adequately protect or enforce our intellectual property rights, then we could lose revenue under our licensing agreements or lose sales to generic copies of our branded products. These risks could cause a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

Our success, particularly in our specialty business, depends in large part on our ability to obtain, maintain and enforce patents, and protect trade secrets, know-how and other proprietary information. Our ability to commercialize any branded product successfully will largely depend upon our ability to obtain and maintain patents of sufficient scope to prevent third parties from developing substantially equivalent products. In the absence of patent and trade secret protection, competitors may adversely affect our branded products

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business by independently developing and marketing substantially equivalent products. It is also possible that we could incur substantial costs if we are required to initiate litigation against others to protect or enforce our intellectual property rights.

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

Our specialty business develops, formulates, manufactures and markets branded products that are subject to risks. These risks could cause a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

Our branded products, developed, formulated, manufactured and marketed by our specialty business may be subject to the following risks:

- limited patent life;
- competition from generic products;
- reductions in reimbursement rates by third-party payors;
- importation by consumers;
- product liability;
- drug development risks arising from typically greater research and development investments than generics; and
- unpredictability with regard to establishing a market.

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

We must maintain adequate internal controls and be able, on an annual basis, to provide an assertion as to the effectiveness of such controls. Failure to maintain adequate internal controls or to implement new or improved controls could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

Effective internal controls are necessary for the Company to provide reasonable assurance with respect to its financial reports. We are spending a substantial amount of management time and resources to comply with changing laws,

regulations and standards relating to corporate governance and public disclosure. In the United States such changes include the Sarbanes-Oxley Act of 2002, new SEC regulations and the New York Stock Exchange rules. In particular, Section 404 of the Sarbanes-Oxley Act of 2002 requires management s annual review and evaluation of our internal control over financial reporting and attestations as to the effectiveness of these controls by our independent registered public accounting firm. If we fail to maintain the adequacy of our internal controls, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting. Additionally, internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over

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financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If the Company fails to maintain the adequacy of its internal controls, including any failure to implement required new or improved controls, this could have a material adverse effect on our business, financial position and results of operations, and the market value of our stock could decline.

During fiscal year 2007 we acquired a controlling stake in Matrix and on October 2, 2007 we acquired Merck Generics. For purposes of management s evaluation of our internal control over financial reporting as of March 31, 2007, we elected to exclude Matrix from the scope of management s assessment as permitted by guidance provided by the SEC. Matrix will be included in, but Merck Generics will be excluded from, management s assessment of the effectiveness of the Company s internal controls over financial reporting as of December 31, 2007. If we fail to implement and maintain adequate internal controls, it could have a material adverse effect on our business, financial position and results of operations, and the market value of our stock could decline.

There are inherent uncertainties involved in estimates, judgments and assumptions used in the preparation of financial statements in accordance with GAAP. Any future changes in estimates, judgments and assumptions used or necessary revisions to prior estimates, judgments or assumptions or changes in accounting standards could lead to a restatement or revision to previously consolidated financial statements which could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

We are subject to the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws, which impose restrictions and may carry substantial penalties. Any violations of these laws, or allegations of such violations, could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our stock to decline.

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

Risks Relating to Our Mandatory Convertible Preferred Stock

We may not be able to pay cash dividends on the mandatory convertible preferred stock.

Our Senior Secured Credit Agreement and our Senior Unsecured Interim Loan Agreement limit, and any indentures and other financing agreements that we enter into in the future will likely limit, our ability to pay cash dividends on our capital stock, including the mandatory convertible preferred stock. In the event that

any indentures or other financing agreements in the future restrict our ability to pay cash dividends on the mandatory convertible preferred stock, we will be unable to pay cash dividends on the mandatory convertible preferred stock unless we can refinance amounts outstanding under those agreements. We have no obligation to refinance such amounts, and we may elect to pay dividends in shares of our common stock, or defer dividends, instead of paying dividends in cash. If we elect to defer dividends, you will not receive any interest on such deferred dividends, and if we elect to pay dividends partially or entirely in shares of our common stock, you may not be able to sell such shares of common stock for cash equal to the full stated amount of such dividends. Additionally, the certificate of designations for the mandatory preferred stock will limit the maximum number of shares we are required to deliver to satisfy our obligations to pay any dividends we have elected to pay in common stock. See Description of Mandatory Convertible Preferred Stock Method of Payment of Dividends.

Under Pennsylvania law, cash dividends on capital stock may only be paid from surplus. Unless we continue to operate profitably, our ability to pay cash dividends on the mandatory convertible preferred stock would require the availability of adequate surplus, which is defined as the excess, if any, of our net assets (total assets less total liabilities) over our capital. Further, even if adequate surplus is available to pay cash dividends on the mandatory convertible preferred stock, we may not have sufficient cash to pay dividends on the mandatory convertible preferred stock.

A holder of our mandatory convertible preferred stock would bear the risk of any decline in the market value of our common stock.

The market value of our common shares on the mandatory conversion date may be less than the market price corresponding to the maximum conversion rate, which we call the initial price, in which case holders of our mandatory convertible preferred stock will receive shares of our common stock on the mandatory conversion date with a market value per share that is less than the initial price. Accordingly, a holder of mandatory convertible preferred stock assumes the entire risk that the market value of our common stock may decline. Any decline in the market price of shares of our common stock and related decline in value of the mandatory convertible preferred stock may be substantial and, depending on the extent of the decline, you could lose all or substantially all of your investment in the mandatory convertible preferred stock.

Purchasers of our mandatory convertible preferred stock may not realize any or all of the benefit of an increase in the market price of shares of our common stock.

The market value of our common stock that you will receive upon mandatory conversion of our mandatory convertible preferred stock on the mandatory conversion date will exceed the stated amount of $1,000.00 per mandatory convertible preferred stock only if the applicable market value of our common stock as defined under Description of Mandatory Convertible Preferred Stock Mandatory Conversion equals or exceeds the threshold appreciation price of $17.08. The threshold appreciation price represents an appreciation of approximately 22% over the initial price. This means that the opportunity for equity appreciation provided by an investment in our mandatory convertible preferred stock is less than that provided by a direct investment in shares of our common stock.

If the applicable market value of our common stock exceeds the initial price but is less than the threshold appreciation price, a holder of our mandatory convertible preferred stock will realize no equity appreciation on our common stock. Furthermore, if the applicable market value of our common stock exceeds the threshold appreciation price, the value of the common stock received upon conversion will be approximately 82% of the value of the common stock that could be purchased with $1,000.00 at the time of this offering.

The trading price of our common stock will directly affect the trading price for our mandatory convertible preferred stock.

The trading price of our common stock will directly affect the trading price of our mandatory convertible preferred stock. For instance, if our financial results are below the expectations of securities analysts and investors, the market price of our common stock and our mandatory convertible preferred stock could decrease, perhaps significantly. Other factors that may affect the market price of our common stock and

our mandatory convertible preferred stock include announcements relating to significant corporate transactions; fluctuations in our quarterly and annual financial results; operating and stock price performance of companies that investors deem comparable to us; and changes in government regulation or proposals relating to us. In addition, the U.S. securities markets have experienced significant price and volume fluctuations. These fluctuations often have been unrelated to the operating performance of companies in these markets. Market fluctuations and broad market, economic and industry factors may negatively affect the price of our common stock, regardless of our operating performance. You may not be able to sell your shares of our mandatory convertible preferred stock at or above the public offering price, or at all. Any volatility of or a significant decrease in the market price of our mandatory convertible preferred stock could also negatively affect our ability to make acquisitions using preferred stock. Further, if we were to be the object of securities class action litigation as a result of volatility in our mandatory convertible preferred stock price or for other reasons, it could result in substantial costs and diversion of our management s attention and resources, which could negatively affect our financial results.

You may suffer dilution of the shares of our common stock issuable upon conversion of our mandatory convertible preferred stock.

The number of shares of our common stock issuable upon conversion of our mandatory convertible preferred stock is subject to adjustment only for share splits and combinations, share dividends and specified other transactions. The number of shares of our common stock issuable upon conversion is not subject to adjustment for other events, such as employee stock option grants, offerings of our common stock for cash or in connection with acquisitions, or other transactions which may reduce the price of our common stock. The terms of our mandatory convertible preferred stock do not restrict our ability to offer common stock in the future or to engage in other transactions that could dilute our common stock. We have no obligation to consider the interests of the holders of our mandatory convertible preferred stock in engaging in any such offering or transaction.

Purchasers of our mandatory convertible preferred stock may suffer dilution of our mandatory convertible preferred stock upon the issuance of a new series of preferred stock ranking equally with the mandatory convertible preferred stock sold in this offering.

The terms of our mandatory convertible preferred stock will not restrict our ability to offer a new series of preferred stock that ranks equally with our mandatory convertible preferred stock in the future or to engage in other transactions that could dilute our mandatory convertible preferred stock. We have no obligation to consider the interests of the holders of our mandatory convertible preferred stock in engaging in any such offering or transaction.

Holders of convertible preferred stock will have no rights as a common shareholder until they acquire our common stock.

Until you acquire shares of our common stock upon conversion, you will have no rights with respect to our common stock, including voting rights (except as required by Pennsylvania law and as described under Description of Mandatory Convertible Preferred Stock Voting Rights), rights to respond to tender offers and rights to receive any dividends or other distributions on our common stock. To exercise any voting rights described under Description of Mandatory Convertible Preferred Stock Voting Rights, you may only request that we call a special meeting of the holders of our mandatory convertible preferred stock and you may not call a meeting directly. Upon conversion, you will be entitled to exercise the rights of a holder of common stock only as to matters for which the record date occurs after the conversion date. For example, in the event that an amendment is proposed to our amended and restated articles of incorporation or bylaws requiring stockholder approval, and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date, you will not be entitled to vote on the amendment unless it would amend, alter or affect the powers, preferences or rights of the mandatory convertible preferred stock in a manner that would adversely affect the rights of holders of the mandatory convertible

preferred stock, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

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Our mandatory convertible preferred stock will rank junior to all of our and our subsidiaries liabilities in the event of a bankruptcy, liquidation or winding up of our assets.

In the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on our mandatory convertible preferred stock only after all of our liabilities have been paid. In addition, our mandatory convertible preferred stock will effectively rank junior to all existing and future liabilities of our subsidiaries and the capital stock of our subsidiaries held by third parties. The rights of holders of our mandatory convertible preferred stock to participate in the assets of our subsidiaries upon any liquidation or reorganization of any subsidiary will rank junior to the prior claims of that subsidiary s creditors and minority equity holders. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying our and our subsidiaries liabilities, to pay amounts due on any or all of our mandatory convertible preferred stock then outstanding.

You may have to pay taxes with respect to constructive distributions that you do not receive.

The conversion rate of our mandatory convertible preferred stock will be adjusted in certain circumstances. See Description of Mandatory Convertible Preferred Stock Anti-Dilution Adjustments. For U.S. federal income tax purposes, adjustments to a fixed conversion rate, or failures to make certain adjustments, that have the effect of increasing your proportionate interest in our assets or earnings and profits may result in a deemed distribution to you. Such deemed distribution will be taxable to you, even though you do not actually receive a distribution. If you are a non-U.S. holder (as defined in Certain United States Federal Income Tax Considerations), such deemed distribution may be subject to U.S. federal income tax at a 30% or reduced treaty rate, collected by withholding. We will withhold the U.S. federal tax on such dividend from any cash, shares of common stock, or sales proceeds otherwise payable to you. See Certain U.S. Federal Income Tax Considerations.

Resales of shares of our common stock following the transactions and future issuances of equity or equity-linked securities by us may cause the market price of our common stock to fall.

As of October 26, 2007, we had 248,891,625 shares of common stock outstanding, 26,755,853 shares authorized for issuance upon conversion of our convertible notes, 26,755,853 shares underlying our convertible note hedge and warrant transactions associated with our convertible notes, and 21,993,721 shares authorized for issuance upon the exercise of outstanding options or the vesting of restricted stock units. The issuance of our mandatory convertible preferred stock offered hereby (including approximately 132,857,196 shares issuable upon conversion of such shares (assuming no exercise of the underwriters overallotment option and conversion at the maximum conversion rate)), the concurrent common stock offering, and the sale of additional shares that may become eligible for sale in the public market from time to time upon the exercise of options, conversion of our convertible notes or exercise of warrants could have the effect of depressing the market price for our common stock.

The cash acquisition conversion rate and the cash acquisition dividend make-whole payment may not adequately compensate you upon a cash acquisition.

If a cash acquisition occurs, you will be permitted to convert your shares of mandatory convertible preferred stock early, and we will deliver shares of our common stock calculated at the cash acquisition conversion rate. We will also pay a cash acquisition dividend make-whole payment intended to compensate you for the lost value of future dividends. A description of how the cash acquisition conversion rate and the cash acquisition dividend make-whole payment will be determined and the form in which it will be paid is set forth under Description of Mandatory Convertible Preferred Stock Conversion Upon Cash Acquisition; Cash Acquisition Dividend Make-Whole Amount. Although these features are designed to compensate you for the lost value of your mandatory convertible preferred stock, they are only an approximation of this lost value and may not adequately compensate you. Furthermore, the term cash acquisition applies only to specific types of transaction, and if we engage in other transactions you may not

receive any adjustment to the conversion rate or dividend make-whole payment even though the value of your mandatory convertible preferred stock may be affected.

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We are a holding company and our ability to meet our obligations depends on our ability to receive dividends or other distributions from our subsidiaries.

Our operations are conducted through direct and indirect subsidiaries. Our ability to meet our obligations is dependent on dividends and other distributions or payments from our subsidiaries. The ability of our subsidiaries to pay dividends or make distributions or other payments to us depends upon the availability of cash flow from operations, proceeds from the sale of assets and/or borrowings, and, in the case of non-wholly owned subsidiaries, our contractual arrangements with other equity holders.

In addition, any payment of interest, dividends, distributions, loans or advances by our operating subsidiaries to us could be subject to restrictions on dividends or repatriation of distributions under applicable local law, monetary transfer restrictions and foreign currency exchange regulations in the jurisdictions in which the subsidiaries operate or under arrangements with local partners, as well as dividend withholding taxes. For example, in India and Australia dividends may be subject to dividend withholding tax where an Indian or an Australian entity pays dividends to a non-Indian or non-Australian shareholder.

A portion of the net proceeds of this offering will be received by affiliates of certain of our underwriters. This may present a conflict of interest.

We intend to use the net proceeds from this offering to repay outstanding indebtedness under our Senior Unsecured Interim Loan Agreement. Several of the underwriters, including Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman, Sachs & Co., Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Banc of America Securities LLC and Mitsubishi UFJ Securities International plc have affiliates who are lenders under such agreement and who will receive such net proceeds. These relationships may present a conflict of interest since such underwriters may have an interest in the successful completion of this offering in addition to the underwriting discounts and commissions they would receive. See Underwriting.

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RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS

The following table sets forth our consolidated ratio of earnings to combined fixed charges and preferred dividends for the periods indicated.

	Year Ended March 31,					Six Months Ended September 30,
	2003	2004	2005	2006	2007	2007
Ratio of earnings to combined fixed charges and preferred stock dividends				8.56x	8.21x	8.82x

For the purpose of computing the ratio of earnings to combined fixed charges and preferred dividends earnings consist of income before provision for income taxes and before adjustment for losses or earnings from equity investments plus fixed charges and dividends received from equity investments. Fixed charges consist of interest charges (whether expensed or capitalized), amortization of debt expense, preferred stock dividend requirements and that portion of rental expense we believe to be representative of interest. Note that prior to our fiscal year ended March 31, 2006, interest charges and that portion of rental expense representative of interest were immaterial. In addition, prior to this offering we did not have any preferred stock dividend requirements, as no shares of preferred stock had been issued. Neither the Acquisition, the indebtedness incurred through the Financings nor the proceeds from this offering (or the concurrent offering) are included in the above calculation.

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USE OF PROCEEDS

We estimate the net proceeds to us from the offering after deducting underwriting discounts and estimated offering expenses, will be approximately $1,799,200,000 ($2,069,830,000 if the underwriters overallotment option is exercised in full). We intend to use the net proceeds of this offering, together with any net proceeds of the concurrent offering of common stock, to repay a portion of the outstanding indebtedness under our Senior Unsecured Interim Loan Agreement which was incurred to fund a portion of the purchase price of the acquisition of Merck Generics and related acquisition costs. Such indebtedness currently bears interest at LIBOR plus 4.50% per annum. Affiliates of several of the underwriters are lenders under the Senior Unsecured Interim Loan Agreement and will receive a portion of the net proceeds from this offering, which are being applied to repay such debt. See Underwriting.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2007:

- on an actual basis;
- on a pro forma basis to reflect the Transactions as if they had occurred on September 30, 2007; and
- on a pro forma as adjusted basis to (i) reflect the Transactions and (ii) give effect to our receipt of estimated net proceeds from this offering of 1,860,000 shares of mandatory convertible preferred stock (assuming no exercise of the underwriters overallotment option) and from our concurrent offering of 53,500,000 shares of common stock and the application of the net proceeds therefrom to repay debt under our Senior Unsecured Interim Loan Agreement and the use of such proceeds in the repayment of the interim loans as described under Summary Concurrent Transactions, as if they had occurred on September 30, 2007.

This table is unaudited and should be read in conjunction with Summary Historical Financial Information of Mylan, Summary Historical Financial Information of Merck Generics and Unaudited Pro Forma Condensed Combined Financial Information included herein, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended March 31, 2007 and our Quarterly Report on Form 10-Q for the three and six months ended September 30, 2007, and the unaudited combined pro forma financial statements and the related notes and the historical financial statements and related notes of Merck Generics included in our Current Report on Form 8-K/A filed on November 1, 2007, each of which is incorporated by reference herein. The following table assumes no exercise of the underwriters overallotment options.

	As of September 30, 2007		
	Actual	Pro Forma	Pro Forma As Adjusted(9)
	(Dollars in millions)		
Cash and marketable securities	$ 1,269.6	$ 501.3	$ 501.3
Indebtedness (including short-term):			
Existing senior credit facilities(1)	$ 450.0	$	$
New senior secured credit facilities:			
Term loans(2)		4,100.0	4,100.0
Revolving credit facility(3)		325.0	325.0
Interim loans(4)		2,850.0	333.0
Existing convertible notes(5)	600.0	600.0	600.0
Existing senior notes(6)	500.0	2.7	2.7
Short term borrowings(7)	120.4	127.9	127.9
Other(8)	46.0	51.9	51.9
Total indebtedness	$ 1,716.4	$ 8,057.5	$ 5,540.5

Stockholders equity:			
Common stock $0.50 par value:			
Authorized 600,000,000 shares; issued and outstanding 248,834,699 shares, actual and pro forma, 302,334,699 shares as further adjusted	169.9	169.9	196.7
Preferred stock $0.50 par value:			
Authorized 5,000,000 shares; 6.50% mandatory convertible preferred stock, liquidation preference $1,000 per share: issued and outstanding no shares, actual and pro forma, 1,860,000 shares as further adjusted			0.9
Capital in excess of par value	986.5	986.5	3,475.8
Retained earnings (10)	2,306.4	481.1	481.1
Accumulated other comprehensive income	12.1	12.1	12.1
Treasury stock	(1,588.2)	(1,588.2)	(1,588.2)
Total shareholders equity	1,886.7	61.4	2,578.4
Total capitalization	$ 3603.1	$ 8,118.9	$ 8,118.9

(footnotes on following page)

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(1) $450 million borrowed under a term loan agreement as part of our previous 2007 credit facility. This amount was repaid as part of the Financings.

(2) Consisting of U.S. dollar term loans and a Euro term loan under our Senior Secured Credit Agreement. At October 2, 2007, $2,500 million of borrowings were outstanding under the U.S. dollar term loans and 1,130 million ($1,600 million) of borrowings were outstanding under the Euro term loan.

(3) Consisting of U.S. dollar $750 million revolving credit facility under our Senior Secured Credit Agreement. At October 2, 2007, $325 million of borrowings were outstanding under the revolving credit facility.

(4) At October 2, 2007, $2,850 million of borrowings were outstanding under our Senior Unsecured Interim Agreement. Pro forma as adjusted column assumes repayment of $2,517.0 million with estimated net proceeds of offerings.

(5) $600 million of 1.25% senior convertible notes due 2012.

(6) Senior notes on an actual basis is comprised of $150 million aggregate principal amount of 5.750% senior notes due 2010 and $350 million aggregate principal amount of 6.375% senior notes due 2015. In connection with the completion of the Acquisition, we completed cash tender offers for $147.5 million in aggregate principal amount of the 2010 Notes and $349.8 million in aggregate principal amount of the 2015 Notes.

(7) Short-term borrowings of Matrix in the amount of approximately $120.4 million which represent working capital facilities with several banks, which are secured first by Matrix s current assets and second by Matrix s property, plant and equipment and carry interest rates of 4% 14%.

(8) Other consists primarily of a 32.5 million term loan of Matrix.

(9) Reflects issuance of 1,860,000 shares of mandatory convertible preferred stock offered hereby and 53,500,000 shares of common stock offered concurrently herewith, both assuming no exercise of the underwriters overallotment option, as well as the application of the net proceeds from these offerings to repay a portion of the Senior Unsecured Interim Loan Agreement. Neither offering is conditioned on the other.

(10) As part of the Acquisition, a portion of the purchase price will be allocated to the estimated fair value of in-process research and development acquired which reduced our retained earnings and shareholders equity. Because this expense is directly attributable to the acquisition and will not have a continuing impact, it is not reflected in the unaudited condensed combined pro forma statements of operations. However, the actual amount based upon a valuation will be recorded as an expense in our quarter ended December 31, 2007. As a result of a preliminary valuation, an estimate of $1.78 billion related to in-process research and development is included.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The unaudited condensed combined pro forma statements of operations are presented to show how Mylan might have looked had the acquisition of Merck Generics and the acquisition of a controlling interest in Matrix occurred on April 1, 2006. The unaudited condensed combined pro forma balance sheet is presented to show how Mylan might have looked had the acquisition of Merck Generics occurred on September 30, 2007. This pro forma information is based on, and should be read in conjunction with, the historical financial statements of Mylan for the fiscal year ended March 31, 2007, included in our Form 10-K filed May 30, 2007, and for the six months ended September 30, 2007, included in our Form 10-Q filed November 1, 2007 and incorporated by reference herein, the historical financial statements of Merck Generics for the year ended December 31, 2006 and the six months ended June 30, 2007, which are incorporated by reference herein and the historical financial statements of Matrix for the nine months ended December 31, 2006, which are incorporated by reference from our Current Report on Form 8-K/A filed on February 20, 2007.

The unaudited condensed combined pro forma statement of operations for the twelve months ended March 31, 2007, combines information from the audited historical consolidated statement of earnings of Mylan for the year ended March 31, 2007, the unaudited historical condensed consolidated statement of operations for Matrix for the nine months ended December 31, 2006, and a U.S. GAAP historical combined income statement information of Merck Generics, which is derived from the audited historical combined income statement information of Merck Generics for the year ended December 31, 2006. The unaudited condensed combined pro forma statement of operations for the six months ended September 30, 2007, combines information from the unaudited historical condensed consolidated statement of earnings of Mylan for the six months ended September 30, 2007, U.S. GAAP historical combined income statement information of Merck Generics, for the six months ended June 30, 2007. The unaudited condensed combined pro forma balance sheet combines information from the unaudited historical condensed consolidated balance sheet of Mylan as of September 30, 2007 and U.S. GAAP historical combined balance sheet of Merck Generics, as of June 30, 2007.

The allocation of the preliminary purchase price as reflected in these condensed pro forma combined financial statements has been based upon preliminary estimates of the total purchase price to be paid to Merck KGaA, or Merck, by Mylan, which is subject to certain working capital and other adjustments based on the audit of a closing balance sheet to be prepared by Merck for Mylan, and preliminary estimates of the fair value of Merck Generics assets acquired and liabilities assumed as of the date of the acquisition. Management is currently assessing the fair values of in-process research and development, tangible and intangible assets acquired and liabilities assumed. This preliminary allocation of the purchase price is dependent upon certain estimates and assumptions including but not limited to determining the timing and estimated costs to complete the in-process research and development projects, projecting regulatory approvals, estimating future cash flows, and development appropriate discount rates. The fair value estimates for the purchase price allocation are preliminary and have been made solely for the purpose of developing such pro forma condensed combined financial statements.

A final determination of the fair value of Merck Generics in-process research and development, tangible and intangible assets acquired and liabilities assumed, will be based on the actual net tangible and intangible assets of Merck Generics as well as in-going research and development project, that existed as of the date of the acquisition and such valuations could change significantly upon the completion of further analyses and asset valuations from those used in the unaudited condensed combined pro forma financial statements presented below. The final valuation is expected to be completed as soon as practicable but no later than 12 months after the consummation of the acquisition, or October 2, 2008.

The historical U.S. GAAP Merck Generics balance sheet information included in the unaudited condensed combined pro forma financial statements was derived from Merck Generics unaudited balance sheet at June 30, 2007 prepared in accordance with IFRS; the historical balance sheet information was converted to U.S. GAAP and translated into U.S. dollars using an exchange rate of U.S. $1= 0.74. The historical U.S. GAAP Merck Generics combined income statement information included in the unaudited condensed combined pro forma financial statements were derived from Merck Generics audited combined

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income statement for the twelve month period ended December 31, 2006, and the unaudited interim condensed combined income statement for the six month period ended June 30, 2007, both prepared in accordance with IFRS; the historical income statement information was converted to U.S. GAAP and translated into U.S. dollars using an exchange rate of U.S. $1 = 0.80 and U.S. $1 = 0.75, respectively. Reconciliations of equity as of June 30, 2007 and net income for the year ended December 31, 2006 and the six months ended June 30, 2007 between IFRS and U.S. GAAP in Euros are included in a note to Merck Generics historical financial statements incorporated by reference herein.

As Mylan completed its acquisition of a 71.5% controlling interest in Matrix in January 2007 and has consolidated the results of Matrix since that time, the effects of purchase accounting related to Matrix are included in Mylan s historical September 30, 2007 condensed consolidated balance sheet. Certain Matrix pro forma adjustments for the nine months ending December 31, 2006 have been updated from the previous unaudited condensed combined pro forma information filed in conjunction with acquiring the controlling interest.

The unaudited condensed combined pro forma financial statements were prepared using the assumptions described below and in the related notes. The historical financial information has been adjusted to give effect to pro forma events that are (i) directly attributable to the acquisition, (ii) factually supportable, and (iii) with respect to the statements of operations, expected to have a continuing impact on the combined results. The unaudited condensed combined pro forma financial statements do not include liabilities resulting from acquisition planning, nor do they include certain costs savings or operating synergies (or costs associated with realizing such savings or synergies) that may result from the acquisition. Amounts preliminarily allocated to goodwill may significantly decrease and amounts allocated to intangible assets with definite lives may increase significantly, which could result in a material increase in amortization expense related to acquired intangible assets. Therefore, the actual amounts recorded may differ materially from the information presented in the accompanying unaudited condensed combined pro forma financial statements.

The unaudited condensed combined pro forma financial statements are provided for illustrative purposes only. They do not purport to represent what Mylan s consolidated results of operations and financial position would have been had the transaction actually occurred as of the dates indicated, and they do not purport to project Mylan s future consolidated results of operations or financial position.

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UNAUDITED CONDENSED COMBINED PRO FORMA

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2007

	Historical Mylan 12 months ended March 31 2007	Historical Matrix 9 months ended December 31 2006	Adjustments	Mylan and Matrix Pro forma	Historical Merck Generics (*) 12 months ended December 31 2006	Adjustments	Pro forma
	($ in millions except per share data)						
Revenues							
Net revenues	$ 1,586.9	$ 238.8	$	$ 1,825.7	$ 2,257.1	$	$ 4,082.8
Other revenues	24.9			24.9	15.9		40.8
Total revenues	1,611.8	238.8		1,850.6	2,273.0		4,123.6
Cost of sales	768.1	175.5	24.3A	967.9	1,304.7	194.0a	2,466.6
Gross profit	843.7	63.3	(24.3)	882.7	968.3	(194.0)	1,657.0
Operating expenses:							