

MYLAN LABORATORIES INC

Form S-4

September 03, 2004

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As filed with the Securities and Exchange Commission on September 3, 2004

Registration No. -

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**Form S-4**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

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**Mylan Laboratories Inc.**

*(Exact name of registrant as specified in its charter)*

**Pennsylvania**  
*(State or other jurisdiction of  
incorporation or organization)*

**2834**  
*(Primary Standard Industrial  
Classification Code Number)*

**25-1211621**  
*(I.R.S. Employer  
Identification No.)*

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

**Edward J. Borkowski**

**Chief Financial Officer**  
**1500 Corporate Drive**  
**Canonsburg, Pennsylvania 15317**  
**(724) 514-1800**  
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*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

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**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the effectiveness of this Registration Statement and the effective time of the merger of Summit Merger Corporation, a direct, wholly-owned subsidiary of the Registrant, with and into King Pharmaceuticals, Inc. as described in the Agreement and Plan of Merger, dated as of July 23, 2004, included as Annex A to the joint proxy statement/prospectus forming a part of this Registration Statement.

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)	Amount to Be Registered(2)	Proposed Maximum Offering Price Per Unit(3)	Proposed Maximum Aggregate Offering Price(4)	Amount of Registration Fee(5)
Common Stock (\$0.50 par value)	217,295,525	\$12.59	\$3,039,722,953	\$385,133

- (1) This Registration Statement relates to shares of common stock of the Registrant, par value \$0.50 per share, issuable to holders of the common stock, no par value, of King Pharmaceuticals, Inc., in connection with the proposed merger of Summit Merger Corporation, a Tennessee corporation and a direct, wholly-owned subsidiary of the Registrant, with and into King Pharmaceuticals, Inc.
- (2) Represents the maximum number of shares of common stock of the Registrant, par value \$0.50 per share, estimated to be issued in connection with the merger contemplated by the merger agreement. The estimated maximum number of shares of the Registrant's common stock to be issued is based upon the following, calculated as of July 22, 2004: 241,439,472, the aggregate number of shares of King Pharmaceuticals, Inc. common stock outstanding (other than shares owned by King Pharmaceuticals, Inc. or Registrant) multiplied by 0.9.
- (3) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rules 457(c) and 457(f)(1) under the Securities Act. Pursuant to Rule 457(c) and 457(f)(1) under the Securities Act, the proposed maximum offering price per share of the common stock of the Registrant was calculated based on the market value of the shares of common stock of King Pharmaceuticals, Inc. (the securities to be cancelled in the merger) in accordance with Rule 457(c) under the Securities Act, determined as the average of the high and low prices per share of King Pharmaceuticals, Inc. common stock on September 2, 2004, as reported on the New York Stock Exchange Composite Transactions Tape.
- (4) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rules 457(c) and 457(f)(1) under the Securities Act. Pursuant to Rule 457(c) and 457(f)(1) under the Securities Act, the proposed maximum aggregate offering price of the common stock of the Registrant was calculated based on the market value of the shares of common stock of King Pharmaceuticals, Inc. (the securities to be cancelled in the merger) in accordance with Rule 457(c) under the Securities Act, determined as the product of (A) \$12.59 the average of the high and low prices per share of King Pharmaceuticals, Inc. common stock on September 2, 2004, as reported on the New York Stock Exchange Composite Transactions Tape, and (B) 241,439,472, the aggregate number of shares of common stock of King Pharmaceuticals, Inc. to be cancelled in the merger described in footnote (2) above.
- (5) Calculated by multiplying the proposed maximum aggregate offering price calculated as described in footnote (4) above, by 0.00012670.

**THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.**

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The information in this joint proxy statement/prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission, of which this joint proxy statement/prospectus is a part, is declared effective. This joint proxy statement/prospectus is not an offer to sell these securities nor a solicitation of any offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated September 3, 2004

**MERGER PROPOSAL  
YOUR VOTE IS VERY IMPORTANT**

[ ], 2004

Dear Shareholders,

Mylan Laboratories Inc., Summit Merger Corporation (Mylan's wholly-owned subsidiary) and King Pharmaceuticals, Inc. have entered into a merger agreement, pursuant to which Mylan will acquire King and King shareholders will receive 0.9 shares of Mylan common stock for each share of King common stock they own, plus cash in lieu of fractional shares. We are proposing the merger because we believe it represents a strategic combination that will unite two highly complementary businesses to form one of the nation's leading specialty pharmaceutical companies based on the number of prescriptions dispensed in the U.S. The boards of directors of Mylan and King believe the merger is strategically and financially beneficial to Mylan and King, and will create a stronger, well-diversified pharmaceutical company with the potential to create significant value for shareholders.

A special meeting of Mylan shareholders will be held at [ ], on [ ], 2004 at [ ], local time, to vote on the issuance of shares of Mylan common stock to King shareholders pursuant to the merger and to transact any other business that may properly be brought before the Mylan special meeting or any adjournments or postponements thereof.

A special meeting of King shareholders will be held at [ ], on [ ], 2004, at [ ], local time, to vote on the approval and adoption of the merger agreement and approval of the merger and to transact any other business that may properly be brought before the King special meeting or any adjournments or postponements thereof.

Each of Mylan's and King's board of directors has unanimously (with one director absent in the case of King) approved the proposed merger and approved and adopted the merger agreement. Mylan's board has also unanimously approved the issuance of Mylan common stock to King shareholders pursuant to the merger. Accordingly,

the Mylan board recommends that Mylan shareholders vote **FOR** the proposal to approve the issuance of Mylan common stock to King shareholders pursuant to the merger, and

the King board recommends that King shareholders vote **FOR** the proposal to approve and adopt the merger agreement and approve the merger.

Based on the number of shares of Mylan and King common stock outstanding as of the applicable record dates, immediately after the merger current Mylan shareholders collectively will own approximately [56]% of the outstanding shares of the combined company and King shareholders collectively will own approximately [44]% of the outstanding shares of the combined company. We estimate that Mylan will issue approximately [217.3] million shares of Mylan common stock in the merger and will reserve an additional approximately [12.2] million shares of Mylan common stock for future issuances upon the exercise of outstanding options to purchase King common stock and conversion of King's convertible debentures. It is a condition to the completion of the merger that the New York Stock Exchange, which is referred to as the NYSE, authorize for listing the shares of Mylan common stock to be issued in connection with the merger and the conversion of King stock options.

The dollar value of the shares of Mylan common stock that King shareholders receive in the merger will change depending on changes in the market price of Mylan common stock. Mylan's common stock is traded on the NYSE, under the symbol MYL. On September 2, 2004, the last sale price of Mylan's common stock prior to the date of this document, as reported on the NYSE Composite Transactions Tape, was \$17.44 per share.

We expect that the merger will qualify as a tax-free reorganization and that King shareholders will not recognize gain or loss in connection with the merger, except for the taxes on cash received by King shareholders in lieu of receiving fractional shares of Mylan common stock.

**Your vote is very important, regardless of the number of shares you own.** Please take the time to vote (in writing, over the Internet or by telephone) by following the instructions on your proxy card or, if your shares are held in the name of a bank or broker, please instruct your bank

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or broker on how to vote. If you are a Mylan shareholder and do not vote or do not instruct your broker or bank on how to vote, it will have no effect on the proposal to approve the issuance of shares of Mylan common stock to King shareholders pursuant to the merger, because only those votes cast FOR or AGAINST the proposal will be counted. If you are a King shareholder and do not vote or do not instruct your broker or bank on how to vote, it will have the same effect as voting against the merger. The accompanying materials provide details on the Mylan and King special meetings, and explain the merger and the issuance of the shares of Mylan common stock pursuant to the merger agreement.

Sincerely,

Robert J. Coury  
*Mylan Laboratories Inc.*  
*Vice Chairman and Chief Executive Officer*

Sincerely,

Brian A. Markison  
*King Pharmaceuticals, Inc.*  
*President and Chief Executive Officer*

**Mylan and King encourage you to read this entire joint proxy statement/prospectus carefully, including the section entitled Risk Factors Relating to the Merger beginning on page 24 for a discussion of specific risks that should be considered in determining how to vote on the proposals.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger described in this joint proxy statement/prospectus or the securities to be issued pursuant to the merger under this joint proxy statement/prospectus or determined that this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated [                      ], 2004

and is first being mailed to the shareholders of Mylan and King on or about [                      ], 2004.

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***\*IMPORTANT NOTICE REGARDING ADMISSION***

***TO THE MYLAN SPECIAL MEETING\****

**IF YOU PLAN TO ATTEND THE MYLAN SHAREHOLDERS SPECIAL MEETING, PLEASE NOTE THAT SPACE LIMITATIONS MAKE IT NECESSARY TO LIMIT ATTENDANCE TO SHAREHOLDERS AND ONE GUEST PER SHAREHOLDER. EACH SHAREHOLDER WILL BE ASKED TO PRESENT PROOF OF OWNERSHIP AND EACH SHAREHOLDER AND GUEST WILL BE ASKED TO PRESENT A VALID PHOTO IDENTIFICATION, SUCH AS A DRIVER S LICENSE OR PASSPORT.**

**ADMISSION TO THE MYLAN SPECIAL MEETING WILL BE ON A FIRST-COME, FIRST-SERVED BASIS. REGISTRATION FOR THE MYLAN SPECIAL MEETING WILL BEGIN AT [            ], AND SEATING WILL BEGIN AT [            ].**

**CAMERAS, RECORDING DEVICES AND OTHER ELECTRONIC DEVICES WILL NOT BE PERMITTED AT THE MEETING.**

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***\*IMPORTANT NOTICE REGARDING ADMISSION***

***TO THE KING SPECIAL MEETING\****

**IF YOU PLAN TO ATTEND THE KING SHAREHOLDERS SPECIAL MEETING, PLEASE NOTE THAT SPACE LIMITATIONS MAKE IT NECESSARY TO LIMIT ATTENDANCE TO SHAREHOLDERS AND ONE GUEST PER SHAREHOLDER. EACH SHAREHOLDER WILL BE ASKED TO PRESENT PROOF OF OWNERSHIP AND EACH SHAREHOLDER AND GUEST WILL BE ASKED TO PRESENT A VALID PHOTO IDENTIFICATION, SUCH AS A DRIVER S LICENSE OR PASSPORT.**

**ADMISSION TO THE KING SPECIAL MEETING WILL BE ON A FIRST-COME, FIRST-SERVED BASIS. REGISTRATION FOR THE KING SPECIAL MEETING WILL BEGIN AT [            ], AND SEATING WILL BEGIN AT [            ].**

**CAMERAS, RECORDING DEVICES AND OTHER ELECTRONIC DEVICES WILL NOT BE PERMITTED AT THE MEETING.**

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**THIS JOINT PROXY STATEMENT/ PROSPECTUS INCORPORATES**

**ADDITIONAL INFORMATION**

This joint proxy statement/ prospectus incorporates important business and financial information about Mylan and King from documents that are not included in or delivered with this joint proxy statement/ prospectus. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference in this joint proxy statement/ prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Mylan Laboratories Inc. 1500 Corporate Drive Canonsburg, Pennsylvania 15317 (724) 514-1800 Attn: Investor Relations	King Pharmaceuticals, Inc. 501 Fifth Street Bristol, Tennessee 37620 (423) 989-8711 Attn: Corporate Affairs
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Investors may also consult Mylan's or King's respective websites for more information concerning the merger described in this joint proxy statement/ prospectus. Mylan's website is [www.mylan.com](http://www.mylan.com). King's website is [www.kingpharm.com](http://www.kingpharm.com). Information included on either website is not incorporated by reference in this joint proxy statement/ prospectus.

**IN ORDER FOR YOU TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS BEFORE THE MYLAN SPECIAL MEETING OR THE KING SPECIAL MEETING, MYLAN OR KING, AS APPLICABLE, SHOULD RECEIVE YOUR REQUEST NO LATER THAN [                    ], 2004.**

Also see the section entitled "Where You Can Find More Information" beginning on page 118.

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**QUESTIONS AND ANSWERS**

*The following are some questions that you, as a shareholder of Mylan or King, may have regarding the merger and the answers to those questions. Mylan and King urge you to read carefully the remainder of this joint proxy statement/ prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the issuance of Mylan common stock to King shareholders pursuant to the merger. Additional important information is also contained in the annexes to and the documents incorporated by reference in this joint proxy statement/ prospectus.*

**Q: Why am I receiving this joint proxy statement/ prospectus?**

**A:** The boards of directors of each of Mylan and King have agreed to the combination of King with Mylan under the terms of a merger agreement that is described in this joint proxy statement/ prospectus. A copy of the merger agreement is attached to this joint proxy statement/ prospectus as Annex A.

To complete the merger, Mylan shareholders must approve the issuance of shares of Mylan common stock to King shareholders pursuant to the merger, King shareholders must approve and adopt the merger agreement and approve the merger, and all other conditions of the merger must be satisfied or waived.

Mylan and King will hold separate shareholders' special meetings to obtain these approvals. This joint proxy statement/ prospectus contains important information about the merger and the special meetings of the respective shareholders of Mylan and King, and you should read it carefully. The enclosed voting materials allow you to vote your shares without attending your respective shareholders' special meeting.

Your vote is important. We encourage you to vote as soon as possible.

**Q: What will happen in the merger?**

**A:** A direct, wholly-owned subsidiary of Mylan will merge with and into King. At the completion of the merger, Summit Merger Corporation, a direct, wholly-owned subsidiary of Mylan formed for the purposes of the merger, will be merged with and into King, and King shareholders will receive 0.9 shares of Mylan common stock for each share of King common stock they own, plus cash in lieu of fractional shares. Based on the number of shares of Mylan and King common stock outstanding as of the applicable record dates, we estimate that Mylan will issue approximately [217.3] million shares of common stock in the merger and that, immediately after the merger, the former King shareholders, in the aggregate, will own approximately [44]% of the then-outstanding shares of Mylan common stock.

Upon completion of the merger, each outstanding option to purchase King common stock under a King stock option plan will be assumed by Mylan and will become an option to purchase, generally on the terms and conditions as were applicable under the King option, shares of Mylan common stock. The number of shares of Mylan common stock subject to each stock option and the per share exercise price of each stock option will be adjusted based on the exchange ratio.

**Q: Why are Mylan and King proposing this merger?**

**A:** After careful consideration, the Mylan board unanimously determined that the merger is fair and in the best interests of Mylan and its shareholders and the King board unanimously (with one director absent) determined that the merger is fair and in the best interests of King and its shareholders. The boards of each of Mylan and King unanimously (with one director absent in the case of King) approved and adopted the merger agreement and approved the merger, and the transactions contemplated thereby. For a description of the factors considered by the board of directors, please refer to the sections of this joint proxy statement/ prospectus entitled "The Merger - Mylan's Reasons For the Merger" and "The Merger - King's Reasons For the Merger" beginning on page 35 and page 44, respectively.

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**Q: What risks should I consider in deciding whether to vote for the issuance of Mylan common stock or for the adoption and approval of the merger agreement and approval of the merger?**

**A:** You should carefully review the section of this joint proxy statement/ prospectus entitled Risk Factors Relating to the Merger beginning on page 24.

**Q: When and where will the shareholders special meetings be held?**

**A:** The Mylan special meeting will be held at [ ] on [ ], 2004 at [ ], local time. The King special meeting will be held at [ ] on [ ], 2004 at [ ], local time.

**Q: What matters are Mylan shareholders being asked to approve at the Mylan special meeting?**

**A:** Mylan shareholders are being asked to vote FOR the proposal to approve the issuance of shares of Mylan common stock to King shareholders pursuant to the merger. No other business is expected to be considered at the Mylan special meeting.

**Q: How does the Mylan board of directors recommend that I vote?**

**A:** The Mylan board of directors recommends that Mylan shareholders vote FOR the proposal to approve the issuance of Mylan common stock to King shareholders pursuant to the merger. For a description of the reasons underlying the recommendation of the Mylan board of directors with respect to the merger, please refer to the section of this joint proxy statement/ prospectus entitled The Merger Mylan s Reasons For the Merger beginning on page 35.

**Q: What vote of Mylan shareholders is required to approve the issuance of shares of Mylan common stock to King shareholders pursuant to the merger?**

**A:** Approval of the proposal to issue shares of Mylan common stock to King shareholders pursuant to the merger requires the affirmative vote of a majority of the votes cast at the special meeting by all shareholders entitled to vote thereon. For a more complete description of voting, please refer to the section of this joint proxy statement/ prospectus entitled The Mylan Special Meeting beginning on page 93.

**Q: What matters are King shareholders being asked to approve at the King special meeting?**

**A:** King shareholders are being asked to vote FOR the proposal to approve and adopt the merger agreement and approve the merger. No other business is expected to be conducted at the King special meeting.

**Q: How does the board of directors of King recommend that I vote?**

**A:** The King board of directors recommends that King shareholders vote FOR the proposal to approve and adopt the merger agreement and approve the merger. For a description of the reasons underlying the recommendation of the King board of directors with respect to the merger, please refer to the section of this joint proxy statement/ prospectus entitled The Merger King s Reasons For the Merger beginning on page 44.

**Q: What vote of King shareholders is required to approve and adopt the merger agreement and approve the merger?**

**A:** The adoption and approval of the merger agreement and approval of the merger requires the affirmative vote of a majority of all the votes entitled to be cast on such proposal. For a more complete description of voting, please refer to the section of this joint proxy statement/ prospectus entitled The King Special Meeting beginning on page 97.

**Q: Will the Mylan stock issued to King shareholders pursuant to the merger be listed?**

**A:** Yes. It is a condition to the completion of the merger that the Mylan common stock issuable in the merger and upon the exercise of Mylan stock options issued in substitution for King stock options be authorized for listing on the New York Stock Exchange, which is referred to as the NYSE, upon

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official notice of issuance. Mylan has agreed to use its reasonable best efforts to cause those shares of Mylan common stock to be authorized for listing on the NYSE.

**Q: How do I vote?**

**A:** There are four different ways you may cast your vote. If you are a shareholder of record as of the applicable record date you may vote:

in person by attending your shareholders' special meeting,

by accessing the Internet website specified on your enclosed proxy card,

by calling the telephone number specified on your proxy card, or

by completing, signing and dating your proxy card and returning it in the postage-paid envelope provided.

If you vote over the Internet or by telephone, you must do so before 11:59 p.m., Eastern time, on [ ], the day before the Mylan special meeting or before 11:59 p.m., Eastern time, on [ ], the day before the King special meeting, as applicable. If you hold Mylan shares or King shares in the name of a bank or broker, please follow the voting instructions provided by your bank or broker to ensure that your shares are represented at your shareholders' special meeting. Please note that most banks and brokers permit their beneficial owners to vote by telephone or by Internet. If you hold shares in street name, see the next question and answer.

**Q: If my shares are held in street name by my broker, how do I vote?**

**A:** If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank or broker. Please note that you may not vote shares held in street name by returning a proxy card directly to Mylan or King or by voting in person at your shareholders' special meeting unless you provide a legal proxy, which you must obtain from your bank or broker.

**Q: What will happen if I abstain from voting or do not return a proxy card or otherwise vote?**

**A:** If you are a Mylan shareholder and abstain from voting or do not return a proxy card or otherwise vote, such action will have no effect on the proposal to approve the issuance of shares of Mylan common stock pursuant to the merger, because only those votes cast FOR or AGAINST the proposal will be counted.

If you are a King shareholder and abstain from voting or do not return a proxy card or otherwise vote, such action will have the same effect as a vote AGAINST the proposal to approve and adopt the merger agreement and approve the merger.

**Q: What will happen if I return my proxy card without indicating how to vote?**

**A:** If you sign and return your proxy card without indicating how to vote on any particular proposal, the Mylan or King common stock represented by your proxy will be voted in favor of that proposal.

**Q: Can I revoke my proxy or change my vote even after returning a proxy card?**

**A:** Yes. You can revoke your proxy or change your vote before your proxy is voted at your shareholders' special meeting. You can do this in one of four ways:

you can send a signed notice of revocation;

you can grant a new, valid proxy bearing a later date;

you can cast a new vote over the Internet or by telephone; or

if you are a holder of record, you can attend your shareholders' special meeting and vote in person, which will automatically cancel any proxy previously given, or you may revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.





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If you choose to send a signed notice of revocation, you must submit your notice of revocation or your new proxy to the Secretary of Mylan or the Secretary of King, as applicable, and it must be received at the appropriate address on page 95 or page 99, respectively, no later than the beginning of your shareholders' special meeting. If you choose to cast a new vote over the Internet or by telephone you must do so before 11:59 p.m., Eastern time, on [ ], the day before the Mylan special meeting or before 11:59 p.m., Eastern time, on [ ], the day before the King special meeting, as applicable. If your shares are held in street name by your broker, you should contact your broker to change your vote.

**Q: What do I need to do now?**

**A:** Carefully read and consider the information contained in and incorporated by reference in this joint proxy statement/ prospectus, including its annexes, and vote the proxy card you receive, vote over the Internet or by telephone. We encourage you to vote the proxy card you receive, as soon as possible, even if you plan to attend your shareholders' special meeting, to ensure that your shares are represented at the applicable special meeting of shareholders and voted as directed.

**Q: Should I send in my stock certificates now?**

**A:** No. King shareholders should not send in any stock certificates now. After the merger is completed, Mylan's exchange agent will send former King shareholders a letter of transmittal explaining what they must do to exchange their King stock certificates for stock certificates representing the shares of Mylan common stock payable to them pursuant to the merger.

If you are a Mylan shareholder, you are not required to take any action with respect to your Mylan stock certificates.

**Q: When is the merger expected to be completed?**

**A:** We are working to complete the merger as soon as possible. If the Mylan shareholders approve the issuance of shares of Mylan common stock pursuant to the merger, the King shareholders approve and adopt the merger agreement and approve the merger, and all closing conditions in the merger agreement are satisfied or waived, Mylan and King anticipate that the merger will be completed in the fourth quarter of the 2004 calendar year.

**Q: What are the tax consequences of the merger to me?**

**A:** It is expected that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to as the Code. Assuming the merger so qualifies, for U.S. federal income tax purposes, holders of King common stock will not recognize gain or loss in connection with the conversion of their shares of King common stock into the right to receive shares of Mylan common stock and the receipt of shares of Mylan common stock in the merger, except to the extent of cash, if any, received in lieu of a fractional share of Mylan common stock. Please refer to the section of this joint proxy statement/ prospectus entitled "Certain U.S. Federal Income Tax Consequences of the Merger" beginning on page 65.

**Q: Who can answer my questions?**

**A:** Mylan or King shareholders who have questions about the merger, the merger agreement, the issuance of shares of Mylan common stock or the procedures for voting their shares, or who desire additional copies of this joint proxy statement/ prospectus or replacement proxy cards, without charge, should contact:

Mylan Shareholders: Morrow & Co., Inc.  
445 Park Avenue, 5th Floor  
New York, New York 10022-2606  
Mylan Shareholders call toll-free: 800-607-0088

Mylan Shareholders email to [mylan.info@morrowco.com](mailto:mylan.info@morrowco.com)

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King Shareholders:     Innisfree M&A Incorporated  
                              501 Madison Avenue, 20th Floor  
                              New York, NY 10022  
                              Georgeson Shareholder Communications, Inc.  
                              17 State Street, 10th Floor  
                              New York, NY 10004

or

King Shareholders call toll-free:     (877) 750-9497 (Innisfree)  
                                                      (877) 255-0074 (Georgeson)

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**SUMMARY**

*This summary highlights selected information contained elsewhere in this joint proxy statement/prospectus and may not contain all the information about the merger that is important to you. Mylan and King urge you to read carefully the remainder of this joint proxy statement/prospectus, including the attached annexes, and the other documents to which we have referred you because this section does not provide all the information that might be important to you with respect to the merger and the issuance of Mylan common stock pursuant to the merger. See also the section entitled *Where You Can Find More Information* beginning on page 118. We have included page references to direct you to a more complete description of the topics presented in this summary.*

**The Companies**

**Mylan (See page 90)**

Mylan Laboratories Inc.

1500 Corporate Drive  
Canonsburg, Pennsylvania 15317  
Telephone: (724) 514-1800

Mylan Laboratories Inc. is engaged in developing, licensing, manufacturing, marketing and distributing generic and brand pharmaceutical products. Mylan was incorporated in Pennsylvania in 1970.

Mylan conducts business through its generic and brand pharmaceutical operating segments. For the fiscal year ended March 31, 2004, the generic segment represented approximately 80% of net revenues, and the brand segment represented approximately 20% of Mylan's net revenues. For the fiscal year ended March 31, 2003 and 2002, the generic segment represented approximately 80% and 88% of Mylan's net revenues, respectively, and the brand segment represented approximately 20% and 12% of Mylan's net revenues, respectively.

Mylan is recognized as a leader in the generic pharmaceutical industry, attaining that position through its ability to obtain Abbreviated New Drug Application, or ANDA, approvals, its uncompromising quality control and its devotion to customer service. Mylan manufactures and markets over 140 generic pharmaceutical products including approximately 130 products in capsule or tablet form in an aggregate of approximately 311 dosage strengths, with 14 extended release products in 30 dosage strengths of which two are transdermal patches in six dosage strengths. In addition, Mylan is marketing 57 generic products in 102 dosage strengths under supply and distribution agreements with other pharmaceutical companies.

Mylan also has a growing brand segment, whose therapeutic areas of concentration include neurology, dermatology and cardiology. Mylan's products include Apokyn<sup>™</sup>, the first and only therapy in the U.S. for the acute, intermittent treatment of hypomobility, off episodes associated with advanced Parkinson's disease. Mylan has also submitted a New Drug Application, or NDA, for its beta-blocker nebivolol, which was accepted by the U.S. Food and Drug Administration, which is referred to as the FDA, in June 2004.

**King (See page 92)**

King Pharmaceuticals, Inc.

501 Fifth Street  
Bristol, Tennessee 37620  
(423) 989-8711

King is a vertically integrated pharmaceutical company that develops, manufactures, markets and sells branded prescription pharmaceutical products. King was incorporated in Tennessee in 1993.

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Through a national sales force of approximately 1,200 representatives and through marketing alliances, King markets its branded pharmaceutical products to general/family practitioners, internal medicine

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physicians, cardiologists, endocrinologists, psychiatrists, neurologists, obstetrician/gynecologists and hospitals across the United States and in Puerto Rico.

King's business strategy includes the development of new branded prescription pharmaceutical products, including new chemical entities, as well as the acquisition of compounds already in development, that provide King with strategic pipeline product opportunities. King's business strategy also includes acquiring currently marketed branded pharmaceutical products and increasing their sales through focused marketing and promotion and product life cycle management.

King's business strategy also includes acquiring currently marketed branded pharmaceutical products and increasing their sales through focused marketing and promotion and product life cycle management, meaning the extension of the economic life of a product.

**The Mylan Special Meeting and the King Special Meeting**

**The Mylan Special Meeting (See page 93)**

The Mylan special meeting will be held at the [ ] at [ ] a.m., local time, on [ ], 2004. At the Mylan special meeting, Mylan shareholders will be asked to approve the issuance of shares of Mylan common stock to King shareholders pursuant to the merger.

**The King Special Meeting (See page 97)**

The King special meeting will be held at [ ] at [ ] a.m., local time, on [ ], 2004. At the King special meeting, King shareholders will be asked to approve and adopt the merger agreement and approve the merger.

**Record Date; Quorum**

*Mylan (See page 94)*

Only Mylan shareholders of record at the close of business on [ ], 2004, which is referred to as the Mylan record date, will be entitled to notice of, and to vote at, the Mylan special meeting or any adjournments or postponements thereof.

On the Mylan record date, there were a total of [ ] shares of Mylan common stock outstanding and entitled to vote at the Mylan special meeting. The shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast at the Mylan special meeting must be present or represented by proxy to constitute a quorum for the transaction of business at such meeting. All shares of Mylan common stock represented at the Mylan special meeting, including abstentions and broker non-votes, will be treated as present for determining the presence or absence of a quorum for all matters for consideration at the Mylan special meeting.

*King (See pages 97 and 98)*

Only King shareholders of record at the close of business on [ ], 2004, which is referred to as the King record date, will be entitled to notice of, and to vote at, the King special meeting or any adjournments or postponements thereof.

On the King record date, there were a total of [ ] shares of King common stock outstanding and entitled to vote at the King special meeting. A majority of the outstanding shares entitled to vote, represented in person or by proxy, will constitute a quorum for action on the matters to be voted on at the King special meeting. All shares of King common stock represented at the King special meeting, including abstentions and broker non-votes, will be treated as present for determining the presence or absence of a quorum for all matters for consideration at the King special meeting.



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### **Voting Methods**

*(See page 94 for Mylan and page 98 for King)*

There are different ways you may cast your vote. If you are a shareholder of record as of the applicable record date you may vote:

in person by attending your shareholders' special meeting;

by accessing the Internet website specified on your enclosed proxy card;

by calling the telephone number specified on your proxy card; or

by completing, signing and dating the enclosed proxy card and returning it in the postage-paid envelope provided.

If you vote over the Internet or by telephone, you must do so before 11:59 p.m., Eastern time, on [ ], the day before the Mylan special meeting or before 11:59 p.m., Eastern time, on [ ], the day before the King special meeting, as applicable. If you hold Mylan or King shares in the name of a bank or broker, please follow the voting instructions provided by your bank or broker to ensure that your shares are represented at your shareholders' special meeting. Please note that most banks and brokers permit their beneficial owners to vote by telephone or over the Internet.

### **Required Vote**

*Mylan (See page 94)*

Mylan shareholders will have one vote for each share of Mylan common stock that they owned on the Mylan record date. The issuance of Mylan common stock to King shareholders, which is necessary to effect the merger, requires approval by a majority of the votes cast at the Mylan special meeting by all shareholders entitled to vote thereon.

*King (See page 98)*

King shareholders will have one vote for each share of King common stock that they owned on the King record date. The affirmative vote of a majority of all the votes entitled to be cast at the King special meeting is required to approve and adopt the merger agreement and approve the merger.

### **Voting by Directors and Executive Officers**

*Mylan (See page 99)*

On [ ], 2004, directors and executive officers of Mylan and their affiliates owned and were entitled to vote [ ] shares of Mylan common stock, or approximately [ ]% of the shares of Mylan common stock outstanding on that date.

*King (See page 98)*

On [ ], 2004, directors and executive officers of King and their affiliates owned and were entitled to vote [ ] shares of King common stock, or approximately [ ]% of the shares of King common stock outstanding on that date.

### **Solicitation; Changing Your Vote and Revocation of Proxies**

*Mylan (See pages 94 and 95)*



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You are requested to complete, sign and date the accompanying proxy card and return it promptly to Mylan in the enclosed postage-paid envelope, or you may vote over the Internet or by telephone. When the accompanying proxy is returned properly executed, the shares of Mylan common stock represented by it will be voted at the Mylan special meeting in accordance with the instructions contained in the proxy.

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If you are a Mylan shareholder and abstain from voting, your abstention will have no effect on the proposal to approve the issuance of shares of Mylan common stock to King shareholders pursuant to the merger, because only those votes cast FOR or AGAINST the proposal will be counted.

If you return your proxy card without indicating how to vote with regard to any particular proposal, the shares of Mylan common stock represented by your proxy will be voted in favor of that proposal.

You have the power to revoke your proxy or change your vote before your proxy is voted at the Mylan special meeting. You can do this in one of four ways:

you can send a signed notice of revocation;

you can grant a new, valid proxy bearing a later date;

you can cast a new vote over the Internet or by telephone; or

if you are a holder of record, you can attend the Mylan special meeting and vote in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you choose to send a signed notice of revocation or grant a new, valid proxy bearing a later date in writing, you must submit your notice of revocation or your new proxy to Mylan's Secretary and it must be received no later than the beginning of the Mylan special meeting. If you cast a new vote over the Internet or by telephone, you must do so before 11:59 p.m., Eastern time, on the day before the Mylan special meeting.

*King (See pages 98 and 99)*

You are requested to complete, sign and date the accompanying proxy card and return it promptly to King in the enclosed postage-paid envelope, or you may vote over the Internet or by telephone. When the accompanying proxy is returned properly executed, the shares of King common stock represented by it will be voted at the King special meeting in accordance with the instructions contained in the proxy.

If you are a King shareholder and abstain from voting, your abstention will have the same effect as a vote AGAINST the proposal to approve and adopt the merger agreement and approve the merger.

If you return your proxy card without indicating how to vote with regard to any particular proposal, the King common stock represented by your proxy will be considered to be voted in favor of that proposal.

You have the power to revoke your proxy or change your vote before your proxy is voted at the King special meeting. You can do this in one of four ways:

you can send a signed notice of revocation;

you can grant a new, valid proxy bearing a later date;

you can cast a new vote over the Internet or by telephone; or

if you are a holder of record, you can attend the King special meeting and vote in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you choose to send a signed notice of revocation or grant a new, valid proxy bearing a later date in writing, you must submit your notice of revocation or your new proxy to King's Secretary and it must be received no later than the beginning of the King special meeting. If you cast a new vote over the Internet or by telephone, you must do so before 11:59 p.m., Eastern time, on the day before the King special meeting.

**Shares Held in Street Name (See page 95 for Mylan and page 99 for King)**

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If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to

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vote your shares. Please follow the voting instructions provided by your bank or broker. Please note that you may not vote shares held in street name by returning a proxy card directly to Mylan or King or by voting in person at your shareholders' special meeting unless you provide a legal proxy, which you must obtain from your bank or broker.

**The Merger (See page 33)**

A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus. Mylan and King encourage you to read the entire merger agreement carefully because it is the principal document governing the merger.

**Form of Merger (See page 61)**

Subject to the terms and conditions of the merger agreement, at the completion of the merger, Summit Merger Corporation, a direct, wholly-owned subsidiary of Mylan formed for the purposes of the merger, will be merged with and into King. King will survive the merger as a direct, wholly-owned subsidiary of Mylan.

**Consideration to be Received in the Merger by King Shareholders (See page 62)**

King shareholders will receive 0.9 shares of Mylan common stock for each share of King common stock they hold at the completion of the merger, adjusted for stock splits, reverse stock splits, stock dividends, recapitalization or any other similar change to Mylan's or King's common stock whose record date occurs between the date of the merger agreement and the completion of the merger. The exchange ratio is fixed and will not be adjusted for changes in the market value of the common stock of King or Mylan. Mylan will not issue fractional shares in the merger. Therefore, each King shareholder will also receive a cash payment for any fraction of a share of Mylan common stock that he or she would otherwise be entitled to receive, based on the closing price of Mylan common stock on the NYSE Composite Transactions Reporting System for the ten most recent trading days ending on the trading day one day prior to the completion of the merger.

**Conditions to Completion of the Merger (See page 68)**

The obligations of King and Mylan to complete the merger are subject to the satisfaction or, if applicable, waiver of the following conditions:

the approval and adoption of the merger agreement and the approval of the merger by King shareholders;

the approval of the issuance of Mylan common stock pursuant to the merger by Mylan shareholders;

the expiration or earlier termination of the applicable waiting periods under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended, which is referred to as the HSR Act, and any applicable foreign antitrust laws, other than any waiting periods the failure of which to terminate or expire is not reasonably likely to have a material adverse effect on Mylan or King;

the completion of all filings with governmental entities, and the receipt of all governmental and regulatory consents, approvals and authorizations, in each case that are necessary for the merger, unless failure to make or obtain them would not, individually or in the aggregate, have a material adverse effect on Mylan (after giving effect to the merger);

the absence of any judgment, order, decree, statute, law, ordinance, rule or regulation or other legal constraint prohibiting or enjoining completion of the merger;

the Securities and Exchange Commission, which is referred to as the SEC, having declared effective the registration statement of which this joint proxy statement/prospectus forms a part and

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no stop order or proceeding seeking a stop order having been initiated or, to the knowledge of Mylan or King, threatened by the SEC;

the authorization for listing on the NYSE of the Mylan common stock issuable to King shareholders in the merger and issuable pursuant to King's stock option plans, upon official notice of issuance;

the receipt on the closing date of the merger by each of Mylan and King of an opinion, each from its respective counsel, to the effect that the merger will qualify as a tax-free reorganization under Section 368(a) of the Code;

the respective representations and warranties of Mylan and King in the merger agreement being true and correct, unless failure of the representations and warranties to be true and correct does not have and is not, individually or in the aggregate, reasonably likely to have a material adverse effect on the party making such representations and warranties;

each of Mylan and King having performed or complied with, in all material respects, its obligations under the merger agreement;

no material adverse change, as defined in the merger agreement, affecting the other party, having occurred or being reasonably likely to occur;

the receipt of an officers' certificate executed by the other party's Chief Executive Officer and Chief Financial Officer stating that the conditions relating to the truth of representations and warranties and compliance with covenants have been satisfied; and

the absence of any litigation seeking to prohibit or impose any material limitations on Mylan's ownership of King or the operation of all or a material portion of Mylan's or King's respective businesses or assets that is reasonably likely to have a material adverse effect on Mylan after giving effect to the merger or, in the case of Mylan's closing condition only, a material adverse effect on King.

In addition, Mylan's obligation to complete the merger is subject to the following conditions:

the absence of criminal charges against King or certain of its current or former directors and officers in connection with any issues that are being investigated by the SEC, Office of Inspector General at the U.S. Department of Health & Human Services, the U.S. Attorney's Office and other governmental entities and the state and local equivalents thereof investigating the calculation, payment and reporting of Medicaid rebates by King and the sales and marketing of products of King;

Mylan generally having received no indication that any governmental entity has placed or is reasonably likely to place any prohibitions on King's sales to Medicaid or any related federal or state program; and

no restatement of any of King's financial statements having occurred or being reasonably likely to occur.

**Termination of the Merger Agreement (See page 78)**

Mylan and King can jointly agree to terminate the merger agreement at any time with the approval of the boards of directors of both Mylan and King. Either company may also terminate the merger agreement if the merger is not completed by February 28, 2005 or under other circumstances described in this joint proxy statement/prospectus.

The merger agreement provides that in certain circumstances King or Mylan may be required to pay a termination fee to the other party in the amount of \$85 million.

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**Recommendations of the Boards of Directors; Reasons for the Merger**

*Mylan (See page 35)*

After careful consideration, the Mylan board of directors, on July 23, 2004, unanimously determined that the merger is fair and in the best interests of Mylan and its shareholders and unanimously approved and adopted the merger agreement and approved the merger, and the transactions contemplated thereby, including the issuance of Mylan common stock pursuant to the merger. For the factors considered by the Mylan board of directors in reaching its decision to approve and adopt the merger agreement and to approve the merger, see the section entitled "The Merger - Mylan's Reasons for the Merger" beginning on page 35. The Mylan board of directors recommends that the Mylan shareholders vote FOR the proposal to approve the issuance of Mylan common stock pursuant to the merger.

*King (See page 44)*

After careful consideration, the King board of directors, on July 23, 2004, unanimously (with one director absent) determined that the merger with Mylan is advisable, fair to and in the best interests of King and its shareholders and unanimously (with one director absent) approved and adopted the merger agreement and approved the merger. For the factors considered by the King board of directors in reaching its decision to approve and adopt the merger agreement and approve the merger, see the section entitled "The Merger - King's Reasons for the Merger" beginning on page 44. The King board of directors recommends that the King shareholders vote FOR the proposal to approve and adopt the merger agreement and approve the merger.

**Opinions of Financial Advisors**

*Mylan (See page 38)*

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mylan's exclusive financial advisor for the merger, has rendered a written opinion, dated July 23, 2004, to the Mylan board of directors as to the fairness, from a financial point of view, to Mylan of the 0.9 exchange ratio provided for in the merger. The full text of the written opinion of Merrill Lynch is attached to this joint proxy statement/prospectus as Annex B. We encourage you to read the opinion carefully in its entirety to understand the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Merrill Lynch in providing its opinion. **The opinion of Merrill Lynch is directed to the Mylan board of directors and does not constitute a recommendation to any shareholder with respect to any matter relating to the merger.** Pursuant to the terms of an engagement letter with Merrill Lynch, Mylan has agreed to pay Merrill Lynch a transaction fee, a portion of which was payable upon execution of the merger agreement and a portion of which is payable upon consummation of the merger.

*King (See page 47)*

Goldman Sachs & Co., which is referred to as Goldman Sachs, delivered its written opinion to King's board of directors to the effect that, as of July 23, 2004 and based upon and subject to the factors and assumptions set forth in the opinion, the 0.9 exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of outstanding shares of King common stock.

The full text of the written opinion of Goldman Sachs, dated July 23, 2004, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C. Goldman Sachs provided its opinion for the information and assistance of King's board of directors in connection with its consideration of the merger. Goldman Sachs opinion is not a recommendation as to how any holder of King common stock should vote on, or take any action with respect to, the merger. King has agreed to pay Goldman Sachs a transaction fee, which is contingent upon completion of the merger.

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**Consequences of Merger Not Being Approved (See page 28)**

If either the Mylan or the King shareholders fail to approve the proposals required to effect the merger at their respective meetings, or if the merger is otherwise not completed, the ongoing businesses of each of Mylan and King may be negatively affected. Additionally, both parties will have incurred costs associated with the merger without realizing the benefits of having the merger completed.

**Risks Associated with the Merger (See page 24)**

While the merger is pending and if the merger is completed, shareholders of Mylan and King will be subject to a number of risks to which they otherwise may not be subject. These risks include, among others, the following:

The exchange ratio is fixed and will not be adjusted in the event of any change in either Mylan's or King's stock price. Accordingly, because the market price of Mylan common stock may fluctuate, Mylan shareholders cannot be sure of the market value of the consideration Mylan will pay in the merger, and King shareholders cannot be sure of the market value of the consideration they will receive in the merger.

The market price of Mylan's common stock may be affected after the merger by factors different from those affecting the shares of Mylan and King currently, and may decline as a result of the merger.

The integration of the businesses of Mylan and King following the merger will present challenges, and the combined company may not realize the anticipated benefits of the merger to the extent or in the time frame expected.

**Interests of King Directors and Executive Officers in the Merger (See page 57)**

In considering the recommendation of the King board of directors to vote for the proposal to approve and adopt the merger agreement and approve the merger, shareholders of King should be aware that members of King's board of directors and King's executive officers have agreements or arrangements that provide them with interests in the merger and the merger agreement that are different from, or in addition to, the interests of King and King's shareholders generally. The King board of directors was aware of these agreements and arrangements during its deliberations on the merits of the merger and the merger agreement and in unanimously (with one director absent) determining to recommend that the shareholders of King vote for the proposal to approve and adopt the merger agreement and approve the merger. These interests include:

King stock options granted to employees (including executive officers) that are outstanding at the completion of the merger will accelerate and become fully exercisable if the employee's employment terminates following the completion of the merger (other than in the case of a termination for cause);

unvested stock options held by King's non-employee directors at the completion of the merger will accelerate and become fully exercisable upon the directors' resignation from King's board of directors, which will occur upon the completion of the merger;

King's executive officers will receive enhanced severance benefits if their employment is terminated without cause, or if they resign for good reason, following the completion of the merger;

Mylan has proposed certain terms of an employment agreement that Mylan may enter into with King's chief financial officer;

up to \$6.8 million of retention bonuses are expected to be paid to King's employees, which employees may include executive officers;

King's executive officers will each receive a bonus under King's Executive Management Incentive Plan for 2004; and

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upon the completion of the merger, directors of King participating in King's Non-Employee Director Deferred Compensation Plan will receive their account balances under the plan in a lump-sum cash payment.

### **Regulatory Approvals Required for the Merger (See page 62)**

*U.S. Antitrust Laws.* Under the HSR Act and its associated rules, the merger may not be completed until notifications have been given and certain information and materials have been furnished to and reviewed by the Antitrust Division of the U.S. Department of Justice and the Federal Trade Commission and the required waiting period has expired or been terminated. Mylan and King filed the required notification and report forms under the HSR Act with the Federal Trade Commission and the Department of Justice on September 2, 2004. The waiting period will expire on October 4, 2004 (30 days after the forms were filed or on the next regular business day if the 30th day falls on a Saturday, Sunday or legal public holiday) unless early termination of the applicable waiting period is granted or a request for additional information is issued. If a request for additional information is issued, the parties would not be able to complete the merger until 30 days after both parties substantially comply with that request, or on the next regular business day if the 30th day falls on a Saturday, Sunday or legal public holiday.

*Other Approvals.* The merger is not subject to any merger control filings under foreign antitrust laws.

### **Accounting Treatment (See page 63)**

Mylan prepares its financial statements in accordance with applicable SEC rules and regulations and accounting principles generally accepted in the United States of America, which are referred to as U.S. GAAP. The merger will be accounted for using the purchase method of accounting with Mylan being considered the acquirer of King for accounting purposes. This means that Mylan will allocate the purchase price to the fair value of assets acquired (including identifiable intangible assets) and liabilities assumed from King on the closing date, with the excess purchase price being recorded as goodwill. Under the purchase method of accounting, goodwill is not amortized but is tested for impairment at least annually.

### **Certain U.S. Federal Income Tax Consequences of the Merger (See page 65)**

It is expected that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Assuming the merger qualifies as such a reorganization, for U.S. federal income tax purposes, holders of King common stock will not recognize gain or loss in connection with the conversion of their shares of King common stock into the right to receive shares of Mylan common stock and the receipt of shares of Mylan common stock in the merger, except to the extent of cash, if any, received in lieu of a fractional share of Mylan common stock. It is a condition to the completion of the merger that Mylan and King receive written opinions from their respective counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Neither Mylan nor King intends to waive this closing condition. In the event that either Mylan or King waives receipt of such opinion from its counsel, however, Mylan and King will resolicit the approval of their respective shareholders after providing appropriate disclosure.

Tax matters are very complicated and the tax consequences of the merger to each King shareholder will depend on such shareholder's particular facts and circumstances. **King shareholders are urged to consult their tax advisors to understand fully the tax consequences to them of the merger.**

### **Expenses**

Generally, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses, subject to the specific exceptions discussed in this joint proxy statement/prospectus.



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**Dissenters' Rights (See page 64)**

Under Tennessee law, King shareholders are not entitled to dissenters' rights in connection with the merger if King common stock is listed on the NYSE at the time the merger is completed.

**Selected Historical Financial Information**

We are providing the following financial information to assist you in your analysis of the financial aspects of the acquisition. We derived the annual Mylan historical information from the consolidated financial statements of Mylan as of and for each of the years ended March 31, 2000 through 2004. We derived the annual King historical information from the consolidated financial statements of King as of and for each of the years ended December 31, 1999 through 2003. The current report on Form 8-K of King, dated September 3, 2004, restates King's consolidated financial statements for each of the three years in the period ended December 31, 2003, solely to reflect the reclassification of the results of operations and financial position of King's Prefest® and Nordette® product rights from continuing operations to discontinued operations as required by the rules of the SEC. The data as of and for the three months ended June 30, 2004, in the case of Mylan, and as of and for the six months ended June 30, 2004, in the case of King, has been derived from interim financial statements of both Mylan and King, which in the opinion of each company's management, include all normal and recurring adjustments that are considered necessary for the fair presentation of the results for the interim period. The information is only a summary and should be read in conjunction with each company's historical consolidated financial statements and related notes contained in Mylan's annual report on Form 10-K for the year ended March 31, 2004, Mylan's quarterly report on Form 10-Q for the quarter ended June 30, 2004, King's current report on Form 8-K dated September 3, 2004, and King's quarterly reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004, which have been incorporated by reference herein, as well as other information that has been filed with the SEC. See "Where You Can Find More Information" on page 118 for information on where you can obtain copies of this information. The historical results included below and elsewhere in this document may not be indicative of the future performance of Mylan, King or the combined company.

**Table of Contents****Mylan Selected Historical Financial Information**

As of and for the

	Three Months Ended June 30,		Fiscal Year Ended March 31,				
	2004	2003	2004	2003	2002	2001	2000
(in thousands, except per share data)							
Statement of							
Earnings:							
Total revenues	\$ 339,012	\$ 331,408	\$ 1,374,617	\$ 1,269,192	\$ 1,104,050	\$ 846,696	\$ 790,145
Net earnings(1)	\$ 82,033	\$ 83,863	\$ 334,609	\$ 272,353	\$ 260,251	\$ 37,128	\$ 154,246
Per common share							
data(2):							
Net earnings(1)							
Basic	\$ 0.31	\$ 0.31	\$ 1.24	\$ 0.98	\$ 0.92	\$ 0.13	\$ 0.53
Diluted	\$ 0.30	\$ 0.30	\$ 1.21	\$ 0.96	\$ 0.91	\$ 0.13	\$ 0.53
Cash dividends declared and paid	\$ 0.03	\$ 0.02	\$ 0.10	\$ 0.08	\$ 0.07	\$ 0.07	\$ 0.07
Selected balance sheet							
data:							
Total assets	\$ 2,018,648	\$ 1,692,741	\$ 1,875,290	\$ 1,745,223	\$ 1,619,880	\$ 1,472,500	\$ 1,343,865
Total shareholders equity	\$ 1,737,320	\$ 1,465,861	\$ 1,659,788	\$ 1,446,332	\$ 1,402,239	\$ 1,132,536	\$ 1,203,722

- (1) In fiscal 2004, Mylan settled various outstanding legal matters for a net gain of \$34,758. In fiscal 2003, Mylan settled various outstanding legal matters for a net gain of \$2,370. In fiscal 2001, Mylan reached a settlement, which was approved by the court and made final in February 2002, with the Federal Trade Commission, States Attorneys General and certain private parties with regard to lawsuits filed against Mylan relating to lorazepam and clorazepate in the amount of \$147,000.
- (2) All per share amounts for all periods presented have been adjusted to reflect a three-for-two stock split which was effected on October 8, 2003.

**Table of Contents****King Selected Historical Financial Data**

	As of and for the						
	Six Months Ended June 30,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
(In thousands, except per share data)							
Statements of							
Earnings:							
Total revenues(1)	\$ 565,784	\$ 705,436	\$ 1,509,253	\$ 1,088,494	\$ 849,154	\$ 601,756	\$ 512,465
Net (loss) earnings from continuing operations(1)(2)	\$ (67,978)	\$ (40,910)	\$ 111,947	\$ 168,446	\$ 209,251	\$ 65,803	\$ 99,937
Per common share data:							
Net (loss) earnings from continuing operations(1)(2)							
Basic	\$ (0.28)	\$ (0.17)	\$ 0.46	\$ 0.69	\$ 0.90	\$ 0.30	\$ 0.48
Diluted	\$ (0.28)	\$ (0.17)	\$ 0.46	\$ 0.68	\$ 0.89	\$ 0.29	\$ 0.47
Cash dividends declared and paid	\$	\$	\$	\$	\$	\$	\$
Selected balance sheet data:							
Total assets	\$ 2,963,394	\$ 3,059,314	\$ 3,177,734	\$ 2,750,660	\$ 2,506,611	\$ 1,282,395	\$ 1,181,806
Total debt	345,000	471,297	345,097	346,393	347,754	100,532	567,857
Total shareholders equity	\$ 1,869,900	\$ 1,892,585	\$ 2,042,180	\$ 1,931,183	\$ 1,908,284	\$ 987,733	\$ 495,012

## (1) Results for 2002 reflect:

a \$22,113 charge for corrections of immaterial errors related to underpayments of amounts due under Medicaid and other governmental pricing programs for the years 1998 to 2001;

a \$12,399 charge for corrections of immaterial errors related to underpayments of amounts due under Medicaid and other governmental pricing programs related to 2002 and recorded in the fourth quarter of 2002, and;

an \$11,970 charge arising from changes in accounting estimates related to Medicaid and other governmental pricing programs.

## Results for 2003 reflect:

an \$18,000 charge for changes in accounting estimates related to Medicaid for the years 1998 to 2002, and;

a \$900 charge for correction of immaterial errors related to Medicaid for the years 1994 to 1997.

During 2002 and 2003, \$375 and \$112, respectively, of the Medicaid and other governmental pricing programs charges discussed above are included in discontinued operations.

## (2) Included in net (loss) earnings from continuing operations are:

charges of \$1,150, \$20,348 and \$22,903 related to the early extinguishment of debt expense in connection with the repayment of debt instruments during 1999, 2000 and 2001, respectively;

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a \$15,212 reduction in the co-promotion fees paid to our Altace® co-promotion colleague in 2003 as a result of the charges described above for amounts due under Medicaid and other governmental pricing programs for the years 1998 to 2002. Specifically, a) King recovered on a pre-tax basis \$9,514 in fees we previously accrued during the fourth quarter of 2002 and have reduced the accrual for these fees by this amount in the fourth quarter of 2003 and b) fees under the Co-Promotion Agreement for Altace® in the fourth quarter of 2003 were reduced on a pre-tax basis by an additional \$5,698 as a result of the Medicaid accrual adjustment recorded in that quarter;

reclassification of the Nordette® and Prefast® product lines as discontinued operations.

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**Selected Unaudited Condensed Combined Pro Forma Financial Information**

The statements contained in this section may be deemed to be forward-looking statements within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate" and similar expressions. These forward-looking statements are based largely on management's expectations and are subject to a number of uncertainties. Actual results could differ materially from these forward-looking statements. Neither Mylan nor King undertake any obligation to update publicly or revise any forward-looking statements. For a more complete discussion of the risks and uncertainties, which may affect such forward-looking statements, please refer to the section entitled "Cautionary Statement Regarding Forward-Looking Statements" on page 31.

The following selected unaudited condensed combined pro forma financial data present the effect of the acquisition of King by Mylan. The following selected unaudited condensed combined pro forma statement of earnings data for the twelve months ended March 31, 2004, is extracted from the audited historical consolidated statement of earnings of Mylan for the fiscal year ended March 31, 2004, and the unaudited condensed statement of earnings of King for the twelve months ended March 31, 2004, and combined as if the acquisition had occurred on April 1, 2003. The unaudited condensed statement of earnings of King for the twelve months ended March 31, 2004, has been prepared by adding the unaudited three-month period then ended to the audited statement of earnings for the year ended December 31, 2003, and subtracting the results for the unaudited period ended March 31, 2003. The following selected unaudited condensed combined pro forma statement of earnings data for the three months ended June 30, 2004, is extracted from the historical unaudited condensed consolidated statements of earnings of Mylan and of King for the three months ended June 30, 2004, and combined as if the acquisition had occurred on April 1, 2003. The following selected unaudited condensed combined pro forma balance sheet data is extracted from the unaudited historical condensed consolidated balance sheets of Mylan and of King as of June 30, 2004, and combined giving effect to the acquisition as if it had occurred on June 30, 2004.

The unaudited condensed combined pro forma financial data was prepared using the purchase method of accounting. The allocation of the purchase price as reflected in the pro forma condensed combined financial data has been based upon preliminary estimates of the fair values of assets acquired and liabilities assumed as of the date of the acquisition. Management is currently assessing the fair values of the tangible and intangible assets acquired and liabilities assumed. This preliminary allocation of the purchase price is dependent upon certain estimates and assumptions, which are preliminary and have been made solely for the purpose of developing such unaudited pro forma condensed combined financial data.

A final determination of the fair value of King's assets and liabilities, which cannot be made prior to the completion of the transaction, will be based on the actual net tangible and intangible assets of King that exist as of the date of completion of the acquisition and such valuations could change significantly upon the completion of further analyses and asset valuations from those used in the condensed combined pro forma financial data presented below.

The unaudited condensed combined pro forma financial data does not include liabilities resulting from integration planning and adjustments in respect of possible settlements of outstanding litigation (other than those already included in the historical financial statements of either company) as these are not presently estimable. 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 of acquired intangible assets. Therefore, the actual amounts recorded as of the completion of the transaction may differ materially from the information presented in the accompanying unaudited condensed combined pro forma financial statements. In addition to the completion of the final valuation of acquired assets and liabilities, the impact of ongoing integration activities, the timing of completion of the transaction and other changes in King's net tangible and intangible assets that occur prior to completion of the transaction could cause material differences in the information presented.

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The unaudited condensed combined pro forma financial data are not necessarily an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future.

This selected unaudited condensed combined pro forma financial data should be read in conjunction with the Unaudited Condensed Combined Pro Forma Financial Statements and related notes included elsewhere in this proxy statement/prospectus and with the historical consolidated financial statements and the related notes of Mylan and King that are incorporated by reference elsewhere in this document.

**Selected Unaudited Condensed Combined Pro Forma Information**

	As of and for the Three Months Ended June 30, 2004	For the Twelve Months Ended March 31, 2004
(In thousands, except for per share data)		
Statement of Earnings:		
Total revenues	\$ 614,152	\$2,836,093
Net (loss) earnings from continuing operations	(11,402)	294,583
Per common share data:		
Net (loss) earnings from continuing operations		
Basic	\$ (0.02)	\$ 0.61
Diluted	\$ (0.02)	\$ 0.60
Cash dividends declared and paid(1)	N/A	N/A
Selected balance sheet data:		
Total assets	\$6,792,871	N/A
Total shareholders' equity	\$5,186,585	N/A

- (1) Although the dividend policy of the combined company is subject to approval by Mylan's board of directors, it is anticipated that Mylan will continue to pay dividends following the acquisition. Assuming Mylan's current annual dividend of \$0.12 per share and the pro forma weighted average common shares outstanding, this would equate to approximately \$58.3 million annually or \$14.6 million quarterly.

**Table of Contents****Comparative Per Share Information**

The following table sets forth selected historical per share information of Mylan and King and unaudited pro forma combined per share information after giving effect to the acquisition of King by Mylan, accounted for under the purchase method of accounting, assuming that 0.9 shares of Mylan common stock had been issued in exchange for each outstanding share of King common stock. You should read this information in conjunction with the selected historical financial information, included elsewhere in this document, and the historical financial statements of Mylan and King that are incorporated in this document by reference. The unaudited Mylan pro forma combined per share information is derived from, and should be read in conjunction with, the Unaudited Condensed Combined Pro Forma Financial Statements and related notes included on page [93] of this joint proxy statement/prospectus. The historical per share information is derived from unaudited financial statements of both Mylan and King as of and for the three months ended June 30, 2004, the audited financial statements as of and for the year ended March 31, 2004, with respect to Mylan, and the unaudited condensed statement of earnings for the twelve months ended March 31, 2004, with respect to King. The unaudited condensed statement of earnings of King for the twelve months ended March 31, 2004 has been prepared by adding the results for the unaudited three-month period then ended to the audited statement of earnings for the year ended December 31, 2003, and subtracting the results for the unaudited three-month period ended March 31, 2003. The unaudited pro forma King per share equivalents are calculated by multiplying the unaudited Mylan pro forma combined per share amounts by the exchange ratio of 0.9.

The unaudited pro forma combined per share information does not purport to represent what the actual results of operations of Mylan and King would have been had the companies been combined or to project Mylan's and King's results of operations that may be achieved after the acquisition.

	For the	
	Three Months Ended June 30, 2004	Twelve Months Ended March 31, 2004
(Unaudited)		
<b>Unaudited Mylan Pro Forma Combined</b>		
Per common share data:		
Net (loss) earnings from continuing operations		
Basic	\$ (0.02)	\$0.61
Diluted	(0.02)	0.60
Cash dividends(1)	N/A	N/A
Shareholders' equity	10.68	N/A
<b>Mylan Historical</b>		
Per common share data:		
Net earnings:		
Basic	0.31	1.24
Diluted	0.30	1.21
Cash dividends paid	0.03	0.10
Shareholders' equity	6.31	6.01
<b>King Historical (Unaudited)</b>		
Per common share data:		
Net (loss) earnings from continuing operations:		
Basic	\$ (0.27)	\$0.47
Diluted	(0.27)	0.47
Cash dividends paid		
Shareholders' equity	7.75	8.01

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	For the	
	Three Months Ended June 30, 2004	Twelve Months Ended March 31, 2004
(Unaudited)		
<b>Unaudited Pro Forma King Equivalents(2)</b>		
Per common share data:		
Net (loss) earnings from continuing operations:		
Basic	(0.02)	0.55
Diluted	(0.02)	0.54
Cash dividends(1)	N/A	N/A
Shareholders' equity	9.61	N/A

- (1) Mylan's current quarterly dividend is \$0.03 per share (\$0.12 per share annualized) and is subject to future approval and declaration by Mylan's board of directors. King has never paid cash dividends on its common stock and, under the merger agreement, King has agreed not to pay dividends pending the completion of the merger without the prior written consent of Mylan. Although the dividend policy of the combined company is subject to approval by Mylan's board of directors, it is anticipated that Mylan will continue to pay dividends following the acquisition. Assuming Mylan's current annual dividend of \$0.12 per share and the pro forma weighted average common shares outstanding, this would equate to approximately \$58.3 million annually or \$14.6 million quarterly.
- (2) Amounts are calculated by multiplying unaudited Mylan pro forma combined per share amounts by the exchange ratio in the acquisition (0.9 shares of Mylan common stock for each share of King common stock).

**Comparative Per Share Market Price and Dividend Information (See page [115])**

Mylan common stock and King common stock are each listed on the NYSE. Mylan's and King's ticker symbols are MYL and KG, respectively. The following table shows, for the calendar quarters indicated, based on published financial sources: (1) the high and low sale prices of shares of Mylan and King common stock as reported on the New York Stock Exchange Composite Transaction Tape and (2) the cash dividend paid per share of Mylan and King common stock.

	Mylan Common Stock(1)			King Common Stock		
	High	Low	Dividends	High	Low	Dividends
<b>2002</b>						
First Quarter	\$ 16.56	\$ 13.03	\$ 0.02	\$ 42.13	\$ 29.25	\$
Second Quarter	\$ 14.24	\$ 11.16	\$ 0.02	\$ 35.10	\$ 18.30	\$
Third Quarter	\$ 15.22	\$ 11.60	\$ 0.02	\$ 21.98	\$ 15.85	\$
Fourth Quarter	\$ 15.56	\$ 12.79	\$ 0.02	\$ 19.42	\$ 15.00	\$
<b>2003</b>						
First Quarter	\$ 19.74	\$ 15.56	\$ 0.02	\$ 18.13	\$ 11.01	\$
Second Quarter	\$ 23.82	\$ 17.07	\$ 0.02	\$ 16.51	\$ 9.46	\$
Third Quarter	\$ 27.10	\$ 20.61	\$ 0.02	\$ 16.87	\$ 13.25	\$
Fourth Quarter	\$ 28.53	\$ 20.00	\$ 0.03	\$ 16.10	\$ 12.29	\$
<b>2004</b>						
First Quarter	\$ 26.35	\$ 21.95	\$ 0.03	\$ 20.62	\$ 15.06	\$
Second Quarter	\$ 24.94	\$ 19.80	\$ 0.03	\$ 18.68	\$ 11.30	\$

- (1) Amounts have been adjusted to reflect a three-for-two stock split which was effected on January 27, 2003, and another three-for-two stock split which was effected on October 8, 2003.



**Table of Contents****Recent Closing Prices**

The following table sets forth the closing prices per share of Mylan common stock and King common stock as reported on the NYSE Composite Transaction Tape on July 23, 2004, the last full trading day prior to the announcement of the acquisition, and [ ], 2004, the most recent practicable date prior to the mailing of this joint proxy statement/prospectus to Mylan's and King's shareholders. This table also sets forth the equivalent price per share of King common stock on those dates. The equivalent price per share is equal to the closing price of a share of Mylan common stock on that date multiplied by 0.9, the applicable exchange ratio in the acquisition. These prices will fluctuate prior to the special meetings and the acquisition, and shareholders are urged to obtain current market quotations prior to making any decision with respect to the acquisition.

	<u>Mylan Common Stock</u>	<u>King Common Stock</u>	<u>King Common Stock Per Share Equivalent</u>
July 23, 2004	\$ 18.51	\$ 10.37	\$ 16.66
[ ], 2004	\$ [ ]	\$ [ ]	\$ [ ]

**Dividend Information**

Although dividends are subject to future approval and declaration by Mylan's and King's respective boards of directors, Mylan currently plans to continue to pay regular quarterly dividends on its common stock until closing of the acquisition. King has never paid a cash dividend on its common stock and, under the merger agreement, King has agreed not to pay dividends pending the completion of the merger without the prior written consent of Mylan. The dividend policy of the combined company is subject to approval by Mylan's board of directors, however, it is anticipated that Mylan will continue to pay dividends following the acquisition. Assuming Mylan's current annual dividend of \$0.12 per share and the pro forma weighted average common shares outstanding, this would equate to approximately \$58.3 million annually or \$14.6 million quarterly.

**Table of Contents****RISK FACTORS RELATING TO THE MERGER**

*The merger involves risks for Mylan and King shareholders. King shareholders will be choosing to invest in Mylan common stock by voting in favor of the merger and Mylan shareholders will be choosing to permit significant dilution of their percentage ownership in Mylan by voting in favor of the issuance of stock in the merger. In addition to the other information included and incorporated by reference in this joint proxy statement/prospectus, including the matters addressed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements" on page 31, you should carefully consider the following risks before deciding how to cast your vote. In addition, you should read and consider the risks associated with each of the businesses of Mylan and King, because these risks will also affect the combined company. These risks can be found in Mylan's Annual Report on Form 10-K for the year ended March 31, 2004, Mylan's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, King's Annual Report on Form 10-K for the year ended December 31, 2003 and King's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004, which are filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference in this joint proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page [131]. Additional risks and uncertainties not presently known to Mylan or King or that are not currently believed to be important also may adversely affect the merger and the combined company after the merger.*

***The exchange ratio is fixed and will not be adjusted in the event of any change in either Mylan's or King's stock price. Accordingly, because the market price of Mylan common stock may fluctuate, at the time of the Mylan special shareholders' meeting, Mylan shareholders cannot be sure of the market value of the consideration that Mylan will pay in the merger, and at the time of the King special shareholders' meeting, King shareholders cannot be sure of the market value of the consideration they will receive in the merger.***

Under the merger agreement, King shareholders will receive, upon completion of the merger, consideration equal to 0.9 shares of Mylan common stock for each share of King common stock they own. The 0.9 to 1 exchange ratio was agreed upon in the merger agreement, and will not be adjusted due to any increases or decreases in the price of Mylan common stock. In addition, neither party has a right to terminate the merger agreement based solely upon changes in the market price of Mylan's or King's common stock, and the merger agreement contains no other provisions that would limit the impact of increases or decreases in the market price of Mylan's or King's common stock. As a result, any changes in the value of Mylan's common stock will have a corresponding effect on the value of the consideration that Mylan pays to King shareholders in the merger.

The market price of Mylan common stock at the time of completion of the merger may vary significantly from the price on the date of the merger agreement or from the price on the dates of the Mylan and King shareholders' meetings. These variations may be caused by a variety of factors, including:

changes in the business, operations and prospects of Mylan or King;

changes in market assessments of the business, operations and prospects of the combined company;

market assessments of the likelihood that the merger will be completed;

interest rates, general market and economic conditions and other factors generally affecting the price of Mylan's and King's common stock; and

changes in federal, state and local legislation, governmental regulation and other legal developments affecting Mylan or King.

Mylan common stock has historically experienced volatility. The closing price of Mylan common stock on the NYSE Composite Transactions Reporting System on July 23, 2004 was \$18.51 per share. From July 23, 2004 through the date of this joint proxy statement/prospectus, the trading price of Mylan

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common stock ranged from a high of \$[ ] per share to a low of \$[ ] per share. Since the announcement of the merger, Mylan common stock has generally traded below the closing price on the last trading day preceding the announcement of the merger, and the market price of Mylan common stock may continue to fluctuate prior to the merger, which would result in corresponding fluctuations in the value of the consideration paid by Mylan to King shareholders in the merger. For example:

if the price of Mylan common stock declines before the completion of the merger, King shareholders will receive shares of Mylan common stock that have a market value that may be less than the market value of such shares when the merger agreement was signed; or

if the price of Mylan common stock increases before the completion of the merger, King shareholders will receive shares of Mylan common stock that have a market value that may be greater than the market value of such shares when the merger agreement was signed.

In addition, because the date that the merger is completed may be later than the date of the Mylan special meeting, at the time of the Mylan special meeting Mylan shareholders may not be sure of the market value of the Mylan common stock that King shareholders will receive upon completion of the merger and Mylan may pay more for shares of King common stock than the value calculated on the date of the Mylan special meeting. Similarly, because the date that the merger is completed may be later than the date of the King special meeting, at the time of the King special meeting King shareholders may not be sure of the market value of the Mylan common stock they will receive upon completion of the merger or the market value of Mylan common stock at any time after the completion of the merger.

We urge you to obtain current market quotations for Mylan and King common stock.

***The market price of Mylan's common stock may be affected after the merger by factors different from those affecting the shares of Mylan and King currently, and may decline as a result of the merger.***

Assuming that the merger is completed, the market price of Mylan's common stock may decline as a result of the merger for a number of reasons, including that:

the integration of King into Mylan may be unsuccessful, and could be more time-consuming and expensive than anticipated;

the combined company may not achieve the anticipated benefits of the merger as rapidly as planned, or may not achieve those benefits at all; and

the effect of the merger on Mylan's financial results, including charges to earnings resulting from the application of the purchase method of accounting to the merger, may be worse than anticipated.

The businesses of Mylan and King differ and, accordingly, the results of operations of the combined company and the market price of the combined company's common stock may be affected by factors different from those currently affecting the independent results of operations of each of Mylan and King. In particular, the combination of Mylan and King to form a specialty pharmaceutical company with significant operations in both the generic and branded segments of the pharmaceutical industry creates a business that may be valued at lower levels by the marketplace than Mylan was valued prior to the merger.

***The integration of the businesses of Mylan and King following the merger will present various challenges, and the combined company may not realize the anticipated benefits of the merger to the extent or in the time frame expected.***

The success of the merger will depend, in part, on the ability of Mylan and King to integrate their businesses efficiently and effectively. The combined company will be required to devote significant management attention and resources to integrating the diverse business practices and operations of Mylan and King. In addition, Mylan has not previously completed an acquisition comparable in size and scope to

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the merger. Potential difficulties the combined company may encounter in the integration process may include:

maintaining employee morale, retaining key employees and integrating personnel from two separate corporate cultures;

lost sales, customers or suppliers as a result of certain customers or suppliers of either of the two companies deciding not to do business with the combined company;

the inability of the combined company to achieve the cost savings and operating synergies anticipated in the merger;

complexities associated with managing the combined businesses, including those in connection with consolidating multiple physical locations;

the diversion of management attention to issues related to integration, rather than ongoing business concerns and performance;

coordinating promotional efforts and training the sales and marketing teams of King and Mylan to effectively promote the entire range of products of the combined businesses;

unanticipated incompatibility of sales, purchasing and information systems as well as Medicaid and other governmental reporting systems and procedures; and

potential unknown liabilities and increased costs associated with integration.

The difficulties identified above or any others could cause the integration to be more time-consuming and expensive than anticipated, could result in an interruption of, or loss of momentum in, the activities of the combined company's business or the loss of key personnel, many of whom have proprietary information, and could have an adverse effect on the business and financial results of the combined company.

In addition, certain benefits and synergies of the merger depend upon, among other things, operational and other efficiencies, economies of scale and revenue enhancement opportunities, and cost savings associated with anticipated restructurings, including the avoidance of certain future costs that Mylan and King would otherwise have to incur, specifically Mylan's costs in building a sales force for nebigivolol. In order to realize these benefits and synergies, we must successfully combine the businesses of Mylan and King in a manner that permits those benefits and synergies, which are based on projections and assumptions, to be realized. Due to antitrust laws and regulations, Mylan and King have been able to conduct only limited planning regarding the integration of the two companies following the announcement of the merger and have not yet determined the exact nature in which the two companies will be combined after the merger. The actual integration may result in additional and unforeseen expenses or delays, and the anticipated benefits of such integration plans may not be realized.

***In order to be successful, the combined company must retain and motivate key employees and failure to do so could seriously harm the combined company.***

In order to be successful, the combined company must retain and motivate executives and other key employees. Employees of Mylan or King may experience uncertainty about their future roles with the combined company until or after strategies for the combined company are announced or executed. These circumstances may adversely affect the combined company's ability to retain key personnel. The combined company also must continue to motivate employees and keep them focused on the strategies and goals of the combined company, which may be particularly difficult due to the potential distractions of the merger.

***Charges to earnings resulting from the application of the purchase method of accounting may adversely affect the market value of Mylan's common stock following the merger.***

In accordance with U.S. GAAP, the combined company will account for the merger using the purchase method of accounting, which will result in charges to Mylan's earnings that could adversely affect

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the market value of the common stock of Mylan following completion of the merger. Under the purchase method of accounting, the combined company will allocate the total purchase price to King's net tangible assets, amortizable intangible assets, intangible assets with indefinite lives and in-process research and development based on their fair values as of the date of completion of the merger, and record the excess of the purchase price over those fair values as goodwill. The portion of the purchase price allocated to in-process research and development will be expensed by the combined company in the quarter in which the merger is completed. The combined company will incur additional depreciation and amortization expense over the useful lives of certain of the net tangible and intangible assets acquired in connection with the merger. In addition, to the extent the value of goodwill or intangible assets becomes impaired, the combined company may be required to incur material charges relating to the impairment of those assets. These depreciation, amortization, in-process research and development and potential impairment charges could have a material impact on the combined company's results of operations and adversely affect the market value of Mylan's common stock. See the section entitled "Unaudited Condensed Combined Pro Forma Financial Statements" beginning on page 82.

***Obtaining approvals may delay or prevent completion of the merger, reduce the benefits of the merger to shareholders or result in additional transaction costs. Any significant delay in completing the merger could adversely affect the combined company.***

Completion of the merger is conditioned upon, among other things, the expiration or earlier termination of the waiting period under the HSR Act and may be subject to the receipt of consents and approvals of other government authorities. As a result, Mylan and King shareholders face the following risks:

the requirement for obtaining these consents and approvals could delay the completion of the merger for a significant period of time after Mylan and King shareholders have approved the merger at their respective shareholders' special meetings;

the merger may not be completed if the required consents and approvals are not obtained; and

Mylan and King could agree to certain conditions or restrictions imposed by government authorities in order to obtain regulatory approval.

Mylan and King cannot assure their shareholders that the merger will be completed, that there will not be a delay in the completion of the merger, that the merger will be completed on the terms contemplated by the merger agreement and as described in this joint proxy statement/prospectus or that the benefits of the merger will be the same as those described in this joint proxy statement/prospectus. Any delay could also, among other things, result in additional transaction costs, loss of revenue or other negative effects associated with uncertainty about completion of the merger. Mylan and King have not yet obtained any of the governmental or regulatory approvals required to complete the merger.

***The merger agreement requires payment of a termination fee of \$85 million in certain instances, which could deter a third party from proposing an alternative transaction to the merger.***

Under the terms of the merger agreement, Mylan and King may be required to pay to the other a termination fee of \$85 million if the merger agreement is terminated under certain circumstances. This termination fee may discourage competing bidders from presenting proposals to acquire or merge with Mylan or King that, from a financial perspective, might be superior to the terms of the merger. For a description of the termination rights of each party and the termination fee payable under the merger agreement, see "The Merger Agreement - Termination Fee" beginning on page 79.

***Some of King's directors have potential conflicts of interest in recommending that King shareholders vote for the proposal to approve and adopt the merger agreement and approve the merger.***

Some directors of King (including two who are executive officers of King) who are recommending that you vote in favor of approving and adopting the merger agreement and approving the merger

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participate to different extents in King stock option, severance, employment and/or other benefit arrangements that provide them with interests in the merger and merger agreement that are different from, or in addition to, the interests of King and King's shareholders generally. These benefits received by King directors may include the acceleration of exercisability of stock options, the continuation of indemnification arrangements in connection with the merger and/or the payment of severance, bonus amounts and other benefits. The receipt of compensation and other benefits may have influenced these directors in making their recommendation to King shareholders. See *The Merger* Interests of King Directors and Executive Officers in the Merger beginning on page 57.

***Failure to complete the merger could negatively impact the stock prices and the future business and financial results of Mylan and King.***

If the merger is not completed, the ongoing businesses of Mylan or King may be adversely affected and Mylan and King will be subject to several risks, including the following:

either party being required, under certain limited circumstances, to pay the other party a termination fee of \$85 million under the merger agreement;

both parties having incurred significant costs relating to the merger, such as legal, accounting, consulting, printing and financial advisor fees; and

a significant portion of the attention of management of each of the companies having been on the merger instead of on pursuing other opportunities that could be beneficial to the companies,  
in each case, without realizing any of the benefits of completing the merger.

In addition, the completion of the merger is subject to approvals by the shareholders of Mylan and King, which might not be obtained. The issuance of shares of Mylan common stock pursuant to the merger agreement requires the affirmative vote of a majority of the votes cast at the Mylan special meeting. Approval and adoption of the merger agreement and approval of the merger requires the affirmative vote of a majority of the outstanding common shares of King. If either shareholder approval is not obtained, or if either special meeting is adjourned or postponed without the shareholder approval being obtained, the conditions of closing of the merger will not be satisfied and the closing of the merger will not occur.

If the merger is not completed, the price of Mylan common stock and King common stock may decline to the extent that the current market price of Mylan common stock and King common stock reflects a market assumption that the merger will be completed. In addition, Mylan's business and King's business may be harmed to the extent that customers, suppliers and others believe that the companies cannot effectively compete in the marketplace without the merger, or otherwise remain uncertain about the companies. If the merger is not completed, Mylan and King cannot assure their shareholders that these risks will not materialize and will not materially affect the business, financial results and stock prices of Mylan or King.

***The pro forma financial statements are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the merger.***

The pro forma financial statements contained in this joint proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the merger for several reasons. The pro forma financial statements have been derived from the historical financial statements of Mylan and King and certain adjustments and assumptions have been made regarding the combined company after giving effect to the merger. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by the combined company in connection with the merger. For example, the impact of any incremental costs incurred in integrating the two companies is not reflected in the pro forma financial statements. As a result, the actual

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financial condition and results of operations of the combined company following the merger may not be consistent with, or evident from, these pro forma financial statements.

The assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the merger. Any potential decline in the financial condition or results of operations may cause significant variations in the stock price of the combined company. See the section entitled "Unaudited Condensed Combined Pro Forma Financial Statements" beginning on page 82.

***Mylan and King are the subject of various legal proceedings.***

Mylan and King are involved in various patent and product liability claims and litigation and additional matters that arise from time to time in the ordinary course of business. These include challenges to the coverage and/or validity of patents on products or processes and allegations of injuries caused by drugs or medical devices. In addition, Mylan and King are subject to national, state and local environmental laws and regulations. Mylan and King are also involved in or are the subject of governmental or regulatory agency inquiries or investigations from time to time. In particular, governmental investigations, such as the current investigation of King by the SEC and Office of Inspector General of the Department of Health and Human Services and other governmental agencies, other possible governmental investigations, litigation under securities laws and litigation under the Employee Retirement Income Security Act, which is referred to as ERISA, could have a material adverse effect on our business. For more information about Mylan's and King's legal proceedings, see our filings with the SEC that are incorporated by reference into this document under the headings "Contingencies" and "Legal Proceedings."

***If the combined company is unable to manage growth profitably, its business and financial results could suffer.***

The combined company's future financial results will depend in part on its ability to profitably manage its core businesses, including any growth that the combined company may be able to achieve. Over the past several years, each of Mylan and King has engaged in the identification of, and competition for, growth and expansion opportunities. In order to achieve those initiatives, the combined company will need to maintain existing customers and attract new customers, recruit, train, retain and effectively manage employees, as well as expand operations, customer support and financial control systems. If the combined company is unable to manage its businesses profitably, including any growth that the combined company may be able to achieve, its business and financial results could suffer.

***Some provisions contained in Mylan's articles of incorporation, bylaws and shareholder rights plan, as well as provisions of Pennsylvania law, could impair a takeover attempt.***

Mylan has provisions in its articles of incorporation and bylaws that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by the Mylan board of directors. These include provisions:

authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to its common stock;

limiting the liability of, and providing indemnification to, directors and officers;

limiting the ability of Mylan shareholders to call a special meeting, requiring advance notice of shareholder proposals for business to be conducted at an annual meeting of Mylan shareholders and for nominations of candidates for election to the Mylan board of directors;

controlling the procedures for conduct of board and shareholder meetings and election and removal of directors;

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specifying that, as a practical matter, shareholders may take action only at a duly called annual or special meeting of shareholders; and

requiring the affirmative vote of 75% of the outstanding shares of Mylan common stock entitled to vote to take certain actions in connection with transactions with any person who beneficially owns 10% or more of the outstanding shares of Mylan common stock. These provisions, alone or together, could deter or delay hostile takeovers, proxy contests and changes in control or management of Mylan.

In addition, Mylan has adopted a shareholder rights plan. The rights are not intended to prevent a takeover of Mylan. However, the rights may have the effect of rendering more difficult or discouraging an acquisition of Mylan deemed undesirable by the Mylan board of directors. The rights would cause substantial dilution to a person or group that attempted to acquire Mylan on terms or in a manner not approved by the Mylan board of directors, except pursuant to an offer conditioned upon redemption of the rights.

As a Pennsylvania corporation, Mylan is also subject to applicable provisions of Pennsylvania law that could impair a takeover attempt. Any provision of Mylan's articles of incorporation or bylaws, Mylan's shareholder rights plan or Pennsylvania law that has the effect of delaying or deterring a change in control could limit the opportunity for Mylan shareholders (including former King shareholders who become Mylan shareholders upon completion of the merger) to receive a premium for their shares of Mylan common stock, and could also affect the price that some investors are willing to pay for Mylan common stock.



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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus and the documents incorporated by reference in this joint proxy statement/ prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, financial forecasts and projections, future business prospects, revenue, income, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities, plans and objectives of the management of each of Mylan, King and the combined company (including those referred to in the financial advisors' opinions in this joint proxy statement/ prospectus), the merger and the markets for Mylan and King common stock and other matters. Statements in this joint proxy statement/ prospectus and the documents incorporated by reference herein that are not historical facts are hereby identified as forward-looking statements for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, and Section 27A of the Securities Act of 1933, as amended, which is referred to as the Securities Act. These forward-looking statements should be considered in light of various important factors, including those set forth in and incorporated by reference in this joint proxy statement/ prospectus.

The forward-looking statements contained in this joint proxy statement/ prospectus, wherever they occur in this joint proxy statement/ prospectus or the documents incorporated by reference herein, are necessarily estimates reflecting the assumptions that the respective managements of Mylan and King believed were reasonable at the time such estimates were given and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

In particular, there can be no assurance that the assumptions made in preparing the financial forecasts and projections relating to Mylan and King will prove accurate, or that such forecasts and projections will be realized. The financial forecasts and projections relating to Mylan and King (on a stand-alone and pro forma basis) involve risks and uncertainties that could cause actual outcomes and results to differ materially from expectations. These risks and uncertainties include the effect of competition with Mylan's and King's products; the use of legal, regulatory and legislative strategies by competitors, both brand and generic, including so-called authorized generics, which in the past had been introduced on an intermittent basis and now, in light of recent regulatory decisions may become more institutionalized; the outcome of pending litigation, including the current investigation of King by the SEC and Office of Inspector General of the Department of Health and Human Services and other governmental agencies, product liability lawsuits, shareholder derivative lawsuits, and Paragraph IV lawsuits; and the effectiveness of Mylan's and King's research and development efforts and potential legislative actions, such as allowing the reimportation of drugs sold abroad. All of these effects may increase Mylan's costs associated with introduction or marketing of its generic products or could delay or prevent such introduction. None of Mylan, King or any of their respective affiliates or representatives has made or makes any representations to any person regarding the ultimate performance of Mylan or the combined company compared to the information contained in the financial forecasts and projections relating to Mylan and King, and none of them intends to provide any update or revision thereof. The financial forecasts and projections relating to Mylan and King were not prepared with a view to public disclosure or compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants regarding forecasts or projections.

Words such as estimate, project, plan, intend, expect, anticipate, believe, would, should, could, seeks and similar expressions identify certain of these forward-looking statements. These forward-looking statements are found at various places throughout this joint proxy statement/ prospectus, including in the section entitled Risk Factors Relating to the Merger beginning on page [28], and in the documents incorporated by reference herein, including in the Mylan Form 10-K, in the sections entitled Business Customers and Marketing, Environment, Backlog, and Risk Factors, in the King Form 10-K, in the sections entitled Business Manufacturing, Government Regulation, Environment Matters, Trademarks, Employees, Legal Proceedings and Risk Factors, and in the Quarterly Reports on Form 10-Q of both companies for the quarterly periods that are

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incorporated by reference herein in the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations. You are cautioned not to place undue reliance on any forward-looking statements, which address matters only as of the date of this joint proxy statement/prospectus or, in the case of documents incorporated by reference, as of the date of those documents. Neither Mylan nor King undertakes any obligation, and each expressly disclaims any obligation to update, alter or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events or otherwise, except as required by law.

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**THE MERGER**

*The following is a discussion of the proposed merger and the merger agreement. This is a summary only and may not contain all of the information that is important to you. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A and is incorporated by reference herein. Mylan and King shareholders are urged to read this entire joint proxy statement/prospectus, including the merger agreement, for a more complete understanding of the merger.*

**Background of the Merger**

As participants in the pharmaceutical industry, the managements of Mylan and King are generally familiar with each other's business. On an ongoing basis, each of Mylan and King evaluates alternatives for achieving its long-term strategic goals and enhancing long-term shareholder value.

Mylan's founder and Chairman, Milan Puskar, has long held a vision of creating a well-balanced specialty pharmaceutical company, meaning both a strong generic franchise along with a strong branded franchise. The Mylan board of directors and management have periodically assessed strategic options for Mylan as part of its ongoing efforts to realize that vision and create a well-balanced pharmaceutical company. Currently, Mylan has a leading generic franchise and a developing brand business and has recently submitted to the FDA an NDA for nebivolol, a beta blocker, which was accepted for filing by the FDA in June 2004. Mylan believes nebivolol will be the cornerstone to build its brand franchise.

In this regard, in early 2004, Mylan took a significant step towards establishing its brand franchise by filing the NDA with the FDA for nebivolol. In considering the establishment of its brand franchise, Mylan management and its board evaluated several alternatives as to how to establish such a brand franchise, which included out-licensing, partnering, building on its own or acquiring a platform. Further, it considered that an important benefit of a brand franchise would be the ability to deliver sustained growth and yield increased shareholder value over the long term. As part of the establishment of a brand franchise, Mylan's management and its board determined that it would be better positioned to fully develop a brand franchise not only around nebivolol but around an existing experienced business with expertise in cardiovascular products. In addition, both Mylan's management and board of directors recognized that in order to leverage the brand franchise and the related sales force to launch and sell nebivolol additional products would be required. Therefore, to achieve that strategy, Mylan management initiated a general analysis of various possible business combinations using publicly available information and on that basis determined that King's branded pharmaceutical products and its experienced cardiovascular sales force could strengthen the platform from which Mylan plans to launch nebivolol and could be complementary to Mylan's existing product portfolio.

Since its inception, King has sought out and executed strategic opportunities for growth. In late January 2004, Mr. Jefferson Gregory, then the Chairman of the Board and Chief Executive Officer of King, received a telephone call from the chief executive officer of another specialty pharmaceutical company, who indicated that his company was interested in a strategic business combination with King. At that time, King faced various strategic challenges, primarily increased competition from generic pharmaceutical companies, particularly with respect to several of King's key products. Over the next several weeks, senior management of each of King and the specialty pharmaceutical company exchanged presentations and information pursuant to a confidentiality agreement between the two companies, and held high level discussions regarding the nature of a possible business combination transaction.

On February 19, 2004, Mr. Gregory announced his plan to retire as Chief Executive Officer of King and to remain in the position until the board appointed a successor. Upon the announcement, Mr. Coury contacted Goldman Sachs to establish a meeting with Mr. Gregory to discuss a potential Mylan and King business combination.

In early March 2004, Mr. Coury and Mr. Gregory met to explore a potential business combination of Mylan and King. Following this initial meeting, certain members of management of both companies met to discuss further the possibility of a business combination. On March 17, 2004, Messrs. Coury and

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Gregory again met to discuss the possibility of a business combination, and on that date Mylan and King executed a confidentiality agreement to allow the exchange of confidential information between them. Shortly thereafter, Mylan commenced a due diligence review of King. In addition, during March 2004, discussions between King and the specialty pharmaceutical company continued, but the specialty pharmaceutical company failed to make an attractive offer for a business combination with King and, in late March, King ceased discussions with the specialty pharmaceutical company.

From late March 2004 through early May 2004, Mylan, together with its financial advisor, Merrill Lynch, its legal advisor, Skadden, Arps, Slate, Meagher & Flom LLP, sometimes referred to as Skadden, Arps, its accounting and certain of its other advisors, conducted a due diligence investigation of King. Mylan also conducted site visits to certain of King's facilities. In addition, during late April 2004 and continuing through early May 2004, King and its legal, financial, accounting and other advisors conducted a due diligence investigation of Mylan.

During April and early May 2004, Mylan's board of directors met multiple times to discuss developments in the due diligence investigation of King and the discussions in connection with a potential transaction between Mylan and King. Mylan's board of directors also discussed the potential risks associated with an acquisition of King. Representatives of Merrill Lynch, Skadden, Arps, and other consultants and advisors also participated in these board meetings.

Also during April and early May 2004, King's board of directors held several meetings to discuss the strategic benefits and the risks associated with a business combination with Mylan. Representatives of King's financial advisor, Goldman Sachs, and King's legal advisor, Cravath, Swaine & Moore LLP, sometimes referred to as Cravath, attended these meetings, and the King board of directors discussed with Goldman Sachs financial aspects of a potential transaction.

On April 27, 2004, Skadden, Arps, provided King and its advisors with a draft merger agreement. During the period between April 28, 2004 and May 4, 2004, the parties engaged in a negotiation on the terms of the merger agreement and continued their respective due diligence investigations. On May 5, 2004, the parties determined not to continue discussions regarding a potential transaction due primarily to an inability to agree on certain terms of the merger agreement.

On May 7, 2004, Mr. Coury sent a letter to King indicating Mylan's continued interest in a possible acquisition of King.

On May 17, 2004, King announced that Mr. Gregory had resigned from his positions as Chairman and as a member of the King Board and Chief Executive Officer effective May 14, 2004 and that, effective May 17, 2004, the King board of directors had appointed Brian A. Markison as acting President and Chief Executive Officer and had elected Ted G. Wood as non-executive Chairman of the King Board.

In late June 2004, Mylan's board of directors met twice to address the possibility of renewing discussions regarding the acquisition of King and authorized management to approach King to resume discussions.

On June 30, 2004, Mr. Coury sent a letter to Mr. Wood indicating Mylan's desire to recommence discussions about a possible acquisition of King and outlining certain terms for a proposed transaction. A revised version of the draft merger agreement on June 30, 2004 accompanied the letter from Mr. Coury.

On July 9, 2004, the King board of directors met to discuss the transaction proposed in Mylan's letter. Representatives of Cravath discussed the board's fiduciary duties in considering a strategic business combination and discussed the terms proposed in Mylan's letter. Representatives of Goldman Sachs reviewed various financial aspects related to the proposed transaction.

On July 16, 2004, Messrs. Wood and Markison sent a letter to Mr. Coury in response to the proposal contained in Mylan's letter dated June 30, 2004. Messrs. Wood and Markison's letter contained, among other things, a proposal of alternative terms for the potential acquisition of King by Mylan, as well as a revised draft of the merger agreement.

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The King board concluded that the best method to enhance shareholder value, either in the case of a potential acquisition of King by Mylan or in the case of King pursuing a stand-alone strategy, would be to appoint a permanent chief executive officer. Accordingly, on July 16, 2004, the King board of directors appointed Mr. Markison as King's President and Chief Executive Officer and announced the election of Mr. Markison to the King board of directors.

During the period between July 17 and July 23, 2004, King and Mylan, together with their respective advisors, engaged in negotiations regarding the terms of the merger agreement and updated their due diligence investigations that had been conducted in April and early May. On July 20, 2004, Mylan's board of directors met to discuss developments with King that occurred since the last board meeting and negotiations in connection with the merger agreement. On July 23, 2004, King and Mylan finalized the terms of the proposed merger agreement.

On July 23, 2004, the board of directors of Mylan met to discuss the terms of the merger agreement regarding the proposed acquisition of King by Mylan and to consider the approval of the proposed merger agreement. At Mylan's board of directors meeting, management reported on the financial, legal and organizational due diligence and reviewed the strategic reasons for the proposed transaction and Mylan's historical and projected financial results. Representatives of Skadden, Arps discussed with the board their fiduciary duties in considering a business combination and the legal terms of the merger and provided an update on the legal due diligence analysis of King. Representatives of Merrill Lynch reviewed with the board its financial analysis of the exchange ratio and rendered to the board an oral opinion, which was confirmed by delivery of a written opinion dated July 23, 2004, to the effect that, as of such date and based on and subject to the matters described in the opinion, the exchange ratio was fair, from a financial point of view, to Mylan. Following additional discussions, the board of directors of Mylan unanimously determined that the merger transaction with King was advisable and in the best interests of Mylan's shareholders and approved the merger and related matters and authorized management to finalize and enter into definitive documents regarding the proposed combination.

Also on July 23, 2004, the King board of directors met to consider the proposed transaction. At the meeting, Mr. Wood and Mr. Markison reviewed the transaction with the board, including the strategic reasons for the proposed transaction, the principal terms of the proposed transaction, a financial review of the proposed transaction, a review of King's historical and projected financial results and the results of King's due diligence review of Mylan. Representatives of Cravath discussed the board's fiduciary duties in considering a strategic business combination and further discussed the terms of the merger agreement. The King board also considered the prospects for generic pharmaceutical companies in general and Mylan in particular, and representatives of Goldman Sachs presented its financial analyses related to the proposed transaction. In addition, Goldman Sachs delivered to the board its oral opinion, subsequently confirmed in writing, that, as of July 23, 2004, and subject to the assumptions, considerations, and limitations set forth in its opinion, the exchange ratio pursuant to the merger agreement was fair to King shareholders, from a financial point of view. Upon completing its deliberations, the board of directors of King unanimously (with one director absent) approved and adopted the merger agreement and approved the merger, declared them advisable to and in the best interests of King and its shareholders and resolved to recommend that King shareholders approve and adopt the merger agreement and approve the merger.

After the close of the financial markets on July 23, 2004, Mylan and King finalized and executed the definitive merger agreement.

On July 26, 2004, Mylan and King issued a joint press release announcing the proposed acquisition of King by Mylan.

### **Mylan's Reasons for the Merger**

**The Mylan board of directors believes that the terms of the merger are advisable and fair to and in the best interests of Mylan and its shareholders and has unanimously approved the merger agreement and the merger and recommends that the Mylan shareholders vote FOR the proposal to approve the issuance of Mylan common stock to King's shareholders in the merger.**

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In reaching its conclusion, the Mylan board of directors consulted with Mylan's management, as well as with Mylan's legal, financial and other advisors, and considered a variety of factors weighing favorably towards the merger, including the material factors listed below.

*Expected Benefits of the Merger.* The combination of Mylan and King is expected to result in several significant strategic benefits to Mylan, including the following:

*Product Portfolio.* Mylan's product portfolio is expected to grow substantially in the area of branded pharmaceutical products as a result of the combination and would include four products with sales exceeding \$100 million for the twelve months ended March 31, 2004, Altace®, Thrombin®, Sonata® and Skelaxin®, resulting in a diverse and well-balanced portfolio of branded and generic pharmaceutical products as well as certain products in their pipeline.

*Strategic Position.* The combination is expected to unite Mylan's core strengths in supply chain management, manufacturing, science, compliance and intellectual property management with King's well-developed sales and marketing infrastructure and expertise in identifying branded product opportunities; generate increased cash flow and financial flexibility to pursue additional growth and acquisition opportunities; and strengthen the combined company's position in the highly competitive diversified specialty pharmaceutical industry.

*Growth Platform.* King's 1,200-person sales force and marketing infrastructure are expected to provide Mylan with a strong platform from which it can launch branded products, and, upon approval by the FDA, its anticipated launch of nebivolol in 2006, and advance Mylan's long-term growth strategy.

*Potential to Obtain Additional Commercial Opportunities.* The combined company may obtain additional opportunities due to its increased size, product development portfolio, capabilities and bargaining power.

Mylan also anticipates that the transaction will result in several key financial benefits, including:

*Potential for Earnings and Revenue Growth.* The merger will combine two large firms in the pharmaceutical industry, which is anticipated to create the opportunity for continued growth potential, improved financial returns and accelerated earnings growth. The combined company would be a larger enterprise with a broader and more diversified product portfolio than either Mylan or King on a stand-alone basis.

*Synergy Opportunities.* Mylan believes that the potential synergies are expected to reach approximately \$100 million on an annualized basis. These synergies are expected to come from, among other things, the avoidance of costs for building a sales force for Mylan's nebivolol product as well as facility consolidations, sourcing opportunities, and administrative efficiencies.

*Stabilization of Revenues and Earnings.* Mylan believes that following the merger, the combination of revenues and earnings from the combined company's generic and branded businesses will provide a more stable base than those of either Mylan or King alone.

*Strong Operating Cash Flow.* Mylan anticipates that cash flow from operations will increase as a result of the merger and result in greater financial flexibility, which is expected to enhance Mylan's ability to pursue strategic growth opportunities.

*Greater Leverage.* The combined company is expected to have greater leverage in obtaining financing for its operations.

*Other Material Factors Considered.* During the course of its deliberations relating to the merger agreement and the merger, the Mylan board of directors considered the following factors in addition to the benefits described above:

*Mylan's Operating and Financial Market Condition.* The business operations and prospects of each of Mylan, King and the combined company, and the then-current financial market conditions

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and historical market prices, volatility and trading information with respect to common shares of Mylan and King.

*Consideration of Uncertainty in Revenue Forecasts/ Changing Generic Environment.* The risk that the forecasts relating to Mylan's stand-alone business, as well as the combined businesses of Mylan and King on a pro forma basis, that were prepared by management and shared with the Mylan board and Mylan's financial advisors, may not be achieved, particularly given the changing generic environment;

*Mylan Shareholders' Ownership of the Combined Company.* The fact that Mylan's shareholders would hold approximately [56]% of the outstanding shares of the combined company as of the applicable record dates.

*Control of Combined Company.* The fact that Mylan's board of