



## Charter of the Compensation Committee

### Authority:

The Board of Directors (the "Board") of Mylan Laboratories Inc. (the "Company") has established the Compensation Committee (the "Committee") and has adopted this Charter of the Committee (this "Charter").

This Charter defines the duties and responsibilities of the Committee and specifies the areas in which the Committee will operate.

### Definitions:

For purposes of this Charter, the terms set forth below shall be defined as follows:

- (a) "Board Compensation" shall mean cash compensation paid, stock options awarded and any other Compensation given for services rendered as a director of the Company.
- (b) "CEO" shall mean the Chief Executive Officer of the Company.
- (c) "Committee Compensation" shall mean cash payments made to members of the Board for services rendered as members of a committee.
- (d) "Company Compensation Programs" shall mean compensation programs, including, but not limited to:
  - i. incentive plans;
  - ii. 401(k) plans;
  - iii. profit sharing plans;
  - iv. deferred compensation plans;
  - v. transition and succession plans; and
  - vi. employment contracts.
- (e) "Compensation" shall mean compensation, including, but not limited to:
  - i. salary;
  - ii. bonus;
  - iii. deferred compensation;
  - iv. supplemental compensation;
  - v. stock options and stock appreciation rights;
  - vi. payments resulting from a change of control;
  - vii. payments resulting from insurance policies;
  - viii. rights accruing from contracts of employment; and
  - ix. remuneration in any other form.
- (f) "Incentive Compensation Plans" shall mean plans under which named participants will receive Compensation upon achieving certain specified business objectives.
- (g) "Senior Staff" shall mean all executive officers of the Company other than the CEO.

### Purpose:

The Committee shall assist the Board in fulfilling its fiduciary responsibilities and, in doing so, shall:

- (a) establish criteria for CEO Compensation;

- (b) determine and approve CEO Compensation;
- (c) approve, or in its discretion, provide recommendations to the Board with respect to Senior Staff Compensation;
- (d) exercise oversight for major Company Compensation Programs;
- (e) recommend Board and Committee Compensation;
- (f) administer the Company's Incentive Compensation Plans, including without limitation, interpreting any such Plan and taking actions the Committee deems necessary or appropriate for the administration of such Plan.

### **Duties and Responsibilities:**

The Committee shall, in the performance of its duties, have direct responsibility to:

- (a) review and approve corporate goals and objectives relevant to the CEO's Compensation, evaluate the CEO's performance in light of those goals and objectives and determine and approve the CEO's compensation level based on this evaluation;
- (b) approve, or in its discretion, provide recommendations to the Board with respect to the Compensation of the Senior Staff;
- (c) provide recommendations to the Board regarding the adoption, amendment or rescission of Company Compensation Programs;
- (d) develop policies for employment contracts for the CEO and other key employees;
- (e) annually issue a report on Compensation in accordance with applicable rules and regulations of the Securities and Exchange Commission for inclusion in the Company's proxy statement.
- (f) report its actions and recommendations to the Board at each regular meeting of the Board, or more often upon the Board's request;
- (g) conduct and report to the Board an annual performance evaluation of the Committee; and
- (h) review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

### **Membership:**

- (a) The Board shall elect not less than two (2) directors to serve on the Committee, all of whom in the judgment of the Board shall be independent in accordance with the Nasdaq listing standards and the rules of the Securities and Exchange Commission. Each member shall also be a "non employee director" within the meaning of Rule 16b-3, as that Rule may be amended from time to time, under the Securities Exchange Act of 1934, as amended, and shall be an "outside directors" within the meaning of Regulation Section 1.162-27(e)(3) under the Code, as that Regulation may be amended from time to time. Because of varying securities laws, tax laws and stock exchange rules, the composition of the Committee will vary in accordance with requirements of the applicable law or the rules of the applicable exchange.
- (b) The Committee will elect a Chairman. Vacancies on the Committee shall be filled by the vote of the Board. The Board may remove a member of the Committee. Any member of the Committee may resign at any time by delivering a letter of resignation to the Chairman of the Committee, with a copy to the Secretary of the Company. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective shall not be specified therein, then it shall take effect immediately upon its receipt by the Chairman; unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

### **Committee Resources:**

The Committee shall have authority to retain such advisors and employ such resources as are necessary for fulfilling its mandates under this Charter. Without limiting the foregoing, the Committee shall have the sole authority to retain and terminate any compensation consulting firm used to assist in the evaluation of director, CEO or Senior Staff Compensation, including the sole authority to approve any such firm's fees and other retention terms.

### **Committee Meeting and Action:**

- (a) a majority of all of the members of the Committee may fix its rules of procedure;

- (b) the Committee will meet at such times and places as it deems necessary;
- (c) regular meetings of the Committee shall be scheduled and held with scheduling preference given to those dates upon which there is a regularly scheduled meeting of the Board;
- (d) the Committee may hold special meetings via telephone or in person;
- (e) a majority of the members of the Committee shall constitute a quorum;
- (f) any action adopted by a majority of the Committee members, at a meeting at which a quorum is present, will be an act of the Committee;
- (g) the Committee may act through unanimous written consent in lieu of any meeting;
- (h) special meetings may be called by the Chairman or a majority of the members of the Committee;
- (i) in its discretion, the Committee may consult with the CEO or other appropriate officers regarding Compensation of the Senior Staff; and
- (j) the Committee may delegate any of its responsibilities to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

#### **Indemnification of Committee:**

In addition to other rights that they may have as directors or as members of the Committee, the members of the Committee shall be indemnified by the Company against the reasonable expenses, including attorney's fees actually and reasonably incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with any Incentive Compensation Plan or any Option granted thereunder, and against all amounts paid by them in settlement thereof or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in the action, suit or proceeding that the Committee member's action or failure to act constituted self-dealing, willful misconduct or recklessness; provided that within 60 days after institution of any action, suit or proceeding a Committee member shall in writing offer the Company the opportunity, at its own expense, to handle and defend the same.

#### **Conflicts Between Documents:**

Any conflict between the terms of this Charter and the terms of a Plan shall be resolved in favor of the terms of that particular Plan.