

# Mylan's Business Model

Mylan was founded in 1961 by two Army veterans who saw an opportunity to help people in rural communities in the U.S. state of West Virginia obtain quality affordable medicines. Originally a distributor of other firms' products, we grew over time into one of the nation's largest manufacturers of generic drugs.

Approximately 10 years ago, however, we saw that the industry was changing dramatically. Competition was intensifying. Customers were merging. Traditional lines between brand and generics companies were blurring. Advances in science were creating opportunities that would reward wise investment. Meanwhile, burdens on the world's healthcare systems continued to grow.

In response, Mylan embarked on a journey to navigate through all these changes and build the company so it could last for decades to come. We sought to create a durable business model within the industry, one that would responsibly harness the power of competition to drive innovations that would lead to universal access to medicine.

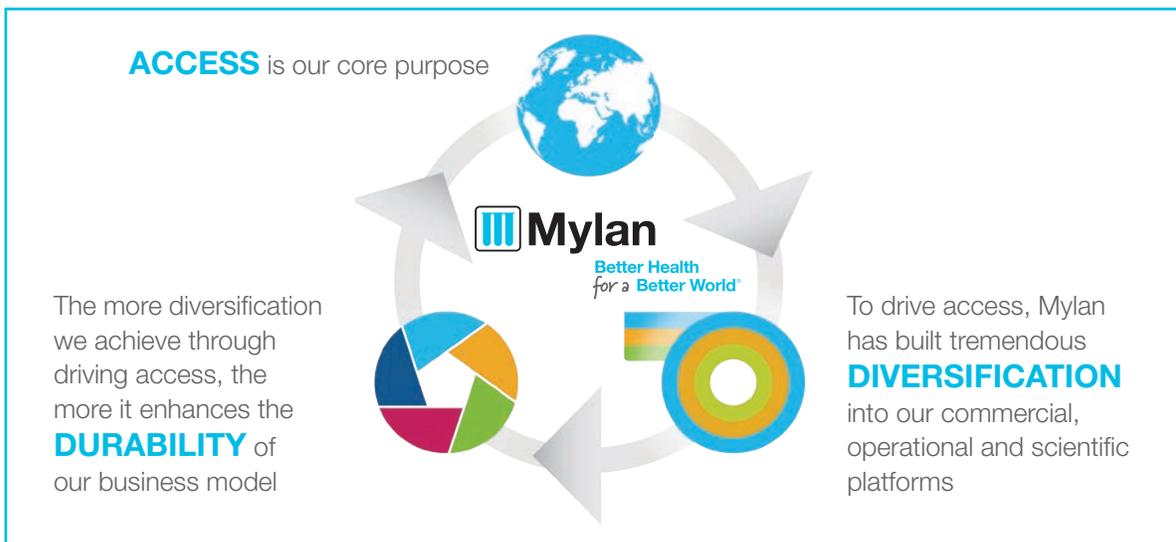
Our strategy involved globalizing; creating scale in R&D, active pharmaceutical ingredients (API) production and finished dosage form manufacturing; diversifying by product type, therapeutic area, dosage form and channel; upholding our historic commitment to quality; and managing for the long-term.



## Our Business Model

Providing universal access to medicine is the core purpose of our model, pictured below.

To provide access, we must be able to satisfy the needs of an incredibly diversified global marketplace whose economic and political systems, approaches to delivering and paying for healthcare, languages and traditions, and customer and patient requirements vary by location and over time.



It is with these considerations in mind that we built and scaled our commercial, operational and scientific platforms to meet the evolving needs of customers in ways that are globally consistent and locally sensitive. As a result, Mylan now reaches patients in more than 165 countries with a broad range of brand-name, generic, branded generic and OTC products.

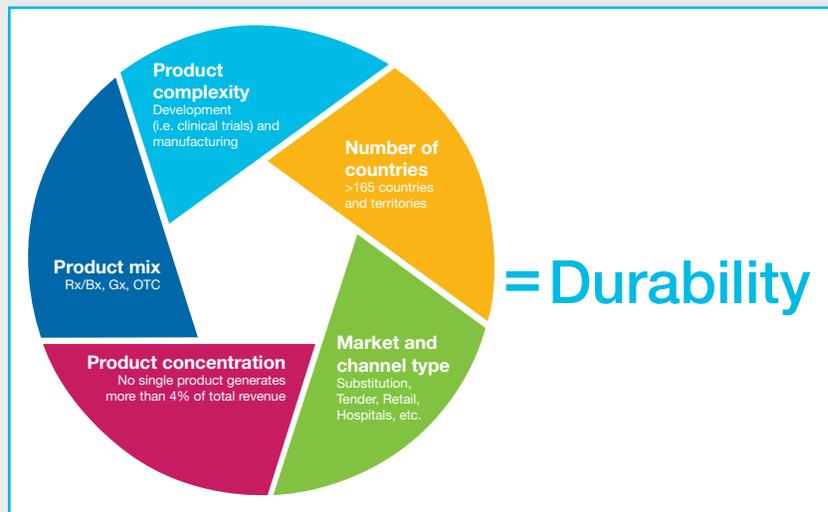
As important, with each additional patient we reach, our diversification grows, further reinforcing our business model's durability.

In addition, durability means that Mylan's shareholders and other stakeholders can expect us to continue to "do good" by expanding access to medicine, and "do well" by generating consistent financial results, including reliable cash flows capable of supporting ongoing investments in long-term growth. These efforts differentiate and underscore the strength of Mylan's business model.

## Our Value Chain

Mylan delivers value by focusing on the activities listed at right, some of which are conducted in partnership with other organizations. While each activity represents a major contribution individually, taken together they represent one of the industry's most diversified and durable platforms.

To carry out these activities, we have structured our company to help us consistently deliver operational, commercial and enterprise excellence. We achieve this by applying the advantages of scale, diversification and expertise in a variety of crucial disciplines – as well as through a culture dedicated to continuous learning and performance.



<b>Access</b>	<ul style="list-style-type: none"> <li>- Deliver on our mission to provide medicine to the world's 7 billion people</li> <li>- Set new standards in healthcare</li> <li>- Provide passionate global leadership</li> <li>- Launch products in markets where they previously weren't accessible</li> <li>- Serve all markets (low-, middle- and high-income countries)</li> </ul>
<b>Diversification</b>	<ul style="list-style-type: none"> <li>- Invest in R&amp;D across commodity, complex and biosimilar products</li> <li>- Optimize broad range of manufacturing capabilities and operational expertise</li> <li>- Leverage scale across Rx/Bx, Gx, OTC</li> <li>- Deliver strong product and revenue mix across segments</li> <li>- Focus efforts to expand patient access across 10 major therapeutic franchises</li> </ul>
<b>Durability</b>	<ul style="list-style-type: none"> <li>- Live commitment to quality and safety</li> <li>- Diversify revenue streams – no single product generates more than 4% of total revenue</li> <li>- Develop and launch complex products</li> <li>- Execute on strong scientific, regulatory, clinical, medical and legal intellectual-property capabilities</li> <li>- Leverage sites with proximity to key markets</li> <li>- Capitalize on vertically integrated portfolio</li> </ul>
<b>Our Impact</b> <b>Better Health for a Better World</b>	

Operationally, for instance, we have chosen to vertically integrate much of our manufacturing activity. This means producing a majority of our own APIs and finished dosage forms. This approach affords us control over the cost and quality of what we make, which benefits our patients and customers. As for R&D, we focus our investments on bringing new or improved products to market, particularly those for which patient demand is very strong and growing. Good examples are biosimilars and medicines used to address needs often not served by others, such as providing antiretrovirals (ARV) to treat HIV/AIDS in sub-Saharan Africa.

Commercially, we strive to deliver all of Mylan – ONE Mylan – to our customers, in effect, offering them the convenience of a one-stop shop. Achieving this is far easier said than done given the different types of products, markets and channels around the world, as well as customers’ varying needs.

To best meet those needs, Mylan manages its business through geographic segments: North America, Europe and Rest of World.

Enterprise excellence focuses on leveraging skills that benefit not only our entire organization, but in some cases, our entire industry. Consider our Global Policy and Government Relations team. Its members engage with regulators, policymakers and legislators to help shape how the industry operates and serves patients. As one example, the team was instrumental in developing a U.S. law, passed in 2012, designed to help improve drug safety globally.

## Our Impact

The results of our transformation to date have been telling. We have consistently been able to overcome periods of intense competition, relentless consolidation, unpredictable regulatory environments and substantial economic fluctuations. We are pushing the frontiers of medicine, with 20 biosimilar and insulin analog products on the market around the world or in development. We have reduced our business risks by eliminating dependence on any one geography or product. Now more durable and flexible, we’re able to matter even more to a customer base increasingly dominated by a small number of very large firms.

Moreover, standing still never has been an option for us. We continually look to bring into Mylan’s platform additional capabilities we can build upon. When acquiring businesses, people always are our top consideration; we strive to ensure good cultural fit and retain talent. We also take the time to fully integrate the acquired organizations’ operations. We believe these practices differentiate Mylan.

As important, by staying true to our mission, we have been able to benefit our many stakeholders, especially patients, as we expand the world’s access to thousands of affordable medications. In addition, we’ve provided meaningful careers for employees, generated outstanding returns for shareholders and outperformed peers.

We’ve also set our sights on doing our part to help build or transform healthcare systems, guided by our view that keeping people healthy is as important as treating them when they’re sick. We believe doing so will have a lasting impact on society.

Choosing paths less traveled while staying focused on our mission has always been what sets Mylan apart. In the chapters that follow, we show progress we’re making towards our goal of delivering better health for a better world. Although we have accomplished a great deal, there is much left to do. We look forward to continuing the journey.

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