

**Corporate Governance Guidelines**  
**of**  
**Perrigo Company**

**As approved on October 28, 2002**  
**(As amended through June 9, 2010)**

## **Perrigo Company Corporate Governance Guidelines**

The following Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of Perrigo Company (the “Company”) to assist the Board in the exercise of its responsibilities. These Guidelines, along with the charters and key practices of the Board committees, reflect the Board’s commitment to monitor the effectiveness of decision making at both the Board and management level, with the goal of increasing shareholder value over time. The Guidelines are subject to review and modification by the Board from time to time.

### **BOARD OF DIRECTORS MATTERS**

#### **1. Size**

The Board believes that it should generally have between seven (7) and eleven (11) members. This range permits a diversity of perspectives and experience without being so large as to impede effective discussion. The quality of the individual members and the overall composition of the Board could lead from time to time to a Board size that is outside of this range in exceptional circumstances.

#### **2. Independence**

A substantial majority of the Board should consist of directors who meet the independence requirements of the listing standards of the NASDAQ Stock Market. The Board would generally expect to have at least two-thirds (2/3) of its members as independent directors, except in unusual circumstances, such as during a transition in leadership or for a period of time after a material acquisition, but in all events a majority of the Board will consist of independent directors.

It is the responsibility of each director to advise both the Chairman of the Board and the Chairman of the Nominating & Governance Committee of any affiliation with public or privately held enterprises or organizations, both commercial and charitable, that may create a potential conflict of interest, potential embarrassment to the Company or possible inconsistency with the Company’s policies or values.

#### **3. Board Membership Criteria**

Nominees for director shall be recommended based on business and professional background, integrity, understanding of the Company’s business, demonstrated ability to make independent analytical inquiries and willingness to devote the necessary time to Board duties.

The Nominating & Governance Committee, with the active involvement of the Chief Executive Officer, is responsible for screening and recommending candidates. The Board as a whole is responsible for the approval of nominees for service as a director.

4. In general, directors should not serve on more than two other boards of public companies in addition to the Company's Board. A director may exceed this limit if the Board of Directors, after receiving the recommendation of the Nominating & Governance Committee, determines that doing so would not impair the director's service on the Company's Board. Directors should advise the chair of the Nominating & Governance Committee in advance of accepting any position as a director of a public company board.

## 5. Leadership

The Board should remain free to configure leadership of the Board in the way that best serves the Company's interests at a particular time. Accordingly, the Board has no fixed policy with respect to the combining or separating of the offices of the Chairman of the Board and the Chief Executive Officer. The Board believes that this issue is part of the succession planning process, and that it is in the best interests of the Company for the Board to make a determination when it elects a new Chief Executive Officer.

If the Chairman of the Board is an executive officer or for any reason is not an independent director, the independent directors of the Board shall elect a "Lead Independent Director" for a term of three years, subject to an annual review by the Nominating & Governance Committee. The Lead Independent Director is selected from those directors who are independent, who have a minimum of three years of service on the Company's Board of Directors, and who have not been a former executive officer of the Company. Minimum duties of the Lead Independent Director are:

- presiding at all Board meetings at which the Chairman is not present, including executive sessions of the independent directors,
- serving as liaison between the Chairman and the independent directors including being responsible for communicating with the CEO regarding CEO performance, evaluations and providing feedback from independent director sessions,
- having the authority to call meetings of the Independent Directors, and
- approving meeting agendas and schedules to assure there is sufficient time for discussion of all agenda items.

The Nominating & Governance Committee will report to the Board annually regarding succession planning. The Board will work with the Nominating & Governance Committee to nominate and evaluate potential successors to the Chief Executive Officer. The Chief Executive Officer should provide the Board with recommendations and evaluations of potential successors, along with a review of any development plans recommended for those individuals.

The independent members of the Board will meet periodically, but not less than twice a year, in executive session without Management.

## 6. Meeting Preparation, Attendance and Agenda

Directors are expected to attend Board meetings and meetings of committees on which they serve. They are expected to spend the time needed and to meet as often as necessary to properly

discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at the Board or committee meeting generally should be distributed in writing to the directors prior to the meeting. Directors should review the materials in advance of the meeting. Any member of the Board may request that an item be included on the agenda and may raise at any Board meeting subjects that are not on the agenda for that meeting. At least once a year, the Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future.

## **7. Compensation**

Director compensation will be set by the Board and will be comprised of equity based-compensation, an annual retainer and an appropriate fee for attendance at Board Committee meetings. The Compensation Committee, with the assistance of the Company's Chief Executive Officer, shall from time to time review the amount and composition of director compensation and make recommendations to the Board when it concludes changes are needed. The Company's executive officers shall not receive additional compensation for their service as directors.

## **8. Directors Who Change Their Present Job Responsibility**

Directors, including the Chief Executive Officer, will offer their resignation from the Board upon a change in their job responsibility, including retirement from the job responsibility held when they were originally nominated to the Board. The Board does not believe that directors who retire or change the job responsibility they held when they became a member of the Board should necessarily leave the Board. Upon such an event, the Nominating & Governance Committee shall review the specific circumstances of each situation and make a recommendation to the Board. The affected director shall be expected to act in accordance with the Board's determination.

## **9. Term Limits**

The Nominating & Governance Committee shall consider the issue of continuing director tenure in connection with each director nomination recommendation. An individual director's renomination shall be dependent upon such director's performance evaluation which shall be conducted by the Nominating & Governance Committee with input from the entire Board near the conclusion of a director's three (3) year term.

## **10. Retirement**

No director after having attained age seventy (70) shall be nominated for election, re-election or reappointment to the Board.

## **11. Evaluation of the Board of Directors and the Chief Executive Officer**

The Board and its committees shall annually conduct self-evaluations of the operations of the Board and its committees as a whole. The independent directors shall annually review and evaluate the overall performance and effectiveness of the Chief Executive Officer and shall review and approve the compensation of the Chief Executive Officer as initially recommended

by the Compensation Committee. The independent directors shall meet annually with the Chief Executive officer to discuss and review their evaluation of the Chief Executive Officer's performance and their decision regarding compensation. The directors shall also periodically review with the Chief Executive officer the effectiveness of Board meetings and the communications between the Board and the Chief Executive Officer.

## **12. Access to Employees**

The Board expects that senior officers of the Company will regularly attend Board and committee meetings, present proposals and otherwise assist in the work of the Board. Members of the Board shall have reasonable direct access to any of the Company's management employees.

## **13. Code of Conduct**

The Board has approved the Company's Code of Conduct for employees. Directors shall adhere to those sections of the Code of Conduct that are appropriate for members of the Board.

## **14. Board's Interaction with Institutional Investors, the Press, Customers and Other Constituencies of the Company**

The Board believes that management should speak for the Company. Individual directors may, from time to time, receive requests for comment from various constituencies who are involved with the Company. It is expected that Board members would meet or otherwise communicate with these constituencies only with the knowledge of management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

## **COMMITTEE MATTERS**

### **15. Number and Names of Board Committees**

The Company shall have three (3) standing committees – Audit, Compensation and Nominating & Governance. The duties for each of these committees shall be outlined in their committee charters. The Board reserves the right to form new committees or disband or reconstitute a current committee from time to time depending on circumstances. The frequency, length and agenda of meetings of each of the committees are determined by the chair of the committee who also is responsible for reporting the committee's activities and recommendations to the Board.

### **16. Independence of Board Committees**

All standing Board committees shall be chaired by independent directors and the committees' membership shall be composed entirely of independent directors.

### **17. Assignment and Rotation of Committee Members**

The Nominating & Governance Committee shall be responsible for making recommendations to the Board with respect to assignment of individual directors to various committees. Committee

assignment shall be reviewed on an annual basis and rotation of assignments shall be considered periodically based on the special expertise and operational knowledge required for each position.

## **STOCK OWNERSHIP**

### **18. Stock Ownership**

The Company's Chief Executive Officer, Executive Vice Presidents and Senior Vice Presidents who have been designated as executives of Perrigo Company for purposes of Section 16 (collectively the "Executives") and its non-executive directors are required to own shares of the Company's common stock consistent with the requirements provided below.

- a. *Ownership Levels.* Ownership levels are expressed as a multiple of current base salary for Executives and as a multiple of annual cash retainer for non-executive directors. The following table sets forth the required stock ownership levels:

<u>Position/Title</u>	<u>Ownership Levels</u>
Chief Executive Officer	5 times base salary
Executive Vice President	3 times base salary
Senior Vice President	2 times base salary
Non-Executive Director	5 times annual cash retainer

For purposes of this paragraph 17(a), stock ownership includes (i) shares purchased on the open market, (ii) shares owned jointly with a spouse and/or children, (iii) shares acquired pursuant to the exercise of stock options or vesting of restricted shares or restricted stock units, (iv) shares held through the Perrigo Company Profit-Sharing and Investment Plan, (v) service-based unvested restricted shares or restricted share units that have not been forfeited, and (vi) performance-based restricted shares or restricted share units that have been earned and that have not been forfeited.

- b. *Retention Requirements.* At any time that an Executive's or a non-executive director's stock ownership is below the required levels set forth in paragraph 17(a), he/she is restricted from selling more than 50% of the net shares received from any of the Company's compensation plans excluding shares in the Company's Profit Sharing and Investment Plan.

Notwithstanding the above restrictions, tendering shares to (i) pay taxes upon the lapse of the restriction on restricted shares or units or (ii) to pay the exercise price to exercise stock options is permitted.

If an individual covered by this paragraph 17 wishes to sell or otherwise dispose of shares in excess of the allowable amount while under the required ownership level, the individual must first obtain the approval of the Board's

Compensation Committee, which has complete discretion in making that determination.

- c. *Annual Review.* The Compensation Committee will review these stock ownership levels and retention requirements, from time-to-time, to determine whether they remain appropriate and consistent with the Company's compensation program.