



Perrigo to Acquire Paddock Labs

January 20, 2011



Quality, Affordable Healthcare Products



Forward Looking Statements

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Transaction Rationale

➤ Strategic Fit

- Attractive portfolio of non-commodity Rx products
- Adds scale to Rx segment – revenues grow >80% – platform for future growth
- Large pipeline, adds more than 25 ANDAs pending FDA approval including a number of promising products



➤ Financially attractive

- Accretive to adjusted EPS in FY 2012
- Accretive to GAAP EPS in FY 2012 (1)
- ROIC accretive in FY 2013



(1) Assuming fourth quarter fiscal 2011 close



Paddock Labs Overview



Paddock has become a highly-respected and well-established generic pharmaceutical companies in the United States

- Industry reputation for quality, reliability and excellent customer service
- Balanced portfolio across a broad spectrum of dosage forms
- Well-diversified business with a portfolio of unique, market-leading products
- Strategically developed robust pipeline of over 40 ANDA candidates, most with high barriers to entry
- Successful strategic Business Development model that leverages the broad based technical capabilities of its R&D group

Strong Pipeline/Growth

>25 Filed ANDAs

- 10+ Paragraph IVs
 - Two “First-to-File”
- 14+ other filed ANDAs
 - Three possible “First-to-Market” generic opportunities
 - Five have potential for limited competition (two or fewer competitors)

>20 Development Projects

- Many potential Paragraph IVs (products in development and pre-ANDA)
 - Several potential “First-to-File” or “First-to-Market” opportunities



Highest Quality

Overview of Facilities

- Owned cGMP (Current Good Manufacturing Practice) compliant 202,000 square-foot facility
- 13 separate, integrated packaging lines for its portfolio of different products and dosage forms
- Leased distribution center featuring an additional 65,000 square feet of distribution and warehouse space
- More than \$20 million invested in improvements to facilities and equipment

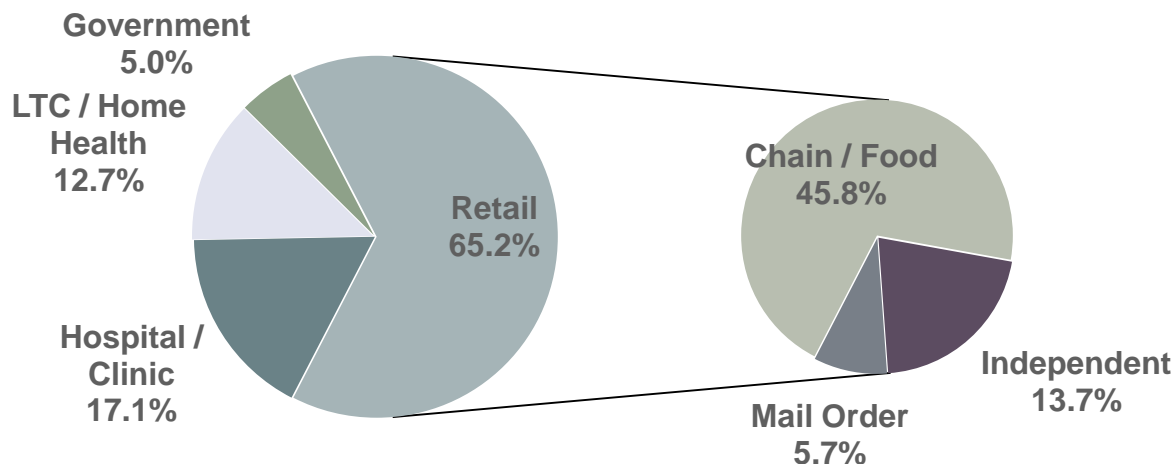


Superior Customer Service

Highlights

- Broad base of loyal customers, including large hospital and pharmaceutical buying groups
- In June 2010, awarded a Premier Supplier Pinnacle Award, at the 2010 Premier's Annual Breakthroughs Conference and Exhibition in Washington, D.C.
- In May 2010, awarded the prestigious MedAssets "Gold Supplier Award" at the 2010 MedAssets Healthcare Business Summit

Fiscal 2009 Net Revenues by Customer Segment



* Fiscal year end September 30



Leading Innovation

- Proficiency in semi-solids (gels, creams and ointments), powders, ophthalmics, otics and controlled drug substances (narcotics)
- Development focus on products with high technical barriers and limited competition
 - 85% of ANDAs since FY 2007 have 3 or fewer competitors
- Recognizing the strategic importance of a strong internal R&D capability, Paddock has invested heavily in recent years and we expect to continue to do so
- Paddock's team has unique knowledge and industry reach to consistently identify attractive development partners
- Significant experience at managing Paragraph IV litigation to successful conclusions

Transaction Details

➤ \$540 million all cash offer

- Significant tax benefit – NPV of \$95 million
- Implied transaction cost of \$445 million

➤ Financing

- Cash on hand
- Existing credit facilities
- New term loan

➤ Financially attractive

- Approximately \$0.05 accretive to GAAP EPS in fiscal 2012
- \$0.25 accretive to adjusted EPS in fiscal 2012 (excluding \$0.20 amortization)
- ROIC accretive in FY 2013
- Gross and operating margins above Perrigo's corporate average in fiscal 2012 and increasing thereafter





Appendix

Table I

PERRIGO COMPANY RECONCILIATION OF NON-GAAP MEASURES

(dollars in thousands)

(unaudited)

	Perrigo LTM
	9/25/2010
Net cash from operating activities	\$ 286,975
Changes in operating assets and liabilities, net of asset and business acquisitions	(4,478)
Other non-cash expenses	43,794
Interest expense, net	32,007
Income tax expense	99,934
EBITDA	<u>\$ 458,232</u>
Acquisition costs	8,189
Restructuring	9,523
Inventory step-ups	10,584
Write-off of in-process R&D - ANDA	5,000
Adjusted EBITDA	<u>\$ 491,528</u>
Total debt, including current maturities	\$ 904,524
Debt to Adjusted EBITDA	1.84

Table I (Continued)

PERRIGO COMPANY
RECONCILIATION OF NON-GAAP MEASURES
(dollars in thousands)
(unaudited)

	Perrigo LTM 9/25/2010	Paddock LTM 9/30/2010	Total
Net cash from operating activities	\$ 286,975	\$ 58,116	\$ 345,091
Changes in operating assets and liabilities, net of asset and business acquisitions	(4,478)	8,392	3,914
Other non-cash expenses	43,794	(13,333)	30,461
Interest expense, net	32,007	(45)	31,962
Income tax expense	99,934	-	99,934
EBITDA	\$ 458,232	\$ 53,130	\$ 511,362
Acquisition costs	8,189	-	8,189
Restructuring	9,523	-	9,523
Inventory step-ups	10,584	-	10,584
Write-off of in-process R&D - ANDA	5,000	-	5,000
Adjusted EBITDA	\$ 491,528	\$ 53,130	\$ 544,658
Total debt, including current maturities			\$ 904,524
Incremental debt associated with Paddock acquisition			460,000
Total debt			\$ 1,364,524
Debt to Adjusted EBITDA			2.51