



**FOR IMMEDIATE RELEASE**

**PERRIGO ACQUIRES INFANT FORMULA MANUFACTURER  
PBM HOLDINGS FOR \$808 MILLION**

- **PBM Holdings is the world's largest manufacturer and marketer of infant formulas for the store brand market**
- **All cash transaction with a purchase price of \$808 million**
- **Acquisition expected to add approximately \$300 million of sales in first full fiscal year**
- **Anticipated to be at a minimum \$0.10 accretive to GAAP EPS in the first full fiscal year and ROIC accretive in year two**
- **Extends Perrigo's global store brand reach and portfolio in important adjacent category**

ALLEGAN, Mich. – March 23, 2010 – Perrigo Company (Nasdaq: PRGO;TASE) today announced that it has signed a definitive merger agreement to acquire PBM Holdings, Inc. (PBM), the leading store-brand infant formula manufacturer, for approximately \$808 million in cash. Based in Gordonsville, Virginia, privately-held PBM manufactures and distributes over-the-counter (OTC) store brand infant formula and baby foods sold by leading retailers in the mass, club, grocery and drug channels in the United States, Canada, Mexico and China. The acquisition is expected to close in the Company's fiscal 2010 fourth quarter pending regulatory approval.

Perrigo Chairman and CEO Joseph C. Papa stated, "This acquisition positions Perrigo to expand its store brand market leadership into another important product category for our retailers. Just as Perrigo developed the OTC store brand market over the last several decades, PBM created the store brand value proposition within the highly regulated infant formula space. We believe that PBM's mission to provide families with high quality, state-of-the-art formulas at sensible prices complements perfectly Perrigo's mission to deliver quality, affordable healthcare to consumers."

*Key benefits of the transaction:*

- **Supports Perrigo's Long-Term Growth Strategy.** The transaction adds a substantial adjacent product category to the Company's already diverse OTC portfolio. Store brand penetration in this

category is, on average, lower than Perrigo's other OTC categories, creating opportunity for revenue synergy through increased realization of the store brand value proposition. PBM's international presence provides the combined companies with further opportunities to grow in key global markets.

- **Complements Perrigo's Commitment to Quality.** PBM has a long history of high quality manufacturing in a capital intensive and highly FDA regulated manufacturing environment.
- **Expands the Breadth of Product Portfolio and Markets.** The transaction is expected to add approximately \$300 million in annual sales with over 370 SKUs. Approximately 20% of these sales are international, as PBM has placed increasing focus on the growing demand for quality infant nutrition products outside of the US. PBM has demonstrated a proven ability to continually bring new and innovative products to retail shelves, addressing parents' needs for infant care.
- **Compelling Value Consistent with Stated Acquisition Criteria.** The transaction is expected to be at least \$0.10 accretive to GAAP EPS earnings in fiscal year 2011 and to surpass the Company's Return on Invested Capital hurdle in fiscal year 2012. In addition, the transaction has been structured to allow the Company to preserve its strong balance sheet and financial flexibility.

#### *Transaction terms*

Pursuant to the terms of the agreement, Perrigo will acquire 100% of the shares of PBM Holdings, Inc. for \$808 million in cash. No PBM debt will be assumed in this transaction. Perrigo intends to fund the transaction using approximately \$175 million of cash on hand and \$300 million available under the terms of its existing debt agreements. The balance is expected to be raised through one or more sources of new debt financing. To this end, as of the signing of the definitive agreement, the Company received a bank bridge financing commitment for up to \$350 million.

Pursuant to the agreement, Perrigo and PBM expect to make an election under §338(h)(10) of the Internal Revenue Code that will increase Perrigo's tax basis in the acquired assets. This increase in basis is expected to result in cash tax savings to Perrigo over the next 15 years. The estimated net present value of these savings is approximately \$150 million.

"We are very excited about joining Perrigo," said Paul B. Manning, President and CEO of PBM. "This merger will provide PBM with a strong base and strategic resources to continue to provide its customers with quality, affordable store branded products. Both companies have similar missions of partnering with customers to develop superior programs through R&D, marketing and supply chain

efficiencies. We are confident that the combination of our entrepreneurial team and innovative, quality products with Perrigo's 123 year-old, private label, global infrastructure will create operating, innovation and distribution opportunities for both companies."

"PBM's talented, dedicated management team, which has built an outstanding business over the last 13 years, is led by Paul Manning, who I am pleased has agreed to remain in his current leadership role," said Mr. Papa. "The teams' considerable expertise in the science of infant formula development combined with their strong manufacturing capabilities and customer relationships are highly complementary to Perrigo's strategic pillars. The addition of PBM's products to Perrigo's growing portfolio will create even more opportunities to help consumers around the globe save money."

### **Conference call information**

Perrigo will host a conference call for investors and analysts at 8:30 a.m. (EDT) on Tuesday, March 23. The conference call will be available live via webcast to interested parties on the Perrigo website <http://www.perrigo.com> or by phone 877-248-9413, International 973-582-2737 and reference ID# 64570130. A taped replay of the call will be available beginning at approximately 2:00 p.m. (ET) Tuesday, March 23, until midnight Tuesday, April 6, 2010. To listen to the replay, call 800-642-1687, International 706-645-9291, access code 64570130.

### **Advisors**

Perrigo's financial advisor is J.P.Morgan Securities Inc., and its legal advisor is Morgan, Lewis & Bockius LLP. PBM's financial advisor is Citi and its legal advisor is Skadden Arps, Slate Meagher & Flom, LLP.

Perrigo Company is a leading global healthcare supplier that develops, manufactures and distributes OTC and generic prescription pharmaceuticals, nutritional products, active pharmaceutical ingredients (API) and consumer products. The Company is the world's largest manufacturer of OTC pharmaceutical products for the store brand market. The Company's primary markets and locations of manufacturing and logistics operations are the United States, Israel, Mexico and the United Kingdom. Visit Perrigo on the Internet (<http://www.perrigo.com>).

PBM Holdings, Inc. is privately owned and based in Gordonsville, VA. PBM specializes in manufacturing, distributing, and marketing consumer food, nutritional, and pharmaceutical products. For more information, visit [www.pbmproducts.com](http://www.pbmproducts.com).

*Note:* Certain statements in this press release are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. These

statements relate to future events or the Company's future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company or its industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or other comparable terminology. The Company has based these forward-looking statements on its current expectations, assumptions, estimates and projections. While the Company believes these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond the Company's control. These and other important factors, including those discussed under "Risk Factors" in the Company's Form 10-K for the year ended June 27, 2009, as well as the Company's subsequent filings with the Securities and Exchange Commission, may cause actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. The forward-looking statements in this press release are made only as of the date hereof, and unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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