



FOR IMMEDIATE RELEASE

PERRIGO TO ACQUIRE ASSETS OF PADDOCK LABS FOR \$540 MILLION

- **Paddock Labs is a privately-held manufacturer and marketer of generic Rx pharmaceutical products**
- **All cash transaction with a purchase price of \$540 million, or \$445 million net of certain tax benefits**
- **Acquisition expected to add over \$200 million in sales during its first full fiscal year**
- **Anticipated to be approximately \$0.05 accretive to GAAP EPS in fiscal 2012 and ROIC accretive in fiscal 2013**
- **Expands Perrigo's generic Rx extended topical product offering, pipeline and scale**

ALLEGAN, Mich. – January 20, 2011 – Perrigo Company (Nasdaq: PRGO;TASE) today announced that it has signed a definitive agreement to acquire substantially all of the assets of Paddock Laboratories, Inc. (“Paddock”), a privately-held, Minneapolis-based manufacturer and marketer of generic pharmaceutical products for approximately \$540 million in cash. Perrigo expects to receive a significant tax benefit as a result of the acquisition of Paddock’s assets. The net present value of this tax benefit is estimated to be \$95 million. The acquisition is expected to close during the Company’s fiscal 2011 fourth quarter pending regulatory approval.

Perrigo Chairman and CEO Joseph C. Papa stated, “This acquisition is an important next step forward in executing on our strategy to expand our specialty portfolio of generic Rx products. It adds incremental scale, as well as excellent development and manufacturing capabilities across a spectrum of niche dosage forms. It solidifies Perrigo’s leading position in the extended topical space and strengthens our ability to offer new products into the market. And importantly, Paddock has a proven record for quality manufacturing with great customer service.”

Key benefits of the transaction:

- **Supports Perrigo's Long-Term Growth Strategy.** The transaction is aligned with the Company’s strategy to further expand its generics portfolio while maintaining its strong balance sheet.

- **Complements Perrigo's Commitment to Quality.** Paddock has a 30 year history of high quality manufacturing and reliability.
- **Expands the Breadth of Perrigo's Product Offerings and adds a Strong New Product Pipeline.** The transaction is expected to add more than \$200 million in annual sales with over 35 products and a strong product pipeline with more than 25 ANDAs pending approval with the U.S. Food and Drug Administration.
- **Compelling Value Consistent with Stated Acquisition Criteria.** Assuming a fourth quarter fiscal 2011 close, the transaction is expected to be approximately \$0.05 accretive to GAAP earnings per share and, excluding \$0.20 of deal-related intangible amortization, \$0.25 accretive to adjusted earnings per share in fiscal year 2012. Perrigo's stated goal of Return on Invested Capital accretion is expected to be achieved in fiscal 2013. 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 substantially all of the assets of Paddock for \$540 million in cash. No Paddock debt or cash will be assumed in this transaction. Perrigo intends to fund the transaction using approximately \$80 million of cash on hand, \$310 million available per the terms of its existing bank debt agreements and \$150 million from a new term loan pursuant to a commitment from Morgan Stanley, JPMorgan and Bank of America. The new term loan commitment allows for syndication of an additional \$100 million which, if exercised, would reduce the amount funded under existing bank debt agreements.

Perrigo expects to receive a significant tax benefit generated from the deduction of the step-up in tax basis resulting from the acquisition of Paddock's 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 \$95 million.

The proposed transaction is subject to customary closing conditions, including notification and clearance under certain antitrust statutes. There are no financing conditions to closing the acquisition agreement. Perrigo expects the transaction to close during its fourth fiscal quarter of 2011.

Mr. Papa concluded, "We are very impressed with Paddock's solid foundation and growth over the past 30 years. Bruce Paddock and his team, led by CEO Michael Graves, have built a company focused on bringing high quality products quickly to market, backed by state-of-the-art manufacturing. I am confident that this strategic acquisition will help to further grow our existing Rx business and continue to add value for our shareholders."

Conference call information

Perrigo will host a conference call for investors and analysts at 8:30 a.m. (EST) on Thursday, January 20. 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# 38879007. A taped replay of the call will be available beginning at approximately 2:00 p.m. (EST) Thursday, January 20, until midnight, Thursday, February 3, 2011. To listen to the replay, call 800-642-1687, International 706-645-9291, access code 38879007.

Advisors

Perrigo's financial advisor is Morgan Stanley, and its legal advisor is Morgan, Lewis & Bockius LLP. Paddock Laboratories' financial advisors are Jefferies & Company and Greene Holcomb & Fisher, and its legal advisor is Orrick, Herrington & Sutcliffe, LLP.

Perrigo Company is a leading global healthcare supplier that develops, manufactures and distributes OTC and generic prescription (Rx) pharmaceuticals, infant formulas, nutritional products, active pharmaceutical ingredients (API) and pharmaceutical and medical diagnostic products. The Company is the world's largest store brand manufacturer of OTC pharmaceutical products and infant formulas. The Company's primary markets and locations of manufacturing and logistics operations are the United States, Israel, Mexico, the United Kingdom and Australia. Visit Perrigo on the Internet (<http://www.perrigo.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 26, 2010, 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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