



# Perrigo to Acquire PBM Holdings

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March 23, 2010

# Forward Looking Statements

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Certain statements in this presentation 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 presentation 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.

# Transaction Rationale

- Consistent with our Strategic Plan - growth through adjacent categories; infant nutrition is the largest adjacent OTC product category for Perrigo
- Growing, high-margin business with a comprehensive portfolio and proven ability to innovate
- High barriers to entry – Manufacturing, FDA, Quality
- Potential to grow relatively low Store Brand (SB) share
- Retailers are committed to growing SB business
- Opportunity to leverage existing relationship/business base with major retailers
- Provides a strong platform for international growth



# PBM Overview

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## Background

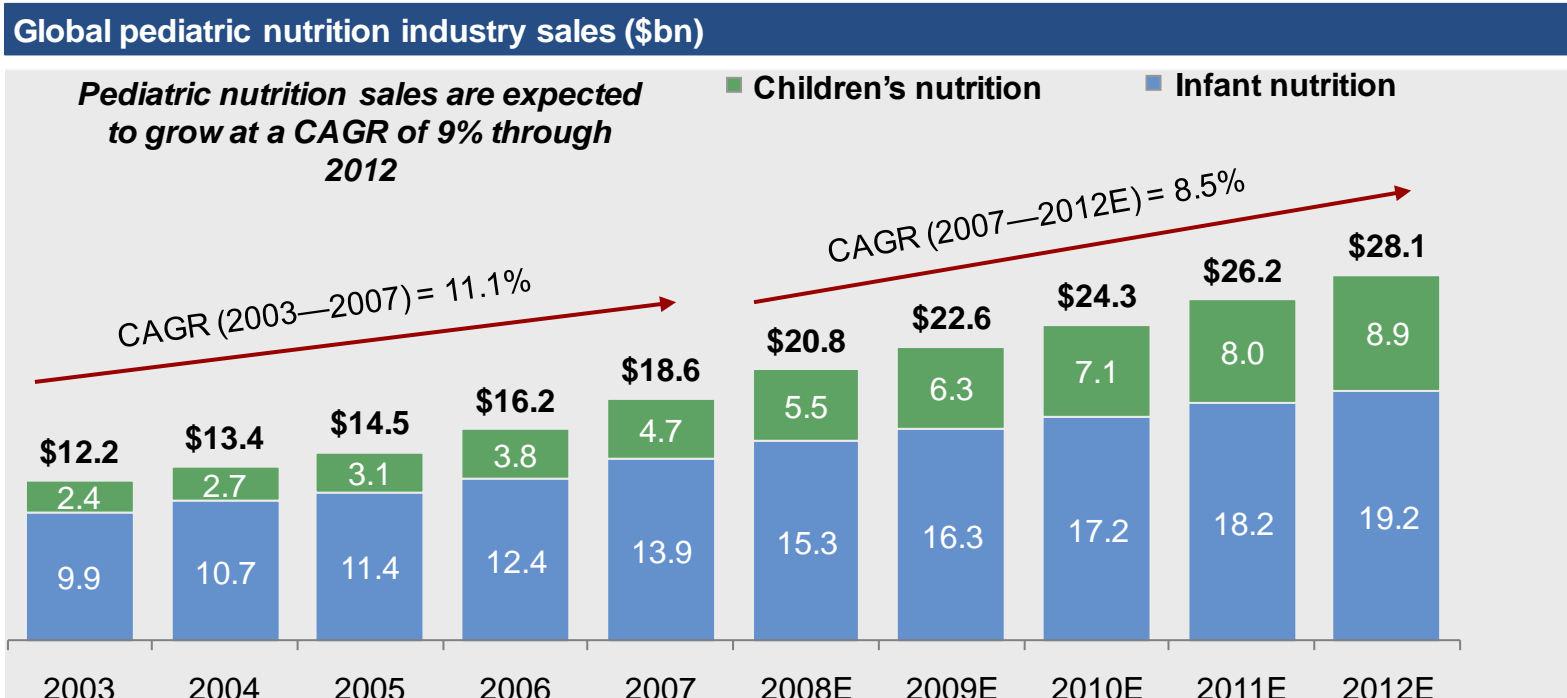
- Formed in 1997 by Paul B. Manning, based upon an exclusive Supply Agreement with Wyeth
- Purchased Wyeth manufacturing assets in 2005
- Headquartered in Gordonsville, Virginia with manufacturing operations in Vermont and Ohio
- Comprehensive portfolio of proprietary and specialized products ranging from formula products for infants to solid foods for toddlers
- #1 provider of retailer-branded infant formula in the U.S.
- One of only four manufacturers with active FDA approvals for infant formula products

## Current Statistics

- |                       |                |
|-----------------------|----------------|
| • 2009A Net Sales     | • \$266.4 M    |
| • SKUs                | • ~370         |
| • Formulations        | • 40           |
| • Retail Customers    | • > 55         |
| • Geographic Presence | • 12 countries |
| • Employees           | • Approx. 500  |

# Strong Market Growth

- PBM sells store brand and branded products in the global children's nutrition and infant formula market.
- The global market for these products has expanded from an estimated \$12 billion in 2003 to an estimated \$23 billion in 2009.


































Source: Euromonitor

# Quality – State-of-the-Art Manufacturing

- **FDA-approved, ISO-9001:2000-certified, infant formula manufacturing facility in Georgia, Vermont.**
  - 212,000 square foot facility
  - Certified for organic, kosher and halal formula production
  - Devoted primarily to powdered infant formula manufacturing
- **Acquired the Kerry Proteins and Ingredients facility in Covington, Ohio in 2009.**
  - Complements its existing manufacturing operations in Vermont
  - Enables PBM to manufacture more powder infant formula for its growing customer base






# Customer Service – High Value Comparable Products

	Term	Gentle	Soy	Hypo-allger.	Toddler	Spit up	Premature	Organic	Prebiotic	Probiotic
<b>Mead Johnson</b>								None		None
<b>Abbott Labs.</b>										None
<b>Nestle</b>				None		None	None	None	None	
<b>PBM</b>				Estimated late 2010						

Note: Nestle markets all their formulas as gentler on digestion  
 Source: Company websites, store visits

# Innovation - Proven Ability to Innovate

- PBM's world class R&D organization has introduced more than 90 new products and formulations since 1997
- Product offering has grown from 7 SKUs in FY1997 to ~370 SKUs today

Product	Overview
 DHA/ARA Formula	<ul style="list-style-type: none"><li>• First to duplicate the exact nutritional label claims as the leading national brand powdered formula with DHA/ARA</li><li>• Proprietary DHA/ARA formulation was critical to developing Sam's Club relationship</li></ul>
 Partially Hydrolyzed	<ul style="list-style-type: none"><li>• Made with partially-broken down whey protein for babies with fussiness or gas</li><li>• ¼ of the lactose found in standard term formulas</li></ul>
 Organic	<ul style="list-style-type: none"><li>• First nationally available USDA certified organic milk and soy infant formula with DHA and ARA</li></ul>

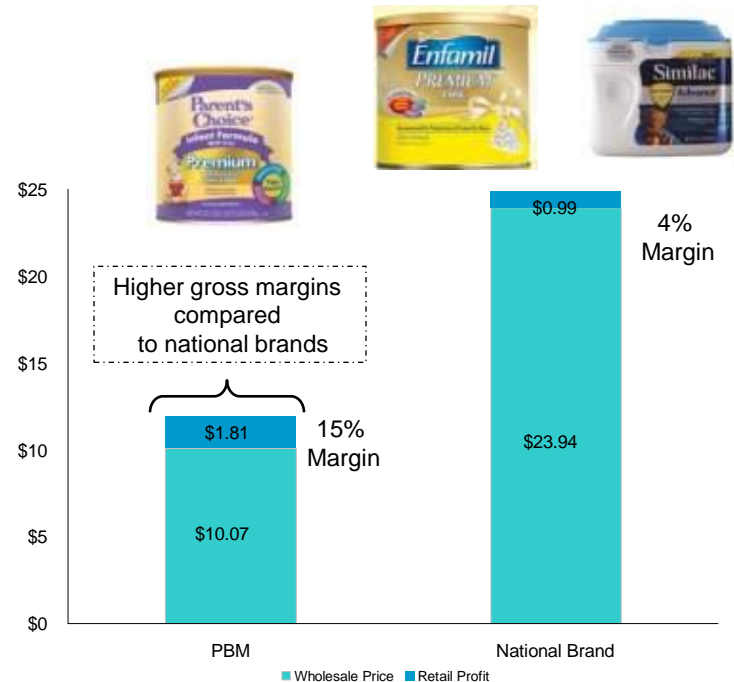
# Low Cost – Saving Consumers Money, Increasing Retailer Profits

- PBM provides high-quality, national brand-equivalent products at competitive wholesale prices
  - Up to 50% savings to consumers
  - Up to 4x higher margins at retail

## Consumers



## Retailers



Source: PBM management estimates  
 Note: National Brand average based on Enfamil® Lipil® and Similac® Advance® versus 730g Powdered Infant Formula with DHA



Quality, Affordable Healthcare Products

# Transaction Details

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- **\$808 million all cash offer**
  - **\$338(h)(10) tax savings – NPV of \$150 million**
  - **Implied transaction cost of \$658 million**
- **Financing**
  - **Cash on hand**
  - **Existing credit facilities**
  - **New long-term senior debt**
- **At a minimum, \$0.10 accretive to GAAP EPS in fiscal 2011**
  - **ROIC accretive year two**
  - **Gross and operating margins above corporate average in fiscal 2011 and increasing thereafter**



# Appendix

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# Table I

## Reconciliation of Non-GAAP Measures

(dollars in thousands) (unaudited)	<b>Perrigo</b> <b>LTM 12/26/2009</b>
Net cash from operating activities	\$ 381,858
Changes in operating assets and liabilities, net of asset and business acquisitions	(86,453)
Other non-cash expenses	(30,428)
Interest expense, net	25,869
Income tax expense	77,949
EBITDA	<u>\$ 368,795</u>
Inventory step-ups	1,445
Restructuring	14,647
Write-off of in-process R&D	14,000
Adjusted EBITDA	<u><u>\$ 398,887</u></u>
Total debt, including current maturities	\$ 843,053
Letter of undertaking - back-to-back loan	(400,000)
Total debt, excluding back-to-back loan	<u><u>\$ 443,053</u></u>
Debt to Adjusted EBITDA	1.11

# Table I, Continued

## Reconciliation of Non-GAAP Measures

(dollars in thousands) (unaudited)	<b>Perrigo LTM 12/26/2009</b>	<b>PBM LTM 12/31/2009</b>	<b>Total</b>
Net cash from operating activities	\$ 381,858	\$ 59,493	\$ 441,351
Changes in operating assets and liabilities, net of asset and business acquisitions	(86,453)	(5,654)	(92,107)
Other non-cash expenses	(30,428)	(1,100)	(31,528)
Interest expense, net	25,869	13,127	38,996
Income tax expense	77,949	-	77,949
EBITDA	<u>\$ 368,795</u>	<u>\$ 65,866</u>	<u>\$ 434,661</u>
Inventory step-ups	1,445	-	1,445
Restructuring	14,647	-	14,647
Write-off of in-process R&D	14,000	-	14,000
Adjusted EBITDA	<u>\$ 398,887</u>	<u>\$ 65,866</u>	<u>\$ 464,753</u>
Total debt, including current maturities			\$ 843,053
Letter of undertaking - back-to-back loan			(400,000)
Incremental debt associated with PBM acquisition			650,000
Total debt, excluding back-to-back loan			<u>\$ 1,093,053</u>
Debt to Adjusted EBITDA			2.35