

Running Head: Perrigo

Perrigo: An Analysis

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Executive Summary

Perrigo headquarters is located in the small and quiet town of Allegan, Michigan. Perrigo is a publically traded company that manufactures generic prescription and over-the-counter medications. Perrigo makes its name by making sure you never see it. Perrigo Company is a global healthcare supplier that develops, manufactures, and distributes over-the-counter (OTC) and generic prescription (Rx) pharmaceuticals, nutritional products, active pharmaceutical ingredients (API), and consumer products (Perrigo Co, 2008, 1). This company is the world's largest manufacturer of OTC pharmaceutical products for the store brand market (Perrigo Company, 2008, 1). Being the first-to-market with new products is key. In fiscal 2008, Perrigo reinforced its position as an industry leader by introducing important new healthcare products, including Omeprazole, Cetirizine, and Clobetasol Foam, that contributed \$220 million to sales for the year (Perrigo Company, 2008, 2). Perrigo continues to hold its value in a volatile market in which the indices have declined.

Company Overview

Perrigo Company is a “global healthcare supplier that develops, manufactures, and distributes over-the-counter (OTC) and prescription (Rx) pharmaceuticals, nutritional products, active pharmaceutical ingredients (API) and consumer products” (Perrigo Co, 2008, 1). The Consumer Healthcare segment includes the company’s United States, United Kingdom, and Mexico operations which support the manufacturing of OTC pharmaceutical and nutritional products. The Rx segment of the company develops, manufactures, and markets primarily generic topical prescription pharmaceuticals. Topical products are manufactured at the company’s New York and Israel facilities. The company also manufactures certain generic non-topical products at its Michigan facilities. The company mostly focuses on topical generics,

including creams, ointments, lotions, gels, shampoos, foams, suppositories, liquid suspensions, and solutions (Perrigo Co, 2008, 1). Perrigo also manufactures and markets API used globally by the generic drug industry and pharmaceutical companies. API development is focused on the synthesis of less common molecules for the United States. The API segment of the company is very important to Perrigo. It allows the company to obtain some of the uncommon raw materials needed for production at very competitive prices.

Perrigo was created in 1887 in Allegan, Michigan by Luther Perrigo. He was a general store owner and also in the apple drying business when he had an idea to distribute patented medicines and household items for country stores. The company had steady growth into the 1920's and had about 50 salesmen that traveled to rural stores throughout the Midwest. In the mid-1930's, Perrigo landed a contract with the K&W group, which was a company that grew into the Peoples' Drug Store chain. Over the past 25 years, national and regional drug store and retail chains experienced tremendous growth. Perrigo existed as a company that was positioned well to supply these chains with quality products for the store-brand industry. (Perrigo Company, 2008, 3)

Perrigo has positioned itself to be a competitor in the business of providing affordable healthcare. Perrigo is one of the only pharmaceutical companies that has built its business on a combination of OTC, generic Rx, and nutritional products. This business model seems good for both the consumer and retailer because it lowers consumers' healthcare costs while increasing retailers' profits.

Business Strategy

Perrigo has defined its business strategy in five different strategic pillars. The first strategic pillar is a commitment to quality. Quality is especially important in the OTC

medications industry. In 2008, Perrigo reported investing more than \$15 million in quality-related processes and activities, and were able to reduce their total cost of quality through significant reductions in deviations, scrap, and recalls (Perrigo Company, 2008, 2).

The second strategic pillar that Perrigo is committed to is customer service. Although in 2008 increased sales volume added pressure to customer service demands, Perrigo customer service levels for fiscal year 2008 improved over fiscal year 2007 (Perrigo Company, 2008, 2). Customer service is important for Perrigo to be competitive when dealing with customers, such as WalMart, who have huge buying power.

The third strategic pillar on which Perrigo focuses is innovation. Perrigo lists the following in their 2008 Annual Report:

Being first-to-market with new products in key “power categories” is at the forefront of our business strategy. In fiscal 2008, we reinforced Perrigo’s position as an industry leader by introducing important new healthcare products, including Omeprazole, Cetirizine and Clobetasol Foam, that contributed \$220 million to our sales for the year.
(p. 5)

Part of this strategic vision is to collaborate globally to identify technical capabilities to leverage in aiding new product development processes. This vision also has a lot to do with technology. Its focus is to enable technology changes that enhance our communication and workflow efficiency.

The fourth strategic pillar within Perrigo is to lower costs. Perrigo reports that more than 60 percent of its costs are in raw materials. Perrigo strives continuously to improve the economies of scale and the efficiency of the supply chain through a newly established global

procurement organization and, where possible, vertical integration of their own API and manufacturing operations (Perrigo Company, 2008, 2). The company believes that “today’s market dynamics – rising healthcare costs, a challenging economy, an aging U.S. population, the related growth in demand for affordable healthcare – all make it the right time for Perrigo’s quality, affordable healthcare products” (Perrigo Company, 2008, 2, p. 3). It’s obvious this is one of the most important business strategies for Perrigo to stay competitive.

The fifth strategic pillar within Perrigo is the people. At a time when many companies have reduced their workforces, they continue to work hard to recruit, develop and retain people who can grow along with Perrigo. There is a commitment to maintaining environments that foster meaningful involvement for all its people.

Product Categories and Divisions

Perrigo has three main divisions within the company. The first is the Consumer Healthcare segment and includes the Company’s United States, United Kingdom, and Mexico operations supporting the sale of OTC pharmaceutical and nutritional products. “The Company markets approximately 1,130 store brand products to approximately 100 customers. It also manufactures and markets certain products under its Good Sense brand name” (Perrigo Co, 2008, 1). In fiscal 2008, the Consumer Healthcare segment delivered total net sales of \$1.34 billion, including \$299 million in new business, and a 29 percent growth rate (2008 report, pg7). In 2008, Perrigo acquired Galpharm Healthcare Ltd. of Yorkshire, England. This acquisition is expected to add \$55 million in annualized revenue. This is the most critical part of Perrigo’s business. It is estimated that in the next five years there will be a potential of \$10 billion in sales from Rx-to-OTC switches.

The next product division within Perrigo is Rx pharmaceuticals. The Rx part of Perrigo's business is somewhat small, but none-the-less very relevant to the company's growth and expansion. In 2007, the company was approved by the FDA to manufacture and market Ciclopirox Topical Solution, which is used to treat fingernail fungal infections. Brand sales in the 12 months since its introduction ended in August of 2007 at \$92 million. In March of 2008, the company launched its Clobetasol Propionate foam. "Sales for the brand, Olux(R) Foam, 0.05%, were approximately \$85 million according to Wolters Kluwer data for the 12 months ending January 2008" (Perrigo Company, 2008, 5). Total sales for the Rx portion of Perrigo in 2008 were recorded at \$161.3 million (Perrigo Company, 2008, 2).

The third portion of Perrigo Company is their Active Pharmaceutical Ingredients (API) division. This portion of the company is growing in importance to help Perrigo make safer and more vertically integrated products. API development is focused on the synthesis of less common molecules for the United States, European, and other international markets. The API portion of the company saw a steady increase in 2008. Reported net sales of \$149.7 million were up 19% from \$122.1 million in 2007 (Perrigo Company, 2008, 2).

Corporate Governance and Policy

The board of directors has oversight responsibility for the business, property, and affairs. The Chief Executive Officer reports directly to the board. Members of Perrigo's executive management report regularly to the directors on the segments of the business for which each has management responsibility. Perrigo's strategic direction is approved and authorized by the directors after considering strategic plan recommendations made to the board by executive management (Perrigo Company, 2008, 5).

The board contains three committees. They are the Audit, Compensation, and Nominating and Governance Committees. The Audit Committee's purpose is to help the company fulfill its responsibility of monitoring financial reporting principles and policies and internal control over financial reporting. The Compensations Committee's purpose is to carry out the Board of Directors' overall responsibility relating to compensation of the directors and officers of Perrigo. The Nominating and Governance Committee assists the board in indentifying individuals qualified to become board members, recommend governance guidelines, lead the performance review of the board, and monitor the participation of individual directors of the board. Perrigo has a Corporate Governance Guidelines document that is available on their website. The document contains guidelines for the board, board committees, and stock ownership for board members and executives.

Income Statement Analysis

The following data and analysis is from the Income statement listed in Appendix 1. Perrigo seems to be positioned well in a time when things are tough in our economy. People are looking for generic drugs that have the same effects as brand name medicines. It is not doubt that our current economic situation has made the perfect storm for a generic drug maker and active pharmaceutical ingredients manufacturer. Fiscal 2008 net sales were \$1.82 billion compared to \$1.45 billion in fiscal 2007, an increase of \$375 million or 26%. I believe this increase in sales has to do with both new products that Perrigo has released and the steady increase in sales of core products. Some of the new products included the smoking cessation product Cetirizine (comparable to Zyrtec®) and the largest new product launch ever for Omeprazole.

More importantly, on the Income Statement, is the fact that operating income has more

than doubled. In 2008, Perrigo recorded an operating income of 197.5 million, compared to the 99.7 million recorded in 2007. This shows Perrigo has been able to control their costs of producing their products even with the substantial increase in demand and new products.

Balance Sheet Analysis

The following data and analysis is from the Balance Sheet listed in Appendix 2. When looking at the balance sheet for Perrigo, one should note that once again Perrigo seems to be going strong as total current assets continue to rise. However, one might compare the trend of increasing current assets with increased current liabilities. Current liabilities have not increased at the same rate as current assets. This could indicate that the company is not efficiently investing its funds.

Stockholder's equity has steadily increased over the past five years. It has increased from \$759.1 million to \$2,575.1 million in 5 years. This is a 339% increase. Perrigo's growth is rapid and aggressive. Ratio Analysis should show if this is positive growth or if the company will buckle under its own weight of rapid expansion. From the balance sheet, it appears it has maintained enough assets to cover its liabilities.

Cash Flow Analysis

Perrigo has shown in all the previous financial statements that they have went through rapid growth in sales and revenue. While this is good for the company, have they been reinvesting this cash as fast as they should be? The Cash Flow statements in Appendix 3 show that Perrigo has had a negative cash flow of almost \$70 million in the last thirteen weeks.

Doing research to find out where this money had gone, I found Perrigo has acquired several companies in the last six months. On November 19th, Perrigo purchased Unico. Unico is

the leading manufacturer of store brand pediatric electrolytes, enemas, and feminine hygiene products for retail customers in the United States. Perrigo paid \$49 million for Unico. Perrigo also purchased JB Labs for approximately \$44 million in cash (Perrigo Company, 2008, 6). JB Labs is a contract manufacturer of OTC and nutrition products for healthcare suppliers in the U.S. Perrigo has purchased several other companies in the past (2003) such as Peter Black Pharmaceuticals. This company was at the time one of the largest manufacturers of store brand vitamin and nutritional supplement products for grocery stores in Europe (Nutraingredients.com, 2003).

Ratio Analysis

Appendix 4 contains the ratios for Perrigo and two of its main competitors used in the following analysis. The following is a cross sectional analysis of Perrigo's ratios compared to those of key competitors in the industry. The key competitors that we will be comparing against are NBTY Inc. and Teva Pharmaceutical Industries. All these companies' ratios are attached in Appendix 4 for reference. Perrigo Corporation has a quick and current ratio that is higher than both of these competitors. This demonstrates Perrigo's ability to be able to pay off its short term obligations. Perrigo is a financially sound company when compared to its competitors and also has what would be considered positive norms for this ratio.

To compare the profitability of the company we will compare the net profit margin on a five year average. Perrigo does not seem as competitive as it should when it comes to its profit margins. Perrigo reports a profit margin of 2.30 over a five year average. While this is well above NBTY Inc's - 7.73 ratio, it doesn't compare to the profitability margin of Teva Pharmaceutical Industries which has a ratio of 17.58. Exploring why Teva Pharmaceutical Industries might have such a higher ratio, I found the company had total revenue of \$9,408

million. Compared to the total revenue of Perrigo's \$1,822 million, it's understandable how Teva would be able to have a higher net profit margin using its buying power. Teva markets over 300 products and 1000 SKU's (Teva Pharmaceuticals, 2008).

To compare the companies effectiveness based on assets we can compare the return on assets for each company. Perrigo reports a return on assets of 6.29 over TTM compared to Teva's ratio of 8.01. Perrigo is still slightly behind based on return of assets; however, I would consider this to be somewhat comparable due to the difference in the size of the companies. Perrigo has made big strides in the return on assets. The five year average is only .11 for Perrigo Company. This shows how much they have improved, but it is too soon to show if Perrigo will continue on this trend. The return on assets for the other competitor, NBTY Inc, were 8.82 TTM and a 9.31 5 year average.

Stock Price Performance

The five year stock price of Perrigo and that for one of its main competitors is show in Appendix 5. You'll notice that Perrigo has done very well while the economy and its competitors fell. Perrigo stock has taken a hit in the last few months as the economy begins to take its toll on even those companies who help provide the necessities of life (food, medicine, etc.). Another reason for the recent fall in Perrigo's stock may be there is a fierce price war going on right now between generic drug makers. "Generic sales growth slowed to 3.6 percent in the 12 months ending in September, compared to 11.4 percent in the prior year, according to pharmaceutical information firm IMS Health Inc" (Krauskopf, 2008).

Even though Perrigo Company is beginning to feel the burden of the economy and the price war that is happening among generic drug manufactures, we can see that they remain

strong and had a 200% increase in their stock price over the last five years. Teva Pharmaceuticals grew about 147% during the last 5 years. Perrigo remains a strong company and has purchased other companies during the recent downturn of the economy. Even though Perrigo is not as big as far as net sales compared to a company like Teva, I believe they will be able to compete as far as stock price returns. This rapid growth of sales will begin to slow as a weak economy forces many people to simply not be able to afford general cold and allergy medicines. This is being shown in the United States, “which is the world's largest generics market with 42 percent of global sales, saw a 2.7 percent sales decline over that 12-month period” (Krauskopf, 2008). However, even with this competition and dropping in the market, Perrigo was listed as a Buy on December 17, 2008 by Collins Stewart (Streetinsider.com, 2008).

Conclusion

Looking at the data for Perrigo Company shows a strong, long standing company in the generic and over the counter medications industry. Perrigo has experienced growth over the last five years that it has not seen since its creation. Perrigo is in a position to continue to grow. They do not have higher than normal liability ratios and are able to purchase companies they see as a value to the business with cash.

One concern I have with this company is they have not invested their profits into research or improvements to the company fast enough. I'm also concerned they will be the underdog in what will become a very fierce price war between generic drug makers. It will be interesting how Perrigo's purchases of Unico and JB Labs affect their numbers in 2009. The economy is also a big factor for Perrigo. They have remained a strong stock performer with the downturn of the economy.

While I do not believe that right now is the perfect time to purchase Perrigo stock, I believe its time will come again, possibly within the next six to nine months. Perrigo is a smaller company that has experienced a recent boom. I believe the company will do well if they focus on their financials, such as getting a better return on assets and investing their profits. The company had too much hype recently, and it appears its stock became slightly over-valued before investors began to offload it for a profit. I believe it will reach a low point soon and a purchase would not be a bad investment.

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Appendix 1

Perrigo Company
Income Statements

	2008 2008-06-28 Period Length 52 Weeks	2007 2007-06-30 Reclassified 2008-06-28 Period Length 52 Weeks	2006 2006-07-01 Reclassified 2008-06-28 Period Length 53 Weeks	2005 2005-06-25 Period Length 52 Weeks	2004 2004-06-26 Period Length 52 Weeks
In Millions of U.S. Dollars (except for per share items)					
Revenue	1,822.1	1,447.4	1,366.8	1,024.1	898.2
Other Revenue, Total	--	--	--	--	--
Total Revenue	1,822.1	1,447.4	1,366.8	1,024.1	898.2
Cost of Revenue, Total	1,271.2	1,052.4	972.4	763.7	630.2
Gross Profit	551.0	395.0	394.4	260.4	268.0
Selling/General/Admin. Expenses, Total	276.2	219.8	219.2	159.3	137.3
Research & Development	72.2	66.5	52.3	38.4	27.7
Depreciation/Amortization	--	--	--	--	--
Interest Expense, Net - Operating	--	--	--	--	--
Interest/Investment Income - Operating	--	--	--	--	--
Interest Expense(Income) - Net Operating	--	--	--	--	--
Unusual Expense (Income)	5.1	9.1	8.8	393.2	0.0
Other Operating Expenses, Total	--	--	--	--	--
Total Operating Expense	1,624.7	1,347.8	1,252.7	1,354.6	795.3
Operating Income	197.5	99.7	114.1	(330.5)	102.9
Interest Expense, Net Non-Operating	(38.9)	(36.1)	(36.9)	--	--
Interest/Invest Income - Non-Operating	21.6	20.1	21.7	--	--
Interest Income(Exp), Net Non-Operating	(17.2)	(16.0)	(15.2)	(2.0)	1.0
Gain (Loss) on Sale of Assets	--	--	--	--	--
Other, Net	0.2	5.4	7.0	1.8	2.1
Net Income Before Taxes	180.4	89.1	105.9	(330.7)	106.0
Provision for Income Taxes	44.7	15.3	34.5	22.3	25.4
Net Income After Taxes	135.8	73.8	71.4	(353.0)	80.6
Minority Interest	--	--	--	--	--
Equity In Affiliates	--	--	--	--	--
U.S. GAAP Adjustment	--	--	--	--	--
Net Income Before Extra. Items	135.8	73.8	71.4	(353.0)	80.6
Accounting Change	--	--	--	--	--
Discontinued Operations	--	--	--	--	--
Extraordinary Item	--	--	--	--	--
Tax on Extraordinary Items	--	--	--	--	--
Net Income	135.8	73.8	71.4	(353.0)	80.6
Preferred Dividends	--	--	--	--	--
General Partners' Distributions	--	--	--	--	--
Miscellaneous Earnings Adjustment	--	--	--	--	--
Pro Forma Adjustment	--	--	--	--	--
Interest Adjustment - Primary EPS	--	--	--	--	--
Income Available to Com Excl ExtraOrd	135.8	73.8	71.4	(353.0)	80.6
Income Available to Com Incl ExtraOrd	135.8	73.8	71.4	(353.0)	80.6
Basic Weighted Average Shares	93.12	92.23	92.88	77.31	70.21
Basic EPS Excluding Extraordinary Items	1.458	0.800	0.769	(4.566)	1.148
Basic EPS Including Extraordinary Items	1.458	0.800	0.769	(4.566)	1.148
Dilution Adjustment	0.0	0.0	0.0	0.0	0.0
Diluted Weighted Average Shares	95.21	93.81	94.11	77.31	72.29
Diluted EPS Excluding ExtraOrd Items	1.426	0.787	0.759	(4.566)	1.115
Diluted EPS Including ExtraOrd Items	1.426	0.787	0.759	(4.566)	1.115
DPS - Common Stock Primary Issue	0.195	0.178	0.168	0.155	0.130
Gross Dividends - Common Stock	18.2	16.5	15.6	11.9	9.1
Total Special Items	5.1	9.1	8.8	393.2	0.0
Normalized Income Before Taxes	185.5	98.2	114.8	62.5	106.0
Effect of Special Items on Income Taxes	0.6	0.2	2.9	2.2	0.0
Inc Tax Ex Impact of Sp Items	45.2	15.4	37.4	24.5	25.4
Normalized Income After Taxes	140.3	82.8	77.4	38.0	80.6
Normalized Inc. Avail to Com.	140.3	82.8	77.4	38.0	80.6
Basic Normalized EPS	1.507	0.898	0.833	0.491	1.148
Diluted Normalized EPS	1.474	0.882	0.822	0.491	1.115

Source: Reuters Business and Finance

Appendix 2

Perrigo Company
Balance Sheets

	2008 2008-06-28	2007 2007-06-30 Reclassified 2008-06-28	2006 2006-07-01	2005 2005-06-25	2004 2004-06-26 Reclassified 2005-06-25
In Millions of U.S. Dollars (except for per share items)					
Cash	--	--	--	--	--
Cash & Equivalents	318.6	30.3	19.0	16.7	8.4
Short Term Investments	0.6	49.1	26.7	17.8	163.3
Cash and Short Term Investments	319.2	79.4	45.8	34.5	171.7
Accounts Receivable - Trade, Net	350.3	282.0	240.1	210.3	86.0
Notes Receivable - Short Term	--	--	--	--	--
Receivables - Other	6.9	0.0	--	--	--
Total Receivables, Net	357.2	282.0	240.1	210.3	86.0
Total Inventory	400.0	295.1	302.9	273.0	174.3
Prepaid Expenses	34.5	18.3	16.3	35.1	10.4
Other Current Assets, Total	46.1	44.1	52.1	56.0	29.9
Total Current Assets	1,156.9	719.1	657.2	608.8	472.2
Property/Plant/Equipment, Total - Gross	745.8	664.1	606.9	586.3	462.2
Accumulated Depreciation, Total	(388.9)	(333.0)	(287.5)	(262.5)	(234.5)
Property/Plant/Equipment, Total - Net	356.9	331.1	319.4	323.8	227.6
Goodwill, Net	282.4	196.2	152.2	150.3	35.9
Intangibles, Net	229.3	160.0	132.4	148.0	4.2
Long Term Investments	--	--	--	--	--
Note Receivable - Long Term	--	--	--	--	--
Other Long Term Assets, Total	549.6	518.8	489.5	474.1	19.1
Other Assets, Total	--	--	--	--	--
Total Assets	2,575.1	1,925.2	1,750.6	1,705.0	759.1
Accounts Payable	253.3	164.3	179.7	142.8	88.9
Payable/Accrued	--	--	--	--	--
Accrued Expenses	187.8	141.8	149.0	141.5	85.1
Notes Payable/Short Term Debt	0.0	11.8	20.1	25.3	9.5
Current Port. of LT Debt/Capital Leases	20.1	15.4	0.0	--	--
Other Current liabilities, Total	24.5	46.6	22.6	30.9	4.0
Total Current Liabilities	485.7	379.8	371.4	340.5	187.5
Long Term Debt	895.1	650.8	621.7	656.1	0.0
Capital Lease Obligations	--	--	--	--	--
Total Long Term Debt	895.1	650.8	621.7	656.1	0.0
Total Debt	915.2	677.9	641.8	681.5	9.5
Deferred Income Tax	139.2	103.8	81.9	74.4	29.6
Minority Interest	--	--	--	--	--
Other Liabilities, Total	121.4	36.3	34.8	43.1	5.8
Total Liabilities	1,641.4	1,170.7	1,109.9	1,114.1	222.9
Redeemable Preferred Stock, Total	--	--	--	--	--
Preferred Stock - Non Redeemable, Net	--	--	--	--	--
Common Stock, Total	488.5	519.4	516.1	534.5	104.2
Additional Paid-In Capital	--	--	--	--	--
Retained Earnings (Accumulated Deficit)	290.0	178.4	121.1	64.8	429.7
Treasury Stock - Common	--	--	--	--	--
ESOP Debt Guarantee	--	--	--	--	--
Unrealized Gain (Loss)	--	--	--	--	--
Other Equity, Total	155.2	56.7	3.6	(8.5)	2.4
Total Equity	933.7	754.5	640.7	590.8	536.2
Total Liabilities & Shareholders' Equity	2,575.1	1,925.2	1,750.6	1,705.0	759.1
Shares Outs - Common Stock Primary Issue	93.31	93.39	92.92	93.90	70.88
Shares Outstanding - Common Issue 2	--	--	--	--	--
Shares Outstanding - Common Issue 3	--	--	--	--	--
Shares Outstanding - Common Issue 4	--	--	--	--	--
Total Common Shares Outstanding	93.31	93.39	92.92	93.90	70.88
Total Preferred Shares Outstanding	--	--	--	--	--

Source: Reuters Business and Finance

Appendix 3

Perrigo Company
Cash Flow Statements for last 5 Years

In Millions of U.S. Dollars (except for per share items)	2008 2008-06-28 Period Length 52 Weeks	2007 2007-06-30 Period Length 52 Weeks	2006 2006-07-01 Period Length 53 Weeks	2005 2005-06-25 Period Length 52 Weeks	2004 2004-06-26 Restated 2005-08-25 Period Length 52 Weeks
Net Income/Starting Line	135.8	73.8	71.4	(353.0)	80.6
Depreciation/Depletion	69.2	58.0	56.6	34.8	28.5
Amortization	--	--	--	--	--
Deferred Taxes	(0.4)	(1.4)	(5.8)	(9.8)	3.4
Non-Cash Items	21.6	19.2	17.3	384.9	5.6
Changes in Working Capital	22.1	(20.8)	(12.9)	20.8	0.6
Cash from Operating Activities	248.3	128.9	126.5	77.6	118.5
Capital Expenditures	(57.2)	(104.6)	(36.4)	(32.4)	(28.3)
Other Investing Cash Flow Items, Total	(64.0)	(20.9)	(12.3)	(617.0)	(94.3)
Cash from Investing Activities	(121.2)	(125.4)	(48.7)	(649.4)	(122.6)
Financing Cash Flow Items	6.6	1.5	(0.9)	(0.3)	1.6
Total Cash Dividends Paid	(18.2)	(16.5)	(15.6)	(11.9)	(9.1)
Issuance (Retirement) of Stock, Net	(46.0)	(7.1)	(20.3)	4.0	8.3
Issuance (Retirement) of Debt, Net	227.4	31.7	(40.3)	591.4	0.7
Cash from Financing Activities	169.9	9.6	(77.0)	583.2	1.5
Foreign Exchange Effects	(8.6)	(1.8)	1.5	(3.1)	0.6
Net Change in Cash	288.3	11.3	2.3	8.3	(2.0)

Cash Flow Statements Interim

In Millions of U.S. Dollars (except for per share items)	2009 2008-09-27 Period Length 13 Weeks	2008 2008-06-28 Period Length 52 Weeks	2008 2008-03-29 Period Length 39 Weeks	2008 2007-12-29 Period Length 26 Weeks	2008 2007-09-29 Reclassified 2008-09-27 Period Length 13 Weeks
Net Income/Starting Line	38.0	135.8	108.3	68.3	34.0
Depreciation/Depletion	16.8	69.2	50.8	31.0	15.6
Amortization	--	--	--	--	--
Deferred Taxes	(13.7)	6.4	8.3	6.1	0.7
Non-Cash Items	1.4	21.6	9.2	3.9	2.1
Changes in Working Capital	(41.5)	15.3	(41.2)	(14.2)	(25.4)
Cash from Operating Activities	1.0	248.3	135.5	95.1	27.0
Capital Expenditures	(6.9)	(57.2)	(38.4)	(26.1)	(16.8)
Other Investing Cash Flow Items, Total	(12.7)	(64.0)	(56.2)	19.7	15.8
Cash from Investing Activities	(19.6)	(121.2)	(94.7)	(6.4)	(1.0)
Financing Cash Flow Items	1.7	6.6	5.0	1.1	0.6
Total Cash Dividends Paid	(4.7)	(18.2)	(13.6)	(8.9)	(4.2)
Issuance (Retirement) of Stock, Net	(23.8)	(46.0)	(32.9)	(19.4)	(0.1)
Issuance (Retirement) of Debt, Net	(25.3)	227.4	42.6	(12.8)	(8.1)
Cash from Financing Activities	(52.1)	169.9	1.2	(40.0)	(11.9)
Foreign Exchange Effects	1.5	(8.6)	(7.9)	(6.9)	2.4
Net Change in Cash	(69.3)	288.3	34.1	41.9	16.5

Source: Reuters Business and Finance

Appendix 4

Perrigo Company Ratios

VALUATION RATIOS

	Company	Industry	Sector	S&P 500
P/E Ratio (TTM)	22.05	2.22	3.46	26.67
P/E High - Last 5 Yrs.	NA	0.58	3.70	29.78
P/E Low - Last 5 Yrs.	NA	0.37	0.95	9.20
Beta	0.35	0.54	0.51	0.95
Price to Sales (TTM)	1.56	0.44	0.71	2.22
Price to Book (MRQ)	3.37	2.02	2.24	4.56
Price to Tangible Book (MRQ)	7.43	4.73	4.58	8.58
Price to Cash Flow (TTM)	13.91	1.62	2.49	13.19
Price to Free Cash Flow (TTM)	19.15	20.34	27.86	46.80
% Owned Institutions	--	--	--	--

DIVIDENDS

	Company	Industry	Sector	S&P 500
Dividend Yield	0.67	0.12	0.22	2.66
Dividend Yield - 5 Year Avg.	0.82	1.66	1.38	1.86
Dividend 5 Year Growth Rate	31.28	21.61	18.02	11.79
Payout Ratio(TTM)	13.36	4.10	6.20	52.04

GROWTH RATES

	Company	Industry	Sector	S&P 500
Sales (MRQ) vs Qtr. 1 Yr. Ago	25.47	11.09	8.27	12.01
Sales (TTM) vs TTM 1 Yr. Ago	28.84	0.67	1.60	13.82
Sales - 5 Yr. Growth Rate	16.92	9.54	9.15	14.82
EPS (MRQ) vs Qtr. 1 Yr. Ago	11.95	-37.55	-93.50	17.59
EPS (TTM) vs TTM 1 Yr. Ago	52.40	--	--	--
EPS - 5 Yr. Growth Rate	13.43	10.85	10.37	19.05
Capital Spending - 5 Yr. Growth Rate	12.12	2.69	3.86	13.38

FINANCIAL STRENGTH

	Company	Industry	Sector	S&P 500
Quick Ratio (MRQ)	1.42	2.79	2.72	1.03
Current Ratio (MRQ)	2.39	3.18	3.17	1.27
LT Debt to Equity (MRQ)	100.58	6.38	12.26	107.05
Total Debt to Equity (MRQ)	102.97	10.06	19.78	152.47
Interest Coverage (TTM)	7.50	0.08	2.39	17.19

Appendix 4 continued

Perrigo Company Ratios Cont.

PROFITABILITY RATIOS

	Company	Industry	Sector	S&P 500
Gross Margin (TTM)	30.11	6.50	10.56	37.05
Gross Margin - 5 Yr. Avg.	28.49	69.01	58.02	36.80
EBITD Margin (TTM)	14.84	--	--	--
EBITD - 5 Yr. Avg.	6.57	26.13	20.63	21.08
Operating Margin (TTM)	10.91	1.35	0.40	--
Operating Margin - 5 Yr. Avg.	2.80	22.66	17.62	18.29
Pre-Tax Margin (TTM)	9.93	2.40	1.17	15.41
Pre-Tax Margin - 5 Yr. Avg.	2.30	27.24	20.76	18.05
Net Profit Margin (TTM)	7.28	1.92	0.47	11.25
Net Profit Margin - 5 Yr. Avg.	0.13	16.39	12.48	12.69
Effective Tax Rate (TTM)	26.69	2.85	3.63	26.64
Effective Tax Rate - 5 Yr. Avg.	94.32	42.68	36.10	30.32

MANAGEMENT EFFECTIVENESS

	Company	Industry	Sector	S&P 500
Return on Assets (TTM)	6.29	0.82	1.42	8.14
Return on Assets - 5 Yr. Avg.	0.11	8.85	7.65	7.54
Return on Investment (TTM)	7.70	1.06	1.86	11.15
Return on Investment - 5 Yr. Avg.	0.14	10.93	9.72	10.06
Return on Equity (TTM)	16.84	1.58	2.79	20.37
Return on Equity - 5 Yr. Avg.	0.27	12.07	11.22	20.43

EFFICIENCY

	Company	Industry	Sector	S&P 500
Revenue/Employee (TTM)	309,617	1,459,620	1,528,252	862,606
Net Income/Employee (TTM)	22,534	112,472	130,214	92,457
Receivable Turnover (TTM)	6.16	0.48	0.96	11.13
Inventory Turnover (TTM)	3.52	0.25	0.55	9.39
Asset Turnover (TTM)	0.86	0.07	0.12	0.80

Appendix 4 continued

NBTY Inc Ratios

VALUATION RATIOS

	Company	Industry	Sector	S&P 500
P/E Ratio (TTM)	6.16	10.76	9.09	17.93
P/E High - Last 5 Yrs.	32.07	0.54	3.25	28.52
P/E Low - Last 5 Yrs.	6.22	0.35	0.84	8.08
Beta	1.28	0.50	0.47	0.99
Price to Sales (TTM)	0.41	0.34	0.64	2.29
Price to Book (MRQ)	0.89	2.07	2.30	6.84
Price to Tangible Book (MRQ)	2.09	4.07	4.10	8.73
Price to Cash Flow (TTM)	4.15	1.42	2.60	12.01
Price to Free Cash Flow (TTM)	6.92	10.14	70.32	158.61
% Owned Institutions	--	--	--	--

DIVIDENDS

	Company	Industry	Sector	S&P 500
Dividend Yield	NA	0.12	0.23	2.55
Dividend Yield - 5 Year Avg.	0.00	1.65	1.37	1.79
Dividend 5 Year Growth Rate	--	21.58	17.99	11.04
Payout Ratio(TTM)	0.00	4.25	6.01	34.69

GROWTH RATES

	Company	Industry	Sector	S&P 500
Sales (MRQ) vs Qtr. 1 Yr. Ago	21.18	3.45	3.72	12.88
Sales (TTM) vs TTM 1 Yr. Ago	8.19	0.75	1.79	13.82
Sales - 5 Yr. Growth Rate	12.82	9.45	9.13	15.02
EPS (MRQ) vs Qtr. 1 Yr. Ago	-60.34	8.71	26.35	14.51
EPS (TTM) vs TTM 1 Yr. Ago	-21.86	--	--	--
EPS - 5 Yr. Growth Rate	14.37	10.65	10.24	19.70
Capital Spending - 5 Yr. Growth Rate	5.53	2.76	3.85	13.30

FINANCIAL STRENGTH

	Company	Industry	Sector	S&P 500
Quick Ratio (MRQ)	0.96	3.68	3.30	1.04
Current Ratio (MRQ)	2.76	4.04	3.72	1.28
LT Debt to Equity (MRQ)	53.94	3.78	10.17	151.80
Total Debt to Equity (MRQ)	57.27	9.58	19.28	197.45
Interest Coverage (TTM)	18.37	0.01	1.02	31.97

Appendix 4 continued

NBTY Inc Ratios

PROFITABILITY RATIOS

	Company	Industry	Sector	S&P 500
Gross Margin (TTM)	49.43	6.56	10.22	35.50
Gross Margin - 5 Yr. Avg.	49.50	69.19	57.74	36.46
EBITD Margin (TTM)	13.64	--	--	--
EBITD - 5 Yr. Avg.	14.15	26.24	20.46	19.58
Operating Margin (TTM)	10.86	0.99	0.36	--
Operating Margin - 5 Yr. Avg.	11.06	22.71	17.42	17.83
Pre-Tax Margin (TTM)	10.60	1.03	0.31	15.75
Pre-Tax Margin - 5 Yr. Avg.	10.31	27.29	20.54	17.59
Net Profit Margin (TTM)	7.03	0.54	-0.38	11.18
Net Profit Margin - 5 Yr. Avg.	7.00	16.34	12.27	12.34
Effective Tax Rate (TTM)	33.71	2.86	4.04	26.44
Effective Tax Rate - 5 Yr. Avg.	32.09	42.74	36.13	30.50

MANAGEMENT EFFECTIVENESS

	Company	Industry	Sector	S&P 500
Return on Assets (TTM)	8.82	0.83	1.42	8.05
Return on Assets - 5 Yr. Avg.	9.31	8.85	7.59	7.50
Return on Investment (TTM)	10.39	1.11	1.87	10.94
Return on Investment - 5 Yr. Avg.	11.15	10.94	9.66	10.00
Return on Equity (TTM)	14.91	1.69	2.81	19.09
Return on Equity - 5 Yr. Avg.	16.54	12.06	11.10	20.10

EFFICIENCY

	Company	Industry	Sector	S&P 500
Revenue/Employee (TTM)	158,392	1,247,236	1,436,937	857,796
Net Income/Employee (TTM)	11,130	89,387	144,824	98,793
Receivable Turnover (TTM)	19.69	0.48	0.90	10.70
Inventory Turnover (TTM)	2.27	0.23	0.52	9.71
Asset Turnover (TTM)	1.26	0.07	0.12	0.79

Appendix 4 continued

Teva Pharmaceutical Industries

VALUATION RATIOS

	Company	Industry	Sector	S&P 500
P/E Ratio (TTM)	18.68	2.22	3.46	26.67
P/E High - Last 5 Yrs.	NM	0.58	3.70	29.78
P/E Low - Last 5 Yrs.	17.08	0.37	0.95	9.20
Beta	0.43	0.54	0.51	0.95
Price to Sales (TTM)	3.20	0.44	0.71	2.22
Price to Book (MRQ)	2.33	2.02	2.24	4.56
Price to Tangible Book (MRQ)	7.75	4.73	4.58	8.58
Price to Cash Flow (TTM)	14.34	1.62	2.49	13.19
Price to Free Cash Flow (TTM)	19.45	20.34	27.86	46.80
% Owned Institutions	--	--	--	--

DIVIDENDS

	Company	Industry	Sector	S&P 500
Dividend Yield	1.06	0.12	0.22	2.66
Dividend Yield - 5 Year Avg.	0.79	1.66	1.38	1.86
Dividend 5 Year Growth Rate	33.36	21.61	18.02	11.79
Payout Ratio(TTM)	22.52	4.10	6.20	52.04

GROWTH RATES

	Company	Industry	Sector	S&P 500
Sales (MRQ) vs Qtr. 1 Yr. Ago	20.12	11.09	8.27	12.01
Sales (TTM) vs TTM 1 Yr. Ago	18.70	0.67	1.60	13.82
Sales - 5 Yr. Growth Rate	30.16	9.54	9.15	14.82
EPS (MRQ) vs Qtr. 1 Yr. Ago	18.80	-37.55	-93.50	17.59
EPS (TTM) vs TTM 1 Yr. Ago	0.98	--	--	--
EPS - 5 Yr. Growth Rate	26.20	10.85	10.37	19.05
Capital Spending - 5 Yr. Growth Rate	23.90	2.69	3.86	13.38

FINANCIAL STRENGTH

	Company	Industry	Sector	S&P 500
Quick Ratio (MRQ)	1.62	2.79	2.72	1.03
Current Ratio (MRQ)	2.20	3.18	3.17	1.27
LT Debt to Equity (MRQ)	26.38	6.38	12.26	107.05
Total Debt to Equity (MRQ)	31.40	10.06	19.78	152.47
Interest Coverage (TTM)	--	0.08	2.39	17.19

Appendix 4 continued

Teva Pharmaceutical Industries

PROFITABILITY RATIOS

	Company	Industry	Sector	S&P 500
Gross Margin (TTM)	52.86	6.50	10.56	37.05
Gross Margin - 5 Yr. Avg.	49.37	69.01	58.02	36.80
EBITD Margin (TTM)	25.28	--	--	--
EBITD - 5 Yr. Avg.	23.95	26.13	20.63	21.08
Operating Margin (TTM)	20.51	1.35	0.40	--
Operating Margin - 5 Yr. Avg.	19.15	22.66	17.62	18.29
Pre-Tax Margin (TTM)	20.28	2.40	1.17	15.41
Pre-Tax Margin - 5 Yr. Avg.	18.76	27.24	20.76	18.05
Net Profit Margin (TTM)	17.58	1.92	0.47	11.25
Net Profit Margin - 5 Yr. Avg.	14.79	16.39	12.48	12.69
Effective Tax Rate (TTM)	13.32	2.85	3.63	26.64
Effective Tax Rate - 5 Yr. Avg.	21.17	42.68	36.10	30.32

MANAGEMENT EFFECTIVENESS

	Company	Industry	Sector	S&P 500
Return on Assets (TTM)	8.01	0.82	1.42	8.14
Return on Assets - 5 Yr. Avg.	7.62	8.85	7.65	7.54
Return on Investment (TTM)	10.22	1.06	1.86	11.15
Return on Investment - 5 Yr. Avg.	9.87	10.93	9.72	10.06
Return on Equity (TTM)	13.64	1.58	2.79	20.37
Return on Equity - 5 Yr. Avg.	13.65	12.07	11.22	20.43

EFFICIENCY

	Company	Industry	Sector	S&P 500
Revenue/Employee (TTM)	363,952	1,459,620	1,528,252	862,606
Net Income/Employee (TTM)	63,985	112,472	130,214	92,457
Receivable Turnover (TTM)	3.01	0.48	0.96	11.13
Inventory Turnover (TTM)	1.97	0.25	0.55	9.39
Asset Turnover (TTM)	0.46	0.07	0.12	0.80

Source: Reuters Business and Finance

Appendix 5

Perrigo Company Stock Performance



TEVA Stock Performance



Appendix 5 continued

NBTY, Inc. Stock performance



Perrigo Company and TEVA Comparison



Appendix 5 continued

Perrigo Company and NASDAQ Comparison



Source: Stock Graphs from Yahoo! Finance