

PERRIGO CO
Form DEF 14A
September 22, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

PERRIGO COMPANY

(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(4) Date Filed:

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515 Eastern Avenue

Allegan, Michigan 49010

Telephone: (269) 673-8451

Notice of 2009 Annual Meeting of Shareholders of Perrigo Company

Date: Thursday, October 29, 2009

Time: 10:00 a.m. Eastern Time

Place: Allegan County Area Technical & Education Center
2891 116th Avenue (M-222)
Allegan, Michigan 49010

Purpose:

elect four directors,

ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2010, and

consider and act upon other business that may properly come before the meeting.

We invite all shareholders to attend the meeting; however, only shareholders of record on September 4, 2009 may vote on the matters to be acted upon at the meeting.

Your vote is important. Please vote your shares as soon as possible regardless of whether you plan to attend the Annual Meeting so that your shares will be represented and voted at the meeting. To do so, you should promptly sign, date and return the enclosed proxy card or proxy voting instruction form or vote by telephone or Internet following the instructions on the proxy card.

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Our 2009 Annual Report to Shareholders is enclosed and is available along with the proxy statement at <http://www.perrigo.com/proxymaterials>.

Todd W. Kingma

Secretary

September 22, 2009

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Perrigo Company

Proxy Statement

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The Proxy Statement, form of proxy and voting instructions are being mailed to shareholders starting on or about September 22, 2009.

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Questions and Answers

Shareholders of publicly held companies often ask the following questions. We trust that the answers will assist you in casting your vote.

1. Why did I receive these proxy materials?

You received these proxy materials because you were a shareholder of record or a beneficial owner of Perrigo common stock on September 4, 2009, which entitles you to vote at our 2009 Annual Meeting of Shareholders.

2. What am I voting on?

You will be voting on two proposals at our annual meeting: (a) the election of four directors and (b) the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2010.

3. What are the recommendations of the Board of Directors?

The Board of Directors recommends you vote FOR the election of each director nominee and FOR ratification of the appointment of Ernst & Young LLP. In addition, the proxy holders may vote in their discretion with respect to any other matter that properly comes before the meeting.

4. Who may vote?

Only shareholders of record at the close of business on September 4, 2009, the record date, may vote their shares at the Annual Meeting. On that date, there were 92,185,892 shares of Perrigo common stock outstanding.

5. How many votes do I have?

You have one vote for each share of Perrigo common stock that you owned on the record date.

6. What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with Perrigo's Transfer Agent, National City Bank, you are considered, with respect to those shares, the shareholder of record. If your shares are held in a stock brokerage account or by a bank or other holder of record for your benefit, you are considered the beneficial owner of shares held in street name. The broker, bank or other holder of record is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the proxy card or proxy voting instruction form included with this proxy statement or by following the instructions for voting by telephone or on the Internet.

7. How do I vote?

If you own shares that are traded through NASDAQ, you may generally vote your shares in any of the following four ways:

1. By mail: complete, sign and date the proxy card or voting instruction form and return it in the enclosed envelope.

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2. By telephone: call the toll-free number on the proxy card, enter the control number on the proxy card and follow the recorded instructions.

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3. By Internet: go to the website listed on the proxy card, enter the control number on the proxy card and follow the instructions provided.
4. In person: attend the Annual Meeting, where ballots will be provided.

You may also vote by telephone or over the Internet if you hold your shares through a bank or broker that offers either of those options. If you choose to vote in person at the Annual Meeting and your shares are held in the name of your broker, bank or other nominee, you need to bring an account statement or letter from the nominee indicating that you were the beneficial owner of the shares on September 4, 2009, the record date for voting.

If you own shares that are traded through the Tel-Aviv Stock Exchange (the TASE), you may only vote your shares in one of the following two ways:

1. By mail: complete, sign and date the proxy card or voting instruction form and attach to it an ownership certificate from the Tel Aviv Stock Exchange Clearing House Ltd. (the TASE's Clearing House) member through which your shares are registered (i.e., your broker, bank or other nominee) indicating that you were the beneficial owner of the shares on September 4, 2009, the record date for voting, and return the proxy card or voting instruction form, along with the ownership certificate, to our designated address for that purpose in Israel, P.O. Box 20387, Tel Aviv, Israel 61200. If the TASE member holding your shares is not a TASE's Clearing House member, please make sure to include an ownership certificate from the TASE's Clearing House member in which name your shares are registered.
2. In person: attend the Annual Meeting, where ballots will be provided. If you choose to vote in person at the Annual Meeting, you need to bring an ownership certificate from the TASE's Clearing House member through which your shares are registered (i.e., your broker, bank or other nominee) indicating that you were the beneficial owner of the shares on September 4, 2009, the record date for voting. If the TASE member holding your shares is not a TASE's Clearing House member, please make sure to include an ownership certificate from the TASE's Clearing House member in which name your shares are registered.

8. How does discretionary voting authority apply?

If you sign, date and return your proxy card or vote by telephone or Internet, your vote will be cast as you direct. If you do not indicate how you want to vote, you give authority to Judy L. Brown and Todd W. Kingma to vote on the items discussed in these proxy materials and on any other matter that is properly raised at the Annual Meeting. In that event, your proxy will be voted FOR the election of each director nominee, FOR the ratification of the appointment of Ernst & Young LLP, and FOR or AGAINST any other properly raised matters at the discretion of Judy Brown and Todd Kingma.

9. What can I do if I change my mind after I vote my shares?

If your shares are traded through the NASDAQ, you may revoke your proxy at any time before it is exercised in one of four ways:

1. notify our Secretary in writing before the Annual Meeting that you are revoking your proxy (your notice should be sent to our address on the cover of this proxy statement);
2. submit another proxy with a later date;
3. vote by telephone or Internet after you have given your proxy; or

4. vote in person at the Annual Meeting.

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If your shares are traded through the TASE, you may only revoke your proxy by using one of the following three methods:

1. notify our Secretary in writing before the Annual Meeting that you are revoking your proxy (your notice should be sent to our designated address for that purpose in Israel, P.O. Box 20387, Tel Aviv, Israel 61200);
2. submit another proxy with a later date; or
3. vote in person at the Annual Meeting.

10. What constitutes a quorum?

The presence, in person or by proxy, of the holders of a majority of Perrigo shares entitled to vote at the Annual Meeting constitutes a quorum. You will be considered part of the quorum if you return a signed and dated proxy card, if you vote by telephone or Internet, or if you attend the Annual Meeting.

Abstentions and broker non-votes are counted as shares present at the Annual Meeting for purposes of determining whether a quorum exists. A broker non-vote occurs when a broker submits a proxy that does not indicate a vote for a proposal because he or she does not have voting authority and has not received voting instructions from you.

11. What is the required vote?

In the election of directors, the four nominees receiving the highest number of votes will be elected. Ratification of the appointment of Ernst & Young LLP requires the affirmative vote of a majority of the votes cast on the proposal at the meeting. If you are a beneficial owner, your bank, broker or other holder of record is permitted to vote your shares on the election of directors and the ratification of the appointment of Ernst & Young LLP, even if they do not receive voting instructions from you. Therefore, no broker non-votes will occur in connection with the election of directors and the ratification of the appointment of Ernst & Young LLP. Abstentions will have no effect on the election of the directors or on the ratification of the appointment of Ernst & Young LLP.

12. What does it mean if I receive more than one proxy card?

Your shares are likely registered differently or are in more than one account. You should complete and return each proxy card you receive to guarantee that all of your shares are voted.

13. How do I submit a shareholder proposal for next year's Annual Meeting?

You must submit a proposal to be included in our proxy statement for the 2010 Annual Meeting no later than May 25, 2010. Your proposal must be in writing and must comply with the proxy rules of the Securities and Exchange Commission (the "SEC"). You may also submit a proposal that you do not want included in the proxy statement but that you want to raise at the 2010 Annual Meeting. If you want to do this, we must receive your written proposal on or after July 31, 2010, but on or before August 20, 2010. If you submit your proposal after the deadline, then SEC rules permit the individuals named in the proxies solicited by Perrigo's Board of Directors for that meeting to exercise discretionary voting power as to that proposal, but they are not required to do so.

To properly bring a proposal (other than the nomination of a director) before an Annual Meeting, the advance notice provisions of our by-laws require that your notice of the proposal must include: (1) your name and address and the name and address of the beneficial owner of the shares, if any; (2) the number of shares of Perrigo common stock owned beneficially and of record by you and any beneficial owner as of the date of the notice (which information must be supplemented as of the record date); (3) a description of

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certain agreements, arrangements or understandings that you or any beneficial owner have entered into with respect to the shares (which information must be supplemented as of the record date) or the business proposed to be brought before the meeting; (4) any other information regarding you or any beneficial owner that would be required under the SEC's proxy rules and regulations; and (5) a brief description of the business you propose to be brought before the meeting, the reasons for conducting that business at the meeting, and any material interest that you or any beneficial owner has in that business. You should send any proposal to our Secretary at the address on the cover of this proxy statement.

14. How do I nominate a director at next year's Annual Meeting?

If you wish to nominate an individual for election as a director at the 2010 Annual Meeting, we must receive your nomination on or after July 31, 2010, but on or before August 20, 2010. To properly bring a nomination before next year's Annual Meeting, the advance notice provisions of our by-laws require that your notice of nomination must include: (1) your name and address and the name and address of the beneficial owner of the shares, if any; (2) the number of shares of Perrigo common stock owned beneficially and of record by you and any beneficial owner as of the date of the notice (which information must be supplemented as of the record date); (3) a description of certain agreements, arrangements or understandings that you or any beneficial owner have entered into with respect to the shares (which information must be supplemented as of the record date); (4) the name, age and home and business addresses of the nominee; (5) the principal occupation or employment of the nominee; (6) the number of shares of Perrigo common stock that the nominee beneficially owns; (7) a statement that the nominee is willing to be nominated and serve as a director; (8) an undertaking to provide any other information required to determine the eligibility of the nominee to serve as an independent director or that could be material to stockholders' understanding of his or her independence; and (9) any other information regarding you, any beneficial owner or the nominee that would be required under the SEC's proxy rules and regulations had our Board of Directors nominated the individual. You should send your proposed nomination to our Secretary at the address on the cover of this proxy statement.

15. Who pays to prepare, mail and solicit the proxies?

Perrigo pays all of the costs of preparing and mailing the proxy statement and soliciting the proxies. We do not compensate our directors, officers and employees for mailing proxy materials or soliciting proxies in person, by telephone or otherwise.

16. Can I access these proxy materials on the internet?

Yes. The proxy statement and our 2009 Annual Report and a link to the means to vote by internet are available at <http://www.perrigo.com/proxymaterials>.

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Corporate Governance

General

We manage our business under the direction of our Board of Directors. The Chief Executive Officer reports directly to the Board, and members of our executive management regularly advise the Board on those business segments for which each has management responsibility. Members of our Board are kept informed of our business through discussions with our Chief Executive Officer and other officers, by reviewing materials provided to them, by visiting our offices and plants, and by participating in meetings of the Board and its committees.

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines that are available on our website (<http://www.perrigo.com>) under the heading For Investors Corporate Governance Governance Guidelines. The Board may amend these Guidelines from time to time. We will mail a copy of these guidelines to any shareholder upon written request to our Secretary, Todd W. Kingma, at 515 Eastern Avenue, Allegan, Michigan, 49010. As part of our ongoing commitment to corporate governance, we periodically review our corporate governance policies and practices for compliance with the provisions of the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC and the NASDAQ listing standards.

Code of Conduct

Our Code of Conduct acknowledges that a reputation for ethical, moral and legal business conduct is one of Perrigo's most valuable assets. In addition to acknowledging special ethical obligations for financial reporting, the Code requires that our employees, officers and directors comply with laws and other legal requirements, avoid conflicts of interest, protect corporate opportunities and confidential information, conduct business in an honest and ethical manner and otherwise act with integrity and in Perrigo's best interest. Our Code of Conduct is available on our website (<http://www.perrigo.com>) under the heading For Investors Corporate Governance Code of Conduct, and we will promptly post any amendments to or waivers of the Code on our website. We will mail a copy of our Code to any shareholder upon written request to our Secretary, Todd W. Kingma, at 515 Eastern Avenue, Allegan, MI 49010.

Director Independence

Our Corporate Governance Guidelines provide that a substantial majority of our directors should meet the independence requirements of NASDAQ. A director will not be considered independent unless the Board of Directors determines that the director meets the NASDAQ independent requirements and has no relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Based on its most recent annual review of director independence, the Board of Directors has concluded that each director, other than Moshe Arkin, David T. Gibbons and Joseph C. Papa, is independent as defined in the NASDAQ listing standards. Mr. Papa is not independent under these standards because he is currently serving as an officer of Perrigo. Mr. Arkin and Mr. Gibbons are not independent under these standards because they served as officers of Perrigo within the past three years. In addition, Mr. Arkin has certain other relationships with us as described below.

Lead Independent Director

The Board of Directors has appointed an independent director to serve as Lead Independent Director. The role of the Lead Independent Director includes:

presiding at all Board meetings at which the Chairman is not present, including executive sessions of the independent directors;

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serving as a liaison between the Chairman and the independent directors, including being responsible for communicating with the CEO regarding CEO performance evaluations and providing feedback from the independent director sessions;

having the authority to call meetings of the independent directors; and

approving Board meeting agendas and schedules to assure there is sufficient time for discussion of all agenda items.

The term of the Lead Independent Director position is three years, subject to annual reviews. The Lead Independent Director is selected from those Perrigo directors who are independent, who have had a minimum of three years of service on Perrigo's Board of Directors, and who have not been a former executive officer of Perrigo.

Currently, the Lead Independent Director is Gary K. Kunkle, Jr.

Board of Directors and Committees

Perrigo's Board of Directors met seven times during fiscal year 2009. In addition to these meetings of the full Board, directors attended Board committee meetings. The Board of Directors has standing Audit, Compensation and Nominating & Governance Committees; and there were a total of 15 committee meetings in fiscal year 2009. Each director attended at least 75% of the regularly scheduled and special meetings of the Board and Board committees on which he or she served in fiscal year 2009.

We encourage all of our directors to attend our Annual Meeting of Shareholders. All of the directors attended our 2008 Annual Meeting, except for Gary K. Kunkle, Jr., who could not attend for personal reasons.

The Board has adopted a charter for each of the Audit, Compensation and Nominating & Governance Committees that specifies the composition and responsibilities of each committee. Copies of the charters are available on our website (<http://www.perrigo.com>) under For Investors Corporate Governance and are available in print to shareholders upon written request to our Secretary, Todd W. Kingma, 515 Eastern Avenue, Allegan, MI 49010.

Audit Committee

During fiscal year 2009, the Audit Committee met four times. The committee consists solely of the following independent directors: Laurie Brlas (Chair), Gary K. Kunkle, Jr. and Ben-Zion Zilberfarb.

The Audit Committee monitors our accounting and financial reporting principles and policies and our internal controls and procedures. It is directly responsible for the compensation and oversight of the work of the independent registered public accounting firm in the preparation and issuance of audit reports and related work, including the resolution of any disagreements between management and the independent registered public accounting firm regarding financial reporting. It is also responsible for overseeing the work of our internal audit function. Additional information on the committee and its activities is set forth in the Audit Committee Report on page 35.

The Board of Directors has determined that each member of the Audit Committee (1) meets the audit committee independence requirements of the NASDAQ listing standards and the rules and regulations of the SEC and (2) is able to read and understand fundamental financial statements, as required by the NASDAQ listing standards. The Board has also determined that Laurie Brlas has the requisite attributes of an audit committee financial expert under the SEC's rules and that such attributes were acquired through relevant education and work experience.

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Compensation Committee

During fiscal year 2009, the Compensation Committee met six times. The committee consists solely of the following independent directors: Michael J. Jandernoa (Chair), Ellen R. Hoffing (member since October 2008) and Ran Gottfried.

The Compensation Committee reviews and recommends to the Board compensation arrangements for the Chief Executive Officer and non-employee directors. It also reviews and approves the annual compensation for executive officers, including salaries, bonuses and incentive and equity compensation, and administers Perrigo's incentive and other long-term employee compensation plans. The Compensation Committee has engaged Hewitt Associates LLC as its independent consultant to assist it in considering and analyzing market practices and trends as well as management's compensation recommendations. Perrigo has not retained Hewitt Associates to perform any other compensation-related or consulting services for Perrigo. Additional information regarding the processes and procedures of the Compensation Committee is presented in the Compensation Discussion and Analysis Program Administration section, beginning on page 13.

Nominating & Governance Committee

During fiscal year 2009, the Nominating & Governance Committee met five times. The Committee consists solely of the following independent directors: Herman Morris, Jr. (Chair), Michael J. Jandernoa and Gary M. Cohen.

The Nominating & Governance Committee identifies and recommends to the Board qualified director nominees for the next annual meeting of shareholders, including consideration of shareholder nominations for election to the Board submitted in accordance with the procedures discussed above under Questions and Answers How do I nominate a director at next year's Annual Meeting? This committee also develops and recommends to the Board the Corporate Governance Guidelines applicable to Perrigo, leads the Board in its annual review of Board performance and makes recommendations to the Board with respect to the assignment of individual directors to various committees.

Executive Sessions of Independent Directors

The independent members of the Board of Directors hold regularly scheduled meetings in executive session without management and also meet in executive session with the Chief Executive Officer on an as needed basis.

Communications with Directors

Shareholders and other interested parties may communicate with any of our directors or with the independent directors as a group by writing to them in care of our Secretary, Todd W. Kingma, at 515 Eastern Avenue, Allegan, Michigan 49010. Relevant communications will be distributed to the appropriate directors depending on the facts and circumstances outlined in the communication. In accordance with the policy adopted by our independent directors, any communications that allege or report significant or material fiscal improprieties or complaints about internal accounting controls or other accounting or auditing matters will be immediately sent to the Chair of the Audit Committee and, after consultation with the Chair, may be sent to the other members of the Audit Committee. In addition, the Lead Independent Director will be advised promptly of any communications that allege misconduct on the part of Perrigo management or that raise legal or ethical concerns about Perrigo's practices or compliance concerns about Perrigo's policies. The General Counsel maintains a log of all such communications, which is available for review upon the request of any Board member.

Director Nominations

The Nominating & Governance Committee is responsible for screening and recommending candidates for service as a director and considering recommendations offered by shareholders in accordance with our by-laws.

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The Board as a whole is responsible for approving nominees. The Nominating & Governance Committee recommends individuals as director nominees based on various criteria, including their business and professional background, integrity, understanding of our business, demonstrated ability to make independent analytical inquiries, willingness and ability to devote the necessary time to Board and committee duties. A director's qualifications in meeting these criteria are considered at least each time the director is re-nominated for Board membership. Should a new director be needed to satisfy specific criteria or to fill a vacancy, the Nominating & Governance Committee will initiate a search for potential director nominees, seeking input from other Board members, the Chief Executive Officer, senior management and any outside advisers retained to assist in identifying and evaluating candidates.

Shareholders may nominate candidates for consideration at an annual meeting by following the process described in this proxy statement under Questions and Answers – How do I nominate a director at next year's Annual Meeting? Assuming that a properly submitted shareholder recommendation for a potential nominee is timely received, the Nominating & Governance Committee and Board will follow the same process and apply the same criteria as they do for candidates submitted by other sources.

Stock Ownership

Each non-executive director is required to attain stock ownership at a level equal to five times his or her annual cash retainer. Non-executive directors are subject to the same definition of stock ownership and retention requirements as executive officers, the details of which are described in the Compensation Discussion and Analysis – Elements of Compensation – Executive Stock Ownership Guidelines section, beginning on page 19. Our non-executive directors are in compliance with these guidelines.

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Certain Relationships and Related-Party Transactions

Our Code of Conduct precludes our directors, officers and employees from engaging in any type of activity, such as related-party transactions, that might create an actual or perceived conflict of interest. In addition, our Board of Directors adopted a Related-Party Transaction Policy that requires that all covered related-party transactions be approved or ratified by the Nominating & Governance Committee. Under the Policy, each executive officer, director or director nominee must promptly notify the Chair of the Nominating & Governance Committee and our General Counsel in writing of any actual or prospective related-party transaction covered by the Policy. The Nominating & Governance Committee, with input from our Legal Department, reviews the relevant facts and approves or disapproves the transaction. In reaching its decision, the Nominating & Governance Committee considers the factors outlined in the Policy, a copy of which is available on our website (<http://www.perrigo.com>) under the heading For Investors Corporate Governance Related-Party Transaction Policy.

In addition, on an annual basis, each director and executive officer completes a Directors and Officers Questionnaire that requires disclosure of any transactions with Perrigo in which he or she, or any member of his or her immediate family, has a direct or indirect material interest. The Nominating & Governance Committee reviews the information provided in these questionnaires.

Consulting Agreement

On May 1, 2008, we entered into a Consulting Agreement with Moshe Arkin and M. Arkin Ltd., a company controlled by Mr. Arkin. Mr. Arkin is a member of our Board of Directors and, until March 17, 2008, was Vice Chairman and General Manager, Perrigo Global Generics and API. Under the Consulting Agreement, Mr. Arkin provided advice and consultation concerning our generic prescription, API, and Israeli-pharmaceutical businesses and received an annual fee of \$370,000. While the Consulting Agreement was terminated on May 5, 2009 pursuant to the mutual agreement of the parties, Mr. Arkin cannot compete with us for one year after that date unless he obtains written consent from our Board of Directors. Mr. Arkin is also subject to a confidentiality provision that expires five years after the termination of his service as a member of our Board of Directors.

Lease Agreement

Through our subsidiary, Perrigo Israel Pharmaceuticals Ltd. (formerly Agis Industries (1983) Ltd.), we lease approximately 60,000 square feet of office space in Bnei-Brak, Israel from Arkin Real Estate Holdings (1961) Ltd., a corporation that is wholly owned by Moshe Arkin, who is a director and the former Vice Chairman of Perrigo. The lease pre-dates Perrigo's acquisition of Agis. In 2006, Perrigo Israel exercised an option to extend the lease term until December 31, 2011. In January 2008, the rent under the lease was reduced pursuant to a rental adjustment mechanism under the lease based on then-current market rates. The total rent paid under the lease in fiscal 2009 was \$576,088. We believe the rent and other terms of this lease are no less favorable to us than terms we could have obtained from an unrelated third party for similar property.

Nominating Agreement

In connection with Perrigo's acquisition of Agis, Perrigo entered into a Nominating Agreement with Moshe Arkin on November 14, 2004 that was amended on July 12, 2005 and September 10, 2005. Pursuant to the amended Nominating Agreement, and subject to Perrigo's Corporate Governance Guidelines, Perrigo agreed to name Mr. Arkin to Perrigo's Board of Directors. Perrigo also agreed to give Mr. Arkin the right to nominate an additional independent director and, in the event of a vacancy on the Perrigo Board, to nominate a second independent director to the Board, and to invite such directors to serve on either the Audit or Compensation Committees, in each case subject to their respective qualifications and Perrigo's Corporate Governance Guidelines.

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Mr. Arkin exercised his rights under the Nominating Agreement by nominating Mr. Gottfried and Mr. Zilberfarb, who were elected to the Board in February 2006 and February 2007, respectively. Mr. Arkin's right to nominate up to two individuals to serve on the Board terminated when Mr. Arkin both ceased to own at least 9% of the outstanding shares of Perrigo common stock and ceased to own 9,000,000 shares of Perrigo common stock. Mr. Arkin's right to serve on the Board will terminate when he ceases to own at least 5,000,000 shares of Perrigo common stock.

Director Compensation

Directors who are Perrigo employees receive no fees for their services as directors. Non-employee directors receive a \$65,000 annual cash retainer fee covering all regular and special Board meetings and the Annual Meeting of Shareholders. Each Member of the Audit, Compensation and Nominating & Governance Committees also receives an annual cash retainer of \$10,000, \$8,000 and \$6,000, respectively, which covers all regular and special committee meetings. Each non-employee director also receives stock options having a Black-Scholes value of \$50,000 on the grant date and an annual restricted stock grant having a value of \$50,000 on the grant date based upon the closing price of our stock on that date. The option and restricted stock grants are made on the date of the Annual Meeting of Shareholders pursuant to our shareholder-approved 2008 Long-Term Incentive Plan (the "LTIP") and are intended to directly link an element of director compensation to shareholders' interests. Each grant of options and restricted stock vests on the date of the next Annual Meeting of Shareholders.

The Chairs of the Audit, Compensation and Nominating & Governance Committees receive additional annual retainers of \$15,000, \$10,000 and \$7,500, respectively. The Lead Independent Director also receives a \$15,000 annual cash retainer.

Directors receive compensation of \$1,000 per day for activities requiring travel in furtherance of Board or Perrigo business (other than to and from Board and committee meetings). We also reimburse directors for travel expenses incurred in connection with attending Board and committee meetings and participating in other Board or Perrigo business.

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The following table summarizes the compensation of our non-employee directors who served during fiscal year 2009.

Director Compensation

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽²⁾	Option Awards (\$) ⁽²⁾	Total (\$)
Moshe Arkin	60,000	30,951	21,205	112,156
Laurie Brlas	75,333	45,983	29,142	150,458
Gary M. Cohen	70,250	45,983	29,142	145,375
David T. Gibbons	60,000	44,499	29,142	133,641
Ran Gottfried	66,833	45,668	29,142	141,643
Ellen R. Hoffing ⁽¹⁾	63,250	42,959	25,266	131,475
Michael J. Jandernoa	75,333	45,983	29,142	150,458
Gary K. Kunkle, Jr.	68,167	45,983	29,142	143,292
Herman Morris, Jr.	72,167	45,983	29,142	147,292
Ben-Zion Zilberfarb	68,167	44,499	29,142	141,808

⁽¹⁾ Ms. Hoffing became a director on July 11, 2008.

⁽²⁾ Amounts reflect the expense recognized for financial statement purposes for the fiscal year ended June 27, 2009 in accordance with FAS 123(R) and may include amounts from awards granted in and prior to fiscal 2008. Stock awards include only service-based restricted stock, and stock awards granted in and after fiscal 2007 fully vest after one year. Option awards also fully vest after one year. Assumptions used in the calculation of expenses related to option awards are included in the footnotes to our audited financial statements for the fiscal year ended June 27, 2009 included in our Annual Report on Form 10-K. The FAS 123(R) grant date fair value of the stock awards and options awards granted to each director listed in the table was \$34.45 per share for each grant of 1,451 shares of restricted stock and \$10.22 per share for each option to purchase 3,351 shares.

The total number of unvested shares of restricted stock held by each director as of June 27, 2009 was: Mr. Arkin, 24,500; Ms. Brlas, 1,451; Mr. Cohen, 1,451; Mr. Gibbons, 21,580; Mr. Gottfried, 1,451; Ms. Hoffing 1,451; Mr. Kunkle, 1,451; Mr. Jandernoa, 1,451; Mr. Morris, 1,451; and Mr. Zilberfarb, 1,451.

The total number of unvested stock options held by each director as of June 27, 2009 was: Mr. Arkin, 55,828; Ms. Brlas, 3,351; Mr. Cohen, 3,351; Mr. Gibbons, 3,351; Mr. Gottfried, 3,351; Ms. Hoffing 3,351; Mr. Jandernoa, 3,351; Mr. Kunkle, 3,351; Mr. Morris, 3,351; and Mr. Zilberfarb, 3,351.

The total number of vested stock options held by each director as of June 27, 2009 was: Mr. Arkin, 44,370; Ms. Brlas, 15,464; Mr. Cohen, 15,464; Mr. Gibbons, 104,650; Mr. Gottfried, 10,464; Ms. Hoffing 806; Mr. Jandernoa, 28,745; Mr. Kunkle, 15,464; Mr. Morris, 33,745; and Mr. Zilberfarb, 9,014.

Ownership of Perrigo Common Stock**Directors, Nominees and Executive Officers**

The following table shows how much Perrigo common stock the directors, nominees, named executive officers, and all directors, nominees and executive officers as a group beneficially owned as of September 4, 2009, the record date. The percent of class owned is based on 92,185,892 shares of Perrigo common stock outstanding as of that date. The named executive officers are the individuals listed in the Summary Compensation Table.

Other than as listed below, we are not aware of any other beneficial owner of more than 5% of Perrigo's outstanding common stock.

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Beneficial ownership is a technical term broadly defined by the SEC to mean more than ownership in the usual sense. In general, beneficial ownership includes any shares a shareholder can vote or transfer and stock options that are exercisable currently or become exercisable within 60 days. Except as otherwise noted, the shareholders named in this table have sole voting and investment power for all shares shown as beneficially owned by them.

	Shares of Common Stock Beneficially Owned	Options Exercisable Within 60 Days of Record Date	Total	Percent of Class
Directors and Nominees				
Moshe Arkin ⁽¹⁾	7,035,551	67,091	7,102,642	7.7%
Laurie Brlas ⁽²⁾	13,914	18,815	32,729	*
Gary M. Cohen	14,343	18,815	33,158	*
David T. Gibbons	103,550	108,001	211,551	*
Ran Gottfried	7,342	13,815	21,157	*
Ellen R. Hoffing	1,784	4,157	5,941	*
Michael J. Jandernoa ⁽³⁾	3,215,825	32,096	3,247,921	3.5%
Gary K. Kunkle, Jr. ⁽⁴⁾	18,387	18,815	37,202	*
Herman Morris, Jr. ⁽⁴⁾	16,280	32,096	48,375	*
Joseph C. Papa	82,131	82,917	165,048	*
Ben-Zion Zilberfarb	4,482	12,365	17,207	*
Named Executive Officers Other Than Directors				
Judy L. Brown	13,144	22,183	35,327	*
John T. Hendrickson ⁽⁵⁾	47,773	84,959	132,732	*
Todd W. Kingma	27,679	45,676	73,355	*
Refael Lebel	25,751	31,920	57,671	*
Directors and Executive Officers as a Group (21 Persons) ⁽⁶⁾	10,689,955	791,153	11,481,108	12.45%

* Less than 1%.

(1) Shares owned consist of 7,021,966 shares owned by Nichsei Arkin Ltd., which Mr. Arkin controls, and 13,585 shares owned directly by Mr. Arkin. Mr. Arkin's address is c/o Perrigo Company, Attn: General Counsel, 515 Eastern Ave., Allegan, MI 49010.

(2) Shares owned include 10,575 shares that are pledged to secure a line of credit.

(3) Shares owned consist of 2,511,286 shares owned by the Michael J. Jandernoa Trust, of which Mr. Jandernoa is trustee; 315,938 shares owned by the Susan M. Jandernoa Trust, of which Mrs. Jandernoa is trustee; and 3,601 shares owned directly by Mr. Jandernoa. The shares owned by the Michael J. Jandernoa Trust include 385,000 shares that have been pledged pursuant to a variable prepaid forward contract. The Michael J. Jandernoa Trust retains voting power over the pledged shares. Mr. Jandernoa's address is c/o Perrigo Company, Attn: General Counsel, 515 Eastern Ave., Allegan, MI 49010.

(4) Shares owned include 3,000 shares owned as custodian for Mr. Morris' children.

(5) Shares owned include 44,820 shares owned by the Mary Hendrickson Trust, of which JPMorgan Chase is trustee.

(6) See footnotes 1 through 5. Includes directors and executive officers as of September 4, 2009, the record date.

Section 16(a) Beneficial Ownership

Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that Perrigo's executive officers, directors and 10% shareholders file reports of ownership and changes of ownership of Perrigo common stock with the SEC. Based on a review of copies of these reports provided to us and written representations from executive officers and directors, we believe that all filing requirements were met during fiscal year 2009.

Table of Contents**Executive Compensation****Compensation Discussion and Analysis**

This section summarizes the objectives and each element of the compensation program for our Chief Executive Officer, Chief Financial Officer and the next three most highly compensated executive officers who were serving at the end of the last fiscal year (collectively referred to as the named executive officers). You should review this section with the tabular disclosures that begin with the Summary Compensation Table on page 23.

Named Executive Officers

The names and titles of our named executive officers for fiscal year 2009 are:

Name	Title
Joseph C. Papa	Chairman, President & Chief Executive Officer
Judy L. Brown	Executive Vice President, Chief Financial Officer
John T. Hendrickson	Executive Vice President, Global Operations and Supply Chain
Todd W. Kingma	Executive Vice President, General Counsel and Secretary
Refael Lebel	Executive Vice President, President Perrigo Israel

Program Administration

The Compensation Committee of the Board of Directors (the Committee), which is composed entirely of independent directors, oversees our executive compensation program. The Committee reviews and approves annually the compensation elements for all executive officers, including the named executive officers. The Committee submits its decisions regarding compensation for the CEO to the independent directors of the Board for approval. For other executive officers, the CEO makes recommendations regarding their compensation to the Committee for the Committee s approval. Management is responsible for implementing the executive compensation program as approved by the Committee and the Board.

The Committee has engaged Hewitt Associates LLC as its independent consultant to assist it in considering and analyzing market practices and trends as well as management s compensation recommendations. Perrigo has not retained Hewitt Associates to perform any other compensation-related or consulting services for Perrigo. In addition, management and the Committee periodically review compensation survey data published by Mercer Human Resource Consulting, ORC Worldwide, Towers Perrin and Watson W