



**JUDY BROWN**

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August 31, 2011

The Honorable Dave Camp  
Chairman  
Committee on Ways and Means  
US House of Representatives  
Washington, DC 20515

The Honorable Sander Levin  
Ranking Member  
Committee on Ways and Means  
US House of Representatives  
Washington, DC 20515

Dear Chairman Camp and Ranking Member Levin,

Thank you again for the opportunity to testify before the Committee as it considers fundamental tax reform and thank you for this opportunity to discuss Perrigo's effective tax rate. As I said before the Committee in June, Perrigo's worldwide effective tax rate, excluding unusual items, was just below 30% and Perrigo's US-based effective rate is between 36-38%. In order to give you the most detailed answer possible, I have worked up an analysis of Perrigo's US GAAP tax rate and included the relevant pages from Perrigo's 10K filings with the Securities and Exchange Commission.

In the attached documents, you will find our domestic tax rate, which aggregates the rate paid in federal taxes – both current and deferred – and the rate paid to the states in which we do business – both current and deferred. This rate in fiscal years 2008, 2009, and 2010 was between 36-38%.

Finally, you will find a calculation for Perrigo's worldwide effective tax rate, which combines all of the taxes the company paid with all of the benefits it received in all jurisdictions. As a result of doing business in other countries with lower rates and some benefits, Perrigo's worldwide effective rate is lower than our US rate. In fiscal years 2008-2010, this rate ranged between a low of 21% to a high of almost 31%. In 2009, Perrigo's worldwide effective rate was 30.8%. In fiscal year 2010, the rate was 27.3%.

The answers I provided at the Committee are consistent with the accounting shown in these attachments. Thank you for the opportunity to clarify my testimony. I look forward to working with you and the other members of the committee as you work toward comprehensive tax reform. Please feel free to contact me if I can provide any further information.

Sincerely,

Judy Brown  
Executive Vice President and Chief Financial Officer  
Perrigo

**Perrigo Company & Subsidiaries**  
**Tax Rate Reconciliation per SEC Form 10K**

	Fiscal years ended on/about June 30,				Averages	
	2010	2009	2008	2007	3 Year	4 Year
<b>Domestic</b>						
<i>Pre-Tax Domestic Income before Tax (A)</i>	\$ 190,104	\$ 137,839	\$ 101,865	\$ 19,298	429,808	449,106
<i>Provision for Income taxes:</i>						
Federal - Current	63,992	49,692	38,769	1,311	152,453	153,764
Federal - Deferred	261	(4,474)	(4,209)	3,498	(8,422)	(4,924)
Total Federal Provision (1)	64,253	45,218	34,560	4,809	144,031	148,840
<b>Federal Rate</b>	<b>33.8%</b>	<b>32.8%</b>	<b>33.9%</b>	<b>24.9%</b>	<b>33.5%</b>	<b>33.1%</b>
State - Current	7,042	4,892	3,924	550	15,858	16,408
State - Deferred	(554)	488	140	464	74	538
Total State Provision (2)	6,488	5,380	4,064	1,014	15,932	16,946
<b>State Rate</b>	<b>3.4%</b>	<b>3.9%</b>	<b>4.0%</b>	<b>5.3%</b>	<b>3.7%</b>	<b>3.8%</b>
<i>Total Provision for Income Taxes (1)+(2)=(B)</i>	\$ 70,741	\$ 50,598	\$ 38,624	\$ 5,823	159,963	165,786
<b>Domestic Tax Rate - (B)/(A)</b>	<b>37.2%</b>	<b>36.7%</b>	<b>37.9%</b>	<b>30.2%</b>	<b>37.2%</b>	<b>36.9%</b>
<b>International</b>						
<i>Pre-Tax Income (C)</i>	\$ 118,082	\$ 65,941	\$ 76,081	\$ 67,834	260,104	327,938
<i>Provision for Income taxes:</i>						
International - Current	29,128	11,416	2,112	14,005	42,656	56,661
International - Deferred	(15,780)	668	(2,987)	(5,530)	(18,099)	(23,629)
<i>Total Provision for Income Taxes (D)</i>	\$ 13,348	\$ 12,084	\$ (875)	\$ 8,475	24,557	33,032
<b>International Tax Rate - (D)/(C)</b>	<b>11.3%</b>	<b>18.3%</b>	<b>-1.2%</b>	<b>12.5%</b>	<b>9.4%</b>	<b>10.1%</b>
<b>Worldwide</b>						
<i>Pre-Tax Income (E)</i>	\$ 308,186	\$ 203,780	\$ 177,946	\$ 87,132	689,912	777,044
<i>Provision for Income taxes:</i>						
Federal - Current	63,992	49,692	38,769	1,311	152,453	153,764
Federal - Deferred	261	(4,474)	(4,209)	3,498	(8,422)	(4,924)
State - Current	7,042	4,892	3,924	550	15,858	16,408
State - Deferred	(554)	488	140	464	74	538
International - Current	29,128	11,416	2,112	14,005	42,656	56,661
International - Deferred	(15,780)	668	(2,987)	(5,530)	(18,099)	(23,629)
<i>Total Provision for Income Taxes (F)</i>	\$ 84,089	\$ 62,682	\$ 37,749	\$ 14,298	184,520	198,818
<b>Worldwide Tax Rate - (F)/(E)</b>	<b>27.3%</b>	<b>30.8%</b>	<b>21.2%</b>	<b>16.4%</b>	<b>26.7%</b>	<b>25.6%</b>

PER FORM 10-K

## NOTE 14 - INCOME TAXES

Pre-tax income and the provision for income taxes from continuing operations are summarized as follows:

	Fiscal Year		
	2010	2009	2008
Pre-tax income:			
U.S.	\$190,104	\$137,839	\$101,865
Foreign	118,082	65,941	76,081
Total	<u>\$308,186</u>	<u>\$203,780</u>	<u>\$177,946</u>
Provision for income taxes:			
Current:			
Federal	\$63,992	\$49,692	\$38,769
State	7,042	4,892	3,924
Foreign	29,128	11,416	2,112
Subtotal	<u>100,162</u>	<u>66,000</u>	<u>44,805</u>
Deferred:			
Federal	261	(4,474)	(4,209)
State	(554)	488	140
Foreign	(15,780)	668	(2,987)
Subtotal	<u>(16,073)</u>	<u>(3,318)</u>	<u>(7,056)</u>
Total	<u>\$84,089</u>	<u>\$62,682</u>	<u>\$37,749</u>

A reconciliation of the provision based on the Federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Fiscal Year		
	2010	2009	2008
	<u>%</u>	<u>%</u>	<u>%</u>
Provision at Federal statutory rate	35.0	35.0	35.0
State income taxes, net of Federal benefit	2.1	2.7	1.3
Foreign tax rate differences	(4.1)	(5.9)	(9.6)
Expenses not deductible for tax purposes/ deductions not expensed for book, net	(1.7)	(0.7)	(2.2)
Approved enterprise benefit	(3.3)	(2.4)	(3.6)
Israeli statutory tax rate change	(1.5)	-	-
Israeli tax ruling	-	-	(2.4)
Non-deductible write-off of in-process research and development	-	-	0.8
International capital loss	-	2.0	-
API restructuring - Germany	0.4	1.1	-
Foreign tax credit	(1.6)	-	-
Research and development credit	(0.3)	(1.4)	(0.5)
Other	2.3	0.4	2.4
Effective income tax rate	<u>27.3</u>	<u>30.8</u>	<u>21.2</u>

## NOTE 14 - INCOME TAXES

Pre-tax income and the provision for income taxes from continuing operations are summarized as follows:

	Fiscal Year		
	2009	2008	2007
Pre-tax income:			
U.S.	\$137,839	\$101,865	\$19,298
Foreign	65,941	76,081	67,834
Total	<u>\$203,780</u>	<u>\$177,946</u>	<u>\$87,132</u>
Provision for income taxes:			
Current:			
Federal	\$49,692	\$38,769	\$ 1,311
State	4,892	3,924	550
Foreign	11,416	2,112	14,005
Subtotal	<u>66,000</u>	<u>44,805</u>	<u>15,866</u>
Deferred:			
Federal	(4,474)	(4,209)	3,498
State	488	140	464
Foreign	668	(2,987)	(5,530)
Subtotal	<u>(3,318)</u>	<u>(7,056)</u>	<u>(1,568)</u>
Total	<u>\$62,682</u>	<u>\$37,749</u>	<u>\$14,298</u>

A reconciliation of the provision based on the Federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Fiscal Year		
	2009	2008	2007
	<u>%</u>	<u>%</u>	<u>%</u>
Provision at Federal statutory rate	35.0	35.0	35.0
State income taxes, net of Federal benefit	2.7	1.3	0.8
Foreign tax rate differences	(5.9)	(9.6)	(5.3)
Expenses not deductible for tax purposes/ deductions not expensed for book, net	(0.7)	(2.2)	(0.5)
Approved enterprise benefit	(2.4)	(3.6)	(11.8)
Israeli tax ruling	-	(2.4)	-
Non-deductible write-off of in-process research and development	-	0.8	-
International capital loss	2.0	-	-
API restructuring - Germany	1.1	-	-
Research and development credit	(1.4)	(0.5)	(3.3)
Other	0.4	2.4	1.5
Effective income tax rate	<u>30.8</u>	<u>21.2</u>	<u>16.4</u>