

FOR IMMEDIATE RELEASE

Ernest J. Schenk, Manager, Investor Relations and Communication
(269) 673-9212
E-mail: Investor@perrigo.com

**PERRIGO COMPANY REPORTS SECOND QUARTER
FISCAL 2005 EARNINGS**

ALLEGAN, Mich. – Feb. 1, 2005 – The Perrigo Company (Nasdaq: PRGO) today announced results for the second quarter and six months of fiscal 2005 ended Dec. 25, 2004.

Perrigo Company
(in thousands, except per share amounts)

	<u>Second Quarter</u>		<u>Year-To-Date</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Sales	\$251,748	\$247,377	\$479,467	\$459,216
Net Income	\$15,838	\$38,235	\$33,416	\$54,743
Diluted Shares	73,285	71,500	73,166	71,568
Diluted EPS	\$0.22	\$0.53	\$0.46	\$0.76

Second Quarter Results

Net sales for the second quarter of fiscal 2005 were \$251.7 million, an increase of two percent from \$247.4 million last year. Reported net income was \$15.8 million, or \$0.22 per share, compared with \$38.2 million, or \$0.53 per share, a year ago.

Excluding the impact of a previously announced product recall, which reduced sales by \$6.3 million and after-tax income by \$5.3 million, or \$0.07 per share, in the current year and a one-time income tax benefit of \$13.1 million, or \$0.18 per share last year, net income was \$21.1 million, or \$0.29 per share, compared with \$25.1 million, or \$0.35 per share, a year ago.

Commenting on the second quarter, David T. Gibbons, Perrigo Chairman, President and Chief Executive Officer, stated, "Our results reflect the previously announced expense of the November 2004 retail-level recall of loratadine syrup and the lower than anticipated sales of cough and cold and pain reliever products. The weak demand in these key products is not unique to Perrigo and corresponds to tracking service data reporting a cold and flu season that just never kicked in as expected in December. Predictions were that the flu vaccine shortage would result in more sickness, but the number of people reporting cold and flu symptoms through December 2004 was 30 percent below a year ago. It reminds us that while our core business is fundamentally strong, a shift in the flu season can have an impact on us.

"We are pleased that our balance sheet remained strong, with \$179 million in cash and securities and cash flow from operations of \$44 million in the quarter. In

October 2004, the Board of Directors approved an increase in the quarterly dividend of 14 percent, from \$0.035 to \$0.04 per share.”

Six Months Results

Net sales for the six months ended Dec. 25, 2004 were \$479.5 million, an increase of \$20 million, or four percent, compared with \$459.2 million last year. Net income for the six months was \$33.4 million, or \$0.46 per share, compared with \$54.7 million, or \$0.76 per share, a year ago. Excluding the expense of the product recall of \$5.3 million after-tax, or \$0.07 per share, in the current year and the income tax benefit of \$13.1 million, or \$0.18 per share last year, net income was \$38.7 million, or \$0.53 per share, compared with \$41.6 million, or \$0.58 per share, a year ago.

Consumer Healthcare

Consumer Healthcare segment sales decreased three percent to \$218.8 million, compared with \$225.1 million in the second quarter of fiscal 2005. The decline reflected a \$6.3 million sales adjustment for the loratadine syrup recall and lower sales in cough/cold and analgesic product categories due to the weak cold and flu season, partially offset by increased sales in the vitamin category. Operating income decreased 39 percent, or \$15 million, to \$23.2 million, compared with \$37.9 million last year, reflecting expenses for the product recall of \$8.3 million and lower gross profit contributions from cough/cold and analgesic products.

For the first six months of fiscal 2005, Consumer Healthcare sales were \$418.4 million compared with \$417.8 million in the same period last year. Operating income decreased 19 percent, or \$11.8 million, to \$51.0 million, compared with \$62.8 million last year.

Pharmaceuticals

In the second quarter, the Pharmaceuticals segment recorded initial shipments of the first generic prescription drug products marketed by the Company, ibuprofen oral suspension and citalopram tablets. The Pharmaceuticals segment recorded operating expenses of \$2.3 million, compared with \$1.1 million a year ago as the Company continued to invest in its start-up pharmaceutical business. For the first six months of fiscal 2005, operating expenses were \$3.6 million, compared with \$1.4 million last year.

United Kingdom

Second quarter net sales for the United Kingdom operations increased \$9.5 million to \$24.5 million. The December 2003 acquisition of Peter Black Pharmaceuticals accounted for approximately \$8 million of the increase and currency fluctuations accounted for approximately \$2 million. Operating income for the second quarter was \$1.7 million, compared with \$0.9 million last year, a result of increased sales and improved gross margins and lower costs driven by the integration initiatives

implemented over the past nine months. Sales for the first six months of fiscal 2005 were \$47.7 million, compared with \$27.6 million in the year ago period, and operating income was \$1.9 million, compared with \$1.3 million in the year ago period.

Mexico

Sales for the Mexico operations increased \$0.9 million, or 12 percent, to \$8.2 million in the second quarter. Operating income for the quarter was \$1.7 million, compared with \$1.1 million last year. Sales for the first six months of fiscal 2005 were \$13.2 million, compared with \$13.8 million last year and operating income was \$1.6 million, compared with \$1.4 million for the comparable six months last year. The Mexico organization continued to make good progress in improving its business model, with retail store brand sales growing 49 percent for the six months year-to-date and now representing 44 percent of total sales.

Outlook

Mr. Gibbons noted, "The peak to trough pattern of the cold and flu season from last year to this year has significantly impacted near-term results. The weakness in December demand for cough/cold and analgesic products was unanticipated throughout our industry and has affected the store brand segment of consumer healthcare. In response to this situation, we have taken action to more closely manage production levels and costs for the last half of the year. We are comfortable with our inventory levels and certainly remain strong financially, as evidenced by our balance sheet and cash position, despite the poor cough/cold season.

"In a new development, we began shipping nicotine gum in January and, because of production constraints, currently have more demand than we can supply. We are making every effort to increase availability as our nicotine gum product has received good acceptance at the retail level.

"Because of the loratadine recall and lost future sales (\$0.09 per share), the continued mild cold and flu season, and additional acquisition expenditures (approximately \$3.0 million or \$0.03 per share), we now anticipate earnings for the full fiscal year 2005 in the range of \$0.80 to \$0.84 per share and on an operating basis, in the range of \$0.92 to \$0.96 per share.

"Our long-term outlook, for fiscal 2006 and beyond, is as positive as ever as we continue to bring important new products to the store brand consumer healthcare market. The smoking cessation category, in particular, offers significant opportunity for us today, with the potential for sales and profits similar to loratadine, a key product for Perrigo in fiscal 2004."

Perrigo will host a conference call to discuss second quarter fiscal 2005 results at 11 a.m. (ET) today. The call and replay will be available via webcast on the Company's Web site at <http://www.perrigo.com/investor/>, or by phone, at 800-473-6123, International, 973-582-2745. A taped replay of the call will be available beginning at approximately 2:30 p.m. (ET) Tuesday, Feb. 1 until midnight Friday, Feb.

4. To listen to the replay, call 877-519-4471, International 973-371-3080, access code 5657089.

Perrigo Company is the nation's largest manufacturer of over-the-counter (non-prescription) pharmaceutical and nutritional products sold by supermarket, drug, and mass merchandise chains under their own labels. The Company's products include over-the-counter pharmaceuticals such as analgesics, cough and cold remedies, gastrointestinal, and feminine hygiene products, and nutritional products, such as vitamins, nutritional supplements and nutritional drinks. Visit Perrigo on the Internet (<http://www.perrigo.com>).

Note: Certain statements in this press release are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. These statements relate to future events or the Company's future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company or its industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or other comparable terminology. Please see the "Cautionary Note Regarding Forward-Looking Statements" on pages 27 - 33 of the Company's Form 10-K for the year ended June 26, 2004 for a discussion of certain important factors that relate to forward-looking statements contained in this press release. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. 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.

PERRIGO COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Second Quarter		Year-To-Date	
	2005	2004	2005	2004
Net sales	\$ 251,748	\$ 247,377	\$ 479,467	\$ 459,216
Cost of sales	184,692	171,198	347,698	323,017
Gross profit	67,056	76,179	131,769	136,199
Operating expenses				
Distribution	3,905	3,833	8,098	7,355
Research and development	9,286	6,186	15,640	11,899
Selling and administration	29,716	27,390	57,256	52,830
Total	42,907	37,409	80,994	72,084
Operating income	24,149	38,770	50,775	64,115
Interest and other, net	(604)	(504)	(1,444)	(953)
Income before income taxes	24,753	39,274	52,219	65,068
Income tax expense	8,915	1,039	18,803	10,325
Net income	\$ 15,838	\$ 38,235	\$ 33,416	\$ 54,743
Earnings per share				
Basic	\$ 0.22	\$ 0.55	\$ 0.47	\$ 0.78
Diluted	\$ 0.22	\$ 0.53	\$ 0.46	\$ 0.76
Weighted average shares outstanding				
Basic	71,206	69,967	71,111	70,006
Diluted	73,285	71,500	73,166	71,568
Dividends declared per share	\$ 0.040	\$ 0.035	\$ 0.075	\$ 0.060

PERRIGO COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Year-To-Date	
	2005	2004
Cash Flows From Operating Activities		
Net income	\$ 33,416	\$ 54,743
Adjustments to derive cash flows		
Depreciation and amortization	15,514	14,367
Share-based compensation	2,827	2,609
Deferred income taxes	(2,967)	(683)
Changes in operating assets and liabilities, net of a purchase of assets and a business acquisition		
Accounts receivable	(24,354)	(30,761)
Inventories	8,139	25,741
Accounts payable	(5,237)	3,246
Payroll and related taxes	(17,621)	(12,189)
Accrued customer programs	2,153	3,431
Accrued liabilities	1,944	4,079
Accrued income taxes	6,702	500
Other	938	(6,542)
Net cash from operating activities	21,454	58,541
Cash Flows For Investing Activities		
Additions to property and equipment	(7,564)	(13,535)
Acquisition of assets or business	(5,562)	(12,061)
Issuance of note receivable	-	(10,000)
Investment in equity subsidiaries	-	(2,000)
Purchase of securities	(1,000)	-
Proceeds from sales of securities	7,630	-
Other	(2,478)	-
Net cash for investing activities	(8,974)	(37,596)
Cash Flows From (For) Financing Activities		
Borrowings (repayments) of short-term debt, net	395	(765)
Tax benefit of stock transactions	821	355
Issuance of common stock	5,161	2,390
Repurchase of common stock	(122)	(1,940)
Cash dividends	(5,334)	(4,202)
Net cash from (for) financing activities	921	(4,162)
Net Increase in Cash and Cash Equivalents	13,401	16,783
Cash and cash equivalents, at beginning of period	161,252	93,827
Effect of exchange rate changes on cash	1,049	199
Cash and cash equivalents, at end of period	\$ 175,702	\$ 110,809
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for		
Interest	\$ 220	\$ 213
Income taxes	\$ 11,941	\$ 9,539
Income taxes refunded	\$ 4,066	\$ -

PERRIGO COMPANY
SEGMENT INFORMATION
(in thousands)
(unaudited)

	Second Quarter		Year-To-Date	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Segment Sales				
Consumer Healthcare	\$ 218,846	\$ 225,071	\$ 418,381	\$ 417,830
Pharmaceuticals	164	-	164	-
UK Operations	24,499	14,965	47,717	27,628
Mexico Operations	8,239	7,341	13,205	13,758
Total	<u>\$ 251,748</u>	<u>\$ 247,377</u>	<u>\$ 479,467</u>	<u>\$ 459,216</u>
Segment Operating Income (Loss)				
Consumer Healthcare	\$ 23,159	\$ 37,867	\$ 50,991	\$ 62,767
Pharmaceuticals	(2,350)	(1,078)	(3,649)	(1,357)
UK Operations	1,653	900	1,862	1,334
Mexico Operations	1,687	1,081	1,571	1,371
Total	<u>\$ 24,149</u>	<u>\$ 38,770</u>	<u>\$ 50,775</u>	<u>\$ 64,115</u>

PERRIGO COMPANY
RECONCILIATION OF NON-GAAP MEASURES
(in thousands, except per share amounts)

	Second Quarter		Year-To-Date	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net income (GAAP)	\$ 15,838	\$ 38,235	\$ 33,416	\$ 54,743
Plus: product recall, net of tax	5,300	-	5,300	-
Less: income tax benefit	-	13,100	-	13,100
Net income before product recall and income tax benefit	<u>\$ 21,138</u>	<u>\$ 25,135</u>	<u>\$ 38,716</u>	<u>\$ 41,643</u>
Earnings per share before product recall and income tax benefit				
Basic	\$ 0.30	\$ 0.36	\$ 0.54	\$ 0.59
Diluted	\$ 0.29	\$ 0.35	\$ 0.53	\$ 0.58
Weighted average shares outstanding				
Basic	71,206	69,967	71,111	70,006
Diluted	73,285	71,500	73,166	71,568
Dividends declared per share	\$ 0.040	\$ 0.035	\$ 0.075	\$ 0.060