

FOR IMMEDIATE RELEASE

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**PERRIGO COMPANY REPORTS FIRST QUARTER
FISCAL 2003 EARNINGS OF \$0.28 PER SHARE**

ALLEGAN, Michigan – October 24, 2002 – The Perrigo Company (Nasdaq: PRGO) today announced results for the first quarter of fiscal 2003 ended September 28, 2002.

Perrigo Company (Nasdaq: PRGO)
(In thousands, except per share amounts)

	Fiscal 2003 1 st Quarter Ended <u>9/28/02</u>	Fiscal 2002 1 st Quarter Ended <u>9/29/01</u>
Sales	\$213,215	\$217,116
Net Income	\$ 20,011	\$ 13,090
Diluted Shares	72,136	76,925
Diluted EPS	\$0.28	\$0.17

Net sales for fiscal 2003's first quarter were \$213.2 million, a decrease of two percent from \$217.1 million last year. Net income was \$20.0 million, or \$0.28 per share, including a lawsuit settlement of \$2.0 million after-tax, or \$0.03 per share. Excluding the lawsuit settlement, net income in the quarter was \$18.0 million, or \$0.25 per share compared with \$13.1 million, or \$0.17 per share, a year ago.

"We are pleased with the excellent results recorded in our fiscal first quarter," stated David T. Gibbons, Perrigo's President and Chief Executive Officer. "The strong start to fiscal 2003 was achieved despite a difficult sales comparison from the successful new product sell-in of famotidine (Pepcid®) a year ago. Earnings reflect the execution of our key strategies and the collective positive effect from several factors. Among the key factors this quarter were the operational improvement initiatives begun last year. Our continuing focus on manufacturing efficiencies and costs have benefited margins. Other key factors were a favorable product mix, improved net pricing, and excellent inventory management. Inventories declined \$7.4 million, or four percent from last year's first quarter, allowing us to manage inventory obsolescence expense closely."

Mr. Gibbons also noted, "With operational improvements taking hold, we continue to generate cash and our balance sheet remains very strong. In the quarter, our cash position and operating cash flow of \$8.8 million helped us buy back 3.1

million shares of the Company's common stock under our ongoing share repurchase program.

"We have had a great start to the year and feel confident that we will continue to make progress toward meeting our long-term financial goals. The cough, cold and flu season, however, still lies ahead, and the timing and magnitude of the season are not yet clear. It's off to a slow start so far. Until we begin to see signs as to how this cough, cold and flu season will compare with last year's, we are reluctant to change our relatively flat operating earnings expectations for fiscal 2003."

Continuing, Gibbons said, "Another concern is the impact on our store brand allergy business of the likely switch of Claritin® from prescription to over-the-counter (OTC) status. While this switch will benefit us in fiscal 2004, a switch to OTC in December or January will impact the sales of existing allergy products during the third and fourth quarters of fiscal 2003. We do, however, remain confident the strategies that have helped us to this point will help us grow our store brand market leadership position in the future. Specifically, we continue to improve upon our low-cost producer status, invest in research and development, and generate cash."

"Relatively flat" earnings expectations for fiscal 2003 are prior to accounting for \$0.03 per share from this quarter's lawsuit settlement income and an additional \$0.02 to \$0.03 per share for the year since there will be fewer shares outstanding as a result of the share repurchase program.

Perrigo will host a conference call to discuss first quarter fiscal 2003 results at 11:00 a.m. (EDT) today. The call and replay will be available via webcast on the Company's web site at www.perrigo.com/investor or by phone, toll free, 888-489-0147. A taped replay of the call will be available beginning at approximately 2:30 p.m. (EDT) Thursday, October 24. To listen to the replay, call 800-642-1687, access code 6217377 (outside the United States, call 706-645-9291).

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 (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. Please see the "Cautionary Note Regarding Forward-Looking Statements" on pages 23-27 of the Company's Form 10-K for the year ended June 29, 2002 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.

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

	First Quarter	
	2003	2002
Net sales	\$ 213,215	\$ 217,116
Cost of sales	151,536	164,777
Gross profit	61,679	52,339
Operating expenses		
Distribution	4,027	4,017
Research and development	5,448	5,296
Selling and administration	24,270	22,576
Subtotal	33,745	31,889
Unusual litigation	(3,128)	-
Total	30,617	31,889
Operating income	31,062	20,450
Interest and other, net	(208)	(163)
Income before income taxes	31,270	20,613
Income tax expense	11,259	7,523
Net income	\$ 20,011	\$ 13,090
Earnings per share		
Basic	\$ 0.28	\$ 0.18
Diluted	\$ 0.28	\$ 0.17
Weighted average shares outstanding:		
Basic	70,719	74,314
Diluted	72,136	76,925

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PERRIGO COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 28, 2002 <u>(unaudited)</u>	June 29, 2002 <u> </u>	September 29, 2001 <u>(unaudited)</u>
Assets:			
Current assets			
Cash and cash equivalents	\$ 49,214	\$ 76,824	\$ 297
Accounts receivable, net of allowances	105,777	82,560	120,525
Inventories, net of allowances	163,704	155,611	171,119
Prepaid expenses and other current assets	8,635	6,896	11,536
Current deferred income taxes	19,863	19,860	19,203
Assets held for sale	-	-	16,207
Total current assets	<u>347,193</u>	<u>341,751</u>	<u>338,887</u>
Property and equipment	405,258	399,461	382,055
Less accumulated depreciation	<u>195,486</u>	<u>188,417</u>	<u>171,990</u>
	209,772	211,044	210,065
Goodwill, net	35,919	35,919	47,045
Other	4,295	5,073	3,820
	<u>\$ 597,179</u>	<u>\$ 593,787</u>	<u>\$ 599,817</u>
Liabilities and Shareholders' Equity:			
Current liabilities			
Accounts payable	\$ 78,431	\$ 74,449	\$ 84,862
Notes payable	8,729	8,338	8,979
Payrolls and related taxes	23,232	31,338	18,934
Accrued expenses	39,740	32,721	31,141
Income taxes	17,864	8,088	19,097
Total current liabilities	<u>167,996</u>	<u>154,934</u>	<u>163,013</u>
Deferred income taxes	21,143	20,313	17,784
Long-term debt	-	-	21,380
Other long-term liabilities	3,079	2,396	2,353
Shareholders' equity			
Preferred stock, without par value, 10,000 shares authorized	-	-	-
Common stock, without par value, 200,000 shares authorized	57,340	89,222	105,497
Unearned compensation	(499)	(608)	(1,017)
Accumulated other comprehensive income	952	373	757
Retained earnings	347,168	327,157	290,050
Total shareholders' equity	<u>404,961</u>	<u>416,144</u>	<u>395,287</u>
	<u>\$ 597,179</u>	<u>\$ 593,787</u>	<u>\$ 599,817</u>
Supplemental Disclosures of Balance Sheet Information:			
Allowance for doubtful accounts	\$ 8,050	\$ 7,569	\$ 6,902
Allowance for inventory	\$ 20,714	\$ 21,360	\$ 30,722
Working capital	\$ 179,197	\$ 186,817	\$ 175,874
Preferred stock, shares issued	-	-	-
Common stock, shares issued	69,424	72,550	73,996

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PERRIGO COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	First Quarter	
	2003	2002
Cash Flows From (For) Operating Activities:		
Net income	\$ 20,011	\$ 13,090
Depreciation and amortization	6,812	6,808
	26,823	19,898
Accounts receivable	(23,219)	(24,697)
Inventories	(8,111)	(10,007)
Current and deferred income taxes	10,587	(1,115)
Accounts payable	3,998	477
Payrolls and related taxes	(8,106)	(7,187)
Other	6,798	2,522
Net cash from (for) operating activities	8,770	(20,109)
Cash Flows For Investing Activities:		
Additions to property and equipment	(4,950)	(4,786)
Net cash for investing activities	(4,950)	(4,786)
Cash Flows From (For) Financing Activities:		
Borrowings of long-term debt	-	21,380
Borrowings/(repayments) of short-term debt	393	(3,780)
Issuance of common stock	143	9,785
Repurchase of common stock	(32,025)	(13,240)
Other	59	31
Net cash (for) from financing activities	(31,430)	14,176
Net Decrease in Cash and Cash Equivalents	(27,610)	(10,719)
Cash and Cash Equivalents, at Beginning of Period	76,824	11,016
Cash and Cash Equivalents, at End of Period	\$ 49,214	\$ 297
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ 257	\$ 604
Income taxes paid	\$ 657	\$ 8,344