

FOR IMMEDIATE RELEASE

Ernest J. Schenk, Manager, Investor Relations and Communication
(269) 673-9212

E-mail: Investor@perrigo.com

PERRIGO COMPANY REPORTS RECORD SECOND QUARTER FISCAL 2004 RESULTS

ALLEGAN, Mich. – Feb. 3, 2004 – The Perrigo Company (Nasdaq: PRGO) today announced record results for the second quarter and six months ended Dec. 27, 2003.

Perrigo Company
(in thousands, except per share amounts)

	<u>Second Quarter</u>		<u>Year-To-Date</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Sales	\$245,094	\$227,521	\$454,899	\$440,736
Net Income	\$38,235	\$16,814	\$54,743	\$35,592
Diluted Shares	71,500	70,394	71,568	71,003
Diluted EPS	\$0.53	\$0.24	\$0.76	\$0.50

Second Quarter Results

Net sales for the second quarter were \$245.1 million, compared with \$227.5 million last year, an increase of eight percent. Net income increased to \$38.2 million, or \$0.53 per share, compared with \$16.8 million, or \$0.24 per share, a year ago. The current quarter results include a one-time income tax benefit of \$13.1 million, or \$0.18 per share, resulting from the conclusion of a routine Federal tax examination of tax years 1998, 1999 and 2000. Excluding this one-time benefit, net income was a record \$25.1 million, or \$0.35 per share, an increase of 49 percent, compared with last year.

Commenting on results from operations for the second quarter, David T. Gibbons, Perrigo Chairman, President and Chief Executive Officer, said, "We are pleased with the excellent results delivered this quarter. Sales volume was stronger than anticipated due to new product sales and the early onset and widespread nature of influenza this year, which resulted in increased sales of cough/cold and analgesic products.

"Perrigo continues to make good progress in improving operational efficiencies. The volume growth in the second quarter demonstrates how our focus on lower costs and increased productivity gives us strong operating leverage, resulting in a 49 percent increase in net income from operations this quarter. These same strategies were key contributors to the increase in year-to-date operating cash flow to \$60 million, a 58 percent increase compared with \$38 million last year."

Six Months Results

Net sales for the six months ended Dec. 27, 2003 were \$454.9 million, an increase of three percent, compared with \$440.7 million last year. Net income for the six months was \$54.7 million, or \$0.76 per share, compared with \$35.6 million, or \$0.50 per share, last year. Excluding the tax benefit of \$13.1 million, or \$0.18 per share, in the current year and a favorable lawsuit settlement of \$2 million after-tax, or \$0.03 per share, last year, net income was \$41.6 million, or \$0.58 per share, compared with \$33.6 million, or \$0.47 per share, a year ago.

Outlook

Commenting on the outlook for the balance of fiscal 2004, Mr. Gibbons said, "While the pattern of reported incidences of cough, cold and flu indicates the peak for this season has passed, we believe the second quarter earnings gain will be largely incremental to the full year. As a result, we now anticipate earnings for fiscal 2004 of \$0.80 to \$0.83 per share, before the one-time income tax benefit of \$0.18 per share. Including the tax benefit, we expect earnings to range from \$0.98 to \$1.01 per share."

Peter Black Acquisition

The Company announced the acquisition of Peter Black Pharmaceuticals, Ltd., for \$13.4 million in cash on Dec. 12, 2003. Peter Black is the largest manufacturer of store brand vitamin and nutritional supplement products for grocery stores, pharmacies and contract customers in the United Kingdom. "With this acquisition, we have taken an important step in becoming one of the U.K.'s largest suppliers of over-the-counter pharmaceutical and nutritional products sold by retailers under their store brand labels. We intend to use this market leadership position to better serve our customers in the U.K.," said Gibbons.

Perrigo will host a conference call to discuss second quarter fiscal 2004 results at 11:00 a.m. (ET) 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. (ET) Tuesday, Feb. 3 until midnight Friday, Feb. 6. To listen to the replay, call 800-642-1687, access code 5084809.

The Company is furnishing this earnings release to the Securities and Exchange Commission via Form 8-K and it is hereby incorporated by reference. The information provided on Form 8-K includes a summary of each non-GAAP financial measure included in this earnings release and the reasons management believes these non-GAAP financial measures are useful to investors.

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. 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 25 - 30 of the Company's Form 10-K for the year ended June 28, 2003 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	
	2004	2003 (as adjusted)	2004	2003 (as adjusted)
Net sales	\$ 245,094	\$ 227,521	\$ 454,899	\$ 440,736
Cost of sales	171,198	163,225	323,017	314,761
Gross profit	73,896	64,296	131,882	125,975
Operating expenses				
Distribution	3,833	4,083	7,355	8,110
Research and development	6,186	5,321	11,899	10,769
Selling and administration	25,107	28,547	48,513	54,150
Subtotal	35,126	37,951	67,767	73,029
Unusual litigation	-	-	-	(3,128)
Total	35,126	37,951	67,767	69,901
Operating income	38,770	26,345	64,115	56,074
Interest and other, net	(504)	(514)	(953)	(722)
Income before income taxes	39,274	26,859	65,068	56,796
Income tax expense	1,039	10,045	10,325	21,204
Net income	\$ 38,235	\$ 16,814	\$ 54,743	\$ 35,592
Earnings per share				
Basic	\$ 0.55	\$ 0.24	\$ 0.78	\$ 0.51
Diluted	\$ 0.53	\$ 0.24	\$ 0.76	\$ 0.50
Weighted average shares outstanding				
Basic	69,967	69,273	70,006	70,000
Diluted	71,500	70,394	71,568	71,003

PERRIGO COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 27, 2003 <u>(unaudited)</u>	June 28, 2003	December 28, 2002 <u>(unaudited)</u> <u>(as adjusted)</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 110,809	\$ 93,827	\$ 71,773
Accounts receivable	123,832	87,018	102,722
Inventories	142,626	160,326	153,477
Current deferred income taxes	30,455	32,643	23,970
Prepaid expenses and other current assets	9,358	5,383	6,907
Total current assets	<u>417,080</u>	<u>379,197</u>	<u>358,849</u>
Property and equipment	459,397	429,115	411,858
Less accumulated depreciation	<u>233,706</u>	<u>210,337</u>	<u>201,759</u>
	225,691	218,778	210,099
Goodwill	35,919	35,919	35,919
Non-current deferred income taxes	6,976	3,968	3,320
Other non-current assets	21,579	6,108	4,678
	<u>\$ 707,245</u>	<u>\$ 643,970</u>	<u>\$ 612,865</u>
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable	\$ 81,487	\$ 72,186	\$ 68,970
Notes payable	8,109	8,980	9,469
Payroll and related taxes	28,337	40,535	27,884
Accrued expenses	46,941	36,590	41,931
Accrued income taxes	6,068	5,568	9,872
Current deferred income taxes	2,975	2,683	2,313
Total current liabilities	<u>173,917</u>	<u>166,542</u>	<u>160,439</u>
Non-current deferred income taxes	26,060	25,484	23,778
Other non-current liabilities	5,128	3,520	3,212
Shareholders' equity			
Preferred stock, without par value, 10,000 shares authorized	-	-	-
Common stock, without par value, 200,000 shares authorized	92,404	88,990	81,669
Unearned compensation	(608)	(111)	(414)
Accumulated other comprehensive income	1,540	1,282	890
Retained earnings	408,804	358,263	343,291
Total shareholders' equity	<u>502,140</u>	<u>448,424</u>	<u>425,436</u>
	<u>\$ 707,245</u>	<u>\$ 643,970</u>	<u>\$ 612,865</u>
Supplemental Disclosures of Balance Sheet Information			
Allowance for doubtful accounts	\$ 7,623	\$ 10,242	\$ 9,465
Allowance for inventory	\$ 22,124	\$ 21,717	\$ 20,855
Working capital	\$ 243,163	\$ 212,655	\$ 198,410
Preferred stock, shares issued	-	-	-
Common stock, shares issued	70,076	70,034	69,479

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

	Year-To-Date	
	2004	2003 (as adjusted)
Cash Flows From Operating Activities		
Net income	\$ 54,743	\$ 35,592
Adjustments to derive cash flows		
Depreciation and amortization	14,367	13,520
Compensation - stock options	2,609	2,667
Deferred income taxes	(683)	338
Changes in operating assets and liabilities, net of amounts acquired in a business acquisition		
Accounts receivable	(30,761)	(20,155)
Inventories	25,741	2,137
Accounts payable	3,246	(5,458)
Payroll and related taxes	(12,189)	(3,453)
Accrued income taxes	500	1,794
Accrued expenses	7,510	9,197
Other	(5,202)	1,330
Net cash from operating activities	59,881	37,509
Cash Flows For Investing Activities		
Additions to property and equipment	(13,535)	(12,022)
Non-current note receivable	(10,000)	-
Acquisition of a business	(13,401)	-
Investment in equity subsidiaries	(2,000)	-
Net cash for investing activities	(38,936)	(12,022)
Cash Flows For Financing Activities		
Borrowings (repayments) of short-term debt, net	(765)	1,107
Tax benefit of stock transactions	355	59
Issuance of common stock	2,390	1,059
Repurchase of common stock	(1,940)	(32,667)
Cash dividends paid	(4,202)	-
Other	-	(117)
Net cash for financing activities	(4,162)	(30,559)
Net Increase (Decrease) in Cash and Cash Equivalents	16,783	(5,072)
Cash and cash equivalents, at beginning of period	93,827	76,824
Effect of exchange rate changes on cash	199	21
Cash and cash equivalents, at end of period	\$ 110,809	\$ 71,773
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for		
Interest paid	\$ 213	\$ 467
Income taxes paid	\$ 9,539	\$ 18,922

**PERRIGO COMPANY
SEGMENT INFORMATION**

(in thousands)
(unaudited)

	Second Quarter		Year-To-Date	
	2004	2003	2004	2003
Segment Sales				
Consumer Health Care	\$ 222,788	\$ 205,284	\$ 413,513	\$ 400,353
UK Operations	14,965	13,416	27,628	25,184
Quifa (Mexico)	7,341	8,821	13,758	15,199
Pharmaceuticals	-	-	-	-
Total	<u>\$ 245,094</u>	<u>\$ 227,521</u>	<u>\$ 454,899</u>	<u>\$ 440,736</u>
Segment Operating Income				
Consumer Health Care	\$ 37,867	\$ 24,191	\$ 62,767	\$ 53,340
UK Operations	900	1,038	1,334	1,778
Quifa (Mexico)	1,081	1,116	1,371	956
Pharmaceuticals	(1,078)	-	(1,357)	-
Total	<u>\$ 38,770</u>	<u>\$ 26,345</u>	<u>\$ 64,115</u>	<u>\$ 56,074</u>

**PERRIGO COMPANY
RECONCILIATION OF NON-GAAP MEASURES**

(in thousands, except per share amounts)
(unaudited)

	Second Quarter		Year-To-Date	
	2004	2003	2004	2003
Net income (GAAP)	\$ 38,235	\$ 16,814	\$ 54,743	\$ 35,592
Less: income tax benefit	13,100	-	13,100	-
Less: unusual litigation, net of tax	-	-	-	2,000
Net income before income tax benefit and unusual litigation	<u>\$ 25,135</u>	<u>\$ 16,814</u>	<u>\$ 41,643</u>	<u>\$ 33,592</u>
Earnings per share:				
Basic	\$ 0.36	\$ 0.24	\$ 0.60	\$ 0.48
Diluted	\$ 0.35	\$ 0.24	\$ 0.58	\$ 0.47
Weighted average shares outstanding:				
Basic	69,697	69,273	70,006	70,000
Diluted	71,500	70,394	71,568	71,003

-###-