

Perrigo Reports Record First Quarter Sales and Income

* **Fiscal first quarter revenue of \$480 million represents an increase of \$97 million, or 25 percent, from first quarter last year**

* **GAAP net income was \$38 million, or \$0.40 per share, while adjusted net income increased 13 percent to \$39 million, or \$0.41 per share**

* **New product sales totaled \$71 million, including the August launch of Famotidine Complete**

* **Management increases fiscal 2009 earnings guidance by 2 cents per share**

PRNewswire-FirstCall

ALLEGAN, Mich.

Perrigo Company (NASDAQ: PRGO)(TASE: PRGO) today announced results for its fiscal year 2009 first quarter that ended September 27, 2008.

Perrigo Company
(in thousands, except per share amounts)

| | Fiscal 2009 1st Quarter Ended 9/27/08 | Fiscal 2008 1st Quarter Ended 9/29/07 |
|----------------------|---|---|
| Net Sales | \$480,236 | \$382,740 |
| Reported Net Income | \$37,958 | \$34,019 |
| Adjusted Net Income | \$38,597 | \$34,019 |
| Diluted EPS | \$0.40 | \$0.36 |
| Adjusted Diluted EPS | \$0.41 | \$0.36 |
| Diluted Shares | 94,568 | 94,884 |

Net sales for the first quarter of fiscal 2009 were \$480.2 million, an increase of 25 percent. Reported net income was \$37.9 million, or \$0.40 per share, compared with \$34.0 million, or \$0.36 per share, a year ago, an increase of 12 percent. Excluding a loss on the exchange of property of the Company's UK vitamin business, first quarter fiscal 2009 adjusted net income was \$38.6 million, or \$0.41 per share.

(Refer to Table II at the end of this press release for additional adjustments in the current year period and additional non-GAAP disclosure information.)

Perrigo Chairman and CEO Joseph C. Papa stated, "Fiscal 2009 is off to the strong start we had anticipated. In the first quarter, we achieved both record sales and record earnings, with our new products contributing \$71 million to top line growth. This past quarter, the over-the-counter (OTC) category grew more than 4% versus first quarter last year. In the same period, store brands grew nearly 13%. We believe that store brand offerings will continue to perform well as consumers realize the value of Perrigo's product offering in this challenging economy."

Consumer Healthcare

Consumer Healthcare segment net sales in the first quarter were a record \$366.2 million compared with \$268.3 million in the first quarter last year, an increase of \$97.9 million or 37 percent. The sales increase resulted from \$66.8 million in revenue from new product sales led by Omeprazole, several Cetirizine products and the newly launched Famotidine Complete.

Reported operating income was \$59.1 million, compared with \$30.0 million a year ago as a result of increased sales from new products and international growth.

On August 11, the Company announced it began shipping Famotidine Complete chewable tablets (famotidine 10 mg; calcium carbonate 800mg; magnesium hydroxide 165 mg), the national brand equivalent to Pepcid Complete®, to customers across the U.S. under their store brand labels. It is estimated that Pepcid Complete® has annual sales of approximately \$100 million. The new store brand product is indicated for heartburn associated with acid indigestion and sour stomach.

On September 16, the Company announced that it acquired JB Laboratories for approximately \$44 million, which includes debt assumed. Based in Holland, Michigan, privately-held JB Laboratories is a contract manufacturer of OTC and nutrition products for leading healthcare suppliers. The acquisition is expected to add more than \$70 million of annual sales. Revenues and income related to this transaction will first be reflected in the second quarter 2009 financial statements.

On September 18, the Company announced that the Hatch-Waxman litigation relating to Miconazole Nitrate Vaginal Cream and Suppository between Johnson & Johnson and Perrigo was dismissed. Following FDA approval, Perrigo will begin marketing its product under store brand and value brand labels to its customers. Monistat® -1 has annual retail sales of approximately \$80 million. Upon receiving final regulatory approval, Perrigo expects to launch this product with 180 day first-to-file exclusivity.

Rx Pharmaceuticals

The Rx Pharmaceutical segment net sales were \$33.2 million compared with \$35.0 million a year ago. Operating income was \$1.8 million, compared with \$7.4 million last year. This year's results included service and royalty revenues of \$1.6 million down from \$5.8 million last year.

On September 8, the Company announced that it acquired the exclusive rights to sell and distribute Levocetirizine tablets, the generic version of UCB's Xyzal® tablets, from Synthon Pharmaceuticals, Inc. Synthon believes it has a first to file Abbreviated New Drug Application (ANDA) that will entitle it to 180 days of generic exclusivity upon approval. Synthon and UCB are currently engaged in Paragraph IV/Hatch-Waxman litigation over the Synthon ANDA filing. Xyzal® is indicated for the treatment of indoor and outdoor allergies. It is estimated that it has annual sales of approximately \$200 million growing at 15% per year, according to data provided by Wolters, Kluwer.

API

The API segment reported net sales of \$34.2 million compared with \$38.8 million a year ago, reflecting lower sales in several key products. Operating income was \$0.4 million, compared with \$7.3 million last year, reflecting lower sales volume, an unfavorable sales mix and higher production costs.

Other

The Other category, consisting of Israel Consumer Products and Israel Pharmaceutical and Diagnostic Products segments, reported net sales of \$46.6 million, compared with \$40.7 million a year ago. Operating income was \$1.2 million, compared with \$2.6 million last year.

Unallocated Expenses

In the fiscal 2009 first quarter, unallocated expenses were \$3.9 million compared with \$0.7 million a year ago. The increase was due primarily to the absence this year of a favorable legal settlement in the first quarter last year.

Perrigo's Chairman and CEO Joseph C. Papa concluded, "We are truly in the right place at the right time. I am very pleased with the momentum we have built and our strong balance sheet. We are confident in our ability to generate strong operating cash flow in the remainder of the year as seasonal inventory builds are sold through. Given our strong start to the year and our recent acquisitions, we are increasing our full year earnings guidance. We are now estimating adjusted earnings between \$1.92 and \$2.00 per share, excluding the \$0.6 million loss on the exchange of property in the UK. Reported earnings per share are expected to be between \$1.91 and \$1.99 per share. Looking ahead, Perrigo will continue to make quality healthcare more affordable for our customers and drive value for our shareholders."

Perrigo will host a conference call to discuss fiscal 2009 first quarter results at 10:00 a.m. (ET) on Thursday, November 6. The conference call will be available live via web cast to interested parties on the Perrigo website <http://www.perrigo.com/> or by phone 888-694-4676, International 404-665-9919, and reference ID# 70124252. A taped replay of the call will be available beginning at approximately 2:00 p.m. (ET) Thursday, November 6, until midnight Friday, November 14, 2008. To listen to the replay, call 800-642-1687, International 706-645-9291, access code 70124252.

Perrigo Company is a leading global healthcare supplier that develops, manufactures and distributes OTC and prescription pharmaceuticals, nutritional products, active pharmaceutical ingredients (API) and consumer products. The Company is the world's largest manufacturer of OTC pharmaceutical products for the store brand market. The Company's primary markets and locations of manufacturing facilities are the United States, Israel, Mexico and the United Kingdom. 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. The Company has based these forward-looking statements on its current expectations, assumptions, estimates and projections. While the Company believes these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond the Company's control. These and other important factors, including those discussed under "Risk Factors" in the Company's Form 10-K for the year ended June 28, 2008, as well as the Company's subsequent filings with the Securities and Exchange Commission, may cause actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. The forward-looking statements in this press release are made only as of the date hereof, and 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)

| | First Quarter | |
|-------------------------------------|---------------|-----------|
| | 2009 | 2008 |
| Net sales | \$480,236 | \$382,740 |
| Cost of sales | 336,021 | 265,469 |
| Gross profit | 144,215 | 117,271 |
| Operating expenses | | |
| Distribution | 7,969 | 7,074 |
| Research and development | 18,224 | 16,320 |
| Selling and administration | 59,341 | 47,218 |
| Total | 85,534 | 70,612 |
| Operating income | 58,681 | 46,659 |
| Interest, net | 5,846 | 4,655 |
| Other (income) expense, net | 115 | (573) |
| Income before income taxes | 52,720 | 42,577 |
| Income tax expense | 14,762 | 8,558 |
| Net income | \$37,958 | \$34,019 |
| Earnings per share | | |
| Basic | \$0.41 | \$0.37 |
| Diluted | \$0.40 | \$0.36 |
| Weighted average shares outstanding | | |
| Basic | 92,787 | 93,142 |
| Diluted | 94,568 | 94,884 |
| Dividends declared per share | \$0.050 | \$0.045 |

PERRIGO COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

| | September 27, June 28, September 29, | | |
|---|--------------------------------------|-------------|-------------|
| | 2008 | 2008 | 2007 |
| | (unaudited) | | (unaudited) |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$249,328 | \$318,604 | \$46,837 |
| Investment securities | 14 | 560 | 32,487 |
| Accounts receivable, net | 340,138 | 350,272 | 283,443 |
| Inventories | 448,386 | 399,972 | 314,597 |
| Current deferred income taxes | 44,477 | 43,342 | 41,372 |
| Income taxes refundable | 468 | 6,883 | 5,596 |
| Prepaid expenses and other current assets | 25,863 | 37,226 | 23,010 |
| Total current assets | 1,108,674 | 1,156,859 | 747,342 |
| Property and equipment | 747,235 | 745,840 | 665,239 |
| Less accumulated depreciation | (381,468) | (388,945) | (343,033) |
| | 365,767 | 356,895 | 322,206 |
| Restricted cash | 400,000 | 400,000 | 400,000 |
| Goodwill | 262,195 | 282,417 | 199,730 |
| Other intangible assets | 223,460 | 229,327 | 187,467 |
| Non-current deferred income taxes | 63,130 | 74,737 | 49,184 |
| Other non-current assets | 70,145 | 74,842 | 40,723 |
| | \$2,493,371 | \$2,575,077 | \$1,946,652 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities | | | |

| | | | |
|-----------------------------------|-----------|-----------|-----------|
| Accounts payable | \$270,614 | \$253,307 | \$170,639 |
| Notes payable | - | - | 11,677 |
| Payroll and related taxes | 51,506 | 77,140 | 38,425 |
| Accrued customer programs | 50,025 | 53,668 | 48,638 |
| Accrued liabilities | 52,703 | 56,958 | 44,142 |
| Current deferred income taxes | 18,839 | 24,493 | 15,214 |
| Current portion of long-term debt | 21,163 | 20,095 | 15,314 |
| Total current liabilities | 464,850 | 485,661 | 344,049 |

Non-current liabilities

| | | | |
|-----------------------------------|-----------|-----------|---------|
| Long-term debt | 893,433 | 895,095 | 642,629 |
| Non-current deferred income taxes | 130,234 | 139,212 | 101,424 |
| Other non-current liabilities | 116,596 | 121,394 | 87,324 |
| Total non-current liabilities | 1,140,263 | 1,155,701 | 831,377 |

Shareholders' equity

| | | | |
|---|-------------|-------------|-------------|
| Preferred stock, without par value, 10,000 shares authorized | - | - | - |
| Common stock, without par value, 200,000 shares authorized | 468,798 | 488,537 | 521,117 |
| Accumulated other comprehensive income | 96,167 | 155,184 | 47,864 |
| Retained earnings | 323,293 | 289,994 | 202,245 |
| Total shareholders' equity | 888,258 | 933,715 | 771,226 |
| | \$2,493,371 | \$2,575,077 | \$1,946,652 |

Supplemental Disclosures of Balance

Sheet Information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Allowance for doubtful accounts | \$9,531 | \$9,931 | \$8,622 |
| Working capital | \$643,824 | \$671,198 | \$403,293 |
| Preferred stock, shares issued | - | - | - |
| Common stock, shares issued | 92,891 | 93,311 | 93,566 |

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

| | First Quarter 2009 | 2008 |
|--|-----------------------|----------|
| Cash Flows (For) From Operating Activities | | |
| Net income | \$37,958 | \$34,019 |
| Adjustments to derive cash flows | | |
| Depreciation and amortization | 16,767 | 15,570 |
| Share-based compensation | 2,754 | 1,958 |
| Income tax benefit from exercise of stock options | 345 | 705 |
| Excess tax benefit of stock transactions | (1,685) | (570) |
| Deferred income taxes | (13,677) | 710 |
| Sub-total | 42,462 | 52,392 |

Changes in operating assets and
liabilities, net of asset and business
acquisitions and restructuring

| | | |
|------------------------------------|----------|----------|
| Accounts receivable | 15,669 | (3,389) |
| Inventories | (40,317) | (21,356) |
| Income taxes refundable | (468) | (6,883) |
| Accounts payable | 7,259 | 7,665 |
| Payroll and related taxes | (29,037) | (7,437) |
| Accrued customer programs | (3,643) | 420 |
| Accrued liabilities | (4,471) | (3,584) |
| Accrued income taxes | 6,228 | 9,729 |
| Other | 7,285 | (563) |
| Sub-total | (41,495) | (25,398) |
| Net cash from operating activities | 967 | 26,994 |

Cash Flows (For) From Investing
Activities

| | | |
|-----------------------------------|-------|----------|
| Purchase of securities | - | (73,418) |
| Proceeds from sales of securities | - | 89,182 |
| Cash acquired in asset exchange | 2,115 | - |
| Acquisition of business, net of | | |

| | | |
|--|-----------|----------|
| cash acquired | (14,839) | - |
| Acquisition of intangible assets | (1,000) | (12,401) |
| Additions to property and equipment | (5,913) | (4,364) |
| Net cash for investing activities | (19,637) | (1,001) |
| Cash Flows (For) From Financing Activities | | |
| Repayments of short-term debt, net | (11,006) | (99) |
| Borrowings of long-term debt | - | 30,000 |
| Repayments of long-term debt | (14,287) | (38,000) |
| Excess tax benefit of stock transactions | 1,685 | 570 |
| Issuance of common stock | 5,481 | 4,155 |
| Repurchase of common stock | (29,314) | (4,280) |
| Cash dividends | (4,659) | (4,214) |
| Net cash for financing activities | (52,100) | (11,868) |
| Net increase (decrease) in cash and cash equivalents | (70,770) | 14,125 |
| Cash and cash equivalents, at beginning of period | 318,604 | 30,305 |
| Effect of exchange rate changes on cash | 1,494 | 2,407 |
| Cash and cash equivalents, at end of period | \$249,328 | \$46,837 |

Supplemental Disclosures of Cash

Flow Information

Cash paid/received during the period for:

| | | |
|-----------------------|----------|----------|
| Interest paid | \$9,860 | \$11,254 |
| Interest received | \$7,209 | \$5,189 |
| Income taxes paid | \$12,050 | \$3,612 |
| Income taxes refunded | \$1,016 | \$1,003 |

Table I
PERRIGO COMPANY
SEGMENT INFORMATION
(in thousands)
(unaudited)

| | First Quarter | |
|---------------------------------|---------------|-----------|
| | 2009 | 2008 |
| Segment Sales | | |
| Consumer Healthcare | \$366,202 | \$268,259 |
| Rx Pharmaceuticals | 33,175 | 34,960 |
| API | 34,243 | 38,814 |
| Other | 46,616 | 40,707 |
| Total | \$480,236 | \$382,740 |
| Segment Operating Income (Loss) | | |
| Consumer Healthcare | \$59,115 | \$30,018 |
| Rx Pharmaceuticals | 1,784 | 7,445 |
| API | 435 | 7,276 |
| Other | 1,249 | 2,630 |
| Unallocated expenses | (3,902) | (710) |
| Total | \$58,681 | \$46,659 |

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

| | First Quarter | |
|-----------------------------|---------------|-----------|
| | 2009 | 2008 |
| Net sales | \$480,236 | \$382,740 |
| Reported operating income | \$58,681 | \$46,659 |
| Loss on asset exchange | 639 | - |
| Adjusted operating income | \$59,320 | \$46,659 |
| Adjusted operating income % | 12.4% | 12.2% |
| Reported net income | \$37,958 | \$34,019 |
| Loss on asset exchange (1) | 639 | - |

| | | |
|---|----------|----------|
| Adjusted net income | \$38,597 | \$34,019 |
| Diluted earnings per share | | |
| Reported | \$0.40 | \$0.36 |
| Adjusted | \$0.41 | \$0.36 |
| Diluted weighted average shares outstanding | 94,568 | 94,884 |

(1) No tax impact

Table II (Continued)
REPORTABLE SEGMENTS
RECONCILIATION OF NON-GAAP MEASURES
(in thousands, except per share amounts)
(unaudited)

| | First Quarter | |
|-------------------------------|---------------|-----------|
| | 2009 | 2008 |
| Consumer Healthcare | | |
| Net sales | \$366,202 | \$268,259 |
| Reported operating expenses | \$50,192 | \$42,338 |
| Loss on asset exchange | (639) | - |
| Adjusted operating expenses | \$49,553 | \$42,338 |
| Adjusted operating expenses % | 13.5% | 15.8% |
| Reported operating income | \$59,115 | \$30,018 |
| Loss on asset exchange | 639 | - |
| Adjusted operating income | \$59,754 | \$30,018 |
| Adjusted operating income % | 16.3% | 11.2% |

Table III
2009 GUIDANCE
RECONCILIATION OF NON-GAAP MEASURES
(unaudited)

| | Full Year Fiscal 2009 Guidance |
|---|-----------------------------------|
| Reported earnings per share range | \$1.91 - \$1.99 |
| Loss on asset exchange | \$0.007 |
| Charge associated with inventory step-up | \$0.002 |
| Adjusted earnings per share range | \$1.92 - \$2.00 |

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SOURCE: Perrigo Company

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