

Perrigo Reports Record Second Quarter Sales

- Fiscal second quarter revenue increased \$126 million, or 29%, to \$561 million as compared to \$435 million this quarter a year ago
- Fiscal second quarter GAAP net income was \$25 million, or \$0.27 per share, while adjusted net income increased 25% to \$43 million, or \$0.46 per share
- Consumer Healthcare fiscal second quarter revenue increased by \$126 million or 39%; driven by \$77 million in new product sales
- Company amends adjusted full year fiscal 2009 earnings guidance to be in a range of \$1.75 to \$1.90 per share

PRNewswire-FirstCall
ALLEGAN, Mich.

Perrigo Company (NASDAQ: PRGO)(TASE: PRGO) today announced results for its fiscal year 2009 second quarter and six months that ended December 27, 2008.

Perrigo Company
(in thousands, except per share amounts)

| | Second Quarter | | Six Months | |
|----------------------|----------------|-----------|-------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| Net Sales | \$561,477 | \$435,483 | \$1,041,713 | \$818,223 |
| Reported Net Income | \$24,993 | \$34,289 | \$62,951 | \$68,308 |
| Adjusted Net Income | \$42,716 | \$34,289 | \$81,313 | \$68,308 |
| Diluted EPS | \$0.27 | \$0.36 | \$0.67 | \$0.72 |
| Adjusted Diluted EPS | \$0.46 | \$0.36 | \$0.86 | \$0.72 |
| Diluted Shares | 93,587 | 95,283 | 94,076 | 95,104 |

Second Quarter Results

Net sales for the second quarter of fiscal 2009 were a record \$561.5 million, an increase of 29%. Reported net income was \$25.0 million, or \$0.27 per share, compared with \$34.3 million, or \$0.36 per share, a year ago, a decrease of 27%. Excluding charges as outlined in Table II at the end of this release, second quarter fiscal 2009 adjusted net income was \$42.7 million, or \$0.46 per share.

The Company incurred a charge of \$15.1 million, or \$0.16 per share, related to the write-down of auction rate securities purchased in Israel from Lehman Brothers. These assets were written down from a face value of \$18.0 million and continue to be held in non-current assets. The market for these securities has been illiquid for over 12 months, and the credit worthiness of underlying issuers has continued to deteriorate significantly. As a result, per Financial Accounting Standard 115 "Accounting for Certain Investments in Debt and Equity Securities," the impairment of these securities can no longer be considered to be temporary.

(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's Chairman and CEO Joseph C. Papa stated, "In the second quarter, we achieved record sales with our new products contributing \$84 million to top line growth. This past quarter, the over-the-counter category grew 4% versus second quarter last year and the store brand category grew nearly 17%, while Perrigo grew 39%. Store brand offerings continue to perform well as our retailers promote these products to help their customers through these trying times."

Six Months Results

Net sales for the first half of fiscal 2009 were \$1,041.7 million, an increase of 27% over fiscal 2008. The increase was driven primarily by the Consumer Healthcare segment and included consolidated new product sales of approximately \$156 million. Reported gross profit was \$298.5 million, up 20% over fiscal 2008, driven by the Consumer Healthcare segment. The reported gross profit percentage in the first half of fiscal 2009 was 29%, down from 30% last year. Operating expenses were \$179.2 million, an increase of 18% over fiscal 2008, but as a percent of sales were slightly lower than fiscal 2008. Reported net income was \$63.0 million, a decrease of 8% from fiscal 2008. Adjusted net income was \$81.3 million or an increase of 19% from fiscal 2008.

Consumer Healthcare

Consumer Healthcare segment net sales in the second quarter were a record \$446.4 million compared with \$320.2 million in the second quarter last year, an increase of \$126.2 million or 39%. The increase resulted from approximately \$77 million of new product sales, and a \$15.3 million increase in domestic sales of existing products. Sales also included \$33.4 million of sales from the acquisitions of JB Laboratories and Unico Holdings. In addition, international acquisitions, including Galpharm, Brunel and Diba, added \$18.9 million.

Reported operating income was \$56.3 million, compared with \$38.8 million a year ago, largely driven by sales of new, higher margin products and improved management of operating expenses. Adjusted operating income was \$60.1 million or an increase of 55% compared to a year ago.

For the first six months of fiscal year 2009, Consumer Healthcare net sales increased 38% or \$224.1 million compared to fiscal 2008. The increase resulted from approximately \$143.8 million of new product sales and a \$38.2 million increase from higher domestic sales of existing products. The increase also included sales of \$70.6 million from the Company's recent acquisitions, which were slightly offset by the absence of the U.K.'s vitamins, minerals and supplements business' sales of \$16.0 million and the unfavorable effect of foreign currency exchange of \$10.0 million.

On October 6, the Company announced that it acquired Laboratorios Diba, S.A. (Diba) for approximately \$25 million in cash. Based in Guadalajara, Mexico, privately-held Diba is a store brand manufacturer of over-the-counter (OTC) and prescription pharmaceuticals, including antibiotics, hormonals and ophthalmics. The acquisition is expected to add approximately \$15 million of annual sales.

On November 13, the Company announced that it acquired Unico Holdings (Unico) for approximately \$52 million in cash. Based in Lake Worth, Florida, privately-held Unico is the leading manufacturer of store brand pediatric electrolytes, enemas and feminine hygiene products for retail customers in the U.S. The acquisition is expected to add approximately \$50 million of annual sales and to be accretive to earnings in the first 12 months.

On December 29, the Company announced that it received final approval from the U.S. Food and Drug Administration (FDA) for its Abbreviated New Drug Application (ANDA) for OTC Ibuprofen and Diphenhydramine Citrate Tablets, 200/38 mg. The Company expects to begin shipping the product to retailers during the first quarter of calendar year 2009. The product will be marketed under store brand labels and is comparable to Wyeth Consumer Healthcare's Advil® PM tablets, 200/38 mg, indicated as a pain reliever (NSAID)/nighttime

sleep-aid. Estimated brand sales for the product for the last 12 months ending December 21, 2008 were \$71 million.

Rx Pharmaceuticals

The Rx Pharmaceutical segment second quarter net sales were \$40.4 million compared with \$38.7 million a year ago. This increase resulted primarily from new product sales of approximately \$5.7 million and a slight increase in sales volumes on the Company's existing portfolio of products. These increases were partially offset by a \$1.8 million reduction in non-product revenue, along with continued pricing pressure due to changes in customer mix and increased competition in the marketplace for generic drugs. Operating income was \$7.2 million, compared with \$8.4 million last year.

For the first six months of fiscal year 2009, net sales for the Rx Pharmaceutical segment were relatively flat compared to fiscal 2008. Sales increased due to new product sales of approximately \$10.0 million, along with an increase in sales volumes on the Company's existing portfolio of products. These increases were offset by a \$6.0 million reduction in non-product revenue, along with unfavorable changes in customer mix and increased competition in the marketplace for generic drugs.

On November 19, the Company acknowledged the settlement of patent litigation brought by Sanofi-Aventis against Barr Laboratories, Inc. (Barr), a subsidiary of Barr Pharmaceuticals, Inc. The suit was brought in the U.S. District Court of Delaware in 2006 based upon Barr's filing of an ANDA for Triamcinolone Acetonide Nasal Spray containing a paragraph IV certification. Barr believes that it is the first to file an ANDA containing a paragraph IV certification for NASACORT®AQ. Barr developed its Triamcinolone Acetonide Nasal Spray product with the Company and is awaiting final approval from the FDA. NASACORT®AQ had annual sales of approximately \$325 million for the 12 months ended November 2008, based on Wolters Kluwer sales data.

On December 4, the Company announced that all Hatch-Waxman litigation relating to Desloratadine tablets (5 mg) had been settled with the Company taking a license under all relevant patents. Under the terms of the settlement, the Company can commercially launch its generic Desloratadine product on July 1, 2012, or earlier in certain circumstances. The new product launch may be a prescription or OTC product depending on its status at the time of launch. The Company's product is awaiting FDA approval. This product seeks an AB-rating as equivalent to Schering-Plough's Clarinex® tablets (5 mg) indicated for the treatment of seasonal allergic rhinitis, perennial allergic rhinitis and chronic idiopathic urticaria. Sales for the brand were approximately \$300 million for the 12 months ending November 2008, according to Wolters Kluwer data.

API

The API segment reported second quarter net sales of \$31.9 million compared with \$34.6 million a year ago, reflecting lower sales in two key products and unfavorable changes in foreign currency exchange rates. Operating income was \$1.1 million, compared with \$3.4 million last year, reflecting lower sales volume and unfavorable foreign currency exchange rate changes. For the first six months of fiscal year 2009, net sales decreased 10% or \$7.3 million, compared to fiscal 2008. This decrease was due primarily to a decline of approximately \$13.3 million in sales of two key products, partially offset by \$6.0 million in increased volume on the remaining portfolio of existing products, favorable changes in the foreign currency exchange rate and new product sales.

Other

The Other category, consisting of the Israel Consumer Products and Israel Pharmaceutical and Diagnostic Products operating segments, reported second quarter net sales of \$42.8 million, compared with \$42.0 million a year ago. Operating income was \$0.5 million, down from \$3.4 million last year, due primarily to recognizing a loss on assets that fund the Israeli post employment obligations. Year-to-date net sales for fiscal 2009 increased 8% or \$6.7 million, compared to fiscal 2008. The increase was due primarily to approximately \$8.7 million of favorable changes in the foreign currency exchange rate.

Chairman and CEO Joseph C. Papa concluded, "The Perrigo business model remains strong. Despite an unprecedented negative economic environment, we have grown our business and expect to continue to do so given the momentum we have in our healthy OTC business and our strong balance sheet. But we are not immune to the effects of this economy. The API market is changing rapidly as our customers consolidate and manage their own costs, changing the timing of new product development activities. The requirement to recognize a loss on the assets that fund our Israeli post employment obligations was an unexpected result of global financial distress. As a result of unusually volatile foreign currency markets, our international businesses were atypically impacted by exchange rates. Increased sales in our nutrition product category as a result of high customer demand were offset by increased materials costs and additional costs of managing through short-term capacity constraints. To counteract these forces, we are in the process of changing our cost base in Israel, cutting corporate expenses and removing underperforming products and assets. It is imperative that we not rest on OTC's strong performance alone, but rather continue to look for additional ways to drive return on invested capital and to position ourselves for any environment."

"As a result of the combination of these factors, we are now expecting adjusted fiscal 2009 earnings to be between \$1.75 and \$1.90 per share, which implies a year over year growth rate of adjusted earnings of 11 to 20% over fiscal 2008. This is down from our previous guidance of \$1.92 to \$2.00 per share, excluding charges outlined in Table III at the end of this release. Reported fiscal 2009 earnings per share are expected to be between \$1.55 and \$1.70 per share."

"Looking ahead, we believe Perrigo is well positioned to continue to add value to our customers and shareholders."

Perrigo will host a conference call to discuss fiscal 2009 second quarter results at 10:00 a.m. (ET) on Tuesday, February 3. The conference call will be available live via webcast to interested parties on the Perrigo website <http://www.perrigo.com/> or by phone 877-248-9413, International 973-582-2737 and reference ID# 80886866. A taped replay of the call will be available beginning at approximately 2:00 p.m. (ET) Tuesday, February 3, until midnight Friday, February 13, 2009. To listen to the replay, call 800-642-1687, International 706-645-9291, access code 80886866.

Perrigo Company is a leading global healthcare supplier that develops, manufactures and distributes OTC and generic 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 and logistics operations 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)

| | Second Quarter | | Year-to-Date | |
|---|----------------|-----------|--------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| Net sales | \$561,477 | \$435,483 | \$1,041,713 | \$818,223 |
| Cost of sales | 407,174 | 304,674 | 743,195 | 570,143 |
| Gross profit | 154,303 | 130,809 | 298,518 | 248,080 |
| Operating expenses | | | | |
| Distribution | 7,643 | 7,744 | 15,612 | 14,818 |
| Research and development | 19,923 | 16,143 | 38,147 | 32,463 |
| Selling and administration | 65,784 | 57,626 | 125,125 | 104,844 |
| Subtotal | 93,350 | 81,513 | 178,884 | 152,125 |
| Write-off of in-process research and development | 279 | - | 279 | - |
| Total | 93,629 | 81,513 | 179,163 | 152,125 |
| Operating income | 60,674 | 49,296 | 119,355 | 95,955 |
| Interest, net | 7,464 | 3,674 | 13,310 | 8,329 |
| Other (income) expense, net | 891 | (513) | 1,006 | (1,086) |
| Investment impairment | 15,104 | - | 15,104 | - |
| Income before income taxes | 37,215 | 46,135 | 89,935 | 88,712 |
| Income tax expense | 12,222 | 11,846 | 26,984 | 20,404 |
| Net income | \$24,993 | \$34,289 | \$62,951 | \$68,308 |
| Earnings per share | | | | |
| Basic | \$0.27 | \$0.37 | \$0.68 | \$0.73 |
| Diluted | \$0.27 | \$0.36 | \$0.67 | \$0.72 |
| Weighted average shares outstanding | | | | |
| Basic | 92,044 | 93,147 | 92,415 | 93,186 |
| Diluted | 93,587 | 95,283 | 94,076 | 95,104 |

Dividends declared per share \$0.055 \$0.050 \$0.105 \$0.095

PERRIGO COMPANY
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands)
 (unaudited)

December 27, June 28, December 29,
 2008 2008 2007

Assets

Current assets

| | | | |
|---|-----------|-----------|----------|
| Cash and cash equivalents | \$162,164 | \$318,604 | \$72,163 |
| Investment securities | 9 | 560 | 29,642 |
| Accounts receivable, net | 359,136 | 350,272 | 311,013 |
| Inventories | 430,719 | 399,972 | 326,002 |
| Current deferred income taxes | 48,725 | 43,342 | 38,683 |
| Income taxes refundable | 22,965 | 6,883 | 4,568 |
| Prepaid expenses and other current assets | 25,969 | 37,226 | 21,415 |
| Total current assets | 1,049,687 | 1,156,859 | 803,486 |

| | | | |
|-------------------------------|-----------|-----------|-----------|
| Property and equipment | 746,184 | 745,840 | 687,068 |
| Less accumulated depreciation | (385,542) | (388,945) | (358,068) |
| | 360,642 | 356,895 | 329,000 |

| | | | |
|-----------------------------------|-------------|-------------|-------------|
| Restricted cash | 400,000 | 400,000 | 400,000 |
| Goodwill | 267,937 | 282,417 | 212,934 |
| Other intangible assets | 230,961 | 229,327 | 191,430 |
| Non-current deferred income taxes | 63,837 | 74,737 | 59,925 |
| Other non-current assets | 52,613 | 74,842 | 42,535 |
| | \$2,425,677 | \$2,575,077 | \$2,039,310 |

Liabilities and Shareholders' Equity

Current liabilities

| | | | |
|-----------------------------------|-----------|-----------|-----------|
| Accounts payable | \$266,189 | \$253,307 | \$194,214 |
| Notes payable | - | - | 3,937 |
| Payroll and related taxes | 51,445 | 77,140 | 44,673 |
| Accrued customer programs | 52,855 | 53,668 | 48,882 |
| Accrued liabilities | 48,954 | 56,958 | 40,137 |
| Current deferred income taxes | 18,354 | 24,493 | 20,320 |
| Current portion of long-term debt | 17,050 | 20,095 | 16,539 |
| Total current liabilities | 454,847 | 485,661 | 368,702 |

Non-current liabilities

| | | | |
|-----------------------------------|-----------|-----------|---------|
| Long-term debt | 892,050 | 895,095 | 648,077 |
| Non-current deferred income taxes | 136,625 | 139,212 | 106,569 |
| Other non-current liabilities | 116,430 | 121,394 | 99,566 |
| Total non-current liabilities | 1,145,105 | 1,155,701 | 854,212 |

Shareholders' equity

| | | | |
|--|-------------|-------------|-------------|
| Preferred stock, without par value, 10,000 shares authorized | - | - | - |
| Common stock, without par value, 200,000 shares authorized | 442,774 | 488,537 | 505,076 |
| Accumulated other comprehensive income | 39,716 | 155,184 | 79,470 |
| Retained earnings | 343,235 | 289,994 | 231,850 |
| Total shareholders' equity | 825,725 | 933,715 | 816,396 |
| | \$2,425,677 | \$2,575,077 | \$2,039,310 |

Supplemental Disclosures of Balance

Sheet Information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Allowance for doubtful accounts | \$11,324 | \$9,931 | \$8,944 |
| Working capital | \$594,840 | \$671,198 | \$434,784 |
| Preferred stock, shares issued | - | - | - |
| Common stock, shares issued | 92,129 | 93,311 | 93,353 |

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

| | Year-To-Date | |
|---|--------------|-----------|
| | 2009 | 2008 |
| Cash Flows (For) From Operating Activities | | |
| Net income | \$62,951 | \$68,308 |
| Adjustments to derive cash flows | | |
| Write-off of in-process research and development | 279 | - |
| Depreciation and amortization | 34,362 | 30,983 |
| Asset impairments | 16,704 | - |
| Share-based compensation | 4,923 | 3,930 |
| Income tax benefit from exercise of stock options | 646 | 2,094 |
| Excess tax benefit of stock transactions | (3,365) | (3,209) |
| Deferred income taxes | (8,035) | 1,908 |
| Sub-total | 108,465 | 104,014 |
| Changes in operating assets and liabilities, net of asset and business acquisitions | | |
| Accounts receivable | (13,849) | (22,125) |
| Inventories | (28,714) | (24,238) |
| Income taxes refundable | (22,965) | (4,568) |
| Accounts payable | 13,674 | 24,951 |
| Payroll and related taxes | (26,496) | (2,605) |
| Accrued customer programs | (813) | 664 |
| Accrued liabilities | (10,289) | (6,663) |
| Accrued income taxes | 14,607 | 13,475 |
| Other | 2,361 | 10,131 |
| Sub-total | (72,484) | (10,978) |
| Net cash from operating activities | 35,981 | 93,036 |
| Cash Flows (For) From Investing Activities | | |
| Purchase of securities | - | (133,791) |
| Proceeds from sales of securities | - | 153,502 |
| Cash acquired in asset exchange | 2,115 | - |
| Acquisitions of businesses, net of cash acquired | (88,224) | - |
| Acquisition of intangible assets | (1,000) | (12,401) |
| Additions to property and equipment | (20,929) | (13,714) |
| Net cash for investing activities | (108,038) | (6,404) |
| Cash Flows (For) From Financing Activities | | |
| Repayments of short-term debt, net | (13,736) | (7,839) |
| Borrowings of long-term debt | - | 50,000 |
| Repayments of long-term debt | (14,287) | (55,000) |
| Excess tax benefit of stock transactions | 3,365 | 3,209 |
| Issuance of common stock | 8,892 | 16,029 |
| Repurchase of common stock | (62,297) | (35,417) |
| Cash dividends | (9,710) | (8,898) |
| Net cash for financing activities | (87,773) | (37,916) |
| Net increase (decrease) in cash and cash equivalents | (159,830) | 48,716 |
| Cash and cash equivalents, at beginning of period | 318,604 | 30,305 |
| Effect of exchange rate changes on cash | 3,390 | (6,858) |
| Cash and cash equivalents, at end of period | \$162,164 | \$72,163 |

Supplemental Disclosures of Cash Flow Information

Cash paid/received during the period for:

| | | |
|-----------------------|----------|----------|
| Interest paid | \$24,206 | \$19,561 |
| Interest received | \$13,448 | \$10,392 |
| Income taxes paid | \$44,322 | \$11,331 |
| Income taxes refunded | \$1,084 | \$1,288 |

(in thousands)
(unaudited)

| | Second Quarter | | Fiscal Year | |
|----------------------|----------------|-----------|-------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| Segment Sales | | | | |
| Consumer Healthcare | \$446,410 | \$320,205 | \$812,612 | \$588,464 |
| Rx Pharmaceuticals | 40,401 | 38,655 | 73,576 | 73,615 |
| API | 31,866 | 34,608 | 66,109 | 73,422 |
| Other | 42,800 | 42,015 | 89,416 | 82,722 |
| Total | \$561,477 | \$435,483 | \$1,041,713 | \$818,223 |

| | | | | |
|--|----------|----------|-----------|----------|
| Segment Operating Income (Loss) | | | | |
| Consumer Healthcare | \$56,305 | \$38,838 | \$115,420 | \$68,856 |
| Rx Pharmaceuticals | 7,172 | 8,365 | 8,956 | 15,810 |
| API | 1,062 | 3,423 | 1,497 | 10,699 |
| Other | 456 | 3,424 | 1,705 | 6,054 |
| Unallocated expenses | (4,321) | (4,754) | (8,223) | (5,464) |
| Total | \$60,674 | \$49,296 | \$119,355 | \$95,955 |

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

| | Second Quarter | | Fiscal Year | |
|--|----------------|-----------|-------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| Net sales | \$561,477 | \$435,483 | \$1,041,713 | \$818,223 |
| Reported gross profit | \$154,303 | \$130,809 | \$298,518 | \$248,080 |
| Inventory step-up - Unico | 1,062 | - | 1,062 | - |
| Inventory step-up - Diba | 767 | - | 767 | - |
| Inventory step-up - JB Labs | 358 | - | 358 | - |
| Impairment of fixed assets | 1,600 | - | 1,600 | - |
| Adjusted gross profit | \$158,090 | \$130,809 | \$302,305 | \$248,080 |
| Adjusted gross profit % | 28.2% | 30.0% | 29.0% | 30.3% |
| Reported operating income | \$60,674 | \$49,296 | \$119,355 | \$95,955 |
| Inventory step-up - Unico | 1,062 | - | 1,062 | - |
| Inventory step-up - Diba | 767 | - | 767 | - |
| Inventory step-up - JB Labs | 358 | - | 358 | - |
| Impairment of fixed assets | 1,600 | - | 1,600 | - |
| Write-off of in-process R&D - Diba acquisition | 279 | - | 279 | - |
| Loss on asset exchange | - | - | 639 | - |
| Adjusted operating income | \$64,740 | \$49,296 | \$124,060 | \$95,955 |
| Adjusted operating income % | 11.5% | 11.3% | 11.9% | 11.7% |
| Reported net income | \$24,993 | \$34,289 | \$62,951 | \$68,308 |
| Inventory step-up - Unico (4) | 645 | - | 645 | - |
| Inventory step-up - Diba (1) | 552 | - | 552 | - |
| Inventory step-up - JB Labs (2) | 229 | - | 229 | - |
| Impairment of fixed assets (3) | 992 | - | 992 | - |
| Write-off of in-process R&D - Diba acquisition (1) | 201 | - | 201 | - |
| Investment impairment (5) | 15,104 | - | 15,104 | - |
| Loss on asset exchange (5) | - | - | 639 | - |
| Adjusted net income | \$42,716 | \$34,289 | \$81,313 | \$68,308 |
| Diluted earnings per share | | | | |
| Reported | \$0.27 | \$0.36 | \$0.67 | \$0.72 |
| Adjusted | \$0.46 | \$0.36 | \$0.86 | \$0.72 |
| Diluted weighted average shares outstanding | | | | |
| | 93,587 | 95,283 | 94,076 | 95,104 |

- (1)Net of taxes at 28%
(2)Net of taxes at 36%
(3)Net of taxes at 38%
(4)Net of taxes at 39.3%
(5)No tax impact

Table II (Continued)
REPORTABLE SEGMENTS
RECONCILIATION OF NON-GAAP MEASURES
(in thousands)
(unaudited)

| | Second Quarter | | Fiscal Year | |
|---|----------------|-----------|-------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| Consumer Healthcare | | | | |
| Net sales | \$446,410 | \$320,205 | \$812,612 | \$588,464 |
| Reported gross profit | \$114,977 | \$86,553 | \$224,284 | \$158,909 |
| Inventory step-up - Unico | 1,062 | - | 1,062 | - |
| Inventory step-up - Diba | 767 | - | 767 | - |
| Inventory step-up - JB Labs | 358 | - | 358 | - |
| Impairment of fixed assets | 1,600 | - | 1,600 | - |
| Adjusted gross profit | \$118,764 | \$86,553 | \$228,071 | \$158,909 |
| Adjusted gross profit % | 26.6% | 27.0% | 28.1% | 27.0% |
| Reported operating expenses | \$58,672 | \$47,715 | \$108,864 | \$90,053 |
| Loss on asset exchange | - | - | (639) | - |
| Adjusted operating expenses | \$58,672 | \$47,715 | \$108,225 | \$90,053 |
| Adjusted operating expenses % | 13.1% | 14.9% | 13.3% | 15.3% |
| Reported operating income | \$56,305 | \$38,838 | \$115,420 | \$68,856 |
| Inventory step-up - Unico | 1,062 | - | 1,062 | - |
| Inventory step-up - Diba | 767 | - | 767 | - |
| Inventory step-up - JB Labs | 358 | - | 358 | - |
| Impairment of fixed assets | 1,600 | - | 1,600 | - |
| Loss on asset exchange | - | - | 639 | - |
| Adjusted operating income | \$60,092 | \$38,838 | \$119,846 | \$68,856 |
| Adjusted operating income % | 13.5% | 12.1% | 14.7% | 11.7% |
| Unallocated | | | | |
| Reported operating loss | \$(4,321) | \$(4,754) | \$(8,223) | \$(5,464) |
| Write-off of in-process R&D - Diba acquisition | 279 | - | 279 | - |
| Adjusted operating loss | \$(4,042) | \$(4,754) | \$(7,944) | \$(5,464) |

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

| | Full Year Fiscal 2009 Guidance |
|--|-----------------------------------|
| Reported earnings per share range | \$1.55 - \$1.70 |
| Loss on asset exchange | \$0.007 |
| Charges associated with inventory step-ups | \$0.023 |
| Fixed asset impairment | \$0.011 |
| Write-off of in-process R&D | \$0.002 |
| Investment impairment | \$0.161 |
| Adjusted earnings per share range | \$1.75 - \$1.90 |

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SOURCE: Perrigo Company

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