ALLERGAN 2004 ANNUAL REPORT





COMPANY PROFILE

Allergan, Inc., with headquarters in Irvine, California, is a global specialty pharmaceutical company that develops and commercializes innovative products for the ophthalmology, neuromodulator, dermatology and other specialty markets. In addition to its discovery-to-development research programs, Allergan has global marketing and sales capabilities in over 100 countries that deliver value to our customers, satisfy unmet medical needs and improve patients' lives. Driven by technology and innovation, Allergan addresses the needs of patients around the world with approximately 5,000 employees, a global research and development infrastructure and three state-of-the-art manufacturing plants.



OUR VISION/OUR MISSION

To continue as an innovative, technology driven, global health care company focused on pharmaceuticals in specialty markets that deliver value to customers, satisfy unmet medical needs and improve patients' lives.

To become the partner of choice for ever better health care through the value of our technological innovation, industry leadership, partnering skills and relationships, worldwide infrastructure, research and manufacturing capabilities. To develop a level of understanding of our customers in order to implement operational strategies that provide the greatest value for our customers and stockholders.



FINANCIAL OVERVIEW

In millions, except per share data	Year Ended December 31,				
	2004	2003	2002	2001	2000
TATEMENT OF OPERATIONS HIGHLIGHTS As reported under U.S. GAAP)					
Product net sales	\$2,045.6	\$1,755.4	\$1,385.0	\$1,142.1	\$992.
Gross profit	1,658.9	1,435.1	1,163.3	944.0	794.
Research and development	345.6	763.5	233.1	227.5	165.
arnings (loss) from continuing operations	377.1	(52.5)	64.0	171.2	165.9
arnings from discontinued operations	-	-	11.2	54.9	49.
let earnings (loss)	377.1	(52.5)	75.2	224.9	215.
Basic earnings (loss) per share:					
Continuing operations	2.87	(0.40)	0.49	1.30	1.2
Discontinued operations	-	-	0.09	0.42	0.3
Diluted earnings (loss) per share:					
Continuing operations	2.82	(0.40)	0.49	1.29	1.2
Discontinued operations	-	-	0.08	0.40	0.3
Dividends per share	0.36	0.36	0.36	0.36	0.3
DJUSTED AMOUNTS (a)					
adjusted earnings from continuing operations	368.8	305.2	252.3	207.7	166.
djusted basic earnings per share:					
Continuing operations	2.81	2.34	1.95	1.58	1.2
djusted diluted earnings per share:					
Continuing operations	2.75	2.30	1.92	1.55	1.2
IET SALES BY PRODUCT LINE					
Specialty Pharmaceuticals:					
Eye Care Pharmaceuticals	\$1,137.1	\$ 999.5	\$ 827.3	\$ 753.7	\$683.
BOTOX/Neuromodulators	705.1	563.9	439.7	309.5	239.
Skin Care	103.4	109.3	90.2	78.9	68.
Total Pharmaceutical Sales	1,945.6	1,672.7	1,357.2	1,142.1	992.
Other (primarily contract sales)	100.0	82.7	27.8	-	
Total Net Sales	\$2,045.6	\$1,755.4	\$1,385.0	\$1,142.1	\$992.
RODUCTS SOLD BY LOCATION					
Oomestic	69.1%	70.4%	70.6%	67.0%	63.49
	30.9%	29.6%	29.4%	33.0%	36.69

⁽a) The adjusted amounts in 2004 exclude the favorable recovery of \$6.5 million of previously paid state income taxes and the after-tax effects of the following: 1) income of \$2.4 million from a patent infringement settlement, 2) \$7.0 million restructuring charge primarily related to the scheduled termination of the Company's manufacturing and supply agreement with Advanced Medical Optics, 3) \$0.4 million unrealized loss on derivative instruments, 4) income of \$5.0 million from a technology transfer fee, and 5) \$6.5 million of income from a revised Vitrase collaboration agreement with ISTA Pharmaceuticals.

The adjusted amounts in 2003 exclude the after-tax effects of the following: 1) \$179.2 million charge for in-process research and development related to the purchase of Oculex Pharmaceuticals, Inc., 2) \$278.8 million charge for in-process research and development related to the purchase of Bardeen

Sciences Company, LLC, 3) \$0.4 million reversal of restructuring charge and asset write-offs, net related to the 2002 spin-off of the Company's ophthalmic surgical and contact lens care businesses, 4) \$0.3 million unrealized loss on derivative instruments, and 5) \$0.9 million charge for the early extinguishment of convertible debt.

The adjusted amounts in 2002 exclude the after-tax effects of the following: 1) \$118.7 million in litigation settlement costs, 2) net costs of \$100.3 million associated with the 2002 spin-off of the Company's ophthalmic surgical and contact lens care businesses to Advanced Medical Optics which consist of restructuring charge and asset write-offs of \$63.5 million, duplicate operating expenses of \$42.5 million and gain of \$5.7 million on sale of a facility, 3) \$30.2 million loss on the other than



CASH FLOW FROM OPERATIONS*(IN MILLIONS OF DOLLARS) * As reported, including discontinued operations

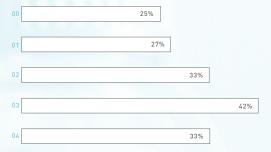


CASH. NET OF DEBT* (IN MILLIONS OF DOLLARS)

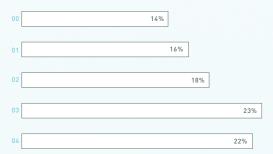
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RETURN ON EQUITY (ADJUSTED FOR NON-GAAP ITEMS)**



RETURN ON CAPITAL (ADJUSTED FOR NON-GAAP ITEMS)**



** Adjustments to GAAP net earnings (loss) used to calculate return on equity, adjusted for non-GAAP items, and return on capital, adjusted for non-GAAP items, include the aggregate non-GAAP adjustments, net of tax, detailed on the next two pages of this annual report. Return on equity using GAAP net earnings (loss) was 34%, (7)%, 9%, 23% and 25% for 2004, 2003, 2002, 2001 and 2000, respectively. Return on capital using GAAP net earnings (loss) was 22%, (4)%, 5%, 14% and 14% for 2004, 2003, 2002, 2001 and 2000, respectively.

temporary impairment of equity investments, 4) \$1.7 million unrealized loss on derivative instruments, 5) net gain of \$1.0 million from partnering agreements, and 6) \$11.7 million charge for the early extinguishment of convertible debt.

The adjusted amounts in 2001 exclude the \$40.0 million charge for in-process research and development related to the purchase of Allergan Specialty Therapeutics, Inc. and the after-tax effects of the following: 1) \$6.2 million restructuring charge and asset write-off reversal consisting of \$1.7 million restructuring charge reversal and a \$4.5 million gain on sale of a facility reducing the write-offs recorded in 1998, 2) income of \$1.5 million from a partnering agreement, 3) \$4.5 million loss on the permanent impairment of equity investments, 4) \$2.0 million gain on the sale of divested pharmaceutical products

in Brazil, 5) \$4.2 million unrealized gain on derivative instruments, and 6) \$4.4 million associated with the 2002 spin-off of the Company's ophthalmic surgical and contact lens care businesses.

The adjusted amounts in 2000 exclude the after-tax effects of the following: 1) a \$0.2 million restructuring charge, 2) \$1.3 million gain on the sale of investments, and 3) \$2.0 million in expenses from partnering agreements.

The foregoing presentation contains certain non-GAAP financial measures and non-GAAP adjustments. For a reconciliation of these non-GAAP financial measures to GAAP financial measures, the set feels to the next two pages of this annual report.



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