

CREATING OPPORTUNITIES THROUGH SPECIALIZATION

A BREAKTHROUGH YEAR IN R&D



2010
ANNUAL REPORT

 **ALLERGAN**

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2010: A MILESTONE IN ALLERGAN'S HISTORY;
A BREAKTHROUGH YEAR IN R&D

Research and development: The search for something new and useful has driven Allergan's evolution since 1950, when Gavin Herbert, Sr., began producing and marketing an anti-allergy nose drop invented by his friend, chemist Stanley Bly. They saw a need. They created a solution. And they launched a company that then focused on the eye care market, which was overlooked by the rest of the pharmaceutical industry at the time.

Today, Allergan focuses on six distinct markets, and we believe our approach to specialization initiated 60 years ago remains the key to the growth and success we've had over the past six decades. At the heart of our specialized focus is Research and Development (R&D), which represents a critical component of Allergan's values and culture. R&D fills our pipeline and fuels our growth by finding new opportunities to help patients in areas of substantial unmet need.

This year, our R&D efforts resulted in 12 significant product approvals, bringing new and meaningful treatment options to patients around the world.

As we celebrate this important achievement, we also use the occasion of our 60-year anniversary to reflect on what makes Allergan – a multi-specialty company – *special*.



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AN EXTRAORDINARY PAST. AN EXCITING FUTURE

GAVIN S. HERBERT, JR., REFLECTS ON ALLERGAN'S EVOLUTION

In 1957, at the age of 25, Gavin S. Herbert, Jr., became president of Allergan, the company founded by his father in 1950. Allergan had just \$100,000 in annual revenues, but Herbert had big ideas – and the capacity to turn ideas into results. He served as Allergan's CEO for 30 years, was Chairman of the Board of Directors from 1977 to 1996, and served as Chairman Emeritus from 1996 until his retirement from the Board in May 2011. He has continued his association with Allergan by joining the Board of the Allergan Foundation. Under Herbert's 60 years of leadership, Allergan evolved from a regional eye care company, to a national company, to a multi-specialty company with a worldwide presence.

On focus: "My father, Gavin Herbert, Sr., owned a chain of drug stores and started Allergan with a few new ophthalmic products. But he didn't see how we could compete with the large pharmaceutical companies. Well, that made me dig in my heels! The way I saw it, the big companies were overlooking the ophthalmology market. So, I had to convince my father we could build a good business by focusing on this niche and working with thought leaders to create innovative eye care products."

On optimism: "When we broke ground in Orange County in 1960, we acquired 24 acres for \$1 million, at a time when our sales were just around \$6 million. We created a master plan for the site, and we predicted that one day we would expand globally. But when I think back, not even in my wildest dreams did I envision how Allergan would grow into what it's become today."

On the value of listening: "I always loved talking with the researchers active in our fields and the doctors who used our products. I met with physicians constantly, often over the weekend, when they had more time to talk, to find out what their patients needed and to learn how we could make our products more effective. A lot of our ideas came from those conversations. We listened and we responded, as fast as we could – and Allergan remains nimble and agile today."

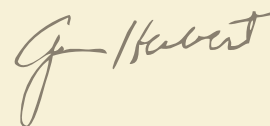
On building a team: "I realized early on that I didn't know enough about this business. I needed to surround myself with talent, in everything from finance and marketing to research and development. One of my early priorities was to identify smart, experienced people and lure them out to Orange County. I was smart enough – or lucky enough – to pick out really good people. Getting the right people is everything! And that continues to be the case at Allergan."

On leadership and constancy: "I'm proud of the fact that during the past 60 years, Allergan has had just two CEOs after me: Bill Shepherd and current CEO David Pyott. I think this has helped us stay focused on what we do best – staying close to the medical community and addressing unmet patient needs within our specialties."

On specialization and serendipity: "Ophthalmology was our first specialty, followed by dermatology. We found that many of the corticosteroids and compounds we developed for eye care could also be applied to medical dermatology. But serendipity is important and has led us to many new opportunities. Who, after all, could anticipate BOTOX® Cosmetic? We were initially interested in BOTOX® because it was used to treat a few rare eye conditions. Then we started to discover other applications for it, and today it's a cornerstone of Allergan's Neurosciences and Medical Aesthetics specialties. Today, Allergan is always looking for new ideas within its specialties, but always open to the unforeseen opportunities too, as long as they make strategic sense."

On Allergan's future: "I have been actively involved with Allergan's Research and Development committee, and that's where the future of Allergan is being created. Three things give me confidence: the quality of people, the ability to turn things around fast and a robust product pipeline. We are exploring a lot of promising therapies we believe will be able to treat conditions in patients in all of our specialties. I often cannot believe what Allergan has become over the past 60 years, but I am confident the next 60 will be good ones."

Sincerely,



Gavin S. Herbert, Jr.

Founder of Allergan & Chairman Emeritus since 1996

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