

AGN



Contents



2002

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▶ OUR VISION

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.

▶ OUR MISSION

To become the partner of choice for ever better health through technological innovation, industry leadership, partnering skills, infrastructure, research and manufacturing capabilities.

To develop a unique level of understanding of our customers and their needs and operational strategies that provide the greatest value for our customers.



Year Ended December 31,

In millions, except per share data

	2002	2001	2000	1999	1998
STATEMENT OF OPERATIONS HIGHLIGHTS					
Product net sales	\$1,385.0	\$1,142.1	\$992.1	\$828.6	\$716.0
Product gross margin	1,163.3	944.0	794.4	658.2	545.5
Research and development	233.1	227.5	165.7	140.6	97.7
Earnings (loss) from continuing operations	64.0	171.2	165.9	143.7	(86.6)
Earnings (loss) from discontinued operations	11.2	54.9	49.2	44.5	(3.6)
Net earnings (loss)	75.2	224.9	215.1	188.2	(90.2)
Basic earnings (loss) per share:					
Continuing operations	0.49	1.30	1.27	1.09	(0.66)
Discontinued operations	0.09	0.42	0.38	0.33	(0.03)
Diluted earnings (loss) per share					
Continuing operations	0.49	1.29	1.24	1.06	(0.66)
Discontinued operations	0.08	0.40	0.37	0.33	(0.03)
Dividends per share	0.36	0.36	0.32	0.28	0.26
ADJUSTED AMOUNTS^(a)					
Adjusted earnings from continuing operations	252.3	207.7	166.6	133.9	102.4
Adjusted basic earnings per share from continuing operations	1.95	1.58	1.27	1.01	0.78
Adjusted diluted earnings per share from continuing operations	1.92	1.55	1.25	0.99	0.76
<i>Pro Forma</i> diluted earnings per share adjusted for dissynergies related to spin-off of Advanced Medical Optics, Inc. ^(b)	1.88	1.48	-	-	-

In millions

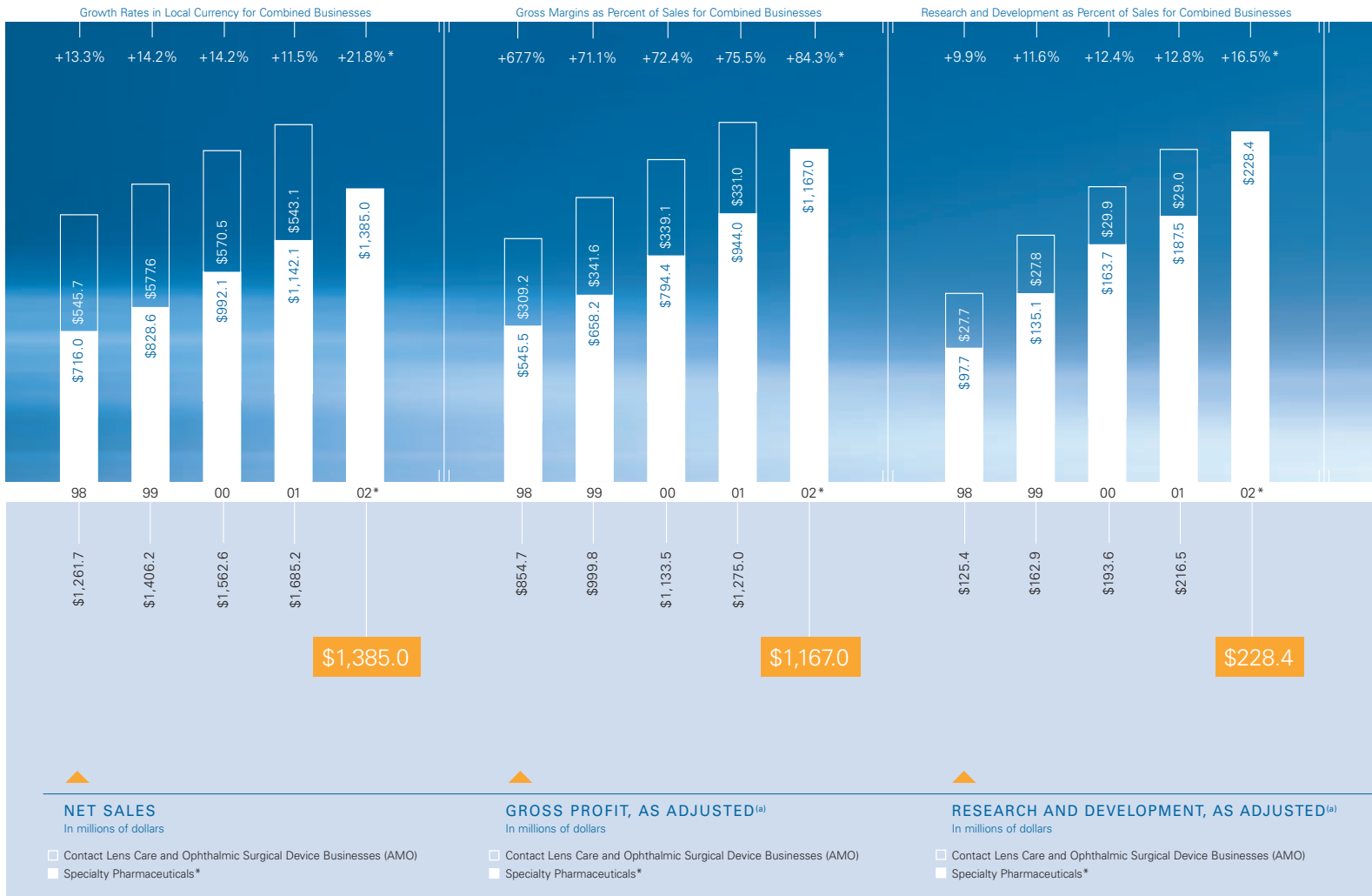
	2002	2001
NET SALES BY PRODUCT LINE		
Specialty Pharmaceuticals:		
Eye Care Pharmaceuticals	\$ 827.3	\$ 753.7
Skin Care	90.2	78.9
BOTOX/Neuromodulators	439.7	309.5
Total Pharmaceutical Sales	1,357.2	1,142.1
Other	27.8	-
Total Net Sales	\$1,385.0	\$1,142.1
PRODUCTS SOLD BY LOCATION		
Domestic	70.6%	67.0%
International	29.4%	33.0%

(a) The adjusted amounts in 2002 exclude the after-tax effect of the following: 1) \$118.7 million in litigation settlement costs, 2) net cost of \$100.3 million associated with the spin-off of the Company's ophthalmic surgical and contact lens care businesses which consist of a restructuring charge and asset write-offs of \$63.5 million, duplicate operating expenses of \$42.5 million and

The adjusted amounts in 2001 exclude the \$40.0 million one-time charge for in-process research and development related to the purchase of Allergan Specialty Therapeutics, Inc. (ASTI) and the after-tax effect of the following: 1) \$6.2 million restructuring charge and asset write-off reversals consisting of \$1.7 million restructuring charge reversal and a \$4.5 million gain on sale of

of equity investments, 4) gain on the sale of divested pharmaceutical products in Brazil of \$2.0 million, 5) \$4.2 million unrealized gain on derivative instruments, and 6) \$4.4 million associated with the spin-off of the Company's ophthalmic surgical and contact lens care businesses.

The adjusted amounts in 2000 exclude the after-tax effect of the following: 1) \$3.6 million gains, reducing income of \$14.0 million, 2) \$1.0 million gain on sale of equity investments, 3) \$1.0 million gain on sale of equity investments, 4) gain on the sale of divested pharmaceutical products in Brazil of \$2.0 million, 5) \$4.2 million unrealized gain on derivative instruments, and 6) \$4.4 million associated with the spin-off of the Company's ophthalmic surgical and contact lens care businesses.



The adjusted amounts for 1998 exclude \$171.4 million in expense resulting from the dividend of ASTI common stock to Allergan's stockholders, and the after-tax effect of the following: 1) \$50.4 million in restructuring charges, 2) \$31.9 million in asset write-offs, 3) gain on sales of investments, net of write-offs of certain investments of \$54.1 million, 4) the contribution to The Allergan Foundation

(b) Diluted earnings per share adjusted by \$0.04 for the first six months of 2002 and by \$0.07 for the full year 2001 to reflect dissynergies related to the spin-off of Advanced Medical Optics, Inc.

In this Annual Report, the Company presents certain non-GAAP financial measures, including constant currency growth rates, one-time items and *pro forma* adjustments. For a reconciliation of these non-GAAP financial measures to comparable GAAP financial measures, please refer to the Company's web site at

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