

# High Revenue Growth Driven by Innovation

**\$ in billions**

- **18% Compound Annual Sales Growth 1998 – 2010**



Our pursuit. Life's potential.®

Growth in local currency excluding divested products

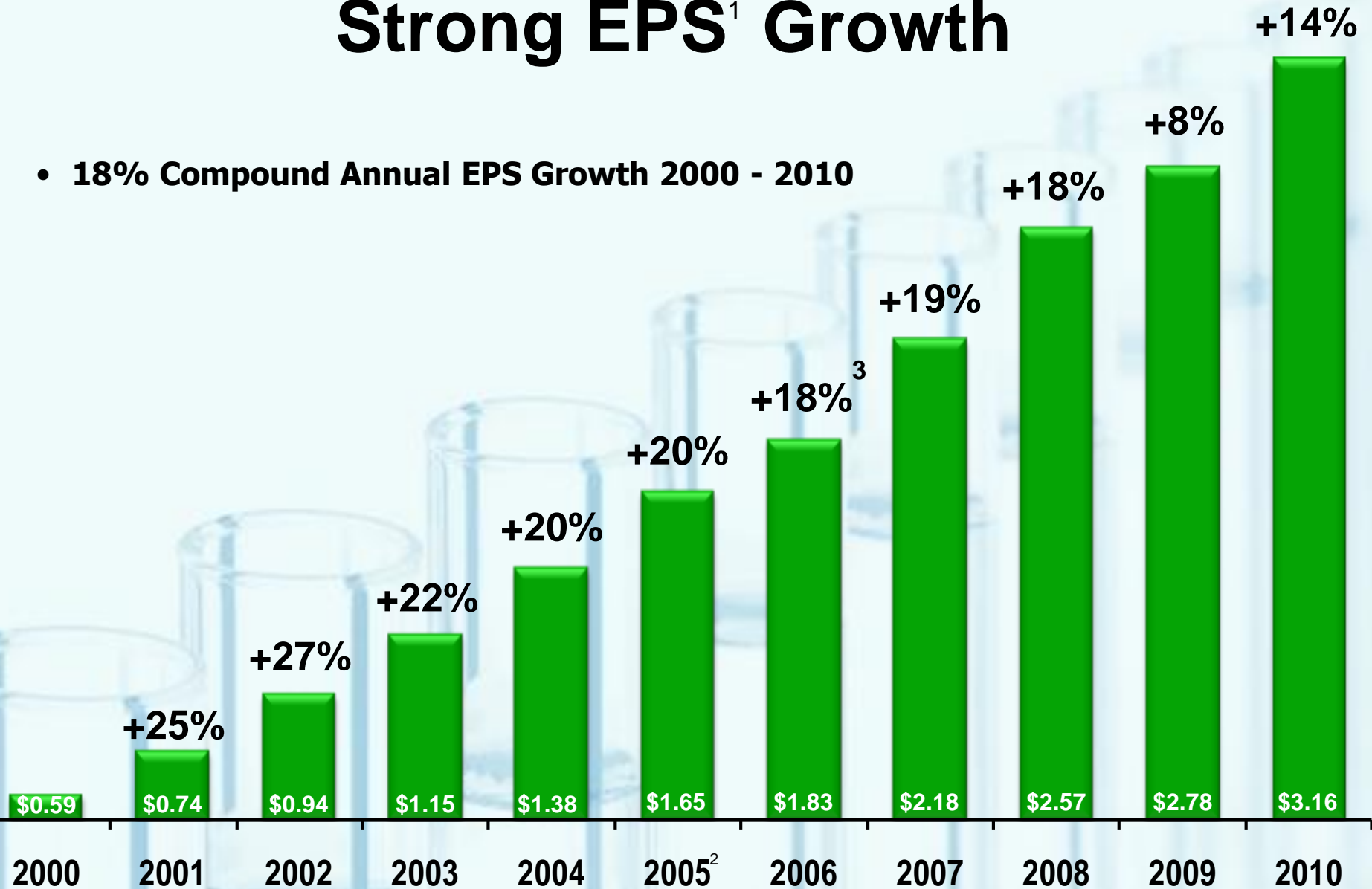
\*Pharmaceutical only

<sup>1</sup> Growth includes Allergan Medical, excluding BOTOX® Japan

<sup>2</sup> Growth includes Allergan Medical, EndoArt, and Corneal

# Strong EPS<sup>1</sup> Growth

- 18% Compound Annual EPS Growth 2000 - 2010



Our pursuit. Life's potential.®

<sup>1</sup> Adjusted for non-GAAP items and 2002 spin-off of Advanced Medical Optics, Inc. Includes the effect of EITF 04-8. Historical EPS adjusted for Q2 2007 stock split. A reconciliation of non-GAAP items may be found under the heading "Non-GAAP Financial Reconciliations" in the investor relations section of the [www.Allergan.com](http://www.Allergan.com) website.

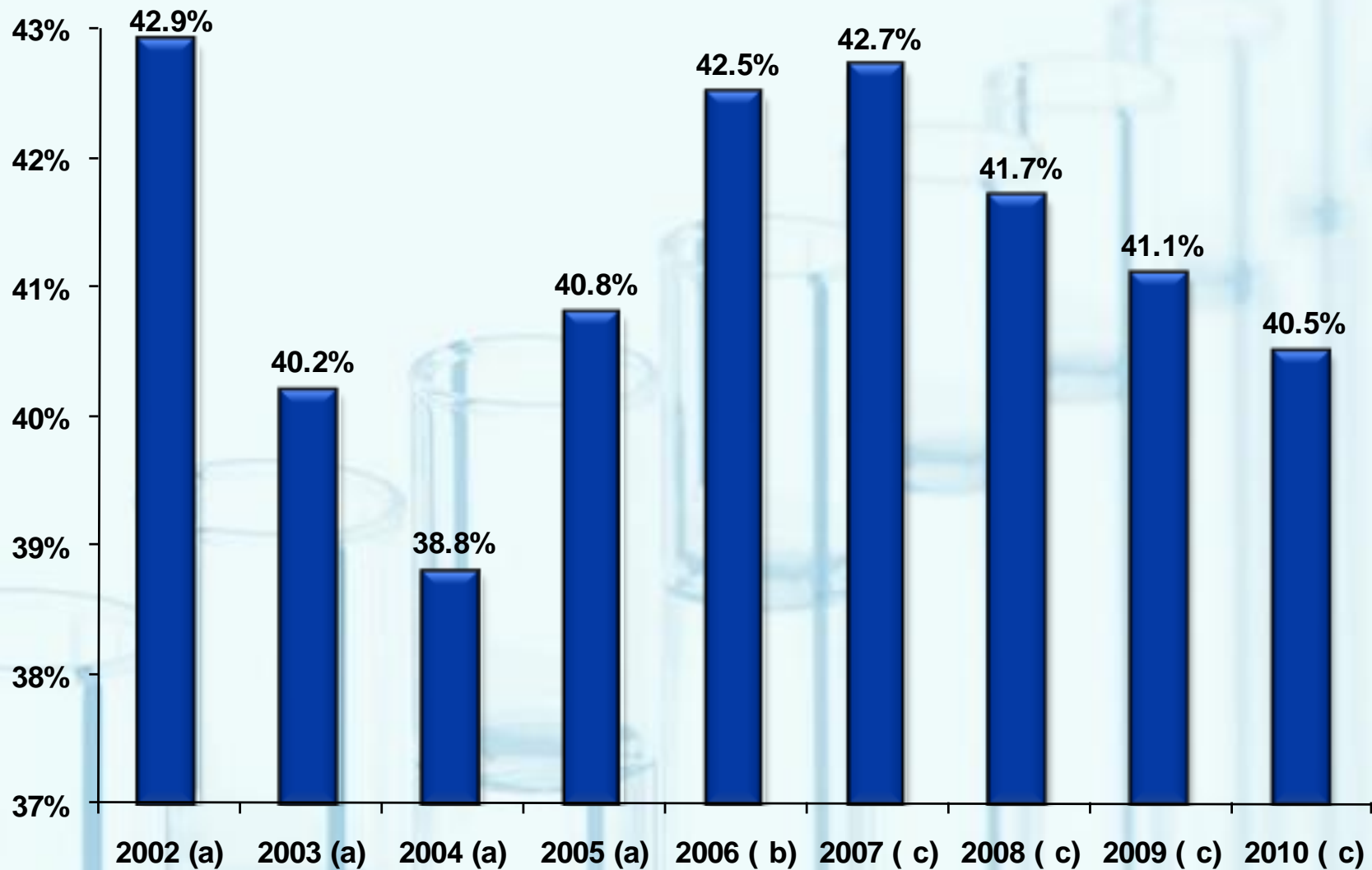
<sup>2</sup> Pre IRS Tax Settlement    <sup>3</sup> 2006 EPS growth excludes FAS 123R stock option expense

# R&D Spend

- Major efficiency gains in 2009/2010
- Completion of major clinical phase III trials in 2008/2009
- Reloading the pipeline
- Mid-term investment goal ~17% of product net sales



# SG&A as a % of Sales



**ALLERGAN**

Our pursuit. Life's potential.®

(a) Pharmaceutical only (excluding AMO), adjusted for non-GAAP SG&A items. See reconciliation at end of presentation.

(b) Includes impact of FAS 123R and Inamed results for 9 months in 2006.

(c) Adjusted for non-GAAP SG&A items. See reconciliation at end of presentation.

# Reconciliation of Selected Non-GAAP Financial Measures

“GAAP” refers to financial information presented in accordance with generally accepted accounting principles in the United States.

In this presentation, Allergan included historical non-GAAP financial measures, as defined in Regulation G promulgated by the Securities and Exchange Commission, with respect to periods for 1999 through 2010. Allergan believes that its presentation of historical non-GAAP financial measures provides useful supplementary information to investors. The presentation of historical non-GAAP financial measures is not meant to be considered in isolation from or as a substitute for results prepared in accordance with GAAP.

In this presentation, Allergan reported the financial measures “Adjusted Sales”, “Adjusted SG&A”, “Adjusted R&D” and “Adjusted EPS” as adjusted for Non-GAAP items. Allergan uses Adjusted Sales, Adjusted SG&A, Adjusted R&D and Adjusted EPS to enhance the investor’s overall understanding of the financial performance and prospects for the future of Allergan’s core business activities. Specifically, Allergan believes that a report of Adjusted Sales, Adjusted SG&A, Adjusted R&D, and Adjusted EPS provides consistency in its financial reporting and facilitates the comparison of results of core business operations between its current, past and future periods. Adjusted Sales, Adjusted SG&A, Adjusted R&D, and Adjusted EPS are the primary indicators management uses for planning and forecasting in future periods. Allergan also uses Adjusted Sales and Adjusted R&D for evaluating management performance for compensation purposes.

**Condensed Consolidated Statements of Operations  
and Reconciliation of Non-GAAP Adjustments**

In millions, except per share data

	Year Ended December 31, 2010			Year Ended December 31, 2009			Year Ended December 31, 2008			Year Ended December 31, 2007			Year Ended December 31, 2006		
	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted
<b>REVENUES</b>															
Specialty pharmaceuticals product net sales	\$ 3,973.4	\$ -	\$ 3,973.4	\$ 3,683.8	\$ -	\$ 3,683.8	\$ 3,502.3	\$ -	\$ 3,502.3	\$ 3,105.0	\$ -	\$ 3,105.0	\$ 2,638.5	\$ -	\$ 2,638.5
Medical devices product net sales	846.2	-	846.2	763.8	-	763.8	837.4	-	837.4	774.0	-	774.0	371.6	-	371.6
Product net sales	4,819.6	-	4,819.6	4,447.6	-	4,447.6	4,339.7	-	4,339.7	3,879.0	-	3,879.0	3,010.1	-	3,010.1
Other revenues	99.8	(36.0) (a)	63.8	56.0	-	56.0	63.7	-	63.7	59.9	-	59.9	53.2	-	53.2
Total	4,919.4	(36.0)	4,883.4	4,503.6	-	4,503.6	4,403.4	-	4,403.4	3,938.9	-	3,938.9	3,063.3	-	3,063.3
<b>OPERATING COSTS AND EXPENSES</b>															
Cost of sales (excludes amortization of acquired intangible assets)	722.0	-	722.0	750.9	(20.2) (n)(o)(p)	730.7	761.2	(20.6) (aa)(ab)(ac)	740.6	673.2	(3.5) (an)(ao)	669.7	575.7	(48.8) (av)(aw)	526.9
Selling, general and administrative	2,017.6	(67.9) (b)(c)(d)(e)(f)	1,949.7	1,921.5	(91.9) (m)(p)(q)(r)(s)(t)(u)	1,829.6	1,856.1	(47.3) (ab)(ac)(ad)(ae)(af)(ag)(ah)	1,808.8	1,680.2	(23.3) (ao)(ap)(as)	1,656.9	1,333.4	(53.9) (av)(ax)(ay)(az)	1,279.5
Research and development	804.6	(43.0) (e)	761.6	706.0	(31.1) (n)(o)(v)	674.9	797.9	(69.0) (ab)(ai)(aj)(ak)(al)	728.9	718.1	(72.0) (aa)	646.1	1,055.5	(580.0) (av)(ay)(ba)	475.5
Amortization of acquired intangible assets	138.0	(114.5) (g)	23.5	146.3	(124.4) (g)	21.9	150.9	(129.6) (g)	21.3	121.3	(99.9) (g)	21.4	79.6	(58.6) (g)	21.0
Legal settlement	609.2	(609.2) (h)	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible asset impairment and related costs	369.1	(369.1) (i)	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring charges	0.3	(0.3) (j)	-	50.9	(50.9) (j)	-	41.3	(41.3) (j)	-	26.8	(26.8) (j)	-	22.3	(22.3) (j)	-
Operating income (loss)	258.6	1,168.0	1,426.6	928.0	318.5	1,246.5	796.0	307.8	1,103.8	719.3	225.5	944.8	(3.2)	763.6	760.4
Interest income	7.3	-	7.3	7.0	-	7.0	33.5	-	33.5	65.3	(0.4) (ar)	64.9	48.9	4.9 (bb)	53.8
Interest expense	(78.7)	25.1 (k)	(53.6)	(76.9)	24.5 (k)	(52.4)	(85.5)	24.9 (ah)	(60.6)	(94.6)	23.2 (as)	(71.4)	(60.2)	(4.9) (bb)	(65.1)
Gain on investments, net	-	-	-	24.6	(24.6) (w)	-	-	-	-	-	-	-	0.3	-	0.3
Other, net	(16.4)	7.6 (l)	(8.8)	(34.2)	18.9 (x)(v)	(15.3)	18.2	(14.8) (l)	3.4	(25.6)	0.4 (l)	(25.2)	(5.3)	3.0 (bc)(bd)	(2.3)
	(87.8)	32.7	(55.1)	(79.5)	18.8	(60.7)	(33.8)	10.1	(23.7)	(54.9)	23.2	(31.7)	(16.3)	3.0	(13.3)
Earnings (loss) from continuing operations before income taxes	170.8	1,200.7	1,371.5	848.5	337.3	1,185.8	762.2	317.9	1,080.1	664.4	248.7	913.1	(19.5)	766.6	747.1
Provision for income taxes	165.9	227.4 (m)	393.3	224.7	108.8 (z)	333.5	197.5	94.5 (am)	292.0	177.4	62.3 (at)	239.7	107.5	92.0 (be)	199.5
Earnings (loss) from continuing operations	4.9	973.3	978.2	623.8	228.5	852.3	564.7	223.4	788.1	487.0	186.4	673.4	(127.0)	674.6	547.6
Loss from discontinued operations	-	-	-	-	-	-	-	-	-	(1.7)	1.7 (au)	-	-	-	-
Net earnings attributable to noncontrolling interest	4.3	-	4.3	2.5	-	2.5	1.6	-	1.6	0.5	-	0.5	0.4	-	0.4
Net earnings (loss) attributable to Allergan, Inc.	\$ 0.6	\$ 973.3	\$ 973.9	\$ 621.3	\$ 228.5	\$ 849.8	\$ 563.1	\$ 223.4	\$ 786.5	\$ 484.8	\$ 188.1	\$ 672.9	\$ (127.4)	\$ 674.6	\$ 547.2
Net earnings (loss) per share attributable to Allergan, Inc. stockholders															
Basic	\$ 0.00	\$ 3.21	\$ 3.21	\$ 2.05	\$ 0.75	\$ 2.80	\$ 1.85	\$ 0.74	\$ 2.59	\$ 1.59	\$ 0.62	\$ 2.21	\$ (0.43)	\$ 2.29	\$ 1.86
Diluted	\$ 0.00	\$ 3.16	\$ 3.16	\$ 2.03	\$ 0.75	\$ 2.78	\$ 1.84	\$ 0.73	\$ 2.57	\$ 1.57	\$ 0.61	\$ 2.18	\$ (0.43)	\$ 2.26	\$ 1.83
Total product net sales	\$ 4,819.6	\$ (38.7) (bf)	\$ 4,780.9	\$ 4,447.6	\$ 106.4 (bf)	\$ 4,554.0	\$ 4,339.7	\$ (49.5) (bf)	\$ 4,290.2	\$ 3,879.0	\$ (87.4) (bf)	\$ 3,791.6	\$ 3,010.1	\$ (15.2) (bf)	\$ 2,994.9

(a) Net licensing fee of \$36.0 million for a development and commercialization agreement with Bristol-Myers Squibb Company.  
(b) External costs of \$14.4 million associated with responding to the U.S. Department of Justice (DOJ) subpoena and related stockholder derivative litigation costs associated with the DOJ settlement announced in a company press release on September 1, 2010.  
(c) Expense from changes in fair value of contingent consideration of \$7.9 million, distributor termination fee of \$33.0 million and integration and transaction costs of \$1.1 million associated with the purchase of a distributor's business in Turkey related to Allergan's products.  
(d) Integration and transaction costs related to the acquisition of Serica Technologies, Inc. of \$0.5 million.  
(e) Upfront licensing fee of \$43.0 million included in research and development expenses associated with a license, development and commercialization agreement with Serenity Pharmaceuticals, LLC for technology that has not achieved regulatory approval and related transaction costs of \$0.4 million included in selling, general and administrative expenses.  
(f) Writeoff of manufacturing assets related to the abandonment of an eye care product of \$10.6 million.  
(g) Amortization of certain acquired intangible assets related to business combinations, asset acquisitions and product licenses.  
(h) Legal settlement costs associated with an announced resolution with the DOJ regarding Allergan's past U.S. sales and marketing practices relating to certain therapeutic uses of Botox®.  
(i) Aggregate charges related to the impairment of the Sanctura® assets.  
(j) Net restructuring charges.  
(k) Non-cash interest expense associated with amortization of convertible debt discount.  
(l) Unrealized gain (loss) on the mark-to-market adjustment to derivative instruments.  
(m) Total tax effect for non-GAAP pre-tax adjustments of \$(226.7) million and an income tax benefit of \$(0.7) million for a change in estimated income taxes related to uncertain tax positions included in prior year filings.  
(n) Compensation expense from stock option modifications related to the restructuring plan announced in February 2009 of \$78.6 million, consisting of cost of sales of \$5.0 million, selling, general and administrative expenses of \$52.6 million and research and development expenses of \$21.0 million.  
(o) Rollout of retention termination benefits and accelerated depreciation costs capitalized in inventory of \$14.4 million included in cost of sales and one-time termination benefits of \$0.1 million included in research and development expenses related to the phased closure of the Arklow, Ireland breast implant manufacturing facility.  
(p) Fair market value inventory adjustment rollout of \$0.8 million included in cost of sales and transaction costs of \$0.4 million included in selling, general and administrative expenses related to the creation of Samil Allergan Ophthalmic Joint Venture Company.  
(q) External costs of \$32.2 million associated with responding to the DOJ subpoena announced in a company press release on March 3, 2008.  
(r) Asset impairments and accelerated depreciation costs related to the 2009 restructuring plan of \$2.3 million.

(s) Integration and transition costs related to the acquisition of Groupe Corneal Laboratoires (Corneal) of \$0.4 million.  
(t) Contribution to The Allergan Foundation of \$18.0 million.  
(u) Gain on settlement of a manufacturing and distribution agreement of \$14.0 million related to an eye care pharmaceuticals product.  
(v) Upfront payment of \$10.0 million for a license and development agreement with Pieris AG for technology that has not achieved regulatory approval.  
(w) Net gain on sale of investments.  
(x) Unrealized loss on the mark-to-market adjustment to derivative instruments of \$13.6 million.  
(y) Loss on extinguishment of convertible debt of \$5.3 million.  
(z) Total tax effect for non-GAAP pre-tax adjustments of \$(106.2) million, a net expense of \$4.1 million for a change in estimated income taxes related to pre-acquisition periods associated with business combinations and uncertain tax positions included in prior year filings and an income tax benefit of \$(6.7) million related to foreign research and development tax credits.  
(aa) Fair market value inventory adjustment rollout of \$11.7 million related to the acquisition of Esprit Pharma Holding Company, Inc. (Esprit).  
(ab) One-time termination benefits, asset impairments and rollout of retention termination benefits and accelerated depreciation costs capitalized in inventory related to the phased closure of the Arklow, Ireland breast implant manufacturing facility of \$10.0 million, consisting of cost of sales of \$8.8 million, selling, general and administrative expenses of \$0.9 million and research and development expenses of \$0.3 million.  
(ac) Integration and transition costs related to the acquisitions of Esprit and Corneal, consisting of cost of sales of \$0.1 million and selling, general and administrative expenses of \$2.1 million.  
(ad) External costs of \$25.7 million associated with responding to DOJ subpoena and Aczone® transaction costs of \$0.6 million.  
(ae) Settlement related to the termination of a distribution agreement in Korea of \$13.2 million.  
(af) Gain on sale of technology and fixed assets of \$0.9 million related to the phased closure of the collagen manufacturing facility in Fremont, California.  
(ag) Impairment of intangible asset of \$5.6 million related to the phase-out of a collagen product.  
(ah) Non-cash interest expense associated with amortization of convertible debt discount of \$24.9 million and related non-cash selling, general and administrative expenses of \$0.1 million.  
(ai) Upfront payment of \$13.9 million for in-licensing of Canadian Sanctura® product rights that have not achieved regulatory approval.  
(aj) Upfront payment of \$6.3 million for in-licensing of Asterand plc technology that has not achieved regulatory approval.  
(ak) Upfront payment of \$41.5 million for a license and development agreement with Spectrum Pharmaceuticals, Inc. for technology that has not achieved regulatory approval.

(al) Upfront payment of \$7.0 million for a license and development agreement with Polyphor Ltd. for technology that has not achieved regulatory approval.  
(am) Total tax effect for non-GAAP pre-tax adjustments of \$(95.9) million, U.S. state and federal deferred tax benefit from legal entity integration of Esprit and Inamed Corporation (Inamed) of \$(2.4) million, and negative tax impact from non-deductible losses associated with the liquidation of corporate-owned life insurance contracts of \$3.8 million.  
(an) Fair market value inventory adjustment rollouts of \$0.5 million and \$2.8 million related to the acquisitions of Corneal and Esprit, respectively.  
(ao) Integration and transition costs related to the acquisitions of Inamed, Corneal, Esprit, and EndoArt SA (EndoArt), consisting of cost of sales of \$0.2 million and selling, general and administrative expenses of \$14.5 million.  
(ap) Settlement of an unfavorable pre-existing Corneal distribution contract for \$2.3 million and \$6.4 million legal settlement of a patent dispute assumed in the acquisition of Inamed.  
(aq) In-process research and development charge related to the acquisition of EndoArt.  
(ar) Interest income related to income tax settlements.  
(as) Non-cash interest expense associated with amortization of convertible debt discount of \$23.2 million and related non-cash selling, general and administrative expenses of \$0.1 million.  
(at) Total tax effect for non-GAAP pre-tax adjustments of \$(60.7) million and favorable recovery of previously paid state income taxes of \$(1.6) million.  
(au) Loss from discontinued operations associated with the July 2007 sale of the former Corneal ophthalmic surgical device business.  
(av) Integration and transition costs related to the acquisition of Inamed, consisting of cost of sales of \$0.9 million; selling, general and administrative expenses of \$19.6 million; and research and development expenses of \$0.2 million.  
(aw) Fair market value inventory adjustment rollout of \$47.9 million related to the acquisition of Inamed.  
(ax) Transition to the acquisition of Corneal of \$0.1 million.  
(ay) Transition/duplicate operating expenses related to restructuring and streamlining of European operations, consisting of selling, general and administrative expenses of \$5.7 million and research and development expenses of \$0.5 million.  
(az) Contribution to The Allergan Foundation of \$28.5 million.  
(ba) In-process research and development charge of \$579.3 million related to the acquisition of Inamed.  
(bb) Reversal of interest income on previously paid state income taxes and reversal of interest expense related to the resolution of uncertain tax positions.  
(bc) Unrealized loss on the mark-to-market adjustment to derivative instruments of \$0.3 million.  
(bd) Costs to settle a previously disclosed contingency involving non-income taxes in Brazil of \$2.7 million.  
(be) Total tax effect for non-GAAP pre-tax adjustments of \$(61.9) million, resolution of uncertain tax positions and favorable recovery of previously paid state income taxes of \$(11.7) million, reduction in valuation allowance associated with a deferred tax asset of \$(17.2) million, change in estimated income taxes on 2005 dividend repatriation of \$(2.8) million, and taxes related to intercompany transfers of trade businesses and net assets of \$1.6 million.  
(bf) The adjustment to measure sales using constant currency.

**Condensed Consolidated Statements of Operations  
and Reconciliation of Non-GAAP Adjustments**

In millions, except per share data

	Year Ended December 31, 2005			Year Ended December 31, 2004			Year Ended December 31, 2003			Year Ended December 31, 2002		
	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted
<b>REVENUES</b>												
Specialty pharmaceuticals product net sales	\$ 2,319.2	\$ -	\$ 2,319.2	\$ 2,045.6	\$ -	\$ 2,045.6	\$ 1,755.4	\$ -	\$ 1,755.4	\$ 1,385.0	\$ -	\$ 1,385.0
Other revenues	23.4	-	23.4	13.3	-	13.3	9.4	-	9.4	10.5	-	10.5
Research service revenues	-	-	-	-	-	-	16.0	-	16.0	40.3	-	40.3
Total	2,342.6	-	2,342.6	2,058.9	-	2,058.9	1,780.8	-	1,780.8	1,435.8	-	1,435.8
<b>OPERATING COSTS AND EXPENSES</b>												
Cost of product sales (excludes amortization of acquired intangible assets)	385.3	(0.5) (a)(b)	384.8	381.7	-	381.7	316.9	-	316.9	221.4	(3.7) (s)	217.7
Cost of research services	-	-	-	-	-	-	14.5	-	14.5	36.6	-	36.6
Selling, general and administrative	936.8	10.0 (a)(c)(d)	946.8	791.7	2.4 (k)	794.1	705.9	-	705.9	633.9	(39.2) (t)	594.7
Research and development	388.3	(4.5) (a)(e)	383.8	342.9	-	342.9	762.6	(458.0) (p)	304.6	232.7	(4.7) (u)	228.0
Amortization of acquired intangible assets	17.5	-	17.5	8.2	-	8.2	5.0	-	5.0	1.1	-	1.1
Legal settlement	-	-	-	-	-	-	-	-	-	118.7	(118.7) (v)	-
Restructuring charges (reversals) and asset write-offs, net	43.8	(43.8) (b)	-	7.0	(7.0) (l)	-	(0.4)	0.4 (l)	-	62.4	(62.4) (l)	-
Operating income (loss)	570.9	38.8	609.7	527.4	4.6	532.0	(23.7)	457.6	433.9	129.0	228.7	357.7
Interest income	35.4	(2.2) (f)(g)	33.2	14.1	-	14.1	13.0	-	13.0	15.8	-	15.8
Interest expense	(12.4)	(7.3) (f)	(19.7)	(18.1)	-	(18.1)	(15.6)	-	(15.6)	(17.4)	-	(17.4)
Unrealized (loss) gain on derivative instruments, net	1.1	(1.1) (m)	-	(0.4)	0.4 (m)	-	(0.3)	0.3 (m)	-	(1.7)	1.7 (m)	-
Gain (loss) on investments, net	0.8	(0.8) (h)	-	0.3	-	0.3	-	-	-	(30.2)	30.2 (w)	-
Other, net	3.4	(3.5) (g)	(0.1)	8.8	(11.5) (n)	(2.7)	(2.9)	0.9 (q)	(2.0)	(5.7)	1.0 (x)	(4.7)
	28.3	(14.9)	13.4	4.7	(11.1)	(6.4)	(5.8)	1.2	(4.6)	(39.2)	32.9	(6.3)
Earnings (loss) from continuing operations before income taxes	599.2	23.9	623.1	532.1	(6.5)	525.6	(29.5)	458.8	429.3	89.8	261.6	351.4
Provision for income taxes	192.4	(22.4) (i)	170.0	154.0	1.8 (o)	155.8	22.2	101.1 (r)	123.3	25.1	73.3 (r)	98.4
Earnings (loss) from continuing operations	406.8	46.3	453.1	378.1	(8.3)	369.8	(51.7)	357.7	306.0	64.7	188.3	253.0
Net earnings (loss) attributable to noncontrolling interest	2.9	(3.1) (j)	(0.2)	1.0	-	1.0	0.8	-	0.8	0.7	-	0.7
Net earnings (loss) attributable to Allergan, Inc.	\$ 403.9	\$ 49.4	\$ 453.3	\$ 377.1	\$ (8.3)	\$ 368.8	\$ (52.5)	\$ 357.7	\$ 305.2	\$ 64.0	\$ 188.3	\$ 252.3
Net earnings (loss) per share attributable to Allergan, Inc. stockholders												
Basic	\$ 1.54	\$ 0.19	\$ 1.73	\$ 1.44	\$ (0.04)	\$ 1.40	\$ (0.20)	\$ 1.37	\$ 1.17	\$ 0.25	\$ 0.72	\$ 0.97
Diluted	\$ 1.51	\$ 0.18	\$ 1.69	\$ 1.41	\$ (0.03)	\$ 1.38	\$ (0.20)	\$ 1.35	\$ 1.15	\$ 0.24	\$ 0.72	\$ 0.96
Estimated diluted earnings per share impact of pro forma AMO Spin-off adjustments												\$ (0.02)
Adjusted diluted net earnings per share, including pro forma AMO Spin-off adjustments												\$ 0.94
Total product net sales	\$ 2,319.2	\$ (22.3) (y)	\$ 2,296.9	\$ 2,045.6	\$ (41.9) (y)	\$ 2,003.7	\$ 1,755.4	\$ (45.9) (y)	\$ 1,709.5	\$ 1,385.0	\$ 6.5 (y)	\$ 1,391.5

(a) Transition/duplicate operating expenses related to restructuring and streamlining of European operations, consisting of cost of sales of \$0.3 million; selling, general and administrative expenses of \$3.8 million; and research and development expenses of \$1.5 million.  
(b) Restructuring charge of \$43.8 million and related inventory write-offs of \$0.2 million.  
(c) Gain on sale of assets primarily used for Advanced Medical Optics contract manufacturing (\$5.7 million), gain on sale of distribution business in India (\$7.9 million), and gain on sale of a former manufacturing plant in Argentina (\$0.6 million).  
(d) Costs related to the acquisition of Inamed of \$0.4 million.  
(e) Buyout of a license agreement with Johns Hopkins University.  
(f) Interest income related to previously paid state income taxes and reversal of interest expense related to tax settlements.  
(g) Termination of ISTA Vitrase collaboration agreement (including interest income of \$0.1 million).  
(h) Gain on sale of third party equity investment.  
(i) Total tax effect for non-GAAP pre-tax adjustments of \$(1.7) million, resolution of uncertain tax positions of \$(24.1) million, additional benefit for state income taxes of \$(1.4) million, and \$49.6 million related to the repatriation of foreign earnings that had been previously permanently reinvested outside the United States.  
(j) Noncontrolling interest related to gain on sale of distribution business in India.

(k) Income from a patent in infringement settlement.  
(l) Restructuring charge (reversal) and asset write-offs, net related to the spin-off of Advanced Medical Optics (AMO).  
(m) Unrealized gain/(loss) on the mark-to-market adjustment to derivative instruments.  
(n) Technology transfer fee and income from revised Vitrase collaboration agreement with ISTA Pharmaceuticals.  
(o) Favorable recovery of previously paid state income taxes and tax effect for non-GAAP adjustments.  
(p) In-process research and development charge related to the acquisitions of Bardeen Sciences Company, LLC and Oculex Pharmaceuticals, Inc.  
(q) Loss on early extinguishment of debt.  
(r) Tax effect for non-GAAP adjustments.  
(s) Duplicate operating expenses of \$2.6 million and restructuring charge and asset write-offs of \$1.1 million related to the spin-off of AMO.  
(t) Duplicate operating expenses related to the spin-off of AMO.  
(u) Duplicate operating expenses of \$0.7 million and partnering collaboration expense of \$4.0 million.  
(v) Legal settlement regarding LUMIGAN.  
(w) Mark-to-market loss on investments and related third party collaborations.  
(x) Partnering deal settlement of \$5.0 million, gain on sale of facility (spin-related) of \$5.7 million and loss on early extinguishment of debt of \$11.7 million.  
(y) The adjustment to measure sales using constant currency.

**Condensed Consolidated Statements of Operations  
and Reconciliation of Non-GAAP Adjustments**

In millions, except per share data

	Year Ended December 31, 2001			Year Ended December 31, 2000			Year Ended December 31, 1999		
	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted
Net sales - pharmaceutical only	\$ 1,142.1	\$ -	\$ 1,142.1	\$ 992.1	\$ -	\$ 992.1	\$ 828.6	\$ -	\$ 828.6
Cost of sales - pharmaceutical only	198.1	-	198.1	197.7	-	197.7	170.4	-	170.4
Product gross margin	944.0	-	944.0	794.4	-	794.4	658.2	-	658.2
Research services margin	4.2	-	4.2	3.5	-	3.5	2.9	-	2.9
Selling, general and administrative	481.1	(2.9) (a)	478.2	409.2	1.3 (h)	410.5	332.2	8.2 (j)	340.4
Research and development	227.5	(40.0) (b)	187.5	165.7	(2.0) (i)	163.7	140.6	(5.5) (i)	135.1
Technology fees from related party	(0.7)	-	(0.7)	(3.1)	-	(3.1)	(6.1)	-	(6.1)
Restructuring charges (reversals) and asset write-offs, net	(1.7)	1.7 (c)	-	0.2	(0.2) (c)	-	(4.4)	4.4 (c)	-
Operating income (loss)	242.0	41.2	283.2	225.9	0.9	226.8	198.8	(7.1)	191.7
Interest income	30.6	-	30.6	23.9	-	23.9	14.3	-	14.3
Interest expense	(18.1)	-	(18.1)	(16.2)	-	(16.2)	(8.6)	-	(8.6)
Gain (loss) on investments, net	(4.5)	4.5 (d)	-	0.8	-	0.8	14.0	(14.0) (h)	-
Unrealized gain on derivative instruments, net	4.2	(4.2) (e)	-	-	-	-	-	-	-
Contribution to The Allergan Foundation	-	-	-	-	-	-	(6.9)	6.9 (k)	-
Other, net	6.1	(6.5) (f)	(0.4)	1.2	-	1.2	(0.4)	-	(0.4)
	18.3	(6.2)	12.1	9.7	-	9.7	12.4	(7.1)	5.3
Earnings (loss) from continuing operations before income taxes and minority interest	260.3	35.0	295.3	235.6	0.9	236.5	211.2	(14.2)	197.0
Provision for income taxes	88.5	(1.5) (g)	87.0	69.1	0.2 (g)	69.3	67.4	(4.4) (g)	63.0
Minority interest	0.6	-	0.6	0.6	-	0.6	0.1	-	0.1
Earnings (loss) from continuing operations	\$ 171.2	\$ 36.5	\$ 207.7	\$ 165.9	\$ 0.7	\$ 166.6	\$ 143.7	\$ (9.8)	\$ 133.9
Net earnings per share from continuing operations									
Basic	\$ 0.65	\$ 0.14	\$ 0.79	\$ 0.63	\$ 0.01	\$ 0.64	\$ 0.54	\$ (0.03)	\$ 0.51
Diluted	\$ 0.64	\$ 0.14	\$ 0.78	\$ 0.62	\$ -	\$ 0.62	\$ 0.53	\$ (0.03)	\$ 0.50
Estimated diluted earnings per share impact of pro forma AMO Spin-off adjustments			\$ (0.04)			\$ (0.03)			
Adjusted diluted net earnings per share, including pro forma AMO Spin-off adjustments			\$ 0.74			\$ 0.59			
Total product net sales	\$ 1,142.1	\$ 28.8 (m)	\$ 1,170.9	\$ 992.1	\$ 24.1 (m)	\$ 1,016.2	\$ 828.6	\$ 40.0 (m)	\$ 868.6

(a) Duplicate operating expenses of \$4.4 million related to the spin-off of Advanced Medical Optics (AMO), net of income of \$1.5 million from a partnering agreement. (b) In-process research and development charge related to the acquisition of Allergan Specialty Therapeutics, Inc. (c) Restructuring charges (reversal) and asset write-offs, net. (d) Mark-to-market loss on investments and related third party collaborations. (e) Unrealized loss on the mark-to-market adjustment to derivative instruments. (f) Gain on sale of facility of \$4.5 million and \$2.0 million gain on the sale of divested pharmaceutical products in Brazil. (g) Tax effect for non-GAAP adjustments. (h) Gain on sale of investments. (i) partnering agreement expenses. (j) \$9.3 million of income, net of expenses of \$0.2 million, from partnering agreements and \$1.1 million of certain one-time costs. (k) Contribution to The Allergan Foundation. (m) The adjustment to measure sales using constant currency.

**Note: The financial information included in the tables above is reproduced from our 2003 annual report and has not been revised to conform with current GAAP and financial reporting requirements. Earnings per share has been adjusted to reflect the 2007 stock split.**

The information for 2008 and 2007 in this presentation has been retrospectively adjusted to reflect the impact of the adoption in the first quarter of 2009 of updates to Financial Accounting Standards Board guidance related to the accounting for convertible debt instruments that may be settled fully or partially in cash upon conversion. The information for 2006 was not retrospectively adjusted.

The earnings per share results for 1999-2006 in this presentation have been adjusted for the 2007 stock split

“GAAP” refers to financial information presented in accordance with generally accepted accounting principles in the United States.

In this presentation, Allergan included historical non-GAAP financial measures, as defined in Regulation G promulgated by the Securities and Exchange Commission, with respect to the year ended December 31, 2010, as well as the corresponding periods for 2009 through 1999. Allergan believes that its presentation of historical non-GAAP financial measures provides useful supplementary information to investors regarding its operational performance because it enhances an investor's overall understanding of the financial performance and prospects for the future of Allergan's core business activities by providing a basis for the comparison of results of core business operations between current, past and future periods. The presentation of historical non-GAAP financial measures is not meant to be considered in isolation from or as a substitute for results as reported under GAAP.

In this presentation, Allergan reported the non-GAAP financial measures “non-GAAP earnings attributable to Allergan, Inc.” and all of its subcomponents and related “non-GAAP basic and diluted earnings per share attributable to Allergan, Inc. stockholders.” Allergan uses non-GAAP earnings to enhance the investor's overall understanding of the financial performance and prospects for the future of Allergan's core business activities. Non-GAAP earnings is one of the primary indicators management uses for planning and forecasting in future periods, including trending and analyzing the core operating performance of Allergan's business from period to period without the effect of the non-core business items indicated. Management uses non-GAAP earnings to prepare operating budgets and forecasts and to measure Allergan's performance against those budgets and forecasts on a corporate and segment level. Allergan also uses non-GAAP earnings for evaluating management performance for compensation purposes.

Despite the importance of non-GAAP earnings in analyzing Allergan's underlying business, the budgeting and forecasting process and designing incentive compensation, non-GAAP earnings has no standardized meaning defined by GAAP. Therefore, non-GAAP earnings has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of Allergan's results as reported under GAAP. Some of these limitations are:

- it does not reflect cash expenditures, or future requirements, for expenditures relating to restructurings, legal settlements, and certain acquisitions, including severance and facility transition costs associated with acquisitions;
- it does not reflect asset impairment charges or gains or losses on the disposition of assets associated with restructuring and business exit activities;
- it does not reflect the tax benefit or tax expense associated with the items indicated;
- it does not reflect the impact on earnings of charges or income resulting from certain matters Allergan considers not to be indicative of its on-going operations; and
- other companies in Allergan's industry may calculate non-GAAP earnings differently than it does, which may limit its usefulness as a comparative measure.

Allergan compensates for these limitations by using non-GAAP earnings only to supplement net earnings (loss) on a basis prepared in conformance with GAAP in order to provide a more complete understanding of the factors and trends affecting its business. Allergan strongly encourages investors to consider both net earnings (loss) and cash flows determined under GAAP as compared to non-GAAP earnings, and to perform their own analysis, as appropriate.

In this presentation, Allergan also reported sales performance using the non-GAAP financial measure of constant currency sales. Constant currency sales represent current year reported sales adjusted for the translation effect of changes in average foreign currency exchange rates between the current year and the corresponding prior year. Allergan calculates the currency effect by comparing adjusted current year reported amounts, calculated using the monthly average foreign exchange rates for the corresponding prior year, to the actual current year reported amounts. Management refers to growth rates at constant currency so that sales results can be viewed without the impact of changing foreign currency exchange rates, thereby facilitating period-to-period comparisons of Allergan's sales. Generally, when the dollar either strengthens or weakens against other currencies, the growth at constant currency rates will be higher or lower, respectively, than growth reported at actual exchange rates.

Reporting sales performance using constant currency sales has the limitation of excluding currency effects from the comparison of sales results over various periods, even though the effect of changing foreign currency exchange rates has an actual effect on Allergan's operating results. Investors should consider these effects in their overall analysis of Allergan's operating results.