ALLERGAN INC
Form 10-K405
March 01, 2002

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FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Fiscal Year Ended December 31, 2001

Commission File No. 1-10269

ALLERGAN, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware	**95-1622442**
(State of Incorporation)	(I.R.S. Employer Identification No.)

2525 Dupont Drive
Irvine, California
(Address of principal executive offices) **92612**
(Zip Code)

Registrant s telephone number: (714) 246-4500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which each class registered
Common Stock, $0.01 par value	
Preferred Share Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the registrant s voting stock held by non-affiliates was approximately $9,234,705,186 on January 25, 2002, based upon the closing price on the New York Stock Exchange on such date.

Common Stock outstanding as of January 25, 2002 134,254,772 shares (including 3,370,092 shares held in treasury).

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the registrant s proxy statement for the annual meeting of stockholders to be held on April 24, 2002, which proxy statement will be filed no later than 120 days after the close of the registrant s fiscal year ended December 31, 2001.

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PART I

ITEM 1. BUSINESS

General Development of Business

Allergan, Inc. (Allergan or the Company) is a technology-driven, global health care company that develops and commercializes specialty pharmaceutical products for the ophthalmic, neurological, dermatological and other specialty markets as well as ophthalmic surgical devices and contact lens care solutions. Its worldwide consolidated revenues are principally generated by prescription and non-prescription pharmaceutical products in the areas of ophthalmology and skin care, neurotoxins, intraocular lenses and other ophthalmic surgical products, and contact lens care products.

Allergan was originally incorporated in California in 1948, became known as Allergan Corporation in 1950, and reincorporated in Delaware in 1977. In 1980, the Company was acquired by SmithKline Beecham plc (then known as SmithKline Corporation and herein SmithKline). The Company operated as a wholly-owned subsidiary of SmithKline from 1980 until 1989 when Allergan again became a stand-alone public company through a spin-off distribution by SmithKline.

On January 18, 2002, the Company s board of directors approved the separation of the Company s pharmaceutical and optical medical device businesses into two independent companies through a spin-off distribution of the Company s ophthalmic surgical and contact lens care businesses. The spin-off is expected to occur at mid-year 2002. After the spin-off, Allergan will be a specialty pharmaceutical company with businesses in ophthalmic, dermatological and neuromuscular/neurotoxin pharmaceuticals.

The new entity, to be called Advanced Medical Optics, Inc. (AMO), will be established as an independent, publicly traded company serving the optical medical device markets, including the contact lens care and ophthalmic surgical businesses. The spin-off of AMO will be effected through a pro rata distribution to Allergan s stockholders of shares of a newly formed holding company. AMO intends to apply for a listing with the New York Stock Exchange.

The spin-off transaction, which is intended to be tax-free to Allergan s stockholders, is subject to a number of conditions, including the receipt of a favorable ruling from the Internal Revenue Service, the receipt of required regulatory approvals, market conditions and final approvals by Allergan s board of directors. Allergan contemplates that AMO will raise approximately $275 million in debt financing at or around the time of the spin-off that will be utilized to repay certain intercompany and Allergan third party debt.

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Allergan Businesses

The following table sets forth, for the periods indicated, the net sales from continuing operations for each of the Company s specialty therapeutics businesses and product lines:

	Year Ended December 31		
	2001	2000	1999
		(in millions)	
Specialty Pharmaceuticals:			
Eye Care Pharmaceuticals	$745.8	$675.3	$571.2
Skin Care	78.9	68.7	76.6
Botox®/Neuromuscular	309.5	239.5	175.8
Total	1,134.2	983.5	823.6
Optical Medical Devices:			
Ophthalmic Surgical	253.9	250.4	222.9
Contact Lens Care	297.1	328.7	359.7
Total	551.0	579.1	582.6
Total Product Net Sales	$1,685.2	$1,562.6	$1,406.2

Domestic		
55.4%	51.7%	48.1%
International		
44.6%	48.3%	51.9%

See Note 16 of Notes to Consolidated Financial Statements for further information concerning foreign and domestic operations.

Specialty Pharmaceutical Business

Eye Care Pharmaceutical Product Line

Allergan develops, manufactures and markets a broad range of prescription and non-prescription products designed to treat diseases and disorders of the eye, including glaucoma, inflammation, infection and allergy. In addition, Allergan s specialty product line consists of products designed to treat ocular surface disease, including artificial tears and ocular decongestants. Allergan will continue to develop, manufacture and market prescription and non-prescription products designed to treat diseases and disorders of the eye after completion of the spin-off transaction described above.

Glaucoma

The largest segment of the market for ophthalmic prescription drugs is for the treatment of glaucoma, a sight-threatening disease characterized by elevated intraocular pressure (IOP) leading to optic nerve damage. Allergan s largest selling eye care pharmaceutical product is *Alphagan*® ophthalmic solution, which was approved by the United States Food and Drug Administration (FDA) in September 1996 for the treatment of open-angle glaucoma and ocular hypertension. Combined sales of *Alphagan*® and *Alphagan*® *P* ophthalmic solution, which is described below and which was introduced in 2001, represented 15% of total Company sales in 2001, and sales of *Alphagan*® represented 15% and 12% of total Company sales in 2000 and 1999, respectively. The period of new chemical entity exclusivity in the United States for *Alphagan*® ophthalmic solution ended in September 2001. Allergan received a six month exclusivity extension from the FDA for the pediatric use of *Alphagan*®, which will expire in March 2002. Allergan has filed a patent infringement lawsuit against Alcon Laboratories, Inc. (a division of Nestlé) and Bausch & Lomb, both of which have challenged certain patents covering *Alphagan*® and, based on those challenges, have filed an Abbreviated New Drug Application (ANDA) with the FDA for a generic version of *Alphagan*®. See Item 3, Legal Proceedings, at page 13 and Note 15, Commitments and Contingencies, in the Notes to Consolidated Financial Statements. Allergan sells *Alphagan*® ophthalmic solution in 59 countries worldwide.

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In March 2001, the FDA approved *Lumigan*®, a topical treatment indicated for the reduction of elevated IOP in patients with glaucoma or ocular hypertension who are either intolerant or insufficiently responsive when treated with other IOP-lowering medications. The Company is engaged in litigation with Pharmacia Corporation regarding certain patents owned or controlled by Pharmacia, which Pharmacia contends cover *Lumigan*®. See Item 3, Legal Proceedings, at page 13 and Note 15, Commitments and Contingencies, in the Notes to Consolidated Financial Statements. In November 2001, the Committee for Proprietary Medicinal Products recommended that *Lumigan*® be approved by the European Commission for use in certain European countries. In addition, *Lumigan*® has received approval in six Latin American countries.

In March 2001, the FDA approved *Alphagan*® *P*, a reformulation of *Alphagan*® containing brimonidine, *Alphagan*® s active ingredient, preserved with *Purite*® for the lowering of IOP in patients with open-angle glaucoma and ocular hypertension. *Alphagan*® *P* lowers IOP by reducing aqueous humor production and increasing uveoscleral outflow, while data suggests that *Lumigan*® lowers IOP by increasing the outflow of aqueous humor through trabecular meshwork and uveoscleral routes. In December 2001, Allergan signed a global license agreement with Laboratoires Thea S.A. for the use of its *ABAK*™ device, a multi-dose system for the delivery of preservative-free eye drops. Initially, the *ABAK*™ system will be used for *Alphagan*® in Europe, and later, possibly *Lumigan*®.

In September 2001, the Company filed a New Drug Application (NDA) with the FDA for a brimonidine and timolol combination designed to treat glaucoma.

The Company also markets *Betagan*® ophthalmic solution, a topical beta blocker used in the treatment of glaucoma, and *Propine*® ophthalmic solution, which is used alone or in combination with other drugs when initial drug therapy for glaucoma becomes inadequate. Patent protection for both products expired in the United States in 1991 and they both face generic competition from several companies including Bausch & Lomb and Alcon Laboratories, Inc. In addition, the Company markets its own generic version of these two products.

Inflammation

Allergan s leading ophthalmic anti-inflammatory product is *Acular*®[1] ophthalmic solution. *Acular*® is indicated for the relief of itch associated with seasonal allergic conjunctivitis and for the treatment of post-operative inflammation in patients who have undergone cataract extraction. Allergan, along with Syntex, the holder of the patent, has filed a patent infringement lawsuit against Apotex, Inc., Apotex Corp. and Novex Pharma in the Northern District of California based on Apotex s challenge of certain patents covering *Acular*® and Apotex s filing of an Abbreviated New Drug Application (ANDA) for a generic version of *Acular*®. In addition, Allergan has filed a lawsuit in Canada against Apotex similarly relating to a generic version of *Acular*® in Canada. See Item 3, Legal Proceedings, at page 13 and Note 15, Commitments and Contingencies, in the Notes to Consolidated Financial Statements. *Acular*® *PF* was the first unit-dose, preservative-free topical non-steroidal anti-inflammatory drug in the United States, and is indicated for the reduction of ocular pain and photophobia following incisional refractive surgery. *Pred Forte*® and *FML*® *Liquifilm*® ophthalmic suspensions are Allergan s products in the ocular corticosteroid inflammation market. *Pred Forte*® no longer has patent protection and faces generic competition.

Infection

Allergan s major products in the anti-infective market are *Ocuflox*®/*Oflox*®/*Exocin*® ophthalmic solution, a fluroquinolone which treats bacterial conjunctivitis and corneal ulcers, *Blephamide*® ophthalmic suspension, a topical anti-inflammatory and anti-infective, and *Polytrim*® ophthalmic solution, a synthetic anti-microbial which treats surface ocular bacterial infections. *Blephamide*® and *Polytrim*® ophthalmic solutions no longer have patent protection and face generic competition. In December 2001, Allergan and McNeil Consumer Healthcare, a subsidiary of Johnson & Johnson, mutually agreed to terminate their commercial collaboration regarding the marketing of *Ocuflox*® in the United States pediatric market. Allergan has established a contract sales force to promote *Ocuflox*® to pediatricians in the United States.

[1] *Acular*® is a registered trademark of and is licensed from its developer Syntex (U.S.A.) Inc.

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Allergy

Allergan s allergy product is *Alocril*® ophthalmic solution. *Alocril*® is indicated for the treatment of itch associated with allergic conjunctivitis. The allergy market is, by its nature, a seasonal market, peaking during the spring months. Allergan has established a contract sales force to promote *Alocril*® to pediatricians in the United States.

Ocular Surface Disease

In addition to its eye care pharmaceuticals, Allergan markets a variety of artificial tear products for various needs, under a range of brand names worldwide, led by the *Refresh*® brand. In the United States, the *Refresh*® brand includes *Refresh Plus*®, *Refresh Tears*®, and *Refresh P.M.*® In May 2001, *Refresh LiquiGel*®, an over-the-counter lubricant eye drop treatment for sufferers of dry eye, was launched in the United States. Allergan also markets *Celluvisc*® in the United States for severe dry eye. Other Allergan brands marketed around the world include *Liquifilm Tears*® and *Lacri-Lube*® *S.O.P.*®, as well as *Lerin*®, a decongestant.

Allergan also provides an eye drop for contact lens wearers called *Refresh Contacts*® to help provide comfort and protection from dryness and irritation.

Allergan is conducting an additional Phase III study for *Restasis*™, a prescription ophthalmic emulsion product for the treatment of chronic dry eye disease. In June 2001, Allergan and Inspire Pharmaceuticals, Inc. entered into a licensing, development and marketing agreement under which Allergan obtained an exclusive license to develop and commercialize Inspire s INS365 Ophthalmic, a product in Phase III clinical trials for its ability to relieve the signs and symptoms of dry eye disease and which Allergan believes complements *Restasis*™. In January 2002, Inspire announced that preliminary results from the first of two Phase III clinical trials for INS365 Ophthalmic indicated that INS365 Ophthalmic did not meet the primary efficacy objectives of the study, but that Inspire would continue to extensively analyze the results, including the higher than expected placebo effect found in the preliminary results.

Skin Care Product Line

Allergan s skin care business is currently comprised of three main product lines: tazarotene products in cream and gel formulations marketed under *Tazorac*® in the United States and Canada and as *Zorac*® elsewhere; *Azelex*®, an acne product; and the *M.D. Forte*® line of alpha hydroxy acid products. Allergan promotes its skin care products primarily in the United States. Allergan will continue to develop, manufacture and market skin care products after completion of the spin-off transaction described above.

In June 1997, the Company received approval from the FDA to market *Tazorac*® gel for the treatment of plaque psoriasis and acne. The FDA approved the cream formulation of *Tazorac*® in October 2000 for the treatment of psoriasis. In September 2001, Allergan received FDA approval to market *Tazorac*® cream for the topical treatment of acne vulgaris. In July 2001, Allergan entered into a co-promotion agreement for *Tazorac*® with Procter & Gamble Pharmaceuticals Inc. for the United States. Procter & Gamble Pharmaceuticals will market *Tazorac*® primarily to the general practitioner market. Allergan will continue to market *Tazorac*® to dermatologists currently covered by its in-house sales force. Allergan has engaged Pierre Fabre Dermatologie and Bioglan Pharma PLC as its promotion partners for *Zorac*® in Europe, the Middle East and Africa.

In June 2001, Allergan filed a NDA with the FDA for a tazarotene cream formulation in the treatment of the signs and symptoms of photodamage, including fine wrinkles and discoloration of skin that can result from sun exposure.

Azelex® cream is approved for the topical treatment of mild to moderate inflammatory acne vulgaris. Allergan launched *Azelex*® cream in the U.S. in December 1995.

The Company also develops and markets glycolic acid-based skin care products. The Company s *M.D. Forte*® line of alpha hydroxy acid products are marketed to and dispensed by physicians.

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Botox®

Allergan s *Botox*® (Botulinum Toxin Type A) is used in the treatment of certain neuromuscular disorders which are characterized by involuntary muscle contractions or spasms. Sales of *Botox*® represented approximately 18%, 15% and 13% of total Company sales in 2001, 2000 and 1999, respectively. The Company markets *Botox*® in the United States and in 69 other countries. Allergan will continue to develop, manufacture and market *Botox*® after completion of the spin-off transaction described above.

The approved indications for *Botox*® in the United States are for the treatment of blepharospasm (the uncontrollable contraction of the eyelid muscles which can force the eye closed and result in functional blindness); strabismus (misalignment of the eyes) in people 12 years of age and over; and cervical dystonia in adults (along with the associated pain). *Botox*® has been approved in Japan for the treatment of blepharospasm, strabismus, and, in 2001, for use in treating cervical dystonia. Outside of the U.S. and Japan, *Botox*® is also approved for treating hemifacial spasm, blepharospasm, pediatric cerebral palsy, hyperhidrosis (excessive sweating) and upper limb spasticity associated with debilities occurring after a stroke.

The Company is pursuing new approved indications for *Botox*®, including brow furrow, headache, back spasm and spasticity.

In October 2001, *Botox*® was granted a positive opinion by the European Commission for focal spasticity of the wrist and hand in adult post-stroke patients, an approval from Health Canada for the management of focal spasticity, including the treatment of upper limb spasticity associated with adult post-stroke patients, and was granted approval for hyperhidrosis and brow furrow in New Zealand.

Botox® Cosmetic

Botox® Cosmetic is designed to relax wrinkle-causing muscles to smooth the deep, persistent, glabellar lines between the brow that often develop during the aging process. The first North American approval for *Botox*® Cosmetic was received in Canada in April 2001, and is anticipated in the United States in the first quarter of 2002. The Canadian approval of *Botox*® Cosmetic launched the first direct-to-consumer marketing campaign aimed at building the product market. Once approved by the FDA, Allergan intends to launch its advertising campaign for *Botox*® Cosmetic in the United States in the first quarter of 2002. Aesthetic-oriented physicians will also be offered Allergan-sponsored training to further expand the base of qualified physicians using *Botox*® Cosmetic. In December 2000, the Company also submitted a variation to its *Botox*® Marketing Authorization license in France for the treatment of glabellar lines.

Optical Medical Devices

Ophthalmic Surgical Product Line

Allergan s ophthalmic surgical business develops, manufactures and markets intraocular lenses (IOLs), phacoemulsification equipment, viscoelastics, and other products related to cataract surgery. As part of the spin-off transaction described above, Allergan s ophthalmic surgical business will be part of AMO.

The largest segment of the surgical market is for the treatment of cataracts. Cataracts are a condition, usually age related, in which the natural lens of the eye becomes progressively clouded. This clouding obstructs the passage of light and can eventually lead to blindness. Most patients affected by cataracts can be surgically treated by removing the clouded lens and replacing it with an IOL. The Company currently offers a line of products used in the performance of cataract surgery, including silicone monofocal and multi-focal IOLs, an acrylic IOL and PMMA (polymethylmethacrylate) IOLs.

Sales of all models of the Company s IOLs represented approximately 10% of total Company sales in 2001 and 11% of total Company sales in each of 2000 and 1999. Foldable IOLs marketed by Allergan for small incision cataract surgery include the *Array*® multifocal silicone IOL; its line of monofocal silicone IOLs (*PhacoflexII*®*SI-30NB*®, *SI-40NB*®, and *PhacoflexII*®*SI-55NB*®); and the *Sensar*® acrylic IOL, which was introduced in Europe in 1998, was

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approved for marketing in the United States in February 2000 and in Japan in April 2001. *ClariFlex*®, Allergan s third-generation silicone IOL, was launched in Europe in May 2001, and in the United States in November 2001. In January 2002, *ClariFlex*® was approved in Japan. Along with foldable IOLs, the Company also markets a series of insertion systems for each of its foldable lens models, referred to as *The UnFolder*® implantation systems. The systems assist the surgeon in achieving controlled release of the IOL in incisions as small as 2.8 mm.

Phacoemulsification is a method of cataract extraction that uses ultrasound waves to break the natural lens into small fragments that can then be removed. Allergan currently markets the *Prestige*®, *AMO*®*Diplomax*® and *Sovereign*™ phacoemulsification systems. Allergan also markets *AMO*®*Vitrax*®, a viscoelastic used to maintain the anterior chamber and protect endothelial cells during cataract surgery. In 1998, the Company became a distributor of *BioLon*® viscoelastic in the United States under an agreement with Akorn, Inc. The Company has partnered with Allegiance Healthcare Corporation to provide custom surgical procedure packs to its U.S. and European customers.

Allergan competes in the refractive surgery market with the *Amadeus*™ microkeratome. Surgeons use microkeratomes in LASIK procedures to cut a flap of corneal tissue that is folded back during the laser procedure and then folded back to its original position. Allergan is the exclusive worldwide distributor of the *Amadeus*™ microkeratome and *SurePass*® microkeratome blades, which are manufactured by SIS AG, Surgical Instrument Systems in Switzerland. Allergan also has a co-marketing agreement with VISX Incorporated, which sells excimer laser systems for vision correction.

Contact Lens Care Product Line

The Company has been active in the contact lens care market since 1960. On a worldwide basis, it develops, manufactures and markets a broad range of products for use with every available type of contact lens. These products include disinfecting solutions to destroy harmful micro-organisms in and on the surface of contact lenses; daily cleaners to remove undesirable film and deposits from contact lenses; enzymatic cleaners to remove protein deposits from contact lenses; and lens rewetting drops to provide added wearing comfort. As part of the spin-off transaction described above, Allergan s contact lens care business will be part of AMO.

In the area of disinfecting products for soft contact lenses, the Company offers products that can be used in both the hydrogen peroxide and convenient chemical systems. Allergan s leading hydrogen peroxide system products are the *Oxysept 1Step*®*/UltraCare*® hydrogen peroxide neutralizer/disinfection system, with a color indicator which turns the solution pink to indicate the disinfectant tablet has dissolved. *Complete*® brand Multi-Purpose Solution is the Company s convenient, cold-chemical one-bottle disinfection system for soft contact lenses. The Company currently markets *Complete*® brand Multi-Purpose Solution worldwide, including Japan as of 1999. *Complete*® brand *ComfortPLUS*™ Multi-Purpose Solution, the Company s latest product upgrade, contains a proprietary comfort formulation for longer, more comfortable contact lens wear. In February 2001, *Complete*® brand Multi-Purpose Solution was approved in the U.S. for cleaning frequent-replacement (30 days or less) soft contact lenses without having to rub them. In February 2002, *Complete*® brand Multi-Purpose Solution was approved in the U.S. for cleaning all soft contact lenses without having to rub them.

In November 1995, the Company acquired the worldwide contact lens care business of Pilkington Barnes Hind. Included in the acquisition was the *Consept F*® Cleaning and Disinfecting System, the first approved non-heat disinfection system for soft contact lenses in Japan. This acquisition significantly increased the Company s contact lens care product business in Japan. In April 2001, Japanese regulatory authorities also approved the *Consept One Step*® contact lens care system.

The Company s contact lens care business continues to be impacted by trends in the contact lens and lens care marketplace, including technological and medical advances in surgical techniques for the correction of vision impairment and by daily disposable lenses. Cheaper cold-chemical one-bottle disinfection systems have gained popularity among soft contact lens wearers instead of peroxide-based lens care products which have historically been Allergan s strongest family of lens care products. The Company s primary strategy is to focus its sales and marketing resources on aggressive growth of *Complete*® brand Multi-Purpose Solution. Also, the growing use and acceptance of daily contact lenses, along with the other factors above, could have the effect of reducing demand for lens care products generally.

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Employee Relations

At December 31, 2001, the Company employed approximately 6,436 persons throughout the world, including 2,633 in the United States. None of the Company s U.S.-based employees are represented by unions. The Company considers that its relations with its employees are, in general, very good.

International Operations

Allergan s international sales have represented approximately 44.6%, 48.3% and 51.9% of total sales for the years ended December 31, 2001, 2000 and 1999, respectively. The Company s products are sold in over 100 countries. Marketing activities are coordinated on a worldwide basis, and resident management teams provide leadership and infrastructure for customer focused rapid introduction of new products in the local markets.

Sales and Marketing

Allergan maintains a global marketing team, as well as regional sales and marketing organizations. Allergan s sales efforts and promotional activities are primarily aimed at eye care professionals, as well as neurologists and dermatologists, who use, prescribe and recommend its products. In addition, Allergan advertises in professional journals and has an extensive direct mail program of descriptive product literature and scientific information to specialists in the ophthalmic, dermatological and movement disorder fields. The Company has also developed training modules and seminars to update physicians regarding evolving technology. Allergan has also utilized direct-to-consumer advertising of its contact lens care products, *Refresh*® products and *Array*® multifocal silicone IOL.

The Company s products are sold to drug wholesalers, independent and chain drug stores, pharmacies, commercial optical chains, opticians, mass merchandisers, food stores, hospitals, ambulatory surgery centers and medical practitioners, including neurologists, dermatologists and plastic surgeons. At December 31, 2001, the Company employed approximately 1,700 sales representatives throughout the world. The Company also utilizes distributors for its products in the smaller international markets.

Research and Development

The Company s global research and development efforts focus on eye care, skin care and neuromuscular products that are safe, effective, convenient and have an economic benefit. The Company s own research and development activities are supplemented by a commitment to identifying and obtaining new technologies through in-licensing, technological collaborations, joint ventures and acquisition efforts, including the establishment of research relationships with academic institutions and individual researchers.

At December 31, 2001, there were, in the aggregate, approximately 1,100 people involved in the Company s research and development efforts. The Company s research and development expenditures for 2001, 2000 and 1999 were $256.5 million, $195.6 million and $168.4 million, respectively, including amounts spent by the Company in conjunction with the acquisition of Allergan Specialty Therapeutics, Inc., which is described below.

Research and development efforts for the ophthalmic pharmaceuticals business focus primarily on new therapeutic products for glaucoma, inflammation, dry eye, allergy, anti-infective pharmaceuticals for eye care and back-of-the-eye disorders, including macular degeneration. Below is a summary of major research and development projects in the ophthalmic pharmaceutical segment:

In its glaucoma research, the Company is pursuing two approaches. The first is to improve upon agents for lowering IOP, and the second is to develop drugs that directly protect the optic nerve.

In the retinal disease area, Allergan is continuing programs to treat age-related macular degeneration.

Allergan continues to pursue ocular allergy, anti-inflammatory and anti-infective products.

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Research and development activities for the surgical business concentrate on improved cataract surgical systems, implantation instruments and methods, and new IOL materials and designs.

For the skin care business, Allergan s research and development team is working on expanded indications and formulations for tazarotene. The team is also working on an anti-acne approach based on enzyme inhibitors.

Research and development efforts for neuromuscular disorders focus on expanding the uses for *Botox*® (Botulinum Toxin Type A) to include treatment for spasticity, headache, lower back pain, brow furrow and hyperhidrosis. Allergan is also pursuing new toxin based products.

Research and development in the contact lens care business is aimed at systems that are effective and more convenient for patients to use, and thus lead to a higher rate of compliance with recommended lens care procedures. Improved compliance can enhance safety and extend the time a patient will be a contact lens wearer.

Allergan is also working to leverage its technologies in therapeutic areas outside of its current specialties, such as the use of its receptor-selective retinoid technology in therapeutic areas such as cancer, diabetes, dyslipidermia and bone disease and alpha agonists in the treatment of neuropathic pain.

In 1997, the Company formed a new subsidiary, Allergan Specialty Therapeutics, Inc. (ASTI), to conduct research and development of potential pharmaceutical products based on the Company s retinoid and neuroprotective technologies. In March 1998, the Company distributed all ASTI Class A Common Stock to the Company s stockholders, who received one share of ASTI Class A Common Stock for each 20 shares of Allergan common stock held as of the record date.

In April 2001, the Company exercised its option under the terms of ASTI s Restated Certificate of Incorporation to repurchase all of the outstanding shares of ASTI Class A Common Stock at a price of $21.70 per share, for an aggregate purchase price of $71.0 million. Please refer to ASTI s Restated Certificate of Incorporation (which has been filed previously with the U.S. Securities and Exchange Commission) and to ASTI s Annual Report on Form 10-K for the year ended December 31, 2000, for more information on Allergan s repurchase option. During the second quarter of 2001, Allergan incurred a $40 million one-time charge related to in-process research and development and capitalized the value of core technology on its balance sheet. In addition, Allergan s consolidated financial statements for fiscal year 2001 include the assets, liabilities and results of operations of ASTI from the date of purchase.

Allergan established a plan to fully fund most of the former ASTI technology programs (which technologies are more fully described in ASTI s Form 10-K for the year ended December 31, 2000). The continuing programs are being funded either through the use of partnering arrangements, third party research and development organizations, or directly by Allergan.

The Company has also entered into a series of agreements to further its research and development efforts:

In January 2002, the Company entered into an exclusive License Agreement with EntreMed, Inc. for the use of up to two non-peptide angiostatic compounds in the treatment and prevention of diseases and conditions of the eye, such as macular degeneration, by local delivery of an inhibitor of angiogenesis, which includes *Panzem*™, described below.

In January 2002, the Company announced an an agreement with Ophtec BV and Ophtec USA, Inc., a Netherlands-based medical device manufacturer, under which the Company will seek to introduce a new IOL based on lens technology developed by Ophtec, once regulatory approval is received. In connection with the spin-off transaction described above, this agreement will be assigned by the Company to AMO. AMO will market this new brand of IOL exclusively in the U.S., Canada, Mexico and Japan. In the European region and the rest of the world, Ophtec will continue to distribute its product and AMO will market and sell its own brand.

In May 2001, Allergan and Oculex Pharmaceuticals, Inc. entered into a license and research collaboration agreement to discover, develop and commercialize compounds for ophthalmic use, based upon Oculex s proprietary biodegradable and reservoir drug delivery technologies. In January 2002, the Company and

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Oculex entered into an agreement for the development and manufacture of a new drug product that contains *Panzem*™, a compound licensed to Allergan by EntreMed, Inc., for the treatment of age-related macular degeneration.

In April 2001, the Company entered into agreements with Bardeen Sciences Company, LLC (BSC) pursuant to which the Company transferred to BSC a portfolio of compounds and projects, agreed to perform research and development on the portfolio in exchange for a fee from BSC, acquired certain commercialization rights to the portfolio, and acquired an option to acquire, under certain circumstances, all of the outstanding equity of BSC. See Note 6, Bardeen Sciences Company, LLC, in the Notes to Consolidated Financial Statements.

In December 2000, Allergan obtained a license from Photochemical Co., Ltd., of Japan to develop and commercialize ATX-S10, an early stage compound used for photodynamic therapy to treat age-related macular degeneration, the leading cause of blindness in people over the age of 50.

In December 2000, the Company and Aurora Biosciences Corporation announced a collaboration to develop functional cell-based assays for several key G protein-coupled receptor targets, and to screen those targets to identify lead drug candidates.

The continuing introduction of new products supplied by the Company s research and development efforts and in-licensing opportunities is critical to the success of the Company. There are intrinsic uncertainties associated with the research and development efforts and the regulatory process. There is no assurance that any of the research projects or pending drug marketing approval applications will result in new products that the Company can commercialize. Delays or failures in one or more significant research projects and pending drug marketing approval applications could have a material adverse impact on the future operations of the Company.

Competition

Allergan faces strong competition in all of its markets worldwide. Numerous companies are engaged in the development, manufacture and marketing of health care products competitive with those manufactured by Allergan. Major eye care competitors include Alcon Laboratories, Inc., Bausch & Lomb, Chiron Vision and Storz Ophthalmics, Novartis Ophthalmics, Merck & Co., Inc. and Pharmacia Ophthalmics. These competitors have equivalent or, in most cases, greater resources than Allergan. The Company s skin care business competes against a number of companies, including among others Dermik, a division of Aventis, Galderma, a joint venture between Nestlé and L Oreal, Bristol-Myers Squibb, Schering-Plough Corporation, Johnson & Johnson and Hoffman-La Roche Inc., which all have greater resources than Allergan. In the market for neurotoxins, the Company has two competitors: Beaufour Ipsen, which sells in Europe, Latin America, Asia and New Zealand, and Elan Corporation, PLC, which sells in the United States and Europe. In marketing its products to health care professionals, pharmacy benefits management companies, health care maintenance organizations, and various other national and regional health care providers and managed care entities, the Company competes primarily on the basis of product technology, value-added services and price. The Company believes that it competes favorably in its product markets.

Government Regulation

Drugs, biologics and medical devices, including IOLs and contact lens care products, are subject to regulation by the FDA, state agencies and, in varying degrees, by foreign health agencies. Government regulation of most of the Company s products generally requires extensive testing of new products and filing applications for approval by the FDA prior to sale in the United States and by foreign health agencies prior to sale as well. The FDA and foreign health agencies review these applications and determine whether the product is safe and effective. The process of developing data to support a premarket application and governmental review is costly and takes many years to complete.

In general, manufacturers of drugs, medical devices and biologicals are operating in a rigorous regulatory environment. The total cost of providing health care services has been and will continue to be subject to review by governmental agencies and legislative bodies in the major world markets, including the U.S., which are faced with significant pressure to lower health care costs.

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Internationally, the regulation of drugs and medical devices is also complex. In Europe, the Company s products are subject to extensive regulatory requirements. As in the U.S., the marketing of medicinal products has for many years been subject to the granting of marketing authorizations by medicine agencies. Particular emphasis is also being placed on more sophisticated and faster procedures for reporting of adverse events to the competent authorities. The European Union (EU) procedures for the authorization of medicinal products are currently being reviewed by the European Commission and proposals for improving the efficiency of operation of both the mutual recognition and centralized procedure are expected later this year. Additionally, new rules have been introduced or are under discussion in several areas such as the harmonization of clinical research laws and the law relating to orphan drugs and orphan indications. Outside the U.S., reimbursement pricing is typically regulated by government agencies.

The EU regulatory regime for medical devices became mandatory in June 1998. It requires that medical devices may only be placed on the market if they do not compromise safety and health when properly installed, maintained and used in accordance with their intended purpose. National laws conforming to this EU legislation regulate the Company s IOLs and contact lens care products under the medical devices regulatory system rather than the more extensive system for medicinal products under which they were formerly regulated. The EU medical device laws require manufacturers to declare that their products conform to the essential regulatory requirements after which the products may be placed on the market bearing CE marking. The manufacturers quality systems for products in all but the lowest risk classification are also subject to certification and audit by an independent notified body.

In Japan, where the Company currently sells surgical products, consumer eye care products and *Botox*®, the regulatory process is equally complex. Premarketing approval and clinical studies are required, as is governmental pricing approval for medical devices and pharmaceuticals. The regulatory regime for pharmaceuticals in Japan has historically been so lengthy and costly that it has been cost prohibitive for Allergan, primarily because Japan required the repetition of all relevant clinical studies in Japan. In the future, the process in Japan may become more financially attractive as Japan is in the process of implementing changes to comply with the International Conference on Harmonization, an agreement among Japan, the U.S. and the EU to facilitate the registration of drugs utilizing data collected outside of the country. The timeline for completion of these changes and the rules during this period of transition are not certain and in this period registration of pharmaceutical products will remain unpredictable; however, the opportunity to realize value in Japan from Allergan s newly developed products in Japan may increase as the environment in Japan moves closer to that of the EU and U.S.

In the U.S., a significant percentage of the patients who receive the Company s IOLs are covered by the federal Medicare program. When a cataract extraction with IOL implantation is performed in an ambulatory surgery center (ASC), Medicare provides the ASC with a fixed facility fee which includes a recommended $150 allowance to cover the cost of the IOL. The reimbursement rate for *Array*® multifocal IOLs implanted in ASCs until May 2005 is $200 after HCFA awarded new technology IOL status to the *Array*® multifocal IOL in 2000. When the procedure is performed in a hospital outpatient department, the hospital s reimbursement is determined using a complex formula that blends the hospital s costs with the $150 allowance paid to ASCs for IOLs that are not new technology IOLs. For the *Array*® multifocal IOL, Medicare reimburses the hospital based on the actual acquisition cost of the IOL by the hospital.

Proposals to amend Medicare coverage to include pharmaceuticals are currently in debate in the U.S. Such coverage could impose price controls on the Company s products. If implemented, price controls could materially and adversely affect the Company s revenues and financial condition.

The Company cannot predict the likelihood or pace of any significant regulatory or legislative action in these areas, nor can it predict whether or in what form health care legislation being formulated by various governments will be passed. Medicare reimbursement rates are subject to change at any time. The Company also cannot predict with precision what effect such governmental measures would have if they were ultimately enacted into law. However, in general, the Company believes that such legislative activity will likely continue, and the adoption of such measures can be expected to have some impact on the Company s business.

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Patents, Trademarks and Licenses

Allergan owns, or is licensed under, numerous patents relating to its products, product uses and manufacturing processes. It has numerous patents issued in the United States and corresponding foreign patents issued in many of the major countries in which it does business. Allergan believes that its patents and licenses are important to its business, but that with the exception of those relating to *Alphagan*® and *Lumigan*®, no one patent or license is currently of material importance in relation to its overall sales. Allergan markets its products under various trademarks and considers these trademarks to be valuable because of their contribution to the market identification of the various products. See Item 3, Legal Proceedings, on page 13.

Environmental Matters

The Company is subject to federal, state, local and foreign environmental laws and regulations. The Company believes that its operations comply in all material respects with applicable environmental laws and regulations in each country where the Company has a business presence. Although Allergan continues to make capital expenditures for environmental protection, it does not anticipate any significant expenditures in order to comply with such laws and regulations which would have a material impact on the Company s capital expenditures, earnings or competitive position. The Company is not aware of any pending litigation or significant financial obligations arising from current or past environmental practices that are likely to have a material adverse impact on the Company s financial position. There can be no assurance, however, that environmental problems relating to properties owned or operated by the Company will not develop in the future, and the Company cannot predict whether any such problems, if they were to develop, could require significant expenditures on the part of the Company. In addition, the Company is unable to predict what legislation or regulations may be adopted or enacted in the future with respect to environmental protection and waste disposal.

Certain Factors and Trends Affecting Allergan and Its Businesses

Certain statements made by the Company in this report and in other reports and statements released by the Company constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, such as comments which express the Company s opinions about trends and factors which may impact future operating results. Disclosures that use words such as the Company believes, anticipates, expects and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from expectations. Any such forward-looking statements, whether made in this report or elsewhere, should be considered in context with the various disclosures made by the Company about its businesses including, without limitation, the factors discussed below.

The pharmaceutical industry and other health care-related industries continue to experience consolidation, resulting in larger, more diversified companies with greater resources than the Company. Among other things, these larger companies can spread their research and development costs over much broader revenue bases than Allergan and can influence customer and distributor buying decisions.

Until December 2000, the Company was the only manufacturer of an FDA-approved neurotoxin. Another company has now received FDA approval of a neurotoxin. The Company s sales of *Botox*® could be materially and negatively impacted by this competition or competition from other companies that might obtain approval to market a neurotoxin.

The manufacturing process to create bulk toxin raw material necessary to produce *Botox*® is technically complicated. Any failure of the Company to maintain an adequate supply of bulk toxin and finished product could result in an interruption in the supply of *Botox*® and a resulting decrease in sales of the product.

The Company s contact lens care business continues to be impacted by trends in the contact lens and lens care marketplace, including technological and medical advances in surgical techniques for the correction of vision impairment. Cheaper cold-chemical one-bottle disinfection systems continue to

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gain popularity among soft contact lens wearers instead of peroxide-based lens care products which historically have been Allergan s strongest family of lens care products. The Company s primary strategy is to focus its sales and marketing resources on aggressive growth of *Complete*® brand Multi-Purpose Solution. The growing use and acceptance of daily contact lenses and laser-correction procedures, along with the other factors above, could have the effect of reducing demand for lens care products generally. While the Company believes it has established appropriate marketing and sales plans to mitigate the impact of these trends upon its contact lens care business, no assurance can be given in this regard.

The Company has in the past been, and continues to be, subject to product liability claims. In addition, the Company has in the past and may in the future recall or issue field corrections related to its products due to manufacturing deficiencies, labeling errors or other safety or regulatory reasons. There can be no assurance that the Company will not experience material losses due to product liability claims or product recalls or corrections.

Sales of the Company s surgical and pharmaceutical products have been and are expected to continue to be impacted by continuing pricing pressures resulting from various government initiatives as well as from the purchasing and operational decisions made by managed care organizations.

A continuing political issue of debate in the United States is the propriety of expanding Medicare coverage to include pharmaceutical products. Furthermore, individual states have become increasingly aggressive in passing legislation and regulations designed to force pharmaceutical makers to discount their products in such states. If these measures become law, and if these measures impose price controls on the Company s products or otherwise drive down the Company s pharmaceutical prices, the Company s revenues and financial condition are likely to be materially and adversely affected.

The Company collects and pays a substantial portion of its sales and expenditures in currencies other than the U.S. dollar. Therefore, fluctuations in foreign currency exchange rates affect the Company s operating results. The Company can provide no assurance that future exchange rate movements will not have a material adverse effect on the Company s sales, gross profit or operating expenses.

The Company s business is also subject to other risks generally associated with doing business abroad, such as political unrest and changing economic conditions with countries where the Company s products are sold or manufactured. Management cannot provide assurances that it can successfully manage these risks or avoid their effects.

Patent protection is generally important in the pharmaceutical industry. Therefore, Allergan s future financial success may depend in part on obtaining patent protection for technologies incorporated into products. No assurance can be given that patents will be issued covering any products, or that any existing patents or patents issued in the future will be of commercial benefit. In addition, it is impossible to anticipate the breadth or degree of protection that any such patents will afford, and there can be no assurance that any such patents will not be successfully challenged in the future. If the Company is unsuccessful in obtaining or preserving patent protection, or if any products rely on unpatented proprietary technology, there can be no assurance that others will not commercialize products substantially identical to such products. Furthermore, although Allergan has a corporate policy not to infringe the valid and enforceable patents of others, Allergan cannot provide assurances that its products will not infringe patents held by third parties. In such event, licenses from such third parties may not be available or may not be available on commercially attractive terms. Please see Item 3 on page 13 for information on current patent litigation.

The Company sells its pharmaceutical products primarily through wholesalers. Wholesaler purchases may exceed customer demand, resulting in reduced wholesaler purchases in later quarters. The Company can give no assurances that wholesaler purchases will not decline as a result of this potential excess buying.

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Future performance of the Company will be affected by the introduction of new products such as *Lumigan*® and *Alphagan*® P, as well as FDA approval of new indications for current products such as *Botox*®. The Company has allocated significant resources to the development and introduction of new products and indications. The successful development, regulatory approval and market acceptance of the products and indications cannot be assured.

The Company anticipates that the separation of the Company s pharmaceutical and optical medical device businesses into two independent companies through a spin-off distribution of the Company s ophthalmic surgical and contact lens care businesses will occur at mid-year 2002. The Company cannot assure the success of the spin-off transaction, its costs or the effects it will have on the Company, its businesses, properties, employees and operations.

There are intrinsic uncertainties associated with research and development efforts and the regulatory process, both of which are discussed in greater details in the Research and Development and the Government Regulation sections of this report on Form 10-K, which are incorporated herein by reference.

Item 2. Properties

Allergan s operations are conducted in owned and leased facilities located throughout the world. The Company believes its present facilities are adequate for its current needs. Its headquarters and primary administrative and research facilities are located in Irvine, California. The Company has three additional facilities in California, two for raw material support (one leased and one owned) and one leased administrative facility. The Company owns one facility in Texas for manufacturing and warehousing, and the Company leases one facility in Puerto Rico for manufacturing and warehousing.

Outside of the United States and Puerto Rico, the Company owns and operates three manufacturing and warehousing facilities located in Brazil, Ireland and China. Other material facilities include one owned facility for administration and warehousing in Argentina; leased warehouse facilities in Mexico and Japan; leased administrative facilities in Australia, Brazil, Canada, France, Germany, Hong Kong, Ireland, Italy, Japan, Spain and the United Kingdom; and one leased facility in Japan used for administration and research and development.

Item 3. Legal Proceedings

The Company is involved in various lawsuits and claims arising in the normal course of business.

On March 1, 2001, after concluding that Pharmacia Corporation planned to file a patent infringement lawsuit against the Company regarding the glaucoma drug *Lumigan*®, the Company filed a declaratory relief lawsuit against Pharmacia (and related entities) in the United States District Court for the District of Delaware. In the lawsuit, the Company asked the court to issue a ruling that *Lumigan*® does not infringe certain patents owned or controlled by Pharmacia and also that such patents are not valid. On March 21, 2001, Pharmacia filed an answer to the complaint, denying Allergan s allegations. Pharmacia and Columbia University also filed a counterclaim against Allergan, alleging that Allergan infringes the same two patents that Allergan identified in its complaint. On April 10, 2001, Allergan filed its answer to the counterclaim of Pharmacia and Columbia, as well as a counterclaim in reply against Columbia. Trial is currently scheduled to begin on October 21, 2002. See Certain Factors and Trends Affecting Allergan and its Businesses for further information about the risks and uncertainties associated with patents.

On December 20, 2001, a class action lawsuit entitled Citizens for Consumer Justice, etc. v. Abbott Laboratories, Inc., Allergan, Inc., etc. was filed in United States District Court in Massachusetts. The lawsuit contends that 29 pharmaceutical companies, including Allergan, violated the Sherman Antitrust Act, as well as the Racketeering Influenced and Corrupt Organization Act (RICO), by manipulating the average wholesale price of pharmaceuticals, selling drugs to health care providers at a price substantially less than the price health care providers charged Medicare beneficiaries and encouraging health care providers to claim Medicare reimbursement for free samples.

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On June 6, 2001, after receiving paragraph 4 invalidity and noninfringement Hatch-Waxman Act certifications from Apotex indicating that Apotex Corp. had filed an Abbreviated New Drug Application (ANDA) for a generic form of *Acular*®, Allergan, along with Syntex, the holder of the patent, filed a patent infringement lawsuit against Apotex, Inc., Apotex Corp. and Novex Pharma in the Northern District of California. In addition, Allergan has filed a lawsuit in Canada against Apotex similarly relating to a generic version of *Acular*® in Canada. In the complaint, Allergan and Syntex asked the Court to find that the *Acular*® patent at issue is valid and infringed by the drug product sought to be approved in the Apotex ANDA.

On or about January 8, 2002, after receiving paragraph 4 invalidity and noninfringement Hatch-Waxman Act certifications from Bausch & Lomb and Alcon Laboratories indicating that both had filed ANDAs for a generic form of *Alphagan*®, Allergan filed a patent infringement lawsuit against Bausch & Lomb and Alcon Laboratories in the Central District of California. In the complaint, Allergan asked the Court to find that the *Alphagan*® patents at issue are valid and infringed by the drug products sought to be approved in the Bausch & Lomb and Alcon ANDAs.

Although the ultimate outcome of any pending litigation or claims cannot be ascertained at this time, Allergan currently believes that the liability, if any, resulting from the aggregate amount of uninsured damages for outstanding lawsuits, investigations and asserted claims will not have a material adverse effect on its consolidated financial position and results of operation. However, in view of the unpredictable nature of such matters, no assurances can be given in this regard.

Item 4. Submission of Matters to a Vote of Security Holders

The Company did not submit any matter during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

Item I-A. Executive Officers of Allergan, Inc.

The executive officers of the Company and their ages as of March 1, 2002 are as follows:

David E.I. Pyott	48	Chairman of the Board, President and Chief Executive Officer
F. Michael Ball	46	Corporate Vice President and President, North America Region and Global Eye Rx Business
Eric K. Brandt	39	Corporate Vice President and Chief Financial Officer (Principal Financial Officer)
David A. Fellows	45	Corporate Vice President and President, Europe, Africa, Asia Pacific Region
James M. Hindman, CPA	41	Senior Vice President and Controller (Principal Accounting Officer)
Douglas S. Ingram, Esq.	39	Corporate Vice President, General Counsel and Secretary
Lester J. Kaplan, Ph.D.	51	Corporate Vice President and President, Research and Development and Global *BOTOX*®
George M. Lasezkay, Pharm.D., J.D.	50	Corporate Vice President, Corporate Development
Nelson R. A. Marques	50	Corporate Vice President and President, Latin America Region

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James V. Mazzo 44 Corporate Vice President
and President, Surgical and CLCP
Businesses Jacqueline Schiavo 53 Corporate
Vice President,
Worldwide Operations

Officers are appointed by and hold office at the pleasure of the Board of Directors.

Mr. Pyott was appointed Chairman of the Board in April 2001, and has been the Company s President and Chief Executive Officer since January 1998. Previously, he was head of the Nutrition Division and a member of the executive committee of Novartis AG from 1995 until December 1997. From 1992 to 1995 Mr. Pyott was President and Chief Executive Officer of Sandoz Nutrition Corp., Minneapolis, Minnesota and General Manager of Sandoz Nutrition, Barcelona, Spain from 1990 to 1992. Prior to that Mr. Pyott held various positions within Sandoz Nutrition group from 1980.

Mr. Ball has been Corporate Vice President and President, North America Region and Global Eye Rx Business since May 1998 and prior to that was Corporate Vice President and President, North America Region since April 1996. He joined the Company in 1995 as Senior Vice President, U.S. Eye Care after 12 years with Syntex Corporation, where he held a variety of positions including President, Syntex Inc. Canada and Senior Vice President, Syntex Laboratories.

Mr. Brandt has been Corporate Vice President and Chief Financial Officer since May 1999 and from January 2001 to January 2002 he also assumed the duties of President, Global Consumer Eye Care Business. Prior to joining the Company, Mr. Brandt held various positions with the Boston Consulting Group (BCG) from 1989, culminating in Vice President and Partner, and a senior member of the BCG Health Care practice. While at BCG, Mr. Brandt was involved in high level consulting engagements with top global pharmaceutical, managed care and medical device companies, focusing on corporate finance, shareholder value and post-merger integration. Mr. Brandt joined the Company in 1999.

Mr. Fellows has been Corporate Vice President and President of the Asia Pacific Region since June 1997 and in January 2002 he assumed the new title of President, Europe, Africa, Asia Pacific Region. Previously he was Senior Vice President, U.S. Eye Care Marketing since June 1996. From 1993 to 1996, he was Senior Vice President, Therapeutics Strategic Marketing, and from 1991 until 1993, he was Vice President, Pharmaceuticals Strategic Marketing. Mr. Fellows joined the Company in 1980.

Mr. Hindman has been Senior Vice President and Controller since January 2000 and prior thereto was Vice President, Financial Planning & Analysis since February 1997. Prior to that he served 12 years in a variety of positions at the Company, including Plant Controller, Director of Manufacturing Planning and Reporting, Director of Finance (Northwest Europe), and Assistant Corporate Controller. Mr. Hindman first joined the Company in 1984.

Mr. Ingram has been Corporate Vice President, General Counsel and Secretary, as well as the Company s Chief Ethics Officer, since July 2001. Prior thereto he was Senior Vice President and General Counsel of the Company since January 2001, and its Assistant Secretary since November 1998. Prior to that, Mr. Ingram was the Compa