Unwavering Commitment

ANNUAL REPORT 2005

Diving deeper. Reaching further.

ALLERGAN

COMPANY OVERVIEW Allergan, Inc. is a premier, global specialty pharmaceutical and medical device company that develops and commercializes innovative products for the ophthalmology, neurosciences, medical dermatology, medical aesthetics and other specialty markets. Headquartered in Irvine, California, Allergan is dedicated to delivering value to its customers, satisfying unmet medical needs and improving people's lives. The Company employs more than 5,000 people worldwide and operates two world-class research and development facilities and three state-of-the-art manufacturing plants. In addition to its discovery-to-development research programs, Allergan has global marketing and sales capabilities, with a presence in more than 100 countries.

In millions, except per share data	**2005**	2004	Year Ended December 31, 2003
STATEMENT OF OPERATIONS HIGHLIGHTS			
(As reported under U.S. GAAP)			
Product net sales	**$2,319.2**	$2,045.6	$1,755.4
Gross profit	**1,919.6**	1,658.9	1,435.1
Research and development	**391.0**	345.6	763.5
Earnings (loss) from continuing operations	**403.9**	377.1	(52.5)
Earnings from discontinued operations	**—**	—	—
Net earnings (loss)	**403.9**	377.1	(52.5)
Basic earnings (loss) per share:			
Continuing operations	**3.08**	2.87	(0.40)
Discontinued operations	**—**	—	—
Diluted earnings (loss) per share:			
Continuing operations	**3.01**	2.82	(0.40)
Discontinued operations	**—**	—	—
Dividends per share	**0.40**	0.36	0.36
ADJUSTED AMOUNTS (a)			
Adjusted earnings from continuing operations	**453.3**	368.8	305.2
Adjusted basic earnings per share:			
Continuing operations	**3.46**	2.81	2.34
Adjusted diluted earnings per share:			
Continuing operations	**3.38**	2.75	2.30
NET SALES BY PRODUCT LINE			
Specialty Pharmaceuticals:			
Eye Care Pharmaceuticals	**$1,321.7**	$1,137.1	$ 999.5
BOTOX®/Neuromodulators	**830.9**	705.1	563.9
Skin Care	**120.2**	103.4	109.3
Total Pharmaceutical Sales	**2,272.8**	1,945.6	1,672.7
Other	**46.4**	100.0	82.7
Total Net Sales	**$2,319.2**	$2,045.6	$1,755.4
PRODUCT SOLD BY LOCATION			
Domestic	**67.5%**	69.1%	70.4%
International	**32.5%**	30.9%	29.6%

(a) The adjusted amounts in 2005 exclude income taxes of $49.6 million related to the repatriation of foreign earnings that had been previously permanently reinvested outside the United States, and income tax benefits of $24.1 million related to the resolution of uncertain tax positions and an additional benefit for state income taxes of $1.4 million, and the after-tax effects of the following: 1) $28.8 million restructuring charge and $5.6 million of transition/duplicate operating costs related to the streamlining of the Company's European operations, 2) $12.9 million restructuring charge related to the scheduled termination of the Company's manufacturing and supply agreement with Advanced Medical Optics, 3) $7.9 million gain on the sale of a distribution business in India, 4) $7.3 million reduction in interest expense related to the resolution of uncertain income tax positions and $2.1 million of interest income related to previously paid state income taxes, 5) $5.7 million gain on the sale of assets previously used in contract manufacturing activities, 6) $2.3 million restructuring charge related to the streamlining of the Company's operations in Japan, 7) $0.6 million gain on the sale of a former manufacturing plant in Argentina, 8) $0.8 million gain on the sale of a third party equity investment, 9) $3.6 million gain on the termination of the Vitrase collaboration agreement with ISTA Pharmaceuticals, 10) $3.0 million buy-out of a license agreement with Johns Hopkins University, 11) $0.4 million in costs related to the acquisition of Inamed Corporation, and 12) $1.1 million unrealized gain on derivative instruments.

The adjusted amounts in 2004 exclude the favorable recovery of $6.1 million of previously paid state income taxes and the after-tax effects of the following: 1) income of $2.4 million from a patent infringement settlement, 2) $7.0 million restructuring charge related to the scheduled termination of the Company's manufacturing and supply agreement with Advanced Medical Optics, 3) $0.4 million unrealized loss on derivative instruments, and 4) income of $11.5 million from a technology transfer fee and a revised Vitrase collaboration agreement with ISTA Pharmaceuticals.

The adjusted amounts in 2003 exclude the after-tax effects of the following: 1) $179.2 million charge for in-process research and development related to the purchase of Oculex

Pharmaceuticals, Inc., 2) $278.8 million charge for in-pro
the purchase of Bardeen Sciences Company, LLC, 3) $0.4
asset write-offs, net related to the 2002 spin-off of the
lens care businesses, 4) $0.3 million unrealized loss on de
charge for the early extinguishment of convertible debt.

The adjusted amounts in 2002 exclude the after-tax effe
litigation settlement costs, 2) net costs of $100.3 million
Company's ophthalmic surgical and contact lens care bus
consist of restructuring charge and asset write-offs of $
of $42.5 million and gain of $5.7 million on sale of a fac
temporary impairment of equity investments, 4) $1.7 milli
5) net gain of $1.0 million from partnering agreements, a
extinguishment of convertible debt.

The adjusted amounts in 2001 exclude the $40.0 million
ment related to the purchase of Allergan Specialty Thera
following: 1) $6.2 million restructuring charge and asset
restructuring charge reversal and a $4.5 million gain on
recorded in 1998, 2) income of $1.5 million from a part
on the permanent impairment of equity investments, 4)
pharmaceutical products in Brazil, 5) $4.2 million unreal
6) $4.4 million associated with the 2002 spin-off of the
lens care businesses.

**The foregoing language contains certain non-GAAP fi
adjustments. For a reconciliation of these non-GAAP f
measures, please refer to pages 2 and 3 of this Annua**

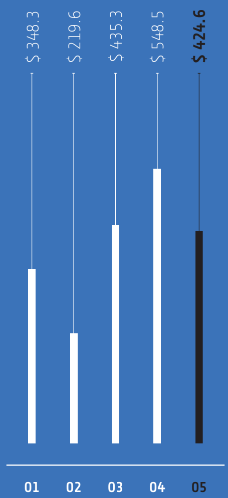
2002	2001
$1,385.0	$1,142.1
1,163.3	944.0
233.1	227.5
64.0	171.2
11.2	54.9
75.2	224.9
0.49	1.30
0.09	0.42
0.49	1.29
0.08	0.40
0.36	0.36
252.3	207.7
1.95	1.58
1.92	1.55
$ 827.3	$ 753.7
439.7	309.5
90.2	78.9
1,357.2	1,142.1
27.8	—
$1,385.0	$1,142.1
70.6%	67.0%
29.4%	33.0%

cess research and development related to
million reversal of restructuring charge and
Company's ophthalmic surgical and contact
rivative instruments, and 5) $0.9 million

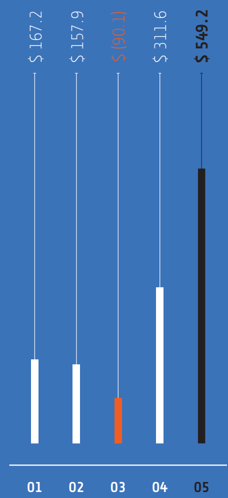
cts of the following: 1) $118.7 million in
associated with the 2002 spin-off of the
inesses to Advanced Medical Optics which
63.5 million, duplicate operating expenses
lity, 3) $30.2 million loss on the other than
n unrealized loss on derivative instruments,
nd 6) $11.7 million charge for the early

charge for in-process research and develop-
eutics, Inc. and the after-tax effects of the
write-off reversal consisting of $1.7 million
sale of a facility reducing the write-offs
nering agreement, 3) $4.5 million loss
$2.0 million gain on the sale of divested
ized gain on derivative instruments, and
Company's ophthalmic surgical and contact

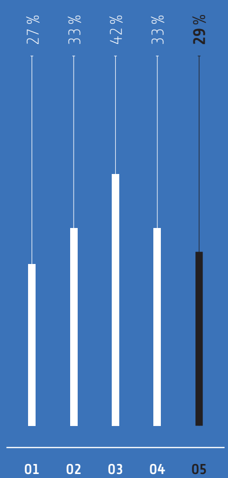
nancial measures and non-GAAP
financial measures to GAAP financial
l Report.



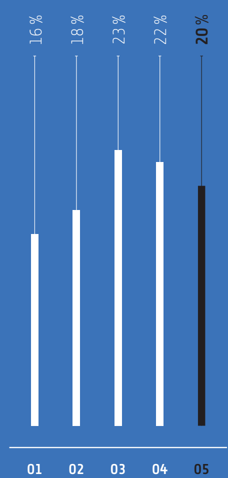
CASH FLOW
FROM OPERATIONS*
(in millions of dollars)



CASH, NET OF DEBT*
(in millions of dollars)



RETURN ON EQUITY
(adjusted for non-GAAP items)**



RETURN ON CAPITAL
(adjusted for non-GAAP items)**

* As reported, including discontinued operations.

** Adjustments to GAAP net earnings (loss) used to calculate return on equity, adjusted for non-GAAP items, and return on capital, adjusted for non-GAAP items, include the aggregate non-GAAP adjustments, net of tax, detailed on pages 2 and 3 of this Annual Report. Return on equity using GAAP net earnings (loss) was 26%, 34%, (7)%, 9% and 23% for 2005, 2004, 2003, 2002 and 2001, respectively. Return on capital using GAAP net earnings (loss) was 17%, 22%, (4)%, 5% and 14% for 2005, 2004, 2003, 2002 and 2001, respectively.

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We are a technology-driven health care company with a portfolio representing a unique blend of specialty businesses comprised of pharmaceutical and medical device products and offerings. We have a vision for a better way of doing business and an unwavering commitment to helping improve quality of life. We have achieved leadership by developing deep scientific and medical expertise in select specialties and have adopted an innovative approach to discovering and developing new medicines and technologies that address unmet medical needs. We follow our research and development (R&D) into specialty markets and work closely with the physicians who rely on us to help the patients they serve. We listen. And we offer advice and counsel every step of the way. By continually diving deeper and reaching further, we have created a world-class R&D program and global infrastructure to make new things possible and help people live life to their full potential.

Think of it as a blend of science and innovation. We do.

DOCKET ALARM

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