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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91169544
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Attachments	2012-06-27-12 Deposition of Mark Chaplin.pdf(115884 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 1.pdf(110670 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 2.pdf(292662 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 3.pdf(353990 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 4.pdf(298418 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 5.pdf(363599 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 6.pdf(2106505 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 7.pdf(5437966 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 8.pdf(955451 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 9.pdf(681992 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 10.pdf(2674348 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 11.pdf(1889790 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 12.pdf(3201418 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 13.pdf(190135 bytes) 2012-06-27-12 Deposition of Mark Chaplin-Exhibit 14.pdf(2720900 bytes)

US PATENT AND TRADEMARK OFFICE

BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

ALLERGAN, INC.,	)	CERTIFIED COPY
	)	
Opposer,	)	
	)	
VS.	)	Opposition No.
	)	91169544
KRL GROUP, INC.,	)	
	)	
Applicant.	)	
	)	

DEPOSITION OF MARK CHAPLIN

Irvine, California

Wednesday, June 27, 2012

Job Number: 51136

Reported by: NIKKI ROY

CSR No. 3052

Deposition of MARK CHAPLIN, taken on behalf of the Opposer, at 3161 Michelson Drive, Conference Room 1202, Irvine, California, on Wednesday, June 27, 2012 at 8:24 a.m., before NIKKI ROY, CSR No. 3052.

APPEARANCES OF COUNSEL:

FOR THE OPPOSER:

SEYFARTH SHAW
BY: KENNETH L. WILTON, Attorney at Law
2029 Century Park East
Los Angeles, California 90067

I N D E X

E X H I B I T S

I N D E X (CONTINUED):

EXHIBITS (CONTINUED):

QUESTIONS INSTRUCTED NOT TO ANSWER

(None)

INFORMATION REQUESTED

(None)

IRVINE, CALIFORNIA, WEDNESDAY, JUNE 27, 2012

8:24 A.M.

MARK CHAPLIN

called as a deponent and sworn in by the deposition officer, was examined and testified as follows:

EXAMINATION

BY MR. WILTON:

Q. Good morning, Mr. Chaplin. How are you?

A. Morning. Very well.

Q. Glad to hear that.

A. Perfect.

MR. WILTON: Let me mark as Exhibit 1 to this deposition -- and this is really a housekeeping chore.

(The document referred to was marked by the CSR as Deposition Exhibit 1 for identification and attached to the deposition transcript hereto.)

MR. WILTON: It is a document entitled "Notice of Testimony Deposition of Allergan, Inc." stating that we'll be taking the deposition of Mr. Chaplin this morning at 8:00 a.m. at the offices of Gibson, Dunn & Crutcher in Irvine, California.

It is dated June 21, 2012 with a certificate of service sending it to the attorney for appellant KRL Group, Inc. both by e-mail and by mail. So notice was served and the attorney Mr. Rivera is not present. Stating the obvious.

THE WITNESS: Uh-huh.

BY MR. WILTON:

Q. Where do you currently work?

A. I currently work for Allergan.

Q. And how long have you worked for Allergan?

A. Allergan in total I've worked for over eight years now, and I've been working in the United States office for about a year and a half.

Q. What was your first position at Allergan?

A. First position was termed a product specialist.

Q. And what were your duties and responsibilities as a product specialist?

A. Duties were the promotion of BOTOX into the therapeutic market.

Q. What do you mean by the "promotion of BOTOX into the therapeutic market"?

A. So to make it easier, I mean, I was really a sales rep, as it were, for Allergan, the therapeutic market. We have two divisions within our organization with BOTOX. Part of that is sold for therapeutic

purposes, an example being spasticity or dystonia. The other part of our business is within the cosmetic industry.

Q. And although I know everybody in the room knows what it is, can you tell us what the BOTOX product is?

A. BOTOX is a neuromodulator, and it consists -- it's a pharmaceutical product. It consists of botulinum toxin, along with some excipients, the excipients being human serum albumen and sodium chloride. And it works by relaxing the muscle, and in so doing can be used for therapeutic purposes or cosmetic purposes.

MR. WILTON: And just for your edification, if you have any spelling issues, since it's just the three of us, go ahead and ask as we go along.

Q. How long were you a product specialist at Allergan?

A. I was a product specialist for about a year and a half.

Q. And what's your next position?

A. My next position was what was termed regional scientific services manager.

Q. What were your duties as regional scientific services manager for Allergan?

A. That was more as the term would suggest a more scientific-based role. It was dealing with scientific

requests, both internally and externally. So if -- to give an example, if a clinician had a specific high-brow question with regard to the science of botulinum toxin or indeed the disease area that would be passed on to a regional scientific expert rather than being dealt with by the product specialist who I previously was.

Q. And with regard to your position as a regional scientific services manager, did you only work with the BOTOX product or did you work with other products?

A. I only worked with the BOTOX product.

Q. And how long were you a regional scientific services manager?

A. I was a regional scientific services manager for approximately five years.

Q. And what position did you take after that five-year period?

A. After that five-year period I took a secondment position to work out of our Irvine headquarters in California. That was doing a job which is termed global strategic marketing. And I was a product manager within that department, and that was concerned solely with BOTOX Cosmetic, so I moved from the therapeutic area of BOTOX on to the cosmetic area of BOTOX.

Q. And what are your duties or responsibilities as the global strategy marketing person for BOTOX?

A. BOTOX Cosmetic. And my responsibilities are looking at the life cycle management of BOTOX Cosmetic, really try to establish how to make this product continue to be successful in the future.

So for an example, we may look at new indications that we would like to develop. We may look at improving the actual product we have, or may be as simple as even improving the delivery mechanism or indeed even the packaging.

Q. And as in your role as global strategic marketing manager for the BOTOX Cosmetic product, are you involved with any of the day-to-day testing or promotion of the product?

A. Yes, I am, in that I deal with the people, or I speak regularly with the people who are dealing with that side of the business on a at least a weekly, if not daily basis.

Q. And just for the record, could you tell us what your education has been after high school?

A. Okay. So I went to the University of St. Andrews and did a BSC in cell biology, and that was from the years of '88 to '92. In '92 I took a Ph.D. position at the University of Dundee studying in cell and microbiology. That was completed in about 1995.

Q. And are both of those universities in Scotland?

A. Yes, they are.

Q. Do you know generally the history of the product that is sold under the BOTOX trademark?

A. Yes, I do.

Q. And could you describe how that product was developed?

A. The product was developed initially as an occular product. So it was an Alan Scott who developed a product which at the time was called oculinum to initially looking at treating strabismus and occular problems.

We acquired that product back in the '80s and looked at developing it for other indications as well as some of these occular problems. And it was indeed at the end of the 1980s where we were granted our first license.

Q. Do you know when Allergan first started using the BOTOX trademark in connection with the botulinum toxin product you just described?

A. It will have been around the end of the late 1980s. So certainly we were granted our first FDA approval at the end of the 1980s, and we've been using that trademark ever since.

Q. Which is my next question. Has Allergan been continuously using the BOTOX trademark since sometime around the late 1980s?

A. Yes, we have.

Q. And you mentioned a license. Is the BOTOX product regulated by the US Food and Drug Administration?

A. Yes, we are.

Q. And are there similar organizations in other countries to the Food and Drug Administration?

A. Yes, there are.

Q. Is the BOTOX product regulated with regard to those organizations as well?

A. Yes, it is.

Q. And you mentioned a license. Is a license the same thing as an approval by the FDA?

A. Correct, yes, it is.

Q. And the BOTOX product, is it approved for certain indications?

A. Yes, it is.

Q. What is an indication?

A. An indication is something specific to what that product would be used for. So an example would be dystonia, spasticity, blepharospasm. So it's a very specific condition to which BOTOX would be used for.

Q. So is it a condition that a patient would have?

A. Patient or consumer. So you can think of BOTOX being used from the cosmetic, say, industry. And again that wouldn't necessarily be a patient per se. You would

say that is more a consumer, so can be used for consumers or patients. "Patient," we would tend to use that term more when we're talking about the therapeutic market.

Q. But the individual using the product would have whatever the condition is --

A. Correct.

Q. -- for which the product has been approved?

A. Yes. Correct.

Q. And you've been making the distinction between therapeutic and cosmetic. Is there a cosmetic indication for the BOTOX product?

A. Yes, there is.

Q. And what is that cosmetic condition?

A. That is for the treatment of moderate to sever glabellar lines in adult patients under the age of 65. Glabellar spelled g-l-a-b-b-e-l-a-r.

Q. One B.

A. G-l-a-b -- yeah, g-l-a-b-e-l-l-a-r.

And if you want to put you could actually put in brackets "frown lines." It's easier for a lot of people to -- glabellar lines is -- I don't know if you know if anyone is interested. It's that line here (indicating). It's like your frown line. The medical determine is glabellar lines.

So it's for the treatment of moderate to sever

glabellar lines in patients under the age of 65.

Q. Is there a minimum age for which the BOTOX Cosmetic product has been approved for use in the treatment of glabellar lines?

A. Well, it's adult patients. So it would be over the age of 18.

Q. When was the BOTOX product first approved for cosmetic indication in the United States?

A. The United States was in 2002 and I believe it was April 2002.

Q. And had the product been approved for the cosmetic indication in countries other than the United States prior to April 2002?

A. Yes, it has.

Q. When was the BOTOX product first approved for the cosmetic indication in the United States?

A. It was in April 2002.

Q. And had the product been approved for the cosmetic indication in any other countries other than the United States prior to April 2002?

A. Yes, it had.

Q. And has the product been approved for the cosmetic indication in countries other than the United States after April 2002?

A. Yes, it has.

MR. WILTON: Let's mark this as Exhibit 2. Not sure how you want to mark that.

(The document referred to was marked by the CSR as Deposition Exhibit 2 for identification and attached to the deposition transcript hereto.)

BY MR. WILTON:

Q. Handing you what we've marked as Exhibit 2.

A. Uh-huh.

Q. Have you ever seen this document before?

A. Yes, I have.

Q. And what is it?

A. This outlines the worldwide regulatory status of BOTOX for glabellar lines.

Q. Is that what the "GL" means at the top of this document?

A. Yes, it is. It's an acronym we use at the organization to stand for glabellar lines.

Q. And glabellar lines are the cosmetic indication that we've been talking about?

A. Correct. They are the frown lines which I mentioned.

Q. Are any of the countries on this list, to your knowledge, Spanish-speaking?

A. Yes, there are.

Q. And could you tell us which ones?

A. Spain, some of the Latin American countries as well. There will be some Spanish speaking, so Brazil, I know they speak some Spanish there; Columbia, I believe they speak to Spanish there. Bolivia and Chile I think they speak Spanish there.

Q. How about El Salvador?

A. Oh El, Salvador, yeah, definitely.

Q. Mexico?

A. El Salvador and Mexico as well.

Q. Has Allergan promoted the BOTOX product for the cosmetic indication in the United States?

A. Yes, it has.

Q. And does it promote it under the mark BOTOX or does it promote -- use another term with BOTOX?

A. It uses another term which we call BOTOX Cosmetic.

Q. And why does Allergan use BOTOX Cosmetic to promote the BOTOX product for the cosmetic indication?

A. That was an FDA requirement.

Q. After Allergan received approval for the cosmetic indication in April 2002, did Allergan start any kind of promotion for the product?

A. Yes, we did.

Q. And what kind of promotion?

A. A whole host of different promotions. And so direct-to-consumer promotion in the United States, which would include magazine articles, television articles, radio articles, also a website was initiated as well specific to the BOTOX Cosmetic brand.

Q. What is direct-to-consumer advertising?

A. Direct-to-consumer advertising is the United States allows us to promote direct to the consumers, the consumers being those people who we believe may be interested in using BOTOX Cosmetic.

Q. What is the purpose of that type of advertising?

A. It's to generate interest in -- first of all, to generate interest in BOTOX Cosmetic to the population of people who we believe may be interested in our product.

Q. Do you know approximately how much money Allergan spent in 2002 to promote the BOTOX Cosmetic product?

A. Yes, I do.

Q. And how much is that?

A. It was in the region of 10 million, was it?

Q. I'm asking you.

A. Yeah, I think it was $10 million. So I do know, but I think it's $10 million.

Q. Let me show you what we will mark as Exhibit 3.

(The document referred to was marked by the CSR as Deposition Exhibit 3 for identification and attached to the deposition transcript hereto.)

THE WITNESS: Thank you.

BY MR. WILTON:

Q. Have you seen this document before?

A. Yes, I have.

Q. And what is it?

A. This is the print media plan from 2002.

Q. What is a print media plan?

A. This just gives an idea of which magazines we were going to be placing adverts in.

So down the left there is a number of different magazines, More, Allure, In Style, Vogue, et cetera. Along the top there is some dates, and this gives us an idea of when we will be placing these ads in these magazines.

Q. And so if we look in the third column, the first phrase that appears, it says "Megan spread."

Do you see that?

A. Yes, I do.

Q. And was "Megan spread" an identification of a particular advertisement for the BOTOX Cosmetic product?

A. Yes, it was.
Q. Perhaps involving someone named Megan?
A. Correct.
Q. And so the $10 million that you talked about, was that spent on the ads that appeared in these magazines?
A. Yes, it was, yeah.
Q. And did Allergan advertise the BOTOX Cosmetic product on television in 2002?
A. Yes, it did.
Q. And do you know whether the amount spent on television advertising for the BOTOX Cosmetic product in 2002 was around 6 to $7 million?
A. Yes, it was.
Q. So the total spend for 2002 was that somewhere in the neighborhood of 16 to $17 million?
A. That's correct.
Q. In 2003 was the amount spent by Allergan in advertising the BOTOX Cosmetic product around 12 to $14 million?
A. Yes, it was.
(The document referred to was marked by the CSR as Deposition Exhibit 4 for identification and attached to the deposition transcript hereto.)

BY MR. WILTON:

Q. I've just handed you something that we've marked as Exhibit 4.

Have you ever seen this document before?

A. Yes, I have.

Q. And what is that document?

A. This again is a print media plan, but this time from 2003.

Q. Who prepares the print media plans for Allergan?

A. That is done by the marketing department.

Q. And so if we look at Exhibit 4, on the left-hand column it lists a number of magazines; is that correct?

A. That is correct.

Q. Are those magazines in which advertisements appeared for the BOTOX Cosmetic product?

A. Yes, it was.

Q. And if we look at each of the columns across the page, there are little boxes with names in them.

Do you see that?

A. Yes, I do.

Q. And the first one that appears in the second column says "Megan revised page."

A. Yes.

Q. Was that an advertising -- an advertisement involving Megan?

A. Yes, it was.

Q. And then in the middle of the page in blue there's -- looks like the phrase "Friends."

Do you see that?

A. Yes, I do.

Q. Was that an indicator for another advertisement that involved two or more people?

A. Yes, it was.

Q. And that was an advertisement for the BOTOX product?

A. Yes, it was.

Q. BOTOX Cosmetic product.

A. Correct.

Q. And so the 12 to $14 million in print advertisements spent in 2003 for the BOTOX Cosmetic product, that spend is reflected in the advertisements that appeared in each of these magazines?

A. Correct.

(The document referred to was marked by the CSR as Deposition Exhibit 5 for identification and attached to the deposition transcript hereto.)

///

BY MR. WILTON:

Q. I've just handed you a document that we've marked as Exhibit 5.

Have you seen this document before?

A. Yes, I have.

Q. And what is it?

A. This again is another print media plan, but this time from 2004.

Q. And does this chart on Exhibit 5 reflect the publications in which advertisements for the BOTOX Cosmetic product were run?

A. Yes, it does.

Q. And so on the left-hand side we have a list of publications such as Glamour, In Style, More, Vogue. And those are publications in which ads were run, correct?

A. Correct.

Q. And in each of the columns there is a name as well. What -- the first one that appears in the second column says "Doctors spread."

A. Uh-huh.

Q. Do you see that?

A. Yes, I do.

Q. And what does that indicate?

A. That was an advert that we ran which was more specific to the doctor.

Q. Was the total amount spent by Allergan in testing the BOTOX product in the United States in 2004 about $25 million?

A. Yes, it was.

Q. And does that include anything other than print advertisements?

A. Yes, it does.

Q. And what other types of media?

A. Other types of media would include advertisement on television, advertisement on the radio. There would also be some advertisement on the web as well.

Q. Does Allergan still advertise the BOTOX Cosmetic product in the United States?

A. Yes, we do.

Q. And in 2008 was the total amount spent by Allergan advertising the BOTOX product in the United States about $16.7 million?

A. Yes, it was.

Q. And that included print advertisement as well as television and radio and web?

A. Yes, it did.

Q. In 2009 was the total amount spent by Allergan advertising the BOTOX product in the United States about $7.6 million?

A. It was.

Q. Why did it drop between 2008 and 2009?

A. There was -- that coincided with the recession which we all felt at that time, and we sold less product. So consequently we had less money to invest in our advertising at that point.

Q. In 2010 was the total amount spent by Allergan advertising the BOTOX product in the United States about $16.3 million?

A. It was.

Q. And in 2011 was the total amount spent by Allergan advertising the BOTOX product in the United States about $15.6 million?

A. It was.

Q. And do you know how much was -- is intended to be spent advertising the BOTOX Cosmetic product in the United States in this year?

A. I don't have an exact figure, but it will be around in the same ballpark as the figures you've just explained.

Q. So somewhere around 14 to $15 million?

A. Correct. It will be over 10 million.

Q. And for each of those years, does that include print advertisement?

A. Yes, it does.

Q. Does it include television advertisement?
A. Yes it does.
Q. Does it include web advertisement?
A. Yes, it does.
Q. Do you have a rough idea of the amount spent by Allergan advertising the BOTOX product in the United States for the 2005, 2006 and 2007 period?
A. Again it will be in line with the numbers which you have just outlined to me.
Q. So approximately $15 million per year?
A. That would be a ballpark figure, yes.
Q. Like to mark as Exhibit 6 a collection of documents, which if you'll notice, they're double-sided.
(The document referred to was marked by the CSR as Deposition Exhibit 6 for identification and attached to the deposition transcript hereto.)
BY MR. WILTON:
Q. Can you tell us what Exhibit 6 is?
A. These are advertisements that were placed in magazines.
Q. And what are they advertisements for?
A. These are advertisements for BOTOX.
Q. And so if we look at the page that's marked AGN 0341 --

A. Yep.

Q. -- is this a sample of an advertisement that would be called the "Friends" advertisement that we saw on the chart we were looking at just previously?

A. Yes, it would.

Q. And are these advertisements, are they kept in the files of Allergan in the normal course of its business?

A. Yes, they are, yep.

Q. And these are copies -- are these copies of advertisements that were actually placed in print media?

A. Yes, they were.

Q. And are these advertisements all advertisements that were used in the United States?

A. Yes, they are.

Q. Now, with regard to the first advertisement, the one that's in black and white --

A. Uh-huh.

Q. -- numbered AGN 0338, is that for BOTOX Cosmetic or is that just for BOTOX in general?

A. This is for BOTOX in general.

Q. So is there advertising for the BOTOX product both -- let me rephrase that.

Are there advertisements for the BOTOX product that are relate to the therapeutic indications as well as

advertisements that relate to the cosmetic indication?

A. Yes, there is.

Q. Have those types of advertisements been run for the last 10 years?

A. Yes, there have, or yes, there has been.

Q. And who at -- or what department at Allergan maintains copies of advertisements?

A. That would be the marketing department and also the PR department.

Q. And they -- do they keep copies of the advertisements in Allergan's files?

A. Yes, they do, yep.

Q. Do these copies of advertisements come from copies that were kept in Allergan's files?

A. Yes, they do.

Q. I'd like to show you what we'll mark as Exhibit 7.

(The document referred to was marked by the CSR as Deposition Exhibit 7 for identification and attached to the deposition transcript hereto.)

THE WITNESS: Thank you.

BY MR. WILTON:

Q. Exhibit 7 consists of a number of different -- it's actually a collection. I didn't want to mark these

as separate ones. They're stapled together. The one at the top is numbered AGN 0308. And looking at that first one, can you tell us what it is?

A. This is a front cover of Elle Magazine.

Q. And from what period of time?

A. This is from -- actually, when is it from? Oh, it's from 2003. Sorry. It's from March 2003.

Q. And was there an advertisement for the BOTOX Cosmetic product in Elle Magazine in March of 2003?

A. Yes, there was.

Q. Does that advertisement appear in the collection of documents I just sent you -- gave you?

A. Yes, it does.

Q. And where do we find it?

A. That is on page what's termed here 0310.

Q. And this is an advertisement that has the phrase at the top "It took 40 years to get it and 10 minutes to do something about it"?

A. That is correct.

Q. Is this an example of direct consumer advertising?

A. Yes, it is.

Q. And if we look at the next document contained within Exhibit 7, has the number AGN 0313 on it --

A. Uh-huh.

Q. -- what is this?

A. This is actually an article in what's termed Skin and Allergy News.

Q. What is Skin and Allergy News?

A. This is more a newspaper, per se, that would be concentrated more on the dermatologist rather than the actual consumer itself.

Q. So would this be an example of direct-to-consumer advertising or is there another term for it?

A. This would be more designed towards the actual person who would be doing the injections. So the actual dermatologist as an example of a body of people who we would make the assumptions they would be doing the injections of BOTOX Cosmetic to the consumer.

Q. So would it be correct to say that there are advertisements that are directed to consumers as well as advertisements directed to health professionals?

A. Yes, correct.

Q. And is there an advertisement attached to the Skin and Allergy News?

A. Yes, there is.

Q. And what is that one for?

A. For BOTOX Cosmetic.

Q. Let's look at the next document in this

collection. The number at the bottom is AGN 0315 and it says "Archives of Dermatology."

A. Uh-huh.

Q. What is that?

A. This is a clinical paper directed to dermatologists.

Q. And is there an advertisement for the BOTOX Cosmetic product in this Archives of Dermatology?

A. Yes, there is.

Q. So this would be an example of the advertisements that are sent -- directed to health professionals, correct?

A. Correct.

Q. Let's look at the next one and perhaps you can tell us what that is.

A. It's a front cover of the magazine called Glamour.

Q. And was there an advertisement for the BOTOX Cosmetic product in Glamour Magazine?

A. Yes, there was.

Q. Do you know the date of that magazine?

A. That date was June 2003.

Q. And the advertisement that's attached to it numbered AGN 0318 and 0319, that -- did that appear in the magazine?

A. Yes, it did.
Q. Was that a two-page spread?
A. Yes, it was.
Q. And was that for the BOTOX Cosmetic product?
A. Yes, it was.
Q. Let's look at the next one in order which is numbered AGN 0321 at the bottom.
Can you tell us what AGN 0321 and 0322 reflect?
A. Okay. So 0 -- or AGN 0321 is the front cover of a journal. That journal is the Journal of American Academy of Dermatology which again is like a clinical paper directed at -- specifically to the healthcare professional and specifically to dermatology. On page AGN 0322 there is an ad that was placed within that journal which was specific to BOTOX Cosmetic.
Q. And what is the date on that journal?
A. The date on that journal is June 2003.
Q. Let's look at the next one which is AGN 0323 through AGN 0326. And can you tell us what that document is?
A. Sure. AGN 0323 represents the front cover of a magazine called Self which was published in July 2003, and the subsequent pages give a copy of the actual adverts that we placed in that magazine for BOTOX Cosmetic.

Q. Was that a two-page spread advertisement?
A. Yes, it was.
Q. And finally the last two -- three pages, which is AGN 0327 through AGN 0329, can you tell us what that reflects?
A. This is another magazine that was published in 2003 which again was directed towards consumers obviously. It's a magazine called Redbook. I believe 0327 is the front cover of that magazine. 0328 and 0329 represent a copy of the advertisement that we placed in that magazine.
Q. And these are copies of the original; is that correct?
A. That is correct.
Q. And which department at Allergan maintains these copies?
A. So they're held on file at Allergan by both the marketing and the PR departments as well.
Q. And they're kept in the ordinary course of business?
A. Yes, they are.
Q. And is that where these copies came from?
A. Yes, they are.
Q. Does Allergan maintain a website to promote the BOTOX Cosmetic product?

A. Yes, we do.

Q. Does it maintain a website to promote the BOTOX product?

A. Yes, it does.

MR. WILTON: Let us mark this as Exhibit 8.

(The document referred to was marked by the CSR as Deposition Exhibit 8 for identification and attached to the deposition transcript hereto.)

THE WITNESS: Thank you.

BY MR. WILTON:

Q. I've just handed you Exhibit 8 which is -- once again it's double-sided. And can you tell us what this exhibit reflects?

A. This is copies of our web page, essentially what we term the BOTOX portal where both consumers and healthcare professionals can gain information on BOTOX and BOTOX Cosmetic.

Q. Do you know the approximate date when this copy was made?

A. This copy was made in 2000 -- well, it's from 2005. I think it's copy from that time.

Q. Does the date that appears at the bottom right-hand corner of the -- of each page tell you when the copy was made?

A. Yes, it does. The copy was made in 2006.

Q. Is the BOTOX portal -- or was the BOTOX portal in 2006, was it accessible to anybody on the worldwide web?

A. Yes, it was.

Q. Was it password protected in some fashion?

A. Yes, it was I believe. So, you know, for healthcare professionals we can deliver some more clinical-based information than we would maybe release to consumers.

Q. Was the entire website password protected or just the portion where that type of information was contained?

A. Just that portion so other people could access that website.

Q. What's the purpose of this website?

A. It's to give people information on BOTOX and BOTOX Cosmetic, both for its use in therapeutic reasons and cosmetics purposes.

Q. And if you look at the -- starting at the second page there's an URL that appears on the bottom of that page.

Do you see that?

A. Yes.

Q. Says www.botoxcosmetic.com?

A. Yes, it does.
Q. So does Allergan maintain a website at that address, the botoxcosmetic.com address?
A. Yes, we do.
Q. Do you know when Allergan started using the botoxcosmetic.com domain name?
A. It was in 2002.
Q. After it received approval in the United States for the glabellar lines?
A. Correct.
Q. Has Allergan operated a website at www.botoxcosmetic.com since 2002?
A. Yes, it has, and it continues to do so.
MR. WILTON: Let me show you what we'll mark as Exhibit 9.
(The document referred to was marked by the CSR as Deposition Exhibit 9 for identification and attached to the deposition transcript hereto.)
BY MR. WILTON:
Q. Have you seen this before?
A. Yes, I have.
Q. Now, are these -- is Exhibit 9 three pages from the website that can be found at www.botoxcosmetic.com?
A. Yes, it can.

Q. And is this website accessible to anybody on the worldwide web?

A. Yes, it is.

Q. Is this simply an updated version of what we see in the first page of Exhibit 8?

A. Yes, it is.

Q. Let me mark this as number 10.

(The document referred to was marked by the CSR as Deposition Exhibit 10 for identification and attached to the deposition transcript hereto.)

BY MR. WILTON:

Q. Have you seen what we've marked as Exhibit 10 before?

A. Yes, I have.

Q. Now, are these several pages from the botoxcosmetic.com website?

A. Yes, it is.

Q. Is that website maintained by Allergan?

A. Yes, it is.

Q. Is this an updated version of what appears in the second through the last pages of Exhibit 8 that we looked at previously?

A. Yes, it does. Yes, it is.

Q. And to whom is this website that's reflected in

Exhibit 10 directed?

A. Both to healthcare professionals and also consumers.

Q. And what kind of information does it provide?

A. A whole host of information. Information on say from a consumer perspective where they may find a doctor, also gives you before and after shots of people who've been treated with BOTOX Cosmetic, gives you some information on some of the rewards programs we run as well which is termed Brilliant Distinctions, and there's also information in here for healthcare professionals where you would be directed to a separate site.

Q. And if you look at the first page of Exhibit 10, there's a -- looks like it would be a link that says "Healthcare Professional Site"?

A. That's correct.

Q. Is that what you're referring to?

A. Correct. So if you click on that, that would take you directly to the healthcare professional site.

Q. And that would provide for technical information regarding the product; is that right?

A. Yes, it would.

Q. I'm not sure "technical" is the right word but --

A. Yeah. Fair enough. Yeah.

Q. Let's go back for a second -- actually, other than direct consumer advertisements that we've seen such as the web and the print advertising and you mentioned television and radio, does Allergan promote the BOTOX Cosmetic product in any other manner?

A. Yeah. We promote directly to the people who will be injecting our product. So that may be to the clinician. It could well be to some of the clinician's assistants as well, and that might include nurses, office staff. And again they may work in medispas, they may work in a hospital, they may work in a private practice. So part of our daily business would involve Allergan representatives meeting with these people and discussing the product with them.

Q. So this would be in-person promotion?

A. Yes, it would.

Q. And are there any materials that are provided to clinicians and their staff?

A. Yes, there are.

Q. And who develops that?

A. Allergan.

Q. Is that part of the marketing department?

A. That would be part of the marketing, in-line marketing department.

Q. Let's take a look at Exhibit 9 which is the

current version of the www.botox.com landing page.

Do you see that?

A. Yes, I do.

Q. Does this page tell us what age range the BOTOX Cosmetic product has been approved for use?

A. Yes, it does.

Q. That wasn't a good sentence.

Does this -- what is the age range for which the BOTOX Cosmetic product has been approved?

A. For the cosmetic indication it's for adult patients below the age of 65 and obviously no younger than the age of 18, so it would be between the ages of 18 to 65.

Q. So if we look on the top left-hand side of page 2 of Exhibit 9, page 2 of Exhibit 9 --

A. Uh-huh.

Q. -- is that a description of the indication for which the BOTOX Cosmetic product has been approved?

A. Yes, it is.

Q. Is the 18 to 65 range, is that an accurate reflection of the range of consumers that use the BOTOX Cosmetic product?

A. Yes, it is.

Q. Does that include both men and women?

A. Yes, it does.

Q. Is there a subset of that group on which Allergan focuses its marketing efforts in connection with the BOTOX Cosmetic product?

A. Predominantly in females between the ages of 30 to 60.

Q. So the focus of Allergan's marketing efforts for the BOTOX Cosmetic product are for women ages 30 to 60; is that right?

A. That is correct.

Q. And why does Allergan focus on that subset of the overall population?

A. The market research which we have gained from looking at this suggests that they are our target audience.

Q. And what market research are you referring to?

A. We do market research on a regular basis, consumer market research which includes allows us to get an understanding of our consumers or our potential consumers.

Q. Is that market research something that's conducted by Allergan itself?

A. Not necessarily, but we would always be -- if we subcontracted that out to another company, we would always be involved within the process of that market research.

Q. And what department at Allergan is responsible for conducting market research?

A. That would be the marketing department.

Q. Are there any third parties that conduct their own research regarding what types of people are using specific plastic surgery or other aesthetic products?

A. Yes, there are.

Q. Does the American Society of Aesthetic Plastic Surgery conduct such studies?

A. Yes, they do.

Q. Do you know whether they've conducted any studies regarding what types of consumers use the BOTOX Cosmetic product?

A. Yes, they have.

Q. Do you know what that data reflects?

A. It reflects, and similarly to what we have found in that the target audience is those people between the ages of 30 to 60, more often than not females.

Q. And do you know what portion of the United States population -- let me rephrase the question.

Do you know how many people in the United States fall into that category of women between the ages of 30 to 60?

A. Well, yes, we do, but we should also include the fact that we target people with a certain income. So

if we think of people between the ages of 30 to 60 with a household income of over 50,000, we have market research that suggests that that number within the United States is about 40 million.

Q. Of the 300 million in the United States?

A. Correct.

Q. Now, this demographic of women between 30 and 60 with a household income of $50,000, is that currently what -- is that segment currently the focus of Allergan's marketing of the BOTOX Cosmetic product?

A. Yes, it is.

Q. Has it always been that way?

A. Yes, it has.

Q. So since 2002?

A. Correct.

MR. WILTON: Why don't we take a quick break.

(Recess from 9:15 a.m. to to 9:30 a.m.)

MR. WILTON: Why don't we go back on the record.

Q. In marketing the BOTOX Cosmetic product, does Allergan have any theories as to the process by which someone chooses to use the product?

A. Yeah, I mean, I think we have an idea through the market research that we do you know I think.

Q. Can you describe that to us.

A. Yes. I think, you know, you are a person that may decide to take, you know, take care of their appearance. So you have to make a decision that you maybe want to look younger, maybe just want to look a little bit fresher, a little bit better, and you then maybe look at what products are available. That might be some creams. It might be some lotions. Ultimately it may be some injectables. Then obviously I think people seek some information of what's out there, and then ultimately make a decision of what they're going to use.

Q. So the subset of the population on which Allergan focuses are women 30 to 60 with household income of over $50,000, correct?

A. Uh-huh.

Q. Is that correct?

A. Yeah, correct.

Q. And is there some subset of those, that population, that is looking, like you said, to look a little fresher, just look a little better?

A. Yeah. You know, there's obviously a proportion of that population that would be looking at, you know, bettering their image as it were.

Q. Do you know, has Allergan conducted any studies to try to determine approximately the size of that population?

A. Yes, we do. You know, we try and drill down on what part of the population ultimately are going to be interested in BOTOX, but, you know, ultimately there's a large proportion of that 40 million who are going to be interested in improving their appearance.

Q. And you mentioned creams and lotions. Does Allergan consider over-the-counter creams and lotions as competitive products with the BOTOX Cosmetic product?

A. Yeah, definitely.

Q. And why?

A. We do because, you know, I think that, you know, ultimately when you use a cream or a lotion, you know, again, you're looking at maybe reducing the appearance of fine lines, wrinkles, making yourself look a little bit younger, make yourself a little bit fresher, so ultimately they are a competition to the injectables.

Q. And how do you know that people use creams and lotions for that purpose?

A. Again, you know, it's market research. So we've done market research, and there's clearly a large proportion of the population are using creams and lotions.

Q. Do you know, based on Allergan's market research, about what percentage of the demographic you've described, women aged 30 to 60, household income over

$50,000, are aware of the BOTOX product?

A. Awareness of the BOTOX product is very high. It's over 95 percent.

Q. And is that over 95 percent figure based on research conducted by Allergan?

A. That's correct, market research.

Q. Do you know about what percentage of that demographic that we've described, which I won't repeat at this point, are considering using the BOTOX Cosmetic product?

A. It's about 20 percent.

Q. And of the other women that would fall under the demographic, do you have any information as to why they're not considering using the BOTOX Cosmetic product?

A. Yeah. It can be for a variety of reasons. You know, maybe it's just not right for them. Maybe that, you know, and -- you know, at that time, you know, they prefer to use a cream or a lotion. And so it can be a whole variety of different reasons why people maybe don't want to choose an injectable at that time.

Q. Do you know whether individuals who use the BOTOX Cosmetic product also use the creams and lotions you've described?

A. Yes. We do market research that we've conducted that would suggest that that is the case.

Q. That people use both?
A. Yes, they do.
Q. And you mentioned that about 95 percent -- or over 95 percent of the demographic to which Allergan targets its marketing for the BOTOX Cosmetic product are aware of the BOTOX mark, correct?
A. Correct.
Q. And that's from market research that you have?
A. Yes.
Q. Have you seen any other indications regarding how well the BOTOX mark is known in the United States?
A. Yes.
Q. And what are those?
A. And again, when we've done market research, it's shown that it's very well recognized. And so again independent research suggests that that be the case.
Q. Let me show you a document which we will mark as Exhibit 11.
(The document referred to was marked by the CSR as Deposition Exhibit 11 for identification and attached to the deposition transcript hereto.)
BY MR. WILTON:
Q. I've handed what we've marked as Exhibit 11. Can you tell me what Exhibit 11 is?

A. This is an annual report that we produced back in 2002.

Q. And was this annual report created in the normal course of Allergan's business?

A. Yes, it was.

Q. Are annual reports created every year by Allergan?

A. Every year.

Q. And do you know why they are created?

A. Give information on our vision, give information to the shareholders on, you know, our current status.

Q. Do you know whether Allergan is required to prepare annual reports?

A. Yes, we -- yes, we are, yeah.

Q. And does that requirement come from the Securities and Exchange Commission of the United States?

A. Yes, it is.

Q. Is Allergan publicly traded?

A. Yes, it is.

Q. Are copies of what we've marked as Exhibit 11, the 2002 annual report, are they kept in the files of Allergan in the normal course of its business?

A. Yes, they are.

Q. Are they available on Allergan's website?

A. Yes, they are.
Q. What is the address for Allergan's website?
A. It is www.allergan.com.
Q. Is there an investors' section of that website?
A. Yes, there is.
Q. Is that where they would find the 2002 annual report?
A. Yes, they would.
Q. I'd like you to look at the fourth page of this document which has a number of AGN 0162.
Do you see that?
A. Yes, I do.
Q. What is this section of the report?
A. This is the financial highlights from 2002, but also gives us some information back from 1998 up to 2002.
Q. And the data that appears in the financial highlights section, was that data taken from the financial statements of Allergan?
A. Yes, it was.
Q. And are those financial statements audited in some fashion?
A. Yes, they are.
Q. Do you know whether the financial statements are also contained in the Form 10-K that Allergan filed with the SEC at the close of its fiscal year ended 2002?

A. Yes, I believe they are.

Q. And the data that appears on this page from 2001, 2000, 1999 and 1998, is that data also taken from financial statements prepared by Allergan?

A. Yes, it is.

Q. And is it also -- are those financial statements also filed with the SEC?

A. Yes, they are.

Q. Is there any reason to believe that any of the information, financial information in this report is not correct?

A. No.

Q. If we look at the financial highlights section, does it provide any information regarding the total amount of sales by Allergan of goods sold under the BOTOX mark?

A. Yes, it does.

Q. And does it provide that information for the period from 1998 through 2002?

A. Yes, it does.

Q. And what was the total revenue that Allergan received for sales of goods under the BOTOX mark in 1998?

A. 1998 it was $125.3 million.

Q. What was the total revenue Allergan received in 1999 for sales of goods sold under the BOTOX mark?

A. $175.8 million.

Q. And what was the total revenue in 2000 that Allergan received for sales of goods sold under the BOTOX mark?

A. $239.5 million.

Q. What was the total revenue in 2001 received by Allergan for sales of goods sold under the BOTOX mark?

A. $309.5 million.

Q. What was the total revenue of 2002 that Allergan received for goods sold under the BOTOX mark?

A. $439.7 million.

Q. And the figures you've just provided me, are these figures that are contained in the financial highlights section of Exhibit 11?

A. Yes, they are.

Q. We'll mark this one Exhibit 12, and Nikki's going to have fun putting a tag on that one.

(The document referred to was marked by the CSR as Deposition Exhibit 12 for identification and attached to the deposition transcript hereto.)

BY MR. WILTON:

Q. I've handed you Exhibit 12.

Have you seen this before?

A. Yes, I have it's again the financial report

from 2006.

Q. Was this annual report marked as Exhibit 12, was it created in the normal course of Allergan's business?

A. Yes, it was.

Q. Is a copy of this annual report kept in Allergan's files in the normal course of its business?

A. Yes, it is.

Q. And is a copy of this annual report also available on Allergan's website?

A. Yes, it is.

Q. And that would be in the investors' section?

A. Yes, it would.

Q. And on the second page of this annual report -- why don't we do this before we --

A. I can see it.

Q. You can. I can't.

I'm going to mark this as Exhibit 13.

(The document referred to was marked by the CSR as Deposition Exhibit 13 for identification and attached to the deposition transcript hereto.)

BY MR. WILTON:

Q. Look at that.

A. Much clearer.

Q. We've marked as Exhibit 13 what I will represent is a portion of what appears on page 2 of Exhibit 12, but in a size that is actually legible to the human eye -- well, at least my human eye.

So using Exhibit 13 as a reference, do you see the section that appears on page 2 of the 2006 annual report that's called "Statement of Operations Highlights"?

A. Yes, I do.

Q. And underneath that in parentheses it says, "As reported under US GAAP"?

A. Yes I do.

Q. Do you know what that is?

A. Yes.

Q. Do you know whether that refers to United States Generally Accepted Accounting Principles?

A. Yes, it does.

Q. And so were the financial statements of -- rephrase that.

The information that appears in the Statement of Operations Highlights, did that information come from Allergan's financial statements?

A. Yes it did.

Q. And were those financial statements audited?

A. Yes, they were.

Q. And were they prepared in accordance with United States GAAP?

A. Yes, they were.

Q. And were those financial statements also included in the Form 10-K filed by Allergan with the SEC following the close of fiscal year ended 2006?

A. Yes, they were.

Q. And does this Statement of Operations Highlights provide information from any year other than 2006?

A. It does. It goes from 2002 through to 2006.

Q. And the information that appears for 2002, '03, '04 and '05, was that information also taken from Allergan's financial statements?

A. Yes, it was.

Q. Is there any reason to belief that any of the financial information reflected on Exhibit 12 and in expanded form on Exhibit 13 is inaccurate?

A. No.

Q. Does the Statement of Operations Highlights provide any data regarding the sales of goods by Allergan under the BOTOX trademark?

A. Yes, it does.

Q. And what was the total revenue received by Allergan in 2002 for goods sold under the BOTOX

trademark?

A. That would be $439.7 million.

Q. And is that the same figure that we saw on Exhibit 11?

A. Yes, it was.

Q. What was the total revenue received by Allergan for sales of goods under the BOTOX trademark in 2003?

A. That would be $563.9 million.

Q. What was the total revenue received by Allergan in 2004 for goods sold under the BOTOX mark?

A. That would be $705.1 million.

Q. What was the total revenue received in 2005 for goods sold by Allergan under the BOTOX mark?

A. That would be $830.9 million.

Q. And what was the total revenue in 2006 received by Allergan for goods sold under the BOTOX mark?

A. That would be $982.2 million.

(The document referred to was marked by the CSR as Deposition Exhibit 14 for identification and attached to the deposition transcript hereto.)

BY MR. WILTON:

Q. I'm handing you what we've marked as Exhibit 14.

Have you seen this before?

A. Yes, I have.
Q. And what is it?
A. This is actually the annual report for Allergan back from 2011.
Q. Is this the most recent annual report for Allergan?
A. Yes, it is.
Q. And the document I've just handed you, does it also contain a copy of the Form 10-K that Allergan created in the normal course of its business?
A. Yes, it does.
Q. And that Form 10-K was filed with the Securities and Exchange Commission?
A. Yes, it was.
Q. Were both the annual report and the Form 10-K prepared in the normal course of Allergan's business?
A. Yes, it was.
Q. And are copies of both the annual report and the Form 10-K maintained in Allergan's files?
A. Yes, they are.
Q. And are copies of the annual report and Form 10-K also available on Allergan's website?
A. Yes, they are.
Q. In the investors' section?
A. Correct.

Q. I'd like you to look at the sixth page of this document. You can take the clip off. Make it a little easier. And this page, the top heading says "Financial Summary"; is that correct?

A. That's correct.

Q. And there's a section under there that says "Statement of Operations Highlights."

Do you see that?

A. Yes, I do.

Q. And was the data in this section taken from Allergan's financial statements?

A. Yes, it was.

Q. And do you know whether or not those financial statements were audited?

A. Yes, they were.

Q. And do you know whether those financial statements are contained in the Form 10-K that is included in Exhibit 14 and was filed with the Securities and Exchange Commission?

A. Yes, they are.

Q. Is there any reason to believe that any of the financial information in this Statement of Operations Highlights is inaccurate?

A. No.

Q. Is there any information on -- in the Statement

of Operations Highlights that tells us how much revenue Allergan received from sales of goods under the BOTOX product?

A. Yes, there is.

Q. And for which years does it provide that information?

A. It starts back in 2007 and runs through to 2011.

Q. What was the total revenue received by Allergan in 2007 for goods sold under the BOTOX mark?

A. That would be 1.2118 billion -- yeah 1.2 billion. Maybe that's the best way of saying it, 1.2 billion.

Q. Dollars?

A. Dollars.

Q. And the figure you're looking at, it's under the column that says 2007; is that right?

A. Correct.

Q. And it says 1, comma, 211 point 8?

A. Correct.

Q. So $1.2118 billion?

A. Correct.

Q. What was the total revenue received by Allergan from sales of goods under the BOTOX trademark in 2008?

A. That would be $1.3109 billion.

Q. What was the total revenue received by Allergan in 2009 for sales of goods under the BOTOX trademark?

A. That would be $1.3096 billion.

Q. So is it correct that the revenue went down between 2008 and 2009?

A. That's correct.

Q. Is that because of the recession?

A. Correct.

Q. What was the total revenue received by Allergan for sales of product under the BOTOX trademark in 2010?

A. That would be $1.4194 billion.

Q. What was the total revenue received by Allergan for sales under the BOTOX trademark -- let me try that again.

What was total revenue received by Allergan in 2011 for goods sold under the BOTOX trademark?

A. That would be $1.5949 billion.

Q. That's all I have.

A. Brilliant. As I say, it wasn't quite John Grisham.

(Deposition concluded at 9:52 a.m.)

* * *

DECLARATION UNDER PENALTY OF PERJURY

I, MARK CHAPLIN, do hereby certify under penalty of perjury that I have read the foregoing transcript of my deposition taken June 27, 2012; that I have made such corrections as appear noted herein, in ink, initialed by me; that my testimony as contained herein, as corrected, is true and correct.

DATED this _____ day of _____, 2012, at _____, California.

_____

MARK CHAPLIN

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, NIKKI ROY, Certified Shorthand Reporter, certificate number 3052, for the State of California, hereby certify:

That Mark Chaplin, the witness whose deposition is hereinbefore set forth; was duly sworn by me and that such deposition is a true record of the testimony given by such witness.

That counsel for Opposer was present.

The deposition was taken on June 27, 2012, at 3161 Michelson Drive, Irvine, California commencing at 8:24 a.m.

I further certify that I am not disqualified as specified in Rule 28 of the Federal Rules of Civil Procedure.

In witness whereof I have hereunto subscribed my name this 6TH day of July, 2012.

ERRATA SHEET FOR THE TRANSCRIPT OF:

Case Name: Allergan vs. KRL Group, Inc.

Depo. Date: June 27, 2012

Deponent: MARK CHAPLIN

Reason codes:

1. To clarify the record.

2. To conform to the facts.

3. To correct transcription errors.

Pg.	Ln.	Now Reads	Should Read	Reason
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the Matter of Application Serial No. 78/553,180
Published in the Official Gazette of November 8, 2005

ALLERGAN, INC., Opposer, vs. KRL GROUP, INC. Applicant.	Opposition No. 91169544

NOTICE OF TESTIMONY DEPOSITION OF ALLERGAN, INC.

TO APPLICANT:

PLEASE TAKE NOTICE that pursuant to Rule 30 of the Federal Rules of Civil Procedure and 37 C.F.R. 2.123, Opposer Allergan, Inc. ("Opposer") will take the testimony deposition of Mark Chaplin, Product Manager, BOTOX® Cosmetic Global Marketing at Allergan, Inc., whose address is 2525 Dupont Drive, Irvine, CA 92612, upon oral examination before a notary public or other officer authorized to administer oaths, at Gibson, Dunn & Crutcher LLP, 3161 Michelson Drive, Irvine, CA 92612-4412, commencing at 8:00 a.m. on June 27, 2012, and continuing from day to day thereafter until the examination is completed.

You are invited to attend and cross-examine.

SEYFARTH SHAW LLP

Dated: June 21, 2012

By: */Kenneth L. Wilton/*
Kenneth L. Wilton
Julia K. Sutherland
Attorneys for Opposer
ALLERGAN, INC.

2029 Century Park East, Suite 3300
Los Angeles, CA 90067-3063
Telephone: (310) 201-5271
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1
EXHIBIT
FOR IDENTIFICATION
WITNESS CHAPLIN
DATE 6.27.12
NIKKI ROY, CSR #3052

14586879v.1

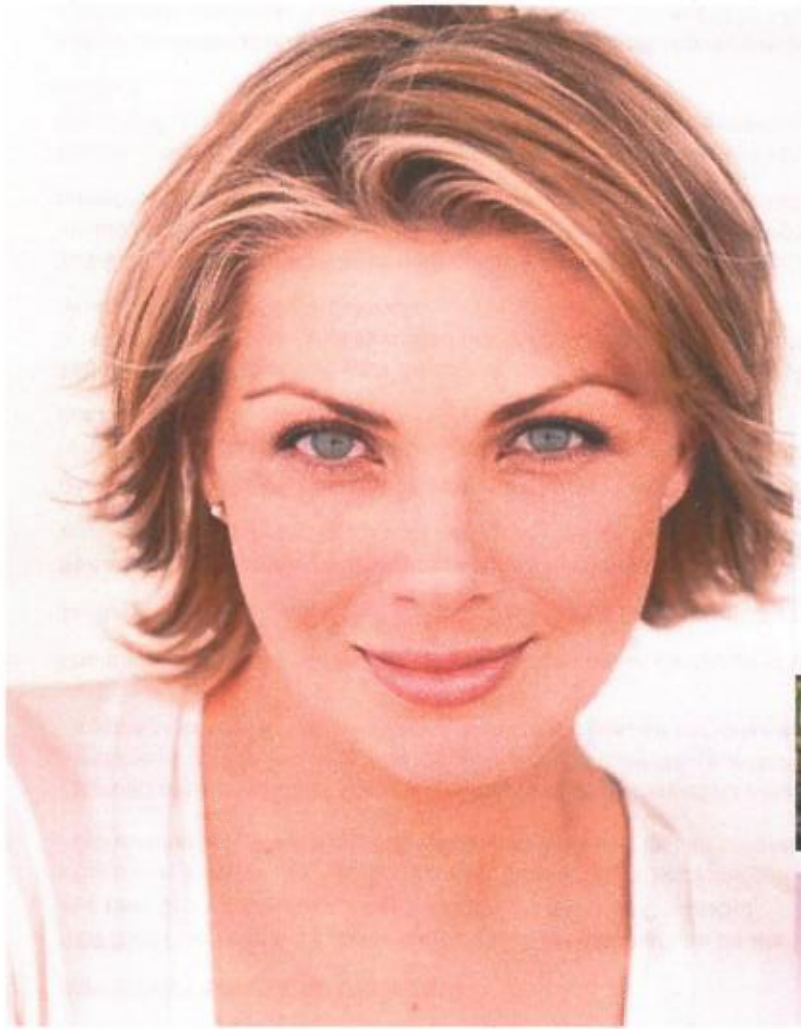
CASE 91169544
ALLERGAN VS KRL GROUP, INC
EXHIBIT INTRODUCED & FILED BY OPPOSER

CERTIFICATE OF SERVICE

I hereby certify that on June 21, 2012, I served the foregoing Notice Of Testimony Deposition Of Allergan, Inc. on the Applicant by a) sending a scanned copy to CR@CRIVERALAW.COM and b) depositing a true copy thereof in a sealed envelope, postage prepaid, in First Class U.S. mail addressed to Applicant's counsel as follows:

Claudio Rivera PA
P.O .BOX 166018
Miami, FL 33116

/Eleanor Elko/
Eleanor Elko



10 YEARS SINCE FDA APPROVAL

IT'S NOT RETOUCHING...

It's BOTOX® Cosmetic.

ACTUAL UN-RETOUCHED PHOTO OF REAL BOTOX® COSMETIC USER.
Eight out of ten women achieved clinically significant results at day 30 in clinical trials.
Results may vary.

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Courtney Thorne-Smith
"Why I Choose BOTOX® Cosmetic"

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ALLERGAN VS. KRL GROUP, INC CASE 91/69544

BOTOX® Cosmetic (onabotulinumtoxinA) Important Information

EXHIBIT 10
FOR IDENTIFICATION
WITNESS CHAPLIN
DATE 6-27-12
NIKKI ROY, CSR #3052

Indication

BOTOX® Cosmetic is a prescription medicine that is injected into muscles and used to improve the look of moderate to severe frown lines between the eyebrows (glabellar lines) in people 18 to 65 years of age for a short period of time (temporary).

IMPORTANT SAFETY INFORMATION

BOTOX® Cosmetic may cause serious side effects that can be life threatening. Call your doctor or get medical help right away if you have any of these problems any time (hours to weeks) after injection of BOTOX® Cosmetic:

- **Problems swallowing, speaking, or breathing,** due to weakening of associated muscles, can be severe and result in loss of life. You are at the highest risk if these problems are pre-existing before injection. Swallowing problems may last for several months
- **Spread of toxin effects.** The effect of botulinum toxin may affect areas away from the injection site and cause serious symptoms including: loss of strength and all-over muscle weakness, double vision, blurred vision and drooping eyelids, hoarseness or change or loss of voice (dysphonia), trouble saying words clearly (dysarthria), loss of bladder control, trouble breathing, trouble swallowing. **If this happens, do not drive a car, operate machinery, or do other dangerous activities**

The dose of BOTOX® Cosmetic is not the same as, or comparable to, another botulinum toxin product.

There has not been a confirmed serious case of spread of toxin effect when BOTOX® Cosmetic has been used at the recommended dose to treat frown lines.

Serious and/or immediate allergic reactions have been reported. They include: itching, rash, red itchy welts, wheezing, asthma symptoms, or dizziness or feeling faint. Tell your doctor or get medical help right away if you are wheezing or have asthma symptoms, or if you become dizzy or faint.

Do not take BOTOX® Cosmetic if you: are allergic to any of the ingredients in BOTOX® Cosmetic (see Medication Guide for ingredients); had an allergic reaction to any other botulinum toxin product such as *Myobloc*® (rimabotulinumtoxinB), *Dysport*® (abobotulinumtoxinA), or *Xeomin*® (incobotulinumtoxinA); have a skin infection at the planned injection site.

Tell your doctor about all your muscle or nerve conditions, such as amyotrophic lateral sclerosis (ALS or Lou Gehrig's disease), myasthenia gravis, or Lambert-Eaton syndrome, as you may be at increased risk of serious side effects including severe dysphagia (difficulty swallowing) and respiratory compromise (difficulty breathing) from typical doses of BOTOX® Cosmetic.

Tell your doctor about all your medical conditions, including: plans to have surgery; had surgery on your face; weakness of forehead muscles, such as trouble raising your eyebrows; drooping eyelids; any other abnormal facial change; are pregnant or plan to become pregnant (it is not known if BOTOX® Cosmetic can harm your unborn baby); are breast-feeding or plan to breast-feed (it is not known if BOTOX® Cosmetic passes into breast milk).

Human albumin and spread of viral diseases. BOTOX® Cosmetic contains albumin, a protein component of human blood. The potential risk of spreading viral diseases [eg Creutzfeldt-Jakob Disease (CJD)] via human serum albumin is extremely rare. No cases of viral diseases or CJD have ever been reported in association with human serum albumin.

Tell your doctor about all the medicines you take, including prescription and nonprescription medicines, vitamins, and herbal products. Using BOTOX® Cosmetic with certain other medicines may cause serious side effects. **Do not start any new medicines until you have told your doctor that you have received BOTOX® Cosmetic in the past.**

Especially tell your doctor if you: have received any other botulinum toxin product in the last 4 months; have received injections of botulinum toxin, such as *Myobloc*®, *Dysport*®, or *Xeomin*® in the past (be sure your doctor knows exactly which product you received); have recently received an antibiotic by injection; take muscle relaxants; take an allergy or cold medicine; or take a sleep medicine.

Other side effects of BOTOX® Cosmetic include: dry mouth, discomfort or pain at the injection site, tiredness, headache, neck pain, and eye problems: double vision, blurred vision, decreased eyesight, drooping eyelids, swelling of your eyelids, and dry eyes.

For more information refer to the Medication Guide or talk with your doctor.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch or call 1-800-FDA-1088.

Please see BOTOX® Cosmetic full Product Information including Boxed Warning and Medication Guide.

Information about NATRELLE®

The NATRELLE® Collection of Breast Implants is indicated for females for breast augmentation and breast reconstruction.

1. Data on file, Allergan, Inc.

Tell A Friend

APC50JA12

ALLERGAN

About BOTOX® Cosmetic

About BOTOX® Cosmetic

- What is BOTOX® Cosmetic?
- What About Safety?
- Why Does Skin Age?
- BOTOX® Cosmetic for Men
- Frequently Asked Questions

BOTOX® Cosmetic May Be the One for You

Discover the proven results that 11 million women and men have experienced.

With real, noticeable results, no surgery and no recovery time, there are many reasons why BOTOX® Cosmetic has been chosen by millions of women and their doctors.

BOTOX® Cosmetic may be the one for you. You may feel that the moderate to severe glabellar lines between your brows make you look tired or unapproachable, or have other reasons for being curious about BOTOX® Cosmetic. Ask your doctor about BOTOX® Cosmetic to find out if it is right for you.

In this section of the website you can learn more about what BOTOX® Cosmetic is, read about safety and browse through some of our frequently asked questions. Also, you can learn about why skin ages and find out about BOTOX® Cosmetic for Men.

Please see Important Safety Information including Boxed Warning below

RELATED LINKS

- You & BOTOX® Cosmetic
- What Is the Treatment Process?
- Choosing a Doctor

BOTOX® Cosmetic (onabotulinumtoxinA) Important Information

Indication

BOTOX® Cosmetic is a prescription medicine that is injected into muscles and used to improve the look of moderate to severe frown lines between the eyebrows (glabellar lines) in people 18 to 65 years of age for a short period of time (temporary).

IMPORTANT SAFETY INFORMATION

BOTOX® Cosmetic may cause serious side effects that can be life threatening. Call your doctor or get medical help right away if you have any of these problems any time (hours to weeks) after injection of BOTOX® Cosmetic:

- **Problems swallowing, speaking, or breathing,** due to weakening of associated muscles, can be severe and result in loss of life. You are at the highest risk if these problems are pre-existing before injection. Swallowing problems may last for several months
- **Spread of toxin effects.** The effect of botulinum toxin may affect areas away from the injection site and cause serious symptoms including: loss of strength and all-over muscle weakness, double vision, blurred vision and drooping eyelids, hoarseness or change or loss of voice (dysphonia), trouble saying words clearly (dysarthria), loss of bladder control, trouble breathing, trouble swallowing. **If this happens, do not drive a car, operate machinery, or do other dangerous activities**

The dose of BOTOX® Cosmetic is not the same as, or comparable to, another botulinum toxin product.

There has not been a confirmed serious case of spread of toxin effect when BOTOX® Cosmetic has been used at the recommended dose to treat frown lines.

Serious and/or immediate allergic reactions have been reported. They include: itching, rash, red itchy welts, wheezing, asthma symptoms, or dizziness or feeling faint. Tell your doctor or get medical help right away if you are wheezing or have asthma symptoms, or if you become dizzy or faint.

Do not take BOTOX® Cosmetic if you: are allergic to any of the ingredients in BOTOX® Cosmetic (see Medication Guide for ingredients); had an allergic reaction to any other botulinum toxin product such as *Myobloc®* (rimabotulinumtoxinB), *Dysport®* (abobotulinumtoxinA), or *Xeomin®* (incobotulinumtoxinA); have a skin infection at the planned injection site.

Tell your doctor about all your muscle or nerve conditions, such as amyotrophic lateral sclerosis (ALS or Lou Gehrig's disease), myasthenia gravis, or Lambert-Eaton syndrome, as you may be at increased risk of serious side effects including severe dysphagia (difficulty swallowing) and respiratory compromise (difficulty breathing) from typical doses of BOTOX® Cosmetic.

Tell your doctor about all your medical conditions, including: plans to have surgery; had surgery on your face; weakness of forehead muscles, such as trouble raising your eyebrows; drooping eyelids; any other abnormal facial change; are pregnant or plan to become pregnant (it is not known if BOTOX® Cosmetic can harm your unborn baby); are breast-feeding or plan to breast-feed (it is not known if BOTOX® Cosmetic passes into breast milk).

Human albumin and spread of viral diseases. BOTOX® Cosmetic contains albumin, a protein component of human blood. The potential risk of spreading viral diseases [eg Creutzfeldt-Jakob Disease (CJD)] via human serum albumin is extremely rare. No cases of viral diseases or CJD have ever been reported in association with human serum albumin.

Tell your doctor about all the medicines you take, including prescription and nonprescription medicines, vitamins, and herbal products. Using BOTOX® Cosmetic with certain other medicines may cause serious side effects. **Do not start any new medicines until you have told your doctor that you have received BOTOX® Cosmetic in the past.**

Especially tell your doctor if you: have received any other botulinum toxin product in the last 4 months; have received injections of botulinum toxin, such as *Myobloc®*, *Dysport®*, or *Xeomin®* in the past (be sure your doctor knows exactly which product you received); have recently received an antibiotic by injection; take muscle relaxants; take an allergy or cold medicine; or take a sleep medicine.

Other side effects of BOTOX® Cosmetic include: dry mouth, discomfort or pain at the injection site, tiredness, headache, neck pain, and eye problems: double vision, blurred vision, decreased eyesight, drooping eyelids, swelling of your eyelids, and dry eyes.

For more information refer to the Medication Guide or talk with your doctor.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch or call 1-800-FDA-1088.

Please see BOTOX® Cosmetic full Product Information including Boxed Warning and Medication Guide.

Information about NATRELLE®

The NATRELLE® Collection of Breast Implants is indicated for females for breast augmentation and breast reconstruction.

Tell A Friend

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About BOTOX® Cosmetic

About BOTOX® Cosmetic

+ What is BOTOX® Cosmetic?
– What About Safety?
+ Why Does Skin Age?
+ BOTOX® Cosmetic for Men
+ Frequently Asked Questions

What About Safety?

Read the Medication Guide that comes with **BOTOX®** or **BOTOX® Cosmetic** before you start using it and each time it is given to you. There may be new information that is important to you. This information does not take the place of talking with your doctor about your medical condition or your treatment. You should share this information with your family members and caregivers.

What is the most important information I should know about BOTOX® and BOTOX® Cosmetic?

BOTOX® and BOTOX® Cosmetic may cause serious side effects that can be life threatening. Call your doctor or get medical help right away if you have any of these problems after treatment with BOTOX® or BOTOX® Cosmetic:

- **Problems swallowing, speaking, or breathing. These problems can happen hours to weeks after an injection of BOTOX® or BOTOX® Cosmetic** usually because the muscles that you use to breathe and swallow can become weak after the injection.

Please see Important Safety Information including Boxed Warning below

RELATED LINKS

- Why Choose BOTOX® Cosmetic?
- Choosing a Doctor
- Continuing Treatment

SUCCESS STORIES

View personal success stories from other women and men treated with BOTOX® Cosmetic.

VIEW THEIR STORIES

BRILLIANT DISTINCTIONS® PROGRAM

Receive exclusive invites, special offers, and great

- Death can happen as a complication if you have severe problems with swallowing or breathing after treatment with **BOTOX® or BOTOX® Cosmetic**.

- People with certain breathing problems may need to use muscles in their neck to help them breathe. These patients may be at greater risk for serious breathing problems with **BOTOX®** or **BOTOX® Cosmetic**.
- Swallowing problems may last for several months. People who cannot swallow well may need a feeding tube to receive food and water. If swallowing problems are severe, food or liquids may go into your lungs. People who already have swallowing or breathing problems before receiving **BOTOX®** or **BOTOX® Cosmetic** have the highest risk of getting these problems.
- **Spread of toxin effects**. In some cases, the effect of botulinum toxin may affect areas of the body away from the injection site and cause symptoms of a serious condition called botulism.

The symptoms of botulism include:

- loss of strength and muscle weakness all over the body
- double vision
- blurred vision and drooping eyelids
- hoarseness or change or loss of voice (dysphonia)
- trouble saying words clearly (dysarthria)
- loss of bladder control
- trouble breathing
- trouble swallowing

These symptoms can happen hours to weeks after you receive an injection of **BOTOX®** or **BOTOX® Cosmetic**.

These problems could make it unsafe for you to drive a car or do other dangerous activities. See "What should I avoid while receiving **BOTOX®** or **BOTOX® Cosmetic?**"

There has not been a confirmed serious case of spread of toxin effect away from the injection site when **BOTOX®** has been used at the recommended dose to treat severe

underarm sweating, blepharospasm, or strabismus, or when **BOTOX® Cosmetic** has been used at the recommended dose to treat frown lines.

What are BOTOX® and BOTOX® Cosmetic?

BOTOX® is a prescription medicine that is injected into muscles and used:

- to treat increased muscle stiffness in elbow, wrist, and finger muscles in adults with upper limb spasticity.
- to treat the abnormal head position and neck pain that happens with cervical dystonia (CD) in adults.
- to treat certain types of eye muscle problems (strabismus) or abnormal spasm of the eyelids (blepharospasm) in people 12 years and older.

BOTOX® is also injected into the skin to treat the symptoms of severe underarm sweating (severe primary axillary hyperhidrosis) when medicines used on the skin (topical) do not work well enough.

BOTOX® Cosmetic is a prescription medicine that is injected into muscles and used to improve the look of moderate-to-severe frown lines between the eyebrows (glabellar lines) in adults younger than 65 years of age for a short period of time (temporary).

It is not known whether **BOTOX®** is safe or effective in children younger than:

- 18 years of age for treatment of spasticity
- 16 years of age for treatment of cervical dystonia
- 18 years of age for treatment of hyperhidrosis
- 12 years of age for treatment of strabismus or blepharospasm

BOTOX® Cosmetic is not recommended for use in children younger than 18 years of age.

It is not known whether **BOTOX®** and **BOTOX® Cosmetic** are safe or effective for other types of muscle spasms or for severe sweating anywhere other than your armpits.

Who should not take BOTOX® or BOTOX® Cosmetic?

Do not take **BOTOX®** or **BOTOX® Cosmetic** if you:

- are allergic to any of the ingredients in **BOTOX®** or **BOTOX® Cosmetic**. See the end of the Medication Guide for a list of ingredients in **BOTOX®** and **BOTOX® Cosmetic**
- had an allergic reaction to any other botulinum toxin product such as *Myobloc®* or *Dysport®*
- have a skin infection at the planned injection site

What should I tell my doctor before taking BOTOX® or BOTOX® Cosmetic?

Tell your doctor about all your medical conditions, including if you have:

- a disease that affects your muscles and nerves (such as amyotrophic lateral sclerosis [ALS or Lou Gehrig's disease], myasthenia gravis or Lambert-Eaton syndrome). See "What is the most important information I should know about **BOTOX®** and **BOTOX® Cosmetic**?"
- allergies to any botulinum toxin product
- had any side effect from any botulinum toxin product in the past
- a breathing problem, such as asthma or emphysema
- swallowing problems
- bleeding problems
- plans to have surgery
- had surgery on your face
- weakness of your forehead muscles, such as trouble raising your eyebrows
- drooping eyelids
- any other change in the way your face normally looks
- are pregnant or plan to become pregnant. It is not known if **BOTOX®** or **BOTOX® Cosmetic** can harm your unborn baby

- are breast-feeding or plan to breastfeed. It is not known if **BOTOX®** or **BOTOX® Cosmetic** passes into breast milk

Tell your doctor about all the medicines you take, including prescription and nonprescription medicines, vitamins and herbal products. Using **BOTOX®** or **BOTOX® Cosmetic** with certain other medicines may cause serious side effects. **Do not start any new medicines until you have told your doctor that you have received BOTOX® or BOTOX® Cosmetic in the past.**

Especially tell your doctor if you:

- have received any other botulinum toxin product in the last four months
- have received injections of botulinum toxin, such as *Myobloc®* (rimabotulinumtoxinB) or *Dysport®* (abobotulinumtoxinA) in the past. Be sure your doctor knows exactly which product you received
- have recently received an antibiotic by injection
- take muscle relaxants
- take an allergy or cold medicine
- take a sleep medicine

Ask your doctor if you are not sure if your medicine is one that is listed above.

Know the medicines you take. Keep a list of your medicines with you to show your doctor and pharmacist each time you get a new medicine.

How should I take BOTOX® or BOTOX® Cosmetic?

- **BOTOX®** or **BOTOX® Cosmetic** is an injection that your doctor will give you.
- **BOTOX®** is injected into your affected muscles or skin.
- **BOTOX® Cosmetic** is injected into your affected muscles.
- Your doctor may change your dose of **BOTOX®** or **BOTOX® Cosmetic**, until you and your doctor find the best dose for you.

What should I avoid while taking BOTOX® or BOTOX® Cosmetic?

BOTOX® and **BOTOX® Cosmetic** may cause loss of strength or general muscle weakness, or vision problems within hours to weeks of taking **BOTOX®** or **BOTOX® Cosmetic**. **If this happens, do not drive a car, operate machinery, or do other dangerous activities**. See "What is the most important information I should know about BOTOX® and BOTOX® Cosmetic?"

What are the possible side effects of BOTOX® and BOTOX® Cosmetic?

BOTOX®and BOTOX® Cosmetic can cause serious side effects. See "What is the most important information I should know about BOTOX® and BOTOX® Cosmetic?"

Other side effects of BOTOX® and BOTOX® Cosmetic include:

- dry mouth
- discomfort or pain at the injection site
- tiredness
- headache
- neck pain
- eye problems: double vision, blurred vision, decreased eyesight, drooping eyelids, swelling of your eyelids, and dry eyes
- allergic reactions. Symptoms of an allergic reaction to **BOTOX®** or **BOTOX® Cosmetic** may include: itching, rash, red itchy welts, wheezing, asthma symptoms, or dizziness or feeling faint. Tell your doctor or get medical help right away if you are wheezing or have asthma symptoms, or if you become dizzy or faint

Tell your doctor if you have any side effect that bothers you or that does not go away.

These are not all the possible side effects of **BOTOX®** and **BOTOX® Cosmetic**. For more information, ask your doctor or pharmacist.

Call your doctor for medical advice about side effects. You may report side effects to FDA at 1-800-FDA-1088.

General information about BOTOX® and BOTOX® Cosmetic:

Medicines are sometimes prescribed for purposes other than those listed in a Medication Guide.

The Medication Guide summarizes the most important information about **BOTOX®** and **BOTOX® Cosmetic**. If you would like more information, talk with your doctor. You can ask your doctor or pharmacist for information about **BOTOX®** and **BOTOX® Cosmetic** that is written for healthcare professionals. For more information about **BOTOX®** and **BOTOX® Cosmetic** call Allergan at 1-800-433-8871 or go to www.botox.com.

What are the ingredients in BOTOX® and BOTOX® Cosmetic?

Active ingredient: botulinum toxin type A

Inactive ingredients: human albumin and sodium chloride

Issued: 03/2010

This Medication Guide has been approved by the U.S. Food and Drug Administration.

Manufactured by: Allergan Pharmaceuticals Ireland a subsidiary of:

Allergan, Inc.
2525 Dupont Dr.
Irvine, CA 92612

BOTOX® Cosmetic (onabotulinumtoxinA) Important Information

Indication
BOTOX® Cosmetic is a prescription medicine that is injected into muscles and used to improve the look of moderate to severe frown lines between the eyebrows (glabellar lines) in people 18 to 65 years of age for a short period of time (temporary).

IMPORTANT SAFETY INFORMATION

BOTOX® Cosmetic may cause serious side effects that can be life threatening. Call your doctor or get medical help right away if you have any of these problems any time (hours to weeks) after injection of BOTOX® Cosmetic:

- **Problems swallowing, speaking, or breathing,** due to weakening of associated muscles, can be severe and result in loss of life. You are at the highest risk if these problems are pre-existing before injection. Swallowing problems may last for several months
- **Spread of toxin effects.** The effect of botulinum toxin may affect areas away from the injection site and cause serious symptoms including: loss of strength and all-over muscle weakness, double vision, blurred vision and drooping eyelids, hoarseness or change or loss of voice (dysphonia), trouble saying words clearly (dysarthria), loss of bladder control, trouble breathing, trouble swallowing. **If this happens, do not drive a car, operate machinery, or do other dangerous activities**

The dose of BOTOX® Cosmetic is not the same as, or comparable to, another botulinum toxin product.

There has not been a confirmed serious case of spread of toxin effect when BOTOX® Cosmetic has been used at the recommended dose to treat frown lines.

Serious and/or immediate allergic reactions have been reported. They include: itching, rash, red itchy welts, wheezing, asthma symptoms, or dizziness or feeling faint. Tell your doctor or get medical help right away if you are wheezing or have asthma symptoms, or if you become dizzy or faint.

Do not take BOTOX® Cosmetic if you: are allergic to any of the ingredients in BOTOX® Cosmetic (see Medication Guide for ingredients); had an allergic reaction to any other botulinum toxin product such as *Myobloc®* (rimabotulinumtoxinB), *Dysport®* (abobotulinumtoxinA), or *Xeomin®* (incobotulinumtoxinA); have a skin infection at the planned injection site.

Tell your doctor about all your muscle or nerve conditions, such as amyotrophic lateral sclerosis (ALS or Lou Gehrig's disease), myasthenia gravis, or Lambert-Eaton syndrome, as you may be at increased risk of serious side effects including severe dysphagia (difficulty swallowing) and respiratory compromise (difficulty breathing) from typical doses of BOTOX® Cosmetic.

Tell your doctor about all your medical conditions, including: plans to have surgery; had surgery on your face; weakness of forehead muscles, such as trouble raising your eyebrows; drooping eyelids; any other abnormal facial change; are pregnant or plan to become pregnant (it is not known if BOTOX® Cosmetic can harm your unborn baby); are breast-feeding or plan to breast-feed (it is not known if BOTOX® Cosmetic passes into breast milk).

Human albumin and spread of viral diseases. BOTOX® Cosmetic contains albumin, a protein component of human blood. The potential risk of spreading viral diseases [eg Creutzfeldt-Jakob Disease (CJD)] via human serum albumin is extremely rare. No cases of viral diseases or CJD have ever been reported in association with human serum albumin.

Tell your doctor about all the medicines you take, including prescription and nonprescription medicines, vitamins, and herbal products. Using BOTOX® Cosmetic with certain other medicines may cause serious side effects. **Do not start any new medicines until you have told your doctor that you have received BOTOX® Cosmetic in the past.**

Especially tell your doctor if you: have received any other botulinum toxin product in the last 4 months; have received injections of botulinum toxin, such as *Myobloc®*, *Dysport®*, or *Xeomin®* in the past (be sure your doctor knows exactly which product you received); have recently received an antibiotic by injection; take muscle relaxants; take an allergy or cold medicine; or take a sleep medicine.

Other side effects of BOTOX® Cosmetic include: dry mouth, discomfort or pain at the injection site, tiredness, headache, neck pain, and eye problems: double vision, blurred vision, decreased eyesight, drooping eyelids, swelling of your eyelids, and dry eyes.

For more information refer to the Medication Guide or talk with your doctor.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch or call 1-800-FDA-1088.

Please see BOTOX® Cosmetic full Product Information including Boxed Warning and Medication Guide.

Information about NATRELLE®

The NATRELLE® Collection of Breast Implants is indicated for females for breast augmentation and breast reconstruction.

Tell A Friend

ALLERGAN

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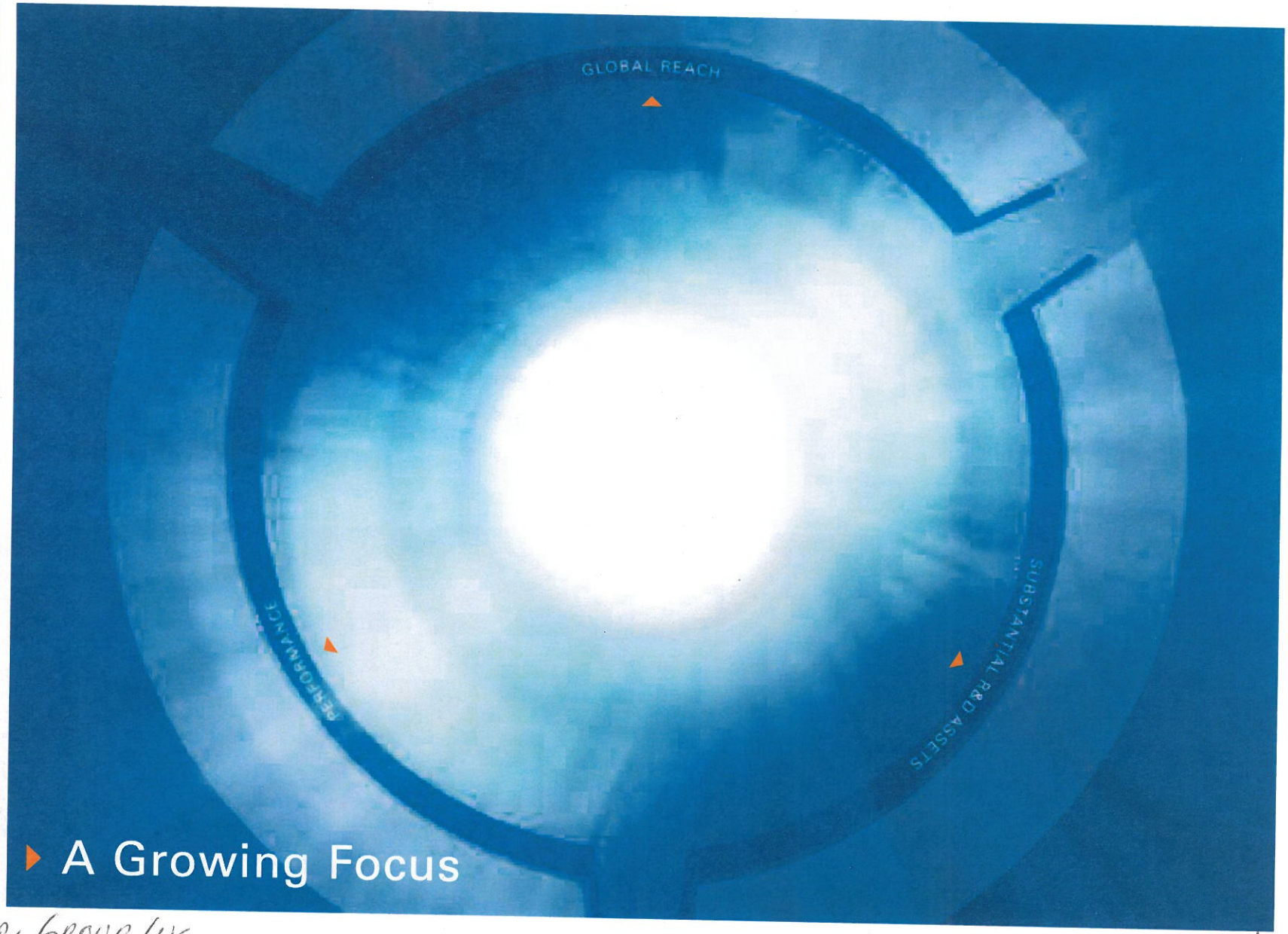
ALLERGAN

AGN 0159

2002 annual report



A Growing Focus

ALLERGAN VS. KKL GROUP INC
CASE 91169544

EXHIBIT INTRODUCED OR FILED BY CHAPLIN

EXHIBIT 11
FOR IDENTIFICATION
WITNESS CHAPLIN
DATE 6-27-12
NIKKI ROY, CSR #3052

AGN | Contents

2002

AGN 0160

2002 annual report

AGN 0161

OUR VISION

To continue as an innovative, technology driven, global health care company focused on pharmaceuticals in specialty markets that deliver value to customers, satisfy unmet medical needs and improve patients' lives.

OUR MISSION

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

To develop a unique level of understanding of our customers in order to implement operational strategies that provide the greatest value for our customers and stockholders.

AGN Financial Highlights

In millions, except per share data	Year Ended December 31, 2002	2001	2000	1999	1998
STATEMENT OF OPERATIONS HIGHLIGHTS					
Product net sales	$1,385.0	$1,142.1	$992.1	$828.6	$716.0
Product gross margin	1,163.3	944.0	794.4	658.2	545.5
Research and development	233.1	227.5	165.7	140.6	97.7
Earnings (loss) from continuing operations	64.0	171.2	165.9	143.7	(86.6)
Earnings (loss) from discontinued operations	11.2	54.9	49.2	44.5	(3.6)
Net earnings (loss)	75.2	224.9	215.1	188.2	(90.2)
Basic earnings (loss) per share:					
Continuing operations	0.49	1.30	1.27	1.09	(0.66)
Discontinued operations	0.09	0.42	0.38	0.33	(0.03)
Diluted earnings (loss) per share					
Continuing operations	0.49	1.29	1.24	1.06	(0.66)
Discontinued operations	0.08	0.40	0.37	0.33	(0.03)
Dividends per share	0.36	0.36	0.32	0.28	0.26
ADJUSTED AMOUNTS[a]					
Adjusted earnings from continuing operations	252.3	207.7	166.6	133.9	102.4
Adjusted basic earnings per share from continuing operations	1.95	1.58	1.27	1.01	0.78
Adjusted diluted earnings per share from continuing operations	1.92	1.55	1.25	0.99	0.76
Pro Forma diluted earnings per share adjusted for dissynergies related to spin-off of Advanced Medical Optics, Inc.[b]	1.88	1.48	–	–	–

In millions	Year Ended December 31, 2002	2001	2000	1999	1998
NET SALES BY PRODUCT LINE					
Specialty Pharmaceuticals:					
Eye Care Pharmaceuticals	$ 827.3	$ 753.7	$683.9	$576.2	$510.1
Skin Care	90.2	78.9	68.7	76.6	80.6
BOTOX/Neuromodulators	439.7	309.5	239.5	175.8	125.3
Total Pharmaceutical Sales	1,357.2	1,142.1	992.1	828.6	716.0
Other	27.8	–	–	–	–
Total Net Sales	$1,385.0	$1,142.1	$992.1	$828.6	$716.0
PRODUCTS SOLD BY LOCATION					
Domestic	70.6%	67.0%	63.4%	60.7%	58.5%
International	29.4%	33.0%	36.6%	39.3%	41.5%

(a) The adjusted amounts in 2002 exclude the after-tax effect of the following: 1) $118.7 million in litigation settlement costs, 2) net cost of $100.3 million associated with the spin-off of the Company's ophthalmic surgical and contact lens care businesses which consist of a restructuring charge and asset write-offs of $63.5 million, duplicate operating expenses of $42.5 million and gain of $5.7 million on sale of a facility, 3) $30.2 million loss on the permanent impairment of investments, 4) $1.7 million unrealized loss on derivative instruments, 5) net gain of $1.0 million from partnering agreements, and 6) a $11.7 million charge for the early extinguishment of convertible debt.

The adjusted amounts in 2001 exclude the $40.0 million one-time charge for in-process research and development related to the purchase of Allergan Specialty Therapeutics, Inc. (ASTI) and the after-tax effect of the following: 1) $6.2 million restructuring charge and asset write-off reversals consisting of $1.7 million restructuring charge reversal and a $4.5 million gain on sale of a facility reducing the write-offs recorded in 1998, 2) income of $1.5 million from a partnering agreement, 3) $4.5 million loss on the permanent impairment of equity investments, 4) gain on the sale of divested pharmaceutical products in Brazil of $2.0 million, 5) $4.2 million unrealized gain on derivative instruments, and 6) $4.4 million associated with the spin-off of the Company's ophthalmic surgical and contact lens care businesses.

The adjusted amounts in 2000 exclude the after-tax effect of the following: 1) a $0.2 million restructuring charge, 2) gain on the sale of investments of $1.3 million, and 3) expenses of $2.0 million from partnering agreements.

The adjusted amounts in 1999 exclude the after-tax effect of the following: 1) $3.6 million in restructuring charge reversals, 2) $0.8 million in asset gains, reducing write-offs recorded in 1998, 3) gain on sales of investments of $14.0 million, 4) the contribution to The Allergan Foundation of $6.9 million, 5) income of $9.5 million, net of expenses of $5.7 million, from partnering agreements, and 6) other one-time costs totaling $1.1 million.

NET SALES

In millions of dollars

- Contact Lens Care and Ophthalmic Surgical Device Businesses (AMO)
- Specialty Pharmaceuticals*

GROSS PROFIT, AS ADJUSTED[a]

In millions of dollars

- Contact Lens Care and Ophthalmic Surgical Device Businesses (AMO)
- Specialty Pharmaceuticals*

RESEARCH AND DEVELOPMENT, AS ADJUSTED[a]

In millions of dollars

- Contact Lens Care and Ophthalmic Surgical Device Businesses (AMO)
- Specialty Pharmaceuticals*

DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS, AS ADJUSTED[a]

In dollars

The adjusted amounts for 1998 exclude $171.4 million in expense resulting from the dividend of ASTI common stock to Allergan's stockholders, and the after-tax effect of the following: 1) $50.4 million in restructuring charges, 2) $31.9 million in asset write-offs, 3) gain on sales of investments, net of write-offs of certain investments, of $54.1 million, 4) the contribution to The Allergan Foundation of $11.0 million, and 5) income of $12.9 million from partnering agreements.

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

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

* Continuing Operations

** Growth rate is based on 2002 and 2001 *pro forma* earnings per share of $1.88 and $1.48 respectively.

AGN Strategic Vision

2002

To be a premier multi-specialty pharmaceutical company and to leverage that position over the long term into larger markets.

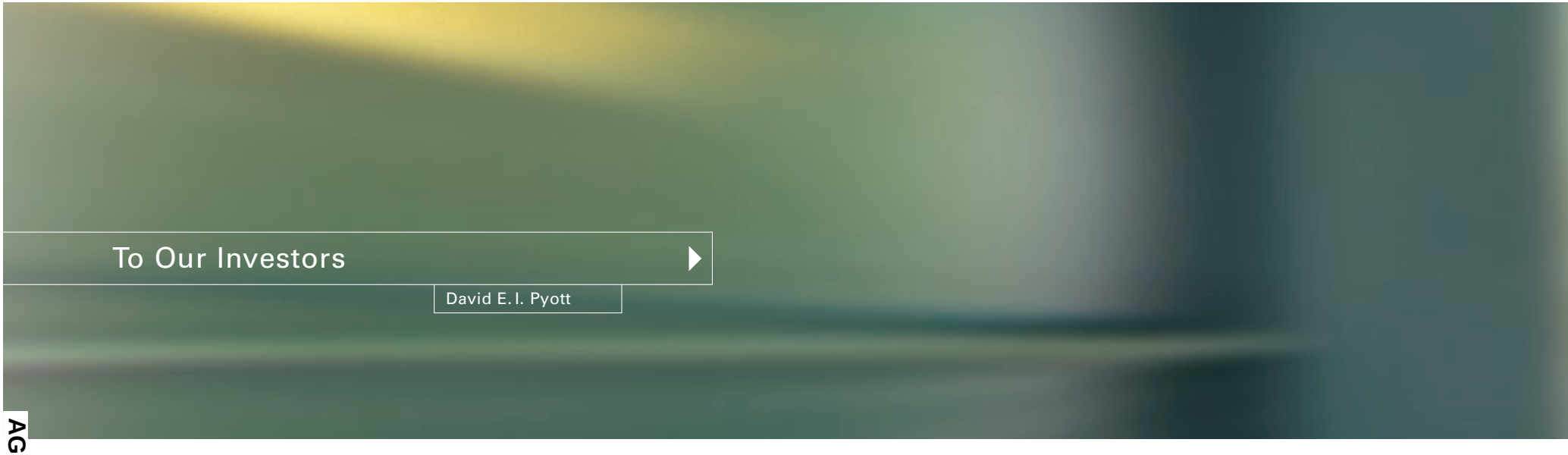
- INNOVATION
- SERVING SPECIALIST MARKETS WITH SIGNIFICANT POSITION
- TOP QUARTILE FINANCIAL RETURNS
- GLOBAL LEVERAGE AND OPERATIONAL EXCELLENCE

AGN Strategic Initiatives

INNOVATE IN THE CORE BUSINESS	BROADEN SPECIALTY FOCUS	OPTIMIZE ASSETS
Identify Products and Technology Opportunities Consistent and Complementary to Therapeutic Area Priorities		
Align R&D Resources with Therapeutic Areas and Focus		
	Enhance R&D Competencies Beyond Topicals and Injectables	
	Improve Financial Flexibility	
	Evaluate External Opportunities to Augment the Business Model	
		Refine Resource Allocation and Asset Optimization

AGN 0164

AGN 0165



To Our Investors

David E. I. Pyott

TRANSFORMATION INTO A HIGH-GROWTH SPECIALTY PHARMACEUTICAL COMPANY

At the beginning of 2002, we announced the spin-off of our optical medical device businesses, the contact lens care and ophthalmic surgical product lines, into a separate, publicly traded company called Advanced Medical Optics, Inc. (AMO). This created the second largest company in the world in the field of optical medical devices and took place in the form of a tax-free distribution to Allergan's stockholders on July 1, 2002. This was the most important event in the history of Allergan since our founding in 1950, and completed our journey on which we embarked five years ago when 50% of the Company's sales were still from optical medical devices, to transform the Company into a focused high-growth, high-innovation specialty pharmaceutical company. We made this momentous decision, as it had become increasingly clear that the pharmaceutical and optical medical device businesses were fundamentally different, in terms of market growth rates, research and development (R&D) intensity, technological know-how, regulatory processes and product life cycles. For AMO, this has enabled an independent management team and Board of Directors to focus on the needs of the optical medical device business and invest appropriately in sales and marketing and new technologies, freed from the constraints of competing for these resources with Allergan's high-growth pharmaceutical businesses. For Allergan, undivided management attention solely on attractive pharmaceutical opportunities has quickly paid dividends.

It is a tribute to the hard work and competence of the Allergan and AMO management teams and associates that the extremely complex global transaction of spinning-off AMO was completed without any negative surprises, on time and below budget and with no service issues for any of our customers. Even during the period of potential confusion immediately prior to the spin-off, the sales growth trajectory of both companies accelerated. Reactions from our ophthalmologist and optometry/optician customers have been universally positive, as they have correctly perceived the advantage of being served by two companies dedicated to their particular product and service needs.

STRONG OPERATING PERFORMANCE

At the time of the spin-off, we set even higher growth aspirations for the mid-term of mid-to-upper teens for sales growth and earnings per share growth in the range of 22% to 25%. For 2002, we have exceeded this goal with sales and profits on a *pro forma* basis growing in excess of 20%. Sales for the pharmaceutical-only businesses grew by 22% in local currencies and earnings per share on a full-year comparable *pro forma* basis, excluding the impact of the AMO spin-off and other one-time items, grew by 27%. Sales of our focus products in local currencies increased particularly dramatically: BOTOX up 43%, LUMIGAN up 245% and TAZORAC up 37%.

Careful attention to detail and strong management of operations are hallmarks of Allergan's success. Further expansion of gross margins to 84.3%, up from 82.7% in 2001, as adjusted for one-time items, for the Allergan pharmaceutical-only businesses, was achieved due to focus on the growth of our highest margin, strategic products and control of our cost of goods in a network of only three manufacturing plants. Since 1997 we have been able to raise gross margins from 64.9% on a combined business basis to 84.3%, as adjusted for one-time items, for the pharmaceutical business alone. We have increased earnings per share in 2002 by over 25% compared to 2001 on a comparable *pro forma* basis, even after heavily investing in the long-term drivers of success in the pharmaceutical industry: R&D and Sales and Marketing. In fact, Allergan has one of the highest Selling, General & Administrative (SG&A) and R&D reinvestment rates in the pharmaceutical industry. Expenditure on R&D, as adjusted for one-time items, for the pharmaceutical-only businesses increased by 22% to $228 million with R&D accounting for 17% of pharmaceutical-only sales. With several important products receiving regulatory approvals from the relevant authorities around the world, namely, BOTOX COSMETIC in the United States and Australia; and LUMIGAN in Europe, Canada, Australia and various Asian countries; we made substantial investments in product launches in 2002. In the United States, we also established a specialist pediatric sales force to detail our existing products to this new group of customers. For these reasons, SG&A expenditures, as adjusted for one-time items, reached a record 43% of sales. We have again leveraged General & Administrative (G&A) expenditures after the spin-off of AMO, which entailed some dis-economies of scale, and finished the year with G&A returning to almost 8% of sales in 2002, as adjusted for one-time items.

Compared to almost all of our specialty pharmaceutical industry peers and large biotechnology companies, Allergan is unique in terms of our leading market positions in specialist markets, global presence and fully integrated, in-house R&D capabilities.

DELIVERING PHARMACEUTICAL INNOVATION TO THE WORLD

BOTOX

Undoubtedly the most important approval of the year was BOTOX COSMETIC by the U.S. FDA on April 15, 2002. This marked the first ever approval for an injectable pharmaceutical and non-topical biologic for cosmetic use. Shortly afterwards we received the same approval for BOTOX COSMETIC in Australia. BOTOX COSMETIC was approved under the trade name of VISTABEL in Switzerland in late 2002 and in early 2003 in France, acting as the Reference Member State under the mutual recognition process in the European Union.

The media coverage around the approval of BOTOX COSMETIC in the United States was intense, making it the second most widely publicized launch in the history of the pharmaceutical industry. Media coverage, in fact, flowed from the United States around the world. The public's interest

in BOTOX COSMETIC transcends all continents, cultures, languages and socio-economic classes as self-esteem and the desire to improve one's appearance are universal human needs. The fascination for BOTOX and BOTOX COSMETIC is based on the utility of this potent neuromodulator in potentially more than 100 indications ranging from therapeutic neuromuscular disorders to cosmetic facial aesthetics, its localized treatment effect, and approximately 20 years of safety experience in large patient groups.

Despite the enormous growth and success of BOTOX COSMETIC, there is much more breadth and depth to BOTOX than simply its cosmetic indications. The therapeutic indications for BOTOX, including the treatment for such debilitating maladies as cervical dystonia, juvenile cerebral palsy, strabismus (crossed eyes), and blepharospasm (uncontrollable blinking), account for almost 60% of worldwide sales of the combined BOTOX and BOTOX COSMETIC franchise. Sales relating to therapeutic indications grew over 30% as a group worldwide.

SKIN CARE

In dermatology, Allergan has chosen to focus on the high-growth and high-potential segments of acne and psoriasis and to concentrate on the dermatology markets in the United States and Canada. In this field, thanks to the strong growth of our flagship product, TAZORAC, Allergan recorded the highest in-market growth amongst the major dermatology companies in the United States. In 2002 TAZORAC was, in fact, the third most frequently prescribed product for acne by U.S. dermatologists and was the fastest growing retinoid product.

At the end of the year, we also received approval in the United States and Canada for AVAGE, a new member of the tazarotene family, indicated for the topical treatment of facial fine wrinkling, mottled hypo- and hyper-pigmentation and benign facial lentigines. AVAGE, coupled with our offering of BOTOX COSMETIC and MD FORTE, a physician dispensed line of skincare products, positions Allergan as the premier partner for aesthetically oriented physicians. Looking to the future, Allergan is investing in clinical trials for the use of oral tazarotene in acne and psoriasis, conditions with significant unmet patient needs.

OPHTHALMOLOGY

According to IMS data for the first three quarters of 2002, Allergan was the fastest growing global ophthalmology company in terms of in-market sales, marking further progress in our goal to attain world leadership in this core franchise. We were able to make further market share gains due to the quality and efficacy of our products and our high levels of service to our physicians. Allergan has invested heavily in expanding our sales forces and in 2002, commanded the largest sales force in the world dedicated to ophthalmologists. Furthermore, we had the largest ophthalmology sales force in North America, Europe, Latin America and Asia, outside Japan. We are also proud that our customers rated Allergan as the best sales force in the United States for the fifth straight year. We enjoyed successes particularly in the segments of glaucoma and artificial tears.

In the important field of glaucoma, Allergan offers two very significant products to ophthalmologists around the world: ALPHAGAN and LUMIGAN. ALPHAGAN is today the second largest glaucoma product in the world. LUMIGAN, which was launched in the U.S. in 2001 and in 2002 in Europe, Canada and certain Asian countries, achieved $123 million in sales in its first full year of commercialization and has excellent potential. In a multi-center study, comparing LUMIGAN against the world's currently best selling glaucoma medication, it was shown that LUMIGAN had better intraocular pressure lowering at every study visit and every time point during the day. ALPHAGAN P, a superior version of the original ALPHAGAN, was received extremely favorably by ophthalmologists from the day of its launch in the United States, thanks to a reduced incidence of ocular allergy whilst offering comparable efficacy. During 2002 ALPHAGAN P was approved in many Latin American countries, and we are pursuing registration in other countries around the world.

At the end of the year, we entered into a settlement of patent disputes in the United States and Europe with Pharmacia Corporation regarding LUMIGAN and agreed to pay $120 million and royalties on future sales of LUMIGAN. Whilst we continue to feel very strongly about the correctness of our legal position as it relates to the non-infringement of Pharmacia's patents, and the uniqueness of our compound LUMIGAN and its potent intraocular pressure lowering properties, this was a pragmatic conclusion of major litigation where the outcome would have been decided by jury trial. The cash payment did not materially impact our liquidity and we were able to avoid years of costly litigation around the world. With this patent dispute behind us, we can now dedicate our full efforts to ensuring the success of LUMIGAN in the marketplace.

In the area of artificial tears, our broad product line, led by the REFRESH family of products, enjoyed a double digit increase in sales and further market share gains. REFRESH ENDURA, a breakthrough emulsion formulation, was launched in the United States. At the end of the year, we were delighted to receive FDA approval for RESTASIS, the first pharmaceutical in the world to treat the underlying causes of dry eye symptoms. Allergan, as the clear market leader in artificial tears in the world outside Japan, is excellently positioned to market this unique product.

2002 was a year of momentous change for Allergan

As a full-line supplier of ophthalmic pharmaceuticals, we are tremendously excited about our business prospects in 2003 as we have many new products that have been recently approved or are in final product registration. In the first half of 2003, we hope to introduce a powerful ophthalmic anti-infective, gatifloxacin, which will be the first 4th generation fluoroquinolone in the market, as well as an improved version of our non-steroidal anti-inflammatory, ACULAR, which is the leading product in its class worldwide. In 2003 we expect the approval of epinastine, an ocular antihistamine in both Europe and the United States.

OUTLOOK FOR 2003

As a streamlined mid-sized pharmaceutical company, with only three manufacturing plants and a tight network of four global R&D centers, focused only on specialty areas, we look to the future with great optimism. In 2003 we have many opportunities as we launch a stream of new products from our R&D pipeline. Turnover amongst our employees, and especially in the ranks of management, has been low due to the entrepreneurial culture of the company and the ability of individuals, up and down the organization, to take responsibility and to make a difference, both to the Company and, most importantly, to patients.

We continue to make major commitments to R&D, having increased our staff of scientists by 48% since 1997. During 2002 we dedicated a new R&D facility in the south of France and are currently constructing a major new R&D building in Irvine, California, costing about $75 million. This will address our expansion plans and space requirements over the coming five years. Historically, Allergan's expertise lay in the development of topical pharmaceuticals for ophthalmology and dermatology. In recent years, with the great importance of BOTOX, we have significantly built up our expertise in all aspects of biologicals from process development to quality assurance to manufacturing. As we draw upon our scientific discovery platforms and our ambitions turn to new and larger opportunities, we are building up new competencies in the design and clinical investigation of oral drugs. Such examples are oral tazarotene for psoriasis and acne, and memantine, the first oral approach to the treatment of glaucoma. In the coming years we see a convergence of interests in various fields of neurology as BOTOX is used in more and more neurological conditions, and we develop new approaches for the treatment of glaucoma, which is in its essence a neuro-degenerative disorder.

As we weigh our opportunities for growth and strive to establish Allergan as the very best company in the field of specialty pharmaceuticals, we are fortunate that Allergan generates strong free cash flow and has a strong balance sheet. Taking advantage of the current low interest rates at the end of 2002, we placed a new convertible bond offering, raising $500 million and then retired a substantial portion of a higher cost convertible bond issued in 2000. In addition, the Company renewed its primary credit line for a five-year term and put in place a new medium-term note program. These activities have significantly improved Allergan's liquidity and most likely moved any significant financing related requirements out to the end of 2007.

With heightened scrutiny of public Boards of Directors and many new regulations, we have conducted rigorous reviews of the charters of our Board and its committees and every member of our Board has engaged in questioning our practices, agenda and interaction. In fact, in a recent Institutional Shareholder Services (ISS) study on Boards and Corporate Governance, Allergan outperformed approximately 85% of the companies in the S&P 500. We are pleased that our governance practices have always been very strong and we will continue to foster a culture dedicated to full compliance with all regulations issued by the SEC and other governmental bodies. We will furthermore strive to improve the workings of our Board from year to year.

2002 was a year of momentous change for Allergan. We not only executed the changes quickly and efficiently – never losing sight of our mission to serve our customers and patients – but we again produced strong operating results. This is a tribute to the quality and dedication of our employees all around the world and a testament to our ability to rise to a challenge. The Board of Directors and I wish to thank and recognize the great contributions of so many individual employees.

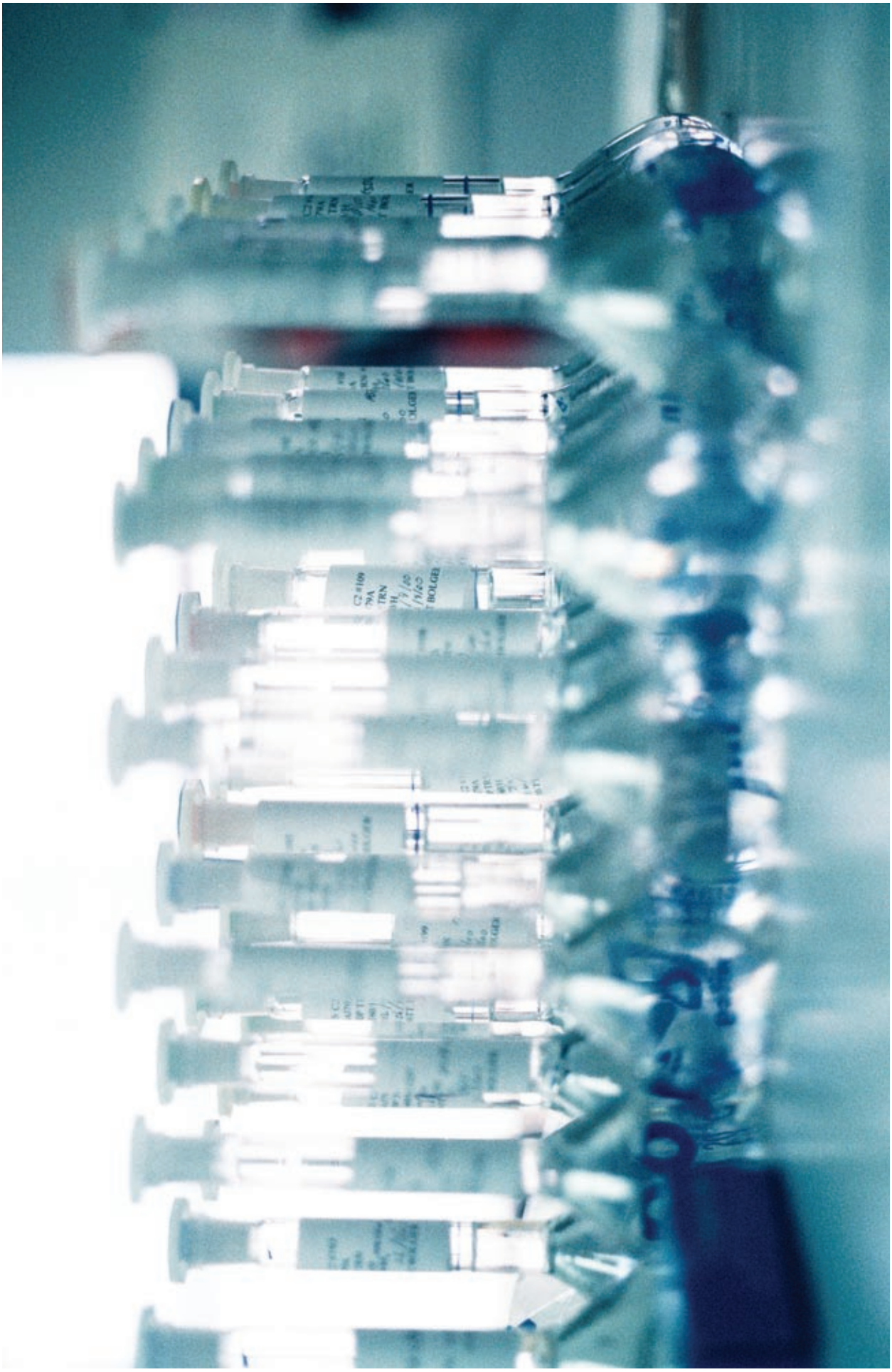
David E. I. Pyott
Chairman of the Board, President and Chief Executive Officer

Allergan augments its internal research and development efforts with industrial and academic collaborations

Allergan continues to be committed to research and development focused on innovative new products that address unmet medical needs in specialty markets. Over time, Allergan has added additional core competencies to its expertise in developing topical treatments for diseases of the eye and skin, with the addition of a world-class team of researchers in the area of biologics. Further investment is being made for the development of oral medications related to our world class retinoid, alpha agonist and sodium channel blocker programs. To meet the needs of a 48% increase in the number of research and development employees over the last five years and to handle the Company's future needs, a new R&D building, costing approximately $75 million, is under construction and expected to be completed in 2004.

Allergan's fully integrated in-house research and development capabilities are unique among its specialty pharmaceutical and large biotech peers. In the last five years, Allergan has increased its investment in R&D by over $100 million, dedicating approximately 20 percent of its research investment to the discovery of new compounds. Allergan facilitates global drug approvals with a coordinated development network that has centers in the United Kingdom, France and Japan, in addition to Irvine, California. The Company has embarked on a new era by expanding its development efforts into disease areas with larger market opportunities, which may require additional levels of complexity in clinical study design. Allergan augments its internal research and development efforts with industrial and academic collaborations and the in-licensing of compounds at various stages of clinical development. At year end, the Company employed approximately 1,000 research and development personnel.

Allergan's strategy has been to expand its leadership role in the science of neuromodulators, develop new potential compounds for sight-threatening diseases like glaucoma and age-related macular degeneration and build on its leadership position in therapeutic dry eye products. Allergan is also focusing on the more severe end of the spectrum of the dermatological diseases of acne and psoriasis with oral tazarotene.



GLAUCOMA

Glaucoma, which is the world's second leading cause of blindness, is characterized by a slow progressive loss of visual function related to damage of the optic nerve. The current medications on the market are approved to treat elevated intraocular pressure (IOP), which is the major risk factor for this disease, not the neuro-degenerative disorder, which is the root cause of the disease. Allergan continues to work on improved agents for lowering intraocular pressure as well as drugs that may directly protect the optic nerve.

Allergan has shown in laboratory studies that ALPHAGAN and other alpha-2 receptor agonists upregulate cell survival resulting in neuroprotection of retinal ganglion cells, the cells that die selectively in glaucoma.

Allergan is exploring another approach to neuroprotection of the retinal ganglion cells with memantine. In laboratory studies, memantine, an antagonist of the N-methyl-D-aspartate (NMDA) type of glutamate receptor, has been shown to block glutamate's ability to activate the NMDA receptor and protect retinal ganglion cells from dying. Enrollment of over 2,000 patients in a pioneering memantine Phase III program is now complete. These studies will evaluate memantine's ability to prevent vision loss in glaucoma patients and could take three to five years to complete since visual function is the end point and vision is lost slowly over many years. This is the longest and most expensive clinical study in the history of ophthalmology. If proven to work, memantine would be the first and only oral medication that directly protects the optic nerve in the treatment of glaucoma.

DRY EYE

At the end of 2002, with much anticipation from patients who suffer from dry eye disease, the FDA approved RESTASIS (cyclosporine ophthalmic emulsion, 0.05%), the first and only therapy for patients with keratoconjunctivitis sicca (KCS), whose tear production is presumed to be suppressed due to ocular inflammation. Until now, physicians have been limited to using lubricating tears as a sub-optimal way to treat this severely debilitating disease.

Tears are secreted by the lacrimal and accessory glands and perform vital functions in the eye such as lubrication of the eyelids and surface of the eye, defense against bacteria, and flushing away foreign particles.

Dry eye disease is a painful and irritating condition involving abnormalities and deficiencies in the tear film initiated by a variety of causes. Moderate-to-severe dry eye can be associated with or can lead to inflammation and may result in serious damage to the ocular surface. The incidence increases markedly with age and after menopause in women and in people with systemic diseases such as Sjögren's syndrome, rheumatoid arthritis, lupus and diabetes.

During 2002, a Phase II study evaluating a topical formulation of androgen for KCS was fully enrolled. Rounding out our leadership position in dry eye treatments is our collaboration with Inspire Pharmaceuticals for INS365, a novel tear stimulating agent in Phase III development.

RETINAL DISEASE

Age-related macular degeneration (ARMD) is the leading cause of blindness in people over the age of 50. Each year, approximately 10% of the estimated 13 million people with macular degeneration will suffer severe central vision loss due to the wet or advanced form of ARMD. Allergan is developing several novel approaches for the treatment of this devastating disease. One program focuses on identifying small molecule inhibitors of growth factor signaling, tyrosine kinase inhibitors. Another is a collaborative effort with EntreMed, Inc. to develop Panzem (2-methoxyestradiol), a small molecule angiogenic inhibitor used to block abnormal blood vessel formation in the back of the eye. A key part of this alliance will be the combination of Panzem with Oculex Pharmaceuticals' novel drug delivery technology to provide localized administration of Panzem to the back of the eye. These programs are still in pre-clinical development, but Allergan is committed to rapidly moving these technologies into early human testing.

OTHER EYE CARE

Allergan continued to support its long-term commitment to eye care by filing three new drug applications for topical products with the FDA in 2002: topical gatifloxicin, a fourth generation fluoroquinilone anti-infective for bacterial conjunctivitis; topical epinastine, an ocular antihistamine; and a line extension for Allergan's leading non-steroidal anti-inflammatory ketorolac. These round out the Company's strategy to provide a full range of best-in-class ophthalmic medications.

Allergan continued to file new drug applications around the world in 2002, enhancing its promising pipeline of innovative products in specialty markets

NEUROMODULATORS

Allergan continued to invest heavily to maintain its global leadership position in the research and development of neuromodulators, primarily BOTOX. Allergan's strategy is focused on both expanding the approved indications for the current product, BOTOX, and pursuing new neuromodulator-based therapeutics. In the last few years, Allergan has significantly increased its investment in the areas of biologic process development and manufacturing.

Major new approvals for BOTOX in 2002 included the treatment of hyperhidrosis in the United Kingdom, and approval for the treatment of glabellar lines (brow furrow) in the United States and Australia. Additionally, a broad Phase II program for headache is being conducted at multiple centers around the world. Fourteen research papers by independent organizations on the use of BOTOX in headaches, ranging from tension and episodic to chronic daily headaches, were presented at the American Headache Society meeting in 2002.

The knowledge gained from the extensive research into the mechanism of action of botulinum toxins puts Allergan's world class team of basic researchers, biologics product developers and clinicians in a unique position to design new biologics to complement BOTOX in the marketplace. Allergan is utilizing its long experience with BOTOX to identify next generation therapeutics to support its goal of leadership in the area of neuromodulation. Allergan plans to continue to invest aggressively in the development of its biologics capabilities.

SKIN CARE

The skin care pipeline is a reflection of Allergan's internationally renowned retinoid technology. An oral formulation of tazarotene, a receptor-selective retinoid agonist, for the treatment of severe psoriasis is in Phase III development. Phase II studies for oral tazarotene in severe acne also are complete. The clinical data from our Phase II trial in moderate to severe psoriasis is extremely exciting versus other approved retinoids. Coupled with a short half life in the body and a good side effect profile, oral tazarotene looks promising. Additionally, the size of the acne market for the leading oral retinoid is substantial at over $800 million in 2002. Allergan is embarking on a large, comprehensive Phase III study directly comparing oral tazarotene to the current market leader.

In 2002, Allergan entered into a research collaboration and license agreement with Peplin Biotech Ltd. for the right to develop and commercialize PEP005 for the topical treatment for non-melanoma skin cancer and actinic keratosis. This novel small molecule has shown early promise in the treatment of a wide range of human cancers, including non-melanoma and other skin cancers. These results were from both pre-clinical studies and a small open-label human proof of principle clinical study.

NEW TECHNOLOGIES

Allergan's strategy in discovery has been to leverage its technology platforms of alpha adrenergics, neuromodulators, lipids, retinoids and tyrosine kinase inhibitors into new therapeutic areas. With full access to discovery tools, such as genomics, high-throughput screening and compound libraries through its collaborations with Acadia Pharmaceuticals, Discovery Partners and ExonHit Therapeutics, Allergan has augmented its fully integrated research and development capabilities.

Allergan's scientists, in collaboration with Acadia Pharmaceuticals, are expanding their investigation for the use of receptor-selective alpha-2 agonists for the treatment of neuropathic pain. Additional applications under investigation for the alpha adrenergics include spasticity and lowering intraocular pressure.

The Company's receptor-selective retinoid technology has potential use in many therapeutic areas including cancer, diabetes, dyslipidemia, cholesterol absorption and bone disease.

Allergan's extensive program in the development of neuromodulators includes further expansion of the cosmetic use and additional applications for use in the treatment of headache and smooth muscle disorders. In collaboration with the Centre for Applied Microbiology & Research (CAMR), Allergan is also focused on engineering neuromodulators to treat severe pain.

The small molecule discovery platform shows that tyrosine kinase inhibitors may hold promise in the treatment of retinal disease and cancer. If these discovery platforms move the Company into areas that are no longer specialist markets, out-licensing and partnering the technology may be an attractive option.

Allergan continued to file new drug applications around the world in 2002, enhancing its promising pipeline of innovative products in specialty markets. The numerous filings are the result of years of very focused research and development.

OPHTHALMIC PHARMACEUTICALS 4

Product	Disease Target	Technology Alliances	Stage of Development: Early	Late	Filed	Approved
ACULAR Reformulation	Allergy		•	•	•	
ALPHAGAN P (Europe)	Glaucoma		•	•		
ALPHAGAN/Timolol Combination* (Europe)	Glaucoma		•	•		
ALPHAGAN/Timolol Combination* (U.S.)	Glaucoma		•	•	•	
LUMIGAN (Japan)	Glaucoma		•	•		
LUMIGAN/Timolol Combination (U.S./Europe)	Glaucoma		•	•		
Memantine Oral*	Glaucoma/Neuroprotection	Merz + Co. GmbH & Co./ Children's Hospital, Harvard	•	•		
Androgen Tear*(U.S./Europe)	Dry Eye	Schiepens Eye Institute/Harvard	•			
INS365	Dry Eye	Inspire Pharmaceuticals, Inc.	•	•		
RESTASIS (U.S./Europe)	Dry Eye	Novartis/University of Georgia Research Foundation, Inc.	•	•	•	• (U.S.)
Vitrase	Severe Vitreous Hemorrhage	ISTA Pharmaceuticals	•	•	•	
Epinastine (Europe)	Allergy	Boehringer Ingelheim	•	•	•	
Epinastine (U.S.)	Allergy	Boehringer Ingelheim	•	•	•	
Gatifloxacin (U.S.)	Anti-infectives: Bacterial Conjunctivitis	Kyorin Pharmaceutical Co., Ltd.	•	•	•	
Tazarotene Prolifrative Vitreal Retinopathy (U.S.)	Drug Delivery	Oculex	•			
REFRESH ENDURA (Europe)	Dry Eye		•	•		
REFRESH TEARS (Japan)	Dry Eye		•	•	•	

Health care product development is an uncertain process. Products reach market only after meeting specific criteria for efficacy and safety. There can be no assurance that any product undergoing clinical trials or pending regulatory approvals will be marketed.

This pharmaceutical pipeline includes products developed by Allergan and products for which Allergan has marketing rights.

** These compounds and projects are owned by Bardeen Sciences Company. Allergan has certain commercialization rights regarding these compounds, and possesses an option under certain circumstances to acquire Bardeen. Bardeen has contracted with Allergan to perform certain research and development services regarding the compounds, although it has the right at any time to select another research and development services provider.*

AGN 0174

	Product	Disease Target	Technology Alliances	Stage of Development: Early	Late	Filed	Approved
NEUROMODULATORS 4	BOTOX	Glabellar Lines (Japan)		•	•		
	BOTOX	Hyperhidrosis (U.S.)		•	•		
	BOTOX	Hyperhidrosis (Europe)		•	•	•	
	BOTOX	Headache		•			
	BOTOX	Adult Spasticity (U.S.)		•	•		
	BOTOX	Adult Spasticity (Japan)		•			
	VISTABEL	Glabellar Lines (Europe)		•	•	•	•
SKIN CARE 4	Tazarotene Oral*	Severe Acne		•	•		
	Tazarotene Oral	Severe Psoriasis		•	•		

AGN 0175

AGN Collaborations

2002

	Product	Disease Target	Company Alliances
TECHNOLOGY COLLABORATIONS 4	Alpha Agonists	Glaucoma/Neuropathic Pain	Acadia Pharmaceuticals, Inc.
	Muscarinics	Glaucoma	Acadia Pharmaceuticals, Inc.
	Compound Screening Library	General R&D	Discovery Partners
	Neuromodulators	Pain	Centre for Applied Microbiology & Research (CAMR)
	Panzem	Age Related Macular Degeneration (ARMD)	EntreMed, Inc.
COMMERCIAL COLLABORATIONS 4	ALOCRIL	Allergy	Procter & Gamble Pharmaceuticals, Inc. – General Practitioners (Canada)
	TAZORAC Gel and Cream	Psoriasis and Acne	Procter & Gamble Pharmaceuticals, Inc. – General Practitioners (U.S./Canada)
	ZORAC Gel	Psoriasis and Acne	Pierre Fabre Dermatologie (Europe)

AGN 0176

Allergan has a long history in the discovery and development of new therapeutic agents for eye diseases. Today, the Company provides a full line of eye care pharmaceutical products for a wide range of ocular conditions, including glaucoma, ocular infection, inflammation and ocular allergies and dry eye. These high quality products are detailed to physicians by the largest ophthalmology sales force in the world and are available in over 100 countries.

The global market for eye care pharmaceuticals is growing at an annual rate of 9% and amounted to approximately $6.0 billion in 2002. With our leadership positions in a broad range of ophthalmic categories, Allergan's 2002 global sales of ophthalmic pharmaceutical products were approximately $827 million, an increase of 12.7%, excluding small divested products, in constant currency over the prior year. According to IMS in-market data for the first three quarters of 2002, Allergan's sales increased 15%, which made Allergan the fastest growing ophthalmology company in the world. Global market share increased from 12.9% to 13.7%, marking another step in our goal of attaining global leadership.

Allergan's growth was driven by a combination of strong sales and marketing capabilities and pioneering products, with particular success being achieved in the fields of glaucoma and dry eye. Glaucoma product sales are on a significant upswing due to the launch of LUMIGAN in Europe, Canada and certain Asian countries as well as further market share gains in the United States and Latin America where the product was launched in 2001. Sales of artificial tears for dry eye were also strong due to further growth in our broad range of REFRESH brand products and the successful introduction of new products such as REFRESH LIQUIGEL and REFRESH ENDURA.

ACULAR
(ketorolac tromethamine ophthalmic solution 0.5%)

The No. 1 non-steroidal anti-inflammatory (NSAID) worldwide and used for a range of conditions including allergy, photophobia, post-surgical pain, and post-surgical inflammation.

ALOCRIL
(nedocromil sodium 2%)

A fast acting mast cell stabilizer approved to treat the itch associated with ocular allergy.

OCUFLOX
(ofloxacin ophthalmic solution 0.3%)

Indicated for use in bacterial conjunctivitis and corneal ulcers and the No. 1 anti-infective prescribed by ophthalmologists in the U.S. (marketed as EXOCIN in Europe)

ARTIFICIAL TEARS

Artificial tear products for various needs led by the REFRESH brand which includes: REFRESH PLUS, the No. 1 unit dose product worldwide; REFRESH TEARS, the No. 1 multi-dose product in the U.S.; REFRESH P.M., for overnight relief of dry eye; REFRESH CONTACTS, relief from dryness and irritation for contact lens wearers; REFRESH LIQUIGEL, a unique extra strength formula containing one of the most effective lubricant and preservative systems, combining the strength of a gel with the convenience of a liquid eye drop; and REFRESH ENDURA, the first lubricant eye drop for dry eye that treats all three layers of the tear film. Additionally, Allergan markets CELLUVISC, the product most often recommended for severe dry eye. Other products marketed throughout the world include the lubricants LIQUIFILM, CELLUFRESH, LACRI-LUBE, and the decongestant LERIN.

ALPHAGAN
(brimonidine tartrate ophthalmic solution 0.2%)

The first alpha-2 agonist approved for the long-term treatment of elevated intraocular pressure (IOP) in patients with glaucoma and ocular hypertension. ALPHAGAN is the second largest product in glaucoma.

ALPHAGAN P
(brimonidine tartrate ophthalmic solution 0.15%)

Preserved with PURITE: A new formulation containing brimonidine tartrate, a relatively selective alpha-2 agonist, which is the same active ingredient in ALPHAGAN. ALPHAGAN P is indicated for the lowering of IOP and is comparable in efficacy to ALPHAGAN with lower rates of ocular allergy.

LUMIGAN
(bimatoprost ophthalmic solution 0.03%)

The first synthetic prostamide analog and an important component in the Company's growing position as a leader in glaucoma management. It is indicated for the reduction of elevated IOP in patients with open-angle glaucoma or ocular hypertension who are intolerant of other IOP-lowering medications or insufficiently responsive (failed to achieve target IOP determined after multiple measures over time) to another IOP-lowering medication.

RESTASIS
(cyclosporine ophthalmic emulsion 0.05%),

The first and only treatment for increasing tear production in patients whose tear production is presumed to be suppressed due to ocular inflammation. RESTASIS is the only therapeutic option on the market for people with dry eye disease that goes beyond providing temporary relief for the dryness of DED and also treats the associated ocular inflammation, an underlying cause of the condition.

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AGN 0179

Ophthalmic Pharmaceuticals | $827.3

2002 GLOBAL SALES (in millions of dollars)

$248.5 | THE ALPHAGAN FRANCHISE

$455.8 | OTHER

Including: ACULAR, ALOCRIL, OCUFLOX and REFRESH

$123.0 | LUMIGAN

In an effort to provide excellent service to physicians, Allergan invests considerably in clinical studies and sales force training. For the fifth year in a row, the Allergan sales force has been ranked No. 1 in the U.S. by ophthalmologists in an independent suvey, in terms of service and product knowledge. In addition to quality and training of representatives, Allergan also deploys the largest sales force dedicated to ophthalmology in each region of the world: North America, Europe, Latin America and Asia, outside of Japan.

GLAUCOMA

Glaucoma is the world's second leading cause of blindness, characterized by a slow, progressive loss of visual function due to damage to the optic nerve. Elevated intraocular pressure (IOP) is a major risk factor for this disease. It is estimated that over 60 million people worldwide have glaucoma, making it the largest segment of the eye care pharmaceutical market with 2002 annual revenues of approximately $2.6 billion and a market growth rate of approximately 11%.

Many studies demonstrate that LUMIGAN (bimatoprost ophthalmic solution, 0.03%) is the most effective agent for achieving lower IOP. In a recent edition of the American Journal of Ophthalmology, a multi-center study comparing LUMIGAN to Xalatan (the most widely used glaucoma medication) showed that LUMIGAN lowered IOP statistically more significantly than Xalatan at every study visit and every time point measured.

LUMIGAN has steadily gained U.S. market share to reach 9.3% dollar share by the end of January 2003, according to Verispan. Driven by market share gains in the U.S. and Latin America as well as the successful launch in 2002 in Europe, Canada, India and certain other Asian countries, LUMIGAN global sales for 2002 were $123 million. LUMIGAN, unique in its own class known as prostamides, is the No. 2 glaucoma medication worldwide in the broader category of prostaglandins, prostaglandin analogues and prostamides.

ALPHAGAN is currently the 2nd largest glaucoma product in value in the United States and also in the world. Allergan is fortunate to be able to offer two world class glaucoma drugs, LUMIGAN and ALPHAGAN, as well as some older products such as BETAGAN and VISTAGAN, both beta-blockers, and PROPINE, dipivefrin, a pro-drug of epinephrine. With the global launch of LUMIGAN, which has the potential to be the "best in class" drug to lower IOP, ophthalmologists in clinical practice are increasingly using LUMIGAN as their first agent of choice. ALPHAGAN increasingly is being prescribed by ophthalmologists as adjunctive therapy, that is, in addition to another medication such as a prostaglandin, prostamide or beta-blocker. For this reason, sales of ALPHAGAN have been marginally impacted by the introduction of LUMIGAN. In the United States, a new and improved version of ALPHAGAN, known as ALPHAGAN P (brimonidine tartrate ophthalmic solution 0.15%) preserved with PURITE, was introduced in late 2001. In the registration studies for the FDA, ALPHAGAN P demonstrated comparable efficacy to ALPHAGAN with 41% less incidence of ocular allergy. This new formulation was received enthusiastically by the U.S. ophthalmology community due to its improved side effect profile, and the benefits of PURITE that offer advantages in terms of ocular surface health. Allergan discontinued the sale of the original ALPHAGAN in the U.S. mid-year. ALPHAGAN P was also successfully launched in Brazil and is about to be launched in many other Latin American and Asian markets. Work is being conducted to also register the product in Europe.

In 2002, ALPHAGAN and ALPHAGAN P sales of $248 million decreased 1% at constant currency versus the prior year. We believe this was due to a marginal impact from the launch of LUMIGAN and the reduction in inventory, in the United States in pharmacies and wholesalers, associated with the discontinuation of sales of the original ALPHAGAN.

Due to the introduction of LUMIGAN and the continuing success of ALPHAGAN, Allergan's total glaucoma franchise grew by 25% over the prior year at constant currency. In a world market growing at a rate of 11%, Allergan recorded the fastest growth of any company according to IMS data for the first 9 months of 2002, capturing 16% of the worldwide glaucoma market.

AGN 0181

ARTIFICIAL TEARS

Allergan is the clear market leader around the world, outside of Japan, in the lubricating tears market, which was estimated in 2002 to be approximately $500 million in annual sales and is growing at an annual rate of 9%. While consumers in countries such as the U.S. and Canada can purchase artificial tears at retail, many other countries require artificial tears to be prescribed by physicians and are reimbursed by the public health care system. It is estimated that over 60 million people worldwide use lubricating tears. With its leading brand of artificial tears REFRESH and its broad range of other tears products such as LIQUIFILM, CELLUVISC, CELLUFRESH and LACRI-LUBE around the world, Allergan has 21% share of this global market and is the clear market leader outside Japan.

During the year, Allergan introduced REFRESH ENDURA, a breakthrough emulsion formulation with a unique mechanism of action, to its tear line. REFRESH ENDURA acts on all three tear layers (lipid layer, aqueous layer and mucin layer) to provide relief of dry eye symptoms. In addition, the extensive REFRESH product line includes REFRESH PLUS, the leading unit dose tear; REFRESH TEARS, the number one multi-dose product; REFRESH PM for overnight relief of dry eye; and REFRESH LIQUIGEL which combines the strength of a gel with the convenience of a liquid eye drop. Additionally, Allergan has CELLUVISC, the non-prescription product most often recommended for severe dry eye and RELIEF, fast redness relief plus dry eye protection, as well as other tear products.

THERAPEUTIC DRY EYE

In late 2002, Allergan received U.S. FDA approval for RESTASIS (cyclosporine ophthalmic emulsion 0.05%), the first and only treatment for increasing tear production in patients whose tear production is presumed to be suppressed due to ocular inflammation. Millions of people afflicted with painfully dry eyes will now find comfort in a new kind of eye drop that goes beyond just alleviating the dryness, but treats the underlying cause of the condition.

Dry eye disease (DED), also known as keratoconjunctivitis sicca (KCS), is a painful and irritating condition involving abnormalities and deficiencies in the tear film initiated by a variety of causes. Moderate-to-severe dry eye can be associated with or can lead to inflammation and may result in serious damage to the ocular surface. The incidence increases markedly with age and after menopause in women and in people with systemic diseases such as Sjögren's syndrome, rheumatoid arthritis, diabetes and lupus.

RESTASIS is the only therapeutic option on the market for people with dry eye disease that goes beyond providing temporary relief for the dryness of DED and also treats the associated ocular inflammation, an underlying cause of the condition. Until now, doctors could only help patients temporarily alleviate symptoms with lubricating tears. Tears are secreted by the lacrimal and accessory glands and perform vital functions in the eye such as lubrication of the eyelids and

Millions of people afflicted with painfully dry eyes will now find comfort in RESTASIS, a new kind of eye drop that goes beyond just alleviating the dryness

surface of the eye, defense against bacteria, and flushing away foreign particles. RESTASIS demonstrated statistically significant and clinically relevant increases in Schirmer wetting versus vehicle at six months. The Schirmer test measures the amount of tears produced in the eye. Data from these trials showed a significant improvement from severe tear deficiency to a normal range of tear production.

It is estimated that approximately one million people in the U.S. suffer from moderate-to-severe dry eye disease. Given the large number of individuals suffering from ocular surface disease and the significant unmet medical need, it is believed that this new therapeutic segment of the dry eye disease market could grow to be as large as $300 to $500 million over the next three to five years. Allergan, as the global leader in lubricating tears, is well positioned to build this category as the first to market with a therapeutic option for the treatment of dry eye. Allergan also intends to build on its breakthrough innovation with RESTASIS by introducing other innovative therapeutic dry eye solutions. Allergan has a collaboration with Inspire Pharmaceuticals, whose INS365 compound acts directly on ocular tissues to increase the production of natural tear components, including water, mucin and lipids. The two products are highly complementary as RESTASIS treats the underlying inflammatory disease while INS365 addresses the irritative component of dry eye by increasing lubrication.

OCULAR INFLAMMATION, INFECTION AND ALLERGY

The global markets in 2002 for ocular therapeutic products to treat inflammation, infection and allergy amounted to just over $1.4 billion and are growing at rates of 3%, 5% and 12%, respectively.

Allergan's OCUFLOX (ofloxacin ophthalmic solution 0.3%) has 33% market share and is the leading ocular anti-infective prescribed by ophthalmologists in the United States for the treatment of bacterial conjunctivitis. ACULAR (ketorolac tromethamine ophthalmic solution 0,5%), prescribed for use before and after cataract and refractive surgeries, continues to be the number one prescribed non-steroidal anti-inflammatory (NSAID), with a U.S. market share of 72%. Acular is also the No. 1 NSAID globally. In the very competitive ocular allergy marketplace, the U.S. market share of ALOCRIL (nedocromil sodium, 2%) increased to 7% of the U.S. market.

Allergan continues its efforts to be innovative in the eye care market and strives to offer a full range of products for ocular health. In 2002, Allergan filed a reformulation with the FDA for ACULAR as well as topical gatifloxacin, a fourth generation fluoroquinilone anti-infective for bacterial conjunctivitis. In addition, Allergan filed epinastine, an ocular anti-histamine for the prevention of symptoms of allergic conjunctivitis in the U.S. and received approval in Sweden. Sweden will act as the reference Member State for the mutual recognition procedure in Europe. Epinastine will complement ALOCRIL, a mast cell stabilizer that is currently marketed in the Americas, and fill a gap in Allergan's full portfolio of products in Europe and Asia.

OUTLOOK

In the future, we believe that retinal diseases such as age-related macular degeneration (ARMD) are the next major area of need to be addressed by research efforts. Allergan's overall investment in research and development encompasses different approaches for treating retinal diseases, as well as a novel approach to directly protect the optic nerve in treating glaucoma, various compounds for the treatment of dry eye disease and numerous other ophthalmic compounds.

With our strong sales and marketing capabilities, the success of our currently marketed products, a stream of innovative products expected to be launched in 2003 and a comprehensive ophthalmic research and development pipeline, Allergan is well positioned to build on its leadership in the worldwide ophthalmic market.

AGN 0184

THE MAGIC AND MIRACLE OF BOTOX

When the first patients suffering from crossed-eyes received injections of botulinum toxin type A in the late 1970s, no one could have imagined the vast numbers of people who would experience the dramatic relief from debilitating therapeutic disorders or the multitude of potential uses for BOTOX therapy.

The uses of BOTOX (botulinum toxin type A) continue to expand significantly as scientists and physicians recognize its outstanding safety profile and broad applicability. BOTOX therapy is widely accepted in many regions around the world as the standard for indications ranging from therapeutic neuromuscular disorders and related pain to cosmetic facial aesthetics. BOTOX therapy also carries the unique distinction of being the only product of its kind with over 20 years experience in development and successful clinical practice in over a million people worldwide.

Marketed as BOTOX, BOTOX COSMETIC or VISTABEL depending on the indication and country of approval, Allergan has successfully expanded the product's regulatory approvals worldwide. The BOTOX product is currently approved in over 70 countries for a broad range of indications, and there are an ever growing number of filings around the world for new indications such as adult spasticity, hyperhidrosis and facial aesthetics.

In 2002, BOTOX therapy cemented its international leadership position with global revenue of approximately $440 million, an increase of 43% in constant currency over 2001. BOTOX therapy remains unsurpassed, enjoying an estimated 89% global market share. In the United States, BOTOX enjoyed a commanding 95% market share for the year in the field of injectable neuromodulators.

AGN 0185

BOTOX
(botulinum toxin type A)

BOTOX COSMETIC
(botulinum toxin type A)

VISTABEL
(botulinum toxin type A)

The most widely used botulinum toxin product in the world and the foundation for Allergan's global leadership in neuromodulator therapy. As the primary treatment for many focal movement disorders since the mid-1980s, indications for BOTOX have expanded worldwide as scientists and physicians recognize its broad applicability.

- Adult Post-Stroke Spasticity (increased rigidity in a group of muscles, causing stiffness and restriction of movement)
- Blepharospasm (uncontrollable blinking)
- Cervical Dystonia (painful neck spasm)
- Facial Aesthetics (glabellar lines / brow furrow)
- Hemifacial Spasm (involuntary contraction of facial muscles)
- Hyperhidrosis (excessive sweating)
- Juvenile Cerebral Palsy (muscles of one or more limbs are permanently contracted and stiff making normal movement difficult in children)
- Strabismus (crossed eyes)

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AGN 0187

BOTOX product line | $439.7

2002 GLOBAL SALES (in millions of dollars)

APPROXIMATELY 60% | THERAPEUTIC SALES

APPROXIMATELY 40% | COSMETIC SALES

The prospects for strong BOTOX growth remain exceptional. With over $175 million invested in research and development over the last three years, Allergan has demonstrated its commitment to delivering new products and therapies.

AESTHETICS

In 2002, Allergan embarked on a unique course for the pharmaceutical industry. BOTOX COSMETIC was approved and launched in the United States, the first injectable pharmaceutical and non-topical biologic ever approved for cosmetic use. The media coverage of the approval for BOTOX COSMETIC in the United States was immense, making it the second-most widely publicized launch in the history of the pharmaceutical industry. This was even more remarkable considering that BOTOX had been on the market for over 10 years. Interest in BOTOX COSMETIC is a testament to the work of Allergan's dedicated research and development team, that remains driven to obtain approval for this treatment worldwide.

This new approval was supported by an intense marketing effort to illustrate the benefits of BOTOX COSMETIC, led by a robust consumer-driven campaign, including television commercials and print advertising. The goal was to educate our target consumers about BOTOX COSMETIC and provide awareness of this simple and quick treatment that smoothes deep, persistent lines between the brow that develop over time. Finally, a bridge was built between interested consumers and well trained, experienced physicians through branded 800 numbers and Web sites such as www.botoxcosmetic.com. For the BOTOX COSMETIC television commercial in the United States, Allergan received a prestigious Silver Award from Direct to Consumer Perspectives, as one of the best pharmaceutical advertising campaigns in 2002.

The focus of the BOTOX COSMETIC marketing campaign was not aimed exclusively at the consumer. As part of the promotion in North America, aesthetic specialty physicians, primarily dermatologists, plastic surgeons and ophthalmologists with aesthetically oriented practices, were offered the opportunity to meet a skilled team of aesthetic consultant representatives dedicated to improving and developing their cosmetic practices. This focused marketing campaign, along with the Allergan skin care sales team, brought physicians enhanced customer service, which included business development opportunities and best practice guidelines.

Although hundreds of thousands of people in the United States have safely and effectively received BOTOX COSMETIC treatments, the enthusiasm for this indication was not contained to North America. BOTOX is a product with universal appeal. The use of BOTOX, BOTOX COSMETIC, or VISTABEL, depending on the country of approval, has consistently grown to become a key product in facial aesthetics for physicians and consumers alike. Known as BOTOX COSMETIC in North America, the same product was approved in Switzerland in late 2002 and in France in early 2003 under the name VISTABEL. With France serving as the Reference Member State in the Mutual Recognition Process in Europe, VISTABEL is expected to roll out in other European countries throughout 2003. During 2002, BOTOX was approved for glabellar lines in Australia, Poland and Singapore. Approvals for the treatment of glabellar lines increased to 19 countries by early 2003 with applications pending in other countries throughout the world.

NEUROLOGY AND REHABILITATIVE MEDICINE

The expanding clinical uses of the BOTOX product are due to the same properties that made it beneficial for the very first patients: effective, localized treatment coupled with an excellent safety profile. These same properties also differentiate BOTOX from any other product on the market. No other botulinum toxin product can match the safety profile, the long-term history, and the amount of extensive published research on the efficacy of BOTOX.

The product support and specialization of the sales forces also differentiates the BOTOX business from any of its competitors. These teams provide assistance to physicians through knowledgeable field consultants, state-of-the-art reimbursement support and expert field-based medical scientific services.

AGN 0189

AGN 0190

The origins of the therapeutic use of BOTOX began in ophthalmology with the approval of strabismus and blepharospasm. Since then, it has evolved to become the standard of care in many parts of the world for many other therapeutic conditions, such as cervical dystonia. The use of BOTOX therapy in this indication allows for a decrease in localized muscle activity and reduces abnormal head position and related pain. BOTOX therapy has been used by clinicians as the treatment of choice for indications such as cervical dystonia for more than a decade and is currently approved for the treatment of this disorder in 51 countries.

BOTOX is also rapidly becoming a prime therapy for focal spasticity in children and adults. In children, BOTOX therapy treats the affected muscle, such as the calf, to relax the muscle, thereby increasing flexibility and mobility. This increased freedom of movement allows children to stretch rigid muscles and gives them the opportunity to learn how to walk and maximize the benefit of physical therapy. BOTOX therapy treats adult spasticity by targeting the affected muscle and allowing those specific muscles to relax. This relaxation effectively decreases post-stroke spasticity and improves functional disability in daily life for approximately four months after treatment. In 2002, the first placebo-controlled, multi-center trial to assess the benefit of injections of BOTOX in adult focal spasticity was published in the *New England Journal of Medicine*. This study demonstrated BOTOX as a useful treatment for patients with functional disabilities from stroke. BOTOX therapy is currently approved in over 46 countries for the treatment of pediatric cerebral palsy and 28 countries for adult spasticity.

THERAPEUTIC DERMATOLOGY

BOTOX has also been approved to treat hyperhidrosis, or excessive sweating, in a growing number of countries. Focal hyperhidrosis is a chronic disease of excessive sweating beyond normal bodily needs and can create significant problems in a person's daily living and their ability to participate in social activities. It has also been shown to have a negative impact on the emotional well being of those suffering from the disease. In fact, the negative impact of hyperhidrosis on peoples' quality of life has been reported to be similar or greater than that for other dermatologic diseases, including severe acne and psoriasis. The number of people suffering from hyperhidrosis is estimated to be at least 1% of the total population worldwide.

According to a clinical study published in the *British Journal of Dermatology* in 2002, axillary hyperhidrosis (excessive sweating of the underarm) is a misdiagnosed disease, which has a substantial impact on daily activities and health-related quality of life. In this study, BOTOX injections effectively reduced excessive sweating in these patients and significantly improved their quality

BOTOX therapy has been used by clinicians as the treatment of choice for indications such as cervical dystonia for more than a decade

of life. BOTOX therapy for hyperhidrosis is currently approved in over 10 countries, including Canada, the Netherlands and the United Kingdom. Approval in the rest of the European Union through the Mutual Recognition Process is expected in 2003.

EMERGING USES

Allergan is committed to basic scientific research aimed at a better understanding of BOTOX therapy's direct and indirect actions. Additionally, Allergan is pursuing the development of novel neuromodulator products through its collaboration with prestigious organizations around the world. For instance, in collaboration with the Centre for Applied Microbiology and Research in London, England, Allergan is exploring innovative neuromodulators for the treatment of acute and chronic pain. This research is focused on changing the specificity of the botulinum toxin protein so that it targets peripheral nerve cells that transmit pain instead of those that signal muscles to contract. Through these productive collaborations, Allergan is seeking to develop innovative new products for patients who are not helped by current therapies.

BOTOX is in various stages of clinical research and development worldwide for numerous other conditions and has been examined as a treatment for more than 100 conditions. Based on published reports suggesting the benefits of BOTOX in the treatment of certain painful syndromes, Allergan is continuing studies on additional conditions such as headache. In 2002, BOTOX was the most talked about therapy for the treatment of headache at the American Headache Society conference, with 14 studies by independent organizations presented on the use of BOTOX for relief of headache. Allergan continues to support the study of BOTOX therapy as a possible preventive therapy for the treatment of headache in its clinical development program.

OUTLOOK

The Company is committed not only to the further development of the BOTOX product through its ongoing clinical development programs for a range of therapeutic disorders and aesthetic enhancements, but also to pursuing new directions in neuromodulators as guided by scientific advances and patient needs.

AGN 0192

Our skin care business focuses on the high-growth markets of acne and psoriasis in the U.S. and Canada while modestly building a presence outside North America. Combined, the U.S. topical acne and psoriasis markets generated over $1 billion in 2002 and grew by 11% over 2001, making them two of the most attractive segments in the overall dermatology market. Within these markets in the United States, Allergan recorded the highest in-market growth among the major dermatology companies, benefiting from TAZORAC (tazarotene cream 0.05% and 0.1% and tazarotene gel 0.05% and 0.1%), the fastest growing retinoid in both volume and market share amongst medical doctors and dermatologists.

For the year, Allergan's global sales of skin care products amounted to approximately $90 million, an increase of 14% in constant currency over the prior year.

TAZORAC CREAM & GEL

The current flagship skin care product for Allergan is TAZORAC, a topical, receptor-selective retinoid specifically designed to deliver fast and effective action for the treatment of both acne and psoriasis. TAZORAC sales have reaped the benefits of previous investments in head-to-head clinical studies comparing TAZORAC to various competitive products that demonstrated not only its potency, but also its minimal irritation when used appropriately. In a comparison study released in 2002 between TAZORAC and adapalene, a leading acne treatment, TAZORAC demonstrated superior efficacy in both comedonal (blackheads) and inflammatory acne with a 70% reduction by week 12 for TAZORAC compared to a 55% reduction with adapalene. These results, in conjunction with comparable tolerability, demonstrate why TAZORAC is the fastest growing retinoid on the market.

AVAGE
(tazarotene cream 0.1%)

A proven treatment to significantly reduce some of the specific signs associated with overexposure to the sun. AVAGE is approved as an adjunctive agent in the topical treatment of facial fine wrinkling, mottled hypo- and hyper-pigmentation (blotchy skin discoloration), and benign facial lentigines (flat patches of skin discoloration) in patients using a comprehensive skin care and sunlight avoidance program.

MD FORTE

MD FORTE is a physician-recommended line of aesthetic skin care products containing alpha hydroxy acids for reducing the appearance of fine facial lines and wrinkles.

TAZORAC Gel / ZORAC Gel
(tazarotene gel 0.05% and 0.1%)

A topical receptor-selective retinoid approved for the treatment of acne and psoriasis.

AZELEX
(azelaic acid cream 20%)

A mild emollient and moisturizing treatment indicated for mild-to-moderate acne that allows for use under makeup, moisturizers, sunscreens and other topical medications.

TAZORAC Cream
(tazarotene cream 0.05% and 0.1%)

A new formulation of the topical, receptor-selective retinoid delivers the same efficacy of the Gel while providing a new alternative for treating a broader range of patients with varied skin types and conditions.

FLUOROPLEX
(fluorouracil 1%)

Indicated for the treatment of certain skin problems such as actinic (solar) keratoses (small red or skin color growths that appear as a result of overexposure to the sun).

AGN 0193

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Skin Care products | $90.2

2002 GLOBAL SALES (in millions of dollars)

$28.1 | OTHER

Including: AZELEX, FLUOROPLEX, and MD FORTE

$62.1 | TAZORAC/ZORAC BRANDS

AGN 0195

Our strong R&D programs in dermatology underscore Allergan's commitment to being a leader in specialist markets

The U.S. market share for TAZORAC in the combined topical acne and psoriasis market grew from 5.3% in 2001 to 6.8% in 2002, outpacing the Company's key competition and demonstrating its effectiveness compared to other treatments. Since the beginning of 2002, TAZORAC's total prescriptions have grown 38%, according to Verispan data. To further expand the reach of the product, Allergan entered into a partnership in 2001 with Procter & Gamble Pharmaceuticals to detail TAZORAC to general practitioners for both acne and psoriasis in the U.S. and Canada, which has doubled the business in that market. In addition, ZORAC, the brand name used in Europe for the registered brand TAZORAC, was marketed via a partnership with Pierre Fabre Dermatologie in certain countries in Continental Europe. TAZORAC has been one of Allergan's fastest growing products with worldwide sales of approximately $62 million, up 37% in constant currency over the prior year.

AVAGE

In 2002, AVAGE (tazarotene cream 0.1%) received approval in the United States and Canada as an adjunctive agent in the topical treatment of facial fine wrinkling, mottled hypo- and hyperpigmentation (blotchy skin discoloration), and benign facial lentigines (flat patches of skin discoloration) in patients using a comprehensive skin care and sunlight avoidance program. Chronic exposure to the sun can result in skin damage. Unlike treatments that merely exfoliate and moisturize the skin, AVAGE is proven to significantly reduce some of the specific signs, as mentioned above, associated with overexposure to the sun. Although AVAGE does not reverse this process, it provides significant improvement in the appearance of the skin.

In clinical studies, people ranging in age from 27 to 81 used AVAGE combined with comprehensive skin protection and sun avoidance programs, including sunscreens, moisturizers, and protective clothing, for 24 weeks. The results of these clinical studies showed that up to 82% of people had noticeably reduced facial mottled hyperpigmentation (skin discoloration), and up to 58% of people had noticeably reduced facial fine wrinkling.

AVAGE, combined with our offering of BOTOX COSMETIC and our established MD FORTE product line, a physician-dispensed line of aesthetic skin care products, positions Allergan as the premier partner for aesthetically oriented dermatologists and physicians.

OTHER SKIN CARE PRODUCTS

Other key products in Allergan's skin care line include AZELEX, indicated for mild-to-moderate acne and FLUOROPLEX, approved for the treatment of actinic (solar) keratoses (small red or skin color growths that appear as a result of overexposure to the sun).

AGN 0197

EMERGING TECHNOLOGIES

The future of Allergan's skin care business will be driven both by the continuing acceptance of TAZORAC in the market, new products flowing from the Company's R&D pipeline, new commercial collaborations and expansion into other therapeutic dermatological areas such as skin cancer.

Allergan's targeted research and development program to expand the use of the tazarotene molecule is focused on the development of oral tazarotene for the treatment of both acne and psoriasis. Clinical data in psoriasis is particularly promising in comparison with other already approved retinoids. In addition, Allergan entered into a research collaboration and license agreement with Peplin Biotech Ltd. in 2002 for the right to develop and commercialize PEP005 for the topical treatment of non-melanoma skin cancer and actinic keratoses. The Peplin technology is an excellent addition to Allergan's strong new product pipeline and it has potential in the large, growing and under-served market for treating non-melanoma skin cancer. Our strong R&D programs in dermatology underscore Allergan's commitment to being a leader in specialist markets.

Executive Committee

2002

AGN 0198

DAVID E. I. PYOTT, 49

Chairman of the Board, President and Chief Executive Officer. Mr. Pyott joined Allergan in January 1998. Previously, he was Head of the Nutrition Division and a member of the Executive Committee of Novartis AG from 1995 through 1997. Mr. Pyott has over 20 years of international experience in nutrition and health care and has worked in Austria, Germany, the Netherlands, Spain, Switzerland, Malaysia and Singapore. Mr. Pyott holds a diploma in German and European Law from the Europa Institute at the University of Amsterdam, a Master of Arts degree from the University of Edinburgh, and an M.B.A. from the London Business School.

F. MICHAEL BALL, 47

Corporate Vice President and President, North America Region and Global Eye Rx Business. Born in Canada, Mr. Ball was educated in the U.K. and U.S. before receiving his BSc and M.B.A. from Queen's University in Canada. He is the former President of Syntex Inc. Canada and Senior Vice President of Syntex Laboratories USA, where he served on Syntex Corporation's Management Committee. Mr. Ball has over 20 years of international health care experience in the marketing and sales of pharmaceutical products. He joined Allergan in 1995.

ERIC K. BRANDT, 40

Corporate Vice President and Chief Financial Officer. Mr. Brandt joined Allergan in May 1999. In addition to his responsibilities as CFO, in 2001 Mr. Brandt served as President of the Consumer Eye Care business. Prior to joining Allergan, he was Vice President and Partner at Boston Consulting Group, and a senior member of the BCG Health Care practice. 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 has a Bachelor of Science in chemical engineering from MIT and an M.B.A. from Harvard Business School.

JEFFREY L. EDWARDS, 42

Corporate Vice President, Corporate Development. Mr. Edwards has been with Allergan since 1993 and previously served as Senior Vice President, Tax, Treasury, and Investor Relations where he was instrumental in developing and executing Allergan's financial strategies to support the Company's strategic objectives. Prior to Allergan, Mr. Edwards was with Banque Paribas and Security Pacific National Bank, where he held various senior level positions in the credit and business development functions.

DAVID A. FELLOWS, 46

Corporate Vice President and President, Europe, Africa, Asia Pacific Region. From 1997 until 2002, Mr. Fellows was President, Allergan Asia Pacific Region. Prior to that he was Senior Vice President of U.S. Eye Care Marketing and has also served as Senior Vice President of Global Pharmaceutical Strategic Marketing as well as the Director of Marketing/Sales for Allergan Canada. Mr. Fellows has 23 years of pharmaceutical sales, marketing and business development experience, having joined Allergan in 1980. Mr. Fellows holds a degree in Psychology from Butler University.

ROBERT O. GASKIN, JR, 49

Corporate Vice President, Human Resources. Mr. Gaskin joined Allergan in 2002. He has over 15 years of experience in the pharmaceutical industry, including an extensive human resources background within the R&D and the commercial functions of biotech and large pharmaceutical companies. Prior to joining Allergan, Mr. Gaskin held positions at Advanced Tissue Sciences and Warner-Lambert / Agouron Pharmaceuticals.

DOUGLAS S. INGRAM, ESQ., 40

Corporate Vice President, General Counsel and Secretary. Mr. Ingram joined Allergan from Gibson, Dunn & Crutcher in 1996. Mr. Ingram has over 14 years of experience in the management of domestic and international legal affairs. He also serves as Allergan's Chief Ethics Officer.

LESTER J. KAPLAN, PH.D., 52

Corporate Vice President and President, Research & Development and Global BOTOX. Dr. Kaplan has 25 years of experience conducting and managing research and development programs in the pharmaceutical industry. He joined Allergan in 1983.

NELSON R. A. MARQUES, 51

Corporate Vice President and President, Latin America Region. Mr. Marques has 26 years of experience in the pharmaceutical industry. He has been in the eye care industry since 1980 in a variety of marketing and sales positions in Latin America and in the U.S. Mr. Marques has attended the Advanced Management and the International Senior Managers´ Programs at Harvard University. He holds an undergraduate degree in Advertising and Marketing and a Business Administration degree. He joined Allergan in 1998.

JACQUELINE SCHIAVO, 54

Corporate Vice President, Worldwide Operations. Ms. Schiavo joined Allergan in 1980. She has over 30 years of experience in pharmaceutical and health care manufacturing, quality assurance, and research and development. Ms. Schiavo is responsible for Allergan's worldwide network of manufacturing plants and third party suppliers. She holds a Bachelor of Science degree in Microbiology from Cornell University and an M.B.A. from Pepperdine University.

Other Corporate Officers

JAMES F. BARLOW

Vice President, Corporate Controller and Principal Accounting Officer

JAMES M. HINDMAN

Senior Vice President, Treasury, Risk and Investor Relations

MATTHEW J. MALETTA

Corporate Counsel and Assistant Secretary

MARTIN A. VOET

Senior Vice President, Chief Intellectual Property Counsel and Assistant Secretary

Board of Directors

2002

AGN 0200

HERBERT W. BOYER, PH.D., 66

Vice Chairman of the Board since 2001, served as Chairman from 1998 to 2001; Board member since 1994. Dr. Boyer is a founder of Genentech, Inc. and a Director since 1976. A former Professor of Biochemistry at the University of California at San Francisco, Dr. Boyer is a recipient of the 1993 Helmut Horten Research Award, the National Medal of Science from President George H. W. Bush, the National Medal of Technology, and the Albert Lasker Basic Medical Research Award. He is an elected Member of the National Academy of Sciences and a Fellow in the American Academy of Arts and Sciences.

RONALD M. CRESSWELL, HON. D.SC., F.R.S.E., 68

Elected to the Board in 1998. Professor Cresswell retired in 1999 as Senior Vice President and Chief Scientific Officer for Warner-Lambert Company. Professor Cresswell was formerly Vice President and Chairman, Parke-Davis Pharmaceutical Research, a Warner-Lambert Company. Professor Cresswell served as Chief Operating Officer of Laporte Industries and in a broad range of research and development positions at Burroughs Wellcome, culminating in being the main board member for global research and development. He is a Fellow of the Royal Society of Edinburgh, a member of the American Chemical Society and the New York Academy of Sciences and is the former Chairman of the Science and Regulatory Executive Committee of the Pharmaceutical Research and Manufacturers of America (PhRMA). Professor Cresswell is also Chairman of the Board of Albachem Ltd., a Scottish company, and a director of CuraGen Corporation and Esperion Therapeutics, Inc.

HANDEL E. EVANS, 68

Elected to the Board in 1989. Chairman of Equity Growth Research Ltd., a company providing financial services in Europe. Mr. Evans has over 40 years of experience in the pharmaceutical industry and was the founder and former Executive Chairman of Pharmaceutical Marketing Service Inc. and Walsh International Inc., companies providing marketing services to the pharmaceutical industry. Mr. Evans was also a co-founder of IMS International Inc., the leading pharmaceutical information supplier. Mr. Evans is a Director of Cambridge Laboratories Ltd., RxBazaar, Inc. and Chairman of the British Urological Foundation Board of Trustees.

MICHAEL R. GALLAGHER, 57

Elected to the Board in 1998. Chief Executive Officer and a Director of Playtex Products, Inc. Previously, Chief Executive Officer/North America for Reckitt & Colman PLC; President and Executive Officer of Eastman Kodak's subsidiary, L&F Products; and President of the Lehn & Fink Consumer Products Division at Sterling Drug. Mr. Gallagher is a Director of AMN Healthcare, the Grocery Manufacturers Association, the Association of Sales and Marketing Companies and the Haas School of Business, University of California, Berkeley.

GAVIN S. HERBERT, 70

Founder of Allergan, Inc., and Chairman Emeritus since 1996. Elected to the Board in 1950. Served as Chief Executive Officer for 30 years and as Chairman from 1977 to 1996. Mr. Herbert is Chairman and Founder of Regenesis Bioremediation Products and a Director of Research to Prevent Blindness and the Doheny Eye Institute. He is Chairman of Roger's Gardens, Vice Chairman of the Beckman Foundation, and a Life Trustee of the University of Southern California.

LESTER J. KAPLAN, PH.D., 52

Elected to the Board in 1994. Corporate Vice President and President, Research & Development and Global BOTOX for Allergan, Inc. Dr. Kaplan is a Director of Acadia Pharmaceuticals Inc., Oculex Pharmaceuticals, Medinox, Inc., Bardeen Sciences Company, LLC, and a member of the Board of Trustees, Keck Graduate Institute of Applied Life Sciences at the Claremont Colleges.

KAREN R. OSAR, 53

Elected to the Board in 1998. Senior Vice President and Chief Financial Officer of MeadWestvaco Corporation, a producer of packaging, paper, school and office supplies and specialty chemicals, since the merger of the Mead Corporation and Westvaco Corporation in January 2002. Prior to the merger, she served as Senior Vice President and Chief Financial Officer of Westvaco Corporation since November 1999. She formerly

served as Vice President and Treasurer of Tenneco, Inc., which was a global packaging and auto parts manufacturer, and as Managing Director of the investment banking group at J.P. Morgan & Company. She is a Director of BNY Hamilton Funds and of AGL Resources, Inc.

DAVID E. I. PYOTT, 49

Elected to the Board and joined Allergan in 1998. Chairman of the Board, President and Chief Executive Officer of Allergan, Inc. He served as Head of the Nutrition Division and a member of the Executive Committee of Novartis AG. He is a member of the Board of Directors of the Pharmaceutical Research and Manufacturers of America, Avery Dennison Corporation, Advanced Medical Optics and Edwards Lifesciences Corporation and is Chairman of the California Healthcare Institute. Mr. Pyott is a board member of the Directors' Board of the University of California (Irvine) Graduate School of Management and serves on their Executive Committee, and he is also the President of the Pan American Ophthalmological Foundation, a member of the Board of Directors of the International Council of Ophthalmology Foundation, and a member of the EyeCare America Board of Directors.

RUSSELL T. RAY, 55 (not pictured)

Appointed to the Board effective April 1, 2003. Founder, Managing Director and President of Chesapeake Strategic Advisors, a firm specializing in providing advisory services to health care and life sciences companies, since 2002. From 1999-2002, Mr. Ray was the Global Co-Head of the Credit Suisse First Boston Health Care Investment Banking Group, where he focused on providing strategic and financial advice to life sciences, health care services and medical device companies. Prior to joining Credit Suisse First Boston, Mr. Ray spent twelve years at Deutsche Bank and its predecessor entities BT Alex. Brown and Alex. Brown as Global Head of Health Care Investment Banking. Mr. Ray is a Director of Pondaray Enterprises, Inc., Lumina Ventures and The Friends School of Baltimore.

LOUIS T. ROSSO, 69

Elected to the Board in 1989. Chairman Emeritus of Beckman Coulter, Inc., a manufacturer of laboratory instruments, and had been its Chairman of the Board until his retirement in 1999. Mr. Rosso also served as Chairman and Chief Executive Officer of Beckman Instruments, Inc. and Vice President of SmithKline Beckman Corporation. He is a member of the Board of Trustees of the St. Joseph Heritage Healthcare Foundation, a member of the Board of Directors of Regenesis Bioremediation Company and Trustee Emeritus and Senior Advisor to the President of the Keck Graduate Institute of Applied Life Sciences at the Claremont Colleges.

STEPHEN J. RYAN, 62

Appointed to the Board in 2002. Dr. Ryan is the Dean of the Keck School of Medicine and Senior Vice President for Medical Care of the University of Southern California as well as President of the Doheny Eye Institute and the Grace and Emery Beardsley Professor of Ophthalmology. Dr. Ryan is a Member of the Institute of Medicine of the National Academy of Sciences. He is a member and past president of numerous ophthalmological organizations such as the Association of University Professors of Ophthalmology and the Macula Society. He is the founding President of the Alliance for Eye and Vision Research (AEVR).

LEONARD D. SCHAEFFER, 57

Elected to the Board in 1993. Since 1992 Mr. Schaeffer has served as Chairman of the Board and Chief Executive Officer of WellPoint Health Networks Inc., an insurance organization which owns Blue Cross of California, Blue Cross and Blue Shield of Georgia, Blue Cross and Blue Shield of Missouri and Unicare. Mr. Schaeffer was the Administrator of the U.S. Health Care Financing Administration. He is Chairman of the Board of the National Institute for Health Care Management, and a member of the Institute of Medicine.

In millions, except share data	As of December 31,	2002	2001
ASSETS 4	CURRENT ASSETS		
	Cash and equivalents	$ 774.0	$ 774.9
	Trade receivables, net	220.6	164.7
	Inventories	70.4	55.0
	Other current assets	135.2	120.2
	Total current assets	1,200.2	1,114.8
	Assets from discontinued operations	–	377.5
	Investments and other assets	228.6	168.0
	Property, plant and equipment, net	352.0	360.4
	Goodwill	7.8	9.4
	Intangibles, net	18.0	16.1
	Total assets	$1,806.6	$2,046.2
LIABILITIES AND STOCKHOLDERS' EQUITY 4	CURRENT LIABILITIES		
	Notes payable	$ 89.7	$ 75.1
	Accounts payable	82.0	74.7
	Accrued compensation	55.4	45.8
	Other accrued expenses	118.3	94.4
	Income taxes	58.2	114.4
	Total current liabilities	403.6	404.4
	Liabilities from discontinued operations	–	163.6
	Long-term debt	25.4	33.0
	Long-term convertible notes, net of discount	501.0	411.8
	Other liabilities	66.4	54.8
	Commitments and contingencies		
	Minority interest	1.9	1.2
	STOCKHOLDERS' EQUITY		
	Preferred stock, $.01 par value; authorized 5,000,000 shares; none issued	–	–
	Common stock, $.01 par value; authorized 300,000,000 shares; issued 134,255,000 shares	1.3	1.3
	Additional paid-in capital	336.3	321.6
	Accumulated other comprehensive loss	(73.4)	(61.6)
	Retained earnings	871.7	928.4
		1,135.9	1,189.7
	Less treasury stock, at cost (4,757,000 and 3,005,000 shares)	(327.6)	(212.3)
	Total stockholders' equity	808.3	977.4
	Total liabilities and stockholders' equity	$1,806.6	$2,046.2

In millions, except per share data	Year ended December 31,	2002	2001	2000
PRODUCT SALES 4	Net sales	$1,385.0	$1,142.1	$992.1
	Cost of sales	221.7	198.1	197.7
	Product gross margin	1,163.3	944.0	794.4
	Research service revenues (primarily from related party through April 16, 2001)	40.3	60.3	62.9
	Cost of research services	36.6	56.1	59.4
	Research services margin	3.7	4.2	3.5
	Selling, general and administrative	629.5	481.1	409.2
	Research and development	233.1	227.5	165.7
	Legal settlement	118.7	–	–
	Technology fees from related party	–	(0.7)	(3.1)
	Restructuring charge (reversal) and asset write-offs	62.4	(1.7)	0.2
	Operating income	123.3	242.0	225.9
	Interest income	15.8	30.6	23.9
	Interest expense	(17.4)	(18.1)	(16.2)
	(Loss) gain on investments, net	(30.2)	(4.5)	0.8
	Unrealized gain (loss) on derivative instruments, net	(1.7)	4.2	–
	Other, net	–	6.1	1.2
	Earnings from continuing operations before income taxes and minority interest	89.8	260.3	235.6
	Provision for income taxes	25.1	88.5	69.1
	Minority interest	0.7	0.6	0.6
	Earnings from continuing operations	64.0	171.2	165.9
	Earnings from discontinued operations, net of applicable income tax expense of $7.0 million, $20.6 million and $19.0 million for years ended 2002, 2001 and 2000, respectively	11.2	54.9	49.2
	Cumulative effect of change in accounting principle, net of $0.5 million of tax	–	(1.2)	–
NET EARNINGS 4	Net earnings	$ 75.2	$ 224.9	$215.1
	Basic:			
	Continuing operations	$ 0.49	$ 1.30	$ 1.27
	Discontinued operations	0.09	0.42	0.38
	Cumulative effect of accounting change, net	–	(0.01)	–
	Net basic earnings per share	$ 0.58	$ 1.71	$ 1.65
	Diluted:			
	Continuing operations	$ 0.49	$ 1.29	$ 1.24
	Discontinued operations	.08	0.40	0.37
	Cumulative effect of accounting change, net	–	(0.01)	–
	Net diluted earnings per share	$ 0.57	$ 1.68	$ 1.61

In millions, except per share data	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Unearned Compensation	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Total	Comprehensive Income
BALANCE DECEMBER 31, 1999 4	134.3	$1.3	$261.4	$(15.9)	$(49.3)	$651.1	(4.4)	$(214.1)	$634.5	
Comprehensive income										
Net earnings						215.1			215.1	$215.1
Other comprehensive income, net of tax:										
Foreign currency translation adjustments										(2.8)
Unrealized gain on investments										1.3
Other comprehensive loss					(1.5)				(1.5)	(1.5)
Comprehensive income										$213.6
Dividends ($0.32 per share)						(41.9)			(41.9)	
Stock options exercised			37.1			(41.8)	3.9	189.9	185.2	
Activity under other stock plans				0.4		0.7		1.6	2.7	
Adjustment in reporting of subsidiaries						(3.2)			(3.2)	
Purchase of treasury stock							(2.1)	(122.8)	(122.8)	
Expense of compensation plans				5.7					5.7	
BALANCE DECEMBER 31, 2000 4	134.3	1.3	298.5	(9.8)	(50.8)	780.0	(2.6)	(145.4)	873.8	
Comprehensive income										
Net earnings						224.9			224.9	$224.9
Other comprehensive income, net of tax:										
Minimum pension liability adjustment										(7.2)
Foreign currency translation adjustments										(2.5)
Unrealized loss on investments										(1.1)
Other comprehensive loss					(10.8)				(10.8)	(10.8)
Comprehensive income										$214.1
Dividends ($0.36 per share)						(47.5)			(47.5)	
Stock options exercised			26.5			(30.9)	1.3	61.8	57.4	
Activity under other stock plans				0.5		1.9	0.1	2.2	4.6	
Purchase of treasury stock							(1.8)	(130.9)	(130.9)	
Expense of compensation plans				5.9					5.9	
BALANCE DECEMBER 31, 2001 4	134.3	1.3	325.0	(3.4)	(61.6)	928.4	(3.0)	(212.3)	977.4	

In millions, except per share data	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Unearned Compensation	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Total	Comprehensive Income
BALANCE DECEMBER 31, 2001 4	134.3	$1.3	$325.0	$(3.4)	$(61.6)	$928.4	(3.0)	$(212.3)	$977.4	
Comprehensive income										
Net earnings						75.2			75.2	$75.2
Other comprehensive income, net of tax:										
Minimum pension liability adjustment										5.9
Foreign currency translation adjustments										(17.6)
Unrealized loss on investments										(0.1)
Other comprehensive loss					(11.8)				(11.8)	(11.8)
Comprehensive income										$63.4
Distribution of Advanced Medical Optics, Inc. common stock to stockholders						(53.2)			(53.2)	
Dividends ($0.36 per share)						(46.7)			(46.7)	
Stock options exercised			12.4			(32.4)	0.9	56.3	36.3	
Activity under other stock plans						0.4		9.2	9.6	
Purchase of treasury stock							(2.7)	(180.8)	(180.8)	
Expense of compensation plans				2.3					2.3	
BALANCE DECEMBER 31, 2002 4	134.3	$1.3	$337.4	$(1.1)	$(73.4)	$871.7	(4.8)	$(327.6)	$808.3	

In millions	Year ended December 31,	2002	2001	2000
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES 4	Earnings from continuing operations	$ 64.0	$170.0	$165.9
	Non-cash items included in earnings from continuing operations:			
	Cumulative effect of accounting change for derivative instruments	–	1.7	–
	In-process research and development	–	40.0	–
	Depreciation and amortization	45.0	53.0	55.0
	Amortization of original issue discount	11.0	10.1	1.7
	Write-off of deferred convertible debt issue costs	8.0	–	–
	Deferred income taxes (benefit)	(13.8)	14.1	(4.6)
	Loss (gain) on investments	30.2	4.5	(0.8)
	(Gain) loss on sale of assets	(5.7)	0.8	1.1
	Unrealized loss (gain) on derivatives	1.7	(4.2)	–
	Gain on divestiture of pharmaceutical products	–	(2.0)	–
	Expense of compensation plans	10.3	7.1	6.4
	Minority interest	0.7	0.6	0.6
	Restructuring charge (reversal) and asset write-offs	62.4	(1.7)	0.2
	Adjustment in reporting of foreign subsidiaries	–	–	(3.2)
	Changes in assets and liabilities:			
	Trade receivables	(49.5)	(2.7)	(45.2)
	Inventories	(16.7)	(7.7)	(3.1)
	Other current assets	9.1	(18.1)	9.1
	Accounts payable	4.1	9.2	9.5
	Accrued expenses and other liabilities	13.6	(9.8)	26.7
	Income taxes	(43.7)	42.4	52.0
	Other non-current assets	(83.1)	(15.3)	6.9
	Net cash provided by continuing operations	47.6	292.0	278.2
CASH FLOWS FROM INVESTING ACTIVITIES 4	Additions to property, plant and equipment	(78.8)	(84.1)	(60.3)
	Proceeds from sale of property, plant and equipment	6.9	4.6	0.5
	Proceeds from sale of investments	–	–	3.0
	Acquisition, net of cash acquired	–	(70.2)	–
	Other, net	(7.7)	(17.1)	(21.3)
	Net cash used in investing activities	(79.6)	(166.8)	(78.1)

AGN 0206

In millions		Year ended December 31,	2002	2001	2000
CASH FLOWS FROM FINANCING ACTIVITIES	4	Dividends to stockholders	$ (46.7)	$ (47.5)	$ (41.9)
		(Decrease) increase in notes payable	(11.8)	(12.3)	9.4
		Sale of stock to employees	24.4	30.9	148.1
		Net repayments under commercial paper obligations	–	–	(47.1)
		Repayments of convertible borrowings	(376.5)	–	–
		Proceeds from convertible borrowings	500.0	–	400.0
		Repayments of long-term debt	(25.6)	(3.2)	(4.6)
		Debt issuance costs	(12.1)	–	(10.0)
		Payments to acquire treasury stock	(180.8)	(130.9)	(122.8)
		Net cash (used in) provided by financing activities	(129.1)	(163.0)	331.1
		Cash flow from discontinued operations	172.0	56.3	72.6
		Effect of exchange rates on cash and equivalents	(11.8)	(4.9)	(3.1)
		Net (decrease) increase in cash and equivalents	(0.9)	13.6	600.7
		Cash and equivalents at beginning of year	774.9	761.3	160.6
		Cash and equivalents at end of year	$774.0	$774.9	$761.3
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	4	Cash paid during the year for:			
		Interest (net of amount capitalized)	$ 14.8	$ 20.9	$ 19.2
		Income taxes	$ 85.6	$ 52.2	$ 54.5

In 2002, the Company recorded a dividend in the amount of $53.2 million representing the distribution of Advanced Medical Optics, Inc.'s common stock to the Company's stockholders.

The Board of Directors of Allergan, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Allergan, Inc. and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2002, not presented herein; and in our report dated January 27, 2003, we expressed an unqualified opinion on those consolidated financial statements. Our report refers to a change in the method of accounting for derivative instruments and hedging activities in 2001 and the method of accounting for goodwill and intangible assets in 2002.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Costa Mesa, CA
February 12, 2003

KPMG LLP

Management is responsible for the preparation and integrity of the condensed consolidated financial information appearing in this Annual Report. The consolidated financial statements are presented in the Company's Form 10-K for the fiscal year ended December 31, 2002. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America appropriate in the circumstances and, accordingly, include some amounts based on management's best judgments and estimates. Financial information in this Annual Report is consistent with that in the consolidated financial statements.

Management is responsible for maintaining a system of internal control and procedures to provide reasonable assurance, at an appropriate cost/benefit relationship, that assets are safeguarded and that transactions are authorized, recorded and reported properly. The internal control system is augmented by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written Code of Ethics adopted by the Board of Directors, applicable to all employees of the Company and its subsidiaries. Management believes that the Company's system of internal control provides reasonable assurance that assets are safeguarded against material loss from unauthorized use or disposition and that the financial records are reliable for preparing financial statements and other data and for maintaining accountability for assets.

The Audit and Finance Committee of the Board of Directors, composed solely of Directors who are not officers or employees of the Company, meets with the independent auditors, management and internal auditors periodically to discuss internal accounting controls, auditing and financial reporting matters. The Committee reviews with the independent auditors the scope and results of the audit effort. The Committee also meets with the independent auditors without management present to ensure that the independent auditors have free access to the Committee.

The independent auditors, KPMG LLP, were recommended by the Audit and Finance Committee of the Board of Directors and selected by the Board of Directors. KPMG LLP was engaged to audit the 2002, 2001 and 2000 consolidated financial statements of Allergan, Inc. and its subsidiaries and conducted such tests and related procedures as deemed necessary in conformity with auditing standards generally accepted in the United States of America. The opinion of the independent auditors, based upon their audits of the consolidated financial statements, is contained in the Company's Form 10-K for the fiscal year ended December 31, 2002.

January 27, 2003

David E. I. Pyott
Chairman of the Board, President
and Chief Executive Officer

Eric K. Brandt
Corporate Vice President
and Chief Financial Officer

James F. Barlow
Vice President, Corporate Controller
and Principal Accounting Officer

CORPORATE HEADQUARTERS

Allergan, Inc.
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Irvine, CA 92623-9534
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E-mail: corpinfo@allergan.com
Internet: www.allergan.com

TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSING AGENT, DUPLICATE MAILINGS

EquiServe Trust Company, N.A.
P.O. Box 2500
Jersey City, NJ 07303
(800) 446-2617
Internet: www.equiserve.com

ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Allergan, Inc. will be held at The Irvine Marriott Hotel, 18000 Von Karman Avenue, Irvine, CA 92612, on April 25, 2003, at 10:00 a.m.

FORM 10-K

A copy of Allergan, Inc.'s Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is available through our Web site at www.allergan.com or without charge by contacting:

INVESTOR RELATIONS

James M. Hindman
Allergan, Inc.
P.O. Box 19534
Irvine, CA 92623-9534
Phone: (714) 246-4636
Fax: (714) 246-4800
E-mail: corpinfo@allergan.com

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The plan allows Allergan stockholders to reinvest their dividends or invest cash in Allergan stock without brokerage commissions or service charges. If you are interested in joining the plan or would like more information, you may request a prospectus from:

EquiServe Trust Company, N.A.
Dividend Reinvestment Plan/Allergan, Inc.
P.O. Box 2598
Jersey City, NJ 07303-2598

MARKET PRICES OF COMMON STOCK AND DIVIDENDS

The following table shows the quarterly price range of the common stock and the cash dividends declared per share during the period listed.

	2002[1]			2001[1]		
Calendar Quarter	High	Low	Div	High	Low	Div
First	$72.35	$58.58	$.09	$95.74	$56.84	$.09
Second	67.23	54.01	.09	89.88	67.08	.09
Third	65.49	49.05	.09	83.09	57.80	.09
Fourth	65.08	51.40	.09	76.11	61.56	.09

Allergan common stock is listed on the New York Stock Exchange and is traded under the symbol "AGN." In newspapers, stock information is frequently listed as "Alergn."

The approximate number of stockholders of record was 7,300 as of January 31, 2003.

(1) On June 29, 2002, Allergan distributed to its stockholders, in the form of a stock dividend, one share of its then wholly-owned subsidiary, Advanced Medical Optics, Inc., for every 4.5 shares of common stock held on June 14, 2002. The stock prices presented above are restated stock prices and reflect the distribution of Allergan's ownership in Advanced Medical Optics to its stockholders.

TRADEMARKS

Allergan for the year ending December 31, 2002 continued its proud tradition of placement in the top quartile for Environmental Health and Safety Performance within its Pharmaceutical Company peer group. More information on its 2002 performance worldwide can be found by accessing the corporate information section at www.allergan.com and pulling down the About Allergan section and clicking on the EH&S section.

Market share numbers included in this Annual Report represent data from January 2002 to September 2002 unless otherwise noted.

AGN 0209

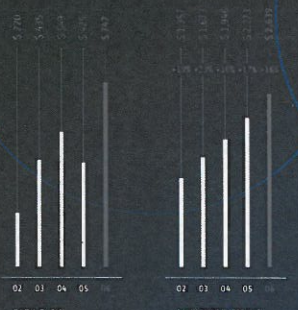
DESIGN: LUIS ALVARADO DESIGN, NEWPORT BEACH, CA

AGN 0210

ALLERGAN 2525 Dupont Drive 4 P.O. Box 19534 4 Irvine, CA 92623-9534 4 (714) 246-4500 4 www.allergan.com 4 NYSE:AGN

	2006
STATEMENT OF OPERATIONS HIGHLIGHTS	
	$3,010.1
	3,063.3
	1,055.5
	(127.4)
	—
	(127.4)
	(0.87)
	—
	(0.87)
	—
	0.40
ADJUSTED AMOUNTS	
	567.2
	3.72
	3.66
NET SALES BY PRODUCT LINE	
	$1,530.6
	982.2
	125.7
	2,638.5
	—
	2,638.5
	177.2
	142.3
	52.1
	371.6
	$3,010.1
PRODUCT SOLD BY LOCATION	
	67.4%
	32.6%

The foregoing presentation contains certain non-GAAP financial measures and non-GAAP adjustments. For a reconciliation of these non-GAAP financial measures to GAAP financial measures, please refer to pages 2 and 3 of the Annual Report.

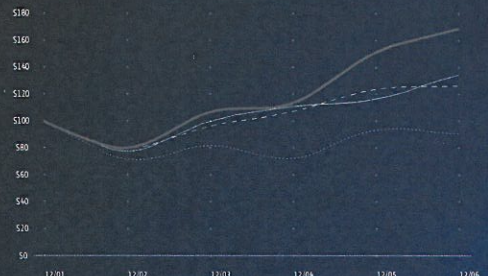


CASH FLOW FROM OPERATIONS

(in millions of dollars)

PHARMACEUTICALS SALES/GROWTH

(in millions of dollars)



CUMULATIVE TOTAL RETURN

Allergan Inc.

The 27 companies included in the customized peer group are: Abbott Inc., Amgen Inc., Bristol-Myers Squibb Co., Genzyme Corp., Gilead Sciences Inc., Johnson & Johnson, Medtronic Inc., Pfizer Inc., Schering-Plough Corp., Stryker Corp., Teva Pharmaceutical Industries Ltd. ADR, Wyeth and Zimmer Holdings Inc.

We think deeply about the quality of life.

To us, it is far more than a label we attach to the health care solutions we provide. It is an idea that inspires us to reach further into the specialty areas we serve, pursuing discoveries and treatments that empower individuals to live life to its fullest potential — with every bit of the energy, knowledge, creativity, diligence and care of which we are capable.

COMPANY OVERVIEW Allergan, Inc. is a premier, global specialty pharmaceutical and medical device company that discovers, 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 6,500 people worldwide and operates world-class research and development facilities and 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.

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

In millions, except per share data	Year Ended December 31, 2006			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	GAAP	Non-GAAP Adjustments	Adjusted
REVENUES															
Specialty pharmaceuticals product net sales	**$2,638.5**	**$ —**	**$2,638.5**	$2,319.2	$ —	$2,319.2	$2,045.6	$ —	$2,045.6	$1,755.4	$ —	$1,755.4	$1,385.0	$ —	$1,385.0
Medical devices product net sales	**371.6**	**—**	**371.6**	—	—	—	—	—	—	—	—	—	—	—	—
Product net sales	**3,010.1**	**—**	**3,010.1**	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	**53.2**	**—**	**53.2**	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	**3,063.3**	**—**	**3,063.3**	2,342.6	—	2,342.6	2,058.9	—	2,058.9	1,780.8	—	1,780.8	1,435.8	—	1,435.8
OPERATING COSTS AND EXPENSES															
Cost of product sales (excludes amortization of acquired intangible assets)	**575.7**	**(48.8)** [a][b]	**526.9**	385.3	(0.5) [m][n]	384.8	381.7	—	381.7	316.9	—	316.9	221.4	(3.7) [ac]	217.7
Cost of research services	**—**	**—**	**—**	—	—	—	—	—	—	14.5	—	14.5	36.6	—	36.6
Selling, general and administrative	**1,333.4**	**(53.9)** [a][c][d][e]	**1,279.5**	936.8	10.0 [m][o][p]	946.8	791.7	2.4 [w]	794.1	705.9	—	705.9	633.9	(39.2) [ad]	594.7
Research and development	**1,055.5**	**(580.0)** [a][d][f]	**475.5**	388.3	(4.5) [m][q]	383.8	342.9	—	342.9	762.6	(458.0) [y]	304.6	232.7	(4.7) [ae]	228.0
Amortization of acquired intangible assets	**79.6**	**(58.6)** [g]	**21.0**	17.5	—	17.5	8.2	—	8.2	5.0	—	5.0	1.1	—	1.1
Legal settlement	**—**	**—**	**—**	—	—	—	—	—	—	—	—	—	118.7	(118.7) [af]	—
Restructuring charge (reversal) and asset write-offs	**22.3**	**(22.3)** [h]	**—**	43.8	(43.8) [n]	—	7.0	(7.0) [z]	—	(0.4)	0.4 [z]	—	62.4	(62.4) [z]	—
Operating (loss) income	**(3.2)**	**763.6**	**760.4**	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	**48.9**	**4.9** [i]	**53.8**	35.4	(2.2) [r][s]	33.2	14.1	—	14.1	13.0	—	13.0	15.8	—	15.8
Interest expense	**(60.2)**	**(4.9)** [i]	**(65.1)**	(12.4)	(7.3) [r]	(19.7)	(18.1)	—	(18.1)	(15.6)	—	(15.6)	(17.4)	—	(17.4)
Gain (loss) on investments	**0.3**	**—**	**0.3**	0.8	(0.8) [t]	—	0.3	—	0.3	—	—	—	(30.2)	30.2 [ah]	—
Unrealized (loss) gain on derivative instruments, net	**(0.3)**	**0.3** [j]	**—**	1.1	(1.1) [j]	—	(0.4)	0.4 [j]	—	(0.3)	0.3 [j]	—	(1.7)	1.7 [j]	—
Other, net	**(5.0)**	**2.7** [k]	**(2.3)**	3.4	(3.5) [s]	(0.1)	8.8	(11.5)	(2.7)	(2.9)	0.9 [aa]	(2.0)	(5.7)	1.0 [ag]	(4.7)
	(16.3)	**3.0**	**(13.3)**	28.3	(14.9)	13.4	4.7	(11.1)	(6.4)	(5.8)	1.2	(4.6)	(39.2)	32.9	(6.3)
(Loss) earnings from continuing operations before income taxes and minority interest	**(19.5)**	**766.6**	**747.1**	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	**107.5**	**92.0** [l]	**199.5**	192.4	(22.4) [u]	170.0	154.0	1.8 [x]	155.8	22.2	101.1 [ab]	123.3	25.1	73.3 [ab]	98.4
Minority interest	**0.4**	**—**	**0.4**	2.9	(3.1) [v]	(0.2)	1.0	—	1.0	0.8	—	0.8	0.7	—	0.7
(Loss) earnings from continuing operations	**$ (127.4)**	**$ 674.6**	**$ 547.2**	$ 403.9	$ 49.4	$ 453.3	$ 377.1	$ (8.3)	$ 368.8	$ (52.5)	$ 357.7	$ 305.2	$ 64.0	$ 188.3	$ 252.3
Basic (loss) earnings per share: Continuing operations	**$ (0.87)**	**$ 4.59**	**$ 3.72**	$ 3.08	$ 0.38	$ 3.46	$ 2.87	$(0.06)	$ 2.81	$ (0.40)	$ 2.74	$ 2.34	$ 0.49	$ 1.46	$ 1.95
Diluted (loss) earnings per share: Continuing operations	**$ (0.87)**	**$ 4.53**	**$ 3.66**	$ 3.01	$ 0.37	$ 3.38	$ 2.82	$(0.07)	$ 2.75	$ (0.40)	$ 2.70	$ 2.30	$ 0.49	$ 1.43	$ 1.92
Total product net sales	**$3,010.1**	**$ (15.2)** [ai]	**$2,994.9**	$2,319.2	$(22.3) [ai]	$2,296.9	$2,045.6	$(41.9) [ai]	$2,003.7	$1,755.4	$ (45.9) [ai]	$1,709.5	$1,385.0	$ 6.5 [ai]	$1,391.5

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

In this Annual Report, 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, 2006, as well as the corresponding periods for 2005 through 2002. 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 substitute for results prepared in accordance with accounting principles generally accepted in the United States.

In this Annual Report, Allergan reported the non-GAAP financial measure "adjusted net earnings" and related "adjusted earnings per share" – both basic and diluted. Allergan uses adjusted earnings to enhance the investor's overall understanding of the financial performance and prospects for the future of Allergan's core business activities. Adjusted 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 adjusted 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 adjusted earnings for evaluating management performance for compensation purposes.

Despite the importance of adjusted earnings in analyzing Allergan's underlying business, the budgeting and forecasting process and designing incentive compensation, adjusted earnings has no standardized meaning defined by GAAP. Therefore, adjusted 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. Allergan strongly encourages investors to consider net earnings (loss) determined under GAAP as compared to adjusted net earnings, and to perform their own analysis, as appropriate.

In this Annual Report, Allergan also reported sales performance using the non-GAAP financial measure of constant currency sales. Constant currency sales represent current period reported sales adjusted for the translation effect of changes in average foreign currency exchange rates between the current period and the corresponding period in the prior year. Allergan calculates the currency effect by comparing adjusted current period reported amounts, calculated using the monthly average foreign exchange rates for the corresponding period in the prior year, to the actual current period reported amounts. Management refers to growth rates in 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.

(a) Integration and transition costs related to the acquisition of Inamed Corporation (Inamed), consisting of cost of sales of $0.9 million; selling, general and administrative expense of $19.6 million and research and development expense of $0.2 million.

(b) Inamed fair-market value inventory adjustment roll out of $47.9 million.

(c) Costs related to the acquisition of Groupe Cornéal Laboratoires of $0.1 million.

(d) Transition/duplicate operating expenses related to restructuring and streamlining of European operations, consisting of selling, general and administrative expense of $5.7 million and research and development expense of $0.5 million.

(e) Contribution to The Allergan Foundation of $28.5 million.

(f) In-process research and development charge of $579.3 million related to the acquisition of Inamed.

(g) Amortization of acquired intangible assets related to the acquisition of Inamed.

(h) Restructuring charges.

(i) Reversal of interest income on previously paid state income taxes and reversal of interest expense related to the resolution of uncertain tax positions.

(j) Unrealized gain/(loss) on the mark-to-market adjustment to derivative instruments.

(k) Costs to settle a previously disclosed contingency involving non-income taxes in Brazil.

(l) 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, change in valuation allowance associated with a refund claim filed in 2006 for a prior tax year 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.

(m) 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 expense of $3.8 million and research and development expense of $1.5 million.

(n) Restructuring charge of $43.8 million and related inventory write-offs of $0.2 million.

(o) 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).

(p) Costs related to the acquisition of Inamed $0.4 million.

(q) Buyout of license agreement with Johns Hopkins University.

(r) Interest income related to previously paid state income taxes and reversal of interest expense related to tax settlements.

(s) Termination of ISTA Vitrase collaboration agreement (including interest income of $0.1 million).

(t) Gain on sale of third party equity investment.

(u) 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.

(v) Minority interest related to gain on sale of distribution business in India.

(w) Income from a patent infringement settlement.

(x) Favorable recovery of previously paid state income taxes and the tax effect for non-GAAP adjustments.

(y) In-process research and development charge related to the acquisition of Bardeen Sciences Company, LLC and Oculex Pharmaceuticals, Inc.

(z) Restructuring charge (reversal) and asset write-offs, net related to the spin-off of Advanced Medical Optics.

(aa) Loss on early extinguishment of debt.

(ab) Tax effect for non-GAAP adjustments.

(ac) Duplicate operating expenses of $2.6 million and restructuring charge and asset write-offs of $1.1 million related to the spin-off of Advanced Medical Optics.

(ad) Duplicate operating expenses incurred related to the spin-off of Advanced Medical Optics.

(ae) Duplicate operating expenses of $0.7 million and partnering collaboration expense of $4.0 million.

(af) Legal settlement regarding LUMIGAN®.

(ag) 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.

(ah) Mark-to-market loss on investments and related third party collaborations.

(ai) The adjustment to measure sales using constant currency.

To Our Investors

A YEAR OF TRANSFORMATION

In 2006, Allergan recorded the largest increase in sales in any one year in over 50 years of our operations, with an increase of almost $700 million over 2005 sales. At approximately $3 billion, sales increased 30 percent over 2005. In addition to achieving our primary sales and cost synergy goals for the integration of the Inamed Corporation, we are particularly pleased by the continued strong organic growth of our pharmaceutical businesses, with organic sales increasing 18 percent over 2005.[1] Expansion occurred on a broad front: Our eye care pharmaceuticals product line, BOTOX® Cosmetic and BOTOX® therapeutic all grew by double digits in all operating regions: North America, Europe, Latin America and Asia Pacific.

Diluted Earnings Per Share (EPS) for 2006 were $3.66, adjusted for several items principally related to the accounting treatment of the acquisition of Inamed, merger-related integration and transition costs, and the restructuring of our pharmaceutical operations in Europe. This EPS result marked an increase of 18 percent over the adjusted EPS result for 2005,[2] even as we continued to invest vigorously in the company's long-term growth and innovation.

In 2006, we invested $476 million in research and development (R&D), excluding the $579 million in-process R&D charge related to the Inamed acquisition and adjusted for other smaller non-GAAP items, which marked an increase of 22 percent over 2005.[3] Operating cash flow post-capital expenditures was a strong $616 million, compared to $346 million in 2005, which has led to a high cash balance of $1.4 billion at year end and a net debt position of only $339 million after our expenditure of $1.4 billion in cash on the Inamed acquisition. This strong balance sheet gives us ample flexibility for acquisitions and in-licensing activities in the future.

ACQUISITION OF INAMED AND LEADERSHIP IN MEDICAL AESTHETICS

As we have grown our BOTOX® Cosmetic franchise, we held a long-standing strategic interest in medical aesthetics, a fast-growing category driven by consumers' universal desire to enhance their personal appearance.

In March, we completed the acquisition of Inamed for a consideration of approximately $3.4 billion, and in January 2007 completed the follow-on acquisition of Groupe Cornéal Laboratoires in France, the inventor of our JUVÉDERM™ line of dermal fillers, for approximately $220 million.

By marrying our leading BOTOX® Cosmetic franchise with the breast aesthetics and dermal filler product lines from these two companies, we realized our goal of establishing Allergan as the largest medical aesthetics company in the world.

The approval of JUVÉDERM™ by the U.S. Food and Drug Administration (FDA) in June and the landmark approvals of our INAMED® Silicone-Filled Breast Implants by Health Canada in October and the FDA in November, have validated both our acquisition strategy as well as our financial model for the Inamed acquisition.

With the acquisition of Inamed, we also acquired two promising obesity intervention products, LAP-BAND® Adjustable Gastric Banding System and the BIB™ *BioEnterics*® Intragastric Balloon. Given the obesity crisis in the developed world, these products, which offer lower cost and less invasive surgical alternatives to traditional gastric bypass procedures, are high-potential growth opportunities in which we plan to fully invest.

To further focus and build awareness for our efforts, we established Allergan Medical as a division in the latter part of the year that is comprised of our facial and breast aesthetic portfolio, as well as our rapidly growing obesity intervention business. The new division also encompasses our physician-dispensed skin care products, including M.D. FORTE® and PREVAGE® MD.

GLOBAL EYE CARE GROWTH

For the fifth consecutive year, Allergan has been the world's fastest-growing global eye care company when one excludes retinal therapeutics,[4] a segment in which Allergan's R&D candidates have not yet been commercialized. In the third quarter of 2006, in terms of in-market sales, per IMS Global, Allergan narrowly overtook Pfizer to become the second-largest global ophthalmic pharmaceutical company.[4]

Overall, our eye care pharmaceuticals business grew 16 percent in a world market growing at 7 percent. We made particularly good progress in glaucoma, the largest segment of the ophthalmic pharmaceutical market, with LUMIGAN® (including GANFORT™, our LUMIGAN® and timolol fixed combination agent), which grew 22 percent over 2005. With sales of $327 million, the LUMIGAN® franchise is currently ranked third-largest by value in the world.[4]

Further strengthening the franchise, the FDA approved LUMIGAN® for first-line treatment. GANFORT™, approved in the European Union in March 2006, has since been launched in the most important European markets. Given the new maximum medical therapy option it offers, GANFORT™ has enjoyed good uptake.

Our ALPHAGAN® franchise also enjoyed fresh impetus resulting from the broad availability and excellent physician acceptance of COMBIGAN™, our ALPHAGAN® and timolol fixed combination, in global markets outside the United States. COMBIGAN™ provides a dual mechanism of action resulting from two active pharmaceutical ingredients, brimonidine and timolol. This action produces powerful intraocular pressure reduction. Success of COMBIGAN™ has provided incremental patients and market share. In the United States, we launched ALPHAGAN® P 0.1% in early 2006. We have been pleased with the uptake of this innovative formulation of ALPHAGAN®, which reduces drug exposure while achieving efficacy equivalent to the original ALPHAGAN®.

At the end of the year, we received an approvable letter from the FDA for COMBIGAN™, in which the FDA suggested an additional confirmatory study to address certain questions. Allergan had already commenced such a clinical study at the end of 2005 to address those questions.

In dry eye, the second-largest ophthalmic pharmaceutical segment, Allergan also demonstrated excellent performance. RESTASIS® is the only therapeutic agent approved in the United States to treat an underlying cause of chronic dry eye disease, in contrast to traditional artificial tears which are designed to alleviate the symptoms. RESTASIS® generated sales of $270 million, an increase of 42 percent over the prior year.

Outside of the United States, we also enjoyed double-digit growth with our artificial tears line, led by the REFRESH® brand, consolidating our position as world market leader. In the United States, we launched OPTIVE™. Building on the unique dual-action formulation of OPTIVE™ that provides lubrication and osmoprotection to relieve dry eye symptoms, we intend to establish it as the most advanced artificial tear on the market. In addition, we recorded good sales gains for several other products: ZYMAR®, a fourth-generation anti-infective, ELESTAT® (marketed in Europe as RELESTAT®) and ACULAR LS®.

(1) Excludes the impact of BOTOX® sales in Japan of $38.8 million in 2005. GAAP sales growth of pharmaceutical products was 16 percent in 2006.

(2) Adjustments to GAAP diluted earnings per share used to calculate diluted earnings per share, adjusted for non-GAAP items, include the aggregate non-GAAP adjustments, net of tax, detailed on pages 2 and 3 in this Annual Report, and for the purpose of calculating the increase in adjusted EPS of 18 percent in 2006 compared to 2005, also excludes the $0.21 per share impact of expensing stock options in 2006. GAAP diluted loss per share was $0.87 in 2006 compared to GAAP diluted earnings per share of $3.01 in 2005.

(3) Adjustments to GAAP research and development expense used to calculate research and development expense, adjusted for non-GAAP items, include $579.3 million of in-process research and development expense, $0.2 million of integration and transition costs related to the Inamed acquisition and $0.5 million of transition/duplicate operating expenses related to the restructuring and streamlining of European operations. GAAP research and development expense was $1,055.5 million in 2006, a 171.8 percent increase over 2005.

(4) Intercontinental Medical Statistics (IMS): Q3 2006, in constant exchange, for the trailing 12 months as of September 2006.

Allergan Accolades

January 2006

Forbes

Allergan ranked number 6 in "America's Best Managed Companies"

January 2006

Institutional Investor

Allergan ranked number 1 in the Pharmaceutical/Specialty category for "America's Most Shareholder Friendly Companies"

January 2006

BusinessWeek

Allergan ranked in Top 5 among companies catering to Baby Boomers

January 2006

Pharma Exec World

Allergan ranked number 37 out of 50 in the "World's Top 50 Pharma Companies"

May 2006

Orange County Business Journal

David Pyott named one of Orange County's "Most Influential Businesspeople" in health care

June 2006

Her Majesty the Queen's Birthday Honors List

David Pyott honored as Commander of the Most Excellent Order of the British Empire

BOTOX®: BLOCKBUSTER STATUS AND BEYOND

With BOTOX®, Allergan has demonstrated the ability to nurture and grow a remarkably versatile and therapeutically distinguished platform. In 2006, BOTOX® achieved true blockbuster status, joining the exclusive ranks of pharmaceutical products to achieve greater than $1 billion in sales. Sales recorded by Allergan were $982 million, to which we can add GlaxoSmithKline's (GSK) sales of BOTOX® in Japan and China.

Excluding Japan, Allergan's sales of BOTOX® increased by 24 percent, marking a reacceleration from the 18 percent growth rate achieved in 2005.[5] Both the cosmetic and therapeutic franchises enjoyed robust growth across a broad range of countries in all continents. Our therapeutic business continued a similar trend to 2005, enjoying 17 percent growth. With 32 percent growth, our cosmetic business demonstrated a significant acceleration.[6] We attribute this faster sales growth to the creation of two separately focused sales and marketing organizations over the course of the last two years. At the beginning of 2006, we also doubled both our therapeutic and aesthetic sales forces in the United States.

These initiatives have enabled us to dedicate ourselves to the very different needs of the therapeutic and aesthetic customer groups. Given our economies of scale in medical aesthetics, we have continued this process of separation and focus worldwide as part of the integration of Inamed.

Our market share of the top 10 global markets remained steady at 91 percent, despite the entry of new competitors, due principally to market share gains in Europe in both the aesthetic and therapeutic franchises.[7]

Our skin care business, with sales of $126 million, grew 5 percent with TAZORAC® strengthening its position as the most potent topical retinoid available for the treatment of psoriasis and acne. TAZORAC® was the only branded topical retinoid to gain treatment market share in the dermatology channel, a declining market subject to more generic prescriptions.[8]

STRUCTURED FOR SUCCESS

Our pharmaceutical operations reaped the benefits of the many structural changes that we had undertaken in 2005. We out-licensed BOTOX® in Japan and China to GSK and are pleased with the results. In addition to achieving gratifying 2006 sales in Japan, in the third quarter of 2006, GSK launched BOTOX® in China for the therapeutic indications of blepharospasm and hemifacial spasm. The company also filed the Japanese equivalent of a New Drug Application (NDA) for BOTOX® Cosmetic.

As part of this out-licensing transaction, we received U.S. co-promotion rights from GSK for *Imitrex StatDose System®* and *Amerge®*, indicated for migraine treatment, enabling us to double the size of our neurosciences sales force. This increased market coverage led to an appreciable increase in the sales trajectory of BOTOX® for approved therapeutic indications.

By closing our R&D centers in France and Japan, and scaling our R&D network from four centers to two, we are now concentrating all our clinical development activities for Europe in the United Kingdom. As a result of this streamlining, we were able to create separate teams of regulatory affairs and clinical development specialists with increased ability to expand the volume of clinical trials in Europe.

The strong pharmaceutical results are an accolade for our management team across all functions that was able to absorb significant growth and restructuring and the considerable challenges of the Inamed integration.

(5) Sales of BOTOX® in Japan in 2005 were $38.8 million. GAAP sales growth for BOTOX®, which includes the 2005 BOTOX® sales in Japan, was 18 percent in 2006.
(6) Estimated growth rates and the breakout between therapeutic and cosmetic BOTOX® sales are subjectively determined based on management estimates. The estimated growth of BOTOX® therapeutic sales excludes the impact of BOTOX® sales in Japan of $38.8 million in 2005. The estimated growth rate for BOTOX® therapeutic sales including the impact of 2005 BOTOX® sales in Japan was 8 percent in 2006.
(7) Allergan market estimates.
(8) Verispan, VONA, MAT, December 2006.

POSITIONED FOR GROWTH & INNOVATION

Our dynamic results and market position have enabled us to attract and retain some of the best talent in the health care industry. These strengths have also made us an attractive partner for companies and researchers in the fields of eye care and medical aesthetics.

We believe our portfolio of recently approved products gives us great growth momentum for the coming years. In addition, Allergan has a rich and well-balanced pharmaceutical R&D pipeline. To cite just some of our initiatives:

- We have in development retinal therapeutics to treat conditions such as: age-related macular degeneration, the leading cause of blindness in developed countries; macular edema; retinal vein occlusion; and a unique proprietary delivery system, the POSURDEX® bioerodable implant, to deliver these drugs to the back of the eye.

- We have just finished our first Phase III clinical trial for memantine, a compound already approved by the FDA for the treatment of Alzheimer's disease, as a prospective treatment for glaucoma. While memantine did not show a benefit as assessed by the functional measure chosen as the primary endpoint in the first of our two clinical trials, memantine did show a clinical benefit of the highest dose compared to placebo in the functional measure chosen as a secondary endpoint. With a pioneering program that can potentially transform the current treatment paradigm, it was not surprising that it was the secondary functional measure that showed clinical benefit. If eventually proven effective in glaucoma, memantine would be the first breakthrough treatment to directly address the protection of the optic nerve rather than by alleviating intraocular pressure as a means of slowing the glaucomatous loss of visual function. In 2007, we also currently plan to file with the FDA an enhanced version of LUMIGAN® – LUMIGAN® X.

- With BOTOX®, we are pursuing clinical trials for chronic migraine and overactive bladder. We are also working on a next-generation neuromodulator that can be targeted to specific tissues, offering the potential to treat a host of new diseases.

- Pursuing new technologies, we are developing a unique class of alpha agonists to treat pain. They represent a promising area of opportunity for non-addictive and non-sedating compounds.

- Advancing our proton pump inhibitor program for the treatment of gastric ulcers, we have entered into discussions to potentially out-license these compounds, as they fall outside our current area of strategic focus.

- With plans to expand our medical device R&D portfolio, we are committed to developing next-generation biomaterials for our breast aesthetics product line as well as next-generation dermal fillers and gastric bands.

While we have tremendous momentum for the coming years, we are also looking to provide Allergan with strong growth drivers throughout the next decade. For this reason, we remain keenly focused on continued major investment in R&D to further advance and build out our already strong pipeline.

Over the last few years, we have also invested considerably in sales force expansion as well as in direct-to-consumer advertising for our leading brands, BOTOX® and RESTASIS®, in addition to a highly-innovative campaign for the LAP-BAND® System in 2006. Today, Allergan has the largest ophthalmic sales force in the world outside of Japan, where our products are out-licensed to partners. As a company we are also currently spending more than $100 million on consumer advertising.

We are now entering a phase where we can start to leverage these significant investments. With changes in selling models

The Sunday Times

David Pyott tabbed as one of the "Top 25 Britons Who Call the Shots in America"

October 2006

Orange County Chapter of the National Investor Relations Institute

Jeffrey Edwards named "CFO of the Year in Orange County"

December 2006

Orange County Register

David Pyott named "CEO of the Year in Orange County"

December 2006

Institutional Investor

David Pyott named one of the "Top CEOs"

January 2007

in the pharmaceutical industry, we are also committed to exploring new and more efficient sales and marketing methods suited to our specialty markets. We are strongly positioned to do so: Our people are already focused on our industry's two critical success factors, innovation and serving our customers. Although we are vertically integrated into manufacturing and discovery research, about 50 percent of our present workforce is employed in either R&D or field sales.

A UNIQUE COMPANY IN THE PHARMA AND MEDTECH INDUSTRY

With only a few business processes left to integrate in Europe, we have nearly completed our integration of Inamed. As a company, Allergan is now in a unique position to build on multiple entries and strong market positions in many high-growth specialty markets. We have a broad portfolio of pharmaceutical products with high-growth potential, the most attractive portfolio of high-growth potential medical aesthetics products in the industry, and the world's leading obesity intervention product line.

Along with this breadth comes the diversification of risk: Our top product, BOTOX®, currently accounts for less than one-third of total sales, and our top five products currently account for approximately two-thirds of sales. With the potential for a challenging reimbursement and pricing environment in the United States, Europe and other leading global markets in the coming years, we are uniquely positioned with roughly one-third of our sales being products that are paid electively out of pocket.

Developing, marketing and selling pharmaceuticals, medical devices and consumer products in markets with different characteristics and regulatory environments requires a unique blend of management skills and experience. We possess this blend. We also possess a unique combination of short- and long-cycle products as well as the ability to innovate both with "homegrown" compounds and devices, as well as through in-licensing and acquiring new technologies. Thus equipped, we look forward to demonstrating across-the-board performance in the year to come and further into the future.

In addition, the guidance of our strong and experienced Board of Directors has helped management steer a good course in times of great change. I am pleased to welcome to the Board, Dr. Deborah Dunsire, Chief Executive Officer of Millennium Pharmaceuticals, Inc., a leading biotechnology company. Dr. Dunsire has spent her career in the pharmaceutical industry around the world. I also especially wish to thank Handel Evans, who is planning to retire from the Board at the 2007 Annual Stockholders' Meeting, for 17 years of dedicated service and wise counsel to Allergan since its spin-off from SmithKline.

For the many accomplishments in 2006, both in ongoing operations and the integration of Inamed, I wish to recognize our thousands of employees around the world. Whether they have joined us from Inamed, have been with Allergan for years, or are new members of the team, they have demonstrated exceptional hard work, creativity and dedication. They have also demonstrated themselves to be individuals driven not only to make a difference but also to make the biggest difference they can — in helping people live better every day.

This year of transformation has inspired us, and I look forward to applying the full measure of our energy and enthusiasm to reaching further — in the relationships we value, the markets we serve, and the treatment paradigms we seek to advance.

David E. I. Pyott
Chairman of the Board and Chief Executive Officer

Chain of Quality

Our continuous chain of quality begins with us, extends to the doctor and carries through to the patient. It informs every aspect of our business from the research we conduct to the specialty areas in which we operate and the products we bring to market.

We see a continuous chain of quality...

To us, the very best of medicine looks like a continuous chain of quality, extending from the scientific research we conduct to the doctor on the front line and then to the patient — and back from the patient to the doctor to us. To help make this chain as strong as possible, we form close relationships with the physicians who lead in their specialty communities. They have much to teach us, and we value every minute we spend in their company. They are part of the commitment we make to the therapeutic and aesthetic categories we support — a commitment that helps us to see patients clearly, as individuals seeking to live fulfilled lives, express themselves and fully experience all the world has to offer.

Us: REACHING FURTHER

Doctor: GETTING CLOSER

Patient: LIVING BETTER

ALLERGAN

Antony Fulford-Smith
Vice President, Medical Affairs, Europe, Africa, Middle East

"Our specialty focus allows us to develop strong relationships with physicians built on mutual trust and a shared understanding of science and the clinical needs and aspirations of patients."

David Charles, M.D.
Fellow, American Academy of Neurology; Associate Professor and Vice-Chairman of Neurology, Education and Development, Vanderbilt University Medical Center

"Working in an academic institution, I'm charged with striving for excellence in patient care, research and education. Allergan has developed a trust and strong relationship with physicians over the course of time by embodying these same three principles, with the end result benefiting patients."

Vernon L. Vincent
Senior Director, Global Professional Education, Allergan Health

"The LAP-BAND® System resulted from a partnership with a talented group of surgeons. This has been a very rewarding collaboration which yielded a simple device that can have such a positive impact on patients' lives."

Jeff W. Allen, M.D.
Site Reviewer for Centers of Excellence, the American College of Surgeons; Director of Bariatric Surgery, University of Louisville

"The best relationship a doctor can have with a company is symbiotic — good for the company and the physicians. Surgeons want the best product available for patients, and Allergan is there for me."

Michele Bennett
Director, Global Strategic Marketing, Allergan Medical

"We encourage our customers to voice their opinions, listen to them and take the appropriate action so we can deliver products and programs to help them address their patients' needs."

Scott L. Spear, M.D., F.A.C.S.
Past President of the American Society of Plastic Surgeons; Chairman, Department of Plastic Surgery, Georgetown University School of Medicine

"Allergan has rapidly expanded relationships with plastic surgeons and provides the promise to be the one company plastic surgeons will be able to turn to for all of their aesthetic medicine needs."

Sandra Friborg
Clinical Project Manager, Dermatology, Research and Development

"When physicians share how our products have positively impacted the quality of life in their patients, it makes me thankful to work in an environment where I can contribute to others' well-being."

Alastair Carruthers, M.D.
President of the American Society for Dermatologic Surgery; Clinical Professor, University of British Columbia

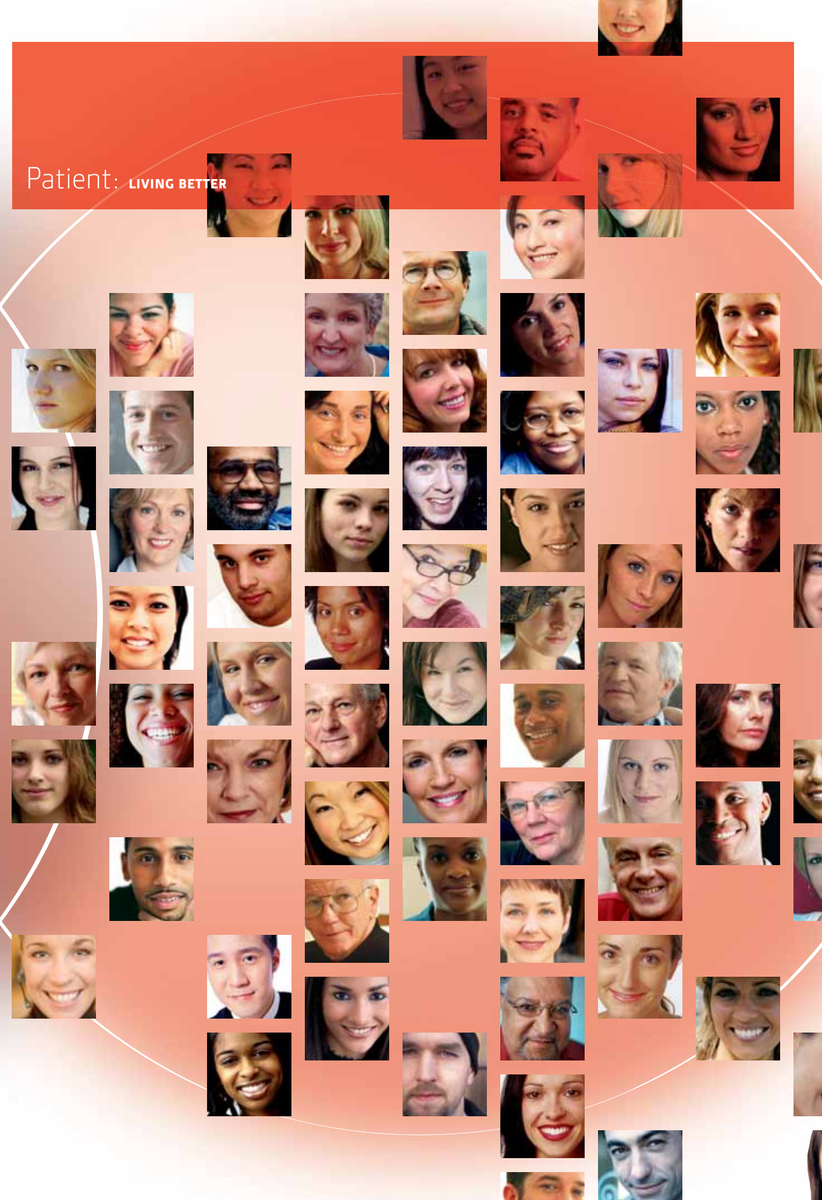
"Allergan upholds a high level of ethics. I know they will deliver the best products, not accept any compromises and continually strive to improve products so I can maintain my trust with patients."

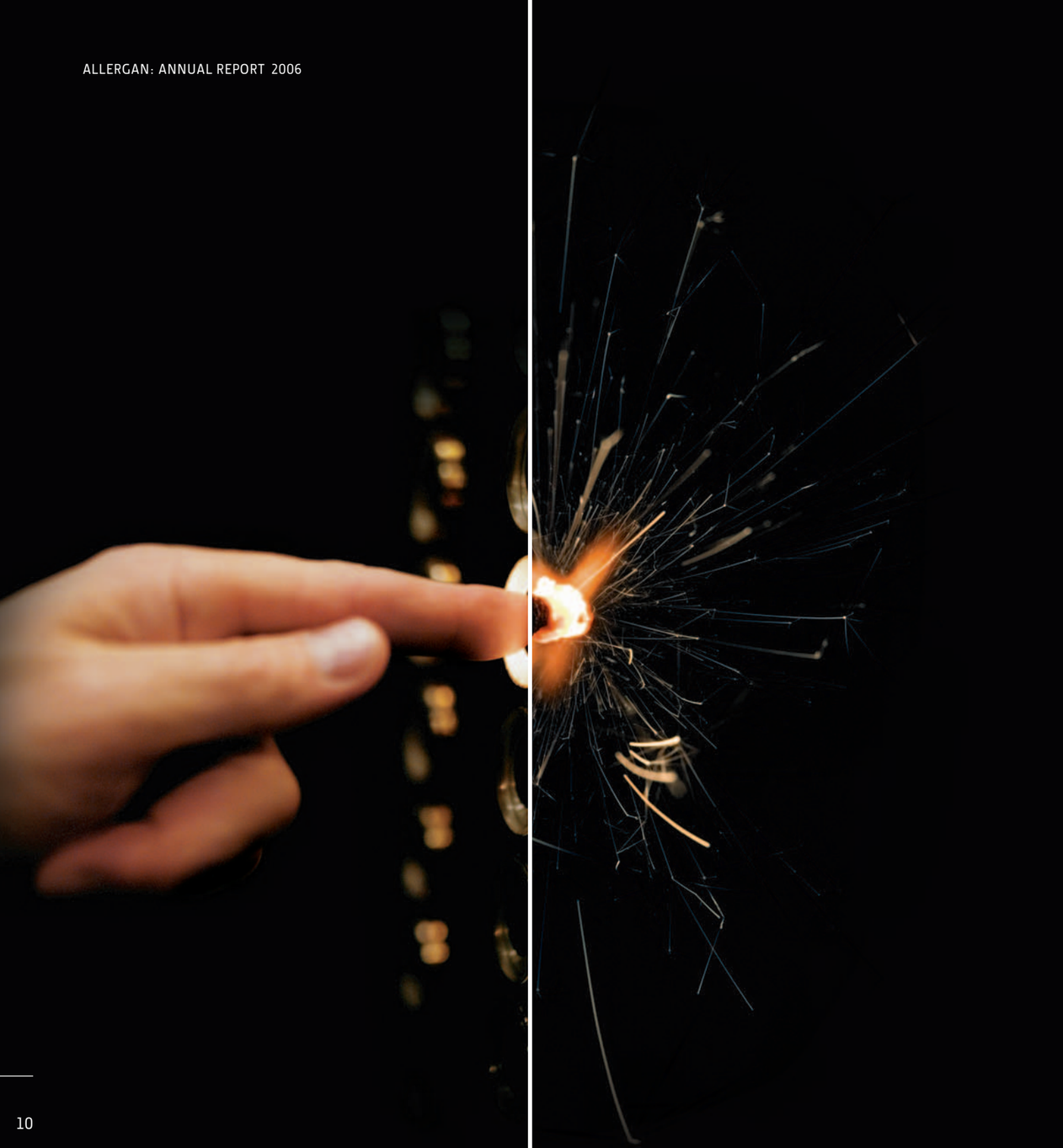
Thava Tarawatanatham
Manager, Sales and Marketing, Eye Care, Asia Pacific

"We work together with our customers to form long-term partnerships that bring value to their practices and patients. The advice and feedback we receive from customers has contributed greatly to our success in Thailand."

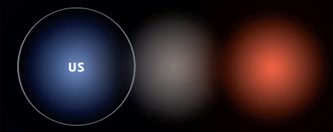
Rubens Belfort, Jr., M.D., Ph.D.
President of the Pan-American Ophthalmological Foundation; President of the 2006 World Congress of Ophthalmology

"Allergan is one of the elite ophthalmic companies in the world. Very few pharmaceutical companies have done as much as Allergan to support education and help patients and ophthalmologists from the developing world."





Quality of Insight



Our business model enables us to pinpoint and pursue strategic opportunities, sparking our growth and expansion.

REACHING FURTHER. COMMITTING MORE. If you were to dedicate yourself to embodying the best of medicine, the first question to ask is: What would the best of medicine look like? From our perspective, it would look like products that make a real difference — lots of them, with the promise and excitement of many more to come. It would look like safety and efficacy on which patients and physicians could unquestioningly depend. It would look like a robust, ongoing dialog with the medical profession's most gifted and committed practitioners and researchers. It would look like new opportunities — identified and then realized —thanks to a combination of nimbleness, resources and the continuous exercise of focus and will. It would look like diverse strengths and activities that set the stage for vigorous discovery and development over the long-term, regardless of market cycles.

It would look like Allergan.

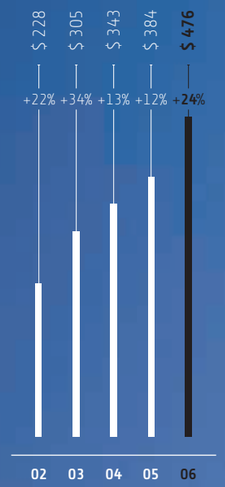
All of these features combine to make Allergan a truly self-reliant organization — large enough to command sufficient resources to create and drive markets, diversified enough to prevail through cyclical change, and small enough for nimble execution.

Not every company can embody the best of medicine, even with the requisite resources and experience. Behind our multi-specialty focus, you will also find a truly distinctive organization with a skilled and proven management team and the highest caliber of employees — an organization characterized by a unique combination of conscientiousness and agility, performance and commitment, innovation and involvement. The best of medicine is not only practiced, but also lived.

At Allergan, we use our unique combination of cultural and business strengths to gain and maintain an unparalleled level of insight into patients' wants and needs — and into the priorities and concerns of the physicians who treat them. The best of medicine is a means to this end: the ability to commit ourselves wholeheartedly to helping patients live life to its fullest potential.

Quality of Insight supports continuing innovation

Allergan focuses on developing novel therapies with the power to advance treatment paradigms. To that end, we make a significant, ongoing investment in Research & Development (R&D). In pursuit of new therapy platforms and indications, we have increased our R&D investment annually over the past several years and developed a robust R&D pipeline to drive both mid- and long-term growth.



R&D EXPENDITURES/GROWTH

(in millions of dollars)
(adjusted for non-GAAP items)

Adjustments to GAAP research and development expense used to calculate research and development expense, adjusted for non-GAAP items, include the following: $579.3 million of in-process research and development expense, $0.2 million of integration and transition costs related to the Inamed acquisition and $0.5 million of transition/duplicate operating expenses in 2006, $1.5 million of transition/duplicate operating expenses and a $3.0 million buy-out of a license agreement in 2005, $458.0 million in-process research and development charge in 2003 related to the acquisition of Bardeen Sciences Company, LLC and Oculex Pharmaceuticals, Inc., and $0.7 million duplicate operating expenses and $4.0 collaboration expense in 2002. GAAP research and development expense was $1,055.5 million, $388.3 million, $342.9 million, $762.6 million and $232.7 million in 2006, 2005, 2004, 2003 and 2002, respectively. GAAP research and development expense growth (decline) was 172%, 13%, (55%), 228% and 2% for 2006, 2005, 2004, 2003, and 2002, respectively.

Research & Development

OPHTHALMOLOGY

Upholding our unwavering commitment to the advancement of eye care, Allergan's robust R&D investment has led us to more branded glaucoma products currently in the global market than any other company and an extensive retinal therapeutics program. Back-of-the-eye diseases, such as macular edema, diabetic retinopathy and age-related macular degeneration, represent a major strategic focus. We are currently investigating POSURDEX® to combat diabetic and non-diabetic macular edema as well as retinal vein occlusion. POSURDEX® involves a novel bioerodable extended-release drug delivery system that can deliver medications to the back of the eye for months following a single intraocular injection. In the battle against glaucoma, we are conducting extensive clinical trials to investigate the potential of an oral compound, memantine, for protection against damage caused by increased pressure on the back of the eye.

NEUROSCIENCES

Building on our leadership in botulinum toxin research, we are currently investigating new potential uses for BOTOX®, including chronic migraine and post-stroke spasticity. We are also focused on the development of a next-generation neuromodulator with more selective action for pain management and spasticity treatment. Beyond BOTOX®, clinical trials are underway to investigate a unique class of alpha adrenergic agonists for neuropathic pain.

MEDICAL AESTHETICS

Allergan has built upon the heritage established by BOTOX® Cosmetic to create a leading medical aesthetics franchise uniquely positioned to meet the growing demand for safe and effective approaches to maintaining a healthy and youthful appearance, self-image and ability for self-expression. Unique in our dedication to every segment of medical aesthetics, we are committed to the Science of Medical Aesthetics™ — to developing and delivering innovative, high-quality, science-based solutions and experiences to enhance people's lives. To date, we have achieved significant momentum with the FDA's 2006 approval of JUVÉDERM™ dermal fillers as well as the 2006 approval of our INAMED® line of silicone gel-filled breast implants by Health Canada and the FDA. Currently under review by the FDA, and approved in Canada, is our INAMED® Style 410 matrix, the next innovation in breast implant technology, utilizing a highly-cohesive silicone gel that allows the breast implant to closely mimic the dimensions of the natural breast. Looking ahead, there is a need for an even greater range of treatment techniques, procedures and products, and our goal is to surround our customers with innovative products and services that exceed their expectations.

MEDICAL DERMATOLOGY

Currently, our R&D investment is focused on additional dermatological indications for BOTOX® neurotoxin. Building on its approved use for primary axillary hyperhidrosis (severe underarm sweating), we plan to initiate Phase III clinical trials for the use of BOTOX® to treat palmar hyperhidrosis (excessive sweating of hands or palms). These initiatives add to the strong foundation we have established around tazarotene, a retinoid approved for the treatment of acne and psoriasis in the United States under the brand name TAZORAC®.

GASTROENTEROLOGY/OBESITY INTERVENTION

Allergan continues to invest in our gastroenterology and obesity intervention R&D pipeline. We are currently in Phase II clinical trials for a new proton pump inhibitor pro-drug to treat gastrointestinal disease. Recognizing the serious consequences of the obesity epidemic, our current products include the LAP-BAND® Adjustable Gastric Banding System, currently the only minimally-invasive surgical approach to treating obesity in the United States, and the BIB™ *BioEnterics*® Intragastric Balloon, a non-surgical alternative for the treatment of obesity approved broadly outside of the United States. To expand our portfolio, we are actively pursuing the development and commercialization of next-generation products and technologies to provide further high-quality, healthy and less traumatic long-term weight-loss solutions.

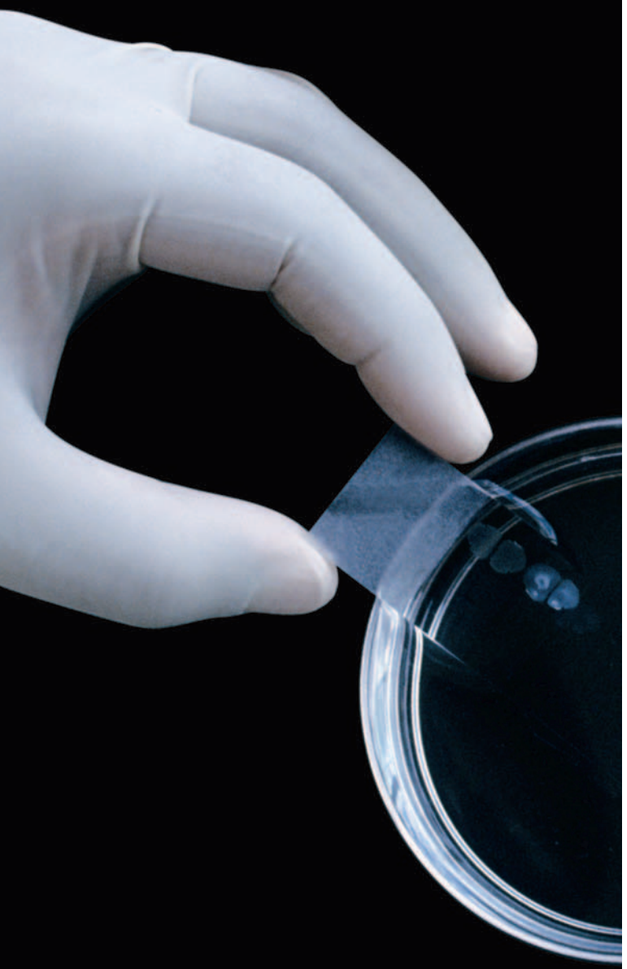
UROLOGY

Allergan is presently conducting Phase III clinical trials to study the potential application of BOTOX® neurotoxin to treat neurogenic overactive bladder (OAB) associated with spinal cord and nervous system disorders, and we are conducting Phase II clinical trials of BOTOX® to treat idiopathic OAB, which is estimated to affect between 13-33 million people in the United States alone.[1] Additionally, we are investigating BOTOX® for the treatment of benign prostatic hyperplasia (BPH), a non-cancerous growth of the prostate that can interfere with urination and is one of the most common diseases affecting men.

[1] The Public Health Implications of Urogenital Disease. *Clinician* 2003;21(4). Office of Women's Health, U.S. Department of Health and Human Services.

Research & Development Pipeline

PRODUCT	INDICATION	R&D ALLIANCES	PRE-CLINICAL	PHASE I	PHASE II	PHASE III	REVIEW
OPHTHALMOLOGY							
COMBIGAN™	Glaucoma (IOP)	—	•	•	•	•	• U.S.
LUMIGAN®/Timolol	Glaucoma (IOP)	—	•	•	•	•	• U.S.
LUMIGAN® X	Glaucoma (IOP)	—	•	•	•	•	
Memantine Oral	Glaucoma	—	•	•	•	•	
POSURDEX®	Retinal Vein Occlusion	—	•	•	•	•	
POSURDEX®	Diabetic Macular Edema	—	•	•	•	•	
Triamcinolone	Diabetic Retinopathy	—	•	•	•	•	
Triamcinolone	Retinal Vein Occlusion	—	•	•	•	•	
Androgen Tear	Ocular Surface Disease	Schepens Eye Research Institute	•	•	•		
Sirna 027	Age-Related Macular Degeneration	Sirna Therapeutics	•	•	•		
Diquafosol	Dry Eye	Inspire Pharmaceuticals	•	•	•	•	• U.S.
NEUROSCIENCES							
BOTOX®	Chronic Migraine	—	•	•	•	•	
BOTOX®	Spasticity Upper Limb	—	•	•	•	• U.S.	
Alpha Agonist	Neuropathic Pain	Acadia Pharmaceuticals	•	•	•		
MEDICAL AESTHETICS							
BOTOX®	Facial Aesthetics-Glabellar Lines	GlaxoSmithKline	•	•	•	•	• Japan
Silicone Breast Implant — Cohesive Silicone Gel Matrix (style 410)	Breast Augmentation & Reconstruction	—	•	•	•	•	• U.S.
MEDICAL DERMATOLOGY							
BOTOX®	Palmar Hyperhidrosis	—	•	•	•	•	
GASTROENTEROLOGY							
Pro-Omeprazole	GERD and Erosive Esophagitis	Winston Pharmaceuticals	•	•	•		
Proton Pump Inhibitor (PPI)	Gastrointestinal Disease	Winston Pharmaceuticals	•	•	•		
UROLOGY							
BOTOX®	Overactive Bladder — Neurogenic	—	•	•	•	•	
BOTOX®	Overactive Bladder — Idiopathic	—	•	•	•		
BOTOX®	Benign Prostatic Hyperplasia	—	•	•	•		



Quality of Listening

We foster strong ties with physicians to optimize patient outcomes and extend market opportunities where the need for effective treatment is the greatest.

COMMITTING MORE. GETTING CLOSER. At Allergan, bringing the best of medicine to the forefront of patient care entails a commitment to interaction and involvement: Listening to physicians and addressing patients' needs. We work diligently to make sure we are providing the tools and channels to keep this ongoing effort as dynamic and direct as possible.

Underlying our commitment is a drive to help physicians improve patient outcomes. We pursue this goal through dedicated, ongoing training, medical education support, publications and studies, and hands-on workshops by experts. One of the unique attributes of BOTOX®, for example, lies in the technique-sensitive nature of the procedure. We engage in a true partnership, with a commitment to extensive consultation and hands-on training, to enhance the practitioner's ability to inject BOTOX® with the utmost skill for optimal therapeutic or aesthetic results.

In every practice area we serve, from eye care to obesity intervention, Allergan is committed to helping physicians enhance their communications with patients by providing educational support and programs to heighten awareness and understanding of treatment options.

Our commitment to communications and support links to our role as market creators. We must work in close partnership to make sure that our products, which often advance treatment paradigms, are skillfully used by physicians on the front line and readily accepted by patients.

Staying close to physicians is more than an integral part of our business model, it is part of our heritage — a core competency we have fostered from the very beginning. Today, we are bringing the practices we first established in eye care — hallmarks of a trusted, interested and highly-ethical company — to new areas of medicine.

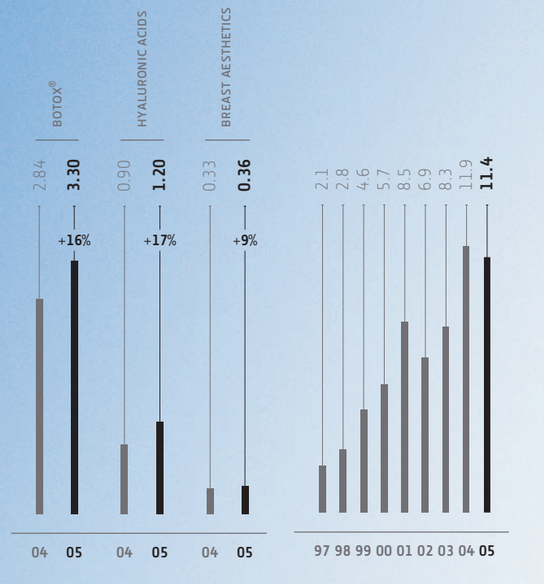
OVERVIEW OF BUSINESS SECTORS: 2006 sales = approximately $3.0 billion

Ophthalmology 50%	Medical Aesthetics** 8%
BOTOX® Therapeutic 17% *	Health 5%
BOTOX® Cosmetic 16%*	Dermatology 4%

* Breakout between therapeutic and cosmetic BOTOX® sales is based on management estimates.
** Includes Breast & Facial Aesthetics product sales, and excludes BOTOX® Cosmetic.

Quality of Listening
builds on commitment to specialty areas

Our active engagement with front-line physicians is key to our ability to operate successfully across a number of categories. As we have built outward from our most tenured businesses, the physicians we have deep and longstanding relationships with know how we maintain our focus on their needs and issues. Those with whom we have more recently begun to interact are seeing how we uphold our commitment to the specialties we serve.



ASAPS DATA ON COSMETIC PROCEDURES*
(in millions)

GROWTH IN SURGICAL & NON-SURGICAL PROCEDURES*

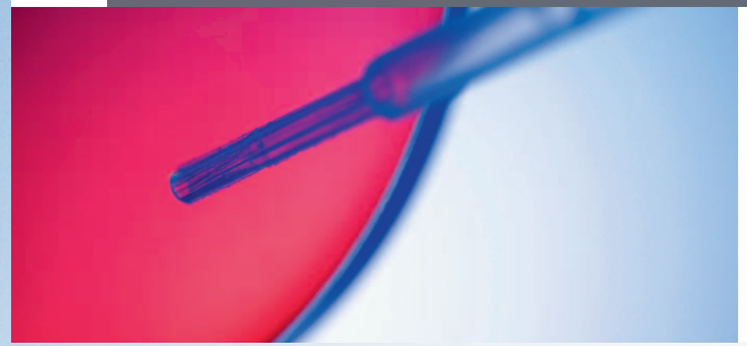
*The American Society for Aesthetic Plastic Surgery (ASAPS) 2005 Cosmetic Surgery National Data Bank.

Specialty Areas

1 PHARMACEUTICALS & BIOLOGICS

Ophthalmology, Neurosciences, Medical Dermatology

Ongoing leadership validated by continued rapid growth



Building on our heritage in ophthalmology, our unwavering commitment to advancing eye care treatments and the growth of our products such as LUMIGAN® ophthalmic solution (the third-largest glaucoma drug in the world by value[1]) and RESTASIS® ophthalmic emulsion, 2006 was our fifth-consecutive year as the fastest-growing global eye care pharmaceutical company (excluding retinal therapeutics, a segment in which Allergan's R&D candidates have not yet been commercialized).[1] In the third quarter of 2006, we narrowly surpassed Pfizer to become the second-largest ophthalmic company worldwide.[1] Our increases in R&D investments in ophthalmology have led to Allergan having more branded glaucoma products in the global market than any other company and an extensive retinal therapeutic research and development program.

In 2006, Allergan enjoyed strong growth across our therapeutic segments and saw continued share gains in our U.S. dermatology unit where our TAZORAC® product was the only branded topical retinoid to gain treatment market share in the dermatology channel.[2] Without question, our BOTOX® franchise provides us with an exceptional opportunity to demonstrate our ability to derive maximum therapeutic benefit from a single technology platform. With the continued successful addition of new indications, we believe the estimated global market potential for therapeutic uses of BOTOX® neurotoxin in the areas of dermatology, neurology, gastroenterology and urology to be between $1.9 and $2.6 billion, up by some $150 million from just two years ago.[3]

(1) Intercontinental Medical Statistics (IMS): 48 countries roll-up, Q3 2006, in constant exchange for the trailing 12 months, as of September 2006.
(2) Verispan VONA. MAT. December 2006.
(3) Allergan market estimate.

2 OBESITY INTERVENTION

Providing a promising, minimally-invasive alternative to invasive surgery

Allergan has joined the effort to fight the obesity epidemic with the LAP-BAND® System and the BIB™ System (approved broadly around the world although not currently available in the United States). Worldwide, approximately 1.6 billion adults are overweight, and it is estimated that obesity affects at least 400 million adults.[1] By the year 2015, the World Health Organization estimates that approximately 2.3 billion adults globally will be overweight and more than 700 million will be obese.[2] In the United States alone, obesity affects more than 60 million individuals, of whom 11.5 million are candidates for bariatric surgery.[3] Many of these individuals may find gastric bands to be a highly-effective yet minimally-invasive alternative to gastric bypass surgery.

It is projected that the number of bariatric surgeries in the United States will reach approximately 400,000 annually by 2010 with the LAP-BAND® System being one of the fastest-growing procedures in the United States.[4] In fact, the LAP-BAND® System is currently the only FDA-approved adjustable implant device for individualized weight loss as well as a leading bariatric procedure worldwide, having been implanted in more than 250,000 patients.

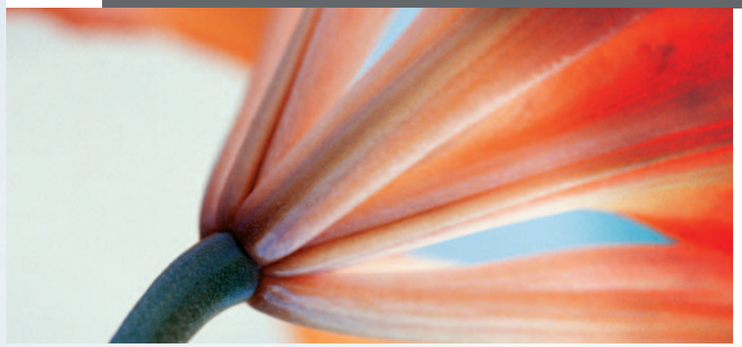
Recognizing the serious, immediate and long-term consequences of the obesity epidemic, we are actively pursuing the development and commercialization of next-generation products and technologies that can satisfy the unmet medical needs of obese patients around the world and help them realize their goals for healthy living and wellness.

(1) World Health Organization (WHO) Web site. Accessed Feb. 9, 2007. WHO projections of adults (15+) who were overweight or obese in 2005.
(2) World Health Organization (WHO) Web site. Accessed Feb. 9, 2007. WHO projections for adults (15+).
(3) NIH, 2005; Merrill Lynch, May 2006; Monitor Group.
(4) JP Morgan Analyst Report, October 2005, Monitor Group 2006.

3 MEDICAL AESTHETICS

Facial Aesthetics, Breast Aesthetics

Providing a complete aesthetic **TOTAL REJUVENATION™** portfolio worldwide



Allergan is unique in our dedication to every segment of the aesthetic medicine marketplace. In line with this dedication, we intend to license additional technologies and develop next-generation products in the areas of dermal fillers, breast aesthetics, cosmeceuticals and botulinum toxin for aesthetic applications.

In 2006, with the FDA approval of our JUVÉDERM™ line of dermal fillers, a key asset we obtained in connection with the Inamed acquisition, we launched our TOTAL FACIAL REJUVENATION™ product portfolio to physicians and patients. Together with BOTOX® Cosmetic and an array of other dermal fillers, such as collagen-based COSMODERM®, and physician-dispensed skin care treatments, including PREVAGE® MD anti-aging treatment and M.D. FORTE®, Allergan now offers a comprehensive rejuvenation package.

The 2006 Health Canada and FDA approval of Allergan's INAMED® Silicone-Filled Breast Implants further expands our TOTAL REJUVENATION™ offering and complements our portfolio of saline-filled breast implants. For more than 25 years, silicone gel-filled breast implants have been available to women in more than 60 countries outside the United States and Canada for both breast augmentation and reconstruction, with 90 percent of women choosing silicone gel-filled breast implants over saline-filled breast implants where both options are widely available.[1] Allergan's INAMED® Silicone-Filled Breast Implants are an important new option for women seeking breast augmentation, reconstruction and revision surgery, and the data and science is the most extensive for any area of medical devices and validates their safety and long-term performance.

(1) Allergan internal estimate based on market sales.

Quality of Life

Together with the doctors we serve, we understand patients as individuals and strive to enable their health, freedom and growth.

GETTING CLOSER. LIVING BETTER. From making a significant difference in how certain conditions progress to enabling patients to realize their desired self-image, Allergan's products serve many purposes. All, however, strive to achieve a single, overarching purpose: To empower people to live life to its full potential. But what, exactly, is full potential, and what kind of difference can a treatment make? The answers to these questions are not fixed and preset. They involve an understanding of the life each person leads, and the expectations each patient brings.

The effectiveness of our products calls for a level of patient knowledge that goes well beyond what statistical readouts alone might indicate. Consider RESTASIS® ophthalmic emulsion, Allergan's treatment for chronic dry eye disease. While the condition can cause great discomfort, and may even progress to more serious problems, patients often fail to mention it to their doctors. In creating the market for RESTASIS®, therefore, we knew that introducing an awareness of the underlying cause of the condition to both physicians and patients would encourage a dialog between them that could lead to a successful treatment outcome.

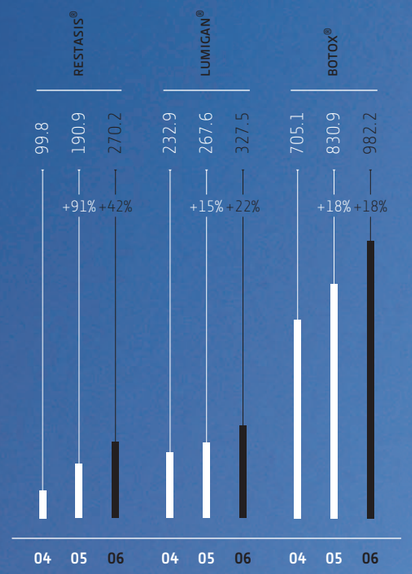
Another example of the vital role patient engagement can play in ensuring proper treatment and optimal outcome is with the administration of BOTOX® therapy to a patient with cervical dystonia — or BOTOX® Cosmetic to a patient with "frown lines" between the brows. By understanding where range of movement is compromised with cervical dystonia — or to what degree a person wants to look rejuvenated, practitioners can tailor their technique accordingly for results that are optimal for each individual.

Enhancing quality of life goes beyond knowing the specific nature of a condition: It involves knowing what matters most to the patient. For some, a key goal might be returning to work. For others, it might be regaining a sense of self-confidence or a more youthful appearance. And for others, it might be as simple as driving the children to school, shopping for groceries, or returning in a hundred other little ways to a welcome routine.

In a world where quality of life is a vital concern, successful outcomes depend on knowing precisely what quality of life means to each individual. The best of medicine begins with this awareness every day.

Quality of Life
is enhanced by products that make a real difference

Allergan's products affect the way people feel and function every day. Our success depends on continually finding new and better ways to help individuals perform, participate in and enjoy life confidently, comfortably and without compromise.



KEY PRODUCT GROWTH
(in millions)

Marketed Portfolio

1 OPHTHALMOLOGY

MARKET OPPORTUNITY GROWTH FACTS

- The market for ophthalmics (eye care pharmaceuticals and over-the-counter eye care products) is approximately $9.4 billion and is growing at a rate of approximately 7 percent per annum.[1]
  - > Allergan's market share in ophthalmics is approximately 16 percent.[1]
- For the fifth consecutive year, Allergan is the fastest-growing global eye care company (excluding retinal therapeutics, where Allergan's R&D candidates have not yet been commercialized).[1]
- Allergan has the world's largest ophthalmic sales force (excluding Japan).

DRY EYE

OPTIVE™ LUBRICANT EYE DROPS The newest addition to Allergan's dry eye portfolio, OPTIVE™ is a next-generation artificial tear with an advanced dual-action formula that works both on the ocular surface and at the cellular level to provide long-lasting relief from dry eye symptoms.

REFRESH® ARTIFICIAL TEARS The number-one selling brand of artificial tear products worldwide,[1] the REFRESH® line offers a variety of products to relieve dry eye symptoms. Products include: REFRESH TEARS®, REFRESH® CELLUVISC®, REFRESH CONTACTS®, REFRESH DRY EYE THERAPY®, REFRESH ENDURA®, REFRESH LIQUIGEL®, REFRESH PLUS® and REFRESH P.M.® Other products marketed throughout the world include the lubricants LIQUIFILM®, CELLUFRESH® and LACRI-LUBE®.

RELIEF® REDNESS RELIEVER AND LUBRICANT EYE DROPS RELIEF® eye drops quickly remove redness due to dust, smoke and other pollutants and provide protection against further irritation from wind and sun.

RESTASIS® (CYCLOSPORINE OPHTHALMIC EMULSION) 0.05% Approved by the FDA in 2002, RESTASIS® is the first and currently the only prescription eye drop approved to increase tear production in cases where it may be reduced by inflammation due to chronic dry eye. RESTASIS® is the only therapeutic option that goes beyond providing temporary relief and treats an underlying cause of chronic dry eye.

GLAUCOMA

ALPHAGAN® (BRIMONIDINE TARTRATE OPHTHALMIC SOLUTION) 0.2% As the first alpha-2 agonist approved for the long-term treatment of intraocular pressure in patients with glaucoma and ocular hypertension, the ALPHAGAN® franchise has been a leading therapy for reducing intraocular pressure in patients safely and effectively for 10 years.

ALPHAGAN® P (BRIMONIDINE TARTRATE OPHTHALMIC SOLUTION) 0.15% AND 0.1% ALPHAGAN® P 0.15% and ALPHAGAN® P 0.1% are indicated for lowering of intraocular pressure in patients with open-angle glaucoma and ocular hypertension, and are improved formulations of ALPHAGAN® developed to further minimize drug exposure while maintaining the drug's favorable efficacy profile. The ALPHAGAN® P franchise is the number one branded single-agent adjunct to a lipid in the United States.[2]

COMBIGAN™ (BRIMONIDINE TARTRATE/TIMOLOL OPHTHALMIC SOLUTION) This ALPHAGAN® and timolol combination product is indicated for the reduction of intraocular pressure in patients with chronic open-angle glaucoma or ocular hypertension who are insufficiently responsive to topical beta-blockers. COMBIGAN™ is currently under FDA review in the United States and approved in all member states of the European Union, Canada, Australia, Brazil, Mexico and Argentina.

GANFORT™ (BIMATOPROST/TIMOLOL OPHTHALMIC SOLUTION) GANFORT™ is a LUMIGAN® and timolol combination product approved by the European Commission and indicated for the reduction of intraocular pressure in patients with open-angle glaucoma or ocular hypertension who are insufficiently responsive to topical beta-blockers or prostaglandin analogues. GANFORT™ is currently under review in the United States.

LUMIGAN® (BIMATOPROST OPHTHALMIC SOLUTION) 0.03% LUMIGAN® is indicated for the reduction of elevated intraocular pressure in patients with open-angle glaucoma or ocular hypertension. LUMIGAN® is the third-largest glaucoma drug in the world by value.[1]

EXTERNAL DISEASES (OCULAR INFECTION, INFLAMMATION AND ALLERGY)

ACULAR® (KETOROLAC TROMETHAMINE OPHTHALMIC SOLUTION) 0.5% A non-steroidal anti-inflammatory (NSAID), ACULAR® is indicated for the treatment of post-operative inflammation in patients who have undergone cataract extraction and the temporary relief of ocular itching due to seasonal allergic conjunctivitis. ACULAR® products are the leading NSAIDs sold worldwide.[1]

ACULAR LS® (KETOROLAC TROMETHAMINE OPHTHALMIC SOLUTION) 0.4% ACULAR LS® is the number-one prescribed non-steroidal anti-inflammatory by U.S. ophthalmologists[3] and is indicated to reduce burning and stinging following corneal refractive surgery.

ALOCRIL® (NEDOCROMIL SODIUM) 2% A fast-acting mast cell stabilizer, ALOCRIL® is approved to treat itching associated with ocular allergy.

ELESTAT® / RELESTAT® / PURIVIST® (EPINASTINE HCL OPHTHALMIC SOLUTION) 0.05% A topical antihistamine with mast cell stabilizing activity, ELESTAT®/RELESTAT®/PURIVIST® is indicated for the prevention of itching associated with allergic conjunctivitis. ELESTAT® is co-promoted in the United States by Allergan and Inspire Pharmaceuticals.

OCUFLOX® (FLUOROQUINOLONE OFLOXACIN OPHTHALMIC SOLUTION) 0.3% Marketed as EXOCIN® in Europe and OFLOX® in Latin America, OCUFLOX® is indicated for use in bacterial conjunctivitis and corneal ulcers due to susceptible bacteria.

PRED FORTE® (PREDNISOLONE ACETATE) 1% PRED FORTE® is a topical anti-inflammatory agent for ophthalmic use.

ZYMAR® (GATIFLOXACIN OPHTHALMIC SOLUTION) 0.3% The first FDA-approved fourth-generation topical fluoroquinolone indicated for the treatment of bacterial conjunctivitis due to susceptible bacteria, ZYMAR® is the number-one prescribed fluoroquinolone among U.S. ophthalmologists.[3]

(1) Intercontinental Medical Statistics (IMS): 48 countries roll-up, Q3 2006, in constant exchange for the trailing 12 months, as of September 2006.
(2) Vector One®: National (VONA) from Verispan; October 2006 – December 2006.
(3) Vector One®: National (VONA) from Verispan; January 2006 – December 2006.

2 NEUROSCIENCES

MARKET OPPORTUNITY GROWTH FACTS

- The size of the top-ten markets for neuromodulators is approximately $920 million, and these markets are growing at a rate of approximately 17 percent per annum.[1]
  - > Allergan's market share in the top-ten neuromodulator markets is approximately 91 percent.[1]
- The worldwide market for neuromodulators is approximately $1.15 billion, growing at a rate of approximately 20 percent.[1]
  - > Allergan's market share in the worldwide neuromodulator market is approximately 85 percent.[1]

BOTOX® (BOTULINUM TOXIN TYPE A) The clinical use of BOTOX® is the result of more than 100 years of study into botulinum neurotoxins. Although BOTOX® is the most studied brand of botulinum toxin, our investigations into its basic scientific and clinical properties continue. More than one million patients worldwide have been treated therapeutically with BOTOX® over the course of approximately 18 years, and Allergan continues to honor its commitment to these patients through provision of a quality product, patient and physician education, and pursuit of novel neurotoxin-based therapeutics. Approved therapeutic indications for BOTOX® in the United States include:

- cervical dystonia (painful neck spasm)
- severe primary axillary hyperhidrosis (underarm sweating) inadequately managed with topical agents
- blepharospasm (uncontrollable blinking)
- strabismus (crossed eyes)

In addition to the U.S. indications, BOTOX® is approved in more than 75 countries for up to 20 unique indications including:

- Adult post-stroke spasticity
- Anal fissure
- Back pain
- Bruxism
- Essential tremor
- Headache
- Hemifacial spasm
- Hyperkinetic facial lines
- Juvenile cerebral palsy
- Multiple sclerosis
- Myoclonic disorders
- Nasal labial lines and upper facial lines
- Overactive bladder
- Spasmodic dysphonia
- VII nerve disorder

(1) Allergan market estimates.

Marketed Portfolio

3 MEDICAL AESTHETICS

MARKET OPPORTUNITY GROWTH FACTS

- Medical aesthetics is among the fastest-growing sectors in the health care arena.
- For the fourth consecutive year, BOTOX® Cosmetic is the number-one in-office aesthetic procedure conducted in the United States.[1]
- The worldwide market for dermal fillers is approximately $480 million and is growing at a rate of approximately 19 percent per annum.[2]
  - > Allergan's market share in dermal fillers is approximately 19 percent with the acquisition of Groupe Cornéal Laboratoires in January 2007.[2] The launch of JUVÉDERM™ in the United States, along with increased product choice and heightened consumer awareness, provides promise for robust market expansion.
- The worldwide market for breast aesthetics is approximately $600 million and is growing at a rate of approximately 4 percent.[2]
  - > Allergan's worldwide market share in breast aesthetics is approximately 38 percent.[2]

BREAST AESTHETICS

Allergan markets a broad, comprehensive portfolio of breast implant and tissue expander products that include saline-filled and silicone gel-filled breast implants. In 2006, the FDA and Health Canada approved Allergan's INAMED® Silicone-Filled Breast Implants for use in breast augmentation, reconstruction and revision surgery. The innovative INAMED® Style 410 matrix is the next innovation in breast implant technology, utilizing a highly-cohesive silicone gel that allows the breast implant to closely mimic the dimensions of the natural breast and has an innovative implant design that helps meet patient needs. The INAMED® Style 410 matrix is currently under review in the United States and is sold in Canada, Europe, the Middle East, Northern Africa, Latin America, Australia, New Zealand and Asia.

FACIAL AESTHETICS

BOTOX® COSMETIC / VISTABEL® / VISTABEX® (BOTULINUM TOXIN TYPE A) BOTOX® Cosmetic is indicated for temporary improvement in the appearance of moderate to severe glabellar lines (vertical "frown lines" between the brows) in adult men and women ages 65 and younger. In 2005, BOTOX® Cosmetic ranked as the top non-surgical aesthetic procedure according to the American Society for Aesthetic Plastic Surgery.

CAPTIQUE® CAPTIQUE® is a non-animal stabilized hyaluronic acid dermal filler approved by the FDA for the correction of moderate to severe facial wrinkles. Hyaluronic acid is a natural sugar found in all living cells that attracts and binds water, hydrating the skin and giving it volume. CAPTIQUE® is currently available only in the United States.

COSMODERM® 1, COSMODERM® 2 AND COSMOPLAST® The first FDA-approved dermal fillers not to require a pre-treatment skin test and the only fillers that contain collagen purified from human dermal tissue processed under controlled laboratory conditions approved by the FDA for the correction of fine lines and the restoration of the lip border. COSMODERM® and COSMOPLAST® are marketed in the United States, Canada and certain countries in Europe, Asia Pacific and Latin America to restore skin structure by replenishing collagen lost with time, exposure to sunlight and other factors.

HYLAFORM®, HYLAFORM® PLUS AND HYLAFORM® FINELINE Adding volume to skin by mimicking the hyaluronic acid that is naturally present within skin, the HYLAFORM® line provides immediate results without the need for a pre-treatment skin test. The HYLAFORM® family of products is marketed in the United States, Canada, certain other countries in Asia Pacific, Latin America and Europe. HYLAFORM® FINELINE is not currently approved in the United States.

JUVÉDERM™ / HYDRAFILL™ Approved in the United States in 2006, the JUVÉDERM™ dermal filler product line offers a full range of products based on non-animal, cross-linked, homogenous gel hyaluronic acid-based products in Canada and the United States, as well as the European Union where the product is marketed under the brand name HYDRAFILL™ and HYDRAFILL™ SOFTLINE. The JUVÉDERM™ dermal filler family of products provides physicians with the flexibility to tailor each treatment to a patient's particular needs. JUVÉDERM™ ULTRA is a highly cross-linked formulation for more versatility in contouring and volumizing facial wrinkles and folds; and JUVÉDERM™ ULTRA PLUS is a more highly cross-linked, robust formulation for volumizing and correction of deeper folds and wrinkles. With the acquisition of Groupe Cornéal Laboratoires in January 2007, we also market a range of dermal fillers under the brand name SURGIDERM® and VOLUMA SURGIDERM®.

ZYDERM® 1, ZYDERM® 2, AND ZYPLAST® ZYDERM® and ZYPLAST® injectable collagen fillers are used for smoothing facial lines, wrinkles and scars and in providing lip border definition. ZYDERM® and ZYPLAST® are available in the United States, Canada and certain countries in Asia Pacific, Latin America and Europe.

(1) The American Society for Aesthetic Plastic Surgery (ASAPS) 2005 Cosmetic Surgery National Data Bank.
(2) Mixture of Public Information (Earnings Releases, 10Ks, 10Qs), Allergan Internal Data, Syndicated Marketing Research Reports, Analyst Reports, Internet Searches, Competitive Intelligence, etc. for 12 months ending September 2006.

4 MEDICAL DERMATOLOGY

MARKET OPPORTUNITY GROWTH FACTS

- The U.S. topical market for acne and psoriasis is approximately $1.6 billion and growing at a rate of approximately 5 percent per annum.[1]
  - > Allergan's market share in the U.S. acne/psoriasis market is approximately 7 percent.[1]
- An estimated 17 million Americans suffer from acne.[2]
- An estimated 5.5 million Americans suffer from psoriasis.[3]

AVAGE® (TAZAROTENE CREAM) 0.1% Proven to significantly reduce some of the specific signs associated with overexposure to the sun, AVAGE® is approved and available in the United States as an adjunctive agent in the topical treatment of facial fine wrinkling, mottled hypo- and hyper-pigmentation (blotchy skin discoloration), and benign facial lentigines (flat patches of skin discoloration) in patients using a comprehensive skin care and sunlight avoidance program.

AZELEX® (AZELAIC ACID CREAM) 20% A mild emollient and moisturizing treatment indicated for mild to moderate acne, AZELEX® may be used under make-up, moisturizers, sunscreens and other topical medications and is available in the United States.

FLUOROPLEX® (FLUOROURACIL) 1% **TOPICAL CREAM** Available in the United States, FLUOROPLEX® is indicated for the treatment of certain skin problems such as actinic (solar) keratoses (small red or skin-colored growths that appear as a result of overexposure to the sun).

M.D. FORTE® A physician-dispensed line of aesthetic skin care products containing alpha hydroxy acids, M.D. FORTE® helps to reduce the appearance of fine facial lines and wrinkles.

PREVAGE® MD PREVAGE® MD anti-aging treatment contains idebenone 1%, scientifically shown to be the most powerful antioxidant available in a skin care product today.[4] PREVAGE® MD protects the skin from environmental stressors known to cause skin aging including UV light, air pollution, ozone and cigarette smoke. The antioxidative power of PREVAGE® MD anti-aging treatment has been shown to reduce the appearance of fine lines and wrinkles, as well as skin roughness and dryness, and to even skin tone to restore youthful-looking skin.[4]

TAZORAC® GEL / ZORAC® GEL (TAZAROTENE GEL) 0.05% & 0.1% AND **TAZORAC® CREAM** (TAZAROTENE CREAM) 0.05% & 0.1% Available in the United States and Canada, these products are a topical receptor-selective retinoid approved for the treatment of psoriasis.

TAZORAC® GEL / ZORAC® GEL (TAZAROTENE GEL) 0.1% AND **TAZORAC® CREAM** (TAZAROTENE CREAM) 0.1% A topical receptor-selective retinoid approved for the treatment of acne, this product line is available in the United States and Canada.

(1) Intercontinental Medical Statistics (IMS): U.S. only, Q3 2006 for the trailing 12 months, as of September 2006.
(2) National Institute of Health, 2002.
(3) National Institute of Allergy and Infectious Diseases, 2001.
(4) McDaniel DH, Neudecker BA, DiNardo JC, Lewis JA II, Maibach HI. Clinical Efficacy Assessment in Photo Damaged Skin of 0.5% and 1.0% Idebenone. *J Cosm Derm.* 2005; 4:167-173.

5 OBESITY INTERVENTION PRODUCTS

MARKET OPPORTUNITY GROWTH FACTS

- Obesity is a growing epidemic. Worldwide, approximately 1.6 billion adults are overweight, and it is estimated that obesity affects at least 400 million adults.[1]
- By the year 2015, the World Health Organization estimates that approximately 2.3 billion adults will be overweight and more than 700 million will be obese.[2]
- From 1980 to 2000, the percentage of obese people (BMI>30) in the U.S. population has more than doubled from 14.4 percent to 30.5 percent.[3]
- Approximately 127 million adults in the United States are overweight, 60 million are obese, and 9 million are severely obese.[4]
- The worldwide bariatric surgery market for gastric band and gastric systems is approximately $190 million and growing at a rate of approximately 35 percent per annum.[5]
  - > Allergan's market share is approximately 85 percent.[5]

BIB™ *BIOENTERICS®* INTRAGASTRIC BALLOON The BIB™ System is a non-surgical alternative for the treatment of obesity. Made of durable, elastic, high-quality silicone, the BIB™ Intragastric Balloon is endoscopically placed and inflated with saline solution, partially filling the stomach to induce the feeling of fullness and support patients in reducing food intake. The BIB™ System is approved broadly in all continents around the world; it is not currently available in the United States.

LAP-BAND® ADJUSTABLE GASTRIC BANDING SYSTEM The LAP-BAND® System is currently the only device for minimally-invasive surgery to treat obesity that is approved in the United States. The LAP-BAND® System helps achieve sustained weight loss by placing an adjustable band around the upper part of the stomach to reduce its capacity. In use internationally since 1993, the LAP-BAND® System is the preferred standard of care versus gastric bypass in Australia and Europe.[4]

(1) World Health Organization (WHO) Web site. Accessed Feb. 9, 2007. WHO projections of adults (15+) who were overweight or obese in 2005.
(2) World Health Organization (WHO) Web site. Accessed Feb. 9, 2007. WHO projections for adults (15+).
(3) M.S. Parikh, M.D. Laparoscopic Bariatric Surgery in Super-obese Patients (BMI>50) is Safe and Effective: A Review of 332 Patients. *Obesity Surgery*, 2005;15: 858-863.
(4) CDC, National Center for Health Statistics, National Health and Nutrition Examination Survey. Health, United States, 2002. Flegal et. al. *JAMA*. 2002;288:1723-7. NIH, National Heart, Lung, and Blood Institute, Clinical Guidelines on the Identification, Evaluation and Treatment of Overweight and Obesity in Adults, 1998.
(5) Mixture of Public Information (Earnings Releases, 10Ks, 10Qs), Allergan Internal Data, Syndicated Marketing Research Reports, Analyst Reports, Internet Searches, Competitive Intelligence, etc. for 12 months ending September 2006.

Board of Directors

From left to right:

Russell T. Ray
Michael R. Gallagher
David E.I. Pyott
Gavin S. Herbert
Leonard D. Schaeffer
Handel E. Evans
Stephen J. Ryan, M.D.
Robert A. Ingram
Trevor M. Jones, Ph.D.
Herbert W. Boyer, Ph.D.
Deborah L. Dunsire, M.D.
Louis J. Lavigne, Jr.

DAVID E.I. PYOTT, 53
Chairman of the Board and Chief Executive Officer. Elected to the Board and joined Allergan, Inc. in 1998. Mr. Pyott has been Chief Executive Officer of Allergan since January 1998 and in 2001 became Chairman of the Board. Mr. Pyott also served as President of Allergan from January 1998 until February 2006. Previously, Mr. Pyott served as head of the Nutrition Division and a member of the Executive Committee of Novartis AG. Mr. Pyott is a member of the Board of Directors of Avery Dennison Corporation, Edwards Lifesciences Corporation, Pacific Mutual Holding Company, the ultimate parent company of Pacific Life and Pacific LifeCorp, the parent stockholding company of Pacific Life. Mr. Pyott serves on the Board and the Executive Committee of the California Healthcare Institute; is a member of the Directors' Board of The Paul Merage School of Business at the University of California, Irvine (UCI), and is Chair of the Chief Executive Roundtable for UCI; and is a member of the Board of the Biotechnology Industry Organization. Mr. Pyott also serves as a member of the Board of the Pan-American Ophthalmological Foundation, the International Council of Ophthalmology Foundation, the Cosmetic Surgery Foundation, and as a member of the Advisory Board for the Foundation of the American Academy of Ophthalmology.

HERBERT W. BOYER, Ph.D., 70
Vice Chairman of the Board since 2001. Dr. Boyer served as Chairman from 1998 to 2001 and has been a Board member since 1994. Dr. Boyer is a founder of Genentech, Inc., and a Director since 1976. A former Professor of Biochemistry at the University of California at San Francisco, Dr. Boyer is a recipient of the National Medal of Science from President George H. W. Bush, the National Medal of Technology, and the Albert Lasker Basic Medical Research Award. He is an elected Member of the National Academy of Sciences and a Fellow in the American Academy of Arts and Sciences. Dr. Boyer also serves on the Board of the Scripps Research Institute.

DEBORAH L. DUNSIRE, M.D., 44
Appointed to the Board effective December 2006. Since July 2005, Dr. Dunsire has been President and Chief Executive Officer of Millennium Pharmaceuticals, Inc., an oncology and inflammation-focused biopharmaceutical company based in Cambridge, Massachusetts. Prior to joining Millennium Pharmaceuticals, Dr. Dunsire led the Novartis U.S. Oncology Business, playing a critical role in the broad development and successful launch of a number of products. Dr. Dunsire was also responsible for managing the merger and significant growth of the combined Sandoz Pharmaceuticals and Ciba-Geigy oncology businesses. Dr. Dunsire served on the U.S. pharmaceutical Executive Committee at Novartis and was a member of the operating committee charged with defining corporate strategy, managing operations and assessing executive performance. Dr. Dunsire is currently a board member of the Pharmaceutical Research and Manufacturers of America (PhRMA).

HANDEL E. EVANS, 72
Elected to the Board in 1989. Mr. Evans is Former Chairman of Equity Growth Research Ltd., a company providing financial services principally to health care companies in Europe that was acquired by Libertas Capital in 2004. He is now the Senior Advisor on global health care to the Libertas Capital Group plc. Mr. Evans has over 45 years of experience in the pharmaceutical industry and was the co-founder and former Executive Chairman of Pharmaceutical Marketing Service Inc., Source Informatics Ltd. and Walsh International Inc., companies providing marketing services to the pharmaceutical industry. Mr. Evans was also a co-founder and senior executive of IMS International Inc., the leading pharmaceutical information supplier. Mr. Evans is a Director of Cambridge Laboratories Ltd. and is Chairman of the British Urological Foundation Board of Trustees. Mr. Evans was previously a Director of SmithKline Beecham plc and IMS International Inc. Mr. Evans is planning to retire from the Allergan Board in May 2007.

MICHAEL R. GALLAGHER, 61
Elected to the Board in 1998. In 2004, Mr. Gallagher retired as Chief Executive Officer and as a Director of Playtex Products, Inc. Prior to joining Playtex in 1995, Mr. Gallagher was Chief Executive Officer of North America for Reckitt & Colman plc; President and Chief Executive Officer of Eastman Kodak's subsidiary, L&F Products; and President of the Lehn & Fink Consumer Products Division at Sterling Drug. Mr. Gallagher is a member of the Board of Advisors of the Haas School of Business, University of California, Berkeley and of the Board of Trustees of St. Luke's School.

GAVIN S. HERBERT, 74
Founder of Allergan, Inc., and Chairman Emeritus since 1996. Mr. Herbert was elected to the Board in 1950. He served as Chief Executive Officer for 30 years and as Chairman from 1977 to 1996. Mr. Herbert is Chairman and Founder of Regenesis Bioremediation Products. Mr. Herbert also serves on the Board of the Doheny Eye Institute and of The Richard Nixon Library and Birthplace Foundation, the Advisory Board for the Foundation of the American Academy of Ophthalmology, and the CEO Roundtable on Cancer. Mr. Herbert is Chairman of Roger's Gardens, Vice Chairman of the Beckman Foundation, and a Life Trustee of the University of Southern California.

ROBERT A. INGRAM, 64
Appointed to the Board in 2005 and elected in 2006. Since January 2003, Mr. Ingram has been Vice Chairman, Pharmaceuticals of GlaxoSmithKline plc, a corporation involved in the research, development, manufacturing and sale of pharmaceuticals. Mr. Ingram was Chief Operating Officer and President, Pharmaceutical Operations of GlaxoSmithKline plc from January 2001 until his retirement in January 2003. Prior to that, Mr. Ingram was Chief Executive Officer of Glaxo Wellcome plc from October 1997 to December 2000, and Chairman of Glaxo Wellcome Inc., Glaxo Wellcome plc's United States subsidiary, from January 1999 to December 2000. Mr. Ingram is also Chairman of the Board of OSI Pharmaceuticals, Inc., a biotechnology company, and Valeant Pharmaceuticals International, and is a director of Edwards Lifesciences Corporation, Lowe's Companies, Inc. and Wachovia Corporation. In addition, Mr. Ingram is Chairman of the American Cancer Society Foundation and the CEO Roundtable on Cancer.

TREVOR M. JONES, Ph.D., 64
Appointed to the Board in 2004 and elected in 2005. From 1994 to 2004, Prof. Jones was Director General of the Association of the British Pharmaceutical Industry (ABPI). From 1987 to 1994, Prof. Jones was a main Board Director at Wellcome plc. Prof. Jones received his bachelor of pharmacy degree and Ph.D. from the University of London and is currently Vice Chairman of Council at King's College, London. Prof. Jones has also gained an honorary doctorate from the University of Athens as well as honorary doctorates in science from the Universities of Strathclyde, Nottingham, Bath and Bradford in the United Kingdom. Furthermore, Prof. Jones was recognized in the Queen's Honors List and holds the title of Commander of the British Empire. Prof. Jones is also a fellow of the Royal Society of Chemistry, a fellow of The Royal Pharmaceutical Society, and an honorary fellow of the Royal College of Physicians and of its Faculty of Pharmaceutical Medicine and an honorary fellow of the British Pharmaceutical Society. Prof. Jones is Chairman of the Board of ReNeuron Group plc and of B.A.C. BV and a board member of Merlin Biosciences' Funds I and II and NextPharma Technologies Holdings Ltd. Prof. Jones is also a founder and board member of the Geneva-based public-private partnership, Medicines for Malaria Venture and the UK Stem Cell Foundation.

LOUIS J. LAVIGNE, JR., 58
Appointed to the Board in 2005. Mr. Lavigne has served as a management consultant in the areas of corporate finance, accounting and strategy since 2005. Mr. Lavigne was Executive Vice President and Chief Financial Officer of Genentech, Inc. from March 1997 through his retirement in March 2005, leading the company through significant growth while also overseeing the corporate relations and information technology groups. Mr. Lavigne joined Genentech in July 1982, was named controller in 1983 and, in that position, built Genentech's operating financial functions. In 1986, Mr. Lavigne was promoted to Vice President and assumed the position of Chief Financial Officer in September of 1988. Mr. Lavigne was named Senior Vice President in 1994 and was promoted to Executive Vice President in 1997. Prior to joining Genentech, Mr. Lavigne held various financial management positions with Pennwalt Corporation, a pharmaceutical and chemical company. Mr. Lavigne also serves on the board of Kyphon, Inc.

RUSSELL T. RAY, 59
Elected to the Board in 2003. Mr. Ray is Managing Partner of HLM Venture Partners, a private equity firm that provides venture capital to health care information technology, health care services and medical technology companies. Prior to joining HLM Venture Partners in 2003, Mr. Ray was founder, Managing Director and President of Chesapeake Strategic Advisors from April 2002 to August 2003 and was the Global Co-Head of the Credit Suisse First Boston Health Care Investment Banking Group, where he focused on providing strategic and financial advice to life sciences, health care services and medical device companies from 1999 to 2002. Prior to joining Credit Suisse First Boston in 1999, Mr. Ray spent 12 years at Deutsche Bank and its predecessor entities BT Alex, Brown and Alex, Brown & Sons, Inc. as Global Head of Health Care Investment Banking. Mr. Ray is a Director of Pondaray Enterprises, Inc. and a Trustee of The Friends School of Baltimore.

STEPHEN J. RYAN, M.D., 66
Elected to the Board in 2002. Dr. Ryan is President of the Doheny Eye Institute and the Grace and Emery Beardsley Professor of Ophthalmology at the Keck School of Medicine of the University of Southern California. Dr. Ryan was Dean of the Keck School of Medicine and Senior Vice President for Medical Care of the University of Southern California from 1991 until June 2004. Dr. Ryan is a member of the Institute of Medicine of the National Academy of Sciences. He is a member and past President of numerous ophthalmological organizations including the Association of University Professors of Ophthalmology and the Macula Society. Dr. Ryan is the founding President of the Alliance for Eye and Vision Research.

LEONARD D. SCHAEFFER, 61
Elected to the Board in 1993. Mr. Schaeffer is a Senior Advisor to the Texas Pacific Group, a private equity firm. From November 2004 to November 2005, Mr. Schaeffer served as Chairman of the Board of WellPoint, Inc., an insurance organization created by the combination of WellPoint Health Networks, Inc. and Anthem, Inc., which owns Blue Cross of California, Blue Cross Blue Shield of Georgia, Blue Cross and Blue Shield of Missouri, Blue Cross Blue Shield of Wisconsin, Anthem Life Insurance Company, Health Link and Unicare. From 1992 until 2004, Mr. Schaeffer served as Chairman of the Board and Chief Executive Officer of WellPoint Health Networks, Inc. Mr. Schaeffer was the Administrator of the U.S. Health Care Financing Administration from 1978 to 1980. Mr. Schaeffer is a member of the Board of Amgen, Inc., the Advisory Board of the National Institute for Health Care Management, the Board of Fellows at Harvard Medical School and is a member of the Institute of Medicine.

Executive Committee

From left to right:

David E.I. Pyott
F. Michael Ball
Raymond H. Diradoorian
Jeffrey L. Edwards
Douglas S. Ingram, J.D.
Scott M. Whitcup, M.D.

DAVID E.I. PYOTT, 53
Chairman of the Board and Chief Executive Officer. Mr. Pyott also served as President from January 1998 until February 2006. Mr. Pyott joined Allergan in January 1998. Previously, he was head of the Nutrition Division and a member of the Executive Committee of Novartis AG from 1995 through 1997. Mr. Pyott has more than 22 years of international experience in nutrition and health care and has worked in Austria, Germany, the Netherlands, Spain, Switzerland, Malaysia and Singapore. Mr. Pyott holds a diploma in German and European Law from the Europa Institute at the University of Amsterdam, a Master of Arts degree from the University of Edinburgh, and a Master of Business Administration degree from the London Business School. He has also been honored in the Queen's Birthday Honors List in 2006 and holds the title of Commander of the British Empire.

F. MICHAEL BALL, 51
President. Mr. Ball has been President since February 2006. Mr. Ball joined Allergan in 1995, and served as Executive Vice President and President, Pharmaceuticals, since October 2003. Born in Canada, Mr. Ball was educated in the United Kingdom and the United States before receiving his Bachelor of Science and Master of Business Administration degrees from Queen's University in Canada. He is the former President of Syntex Inc. Canada and Senior Vice President of Syntex Laboratories USA, where he served on Syntex Corporation's Management Committee. Mr. Ball has more than 25 years of international health care experience in the marketing and sale of pharmaceutical products.

RAYMOND H. DIRADOORIAN, 49
Executive Vice President, Global Technical Operations. Mr. Diradoorian has been Executive Vice President, Global Technical Operations, since February 2006. From April 2005 to February 2006, Mr. Diradoorian served as Senior Vice President, Global Technical Operations. Since February 2001, Mr. Diradoorian served as Vice President, Global Engineering and Technology. Mr. Diradoorian joined Allergan in July 1981. Prior to joining Allergan, Mr. Diradoorian held positions at American Hospital Supply and with the Los Angeles Dodgers baseball team. Mr. Diradoorian received a Bachelor of Science degree in Biological Sciences from the University of California, Irvine and a Master of Science degree in Technology Management from Pepperdine University.

JEFFREY L. EDWARDS, 46
Executive Vice President, Finance and Business Development, Chief Financial Officer. Mr. Edwards has been Executive Vice President, Finance and Business Development, Chief Financial Officer, since September 2005. Mr. Edwards joined Allergan in 1993. From March 2003 to September 2005, Mr. Edwards served as Corporate Vice President, Corporate Development and previously served as Senior Vice President, Treasury, Tax and Investor Relations. Prior to joining Allergan, Mr. Edwards was with Banque Paribas and Security Pacific National Bank, where he held various senior-level positions in the credit and business development functions. Mr. Edwards completed the Advanced Management Program at the Harvard Business School and received a Bachelor of Arts degree in Sociology from Muhlenberg College.

DOUGLAS S. INGRAM, J.D., 44
Executive Vice President, Chief Administrative Officer, General Counsel and Secretary, and Chief Ethics Officer. Mr. Ingram has been Executive Vice President, Chief Administrative Officer, General Counsel and Secretary, since October 2006. From October 2003 to October 2006, Mr. Ingram served as Executive Vice President, General Counsel and Secretary. Mr. Ingram joined Allergan from Gibson, Dunn & Crutcher in 1996. Mr. Ingram has more than 18 years of experience in the management of domestic and international legal affairs. Mr. Ingram manages Allergan's Global Legal Affairs, Global Regulatory Affairs, Compliance and Internal Audit, Corporate Communications, Global Trade Compliance, Global Human Resources and Information Technology organizations. Mr. Ingram is the Secretary to Allergan's Board of Directors. Mr. Ingram received his Juris Doctorate from the University of Arizona in 1988, graduating summa cum laude and Order of the Coif.

SCOTT M. WHITCUP, M.D., 47
Executive Vice President, Research and Development. Dr. Whitcup has been Executive Vice President, Research and Development, since July 2004. Dr. Whitcup joined Allergan in 2000. Prior to joining Allergan, Dr. Whitcup served as the Clinical Director of the National Eye Institute at the National Institutes of Health. As a Clinical Director, Dr. Whitcup's leadership was vital in building the clinical research program and developing new therapies for ophthalmic diseases. Dr. Whitcup graduated from Cornell University and Cornell University Medical College. He completed residency training in internal medicine at the University of California, Los Angeles and in ophthalmology at Harvard University, as well as fellowship training in immunology at the National Institutes of Health. Dr. Whitcup is a faculty member at the Jules Stein Eye Institute/David Geffen School of Medicine at the University of California, Los Angeles.

OTHER EXECUTIVE OFFICER

JAMES F. BARLOW (NOT PICTURED)
Senior Vice President, Corporate Controller (Principal Accounting Officer)

Corporate Overview and Stockholders' Information

CORPORATE HEADQUARTERS

Allergan, Inc.
2525 Dupont Drive
Irvine, CA 92623-9534
(714) 246-4500
E-mail: corpinfo@allergan.com
Internet: www.allergan.com

TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSING AGENT, DUPLICATE MAILINGS

Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, MN 55164-0854
(800) 468-9716
Hearing Impaired # TDD:
(651) 450-4144

ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Allergan, Inc. will be held at The Irvine Marriott Hotel, 18000 Von Karman Avenue, Irvine, CA 92612, on May 1, 2007, at 10:00 a.m. Pacific Standard Time.

FORM 10-K

A copy of Allergan, Inc.'s Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is available through our Web site at www.allergan.com or without charge by contacting:

INVESTOR RELATIONS

James M. Hindman
Allergan, Inc.
P.O. Box 19534
Irvine, CA 92623-9534
Phone: (714) 246-4636
Fax: (714) 246-4800
E-mail: corpinfo@allergan.com

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The plan allows Allergan stockholders to reinvest their dividends or invest cash in Allergan stock without brokerage commissions or service charges. If you are interested in joining the plan or would like more information, you may request a prospectus from:

Wells Fargo Shareowner Services
Dividend Reinvestment Plan/Allergan, Inc.
P.O. Box 64856
St. Paul, MN 55164-0856

MARKET PRICES OF COMMON STOCK AND DIVIDENDS

The following table shows the quarterly price range of the common stock and the cash dividends declared per share during the period listed.

	2006			2005		
Calendar Quarter	High	Low	Div	High	Low	Div
First	$117.99	$105.02	$.10	$ 81.16	$69.60	$.10
Second	109.31	92.57	.10	86.29	69.01	.10
Third	115.63	102.80	.10	95.43	83.36	.10
Fourth	123.02	105.84	.10	110.50	85.90	.10

Allergan common stock is listed on the New York Stock Exchange and is traded under the symbol "AGN." In newspapers, stock information is frequently listed as "Alergn." The approximate number of stockholders of record was 5,752 as of February 9, 2007.

TRADEMARKS

Except as set forth below, all product names appearing in capital letters are trademarks or service marks that are owned by, licensed to, are promoted by Allergan, Inc., its subsidiaries or affiliates. The following Allergan trademarks appear in this report: ALOCRIL, ALPHAGAN, ALPHAGAN P, AVAGE, AZELEX, BIB, BIODIMENSIONAL, BIOENTERICS, BOTOX, BOTOX Cosmetic, CELLUFRESH, CELLUVISC, COMBIGAN, COSMODERM, COSMOPLAST, ELESTAT, EXOCIN, FLUOROPLEX, GANFORT, HYDRAFILL, LACRI-LUBE, LAP-BAND, LIQUIFILM, LUMIGAN, M.D. FORTE, OCUFLOX, OFLOX, OPTIVE, POSURDEX, PRED FORTE, PREVAGE MD, REFRESH, REFRESH CONTACTS, REFRESH DRY EYE THERAPY, REFRESH ENDURA, REFRESH LIQUIGEL, REFRESH PLUS, REFRESH P.M., REFRESH TEARS, RELESTAT, RELIEF, RESTASIS, TAZORAC, TAZORAL, VISTABEL, VISTABEX, ZORAC, ZYDERM, ZYMAR and ZYPLAST.

ACULAR and ACULAR LS are registered trademarks of Roche Palo Alto LLC.
AMERGE and IMITREX STATdose System are registered trademarks of Glaxo Group Limited.
CAPTIQUE and HYLAFORM are registered trademarks of Genzyme Corporation.
JUVÉDERM is a registered trademark of Corneal Industries SAS.

Allergan, for the year ending December 31, 2006, continued its proud tradition of placement in the top quartile for environmental health and safety performance within its pharmaceutical company peer group. More information on its 2006 performance worldwide can be found by accessing the corporate information section at www.allergan.com and pulling the "About Allergan" section and clicking on the "Responsibility" section.

ALLERGAN

NYSE: AGN | 2525 DUPONT DRIVE | P.O. BOX 19534 | IRVINE, CA 92623-9534 | (714) 246.4500 | WWW.ALLERGAN.COM

In millions, except per share data	2006	Year Ended December 31, 2005	2004	2003	2002
STATEMENT OF OPERATIONS HIGHLIGHTS (As reported under U.S. GAAP)					
Product net sales	**$3,010.1**	$2,319.2	$2,045.6	$1,755.4	$1,385.0
Total revenues	**3,063.3**	2,342.6	2,058.9	1,780.8	1,435.8
Research and development	**1,055.5**	388.3	342.9	762.6	232.7
(Loss) earnings from continuing operations	**(127.4)**	403.9	377.1	(52.5)	64.0
Earnings from discontinued operations	**—**	—	—	—	11.2
Net (loss) earnings	**(127.4)**	403.9	377.1	(52.5)	75.2
Basic (loss) earnings per share:					
Continuing operations	**(0.87)**	3.08	2.87	(0.40)	0.49
Discontinued operations	**—**	—	—	—	0.09
Diluted (loss) earnings per share:					
Continuing operations	**(0.87)**	3.01	2.82	(0.40)	0.49
Discontinued operations	**—**	—	—	—	0.08
Dividends per share	**0.40**	0.40	0.36	0.36	0.36
ADJUSTED AMOUNTS [a]					
Adjusted earnings from continuing operations	**547.2**	453.3	368.8	305.2	252.3
Adjusted basic earnings per share:					
Continuing operations	**3.72**	3.46	2.81	2.34	1.95
Adjusted diluted earnings per share:					
Continuing operations	**3.66**	3.38	2.75	2.30	1.92
NET SALES BY PRODUCT LINE					
Specialty Pharmaceuticals:					
Eye Care Pharmaceuticals	**$1,530.6**	$1,321.7	$1,137.1	$ 999.5	$ 827.3
BOTOX®/Neuromodulators	**982.2**	830.9	705.1	563.9	439.7
Skin Care	**125.7**	120.2	103.4	109.3	90.2
Subtotal Pharmaceuticals	**2,638.5**	2,272.8	1,945.6	1,672.7	1,357.2
Other (primarily contract sales)	**—**	46.4	100.0	82.7	27.8
Total specialty pharmaceuticals	**2,638.5**	2,319.2	2,045.6	1,755.4	1,385.0
Medical Devices:					
Breast Aesthetics	**177.2**	—	—	—	—
Obesity Intervention	**142.3**	—	—	—	—
Facial Aesthetics	**52.1**	—	—	—	—
Total medical devices	**371.6**	—	—	—	—
Total product net sales	**$3,010.1**	$2,319.2	$2,045.6	$1,755.4	$1,385.0
PRODUCT SOLD BY LOCATION					
Domestic	**67.4%**	67.5%	69.1%	70.4%	70.6%
International	**32.6%**	32.5%	30.9%	29.6%	29.4%

[a] The adjusted amounts in 2006 exclude income tax benefits of $11.7 million related to the [illegible] restructuring to streamline a portion of the Company's operations in Japan, $50.6 million [illegible]

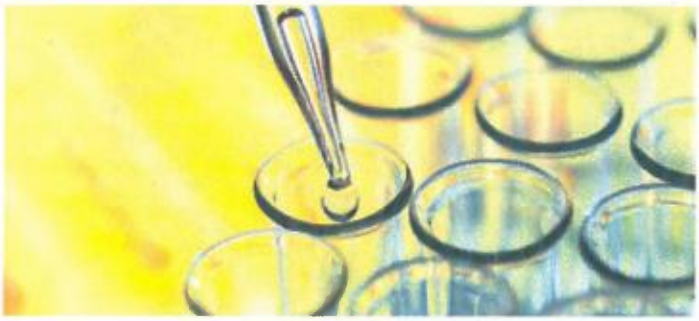
ALLERGAN VS. KRL GROUP, INC
CASE 91169544
EXHIBIT INTRODUCED & FILED BY OPPOSER

EXHIBIT 13
FOR IDENTIFICATION
WITNESS CHALLIO
DATE 6-27-12
NIKKI ROY, CSR #3052

the world of allergan








ALLERGAN
2011 ANNUAL REPORT

ALLERGAN US. KRL GROUP, INC
CASE 9/169544
EXHIBIT INTRODUCED & FILED BY OPPOSER

EXHIBIT 14
FOR IDENTIFICATION
WITNESS
DATE 6.27.12
NIKKI ROY, CSR #3052















Allergan's Global Presence

40%

of Allergan's sales come from international markets. In 2011 sales in emerging markets increased 25 percent and represented 17 percent of Allergan's sales.

100+

Number of countries where Allergan products are sold.

(1) Specific indication verbiage varies by country, and statement reflects approvals 2011 through Feb. 22, 2012.
(2) IMS India (New Sell-Out) Pharmacy, Hospital and Clinic currency sales data at ex-factory price levels for four quarters ending September 2011.
(3) IMS Plus/Monthly December 2011, excluding retina.

1,600

Allergan was granted nearly 1,600 patents worldwide from 2007 to 2011. The Patent Board recently ranked Allergan tenth in the global pharmaceutical industry based on patents granted, scientific strength, innovation cycle time, industry impact, technology strength and research intensity.

19%

increase in number of countries where Allergan has direct sales operations from 2009 to 2011.

Global Presence. Global Strategy. Global Results.

What does it mean to be a global company? Providing your products to customers around the world. Having operations in key markets. Taking an international perspective and tailoring it to individual market needs. These are ingredients that make a company truly global. But at Allergan, we go further.

It's not just about physically being in a market, it's about having a *presence* in that market. Allergan builds a deep understanding of the local market needs in our specialties—the needs of patients, of physicians, of payors and insurers, and of regulators. From that knowledge, we develop products that fulfill unmet needs in a meaningful way. We have a direct presence in 38 countries and, supplemented by distributors, operate in more than 100 countries around the world. More than half of our more than 10,000 employees are based outside of the United States, constantly deepening our experience within individual markets. This is the World of Allergan.

At Allergan we amplify our operations in local markets by leveraging our centralized global capabilities. We manage the functional components of our business—such as Research & Development, Manufacturing, and Compliance—from a global perspective and apply these resources to support locally-developed strategic plans and accelerate our entrance into new markets as well as to expand our presence in existing markets. This is the World of Allergan.

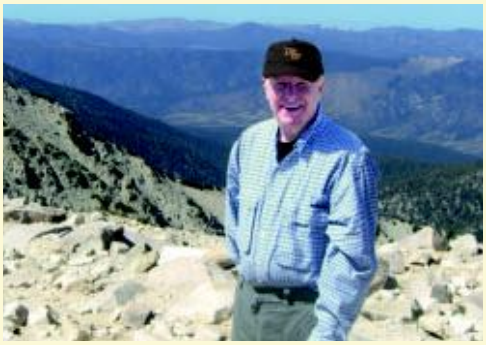
Our approach drives compelling results. In recent years, we have extended our leadership position in our specialties throughout the world. In 2011 we delivered continued quality results in developed markets in North America and Western Europe, despite challenges in those economies throughout the year. At the same time, our fastest growth occurred in emerging markets in Asia, Latin America and Eastern Europe. Our path is clear, and our opportunities are significant. Our focused approach prepares us well for these opportunities and challenges; our success around the world shows a positive picture for our future.
This is the World of Allergan.

Financial Summary

In millions, except per share data	2011	2010	2009	2008	2007
		Year Ended December 31,			
STATEMENT OF OPERATIONS HIGHLIGHTS (As reported under U.S. GAAP)					
Product net sales	**$ 5,347.1**	$ 4,819.6	$ 4,447.6	$ 4,339.7	$ 3,879.0
Total revenues	**5,419.1**	4,919.4	4,503.6	4,403.4	3,938.9
Research and development	**902.8**	804.6	706.0	797.9	718.1
Earnings from continuing operations	**938.1**	4.9	623.8	564.7	487.0
Loss from discontinued operations	**—**	—	—	—	(1.7)
Net earnings attributable to noncontrolling interest	**3.6**	4.3	2.5	1.6	0.5
Net earnings attributable to Allergan, Inc.	**$ 934.5**	$ 0.6	$ 621.3	$ 563.1	$ 484.8
Net basic earnings per share attributable to Allergan, Inc. stockholders	**$ 3.07**	$ 0.00	$ 2.05	$ 1.85	$ 1.59
Net diluted earnings per share attributable to Allergan, Inc. stockholders	**$ 3.01**	$ 0.00	$ 2.03	$ 1.84	$ 1.57
Dividends per share	**$ 0.20**	$ 0.20	$ 0.20	$ 0.20	$ 0.20
ADJUSTED AMOUNTS[a]					
Adjusted net earnings attributable to Allergan, Inc.	**$ 1,131.8**	$ 973.9	$ 849.8	$ 786.5	$ 672.9
Adjusted net basic earnings per share attributable to Allergan, Inc. stockholders	**$ 3.72**	$ 3.21	$ 2.80	$ 2.59	$ 2.21
Adjusted net diluted earnings per share attributable to Allergan, Inc. stockholders	**$ 3.65**	$ 3.16	$ 2.78	$ 2.57	$ 2.18
NET SALES BY PRODUCT LINE					
Specialty Pharmaceuticals:					
Eye Care Pharmaceuticals	**$ 2,520.2**	$ 2,262.0	$ 2,100.6	$ 2,009.1	$ 1,776.5
BOTOX®/Neuromodulator	**1,594.9**	1,419.4	1,309.6	1,310.9	1,211.8
Skin Care	**260.1**	229.5	208.0	113.7	110.7
Urologics	**56.8**	62.5	65.6	68.6	6.0
Total specialty pharmaceuticals	**4.432.0**	3,973.4	3,683.8	3,502.3	3,105.0
Medical Devices:					
Breast Aesthetics	**349.3**	319.1	287.5	310.0	298.4
Obesity Intervention	**203.1**	243.3	258.2	296.0	270.1
Facial Aesthetics	**362.7**	283.8	218.1	231.4	202.8
Core medical devices	**915.1**	846.2	763.8	837.4	771.3
Other	**—**	—	—	—	2.7
Total medical devices	**915.1**	846.2	763.8	837.4	774.0
Total product net sales	**$ 5,347.1**	$ 4,819.6	$ 4,447.6	$ 4,339.7	$ 3,879.0
PRODUCT SOLD BY LOCATION					
Domestic	**60.2%**	62.6%	65.4%	64.6%	65.7%
International	**39.8%**	37.4%	34.6%	35.4%	34.3%

(a) The adjusted amounts in 2011 exclude the after-tax effects of the following: 1) $3.4 million of external costs for stockholder derivative litigation costs associated with the U.S. Department of Justice (DOJ) settlement; 2) $125.0 million for upfront and milestone payments for technologies that have not achieved regulatory approval and related transaction costs of $0.7 million; 3) $4.7 million restructuring charges, $2.2 million fixed asset impairment, $9.4 million gain from the substantially complete liquidation of Allergan's investment in a foreign subsidiary and intangible asset impairment of $16.1 million from the discontinued development of the EASYBAND™ Remote Adjustable Gastric Band System; 4) $104.0 million amortization of certain acquired intangible assets related to business combinations, asset acquisitions and product licenses; 5) $11.9 million of expenses from changes in fair value of contingent consideration and $1.9 million of integration and transaction costs associated with business combinations; 6) $4.3 million impairment of an in-process research and development asset related to a tissue reinforcement technology; 7) $3.3 million additional costs for the termination of a third-party agreement primarily related to the promotion of SANTURA XR®; 8) $2.0 million of costs associated with tax audit settlements for prior years' filings; 9) $7.3 million non-cash interest expense associated with amortization of convertible debt discount; 10) $3.2 million impairment of a non-marketable equity investment; 11) $0.4 million rollout of fair market value inventory adjustment associated with the purchase of a distributor's business in South Africa related to Allergan's products; 12) $0.2 million of expenses related to the realignment of research and development functions; 13) a $0.1 million restructuring charge reversal related to the acquisition of Serica Technologies, Inc. (Serica); 14) $1.9 million gain on the sale of investments; and 15) $11.1 million unrealized gain on derivative instruments.

The adjusted amounts in 2010 exclude 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, and the after-tax effects of the following: 1) $14.4 million of external costs associated with responding to the DOJ subpoena and related stockholder derivative litigation costs associated with the DOJ settlement; 2) $609.2 million of 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®; 3) $369.1 million of aggregate charges related to the impairment of SANCTURA® assets; 4) $36.0 million of licensing fee income for a development and commercialization agreement with Bristol-Myers Squibb Company; 5) $114.5 million amortization of certain acquired intangible assets related to business combinations, asset acquisitions and product licenses; 6) $7.9 million of expense from changes in fair value of contingent consideration, $33.0 million for a distributor termination fee and $1.1 million of integration and transaction costs associated with the purchase of a distributor's business in Turkey related to Allergan's products; 7) $43.0 million for an upfront payment for technology that has not achieved regulatory approval and related transaction costs of $0.4 million; 8) $10.6 million write-off of manufacturing assets related to the abandonment of an eye care product; 9) $25.1 million non-cash interest expense associated with amortization of convertible debt discount; 10) $0.8 million restructuring charges and $0.5 million of integration and transaction costs related to the acquisition of Serica; 11) a $0.3 million restructuring charge reversal related to the phased closure of the Arklow, Ireland, breast implant manufacturing plant and a $0.2 million restructuring charge reversal related to the streamlining of the Company's European operations; and 12) $7.6 million unrealized loss on derivative instruments.

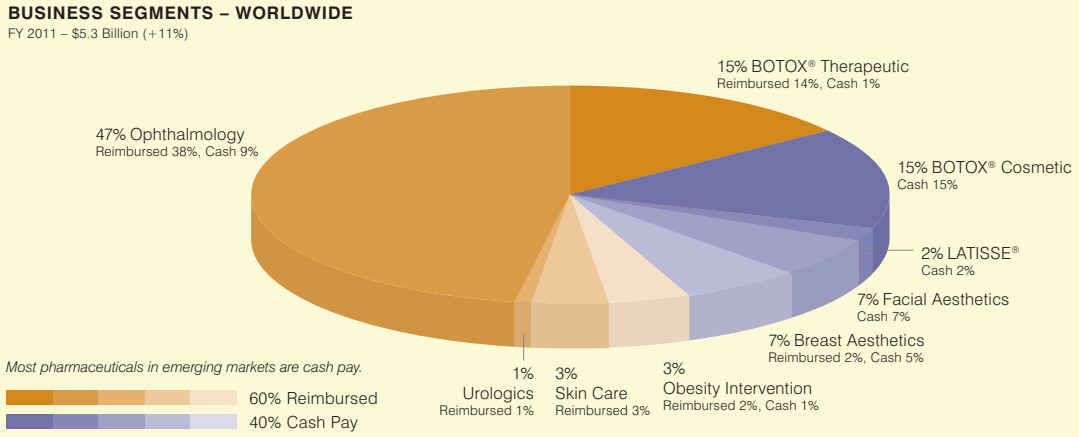


To Our Investors

Global Reach As I recently stood on the summit of Mount San Gorgonio, a peak in Southern California, at more than 11,500 feet, I had pause, in the tranquility of the mountain, to reflect on the magnitude of the world we live in and the endless opportunities that lie in front of us. The world of Allergan is global, and, as an organization, we are fortunate that we can bring products to benefit patients wherever they live. Particularly in the last several years we have accelerated our presence beyond the more developed markets of North America and Western Europe and established a direct commercial presence in countries such as China, Korea, Philippines, Russia, Poland, Turkey and South Africa. In these geographical markets, with the breadth of our product range and size of our ophthalmic pharmaceutical business, we have had the critical mass to acquire or take back distribution rights from third parties, and we have also established majority-owned joint ventures in Korea and India. In addition, building from this scale in ophthalmology, we have created other businesses in medical aesthetics and neurology in these markets. This approach reflects our drive to be close to our customers around the world and establish in-depth knowledge of local market conditions so that we are in a position to execute with excellence. As a result, in 2011, sales in emerging markets increased by 25 percent and represented 17 percent of our worldwide sales. So, when I reflect on the world of Allergan today, with a direct presence in 38 countries and selling capabilities in more than 100 countries when supplemented by our distributors, I am proud to say our opportunities seem endless, too. It has taken us more than 60 years to establish the strong, enviable global footprint we have today, and our peak is nowhere near in sight!

Dedicated to Growth In 2011, despite a volatile and challenging world economy, we were able to report double-digit growth: sales grew 10.9 percent in Dollars and 9.2 percent in local currencies with Diluted Earnings per Share on a non-U.S. GAAP basis increasing by 15.5 percent, whilst we continued to invest vigorously into R&D. Expenditures on R&D on a non-U.S. GAAP basis increased by 12.6 percent to $858 million or to 16 percent of sales. In contrast to many other companies in the pharmaceutical and medical device industries, in 2010 and 2011 we enjoyed the most productive period in our 61-year history in terms of the number of new products and new indications for which we secured regulatory approvals in the United States and other major countries around the world. For example, in the United States alone we received seven product approvals since the beginning of 2010, which is unprecedented in our history as well as for most health care companies. In the pharmaceutical industry, it is typical for a newly approved product to require five-to-six years to reach peak global sales. In the medical device industry, the time period to reach peak sales is somewhat shorter and more variable, driven by the extent of the new product innovation. As a result, we believe that the stream of recent new product approvals sets Allergan up for considerable growth in the coming years, boosted by double-digit global market growth for many of our product lines.

Particularly in the pharmaceutical industry, company growth is not only determined by the flow of new products, but also by the strength of patent estates, losses of marketing exclusivity, and the impact of generics on originator brands. The Patent Board recently ranked Allergan tenth on its list of the top 50 innovators in the pharmaceutical industry based on the number of patents issued and the strength of our patent portfolio, far ahead of Allergan's sales ranking. Regarding patent expiries, we are uniquely positioned to handle competition from generics. BOTOX® is one of the largest biological pharmaceuticals in both its weight and complexity. In 2011, we required less than a gram of raw neurotoxin to supply the world's requirements for 25 indications approved by Government agencies around the world. Even with the U.S. Food and Drug Administration (FDA) issuing draft approval guidance for biosimilars in early 2012, a competing biosimilar of BOTOX® will require considerable resources and time. In



ophthalmic pharmaceuticals and dermatology, we have used our in-depth knowledge of patients' needs to improve our products by optimizing and patenting drug formulations where pH and concentration of active ingredients can make a substantial difference in the product's risk-benefit profile. This partly explains why the patents on most of our significant ophthalmic products do not expire until after 2020. For some of our other products, such as RESTASIS® or TAZORAC®, it is onerous for generic products to enter the market, as the FDA requires full clinical studies to be conducted to establish bioequivalence.

In addition to our organically developed pipeline, we in-licensed and acquired products from the outside. In 2011 we announced a collaboration with MAP Pharmaceuticals, Inc. for *Levadex*®, an orally inhaled therapy for the acute treatment of migraine in adults, currently under review with the FDA. *Levadex*® is a complementary product in our neurosciences portfolio to BOTOX® for chronic migraine. We also acquired Vicept Therapeutics, Inc., with its topical cream product, which is in phase 2B for the treatment of erythema (redness) associated with rosacea. In addition, we strengthened our pipeline by licensing a *DARPin*® protein targeting VEGF for the treatment of retinal diseases from Molecular Partners AG in Zurich. Going forward, our strategy will be to continue to add to the depth of our pipeline by acquiring assets, effectively deploying a portion of our estimated annual free cash flow in excess of $1 billion.

Significant Results in 2011 Our business model of focusing on six distinct medical specialties, establishing leading market share positions and offering a unique mix of biologics, pharmaceuticals, medical devices and over-the-counter products once again paid dividends. Compared with most other health care companies, we also remain unique in our mix of both reimbursed and cash-pay products (paid for by the patient out-of-pocket). In 2011, we estimate that approximately 40 percent of our sales came from our cash-pay products. In addition to, for example, BOTOX® Cosmetic or JUVÉDERM® being cash pay in North America and Europe, most of our ophthalmic pharmaceuticals in emerging markets are also effectively cash pay given the lack of government health care systems and private insurance. While 2011 sales growth was driven by a diverse range of products, a few stand out. For the full year, total BOTOX® franchise sales, generated by both its medical and aesthetic uses, increased by 12.4 percent to over $1.5 billion. BOTOX® Cosmetic, marketed as VISTABEL® in Europe, increased by 12 percent, despite tough economic conditions in North America and Western Europe. BOTOX® for therapeutic indications also grew double digit by 12 percent and now accounts for just over half of the total BOTOX® franchise sales. Given the new approvals of BOTOX® in recent years, including its use for chronic migraine in the United States, Canada, Australia, most countries in the European Union and many markets in Latin America and Asia; for upper limb spasticity in the United States; and most recently, for urinary incontinence associated with neurogenic detrusor overactivity (spastic bladder) for patients who have an inadequate response to or are intolerant of an anticholinergic medication in the United States, Canada and some countries in the European Union, we believe that BOTOX® is poised for major growth in the coming years. Despite the entry of several new competitors in the aesthetics market around the world, BOTOX® continues to enjoy a 78 percent market share worldwide, down only 1 percent from a year ago.[1]

Reflecting on our ophthalmology business in 2011, RESTASIS® sales increased to $697 million and became the largest single prescription ophthalmic product in the United States by value[2] given the growing acceptance by more specialists of the advantages of early intervention for specific patients in the treatment of chronic dry

(1) YTD Q3 2011. Mixture of public information (earnings releases, earnings calls, 10Ks, 10Qs), AGN internal data, syndicated marketing research reports, analyst reports, Internet searches, competitive intelligence, market trackers, etc.

(2) IMS U.S. Retail and Provider U.S. dollar sales data at ex-factory price levels for four quarters ended September 2011.

MAJOR PRODUCT APPROVALS

PRODUCT	INDICATION[a]	COUNTRY
AIPHAGAN® P (brimonidine tartrate ophthalmic solution) 0.1%[b]	Reduction of elevated intraocular pressure in patients with ocular hypertension or glaucoma	Japan
BOTOX® (onabotulinumtoxinA)	Treatment of urinary incontinence due to detrusor overactivity associated with a neurogenic condition	Approximately 15 countries, including: Canada, France, Germany, Spain,[c] United States
BOTOX®	Prophylaxis of headaches in adults with chronic migraine	Approximately 25 countries, including: almost all countries in the European Union, Australia, Brazil, Canada, India, Korea
LAP-BAND® Adjustable Gastric Banding System	Weight reduction in obese adults with a body mass index (BMI) of at least 40 or a BMI of at least 30 and with at least one obesity related comorbid condition	Canada, United States
OZURDEX® (dexamethasone intravitreal implant) 0.7mg	Macular edema in patients with retinal vein occlusion and/or treatment of non-infectious uveitis	Approximately 45 countries, including: Argentina, Brazil, Canada, India, Korea, Mexico[c]

In 2011 alone, Allergan secured 250+ approvals for a variety of products and indications in dozens of countries worldwide.

(a) Specific indication verbiage varies by country.
(b) Filed by Allergan's partner Senju and approved in 2012.
(c) Approved in 2012.

eye. Our glaucoma franchise, consisting of LUMIGAN®, GANFORT™, ALPHAGAN®, ALPHAGAN® P and COMBIGAN®, increased 11 percent to more than $1 billion. And, since the second quarter of 2011, with the contribution of LUMIGAN® sales by our partner Senju in Japan, Allergan has become the second largest glaucoma company in the world.[3] Allergan has a broad range of patent-protected glaucoma products available for use by ophthalmologists as single agents or in combination with other products to address the disparate needs of their glaucoma patients.

Turning to our medical aesthetic portfolio, the JUVÉDERM® family, the world's No. 1 selling dermal filler brand,[4] grew strongly by 28 percent to $362.7 million in a rapidly expanding global market as physicians gain greater comfort and expertise in the use of dermal fillers to restore lost facial volume and offer their patients the combined benefit of BOTOX® Cosmetic with JUVÉDERM® to rejuvenate their facial appearance. In the medical aesthetics market, innovation remains key to helping physicians develop individual treatment plans for their patients based on their specific needs and concerns. As such, the latest introduction of JUVÉDERM® with lidocaine, which minimizes patients' discomfort during treatment, was well-received. The introduction of JUVÉDERM VOLUMA™, a breakthrough product for facial volumizing, in key international markets also helped further expand the dermal filler market.

Across all of our six specialty businesses, the primary detractor to growth was the LAP-BAND® System, which has suffered due to reimbursement restrictions imposed by U.S. health care plans and budget-challenged governments in Europe and Australia. In a time of high unemployment, high co-pays for all bariatric procedures have further caused declines in the overall market. As such, the benefit of receiving an expanded approval for LAP-BAND® from the FDA to include more moderately obese patients, qualifying another 27 million Americans for the surgery, was still insufficient to offset the economic challenges facing the business this year. In 2012 we will focus on addressing the reimbursement barriers, utilizing recently published health economic data that support the payback period for a LAP-BAND® procedure in a morbidly obese patient suffering from Type 2 diabetes, which we estimate to be a little more than two years due to the medical savings that the patient recovers as a result of weight loss.

Productivity & Efficiency With ballooning health care costs across the world taking up a higher proportion of Gross Domestic Product, the industry is subject to enormous pressures from payors. These range from Government-mandated taxes and rebates under U.S. Health Care Reform to increased rebates for formulary access by U.S. managed care providers and to price cuts by Governments from Europe to Turkey and Korea. In 2011, we estimate that we absorbed a total of $130 million in pre-tax equivalent costs from Government-mandated programs, and still delivered strong earnings and revenue growth. With these pressures likely to continue in the near future, it is a strategic imperative to drive ever-greater operational efficiency, as we have demonstrated and will continue to pursue through the following: **Focus:** Growth is driven by innovation and customer service. In 2011 more than 50 percent of all employees worldwide work in either R&D or sales. **Manufacturing:** Global supply of all of our products is manufactured in just five plants; since 1997 we have 200 fewer employees in manufacturing whilst sales increased ninefold; capacity utilization in our plants is approximately 85 percent,[5] while the norm in the pharmaceutical industry is less than 50 percent.[6] Since 2009 alone, we have reduced the standard cost of manufacturing our key products[7] by approximately 16 percent. **Gross Margin:** Thanks to lowered manufacturing costs and lower royalty

(3) IMS 48 countries rollup, YTD Q3 2011.
(4) Mixture of public information (earnings releases, earnings calls, 10Ks, 10Qs), AGN internal data, syndicated marketing research reports, analyst reports, Internet searches, competitive intelligence, market trackers, etc. for U.S. Dollar sales at actual rates for four quarters ending September 2011.
(5) Allergan internal estimate based on an average of ~ 2.5 shifts per day, 6 days per week.
(6) McKinsey & Company.
(7) LUMIGAN®, COMBIGAN®, RESTASIS® and BOTOX®.

LEADING MARKET SHARE POSITION IN GROWING MARKETS[a]

	WORLDWIDE MARKET SIZE ($M)	WORLDWIDE MARKET GROWTH	ALLERGAN WORLDWIDE MARKET SHARE	ALLERGAN WORLDWIDE MARKET POSITION
Ophthalmics	$18,127	+10%	15%	#2
Neuromodulators	$2,124	+16%	78%	#1
Dermal Fillers	$960	+24%	37%	#1
Breast Aesthetics	$820	+4%	42%	#1

[a] Q3 2011 Moving Annual Total. Ophthalmics – IMS Global (53 countries) at Q3-11 constant exchange rates and actual U.S. retina sales data. Neuromodulator/Filler/Breast– Mixture of public information (earnings releases, earnings calls, 10Ks, 10Qs), AGN internal data, syndicated marketing research reports, analyst reports, Internet searches, competitive intelligence, market trackers, etc.

payments to third parties, our gross margin in 2011 was 86 percent. **R&D:** We are pleased with the many regulatory approvals that R&D has delivered, enabling us to bring new products to market. In addition, we are driving down costs by conducting more clinical trials outside of the United States whilst maintaining the highest standards in the quality of the data we gather to meet the regulatory requirements for new product approvals. Driving efficiency, we have, since 2008, enrolled 24 percent more patients per clinical research associate thanks to improved systems and management tools.

Corporate Responsibility Whilst we work hard to deliver a strong performance, we are committed to doing business in the most responsible and ethical manner. Considerable resources are dedicated to ensuring that we train on, and comply with, all Government laws and regulations around the world. We have strong and experienced audit and compliance teams in place that conduct not only financial and operational audits but also compliance audits to ensure the quality of our training and business practices. We are also as committed to respecting our environment. Allergan is featured for the fourth consecutive year in the Leadership Index of the Carbon Disclosure Project for our approach to reducing our impact on climate change. Allergan has also become a component of the Dow Jones Sustainability Index. Companies are assessed and selected as part of the Dow Jones Sustainability Index based on their long-term economic, social and environmental asset management plans. Additionally, Allergan ranked fourth in the health care industry in *Newsweek*'s Green Rankings. In the coming five years we estimate that we will reduce our energy consumption and greenhouse gas emissions by 15 percent in spite of considerable growth. Thanks to a decade-long program costing more than $65 million, Allergan developed a proprietary fully in vitro, cell-based potency assay for use in the stability and potency testing of BOTOX®. With the approval of this assay by regulatory authorities in the United States, Canada, Switzerland and Hong Kong, we will reduce the use of animal-based assay testing for our product by up to 95 percent or more over the next three years as we continue to gain additional worldwide approvals. Registrations are currently ongoing in several countries worldwide, and Allergan has recently received positive opinions for this assay in Europe for BOTOX® and VISTABEL®. And finally, to emphasize the importance we give to our communities, The Allergan Foundation has since 1998 contributed more than $33 million to public charities, which is supporting various organizations to advance their causes. As such we are proud that in its latest annual study of 2,500 public companies, Trust Across America, a think tank dedicated to unraveling the complexities of trustworthy business behavior, placed Allergan sixth.

On behalf of our management and Board of Directors, I wish to recognize and thank our employees around the world for another year of delivering on our promise to help patients fulfill their life's potential. The significant results delivered in 2011 are the product of many individual and team contributions.

Sincerely,

David E.I. Pyott, CBE
Chairman of the Board, President
& Chief Executive Officer

P.S. Check out the CEO blog launched late last year for Allergan's perspectives on a variety of industry issues.

Condensed Consolidated Statements of Earnings and Reconciliation of Non-GAAP Adjustments

In millions, except per share data	Year Ended December 31, 2011			Year Ended December 31, 2010		
	GAAP	**Non-GAAP Adjustments**	**Adjusted**	GAAP	Non-GAAP Adjustments	Adjusted
REVENUES						
Specialty pharmaceuticals product net sales	**$ 4,432.0**	**$ —**	**$ 4,432.0**	$ 3,973.4	$ —	$ 3,973.4
Medical devices product net sales	**915.1**	**—**	**915.1**	846.2	—	846.2
Product net sales	**5,347.1**	**—**	**5,347.1**	4,819.6	—	4,819.6
Other revenues	**72.0**	**—**	**72.0**	99.8	(36.0) (r)	63.8
Total	**5,419.1**	**—**	**5,419.1**	4,919.4	(36.0)	4,883.4
OPERATING COSTS AND EXPENSES						
Cost of sales (excludes amortization of acquired intangible assets)	**748.7**	**(0.4)** (a)	**748.3**	722.0	—	722.0
Selling, general and administrative	**2,246.6**	**(92.7)** (b)(c)(d)(e)(f)(g)	**2,153.9**	2,017.6	(67.9) (s)(t)(u)(v)(w)	1,949.7
Research and development	**902.8**	**(45.2)** (d)(h)	**857.6**	804.6	(43.0) (v)	761.6
Amortization of acquired intangible assets	**127.6**	**(104.0)** (i)	**23.6**	138.0	(114.5) (i)	23.5
Legal settlement	**—**	**—**	**—**	609.2	(609.2) (x)	—
Impairment of intangible assets and related costs	**23.7**	**(23.7)** (e)(j)(k)	**—**	369.1	(369.1) (y)	—
Restructuring charges	**4.6**	**(4.6)** (l)	**—**	0.3	(0.3) (l)	—
Operating income	**1,365.1**	**270.6**	**1,635.7**	258.6	1,168.0	1,426.6
Interest income	**6.9**	**—**	**6.9**	7.3	—	7.3
Interest expense	**(71.8)**	**7.3** (m)	**(64.5)**	(78.7)	25.1 (m)	(53.6)
Gain on investments, net	**—**	**—**	**—**	—	—	—
Other, net	**(0.5)**	**(9.8)** (n)(o)(p)	**(10.3)**	(16.4)	7.6 (z)	(8.8)
	(65.4)	**(2.5)**	**(67.9)**	(87.8)	32.7	(55.1)
Earnings from continuing operations before income taxes	**1,299.7**	**268.1**	**1,567.8**	170.8	1,200.7	1,371.5
Provision for income taxes	**361.6**	**70.8** (q)	**432.4**	165.9	227.4 (aa)	393.3
Earnings from continuing operations	**938.1**	**197.3**	**1,135.4**	4.9	973.3	978.2
Loss from discontinued operations	**—**	**—**	**—**	—	—	—
Net earnings attributable to noncontrolling interest	**3.6**	**—**	**3.6**	4.3	—	4.3
Net earnings attributable to Allergan, Inc.	**$ 934.5**	**$ 197.3**	**$ 1,131.8**	$ 0.6	$ 973.3	$ 973.9
Net earnings per share attributable to Allergan, Inc. stockholders						
Basic	**$ 3.07**	**$ 0.65**	**$ 3.72**	$ 0.00	$ 3.21	$ 3.21
Diluted	**$ 3.01**	**$ 0.64**	**$ 3.65**	$ 0.00	$ 3.16	$ 3.16
Total product net sales	**$ 5,347.1**	**$ (82.6)** (bj)	**$ 5,264.5**	$ 4,819.6	$ (38.7) (bj)	$ 4,780.9

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

In this Annual Report, 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, 2011, as well as the corresponding periods for 2010 through 2007. 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 Annual Report, 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 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 and cash flows determined under GAAP as compared to non-GAAP earnings, and to perform their own analysis, as appropriate.

In this Annual Report, 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.

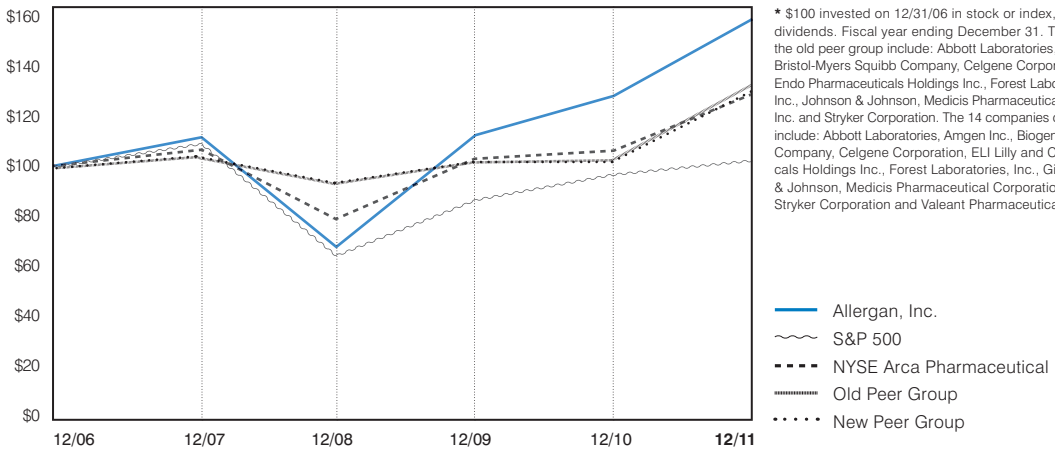
Reporting sales performance using constant currency sales has the limitation of excluding currency effects from the comparison of sales results over various periods, even though the effect of changing foreign currency exchange rates has an actual effect on Allergan's operating results. Investors should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

(a) Fair market value inventory adjustment rollout of $0.4 million associated with the purchase of a distributor's business in South Africa related to Allergan's products.
(b) Expenses from changes in fair value of contingent consideration of $11.9 million and integration and transaction costs of $1.9 million associated with business combinations.
(c) External costs of $3.4 million for stockholder derivative litigation costs associated with the U.S. Department of Justice (DOJ) settlement announced in a company press release on September 1, 2010.
(d) Upfront licensing fee of $45.0 million included in research and development expenses associated with a license and collaboration agreement with Molecular Partners AG for technology that has not achieved regulatory approval and related transaction costs of $0.1 million included in selling, general and administrative expenses.
(e) Fixed asset impairment of $2.2 million and a gain of $9.4 million from the substantially complete liquidation of Allergan's investment in a foreign subsidiary included in selling, general and administrative expenses, and intangible asset impairment of $16.1 million resulting from the discontinued development of the EASYBAND™ Remote Adjustable Gastric Band System, a technology acquired by Allergan in the 2007 EndoArt SA (EndoArt) acquisition.
(f) Upfront payment of $60.0 million and subsequent milestone payment of $20.0 million for the United States Food and Drug Administration acceptance of an New Drug Application filing for technology that has not achieved regulatory approval associated with a collaboration and co-promotion agreement with MAP Pharmaceuticals, Inc. and related transaction costs of $0.6 million.
(g) Costs associated with tax audit settlements for prior years' filings of $2.0 million.
(h) Expenses related to the realignment of research and development functions of $0.2 million.
(i) Amortization of certain acquired intangible assets related to business combinations, asset acquisitions and product licenses.
(j) Impairment of an in-process research and development asset related to a tissue reinforcement technology acquired in connection with the 2010 acquisition of Serica Technologies, Inc. of $4.3 million.
(k) Additional costs of $3.3 million for the termination of a third-party agreement primarily related to the promotion of SANCTURA XR® associated with the impairment of the SANCTURA® assets in the third quarter of 2010.
(l) Net restructuring charges.
(m) Non-cash interest expense associated with amortization of convertible debt discount.
(n) Unrealized gain on the mark-to-market adjustment to derivative instruments of $11.1 million.
(o) Gain on sale of investments of $1.9 million.
(p) Impairment of a non-marketable equity investment of $3.2 million.

Year Ended December 31, 2009			Year Ended December 31, 2008			Year Ended December 31, 2007		
GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted
$ 3,683.8	$ —	$ 3,683.8	$ 3,502.3	$ —	$ 3,502.3	$ 3,105.0	$ —	$ 3,105.0
763.8	—	763.8	837.4	—	837.4	774.0	—	774.0
4,447.6	—	4,447.6	4,339.7	—	4,339.7	3,879.0	—	3,879.0
56.0	—	56.0	63.7	—	63.7	59.9	—	59.9
4,503.6	—	4,503.6	4,403.4	—	4,403.4	3,938.9	—	3,938.9
750.9	(20.2) (ab)(ac)(ad)	730.7	761.2	(20.6) (ao)(ap)(aq)	740.6	673.2	(3.5) (bb)(bc)	669.7
1,921.5	(91.9) (ab)(ad)(ae)(af)(ag)(ah)(ai)	1,829.6	1,856.1	(47.3) (ap)(aq)(ar)(as)(at)(au)(av)	1,808.8	1,680.2	(23.3) (bc)(bd)(bg))	1,656.9
706.0	(31.1) (ab)(ac)(aj)	674.9	797.9	(69.0) (ap)(aw)(ax)(ay)(az)	728.9	718.1	(72.0) (be)	646.1
146.3	(124.4) (i)	21.9	150.9	(129.6) (i)	21.3	121.3	(99.9) (i)	21.4
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
50.9	(50.9) (l)	—	41.3	(41.3) (l)	—	26.8	(26.8) (l)	—
928.0	318.5	1,246.5	796.0	307.8	1,103.8	719.3	225.5	944.8
7.0	—	7.0	33.5	—	33.5	65.3	(0.4) (bf)	64.9
(76.9)	24.5 (m)	(52.4)	(85.5)	24.9 (av)	(60.6)	(94.6)	23.2 (bg)	(71.4)
24.6	(24.6) (ak)	—	—	—	—	—	—	—
(34.2)	18.9 (al)(am)	(15.3)	18.2	(14.8) (z)	3.4	(25.6)	0.4 (z)	(25.2)
(79.5)	18.8	(60.7)	(33.8)	10.1	(23.7)	(54.9)	23.2	(31.7)
848.5	337.3	1,185.8	762.2	317.9	1,080.1	664.4	248.7	913.1
224.7	108.8 (an)	333.5	197.5	94.5 (ba)	292.0	177.4	62.3 (bh)	239.7
623.8	228.5	852.3	564.7	223.4	788.1	487.0	186.4	673.4
—	—	—	—	—	—	(1.7)	1.7 (bi)	—
2.5	—	2.5	1.6	—	1.6	0.5	—	0.5
$ 621.3	$ 228.5	$ 849.8	$ 563.1	$ 223.4	$ 786.5	$ 484.8	$ 188.1	$ 672.9
$ 2.05	$ 0.75	$ 2.80	$ 1.85	$ 0.74	$ 2.59	$ 1.59	$ 0.62	$ 2.21
$ 2.03	$ 0.75	$ 2.78	$ 1.84	$ 0.73	$ 2.57	$ 1.57	$ 0.61	$ 2.18
$ 4,447.6	$ 106.4 (bj)	$ 4,554.0	$ 4,339.7	$ (49.5) (bj)	$ 4,290.2	$ 3,879.0	$ (87.4) (bj)	$ 3,791.6

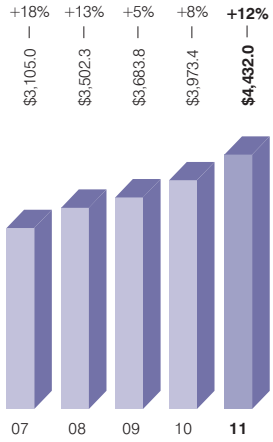
(q) Total tax effect for non-GAAP pre-tax adjustments.
(r) Net licensing fee of $36.0 million for a development and commercialization agreement with Bristol-Myers Squibb Company.
(s) External costs of $14.4 million associated with responding to the DOJ subpoena announced in a company press release on March 3, 2008, and related stockholder derivative litigation costs associated with the DOJ settlement.
(t) Expenses from changes in fair value of contingent consideration of $7.9 million and integration and transaction costs of $1.6 million associated with business combinations.
(u) Distributor termination fee of $33.0 million associated with the purchase of a distributor's business in Turkey related to Allergan's products.
(v) 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.
(w) Writeoff of manufacturing assets related to the abandonment of an eye care product of $10.6 million.
(x) 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®.
(y) Aggregate charges related to the impairment of the SANCTURA® assets.
(z) Unrealized gain (loss) on the mark-to-market adjustment to derivative instruments.
(aa) 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.
(ab) 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.
(ac) 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.
(ad) 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.
(ae) External costs of $32.2 million associated with responding to the DOJ subpoena.
(af) Asset impairments and accelerated depreciation costs related to the 2009 restructuring plan of $2.3 million.
(ag) Integration and transition costs related to the acquisition of Groupe Cornéal Laboratoires (Cornéal) of $0.4 million.
(ah) Contribution to The Allergan Foundation of $18.0 million.
(ai) Gain on settlement of a manufacturing and distribution agreement of $14.0 million related to an eye care pharmaceuticals product.
(aj) Upfront payment of $10.0 million for a license and development agreement with Pieris AG for technology that has not achieved regulatory approval.
(ak) Net gain on sale of investments.
(al) Unrealized loss on the mark-to-market adjustment to derivative instruments of $13.6 million.
(am) Loss on extinguishment of convertible debt of $5.3 million.
(an) 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.
(ao) Fair market value inventory adjustment rollout of $11.7 million related to the acquisition of Esprit Pharma Holding Company, Inc. (Esprit).
(ap) 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.
(aq) Integration and transition costs related to the acquisitions of Esprit and Cornéal, consisting of cost of sales of $0.1 million and selling, general and administrative expenses of $2.1 million.
(ar) External costs of $25.7 million associated with responding to DOJ subpoena and ACZONE® transaction costs of $0.6 million.
(as) Settlement related to the termination of a distribution agreement in Korea of $13.2 million.
(at) 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.
(au) Impairment of intangible asset of $5.6 million related to the phase-out of a collagen product.
(av) 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 $0.1million.
(aw) Upfront payment of $13.9 million for in-licensing of Canadian SANCTURA® product rights that have not achieved regulatory approval.
(ax) Upfront payment of $6.3 million for in-licensing of Asterand plc technology that has not achieved regulatory approval.
(ay) Upfront payment of $41.5 million for a license and development agreement with Spectrum Pharmaceuticals, Inc. for technology that has not achieved regulatory approval.
(az) Upfront payment of $7.0 million for a license and development agreement with Polyphor Ltd. for technology that has not achieved regulatory approval.
(ba) 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.
(bb) Fair market value inventory adjustment rollouts of $0.5 million and $2.8 million related to the acquisitions of Cornéal and Esprit, respectively.
(bc) Integration and transition costs related to the acquisitions of Inamed, Cornéal, Esprit and EndoArt, consisting of cost of sales of $0.2 million and selling, general and administrative expenses of $14.5 million.
(bd) Settlement of an unfavorable pre-existing Cornéal distribution contract for $2.3 million and $6.4 million legal settlement of a patent dispute assumed in the acquisition of Inamed.
(be) In-process research and development charge related to the acquisition of EndoArt.
(bf) Interest income related to income tax settlements.
(bg) 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.
(bh) 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.
(bi) Loss from discontinued operations associated with the July 2007 sale of the former Cornéal ophthalmic surgical device business.
(bj) The adjustment to measure sales using constant currency.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN*

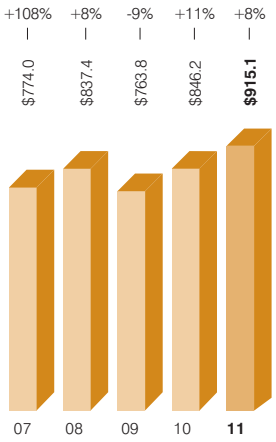


* $100 invested on 12/31/06 in stock or index, including reinvestment of dividends. Fiscal year ending December 31. The 13 companies comprising the old peer group include: Abbott Laboratories, Amgen Inc., Biogen Idec Inc., Bristol-Myers Squibb Company, Celgene Corporation, ELI Lilly and Company, Endo Pharmaceuticals Holdings Inc., Forest Laboratories, Inc., Gilead Sciences, Inc., Johnson & Johnson, Medicis Pharmaceutical Corporation, St. Jude Medical, Inc. and Stryker Corporation. The 14 companies comprising the new peer group include: Abbott Laboratories, Amgen Inc., Biogen Idec Inc., Bristol-Myers Squibb Company, Celgene Corporation, ELI Lilly and Company, Endo Pharmaceuticals Holdings Inc., Forest Laboratories, Inc., Gilead Sciences, Inc., Johnson & Johnson, Medicis Pharmaceutical Corporation, St. Jude Medical, Inc., Stryker Corporation and Valeant Pharmaceuticals International.

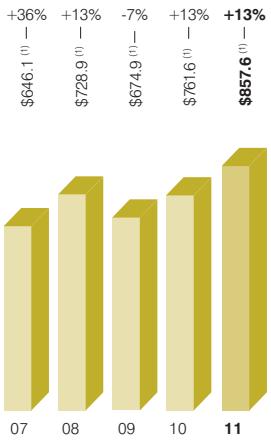
PHARMACEUTICAL SALES GROWTH
(in millions of dollars)



MEDICAL DEVICE SALES GROWTH
(in millions of dollars)



R&D SPEND[1]
(in millions of dollars)



[1] Adjusted for non-GAAP items.

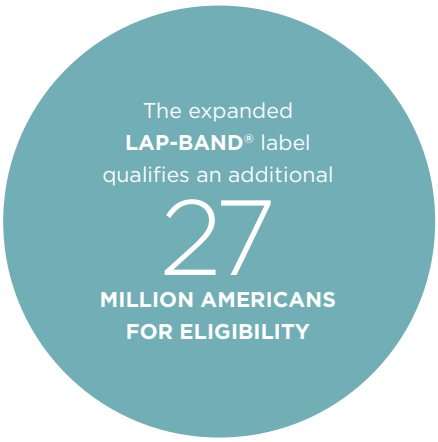
The adjusted amounts in 2009 exclude a net expense of $4.1 million for a change in estimated income taxes related to pre-acquisition periods associated with business combinations and uncertain tax positions included in prior year filings and an income tax benefit of $6.7 million related to foreign research and development tax credits received for tax years prior to 2008, and the after-tax effects of the following: 1) $124.4 million amortization of certain acquired intangible assets related to business combinations, asset acquisitions and product licenses; 2) $78.6 million compensation expense from stock option modifications, $42.2 million restructuring charges and $2.3 million asset impairments and accelerated depreciation costs related to the restructuring plan announced in February 2009; 3) $24.5 million non-cash interest expense associated with amortization of convertible debt discount; 4) $24.6 million net gain on the sale of investments; 5) $10.0 million for an upfront payment for the in-licensing of technology that has not achieved regulatory approval; 6) $8.4 million restructuring charges and $14.5 million for the rollout of capitalized employee retention termination benefits and accelerated depreciation costs and one-time termination benefits related to the phased closure of the Arklow, Ireland, breast implant manufacturing plant; 7) $32.2 million of external costs associated with responding to the DOJ subpoena; 8) $14.0 million gain on settlement of a manufacturing and distribution agreement related to an eye care pharmaceuticals product; 9) $18.0 million contribution to The Allergan Foundation; 10) $5.3 million of loss on the extinguishment of convertible debt; 11) a $0.3 million restructuring charge reversal related to the phased closure of the Fremont, California, collagen manufacturing plant and $0.6 million of restructuring charges related to the streamlining of the Company's European operations; 12) $0.4 million of integration and transition costs related to the acquisition of Groupe Cornéal Laboratoires (Cornéal); 13) $0.8 million for the fair market value inventory adjustment rollout and $0.4 million of transaction costs associated with the creation of Samil Allergan Ophthalmic Joint Venture Company; and 14) $13.6 million unrealized loss on derivative instruments.

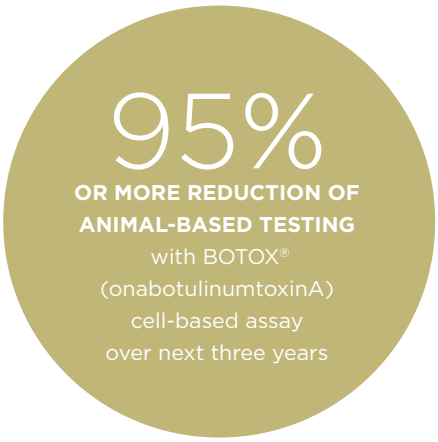
The adjusted amounts in 2008 exclude a $2.4 million U.S. state and federal deferred tax benefit related to the legal entity integration of the acquisitions of Esprit Pharma Holding Company, Inc. (Esprit) and Inamed Corporation (Inamed), a $3.8 million negative tax impact from non-deductible losses associated with the liquidation of corporate-owned life insurance contracts, and the after-tax effects of the following: 1) $129.6 million amortization of certain acquired intangible assets related to business combinations, asset acquisitions and product licenses; 2) $68.7 million for upfront payments for technologies that have not achieved regulatory approval; 3) $27.2 million restructuring charges and $10.0 million of termination benefits, asset impairments and accelerated depreciation costs related to the phased closure of the Arklow, Ireland, breast implant manufacturing plant; 4) $3.4 million restructuring charges and $0.9 million gain on sale of technology and fixed assets related to the phased closure of the Fremont, California, collagen manufacturing plant; 5) $6.6 million of restructuring charges and $1.5 million of integration and transition costs related to the acquisition of Cornéal; 6) $4.1 million of restructuring charges related to the streamlining of the Company's European operations and the acquisition of EndoArt SA (EndoArt); 7) $11.7 million rollout of fair market value inventory adjustment and $0.7 million of integration and transition costs related to the acquisition of Esprit; 8) $25.7 million of external costs associated with responding to the DOJ subpoena; 9) $13.2 million settlement related to the termination of a distribution agreement in Korea; 10) $5.6 million impairment of intangible asset related to the phase-out of a collagen product; 11) $0.6 million of transaction costs related to ACZONE®; 12) $24.9 million non-cash interest expense associated with amortization of convertible debt discount and related non-cash selling, general and administrative expenses of $0.1 million; and 13) $14.8 million unrealized gain on derivative instruments.

The adjusted amounts in 2007 exclude loss from discontinued operations of $1.7 million, the favorable recovery of $1.6 million in previously paid state income taxes, and the after-tax effects of the following: 1) $72.0 million charge for in-process research and development related to the acquisition of EndoArt; 2) $99.9 million amortization of certain acquired intangible assets related to business combinations, asset acquisitions and product licenses; 3) $25.9 million of restructuring charges and $14.7 million of integration and transition costs related to the acquisitions of Inamed, Cornéal, EndoArt and Esprit; 4) $3.3 million rollout of fair market value inventory adjustments related to the acquisitions of Esprit and Cornéal; 5) $2.3 million settlement of an unfavorable Cornéal distribution contract; 6) $6.4 million settlement of a patent dispute; 7) $0.9 million restructuring charges related to the streamlining of the Company's European operations; 8) $0.4 million of interest income related to income tax settlements; 9) $23.2 million non-cash interest expense associated with amortization of convertible debt discount and related non-cash selling, general and administrative expenses of $0.1 million; and 10) $0.4 million unrealized loss on derivative instruments.

The foregoing presentation contains certain non-GAAP financial measures and non-GAAP adjustments. For a reconciliation of these non-GAAP financial measures to GAAP financial measures, please refer to pages 4 and 5 of this Annual Report.

2011 Accolades, Agreements, Awards and Filings





First Quarter

- Allergan and MAP Pharmaceuticals, Inc., announce a U.S. collaboration for *Levadex*®, an investigational self-administered inhaled therapy for the acute treatment of migraine in adults, currently under review by the U.S. Food and Drug Administration (FDA).
- FDA approves the extended use of the LAP-BAND® Adjustable Gastric Banding System for adults with obesity who have failed more conservative weight reduction alternatives and have a Body Mass Index (BMI) of 30 to 40 and at least one obesity-related comorbid condition. The expanded label qualifies an additional 27 million Americans for LAP-BAND® eligibility.

Second Quarter

- Allergan and Molecular Partners AG announce a global licensing agreement for MP0112, a Phase 2 proprietary therapeutic *DARPin*® protein targeting VEGF under investigation for the treatment of retinal diseases.
- European Medicines Agency extends the marketing authorization for OZURDEX® (dexamethasone intravitreal implant) 0.7 mg in the 27 member states of the European Union to include the treatment of inflammation of the posterior segment of the eye presenting as non-infectious uveitis.
- Allergan receives FDA approval for a breakthrough, fully in vitro, cell-based assay for use in the stability and the potency testing of BOTOX® and BOTOX® Cosmetic (onabotulinumtoxinA). The assay not only brings the potential for greater precision and consistency in testing BOTOX® and BOTOX® Cosmetic, but also is estimated to reduce the use of animal-based testing for these products by up to 95 percent or more over the next three years.
- Agence Française de Sécurité Sanitaire des Produits de Santé grants a positive opinion for BOTOX® as a treatment for urinary incontinence associated with neurogenic detrusor overactivity not controlled with an anticholinergic treatment in people with spinal cord injury or multiple sclerosis. In September, France approved BOTOX® for this indication.

Third Quarter

- Allergan acquires Vicept Therapeutics, a privately held dermatologic company developing a topical cream for the treatment of erythema (redness) associated with rosacea.
- Allergan receives a positive opinion from 14 European countries on the use of BOTOX® for the management of urinary incontinence for patients with multiple sclerosis or spinal cord injury. By the end of 2011, 11 European countries had approved BOTOX® for this indication.
- Allergan receives FDA approval for BOTOX® for injection for the treatment of urinary incontinence due to detrusor overactivity associated with a neurologic condition (e.g., spinal cord injury, multiple sclerosis) in adults who have an inadequate response to or are intolerant of an anticholinergic medication.
- The Carbon Disclosure Leadership Index recognizes Allergan for the fourth consecutive year for its approach to the disclosure of climate change information.
- Dow Jones Sustainability North America Index, part of the longest-running global sustainability benchmark worldwide, selects Allergan as a component in the index. Companies are assessed and selected as part of the Dow Jones Sustainability Index based on their long-term economic, social and environmental asset management plans.
- For the second consecutive year, the *Orange County Business Journal* names Allergan one of the top places to work in Orange County, California.
- National Institute for Health and Clinical Excellence in the United Kingdom issues final guidance recommending OZURDEX® for the treatment of macular edema due to central retinal vein occlusion and for branch retinal vein occlusion where laser photocoagulation is neither beneficial nor appropriate.
- Allergan files a premarket approval application with the FDA for JUVÉDERM VOLUMA™ with Lidocaine Injectable Gel, a next generation hyaluronic acid dermal filler for volumizing the mid-face.

Fourth Quarter

- The U.S. Environmental Protection Agency awards a 2011 *ENERGY STAR*® for superior energy performance to Allergan's manufacturing plant in Waco, Texas.
- Allergan ranked fourth among U.S. health care companies and twentieth across all industries in *Newsweek* magazine's prestigious 2011 Green Rankings. The rankings assess the environmental footprint, management and transparency among the country's 500 largest publicly traded companies.
- *Med Ad News* names Allergan the "Most Admired Specialty Company."
- The Patent Board, a consulting group focused on managing intellectual property, ranks Allergan tenth for number of patents issued and strength of the Company's patent portfolio on its list of the top 50 innovators in the pharmaceutical industry.
- Allergan ranks sixth among the nearly 2,500 businesses that Trust Across America, a think tank dedicated to unraveling the complexities of trustworthy business behavior, evaluated in its annual study of the most trustworthy public companies.
- *Institutional Investor* magazine names David Pyott "the best CEO" and Allergan "the best in investor relations" within the pharmaceutical sector.
- Health Canada approves BOTOX® for chronic migraine patients and BOTOX® for the treatment of urinary incontinence due to detrusor overactivity associated with certain types of neurologic conditions for patients who have an inadequate response to or are intolerant of an anticholinergic medication.

asia/pacific

Oriental Pearl Tower,
Shanghai, China

Expanding Our Presence in Asia/Pacific

Nearly 60 percent of the world's population lives in the countries of the Asia/Pacific region, and their need and desire for health care products and services are expected to steadily increase in the years to come. Allergan is no stranger to this region; we have been engaged there for more than 30 years and have ramped up our investment, resources and capabilities to expand today and in the future. Our growth aligns well with the opportunities in this dynamic part of the world.

Our momentum is evident throughout Asia/Pacific. In Thailand we built on a medical aesthetics base that included strong growth for BOTOX® Cosmetic (onabotulinumtoxinA) to launch our popular dermal filler product, JUVÉDERM®. Our global development plan for BOTOX® (onabotulinumtoxinA) ensured that we understood the specific regulatory requirements in key markets, which facilitated the 2011 approvals in Australia, India, Hong Kong, Korea, New Zealand, Malaysia and Vietnam of BOTOX® for chronic migraine.

Our story in China exemplifies our approach to building a presence to develop a leadership position in emerging markets. Three years ago, our presence in China consisted of one person and two desks in a business center. As a result of a determined effort at the local level, combined with a commitment by Allergan to support an enduring presence in the market, today we have more than 160 employees in China. These professionals work persistently with physicians and regulatory authorities, building deep relationships so that we are attuned to the market's dynamics and thoroughly understand our customers' needs not only today but in the future as well. We now have full sales teams supporting BOTOX® Cosmetic and ophthalmology in China. We have built a market-oriented R&D team to address the specific requirements China has for product development programs. The results are showing: we are now outpacing the growth of the overall ophthalmic market in China.[1]

(1) IMS China Hospital and Clinic currency quarter-over-quarter sales growth for five quarters ending September 2010 through September 2011.

Global capabilities combined with an in-depth understanding of local market conditions.

Allergan's approach fuses global strategy and planning with local decision-making and execution. While this does not seem an unusual approach at first glance, what makes it unusual is the extent to which key decision-making is decentralized to the local markets and the extent to which we leverage global resources. Functional areas – including Manufacturing, R&D, Human Resources, Finance and Legal – leverage their central resources and knowledge-sharing to support regions and individual markets.

Protecting Allergan's massive investment in R&D, as well as ensuring that the Company complies with all relevant laws and regulations spanning issues from product and patient safety to marketing to physicians and patients, is the responsibility of our Legal and Compliance group. In particular, this team's work in protecting our intellectual property through patents worldwide is integral to the Company's success. Since 2007 Allergan was granted nearly 1,600 patents worldwide. Nearly two-thirds of both the applications filed and the patents granted were international.

As we continue to broaden our global presence, we place a premium on ensuring that we have people with the professional and leadership capabilities needed to manage and grow our business. By coordinating our Human Resources centrally, we identify the talent to fill growing global personnel needs, such as in R&D, whose staffing demands have grown by nearly 20 percent in the past few years, much of it outside of the United States. We support local market development through knowledge transfer by temporarily placing employees from developed markets in emerging markets. In addition to assisting the emerging markets, these transfers provide invaluable growth and development opportunities for our employees.

Extending Allergan's BOTOX® Franchise. The 2011 commercial launch of BOTOX® (onabotulinumtoxinA) for the preventive treatment of headaches in adults with chronic migraine, and regulatory approvals of BOTOX® for the treatment of urinary incontinence in adults with neurologic conditions who have an inadequate response to or are intolerant of an anticholinergic medication demonstrate our early recognition of medical needs and our ability to develop the potential of our existing products to meet those needs.

(1) IMS India (New Sell-Out) Pharmacy, Hospital and Clinic currency sales data at ex-factory price levels for four quarters ending September 2011.
(2) IMS Plus/Monthly December 2011, excluding retina.

17%

INCREASE IN EUROPE, AFRICA AND MIDDLE EAST SALES, 2011 VS. 2010

No.1

FRANCE IS FIRST GLOBAL MARKET TO APPROVE
BOTOX® for the treatment of urinary incontinence due to detrusor overactivity

europe/africa/middle east

St. Basil's Cathedral, Moscow, Russia

Growing our business in Europe, Africa and Middle East

Allergan's Europe, Africa, and Middle East (EAME) region spans a vast geographic territory, from the North Atlantic to the southern tip of Africa, from the Iberian Peninsula to the Kamchatka Peninsula on the Pacific Ocean. Within this expanse resides a diverse mix of developed markets, including England, France and Germany as well as emerging markets such as Russia, Poland, Turkey and South Africa. In 2011 volatile economic conditions added to the geographic complexities to present a challenging financial environment for EAME. Despite these challenges, the EAME region experienced 17 percent sales growth.

In EAME we have seen an exceptionally strong growth trend for dermal fillers. In medical aesthetics, innovation is essential to help physicians develop tailored treatment plans for their patients. So, for many markets we leverage the established BOTOX® (onabotulinumtoxinA) franchise to offer their patients the combined benefit of BOTOX® Cosmetic (known as VISTABEL® in Europe) with JUVÉDERM® to refresh patients' facial appearance. The JUVÉDERM® family of products – including JUVÉDERM® with lidocaine, which minimizes patients' discomfort during treatment, and the launch of JUVÉDERM VOLUMA™ 1 ml – provides physicians with an extensive range of treatment options, resulting in an expansion of the dermal filler market.

At the same time, our decades of strength in eye care translate into strong growth for high-potential products such as OZURDEX® (dexamethasone intravitreal implant) 0.7 mg, LUMIGAN® (bimatoprost ophthalmic solution) 0.01% and REFRESH OPTIVE™ in the eye care specialty. OZURDEX® was Allergan's first retinal product in EAME and the first licensed treatment in the European Union for retinal vein occlusion. It is now also approved in the European Union for uveitis.

Building on successful distributor partnerships, we have established a direct presence within high-potential emerging markets where the business opportunity and the potential for significant growth align. We do not take these actions lightly; "going direct" takes significant energy and focus but positions Allergan well for the future. Over the past two years in EAME, we have established direct operations in several key countries, including Poland, Turkey and, most recently, South Africa and Russia.

Global capabilities combined with an in-depth understanding of local market conditions.

At Allergan we don't pay lip service to innovation; our growth relies on a robust pipeline of products that will provide meaningful benefits to patients. We take the pursuit of innovation seriously. In 2011 our global R&D spending on a non-U.S. GAAP basis amounted to approximately $858 million, representing 16 percent of sales. We received more than 250 approvals from regulatory authorities around the world during the year.

Through our concentration on specialties, we are able to identify where patient needs are likely to be and thus focus research efforts to address those needs. Two illustrations of this are found with new indications for BOTOX®. In the specialties of neurosciences and urology, we understood that treatment in the areas of chronic migraine and urinary incontinence was underserved. As a result, we developed indications to treat chronic migraine as well as to treat urinary incontinence associated with a neurologic condition, such as a spinal cord injury or multiple sclerosis. These recent BOTOX® approvals point to our success at identifying new indications for a product that has been a mainstay in our portfolio to fulfill unmet needs for patients and physicians.

In addition to our internal research, we look outside to promising technologies from around the globe that have potential value to our medical specialties. In 2011, for example, we acquired Vicept Therapeutics, Inc., a dermatology company developing V-101, a topical cream for the treatment of redness (erythema) associated with rosacea. We also entered into a global licensing agreement with Molecular Partners AG in Zurich for its MP0112 product, a phase 2 proprietary therapeutic *DARPin*® protein for the treatment of retinal diseases, and a U.S. collaboration with MAP Pharmaceuticals for *Levadex*®, an investigational self-administered inhaled therapy for the acute treatment of migraine in adults, currently under FDA review.

Allergan's Global Leadership in Dermal Fillers. The JUVÉDERM® family, the world's No. 1 selling dermal filler brand,[1] grew by 28 percent in a rapidly expanding global market as physicians gain greater comfort and expertise in the use of dermal fillers to restore lost facial volume. JUVÉDERM® XC, formulated with lidocaine to minimize patients' discomfort during treatment, is helping to propel further expansion of the dermal filler market.

(1) Mixture of public information (earnings releases, earnings calls, 10Ks, 10Qs), AGN internal data, syndicated marketing research reports, analyst reports, Internet searches, competitive intelligence, market trackers, etc. for U.S. dollar sales at actual rates for four quarters ending September 2011.

ESTABLISHED DIRECT OPERATIONS IN SOUTH AFRICA AND DIRECT OPHTHALMIC OPERATIONS IN RUSSIA

* Marketed in the United States as JUVÉDERM® Ultra Plus XC.

BRAZIL IS ALLERGAN'S SECOND-LARGEST INTERNATIONAL MARKET

21%

INCREASE IN LATIN AMERICA SALES, 2011 VS. 2010

latin america

Christ the Redeemer,
Rio de Janeiro, Brazil

Heritage + Innovation = Market Leadership in Latin America

Allergan's Latin America region grew exceptionally well in 2011, particularly in the highly competitive ophthalmology market. This success came through the leveraging of Allergan's historic strength in eye care and market-specific product innovation, proving the value of supporting local market knowledge, local decision-making and local sales forces with global resources.

With more than 30 ophthalmic pharmaceutical competitors in Latin America, competition for market leadership is fierce. In 2011 Allergan achieved this distinction in Brazil, which is the largest economy in the region, and Colombia; in both markets we rank No. 1 in eye care sales. At the end of 2011, Allergan became No. 1 in glaucoma sales in the region.[1]

One driver of our position in eye care was the successful launch of LUMIGAN® RC (bimatoprost ophthalmic solution) 0.01%, a treatment for elevated eye pressure in people with open-angle glaucoma or ocular hypertension, in key Latin American markets, including Brazil, Chile, Argentina and Colombia.

Another driver came in the form of a new product that fit particular needs of the Latin American markets. Having identified the need in Latin America for a treatment for eye inflammation and infection, the region produced and registered ZYPRED® (gatifloxacin ophthalmic solution/prednisolone acetate ophthalmic suspension, USP) 0.3%/1%, a combination therapy that had originally been developed by Allergan India for use in parts of Asia. Combination therapies have become a growing segment in Latin America due to improved patient compliance and lower cost. ZYPRED®, which is manufactured in Brazil, is tailor-made for the region. It has been launched in Brazil and Mexico to considerable physician enthusiasm.

While ophthalmology received most of the headlines for its success in Latin America in 2011, we continued to deliver on a wide spectrum of our specialties in the region, leveraging our global experience in medical aesthetics and neurology. These efforts included the launch of LATISSE® (bimatoprost ophthalmic solution) 0.03% for hypotrichosis to grow eyelashes and BOTOX® (onabotulinumtoxinA) for the prevention of headaches among chronic migraine sufferers.

As with elsewhere in the world, obesity is a growing epidemic in the Latin American region, with obesity affecting an estimated 200 million individuals. Allergan's product portfolio, inclusive of the ORBERA™ Managed Weight Loss System (previously branded the BIB™ Intragastric Balloon System) and LAP-BAND® Adjustable Gastric Banding System, is well-suited to helping patients achieve and support sustained weight loss.

(1) IMS values at budget rate, values share, 5 countries (Brazil, Mexico, Colombia, Argentina and Chile), December 2011.

Global capabilities combined with an in-depth understanding of local market conditions.

One of the most critical components of R&D is the approval process. Our long record of success has taught us volumes about working with regulatory bodies worldwide. In shaping our development plans, we take a global approach. From the start, we pursue product approvals by designing the clinical plans to meet the regulatory requirements of the most stringent markets while also taking into account what may be needed in specific markets. By anticipating these requirements and incorporating them into our development plan, we address two goals. First, we enhance the timeliness of the product approval process by minimizing the need for additional data requirements. Second, we can plan for clinical trials outside of the United States and realize cost efficiencies.

In other words, our R&D strategy reflects the realities of operating in local markets. Countries such as China and Japan have particular development program requirements for products sold in their markets. We leverage our global R&D capabilities but include development that is specific to their needs. Our willingness to invest in localized R&D efforts is a measure of how seriously we approach our global opportunities. Indeed, we believe that this is a hallmark of a truly global company: the ability to develop and market products on a global scale while understanding specific local markets to develop products that are most needed at that level.

A Commitment to Ophthalmics. Allergan is a global leader in ophthalmics, having been founded as an eye care company more than 60 years ago. We experienced double-digit sales growth of ophthalmic pharmaceuticals worldwide in 2011, and our product portfolio today reflects our dedication to our eye care heritage, addressing glaucoma, retinal diseases and chronic dry eye. OZURDEX® (dexamethasone intravitreal implant) 0.7 mg treats macular edema in patients with retinal vein occlusion and is now indicated for treatment of uveitis, a non-infectious inflammation affecting the posterior of the eye.


No.1
IN GLAUCOMA SALES
IN LATIN AMERICA[1]

LAUNCHED BOTOX® (onabotulinumtoxinA) for chronic migraine in Canada

7%

INCREASE IN NORTH AMERICA SALES, 2011 VS. 2010

ALLERGAN'S EYE CARE SALES TEAM RANKED NO.1 in the United States for the second consecutive year[1]

BOTOX® APPROVED IN THE UNITED STATES AND CANADA for the treatment of urinary incontinence due to detrusor overactivity associated with certain types of neurologic conditions for patients who have an inadequate response to or are intolerant of an anticholinergic medication

north america

Los Angeles, California, United States

Innovation and Market Leadership Fuel Growth in North America

Economic conditions in 2011 in North America were challenging at best. Complicating matters, there was an uncertain U.S. health care landscape. Yet Allergan recorded a strong year in North America. Why this apparent contradiction? Because we continually listen to our customers, anticipate patient needs and prepare ourselves with a pipeline of products to fulfill those needs. Because we are determined to be leaders in our specialties. Because we manage our operations with great discipline and a real attention to detail. This was Allergan's story in North America.

Innovation does not always come in the form of new products. With our deep understanding of our specialties, we saw several unmet therapeutic needs that could be filled by innovations with BOTOX®. While the R&D process is lengthy, approval of these indications was quite timely for the North American markets in 2011. The successful launch of BOTOX® for the prophylaxis of headaches in adults with chronic migraine in both the United States and Canada is an example. Patients suffering from chronic migraine had few treatment choices, and clinician and patient feedback has been highly positive for this new option. BOTOX® was also approved by the U.S. Food and Drug Administration and Health Canada in 2011 for the treatment of urinary incontinence due to detrusor overactivity associated with certain types of neurologic conditions in adults who have an inadequate response to or are intolerant of an anticholinergic medication. In addition to providing a new treatment option for patients, this approval marked an important milestone in Allergan's commitment to develop and make available novel treatment options for urologists and their patients.

Our goal is to lead the market in our specialty areas. We sell more branded glaucoma products in North America than any other pharmaceutical company,[2] and RESTASIS® (cyclosporine ophthalmic emulsion) 0.05% is now the largest prescription ophthalmic pharmaceutical by value in the United States in 2011.[3] BOTOX® Cosmetic (onabotulinumtoxinA) continued its solid performance in the United States, remaining the market leader in facial aesthetics despite increased competition. This was complemented by the growing JUVÉDERM® family of dermal fillers – the best-selling dermal filler brand in the world — and LATISSE® (bimatoprost ophthalmic solution) 0.03%, the only FDA-approved prescription treatment for hypotrichosis to grow eyelashes longer, fuller and darker.

Allergan Canada – which has grown to nearly 200 employees – continued its aggressive forward progress with regulatory approvals for eight products in 2011. The approvals ranged from ophthalmic pharmaceuticals, such as OZURDEX® (dexamethasone intravitreal implant) 0.7 mg, to medical devices, including JUVÉDERM® VOLUMA® XC, the INSPIRA™ next generation of breast implants and a lower Body Mass Index indication for the LAP-BAND® Adjustable Gastric Banding System.

(1) Annual survey of ophthalmologists by independent pharmaceutical consulting firm Scott-Levin Associates, Inc.
(2) IMS U.S. Retail and Provider and IMS Canada Pharmacy and Hospital constant U.S. dollar sales data at ex-factory price levels for four quarters ended September 2011.
(3) IMS U.S. Retail and Provider U.S. dollar sales data at ex-factory price levels for four quarters ended September 2011.

Global capabilities combined with an in-depth understanding of local market conditions.

Allergan's manufacturing is globally coordinated and locally managed. The overwhelming majority of our products are manufactured at our five plants in North America, Latin America and Europe. Our global coordination ensures that our products comply with the rigorous quality and safety requirements of the regulatory bodies around the world. Local management provides for decision-making at the point of production, enhancing each plant's efficiency and effectiveness.

Innovation is a hallmark of our manufacturing capabilities, including developing technology to support new products and new dosing forms, such as injection technology and filler technology. More and more, this innovation is coming through cross-plant interaction, drawing on each plant's knowledge and experience. In 2011 our five manufacturing plants produced a number of new products, and they are engaged in an ongoing effort to develop manufacturing capabilities to support new product-related technologies on a global scale.

Our individual plants also drive greater efficiency in manufacturing. From 2009 to 2011, we realized approximately $65 million in cost savings, leveraging our ability to manufacture considerably more products and considerably greater volumes. This follows a path we have pursued aggressively. Since 2009 we have reduced the standard cost of manufacturing our key products[1] by approximately 16 percent. An even more vivid example is that today we have 200 fewer employees in manufacturing than we did 14 years ago, yet they are supporting nine times more in sales. Capacity utilization in our plants is approximately 85 percent[2] compared with an average in the pharmaceutical industry of less than 50 percent.[3]

(1) LUMIGAN®, COMBIGAN®, RESTASIS® and BOTOX®.
(2) Allergan internal estimate based on an average of approximately 2.5 shifts per day, 6 days per week.
(3) McKinsey & Company.

Breakthrough Testing Assay Will Increase Precision and Reduce Need for Animal Testing. In 2011, the FDA approved a breakthrough, fully in vitro, cell-based assay for use in the stability and potency testing of BOTOX® and BOTOX® Cosmetic. Since then, Hong Kong and Switzerland also approved use of the new assay. Registrations are currently ongoing in several countries worldwide, and we have received positive opinions for the assay in Europe for BOTOX® and VISTABEL®. This new assay not only brings the potential for greater precision and consistency in testing, but we also estimate that it will reduce the use of animal-based testing for these products by up to 95 percent or more over the next three years.

RESTASIS®
IS THE SINGLE LARGEST
U.S. prescription ophthalmic pharmaceutical by value[3]

Board of Directors

David E.I. Pyott, 58
Chairman of the Board,
President and CEO

Elected to the Board and joined Allergan in 1998. Mr. Pyott has been Chief Executive Officer of Allergan since January 1998 and in 2001 became Chairman of the Board. Mr. Pyott also served as President of Allergan from January 1998 until February 2006, and again beginning in March 2011. Previously, Mr. Pyott served as head of the Nutrition Division and a member of the Executive Committee of Novartis AG. Mr. Pyott is a director of Edwards Lifesciences Corporation as well as Avery Dennison Corporation, where he also serves as the lead independent director. Mr. Pyott is a member of the Directors' Board of The Paul Merage School of Business at the University of California, Irvine (UCI); and serves on the board and Executive Committee of the Biotechnology Industry Organization and in the same capacity at the California Healthcare Institute. Mr. Pyott is a member of the board of the Pan-American Ophthalmological Foundation and is a member of the Advisory Board for the Foundation of The American Academy of Ophthalmology. Mr. Pyott also serves as a Vice Chairman of the Board of Trustees of Chapman University.

Herbert W. Boyer, Ph.D., 75

Vice Chairman of the Board since 2001. Dr. Boyer served as Chairman from 1998 to 2001 and has been a Board member since 1994. Dr. Boyer is a founder of Genentech, Inc. and served as a director of Genentech from 1976 to 2009 when Genentech was acquired by the Roche Group. A former Professor of Biochemistry at the University of California, San Francisco, Dr. Boyer is a recipient of the National Medal of Science from President George H. W. Bush, the National Medal of Technology and the Albert Lasker Basic Medical Research Award. He is an elected member of the National Academy of Sciences and a Fellow in the American Academy of Arts & Sciences.

Deborah Dunsire, M.D., 49

Appointed to the Board in 2006. Dr. Dunsire has served as President and Chief Executive Officer of Millennium Pharmaceuticals, Inc., now Millennium: The Takeda Oncology Company, since July 2005. Prior to joining Millennium, Dr. Dunsire led the Novartis U.S. Oncology Business, playing a critical role in the broad development and successful launch of a number of products. Dr. Dunsire was also responsible for managing the merger and significant growth of the combined Sandoz Pharmaceuticals and Ciba-Geigy oncology businesses. Dr. Dunsire served on the U.S. Pharmaceutical Executive Committee at Novartis. Dr. Dunsire is currently a board member of the Biotechnology Industry Organization. Dr. Dunsire was the 2001 recipient of the American Cancer Society's Excalibur Award and is the 2009 recipient of The Healthcare Businesswomen's Association's "Woman of the Year."

Michael R. Gallagher, 66

Elected to the Board in 1998. In 2004, Mr. Gallagher retired as Chief Executive Officer and as a Director of Playtex Products, Inc. Prior to joining Playtex in 1995, Mr. Gallagher was Chief Executive Officer of North America for Reckitt & Colman plc; President and Chief Executive Officer of Eastman Kodak's subsidiary, L&F Products; President of the Lehn & Fink Consumer Products Division at Sterling Drug, General Manager of the Household Products Division of the Clorox Company, and Brand Manager of The Procter & Gamble Company. Mr. Gallagher is Chairman of the Board of Advisors of the Haas School of Business, University of California, Berkeley.

Dawn Hudson, 54

Appointed to the Board in 2008. In March 2009, Ms. Hudson became Vice Chairman of the Parthenon Group, an advisory firm focused on strategy consulting. Prior to that, Ms. Hudson served as President and Chief Executive Officer of Pepsi-Cola North America (PCNA), the multi-billion dollar refreshment beverage unit of PepsiCo in the United States and Canada from March 2005 until November 2007. From May 2002 to March 2005, Ms. Hudson served as President of PCNA. In addition, Ms. Hudson served as Chief Executive Officer of the PepsiCo Foodservice Division from March 2005 to November 2007. Prior to joining PepsiCo, Ms. Hudson was Managing Director at D'Arcy Masius Benton & Bowles, a leading advertising agency based in New York. In 2006 and 2007, Ms. Hudson was named among Fortune Magazine's "50 Most Powerful Women in Business," and on the Forbes "100 Most Powerful Women" globally. In 2002, Ms. Hudson received the honor of "Advertising Woman of the Year" by Advertising Women of New York. Ms. Hudson was also inducted into the American Advertising Federation's Advertising Hall of Achievement, and has been featured twice in Advertising Age's "Top 50 Marketers." Ms. Hudson is a director of Lowe's Companies, Inc., P.F. Chang's China Bistro, Inc., and Interpublic Group of Companies, Inc.

Robert A. Ingram, 69

Appointed to the Board in 2005. Mr. Ingram is currently a General Partner of Hatteras Venture Partners, a venture capital firm focused on early stage life science companies. Mr. Ingram has also served as a strategic advisor to the Chief Executive Officer of GlaxoSmithKline plc since January 2010 and previously served as the Vice Chairman Pharmaceuticals since January 2003. Mr. Ingram was Chief Operating Officer and President, Pharmaceutical Operations of GlaxoSmithKline plc from January 2001 until his retirement in January 2003. Prior to that, Mr. Ingram was Chief Executive Officer of Glaxo Wellcome plc from October 1997 to December 2000; and Chairman of Glaxo Wellcome Inc., Glaxo Wellcome plc's United States subsidiary, from January 1999

to December 2000. Mr. Ingram is Chairman of the Board of Elan Pharmaceuticals and is a director of Edwards Lifesciences Corporation, Valeant Pharmaceuticals International, and Cree, Inc.

Trevor M. Jones, Ph.D., 69

Appointed to the Board in 2004. From 1994 to 2004, Prof. Jones was the Director General of the Association of the British Pharmaceutical Industry. From 1987 to 1994, Prof. Jones was a main board director at Wellcome plc. Prof. Jones received his bachelor of pharmacy degree and Ph.D. from the University of London. Prof. Jones has also gained an honorary doctorate from the University of Athens as well as honorary doctorates in science from the Universities of Strathclyde, Nottingham, Bath and Bradford in the United Kingdom. Furthermore, Prof. Jones was recognized in the Queen's Honors List and holds the title of Commander of the British Empire. Prof. Jones is also a Fellow of the Royal Society of Chemistry, a Fellow of the Royal Society of Medicine, a Fellow of The Royal Pharmaceutical Society, an honorary Fellow of the Royal College of Physicians and of its Faculty of Pharmaceutical Medicine, and an honorary Fellow of the British Pharmacological Society. Prof. Jones is a board member of ReNeuron Group plc, Synexus Ltd., Merlin Biosciences Fund II, Sigma-Tau Finanziaria S.p.A., Sigma-Tau Pharmaceuticals Inc., Verona Pharma plc, and SciClone Pharmaceuticals, Inc. Prof. Jones is also a founder of the Geneva-based public-private partnership, Medicines for Malaria Venture and the UK Stem Cell Foundation.

Louis J. Lavigne, Jr., 63

Appointed to the Board in 2005. Mr. Lavigne has served as a management consultant in the areas of corporate finance, accounting and strategy since 2005. Mr. Lavigne was Executive Vice President and Chief Financial Officer of Genentech, Inc. from March 1997 through his retirement in March 2005, leading the company through significant growth while overseeing the financial, corporate relations and information technology groups. Mr. Lavigne joined Genentech in July 1982, was named controller in 1983, and, in that position, built Genentech's operating financial functions. In 1986, Mr. Lavigne was promoted to Vice President and assumed the position of Chief Financial Officer in September of 1988. Mr. Lavigne was named Senior Vice President in 1994 and was promoted to Executive Vice President in 1997. Prior to joining Genentech, Mr. Lavigne held various financial management positions with Pennwalt Corporation, a pharmaceutical and chemical company. Mr. Lavigne serves on the board of BMC Software, Inc., Accuray Incorporated, and SafeNet Inc. Mr. Lavigne is a faculty member of the Babson College Executive Education's Bio-Pharma: Mastering the Business of Science program. Mr. Lavigne is a member of the West Audit Committee Chair Network. Mr. Lavigne is a trustee of Children's Hospital Oakland. Mr. Lavigne is also a trustee of Babson College and Babson Global, the California Institute of Technology and the Seven Hills School.

Russell T. Ray, 64

Elected to the Board in 2003. Mr. Ray is a Partner of HLM Venture Partners, a private equity firm that provides venture capital to health care information technology, health care services and medical technology companies. Prior to joining HLM Venture Partners in 2003, Mr. Ray was Founder, Managing Director and President of Chesapeake Strategic Advisors from April 2002 to August 2003 and was the Global Co-Head of the Credit Suisse First Boston Health Care Investment Banking Group, where he focused on providing strategic and financial advice to life sciences, health care services and medical device companies from 1999 to 2002. Prior to joining Credit Suisse First Boston in 1999, Mr. Ray spent 12 years at Deutsche Bank and its predecessor entities BT Alex.Brown and Alex. Brown & Sons, Inc. as Global Head of Health Care Investment Banking. Mr. Ray is a director of InfoMedics, Inc., Prism Education Group, Inc., and SW/P Media, Inc. Mr. Ray served as a director of Socios Mayores en Salud from February 2010 until February 2011 when the company was acquired. Mr. Ray is also a member of the Midwest Peregrine Society.

Stephen J. Ryan, M.D., 71

Elected to the Board in 2002. Dr. Ryan is the President of the Doheny Eye Institute and the Grace and Emery Beardsley Professor of Ophthalmology at the Keck School of Medicine of the University of Southern California. Dr. Ryan was the Dean of the Keck School of Medicine and Senior Vice President for Medical Care of the University of Southern California from 1991 until June 2004. Dr. Ryan is a member of the Institute of Medicine of the National Academy of Sciences. He is a member and past President of numerous ophthalmological organizations including the Association of University Professors of Ophthalmology. Dr. Ryan is the founding President of the National Alliance for Eye and Vision Research. Dr. Ryan is a member and director of the W.M. Keck Foundation and is a member of the Arnold and Mabel Beckman Foundation.

Executive Committee

David E.I. Pyott, 58
Chairman of the Board,
President and CEO

Mr. Pyott joined Allergan in January 1998 as President and Chief Executive Officer (CEO) and now serves as Chairman of the Board (since 2001), President and CEO. Previously, he was head of the Nutrition Division and a member of the Executive Committee of Novartis AG from 1995 through 1997. Mr. Pyott has about 30 years of international experience in nutrition and health care and has worked in Austria, Germany, the Netherlands, Spain, Switzerland, Malaysia, Singapore, and the United Kingdom. Mr. Pyott holds a diploma in European and International Law from the Europa Institute at the University of Amsterdam, a Master of Arts degree from the University of Edinburgh, and a Master of Business Administration degree from the London Business School. He also has been honored in the Queen's Birthday Honors List in 2006 and holds the title of Commander of the British Empire.

Raymond H. Diradoorian, 54
Executive Vice President,
Global Technical Operations

Mr. Diradoorian has been Executive Vice President, Global Technical Operations since February 2006. From April 2005 to February 2006, Mr. Diradoorian served as Senior Vice President, Global Technical Operations. Since February 2001, Mr. Diradoorian served as Vice President, Global Engineering and Technology. Mr. Diradoorian joined Allergan in July 1981. Prior to joining Allergan, Mr. Diradoorian held positions at American Hospital Supply and with the Los Angeles Dodgers baseball team. Mr. Diradoorian received a Bachelor of Science degree in Biological Sciences from the University of California, Irvine and a Master of Science degree in Technology Management from Pepperdine University.

Jeffrey L. Edwards, 51
Executive Vice President, Finance
and Business Development,
Chief Financial Officer

Mr. Edwards has been Executive Vice President, Finance and Business Development, Chief Financial Officer, since September 2005. Mr. Edwards joined Allergan in 1993. From March 2003 to September 2005, Mr. Edwards served as Corporate Vice President, Corporate Development and previously served as Senior Vice President, Treasury, Tax and Investor Relations. Prior to joining Allergan, Mr. Edwards was with Banque Paribas and Security Pacific National Bank, where he held various senior-level positions in the credit and business development functions. Mr. Edwards completed the Advanced Management Program at the Harvard Business School and received a Bachelor of Arts degree in Sociology from Muhlenberg College.

David J. Endicott, 47
Corporate Vice President and President
Allergan Medical, Asia Pacific and
Latin America

Mr. Endicott has been Corporate Vice President and President, Allergan Medical, Asia Pacific and Latin America since April 2011 and served as Corporate Vice President and President, Allergan Medical since August 2010. Prior to that, he served as Corporate Vice President and President, Europe, Africa and Middle East from October 2004 to August 2010 and managed the expansion of Allergan's business internationally, including our entry into new markets such as Turkey and Poland. Mr. Endicott served as Senior Vice President, U.S. Specialty Pharmaceuticals from January 2004 to October 2004, Vice President and General Manager of Canada from February 2000 to December 2003 and Vice President of U.S. Managed Markets since 1998. Prior to that, Mr. Endicott served various roles at Allergan since joining the company in 1986. Mr. Endicott holds an undergraduate degree in Chemistry from Whitman College, an MBA from the University of Southern California and is a graduate of the Advanced Management Program at the Harvard Business School.

Julian S. Gangolli, 54
Corporate Vice President and President,
North America

Mr. Gangolli has been Corporate Vice President and President, North America since January 2004. Mr. Gangolli served as Senior Vice President, U.S. Eye Care from July 1998 to January 2004. Prior to joining Allergan, Mr. Gangolli served as Vice President, Sales and Marketing of VIVUS, Inc., a publicly-traded biopharmaceutical company, from 1994 to 1998, where he was responsible for facilitating the successful transition of the company from a research and development start-up into a niche pharmaceutical company. Prior to that, Mr. Gangolli served in a number of increasingly senior marketing roles in the UK, Global Strategic Marketing and in the U.S. for Syntex Pharmaceuticals, Inc., a multinational pharmaceutical company. Mr. Gangolli began his career in pharmaceutical sales and marketing with Ortho-Cilag Pharmaceuticals, Ltd. a UK subsidiary of Johnson & Johnson. Mr. Gangolli received a BSc (Honors) in Applied Chemistry and Business Studies from Kingston Polytechnic in England.

Douglas S. Ingram, Esq., 49
Executive Vice President and President,
Europe, Africa and Middle East

Mr. Ingram has been Executive Vice President and President, Europe, Africa and Middle East since August 2010. Prior to that, he served as Executive Vice President, Chief Administrative Officer, and Secretary from October 2006 to July 2010 and led Allergan's Global Legal Affairs, Compliance, Internal Audit and Internal Controls, Human Resources, Regulatory Affairs and Safety, and Global Corporate Affairs and

Public Relations departments. Mr. Ingram also served as General Counsel from January 2001 to June 2009 and as Secretary and Chief Ethics Officer from July 2001 to July 2010. During that time, he served as Executive Vice President from October 2003 to October 2006, as Corporate Vice President from July 2001 to October 2003 and as Senior Vice President from January 2001 to July 2001. Prior to that, Mr. Ingram was Associate General Counsel and Assistant Secretary from 1998 and joined Allergan in 1996 as Senior Attorney and Chief Litigation Counsel. Prior to joining Allergan, Mr. Ingram was an attorney at Gibson, Dunn & Crutcher LLP from 1988 to 1996. Mr. Ingram received his Juris Doctorate from the University of Arizona in 1988, graduating summa cum laude and Order of the Coif.

Arnold A. Pinkston, 53
Executive Vice President, General Counsel and Assistant Secretary

Mr. Pinkston joined Allergan as Executive Vice President, General Counsel and Assistant Secretary in October 2011 with over 25 years of experience managing legal affairs. Prior to joining Allergan, Mr. Pinkston served as the Senior Vice President, General Counsel and Secretary of Beckman Coulter, Inc. from 2005 through the company's sale to Danaher Corporation in June 2011. While at Beckman Coulter, Mr. Pinkston was responsible for all aspects of the company's global legal affairs as well as the company's compliance program, corporate social responsibility program, internal audit department and knowledge resources. Prior to joining Beckman Coulter, Mr. Pinkston held various positions at Eli Lilly and Company from 1999 through 2005, including serving as deputy general counsel responsible for the legal affairs of Lilly USA. Mr. Pinkston served as general counsel of PCS Health Systems from 1994 to 1999 after working for McKesson Corporation and beginning his legal career as an attorney with Orrick, Herrington & Sutcliffe. Mr. Pinkston received a Bachelor's Degree in Geophysics from Yale College and a Juris Doctor degree from Yale Law School.

Scott D. Sherman, 46
Executive Vice President, Human Resources

Mr. Sherman joined Allergan as Executive Vice President, Human Resources in September 2010 with more than 15 years of human resources leadership experience. Prior to joining Allergan, Mr. Sherman worked at Medtronic, Inc. from August 1995 to September 2010 in roles of increasing complexity and responsibility. Most recently, Mr. Sherman served as Medtronic's Vice President, Global Total Rewards and Human Resources Operations, where he was responsible for global executive compensation, base pay, short-term and long-term incentive programs, as well as health, retirement, life, disability, wealth accumulation and wellness. Mr. Sherman held a series of other positions at Medtronic including Vice President, International Human Resources; Vice President, Human Resources-Europe, Emerging Markets and Canada; and Vice-President, Human Resources Diabetes. Prior to joining Medtronic, Mr. Sherman held various positions in the Human Resources and Sales organizations at Exxon Corporation from 1990 to 1995. Mr. Sherman holds a Master's Degree in Industrial and Labor Relations from Cornell University and a Bachelor's Degree in Internationsal Affairs from The George Washington University.

Scott M. Whitcup, M.D., 52
Executive Vice President, Research and Development, Chief Scientific Officer

Dr. Whitcup has been Executive Vice President, Research and Development since July 2004 and in April 2009 became Chief Scientific Officer. Dr. Whitcup joined Allergan in 2000. Prior to joining Allergan, Dr. Whitcup served as the Clinical Director of the National Eye Institute at the National Institutes of Health. As Clinical Director, Dr. Whitcup's leadership was vital in building the clinical research program and developing new therapies for ophthalmic diseases. Dr. Whitcup graduated from Cornell University and Cornell University Medical College. He completed residency training in internal medicine at the University of California, Los Angeles and in ophthalmology at Harvard University, as well as fellowship training in uveitis and ocular immunology at the National Institutes of Health. Dr. Whitcup is a faculty member at the Jules Stein Eye Institute/David Geffen School of Medicine at the University of California, Los Angeles.

Other Executive Officer
James F. Barlow (Not Pictured)
Senior Vice President, Corporate Controller
(Principal Accounting Officer)

250+

NEW PRODUCT APPROVALS GLOBALLY IN 2011

15.5%

INCREASE IN DILUTED EARNINGS PER SHARE IN 2011[1]

$858

MILLION INVESTED INTO RESEARCH AND DEVELOPMENT IN 2011[1]

CANADA IS ALLERGAN'S LARGEST INTERNATIONAL MARKET

Parliament Buildings, Ottawa, Canada

(1) On a non-U.S. GAAP basis.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2011

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-10269

Allergan, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**95-1622442**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
2525 Dupont Drive Irvine, California	**92612**
(Address of Principal Executive Offices)	(Zip Code)

(714) 246-4500

(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $0.01 Par Value	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of June 30, 2011, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $25,365 million based on the closing sale price as reported on the New York Stock Exchange.

Common stock outstanding as of February 22, 2012 — 307,527,460 shares (including 3,084,689 shares held in treasury).

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this report incorporates certain information by reference from the registrant's proxy statement for the annual meeting of stockholders to be held on May 1, 2012, which proxy statement will be filed no later than 120 days after the close of the registrant's fiscal year ended December 31, 2011.

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Statements made by us in this report and in other reports and statements released by us that are not historical facts constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21 of the Securities Exchange Act of 1934, as amended. These forward-looking statements are necessarily estimates reflecting the judgment of our management based on our current estimates, expectations, forecasts and projections and include comments that express our current opinions about trends and factors that may impact future operating results. Disclosures that use words such as we "believe," "anticipate," "estimate," "intend," "could," "plan," "expect," "project" or the negative of these, as well as similar expressions, are intended to identify forward-looking statements. These statements are not guarantees of future performance and rely on a number of assumptions concerning future events, many of which are outside of our control, and involve known and unknown risks and uncertainties that could cause our actual results, performance or achievements, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. We discuss such risks, uncertainties and other factors throughout this report and specifically under the caption "Risk Factors" in Item 1A of Part I of this report below. Any such forward-looking statements, whether made in this report or elsewhere, should be considered in the context of the various disclosures made by us about our businesses including, without limitation, the risk factors discussed below. Except as required under the federal securities laws and the rules and regulations of the U.S. Securities and Exchange Commission, we do not have any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

PART I

Item 1. *Business*

General Overview of our Business

We are a multi-specialty health care company focused on developing and commercializing innovative pharmaceuticals, biologics, medical devices and over-the-counter products that enable people to live life to its full potential – to see more clearly, move more freely and express themselves more fully. We discover, develop and commercialize a diverse range of products for the ophthalmic, neurological, medical aesthetics, medical dermatology, breast aesthetics, obesity intervention, urological and other specialty markets in more than 100 countries around the world.

We are also a pioneer in specialty pharmaceutical, biologic and medical device research and development. Our research and development efforts are focused on products and technologies related to the many specialty areas in which we currently operate as well as new specialty areas where unmet medical needs are significant. In 2011, our research and development expenditures were approximately 16.9% of our product net sales, or approximately $902.8 million. We supplement our own research and development activities with our commitment to identify and obtain new technologies through in-licensing, research collaborations, joint ventures and acquisitions.

Our diversified business model includes products for which patients may be eligible for reimbursement and cash pay products that consumers pay for directly out-of-pocket. Based on internal information and assumptions, we estimate that in fiscal year 2011, approximately 60% of our product net sales were derived from reimbursable products and 40% of our product net sales were derived from cash pay products, including products in emerging markets that would typically be reimbursed in North America and Europe.

We were founded in 1950 and incorporated in Delaware in 1977. Our principal executive offices are located at 2525 Dupont Drive, Irvine, California, 92612, and our telephone number at that location is (714) 246-4500. Our website address is *www.allergan.com* (the information available at our website address is not incorporated by reference into this report). We make our periodic and current reports available on our website, free of charge, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the U.S. Securities and Exchange Commission, or SEC. The SEC maintains a website at *www.sec.gov* that contains the reports and other information that we file electronically with the SEC.

Operating Segments

We operate our business on the basis of two reportable segments – specialty pharmaceuticals and medical devices. The specialty pharmaceuticals segment produces a broad range of pharmaceutical products, including: ophthalmic products for dry eye, glaucoma, inflammation, infection, allergy and retinal disease; *Botox*® for certain therapeutic and aesthetic indications; skin care products for acne, psoriasis, eyelash growth and other prescription and over-the-counter skin care products; and urologics products. The medical devices segment produces a broad range of medical devices, including: breast implants for augmentation, revision and reconstructive surgery and tissue expanders; obesity intervention products; and facial aesthetics products. The following table sets forth, for the periods indicated, product net sales for each of our product lines within our specialty pharmaceuticals and medical devices segments, segment operating income for our specialty pharmaceuticals and medical devices

segments, domestic and international sales as a percentage of total product net sales, and domestic and international long-lived assets:

	Year Ended December 31,		
	2011	2010	2009
	(dollars in millions)		
Specialty Pharmaceuticals Segment Product Net Sales by Product Line			
Eye Care Pharmaceuticals	$2,520.2	$2,262.0	$2,100.6
Botox®/Neuromodulators	1,594.9	1,419.4	1,309.6
Skin Care	260.1	229.5	208.0
Urologics	56.8	62.5	65.6
Total Specialty Pharmaceuticals Segment Product Net Sales	$4,432.0	$3,973.4	$3,683.8
Medical Devices Segment Product Net Sales by Product Line			
Breast Aesthetics	$ 349.3	$ 319.1	$ 287.5
Obesity Intervention	203.1	243.3	258.2
Facial Aesthetics	362.7	283.8	218.1
Total Medical Devices Segment Product Net Sales	$ 915.1	$ 846.2	$ 763.8
Specialty Pharmaceuticals Segment Operating Income (1)	$1,763.3	$1,501.9	$1,370.8
Medical Devices Segment Operating Income (1)	286.0	284.7	189.2
Consolidated Product Net Sales			
Domestic	60.2%	62.6%	65.4%
International	39.8%	37.4%	34.6%
Consolidated Long-Lived Assets			
Domestic	$3,500.9	$3,222.4	$3,678.3
International	617.5	688.1	572.3

(1) Management evaluates business segment performance on an operating income basis exclusive of general and administrative expenses and other indirect costs, legal settlement expenses, impairment of intangible assets and related costs, restructuring charges, in-process research and development expenses, amortization of certain identifiable intangible assets related to business combinations and asset acquisitions and related capitalized licensing costs and certain other adjustments, which are not allocated to our business segments for performance assessment by our chief operating decision maker. Other adjustments excluded from our business segments for purposes of performance assessment represent income or expenses that do not reflect, according to established company-defined criteria, operating income or expenses associated with our core business activities.

We do not discretely allocate assets to our operating segments, nor does our chief operating decision maker evaluate operating segments using discrete asset information.

See Note 17, "Business Segment Information," in the notes to the consolidated financial statements listed under Item 15 of Part IV of this report, "Exhibits and Financial Statement Schedules," for further information concerning our foreign and domestic operations.

Specialty Pharmaceuticals Segment

Eye Care Pharmaceuticals

We develop, manufacture and market a broad range of prescription and non-prescription products designed to treat diseases and disorders of the eye, including dry eye, glaucoma, inflammation, infection, allergy and retinal disease.

Dry Eye

Restasis® (cyclosporine ophthalmic emulsion) 0.05%, our best selling eye care product, is the largest prescription ophthalmic pharmaceutical by sales value in the United States and is the first, and currently the only, prescription eye drop to help increase tear production, in cases where tear production may be reduced by inflammation due to chronic dry eye. Chronic dry eye is a painful and irritating condition involving abnormalities and deficiencies in the tear film initiated by a variety of causes. The incidence of chronic dry eye increases markedly with age, after menopause in women and in people with systemic diseases. We launched *Restasis*® in the United States in 2003 and *Restasis*® is currently approved in approximately 40 countries.

Our *Refresh*® line of over-the-counter artificial tears products, including *Refresh*® *Optive*™ lubricant eye drops, treats dry eye symptoms including irritation and dryness due to pollution, computer use, aging and other causes. We launched *Refresh*® over 25 years ago and today the *Refresh*® product line includes a wide range of preserved and non-preserved drops as well as ointments to treat dry eye symptoms. In early 2012, we launched *Refresh Optive*™ Advanced lubricant eye drops in the United States and as *Optive Plus*® in some countries in Europe.

Glaucoma

Our *Lumigan*® (bimatoprost ophthalmic solution) product line is our second best selling eye care product line. *Lumigan*® 0.03% and *Lumigan*® 0.01% are topical treatments indicated for the reduction of elevated intraocular pressure in patients with glaucoma or ocular hypertension. *Lumigan*® 0.01% is an improved reformulation of *Lumigan*® 0.03% that was approved in 2009 by Health Canada and in 2010 by the U.S. Food and Drug Administration, or FDA, and the European Medicines Agency, or EMA. We currently sell *Lumigan*® 0.01% and *Lumigan*® 0.03% in the United States and over 80 countries worldwide. Senju Pharmaceutical Co., Ltd., or Senju, is responsible for the development and commercialization of *Lumigan*® in Japan pursuant to an exclusive licensing agreement.

Ganfort™ (bimatoprost/timolol maleate ophthalmic solution) is a bimatoprost and timolol maleate combination designed to treat glaucoma and ocular hypertension in patients who are not responsive to treatment with only one medication. We received a license from the EMA to market *Ganfort*™ in the European Union in 2006 and *Ganfort*™ is now sold in approximately 65 countries.

Our *Alphagan*® (brimonidine tartrate ophthalmic solution) products are our third best selling eye care product line. *Alphagan*® *P* 0.1%, *Alphagan*® *P* 0.15% and *Alphagan*® *P* 0.2% are ophthalmic solutions that lower intraocular pressure by reducing aqueous humor production and increasing uveoscleral outflow. *Alphagan*® *P* 0.1% was approved by the FDA in 2005 and is an improved reformulation of *Alphagan*® *P* 0.15% and *Alphagan*® 0.2%. *Alphagan*® *P* 0.1% is currently approved in approximately 10 countries, *Alphagan*® *P* 0.15% is approved in approximately 50 countries and *Alphagan*® 0.2% is approved in approximately 70 countries. *Alphagan*® *P* 0.15% and *Alphagan*® 0.2% face generic competition in the United States and other parts of the world. Senju is responsible for the development and commercialization of our *Alphagan*® products in Japan pursuant to an exclusive licensing agreement between us and Kyorin Pharmaceuticals Co., Ltd., or Kyorin, that Kyorin subsequently sublicensed to Senju. In January 2012, Senju received approval from the Japanese Ministry of Health, Labor and Welfare for *Aiphagan*® *P* 0.1% for the reduction of intraocular pressure in patients with ocular hypertension or glaucoma.

Combigan® (brimonidine tartrate/timolol maleate ophthalmic solution) 0.2%/0.5% is a brimonidine and timolol combination designed to treat glaucoma and ocular hypertension in patients who are not responsive to treatment with only one medication. The FDA approved *Combigan*® in 2007 and it is now sold in approximately 70 countries worldwide.

Inflammation

Acuvail® (ketorolac tromethamine ophthalmic solution) 0.45% is a nonsteroidal, anti-inflammatory indicated for the treatment of ocular pain and inflammation following cataract surgery that was approved by the FDA in 2009. *Acular LS*® (ketorolac ophthalmic solution) 0.4% is a nonsteroidal anti-inflammatory indicated to reduce ocular pain, burning and stinging following corneal refractive surgery. *Acular LS*® is a reformulated version of *Acular*® that was approved by the FDA in 2007. *Acular*® and *Acular LS*® face generic competition in the United States. *Pred Forte*® (prednisolone acetate ophthalmic suspension, USP) 1% is a topical steroid that was approved by the FDA over 35 years ago and faces generic competition in the United States.

Infection

Zymaxid® (gatifloxacin ophthalmic solution) 0.5% is our next-generation anti-infective product indicated for the treatment of bacterial conjunctivitis. The FDA approved *Zymaxid*® in 2010 and, in February 2011, we announced the discontinuation of *Zymar*® (gatifloxacin ophthalmic solution) 0.3% in the United States due to strong physician acceptance of *Zymaxid*®.

Allergy

Lastacaft® (alcaftadine ophthalmic solution) 0.25% is a topical allergy medication for the prevention and treatment of itching associated with allergic conjunctivitis. We acquired the global license to manufacture and commercialize *Lastacaft*® in 2010 from Vistakon Pharmaceuticals, LLC, Janssen Pharmaceutica N.V. and Johnson & Johnson Vision Care Inc., or, collectively, Vistakon, and launched *Lastacaft*® in the first quarter of 2011.

Elestat® (epinastine HCL ophthalmic solution) 0.05% is used for the prevention of itching associated with allergic conjunctivitis. We license *Elestat*® from Boehringer Ingelheim AG, and hold worldwide ophthalmic commercial rights excluding Japan. *Elestat*®, together with sales under its brand names *Relestat*® and *Purivist*®, is currently approved in approximately 50 countries. A generic version of *Elestat*® was approved by the FDA in the second quarter of 2011 and *Elestat*® currently faces generic competition in the United States.

Retinal Disease

Ozurdex® (dexamethasone intravitreal implant) 0.7 mg is a novel bioerodable formulation of dexamethasone in our proprietary *Novadur*® sustained-release drug delivery system that can be used to locally and directly administer medications to the retina. The FDA approved *Ozurdex*® in 2009 as the first drug therapy indicated for the treatment of macular edema associated with retinal vein occlusion, or RVO, and, in 2010, the EMA granted marketing authorization for *Ozurdex*® for RVO. *Ozurdex*® is now approved for RVO in approximately 45 countries, including Argentina, Brazil, Canada, India, Korea and Mexico. In 2010, the FDA approved *Ozurdex*® for the treatment of non-infectious uveitis affecting the posterior segment of the eye and, in the second quarter of 2011, the EMA granted marketing authorization for *Ozurdex*® for this additional indication. *Ozurdex*® is now approved for uveitis in approximately 40 countries.

Neuromodulators

Botox®

Botox® (onabotulinumtoxinA) was first approved by the FDA in 1989 for the treatment of strabismus and blepharospasm, two eye muscle disorders, making it the first botulinum toxin type A product approved in the world. Since its first approval, *Botox*® has been approved by regulatory authorities worldwide as a treatment for approximately 25 unique indications in approximately 85 countries, benefiting millions of patients. *Botox*® was first approved for certain aesthetic uses in 2002. In addition to over 20 years of clinical experience, the safety and efficacy of *Botox*® have been well-established in approximately 65 randomized, placebo-controlled clinical trials and in approximately 15,000 patients treated with *Botox*® and *Botox*® Cosmetic in Allergan's clinical trials. Worldwide, approximately 30 million vials of *Botox*® and *Botox*® Cosmetic have been distributed and approximately 29 million treatment sessions have been performed in a span of 20 years (1989-2009). There have been approximately 2,500 articles on *Botox*® or *Botox*® Cosmetic in scientific and medical journals. Since the FDA's approval of *Dysport*®, a competing product, in 2009, the FDA has required that all botulinum toxins marketed in the United States include a boxed warning regarding the symptoms associated with the spread of botulinum toxin beyond the injection site along with a corresponding Risk Evaluation and Mitigation Strategies, or REMS, program which addresses the lack of interchangeability of botulinum toxin products.

For the year ended December 31, 2011, therapeutic uses accounted for approximately 51% of *Botox*® total sales and aesthetic uses accounted for approximately 49% of *Botox*® total sales. Sales of *Botox*® represented approximately 30%, 29% and 29% of our total consolidated product net sales in 2011, 2010 and 2009, respectively.

Botox® is used therapeutically for the treatment of certain neuromuscular disorders which are characterized by involuntary muscle contractions or spasms as well for hyperhydrosis and the prophylactic treatment of headaches in adults with chronic migraine. In the third quarter of 2011, the FDA approved *Botox*® for the treatment of urinary incontinence due to detrusor overactivity associated with a neurologic condition, such as a spinal cord injury or multiple sclerosis, in adults who have an inadequate response to or are intolerant of an anticholinergic medication. The currently-approved therapeutic indications for *Botox*® in the United States are as follows:

- urinary incontinence due to detrusor overactivity associated with a neurologic condition in adults who have an inadequate response to or are intolerant of an anticholinergic medication;
- the prophylactic treatment of headaches in adults with chronic migraine;

- the treatment of increased muscle stiffness in the elbow, wrist and fingers in adults with upper limb spasticity;
- severe primary axillary hyperhidrosis, or underarm sweating, that is inadequately managed with topical agents;
- cervical dystonia, or sustained contractions or spasms of muscles in the shoulders or neck, in adults, and associated neck pain;
- blepharospasm, or the uncontrollable contraction of the eyelid muscles; and
- strabismus, or misalignment of the eyes, in people 12 years of age and over.

Botox® is also available outside the United States for various indications. *Botox*® is now approved for the prophylactic treatment of adult chronic migraine in approximately 25 countries, including the United Kingdom and almost all other countries in the European Union as well as Australia, Brazil, Canada, India and Korea. *Botox*® has also been approved for the treatment of urinary incontinence due to detrusor overactivity associated with a neurologic condition in approximately 17 countries, including Brazil, Canada, France, Germany and Spain. *Botox*® is also approved in many countries outside of the United States for treating hemifacial spasm, cervical dystonia, adult spasticity and spasticity associated with pediatric cerebral palsy.

In 2005, we licensed to GlaxoSmithKline, or GSK, our rights to develop and sell *Botox*® in Japan and China, but, in 2010, we reacquired from GSK the rights to develop and sell *Botox*® in Japan and China for all current and future cosmetic indications. GSK retained the rights to develop and sell *Botox*® in Japan and China for all current and future therapeutic indications. *Botox*® was approved in Japan for equinus foot due to lower limb spasticity in juvenile cerebral palsy patients in 2009 and for the treatment of upper and lower limb spasticity in 2010.

Botox® Cosmetic

The FDA approved *Botox*® Cosmetic in 2002 for the temporary improvement in the appearance of moderate to severe glabellar lines in adult men and women age 65 or younger. Depending on the country of approval, this product is referred to as *Botox*®, *Botox*® Cosmetic, *Vistabel*®, *Vistabex*® or *Botox Vista*®, and is administered in small injections to temporarily reduce the muscle activity that causes the formation of glabellar lines between the eyebrows that often develop during the aging process. Currently, over 75 countries have approved facial aesthetic indications for *Botox*®, *Botox*® Cosmetic, *Vistabel*®, *Vistabex*® or *Botox Vista*®. *Botox*® is approved for upper facial lines in Australia, Canada, New Zealand, and certain countries in East Asia and Latin America. In 2009, *Botox*® was approved in Japan and China for glabellar lines.

Skin Care

Our skin care products focus on the acne, psoriasis, physician-dispensed skin care and eyelash growth markets, particularly in the United States and Canada.

Aczone® (dapsone) gel 5% is approved for sale in both the United States and Canada and is indicated for the treatment of acne vulgaris in patients age 12 and older. We launched *Aczone*® in the United States in 2008. In the first quarter of 2011, we outlicensed our Canadian rights to *Aczone*® to Biovail Laboratories International SRL, a subsidiary of Valeant Pharmaceuticals, Inc.

Tazorac® (tazarotene) gel is approved for sale in the United States for the treatment of acne and plaque psoriasis, a chronic skin disease characterized by dry red patches. We also market a cream formulation of *Tazorac*® in the United States for the topical treatment of acne and for the treatment of psoriasis. We have also engaged Pierre Fabre Dermatologie as our promotion partner for *Zorac*® (tazarotene) in certain parts of Europe, the Middle East and Africa. In 2007, we entered into a strategic collaboration agreement with Stiefel Laboratories, Inc., which was acquired by GSK in 2009, to develop and market new products involving tazarotene for dermatological use worldwide.

Vivité® is an advanced anti-aging skin care line that uses proprietary *GLX Technology*™, creating a highly specialized blend of glycolic acid and natural antioxidants. We launched *Vivité*® in 2007 and market our *Vivité*® line of skin care products to physicians in the United States.

Latisse® (bimatoprost ophthalmic solution) 0.03%, is the first, and currently the only, FDA-approved prescription treatment for insufficient or inadequate eyelashes. The FDA approved *Latisse*® in 2008 and we launched *Latisse*® in the United States in 2009. *Latisse*® is also approved for sale in Canada, Russia and certain markets in Latin America, Asia Pacific and the Middle East.

Urologics

Sanctura XR® is our once-daily anticholinergic for the treatment of over-active bladder, or OAB. *Sanctura XR*® was approved by the FDA in 2007 and Health Canada in 2010. In connection with our 2007 acquisition of Esprit Pharma Holdings Company,

Inc., we obtained an exclusive license to market *Sanctura®* and *Sanctura XR®* in the United States and its territories from Indevus Pharmaceuticals, Inc., or Indevus, which was subsequently acquired by Endo Pharmaceuticals. In the United States, we promote *Sanctura XR®* to the urology specialty channel. We acquired the right to commercialize *Sanctura XR®* in Canada from Indevus and Madaus GmbH in 2008. *Sanctura®*, our twice-a-day anticholinergic for OAB, began facing generic competition in the United States in 2010.

Medical Devices Segment

Breast Aesthetics

Our silicone gel and saline breast implants, consisting of a variety of shapes, sizes and textures, have been available to women for more than 30 years and are currently sold in approximately 75 countries for breast augmentation, revision and reconstructive surgery. Our breast implants consist of a silicone elastomer shell filled with either a saline solution or silicone gel with varying degrees of cohesivity. This shell can consist of either a smooth or textured surface. We market our breast implants and tissue expanders under the trade names *Natrelle®*, *Inspira®*, and *CUI™* and the trademarks *BioCell®*, *MicroCell™* and *BioDimensional®*. We currently market over 1,000 breast implant product variations worldwide to meet our patients' preferences and needs. In 2006, the FDA and Health Canada lifted a moratorium on the sale of silicone gel breast implants that had been in place since the early 1990's and the majority of the breast implants we now sell are silicone gel breast implants. We also sell a line of tissue expanders primarily for breast reconstruction and also as an aid to skin grafting to cover burn scars and correct birth defects.

Obesity Intervention

Lap-Band®

The *Lap-Band®* System is designed to provide minimally invasive long-term treatment of severe obesity and is used as an alternative to more invasive procedures such as gastric bypass or sleeve gastrectomy. The *Lap-Band®* System is an adjustable silicone band that is laparoscopically placed around the upper part of the stomach through a small incision, creating a small pouch at the top of the stomach, which slows the passage of food and creates a sensation of fullness. The FDA approved the *Lap-Band®* System in 2001 to treat severe obesity in adults who have failed more conservative weight reduction alternatives. In 2007, we launched the *Lap-Band AP®* System, a next-generation of the *Lap-Band®* System. The *Lap-Band AP®* System has proprietary 360-degree *Omniform®* technology, which is designed to evenly distribute pressure throughout the band's adjustment range. In the first quarter of 2011, the FDA approved the expanded use of the *Lap-Band®* System for weight reduction in obese adults who have failed more conservative weight reduction alternatives and have a minimum Body Mass Index, or BMI, of 30 and at least one comorbid condition, such as type-2 diabetes or hypertension. The *Lap-Band®* System was previously only approved for adults with a BMI of at least 35 and at least one comorbid condition as well as adults with a BMI of at least 40.

Orbera™

The *Orbera™* Intragastric Balloon System is a non-surgical alternative for the treatment of overweight and obese adults that is approved for sale outside the United States in over 60 countries. The *Orbera™* System includes a silicone elastomer balloon that is filled with saline after transoral insertion into the patient's stomach to reduce stomach capacity and create an earlier sensation of fullness. The *Orbera™* System is removed endoscopically within six months after placement.

Facial Aesthetics

Our *Juvéderm®* dermal filler family of products are designed to improve facial appearance by smoothing wrinkles and folds using our proprietary *Hylacross™* and *Vycross™* technology, which utilize an advanced manufacturing process that results in a cohesive gel. This technology enables the delivery of a homogeneous gel-based hyaluronic acid. The FDA approved *Juvéderm®* Ultra and Ultra Plus in 2006 for the correction of moderate to severe wrinkles and folds. In 2010, the FDA approved *Juvéderm®* Ultra XC and Ultra Plus XC, each formulated with lidocaine, an anesthetic that alleviates pain during injections.

In Europe, we market various formulations of *Juvéderm®*, including *Juvéderm Voluma™* and *Surgiderm®* for wrinkle and fold augmentation as well as volume deficits. In the fourth quarter of 2011, we launched *Juvéderm Voluma™* with lidocaine in Europe and Canada. In the first quarter of 2011, *Juvéderm®* Hydrate and *Juvéderm Ultra Smile®* were launched in Europe. The *Juvéderm®* dermal filler family of products are currently approved or registered in approximately 50 countries, including all major world markets with the exception of Japan and China where we are pursuing approvals.

International Operations

Our international sales represented 39.8%, 37.4% and 34.6% of our total consolidated product net sales for the years ended December 31, 2011, 2010 and 2009, respectively. Our 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

We sell our products directly through our own sales subsidiaries in approximately 38 countries and, supplemented by independent distributors, in over 100 countries worldwide. We maintain a global strategic marketing team, as well as regional sales and marketing organizations, to support the promotion and sale of our products. We also engage contract sales organizations to promote certain products. Our sales efforts and promotional activities are primarily aimed at eye care professionals, neurologists, physiatrists, dermatologists, plastic and reconstructive surgeons, aesthetic specialty physicians, bariatric surgeons, urologists and general practitioners who use, prescribe and recommend our products.

We advertise in professional journals, participate in medical meetings and utilize direct mail and internet programs to provide descriptive product literature and scientific information to specialists in the ophthalmic, dermatological, medical aesthetics, bariatric, neurology, movement disorder and urology fields. We have developed training modules and seminars to update physicians regarding evolving technology in our products. We also have utilized direct-to-consumer advertising for *Botox*® for chronic migraine, *Botox*® Cosmetic, *Juvéderm*®, the *Lap-Band*® System, *Latisse*®, *Natrelle*® and *Restasis*®. We supplement our marketing efforts with exhibits at medical conventions, advertisements in trade journals, sales brochures and national media. In addition, we sponsor symposia and educational programs to familiarize physicians and surgeons with the leading techniques and methods for using our products.

Our products are sold to drug wholesalers, independent and chain drug stores, pharmacies, commercial optical chains, opticians, mass merchandisers, food stores, hospitals, group purchasing organizations, integrated direct hospital networks, ambulatory surgery centers and medical practitioners. We also utilize distributors for our products in smaller international markets. We transferred back sales and marketing rights for our products from our distributors and established direct operations in Poland, Turkey and the Philippines in 2010, South Africa in the third quarter of 2011 and Russia in the first quarter of 2012.

As of December 31, 2011, we employed approximately 3,400 sales representatives throughout the world. U.S. sales, including manufacturing operations, represented 60.2%, 62.6% and 65.4% of our total consolidated product net sales in 2011, 2010 and 2009, respectively. Sales to Cardinal Health, Inc. for the years ended December 31, 2011, 2010 and 2009 were 14.1%, 13.1% and 13.9%, respectively, of our total consolidated product net sales. Sales to McKesson Drug Company for the years ended December 31, 2011, 2010 and 2009 were 12.6%, 12.1% and 12.8%, respectively, of our total consolidated product net sales. No other country, or single customer, generated over 10% of our total consolidated product net sales.

Research and Development

Our global research and development efforts currently focus on eye care, neurology, urology, skin care, medical aesthetics and obesity intervention. Our strategy includes developing innovative products to address unmet medical needs and conditions associated with aging, and otherwise assisting patients in reaching life's potential. Our top priorities include furthering our leadership in ophthalmology, medical aesthetics and neuromodulators, identifying new potential compounds for sight-threatening diseases such as glaucoma, age-related macular degeneration and other retinal disorders and developing novel therapies for chronic dry eye, pain and genitourinary diseases as well as next-generation breast implants, dermal fillers and obesity intervention devices.

We have a fully integrated research and development organization with in-house discovery programs, including medicinal chemistry, high throughput screening and biological sciences. We supplement our own research and development activities with our commitment to identify and obtain new technologies through in-licensing, research collaborations, joint ventures and acquisitions. As of December 31, 2011, we had approximately 2,000 employees involved in our research and development efforts. Our research and development expenditures for 2011, 2010 and 2009 were approximately $902.8 million, $804.6 million and $706.0 million, respectively.

Some of our 2011 research and development highlights are described below, including acquisitions of compounds and products in development and progress under collaborations with third parties.

Ophthalmology. Our research and development efforts for the ophthalmic pharmaceuticals business continue to focus on new therapeutic products for retinal disease, glaucoma and chronic dry eye. In the second quarter of 2011, we entered into a license agreement with Molecular Partners AG pursuant to which we obtained exclusive global rights in the field of ophthalmology for MP0112, a Phase II proprietary therapeutic *DARPin*® protein targeting vascular endothelial growth factor receptors under investigation for the treatment of retinal diseases. Under the terms of the agreement, we made a $45.0 million upfront payment to Molecular Partners AG and agreed to pay certain contingent development and regulatory milestones as well as certain royalty payments.

Neurology. We continue to invest heavily in the research and development of neuromodulators, including *Botox*® and *Botox*® Cosmetic. We are focused on expanding the approved indications for *Botox*®, including idiopathic overactive bladder, benign prostatic hyperplasia, adult movement disorders and juvenile cerebral palsy, while also pursuing next-generation neuromodulator-based therapeutics, including a targeted neuromodulator for use in overactive bladder and post-herpetic neuralgia. We are further enhancing biologic process development and manufacturing. In the second quarter of 2011, the FDA and Health Canada approved our fully in vitro, cell-based assay for use in the stability and potency testing of *Botox*® and *Botox*® Cosmetic. In early 2012, Allergan received positive opinions for this assay in Europe for both *Vistabel*® and *Botox*®. In the first quarter of 2011, we entered into a collaboration agreement and a co-promotion agreement with MAP Pharmaceuticals, Inc., or MAP, for the exclusive development and commercialization by us and MAP of *Levadex*® within the United States to neurologists for the treatment of acute migraine in adults, migraine in adolescents 12 to 18 years of age and other indications that may be approved. *Levadex*® is a self-administered, orally inhaled therapy consisting of a proprietary formulation of dihydroergotamine using MAP's proprietary *Tempo*® delivery system, which has completed Phase III clinical development for the treatment of acute migraine in adults and is currently under review by the FDA.

Urology. In the third quarter of 2011, the FDA approved *Botox*® for the treatment of urinary incontinence due to detrusor overactivity associated with a neurologic condition, such as spinal cord injury or multiple sclerosis, in adults who have an inadequate response to or are intolerant of an anticholinergic medication. We also continue to collaborate with Serenity Pharmaceuticals, LLC, or Serenity, on the development and commercialization of Ser-120, a Phase III investigational drug in clinical development for the treatment of nocturia, a urological disorder in adults characterized by frequent urination at night time. In 2010, the Phase III clinical trials failed to meet their primary efficacy endpoints and, in 2011, after consultation with the FDA, an additional study was initiated. We are also continuing to collaborate with Spectrum Pharmaceuticals, Inc., or Spectrum, to develop and commercialize apaziquone, an antineoplastic agent being investigated for the treatment of non-muscle invasive bladder cancer following surgery. Under the license, development, supply and distribution agreement that we entered into with Spectrum in 2008, Spectrum is conducting two Phase III clinical trials.

Dermatology. In the third quarter of 2011, we completed the acquisition of Vicept Therapeutics, Inc., a privately-held dermatology company based in the United States focused on developing a novel compound to treat erythema associated with rosacea, for an upfront payment of $74.1 million, net of cash acquired, and agreed to pay certain contingent development and regulatory milestone payments as well as additional payments contingent upon achieving certain sales milestones.

Medical Devices. We continue to invest in the development of biodegradable silk-based scaffolds for use in tissue regeneration, including breast augmentation, revision and reconstruction and general surgical applications. We invest in research and development around our *Natrelle*® and *Inspira*® line of products for breast augmentation and reconstruction, and our *Juvéderm*® family of dermal filler products. *Juvéderm Voluma*™ with lidocaine is currently under FDA review for correcting age-related mid-face volume deficit.

The continuing introduction of new products supplied by our research and development efforts, including our clinical development projects and in-licensing opportunities are critical to our success. There are intrinsic uncertainties associated with research and development efforts and the regulatory process. We cannot assure you that any of the research projects, clinical development projects, collaborations or pending drug marketing approval applications will result in new products that we can commercialize. Delays or failures in one or more significant research or clinical development projects and pending drug marketing approval applications could have a material adverse effect on our future operations. For a more complete discussion of the risks relating to research and development, see Item 1A of Part I of this report, including "Risk Factors – We may not be successful in developing and obtaining regulatory approval for new products or new indications for existing products."

Patents, Trademarks and Licenses

We own, or have licenses under, numerous U.S. and foreign patents relating to our products, product uses and manufacturing processes. Our success depends on our ability to obtain patents or rights to patents, protect trade secrets and other proprietary technologies and processes, operate without infringing upon the proprietary rights of others, and prevent others from infringing on our patents, trademarks, service marks and other intellectual property rights. Upon the expiration or loss of patent protection for a product, we can lose a significant portion of sales of that product in a very short period of time as other companies manufacture and sell generic forms of our previously protected product, without having to incur significant development or marketing costs.

Patents. With the exception of the U.S. and European patents relating to *Lumigan*® 0.03%, *Lumigan*® 0.01%, *Alphagan*® *P* 0.15%, *Alphagan*® *P* 0.1%*, Combigan*®, *Ganfort*™, *Ozurdex*® and the U.S. patents relating to *Restasis*®, *Zymaxid*®, *Lastacaft*®, *Latisse*® and *Azcone*®, no one patent or license is materially important to our specialty pharmaceuticals segment. The U.S. patents covering *Lumigan*® 0.03% expire in 2012 and 2014 and the European patents expire in various countries between 2013 and 2017. The U.S. marketing exclusivity for *Lumigan*® 0.01% expires in August 2013. The U.S. patents covering *Lumigan*® 0.01% expire in 2012, 2014 and 2027 and the European patents expire in 2013, 2017 and 2026. The U.S. patents covering the commercial formulations of *Alphagan*® *P* 0.15%, and *Alphagan*® *P* 0.1% expire in 2022 . The U.S. patents covering *Combigan*® expire in

2022 and 2023, the European patent is pending and the marketing exclusivity period for *Combigan*® expires in Europe in 2015. The European patents covering *Ganfort*™ expire in 2013 and 2022. The U.S. patents covering *Ozurdex*® expire between 2020 and 2024 and the European patent expires in 2021. The U.S. patent covering *Restasis*® expires in 2014. The U.S. patents covering *Zymaxid*® expire in 2016 and 2020. The U.S. patent covering *Lastacaft*® expires in 2012 and a patent term extension is pending. The marketing exclusivity for *Lastacaft*® expires in July 2015. The U.S. patents covering *Latisse*® expire in 2012, 2022, 2023 and 2024 and the European patents covering *Latisse*® expire in 2013 and 2021. The marketing exclusivity period for *Latisse*® expired in December 2011. The U.S. patent covering *Azcone*® expires in 2016.

We own, and have rights in, well over 100 issued U.S. and European use and process patents covering various *Botox*® indications, including the treatment of chronic migraine, overactive bladder and hyperhydrosis, as well as our next-generation neuromodulator-based therapeutics currently in development.

With the exception of certain U.S. and European patents relating to the *Lap-Band AP*® System and our *Inspira*® and *Natrelle*® breast implants products, no one patent or license is materially important to our specialty medical device segment. The patents covering our *Lap-Band AP*® System expire in 2024 in the United States and in 2023 in Europe. The patents covering our *Inspira*® and *Natrelle*® breast implant products expire in 2018 in the United States and 2017 in Europe. We have additional patents pending relating to our breast implant products and tissue expanders in development. We also have patents covering our *Juvéderm Voluma*™ dermal filler product in late-stage development that expire in 2021 and 2026 in the United States and in 2021 in Europe.

We also own or have rights to patents covering potential products in late-stage development pursuant to certain agreements with third parties described further below under "*Licenses*" including U.S. patents covering *Levadex*® that expire in 2028, U.S. patents covering apaziquone that expire in 2022 and 2024 and U.S. patents covering Ser-120 that expire in 2024. For a discussion of the risks relating to late-stage development, please see Item 1A of Part I of this report, including "Risk Factors – Our development efforts may not result in products or indications approved for commercial sale."

The issuance of a patent is not conclusive as to its validity or as to the enforceable scope of the claims of the patent. It is impossible to anticipate the breadth or degree of protection that any such patents will afford. Third parties may challenge, invalidate or circumvent our patents and patent applications relating to our products, product candidates and technologies, which could result in significant harm to our business.

The individual patents associated with and expected to be associated with our products and late-stage development projects extend for varying periods of time depending on the date of filing of the patent application or the date of patent issuance and the legal term of patents in the countries in which they are obtained. The actual protection afforded by a patent varies on a product-by-product basis and country-to-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the availability of legal remedies in a particular country and the validity and enforceability of the patents.

Trademarks. We market our products under various trademarks, for which we have both registered and unregistered trademark protection in the United States and certain countries outside the United States. We consider these trademarks to be valuable because of their contribution to the market identification of our products and we regularly prosecute third party infringers of our trademarks in an attempt to limit confusion in the marketplace. Any failure to adequately protect our rights in our various trademarks and service marks from infringement could result in a loss of their value to us. If the marks we use are found to infringe upon the trademark or service mark of another company, we could be forced to stop using those marks and, as a result, we could lose the value of those marks and could be liable for damages caused by infringing those marks. In addition to intellectual property protections afforded to trademarks, service marks and proprietary know-how by the various countries in which our proprietary products are sold, we seek to protect our trademarks, service marks and proprietary know-how through confidentiality agreements with third parties, including our partners, customers, employees and consultants. These agreements may be breached or become unenforceable, and we may not have adequate remedies for any such breach. It is also possible that our trade secrets will become known or independently developed by our competitors, resulting in increased competition for our products.

Licenses. We license certain intellectual property from third parties and are involved in various collaborative ventures to develop and commercialize products. Certain of these arrangements include but are not limited to the following:

- a collaboration agreement and a co-promotion agreement with MAP for the exclusive development and commercialization by us and MAP of *Levadex*® within the United States to neurologists for the treatment of acute migraine in adults, migraine in adolescents 12 to 18 years of age and other indications that may be approved by the parties;
- a collaboration arrangement with Spectrum to develop and commercialize apaziquone, an antineoplastic agent currently being investigated for the treatment of non-muscle invasive bladder cancer by intravesical instillation;
- an agreement with Serenity to develop and commercialize Ser-120, a nasally administered low dosage formulation of

desmopressin currently in Phase III clinical trials for the treatment of nocturia, pursuant to which we received an exclusive worldwide license to develop, manufacture and commercialize Ser-120 for all potential indications except, under certain circumstances, primary nocturnal enuresis;

- a license agreement with Molecular Partners AG pursuant to which we obtained exclusive global rights in the field of ophthalmology for MP0112, a Phase II proprietary therapeutic *DARPin*® protein targeting vascular endothelial growth factor receptors under investigation for the treatment of retinal diseases;
- a license from Merck & Co., formerly Inspire Pharmaceuticals, Inc., pursuant to which we pay royalties based on our net sales of *Restasis*® and any other human ophthalmic formulations of cyclosporine owned or controlled by us; and
- a royalty-bearing, non-exclusive license from Ethicon Endo-Surgery, Inc. with respect to a portfolio of non-U.S. patents applicable to adjustable gastric bands, pursuant to which we will pay royalties until the expiry of the applicable patents in 2013.

We also license certain of our intellectual property rights to third parties. Certain of these arrangements include but are not limited to the following:

- a royalty-bearing license to GSK for clinical development and commercial rights to *Botox*® for therapeutic indications in Japan and China;
- an exclusive licensing agreement with Senju pursuant to which Senju is responsible for the development and commercialization of *Lumigan*® in Japan;
- an exclusive licensing agreement with Kyorin, which Kyorin subsequently sublicensed to Senju, pursuant to which Senju is responsible for the development and commercialization of our *Alphagan*® *P* products, including *Aiphagan*® *P* 0.1%, in Japan;
- an exclusive license agreement with Bristol-Myers Squibb Company regarding the development and commercialization of an investigational drug for neuropathic pain, pursuant to which we granted to Bristol-Myers Squibb Company worldwide rights to develop, manufacture and commercialize the investigational drug for neuropathic pain and backup compounds;
- a royalty-bearing license to Merz Pharmaceuticals, or Merz, pursuant to which Merz pays royalties with regard to *Xeomin*® in many countries where we have issued or pending patents;
- a royalty-bearing license to Alcon for brimonidine 0.15% in the United States; and
- a royalty-bearing license to US WorldMeds with regard to *MyoBloc*®/*Neurobloc*®.

From time to time, we may need to obtain licenses to patents and other proprietary rights held by third parties to develop, manufacture and market our products. If we are unable to timely obtain these licenses on commercially reasonable terms, our ability to commercially exploit such products may be inhibited or prevented.

Manufacturing

We manufacture the majority of our commercialized products in our own plants located at the following locations: Westport, Ireland; Waco, Texas; San José, Costa Rica; Pringy, France; and Guarulhos, Brazil. We also produce clinical supplies of biodegradable silk-based scaffolds at a leased facility in Massachusetts. We maintain sufficient manufacturing capacity at these facilities to support forecasted demand as well as a modest safety margin of additional capacity to meet peaks of demand and sales growth in excess of expectations. We increase our capacity as required in anticipation of future sales increases. In the event of a very large or very rapid unforeseen increase in market demand for a specific product or technology, supply of that product or technology could be negatively impacted until additional capacity is brought on line. Third parties manufacture a small number of commercialized products for us.

We are a vertically integrated producer of plastic parts and produce our own bottles, tips and caps for use in the manufacture of our ophthalmic solutions. Additionally, we ferment, purify and characterize the botulinum toxin used in our product *Botox*®. We purchase all of our active pharmaceutical ingredients, or API, from third parties as well as other significant raw materials and parts for medical devices from qualified domestic and international sources. Where practical, we maintain more than one supplier for each API and other materials, and we have an ongoing alternate program that identifies additional sources of key raw materials. However, in some cases, we are a niche purchaser and may only have a single source of supply. These sources are identified in filings with regulatory agencies, including the FDA, and cannot be changed without prior regulatory approval. In these cases, we maintain inventories of the raw material itself to mitigate the risk of interrupted supply. A lengthy interruption of the supply of one of these materials and parts for medical devices could adversely affect our ability to manufacture and supply commercial

products. In addition, a small number of the raw materials required to manufacture certain of our products are derived from biological sources which could be subject to contamination and recall by their suppliers. We use multiple lots of these raw materials at any one time in order to mitigate such risks. However, a shortage, contamination or recall of these products could disrupt our ability to maintain an uninterrupted commercial supply of our finished goods.

Manufacturing facilities producing pharmaceutical and medical device products intended for distribution in the United States and internationally are subject to regulation and periodic review by the FDA, international regulatory authorities and European notified bodies for certain of our medical devices. All of our facilities are currently approved by the FDA, the relevant notified bodies and other foreign regulatory authorities to manufacture pharmaceuticals and medical devices for distribution in the United States and international markets. For a discussion of the risks relating to manufacturing and the use of third party manufacturers, see Item 1A of Part I of this report, including "Risk Factors – Disruptions in our supply chain or failure to adequately forecast product demand could result in significant delays or lost sales."

Competition

The pharmaceutical and medical device industries are highly competitive and require an ongoing, extensive search for technological innovation. They also require, among other things, the ability to effectively discover, develop, test and obtain regulatory approvals for products, as well as the ability to effectively commercialize, market and promote approved products, including communicating the effectiveness, safety and value of products to actual and prospective customers and medical professionals. Numerous companies are engaged in the development, manufacture and marketing of health care products competitive with those that we develop, manufacture and market. Many of our competitors have greater resources than we have. This enables them, among other things, to make greater research and development investments and spread their research and development costs, as well as their marketing and promotion costs, over a broader revenue base. Our competitors may also have more experience and expertise in obtaining marketing approvals from the FDA and other regulatory authorities. In addition to product development, testing, approval and promotion, other competitive factors in the pharmaceutical and medical device industries include industry consolidation, product quality and price, product technology, reputation, customer service and access to technical information. We believe that our products principally compete on the basis of quality, clinical data, product design, an experienced sales force, physicians' and surgeons' familiarity with our products and brand names, effective marketing campaigns, including direct-to-consumer advertising, customer relationship marketing databases, regional warranty programs and our ability to identify and develop or license patented products embodying new technologies. In addition to the information provided below, please see Item 3 of Part I of this report, "Legal Proceedings," for information concerning current litigation regarding our products and intellectual property.

Specialty Pharmaceuticals Segment

Eye Care Products

Our eye care pharmaceutical products face extensive competition from Alcon Laboratories, Inc./Novartis AG, Abbott Laboratories, Bausch & Lomb, Inc., Genentech/Hoffman La Roche AG, Ista Pharmaceuticals, Inc., Merck & Co./Inspire Pharmaceuticals, Inc., Pfizer Inc., Regeneron Pharmaceuticals, Inc. and Santen Seiyaku. For our eye care products to be successful, we must be able to manufacture and effectively detail them to a sufficient number of eye care professionals such that they use or continue to use our current products and the new products we may introduce. Glaucoma must be treated over an extended period and doctors may be reluctant to switch a patient to a new treatment if the patient's current treatment for glaucoma is effective and well tolerated.

We also face intense competition from generic drug manufacturers in the United States and internationally. For instance, the FDA approved the first generic of *Alphagan*® in 2003 and *Alphagan*® *P* 0.15% and *Alphagan*® now face generic competition in the United States. A generic form of *Elestat*® was first approved by the FDA in the second quarter of 2011 and *Elestat*® now faces generic competition in the United States. A generic form of *Zymar*® produced by Apotex Inc. was approved by the FDA in the third quarter of 2011, but as of February 2012, a generic product has not been launched in the United States. *Acular LS*® and *Acular*® also face generic competition in the United States. In some cases, we also compete with generic versions of our competitors' products. For instance, *Lumigan*® now competes indirectly with many generic versions of Pfizer's *Xalatan*® ophthalmic solution.

In recent years we have received paragraph 4 Hatch-Waxman Act certifications from various generic drug manufacturers, including but not limited to Excela PharmaSci, Inc., Apotex Inc., Barr Laboratories, Inc., Sandoz, Inc., Alcon Research, Ltd., Watson Laboratories, Inc., Lupin Limited and High-Tech Pharmacal Co., Inc., seeking FDA approval of generic forms of certain of our eye care products, including *Alphagan*® *P* 0.15%, *Alphagan*® *P* 0.1%, *Combigan*®, *Lumigan*® 0.3%, *Lumigan*® 0.1%, *Zymar*® and *Zymaxid*®. We expect to continue to receive paragraph 4 Hatch-Waxman Act certifications from these and other companies challenging the validity of our patents.

Neuromodulators

Botox® was the only neuromodulator approved by the FDA until 2000, when the FDA approved *Myobloc*® (rimabotulinumtoxinB), a neuromodulator currently marketed by US WorldMeds. In 2009, the FDA approved *Dysport*® (abobotulinumtoxinA) for the treatment of cervical dystonia and glabellar lines, which is marketed by Ipsen Ltd., or Ipsen, and Medicis Pharmaceutical Corporation, or Medicis. Since the approval of *Dysport*®, the FDA has required that all botulinum toxins marketed in the United States include a boxed warning regarding the symptoms associated with the spread of botulinum toxin beyond the injection site along with a corresponding REMS program which addresses the lack of interchangeability of botulinum toxin products. In 2006, Ipsen received marketing authorization for a cosmetic indication for *Dysport*® in Germany. In 2007, Ipsen granted Galderma, a joint venture between Nestle and L'Oréal Group, an exclusive development and marketing license for *Dysport*® for cosmetic indications in the European Union, Russia, Eastern Europe and the Middle East, and first rights of negotiation for other countries around the world, except the United States, Canada and Japan. In 2008, Galderma became Ipsen's sole distributor for *Dysport*® in Brazil, Argentina and Paraguay. In 2009, the health authorities of 15 European Union countries approved *Dysport*® for glabellar lines under the trade name *Azzalure*®. In 2011, Ipsen and Syntaxin engaged in a research collaboration agreement to develop native and engineered formats of botulinum neurotoxin.

In addition, Merz's botulinum toxin product *Xeomin*®, is currently approved for therapeutic indications in most countries in the European Union as well as Canada and certain countries in Latin America and Asia. *Xeomin*® was approved by the FDA in 2010 for cervical dystonia and blepharospasm in adults previously treated with *Botox*®. In the third quarter of 2011, *Xeomin*® was approved by the FDA and in Korea for glabellar lines. In 2009, Merz received approval of *Bocouture*® (rebranded from *Xeomin*®) for glabellar lines in Germany. In 2010, *Bocouture*® was approved in significant markets within the European Union. *Xeomin*® is also approved for glabellar lines in Argentina and Mexico.

Mentor Worldwide LLC, a division of Johnson & Johnson, or Mentor, is conducting clinical trials for a competing neuromodulator for glabellar lines in the United States and Johnson & Johnson has communicated that Mentor will file its Biologics License Application, or BLA, with the FDA in 2013 or later.

In addition, we are aware of competing neuromodulators currently being developed and commercialized in Asia, South America and other markets. A Korean botulinum toxin, *Meditoxin*®, was approved for sale in Korea in 2006. The company, Medy-Tox Inc., received exportation approval from Korean authorities in early 2005 to ship their product under the trade name *Neuronox*®. *Neuronox*® is marketed in Hong Kong, India and Thailand. *Meditoxin*® is approved in several South American countries under various trade names. A Chinese entity, Lanzhou Biological Institute, received approval to market a botulinum toxin in China in 1997 under the tradename HengLi, and has launched its botulinum toxin product in other lightly regulated markets in Asia, South America and Central America under several trade names. These lightly regulated markets may not require adherence to the FDA's current Good Manufacturing Practice regulations, or cGMPs, or the regulatory requirements of the European Medicines Agency or other regulatory agencies in countries that are members of the Organization for Economic Cooperation and Development. While these products are unlikely to meet stringent U.S. regulatory standards, the companies operating in these markets may be able to produce products at a lower cost than we can.

Our sales of *Botox*® could be materially and negatively impacted by this competition or competition from other companies that might obtain FDA approval or approval from other regulatory authorities to market a neuromodulator.

Skin Care Products

Our skin care products, including *Aczone*®, *Tazorac*®, *Vivité*® and *Latisse*®, focus on the acne, psoriasis, physician-dispensed skin care and eyelash growth markets, particularly in the United States and Canada, and compete with many other skin care products from companies, including Galderma, Medicis, Stiefel Laboratories, Inc., a division of GSK, Novartis AG, Merck & Co., Inc., Obagi Medical Products, Inc., L'Oréal Group, SkinMedica, Inc. and Valeant Pharmaceuticals International, many of which have greater resources than us. We also compete with mass retail products that are designed to treat skin care issues similar to those for which our products are indicated. For example, *Aczone*® faces competition from several generic and over-the-counter products, which provide lower-priced options for the treatment of acne.

Urology

Our products for the treatment of OAB, *Sanctura*® and *Sanctura XR*®, compete with several other OAB treatment products, many of which have been on the market for a longer period of time, including Pfizer Inc.'s *Detrol*®, *Detrol*® *LA* and *Toviaz*™, Watson Pharmaceuticals, Inc.'s *Oxytrol*® and *Gelnique*™, Warner Chilcott PLC's *Enablex*® and Astellas Pharma US, Inc. and GSK's *Vesicare*® and certain generic OAB products. We also face competition from generic urologic drug manufacturers in the United States and internationally. In 2009, we received paragraph 4 Hatch-Waxman Act certifications from Watson Pharmaceuticals, Inc. seeking FDA approval of a generic form of *Sanctura XR*®. In 2010, a generic version of *Sanctura*® was launched in the United States. For our urologics products to be successful, we must be able to effectively detail our products to a sufficient number of