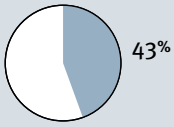
ALLERGAN

2000 Annual Report

Ophthalmic Pharmaceuticals

2000
Percent of net sales



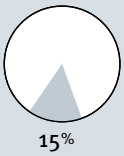
ALPHAGAN (brimonidine tartrate ophthalmic solution 0.2%): Allergan's premier glaucoma therapy and the No. 2 product in glaucoma. ALPHAGAN was the first alpha-2 agonist approved for the long-term treatment of elevated intraocular pressure and ocular hypertension and is quickly growing in dominance as a first-line therapy.

ACULAR (ketorolac tromethamine ophthalmic solution 0.5%) is the No. 1 non-steroidal anti-inflammatory in the U.S. and the global market leader. Its success represents the compound's safety and efficacy in a broad range of uses including allergy, photophobia, post-surgical pain, and post-surgical inflammation.

OCUFLOX (ofloxacin ophthalmic solution 0.3%), indicated for use in bacterial conjunctivitis and corneal ulcers, is the No. 1 prescribed anti-infective in the ophthalmology market in the U.S.

Neurotoxin

2000
Percent of net sales

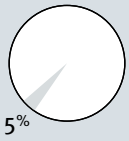


BOTOX (botulinum toxin type A) Purified Neurotoxin Complex is the most widely used botulinum toxin product in the world and the foundation for Allergan's global leadership in neurotoxin therapy. As the primary treatment for many focal movement disorders since the mid-1980's, indications for BOTOX have expanded as scientists and physicians recognize its broad applicability.

- Blepharospasm – (uncontrollable blinking) approved in 67 countries.
- Cervical Dystonia – (painful neck spasm) approved in 45 countries.
- Strabismus – (crossed eyes) approved in 42 countries.
- Pediatric Cerebral Palsy – (muscles of one or more limbs are permanently contracted and stiff, making normal movement difficult in children) approved in 39 countries.

Skin Care

2000
Percent of net sales

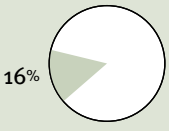


TAZORAC/ZORAC Gel (tazarotene gel 0.05% and 0.1%): TAZORAC Gel, a topical retinoid approved for the treatment of both acne and psoriasis, has been shown to be highly effective in treating both diseases and has continued to receive enthusiastic acceptance by practitioners with a 57.2% increase in sales over 1999.

TAZORAC Cream (tazarotene cream 0.05% and 0.1%): TAZORAC Cream, a new formulation of the topical, receptor selective tazarotene, 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.

Ophthalmic Surgical

2000
Percent of net sales



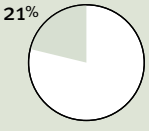
The SOVEREIGN is the most sophisticated phacoemulsification system on the global market, with advanced sensors to control fluidics during irrigation and aspiration in small incision cataract surgery.

The PHACOFLEX II series of monofocal IOLs are manufactured from a proprietary second generation silicone material developed by Allergan and can be inserted through an incision as small as 2.8 mm.

The SENSAR second generation acrylic IOL has been available in Europe for almost three years and was launched in the U.S. in early 2000. The SENSAR does not require warming before insertion, does not develop vacuoles over time and reduces complaints of edge glare.

Contact Lens Care Products

2000
Percent of net sales



COMPLETE is Allergan's proprietary multi-purpose solution for all soft contact lenses and has a built-in lubricant to help provide more comfortable lens wear. COMPLETE is also the fastest growing multi-purpose solution in the world, growing at a rate of 3:1 over the competition.

Allergan is the No. 2 contact lens care company in the world and the No. 1 company in Europe and Japan (excluding heat-based system products). Leading worldwide products offerings include: CONSEPT F, OXYSEPT 1-STEP, ULTRACARE, ULTRAZYME and TOTAL CARE.

ALOCRIL (nedocromil sodium 2%) is the only non-steroidal anti-inflammatory drug approved to treat the itch associated with ocular allergy. Launched in 2000, this fast acting allergy treatment quickly gained market share and captured 7.2% of the total U.S. market.

Allergan markets a variety of artificial tears products for various needs. This line is led by the REFRESH brand which includes REFRESH PLUS, the category unit dose leader; REFRESH TEARS, the No. 1 multi-dose product; REFRESH P.M., for overnight relief of dry eye; and REFRESH CONTACTS, rewetting drops for relief from dryness and irritation for contact lens wearers.

Alocril

Refresh Tears®

- Hemifacial Spasm – (involuntary contraction of the facial muscles) approved in 37 countries.
- Adult Spasticity – (increased rigidity in a group of muscles, causing stiffness and restriction of movement) approved in 3 countries.

AZELEX (azelaic acid cream 20%), indicated for mild to moderate acne, added to the overall growth of the skin care product line. AZELEX is frequently used in combination with TAZORAC as physicians often treat the multifactoral disease of acne with more than one medication.

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

AZELEX®

M.D. Forté®

Allergan entered the refractive surgery market in September 2000 with the AMADEUS microkeratome. The AMADEUS is viewed by leading refractive surgeons as one of the finest, most reliable and most precise microkeratomes on the market today.

The UNFOLDER Gold, Silver and Sapphire IOL implementation systems ensure controlled and predictable release of the IOL into the eye, delivering the lens when and where the surgeon wants it – inside the eye's capsular bag.

The ARRAY is the first FDA approved multifocal silicone IOL in the U.S. It provides a range of vision from near to far and significantly reduces a patient's dependence on eyeglasses. Sales of the ARRAY continued to increase in 2000 due to increased acceptance of multifocal vision among cataract surgeons and its growing use in refractive surgery in key markets.

AMADEUS™

TheUnfolder™

Array

LIFT HERE FOR MORE INFORMATION

COMPANY PROFILE

Allergan, Inc., with headquarters in Irvine, California, is a technology-driven, global health care company that develops and commercializes specialty pharmaceutical products for the eye care, movement disorder, and dermatological markets as well as ophthalmic surgical devices and contact lens care solutions. In over 100 countries worldwide, Allergan markets products that deliver value to its customers, satisfy unmet medical needs and improve patients' lives.

Founded in 1948, Allergan has approximately 6,200 employees worldwide with 2000 sales of nearly $1.6 billion. Allergan is a pioneer in specialty pharmaceutical research, with a strong pipeline of products and technologies related to specific disease areas such as glaucoma, retinal disease, cataracts, dry eye, pain, movement disorders, and retinoid technology platforms with applications in psoriasis, acne, photodamage, metabolic disease, and various types of cancer. The Company has demonstrated its commitment to the Research and Development function by increasing this department's headcount nearly 30% during the last three years.

ALLERGAN

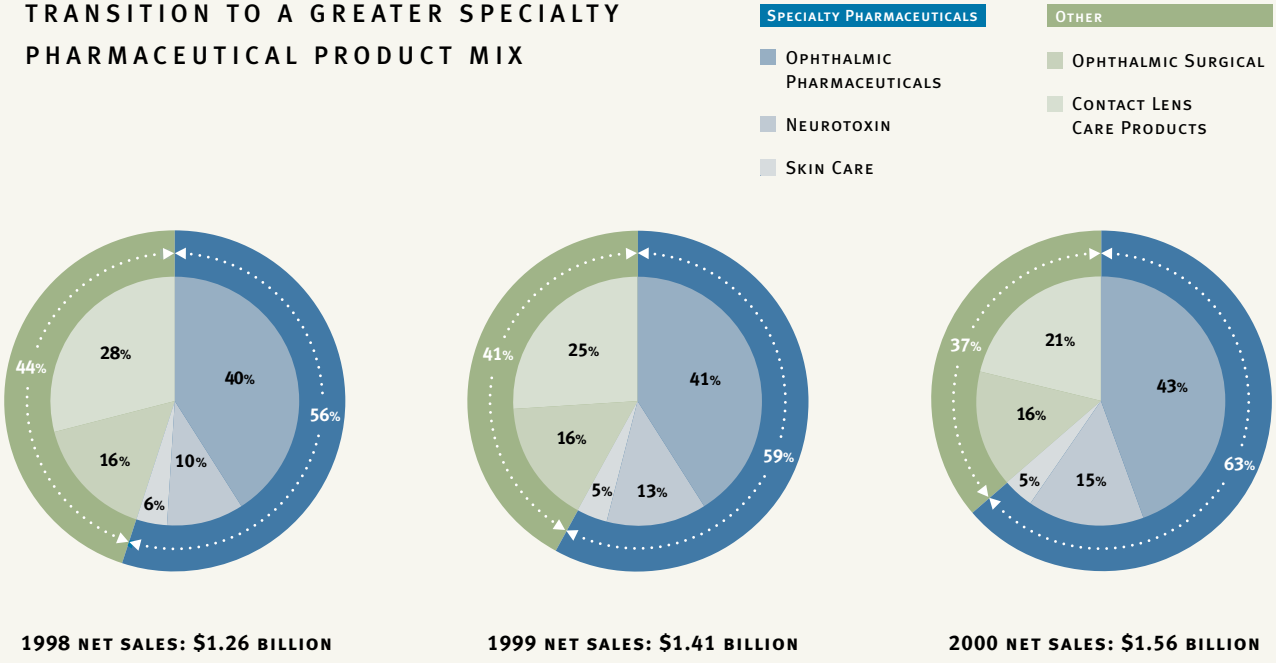
OUR MISSION

- 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 stakeholders.
- 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.

OUR VISION

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

TRANSITION TO A GREATER SPECIALTY PHARMACEUTICAL PRODUCT MIX



1998 NET SALES: $1.26 BILLION

1999 NET SALES: $1.41 BILLION

2000 NET SALES: $1.56 BILLION

In millions, except per share data	Year Ended December 31, 2000	1999
Income Statement Highlights		
Product net sales	$1,562.6	$1,406.2
Net earnings	215.1	188.2
Basic earnings per share	1.65	1.42
Diluted earnings per share	1.61	1.39
Dividends per share	0.32	0.28
Adjusted amounts [1]		
Net earnings	213.7	174.3
Basic earnings per share	1.64	1.32
Diluted earnings per share	1.60	1.29

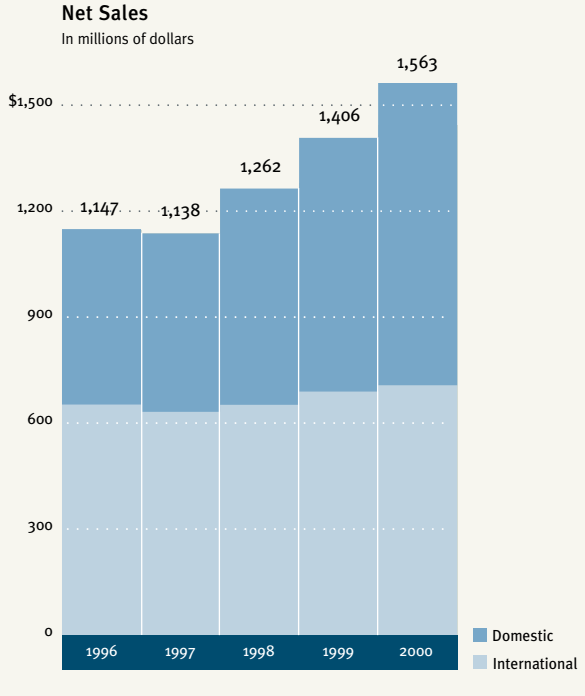
[1] The adjusted amounts in 2000 exclude the after tax effect of 1) $2.0 million in restructuring credits which increased operating income in 2000, 2) gain on sales of investments of $2.0 million, and 3) expenses of $2.0 million from partnering agreements.

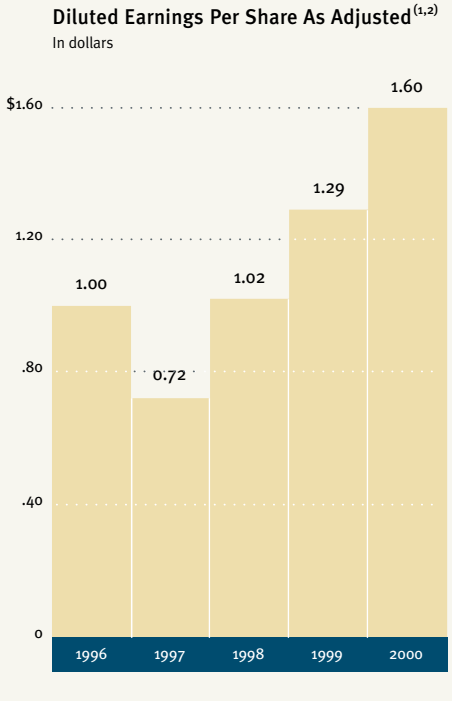
The adjusted amounts in 1999 exclude the after tax effect of 1) $9.6 million in restructuring credits which increased operating income in 1999, 2) $1.4 million in asset gains, reducing write-offs recorded in 1998, which increased operating income in 1999, 3) gain on sales of investments of $14.0 million, 4) the contribution to The Allergan Foundation of $6.9 million, 5) income of $9.5 million, net of expenses of $5.9 million from partnering agreements, and 6) certain one-time costs totaling $1.9 million included in operating income in 1999.

[2] The adjusted amounts used in the earnings per share graph for 1998 exclude $171.4 million in expense resulting from the dividend to shareholders of stock in ASTI, and the after-tax effect of: 1) $74.8 million in restructuring charges charged to operating expense in 1998, 2) $58.5 million in asset write-offs charged to operating expense in 1998, 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 included in operating expense in 1998.

The adjusted amounts used in the earnings per share graph for 1997 include a $16.5 million decrease in income taxes associated with the buy back of Allergan Ligand Retinoid Therapeutics, Inc. (ALRT) and the after tax effect of 1) $12.4 million in gains on sale of investments, 2) $9.6 million in income from sales of product rights, 3) $7.5 million in income from settlement of a product related lawsuit, and 4) $4.9 million in settlement costs, severance, and costs related to the buy back of ALRT.

The adjusted amounts used in the earnings per share graph for 1996 exclude the after-tax effect of $70.1 million in restructuring charges and $7.4 million in asset write-offs charged to operating expense in 1996.

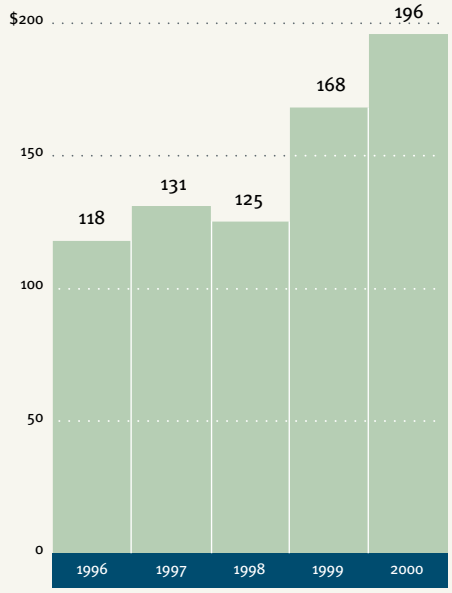




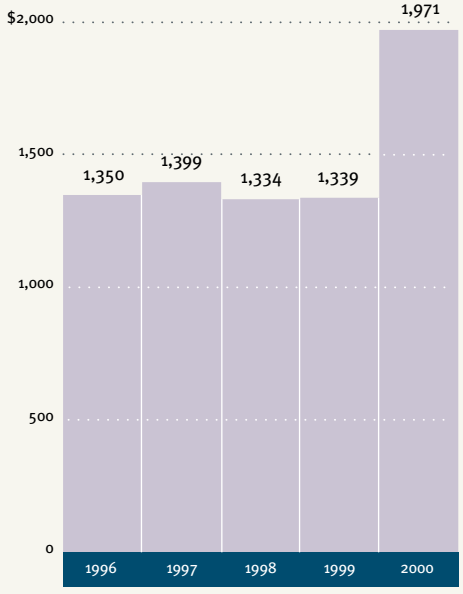
In millions	Year Ended December 31, 2000	1999	% Change
Net Sales by Product Line			
Specialty Pharmaceuticals			
Eye Care Pharmaceuticals	$ 675.3	$ 571.2	18%
Skin Care	68.7	76.6	(10)% [1]
BOTOX/Neurotoxin	239.5	175.8	36%
Total	983.5	823.6	19%
Medical Devices and OTC Product Lines			
Ophthalmic Surgical	250.4	222.9	12%
Contact Lens Care	328.7	359.7	(9)%
Total	579.1	582.6	(1)%
Total Product Net Sales	$1,562.6	$1,406.2	11% [1]
Products Sold by Location			
Domestic	51.7%	48.1%	
International	48.3%	51.9%	
Employee Data			
Number of employees	6,181	5,969	4%

[1] Excluding the effect of products divested in 2000 and 1999, Skin Care sales increased by 14% from 1999, and Total Product Net Sales increased 12% from 1999.

Research and Development
In millions of dollars



Total Assets
In millions of dollars



Strong Financial Performance

The year 2000 marked yet another gratifying year for Allergan's stockholders, with the value of the Company's stock gaining a strong 95% in an otherwise disappointing stock market environment. In just three years, Allergan's market capitalization has increased almost six-fold from $2.2 billion in 1997 to close the year 2000 at approximately $13.0 billion. In 2000, we have once again more than delivered on our aspirations of sales growth in the mid-teens, as measured in constant currency, and earnings per share (EPS) growth in excess of 20%, as measured in U.S. dollars. During the year, sales at constant currency rates, and excluding the effect of divested skin care products in 1999 and 2000, increased by 15.5% and diluted EPS, excluding the effect of certain one-time transactions, increased by 24%. This strong EPS performance was achieved despite the significant negative impact from weak European and Australian currencies and after vigorously reinvesting back into the core growth drivers of the business – sales and marketing and research and development (R&D).

Allergan's gross margin has continued to rise steadily from 64.9% in 1997, to 67.7% in 1998, to 71.1% in 1999 and, finally, to 72.5% in 2000. This margin expansion is primarily attributable to a greater pharmaceutical product sales mix, substantial volume leverage through fewer manufacturing facilities, and gross margin improvements in virtually all of the Company's individual businesses. Considerable management attention has been, and will continue to be, directed toward improving gross margins, as this is one of the Company's core avenues of reinvesting into R&D and sales and marketing. In the year 2000, R&D expenditures represented 12.5% of sales, an increase of 16% over the prior year. Since the end of 1997, our R&D team has been expanded by 29% to approximately 1,000 employees and our sales forces by 34% to approximately 1,600 employees. Consistent with our goal of lean staff functions, general & administrative expenses continued their downward trend as a percentage of sales and were 8.2% of sales in 2000 versus a peak of 10.5% of sales in 1997, prior to our restructuring program.

We are pleased to report that the Company's balance sheet is in excellent condition. We closed the year with a cash balance of approximately $774 million and a positive net cash position of approximately $130 million, after subtracting short and long-term debt. During 2000, Allergan generated free cash flow of $244 million and completed a very successful convertible debt offering that yielded proceeds of approximately $400 million. Due to tight management of the balance sheet, return on equity has increased from 11.2% in 1997 to 24.5% in 2000. This financial strength, coupled with our track record of earnings consistency (exceeding Wall Street analysts' consensus earnings estimate for 12 straight quarters) and a strong price-earnings ratio, has created a substantial degree of strategic flexibility for the Company.

David E. I. Pyott, President and Chief Executive Officer (left) and Herbert W. Boyer, Chairman of the Board

R&D Performance

It is clear that the best source of long-term financial growth is our own R&D pipeline, and 2000 represented yet another blockbuster year for productivity from R&D. We received approvals from the U.S. Food and Drug Administration (FDA) for ALOCRIL for the treatment of itch associated with ocular allergies; the SENSAR acrylic intraocular lens for the treatment of cataracts; BOTOX for the treatment of adults with cervical dystonia; REFRESH CONTACTS rewetting drops; and TAZORAC Cream for the treatment of plaque psoriasis. Additional approvals were received from the Japanese Ministry of Health for BOTOX for the treatment of hemifacial spasm and in Europe for an improved formulation of BOTOX with reduced antibody provoking protein. In 2000, new filings with the FDA for marketing approvals were also prolific. These filings included: Brimonidine X, an improved formulation of ALPHAGAN, Allergan's current lead glaucoma product; LUMIGAN, a potential best-in-class drug in the glaucoma arena; TAZORAC Cream for the treatment of acne; and, in early 2001, BOTOX for the treatment of glabellar lines (prominent lines of the brow). In Europe, both LUMIGAN for glaucoma and BOTOX for the treatment of hyperhidrosis were filed with the appropriate regulatory authorities. We also filed an Investigational New Drug (IND) application with the FDA for an andrenergic agonist for glaucoma.

Finally, we are pleased to report that the significant investments in R&D over the last three years have built one of the deepest and broadest pipelines in the specialty pharmaceutical sector, with a good balance between discovery programs and compounds in early and late-stage development. In addition, Allergan benefits from experienced and integrated global R&D teams located in Irvine, California, the United Kingdom, France, and Japan. Our internal efforts have been supplemented with an extensive array of external technology collaborations – with companies that offer specialized discovery tools, academic institutions, and biotechnology firms. Given our commitment to R&D and our leading global market share positions, particularly in ophthalmology, Allergan represents an attractive partner for other pharmaceutical and biotechnology companies who have an interest in the out-licensing of compounds. In the eye care arena, recent examples of our in-licensing activity include gatifloxicin in the anti-infective category, epinastine in the allergy category, and ATX-S10 in the photodynamic therapy (age-related macular degeneration) category.

Market Performance

During the year, the growth of our pharmaceutical businesses was the most dramatic, with pharmaceutical sales approaching two-thirds of total Allergan sales, up from roughly half in 1997. The growth in our pharmaceutical businesses reinforces our goal to transition more and more to a specialty pharmaceutical company. Pharmaceutical growth was led by BOTOX for movement disorders; ALPHAGAN for glaucoma; our extensive line of artificial tears with the flagship brand REFRESH; TAZORAC for acne and psoriasis; and the launch of ALOCRIL in the ocular allergy category within the United States. In 2000, ALPHAGAN became the 2nd largest of all glaucoma drugs in terms of global market sales. In addition, two products crossed the $200 million sales mark for the first time in the Company's history, BOTOX and ALPHAGAN. Outside of our specialty physician channels, we executed co-promotion agreements with partners to cover general practitioners and pediatricians.

We are particularly proud of the progress Allergan's surgical business has made in sales growth and profitability. Sales in our surgical business have enjoyed rapid growth due to our relentless focus on the high technology, high-margin segments of the business – foldable intraocular lenses and phacoemulsification machines for cataracts. Allergan successfully launched the SENSAR foldable intraocular acrylic lens in North America and recently entered the refractive market in the United States with the AMADEUS microkeratome. Contribution of the surgical business to corporate profitability enjoyed a substantial improvement in 2000.

It is clear that the trends in the global lens care market have been disappointing as this market is in a state of marginal decline. While Allergan, as the world market leader in hydrogen peroxide systems, is disproportionately impacted by the transition to more convenient one bottle multi-purpose solutions, we continued to gain market share overall on a global basis. This is driven by the sales of Allergan's multi-purpose product, COMPLETE, which grew three times faster than the world market growth of this category. Despite challenging top line dynamics, lens care solutions continues to represent a high net margin contributor to corporate profitability.

As a result of our explicit attention to the execution of our global strategies, our speed of action in the market, attention to detail and closeness to our customers, we are pleased to report that we have been able to increase our global market shares in every one of our businesses.

Outlook for 2001

In the last three years, Allergan has reaped considerable benefits from executing the 1998 strategic plan in a highly disciplined manner. In 1998 and 1999, we restructured and reinvested into the core growth drivers of the business: sales and marketing, and R&D. In 1999 and 2000, we leveraged and extended our product, technology, and sales force assets through in-licensing, partnerships and alliances. Our organization is solid and aligned with our efforts directed toward organic growth and innovation. While there is no need for acquisitions in order to fulfill our growth objectives, we now have built an efficient

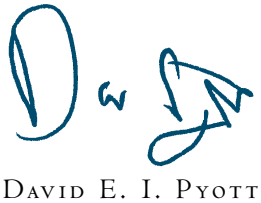
operating model and have attained a position of financial strength that will permit us to pursue the right strategic opportunities. Our attention is clearly focused on enhancing our specialty pharmaceuticals presence, particularly in areas that are contiguous to our current strength and expertise, and where we can build or occupy clear market leadership positions.

2001 lays the foundation for strong long-term growth from exciting new products, approval of new indications for BOTOX, and our existing product lines. LUMIGAN was filed in September 2000 with the FDA and has since been granted priority review. LUMIGAN was also filed in December 2000 in Europe. LUMIGAN has the potential of being a best-in-class therapy for the treatment of glaucoma and will receive the fullest support from the largest ophthalmic sales force in the industry in North America, Europe, Asia/Pacific (outside Japan), and, in early 2001, the largest in Latin America. In addition, we are striving to receive an approval for marketing BOTOX for the glabellar lines indication in the United States, France and Canada. Once approved, we intend to utilize our existing dermatology sales forces to further expand the business in this indication. Regarding RESTASIS for dry eye, we remain committed to securing approval for this pioneering therapy from the FDA and the relevant authorities around the world and are moving forward on an additional clinical trial. In Japan we expect approvals for marketing our SENSAR acrylic and ARRAY multi-focal silicone lenses and, in late 2001, BOTOX for cervical dystonia.

* * * * *

The great results in 2000 are largely attributable to the efforts and skills of our strong, capable management team and a committed and talented workforce worldwide who are fully motivated by our mission to improve our patients' lives and address unmet medical needs. Despite the tight labor market, Allergan enjoyed high employee retention and was able to attract highly qualified candidates to our expanding R&D and sales and marketing teams due to the entrepreneurial working environment of a "small" company. We wish to recognize all of our employees' contributions. Mindful of the high expectations for Allergan's performance, we will in 2001 continue to drive efficiency in all areas of the Company and to further develop our R&D pipeline.

Finally, we wish to thank you, our stockholders, for your support. As we have done in 1998, 1999, and 2000, we will strive to provide continued top quartile value creation in this coming year and beyond.



David E. I. Pyott
President and Chief Executive Officer

Herbert W. Boyer
Chairman of the Board

Research & Development

Glaucoma

Retinal Disease

Ocular Allergy and Infection

Neurotoxins

Skin Care

Allergan's long-term success is contingent on the introduction of new and innovative products in specialty markets that are the result of years of very focused research and development. The Company has strengthened its new product pipeline beyond 2000 by augmenting its substantial internal development efforts with extensive industrial and academic collaborations and in-licensing compounds at various stages of clinical development. In the last three years, Allergan has increased its investment in R&D by approximately $65 million and added approximately 225 scientists with highly specialized skills to the global R&D team with a mission to discover and develop innovative new products to address unmet medical needs in specialty markets.

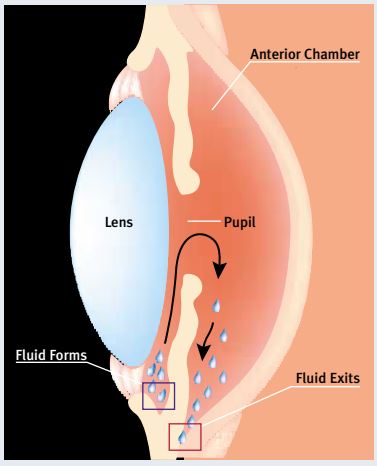
Utilizing the modern tools of discovery research, Allergan's scientists have made important progress in seeking new medicines to attack sight-threatening diseases such as glaucoma and age-related macular degeneration. In addition, the R&D investment is focused on expanding Allergan's leadership role in neurotoxin science, developing new potential applications for retinoids in skin care, cancer and metabolic disease, advancing technologies for cataract and refractive surgery, and improving the comfort and conditioning properties of its contact lens care products.

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. High intraocular pressure (IOP) is the major risk factor in this disease. Allergan scientists and collaborators are attacking this sight threatening disease by pursuing two innovative approaches: improved agents for lowering intraocular pressure and pioneering work on drugs that directly protect the optic nerve.

In September 2000, Allergan filed a New Drug Application (NDA) for AGN 192024 (LUMIGAN) with the U.S. Food and Drug Administration (FDA), followed by a European Centralized filing in December. The FDA assigned a priority review to the

Aqueous Humor Fluid Movement in the Eye



Drugs aimed at lowering intraocular pressure inhibit fluid inflow or enhance fluid outflow.

LUMIGAN file. LUMIGAN represents a new class of highly efficacious ocular hypotensive agents. Research suggests LUMIGAN mimics the activity of a newly discovered family of fatty acid amides, termed prostamides. Prostamides are potent ocular hypotensive agents that have been found as naturally occurring substances in ocular tissues.

A second approach focuses on alpha-2 receptor agonists with both intraocular pressure lowering effects and neuroprotective potential. ALPHAGAN leads Allergan's alpha-2 receptor agonist technology. Since its launch in 1996, ALPHAGAN has become an important drug in the management of glaucoma. In addition to ALPHAGAN's intraocular pressure lowering efficacy, laboratory studies continue to focus on the concept that activation of the alpha-2 receptor pathway may upregulate a survival pathway that results in neuroprotection of retinal ganglion cells, the cells that die selectively in glaucoma.

During June 2000, Allergan filed an NDA with the FDA for Brimonidine X, a new formulation containing brimonidine, the active ingredient in ALPHAGAN. Allergan's commitment to the alpha-2 area was further evidenced by the December 2000 filing of an Investigational New Drug (IND) application with the FDA for AGN 195795, a next generation subtype selective alpha-2 receptor agonist. This exciting new compound was discovered using functional genomics and high throughput screening in collaboration with ACADIA Pharmaceuticals.

Memantine is in late stage clinical development for protection against the progressive loss of retinal ganglion cells in glaucoma. It is an antagonist of N-methyl-D-aspartate (NMDA) type of glutamate receptor. Laboratory studies by many investigators have shown that excessive glutamate accumulation can injure and kill neurons, including retinal ganglion cells. Memantine has shown promise in blocking glutamate's ability to activate the NMDA receptor and protect retinal ganglion cells from dying. Therefore, memantine is being tested in Phase III clinical studies to see if it prevents vision loss in glaucoma patients. This is a pioneering and lengthy study since vision function is the end point, and measuring sight deterioration will take several years. In summary, Allergan's technology focus in glaucoma continues to be on the unmet medical needs of improved vision preservation, with reduced risk of side effects and on convenience.

Retinal Disease

Prevention of vision loss associated with age-related macular degeneration (ARMD) remains one of the major unmet medical needs in ophthalmology today. As the leading cause of blindness in people over the age of 50, the need for treatment and prevention will only increase in the coming years. Allergan has accelerated its investment in discovering and developing novel approaches to treatment of this devastating disease. Two promising strategies, both targeted at inhibition of new blood vessel formation, are being pursued. Allergan's scientists are working on identifying small molecule inhibitors of growth factor signaling that leads to new blood vessel formation. A complementary technology utilizing photodynamic therapy to destroy leaking blood vessels, ATX-S10, was in-licensed in December 2000 from Photochemical Co., Ltd. Allergan is committed to rapidly moving these technologies into early human testing.

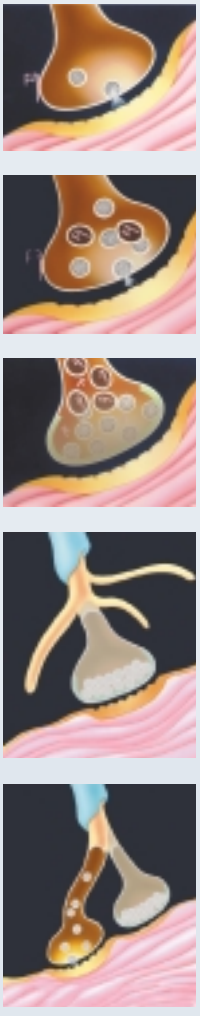
Ocular Allergy and Infection

Rounding out Allergan's comprehensive ophthalmic pipeline are two novel in-licensed compounds. Gatifloxacin, a potent broad-spectrum anti-infective agent, was licensed from Kyorin Pharmaceuticals Co., Ltd. and currently is in Phase III clinical trials for bacterial conjunctivitis. Allergan also acquired the rights to develop and commercialize epinastine from Boehringer Ingelheim. A topical formulation of epinastine is in Phase III trials for the treatment of ocular allergy. If approved, these two compounds will allow Allergan to provide ophthalmologists with an even broader range of best-in-class medications.

Neurotoxins

Botulinum neurotoxins (serotypes A, B ,C, D, E, F and G) have been utilized as therapeutic agents in varying clinical situations worldwide. The different serotypes have unique targets inside the nerve that ultimately block the ability of the nerve to transfer a signal to the target (e.g., muscle, etc.). These different targets within the nerve may also influence the clinical efficacy, duration and potency of the various serotypes. The relationships of dose (translating to the amount of neurotoxin protein exposure) and duration of action have led to our understanding of the immune response against this valuable therapeutic toxin. The current form of Allergan's BOTOX, botulinum toxin type A, will expose the

Blockade of Neuromuscular Transmission



BOTOX binds to the motor nerve terminal

BOTOX is internalized via receptor-mediated endocytosis

BOTOX blocks acetylcholine release by cleaving SNAP-25

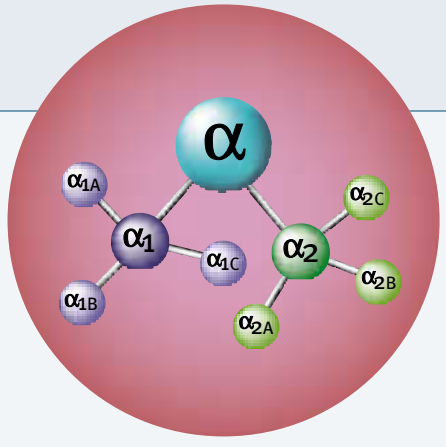
Nerve-sprouting: Re-establishment of neuromuscular transmission

A nerve sprout eventually establishes a new neuromuscular junction and muscle activity gradually returns.

patient to the smallest amount of neurotoxin thus lowering the potential for a patient to develop resistance. In collaboration with Professor Oliver Dolly at Imperial College, London, Allergan's scientists are using protein-engineering technology to design and synthesize next generation toxin-based products. Allergan's development team is aggressively pursuing new indications for BOTOX in areas including headache, back pain, spasticity, pediatric cerebral palsy, glabellar lines, hyperhidrosis, anal fissure, and temporal mandibular disorder. During 2000, Allergan received FDA approval for the use of BOTOX in cervical dystonia, and filed regulatory applications for glabellar lines and hyperhidrosis in Europe and Canada.

Skin Care

Allergan's internationally renowned retinoid technology is the main source of Allergan's skin care pipeline. In 2000, Allergan received approval from the FDA to market a new cream based formulation of TAZORAC, a topical receptor-selective retinoid, for the treatment of mild to moderate psoriasis. Also, a Supplemental New Drug Application (SNDA) was filed with the FDA to use TAZORAC Cream in the treatment of acne. TAZORAC Cream is also in Phase III trials for the treatment of photodamage. Phase II trials are being



Alpha-2 Agonists Discovery

Two types of alpha-adrenergic receptors were first described a quarter century ago. In the 1980's, drugs were designed to selectively target the alpha-2 adrenergic receptors. However, their use was often limited by side effects. The discovery that there were in fact three alpha-1 and three alpha-2 receptors presented the opportunities to design subtype selective alpha-2 agonists with improved efficacy and side-effect profiles.

In an effort to facilitate the rapid discovery of superior alpha agonist drug candidates, Allergan joined forces with ACADIA Pharmaceuticals in a functional genomics collaboration in September 1997. The partnership combined Allergan's disease models and medicinal chemistry with ACADIA's high throughput screening technology to validate drug targets and improve therapeutic profiles.

In October 2000, Allergan filed an Investigational New Drug (IND) application with the FDA for AGN-195795, a gene-specific adrenergic agonist that lowers intraocular pressure for the treatment of glaucoma and ocular hypertension and demonstrates a side-effect profile superior to that of existing adrenergic agents.

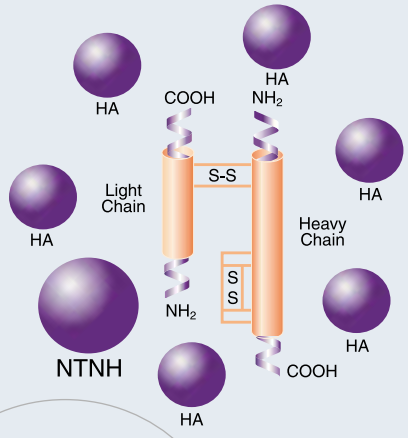
Glaucoma

conducted on an oral formulation of tazarotene for severe acne and psoriasis. Allergan is collaborating with Cytochroma, Inc. on a new anti-acne approach based on enzyme inhibitors.

New Technologies

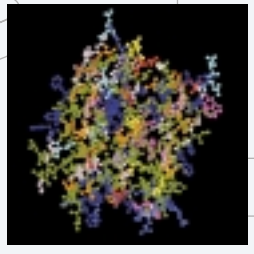
Allergan is leveraging its technologies in therapeutic areas outside of its current specialties. In collaboration with ACADIA Pharmaceuticals, a subtype selective alpha-2 agonist has been nominated for the clinical evaluation in neuropathic pain. Also in the area of relieving pain, Allergan is working with the Centre for Applied Microbiology & Research (CAMR) to target neurotoxins to treat certain types of pain. Finally, the Company's receptor-selective retinoid technology has potential use in many therapeutic areas including cancer, diabetes, dyslipidemia, male contraception and bone disease.

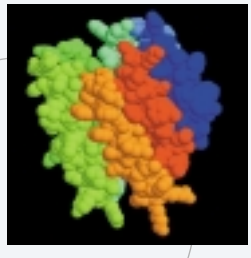
Allergan continues to be a leader in the specialty pharmaceutical and eye care industries and has been granted over 150 new patents and has filed five Investigational New Drug applications in 2000. The Company's emphasis on research and development continues to maintain a robust, innovative and promising pipeline of new products for years to come.



Biochemical structure of the BOTOX molecule

Program





3D views of the human alpha-2 receptor

- AGN-197075, a potential novel oral treatment for chronic pain and the second genomics-based drug candidate discovered and advanced to development through the ACADIA collaboration was announced in December 2000. The new structure is a small molecule drug that selectively activates a certain G-protein coupled receptor (GPCR).
- The discovery of hundreds of new receptors creates the opportunity to utilize the same gene-specific strategy to discover new drugs with fewer side effects for other diseases.

- *"Allergan's creativity and flexibility enable it to embrace scientific advancements and form partnerships that broaden its technological base, thus unlocking opportunities to efficiently identify new receptor selective compounds."*

– Dr. Daniel Gil, Research Investigator, Biology and Alpha-2 Agonist Team Co-Leader.

Chronic Pain

TECHNOLOGY PIPELINE

	PRODUCT	DISEASE/MARKET	DEVELOPMENT STATUS
OPHTHALMIC PHARMACEUTICALS	LUMIGAN	Glaucoma/Ocular Hypertension	Filed – Awaiting Approval
	LUMIGAN/Beta Blocker Combination	Glaucoma/Ocular Hypertension	Late Stage Development
	ALPHAGAN/Beta Blocker Combination	Glaucoma/Ocular Hypertension	Late Stage Development
	BRIMONIDINE X	Glaucoma/Ocular Hypertension	Filed – Awaiting Approval
	RESTASIS (U.S.)	Moderate/Severe Dry Eye	Late Stage Development
	RESTASIS (Europe)	Moderate/Severe Dry Eye	Late Stage Development
	EPINASTINE (U.S. and Europe)	Allergy	Late Stage Development
	MEMANTINE Oral	Glaucoma/Neuroprotection	Late Stage Development
	GATIFLOXACIN	Ocular Infection	Late Stage Development
	ANDROGEN Tear	Dry Eye	Early Stage Development
	AGN 195795	Glaucoma	Early Stage Development
NEUROTOXIN	BOTOX (U.S.)	Cervical Dystonia	Launched
	BOTOX (Japan)	Cervical Dystonia	Late Stage Development
	BOTOX	Brow Furrow	Filed – Awaiting Approval
	BOTOX (U.S.)	Hyperhidrosis	Late Stage Development
	BOTOX (Europe)	Hyperhidrosis	Filed – Awaiting Approval
	BOTOX (U.S.)	Pediatric Cerebral Palsy	Late Stage Development
	BOTOX	Upper Limb Spasticity	Late Stage Development
	BOTOX	Lower Back Pain	Early Stage Development
	BOTOX	Headache	Early Stage Development
	BOTOX	Anal Fissure	Early Stage Development
	BOTOX	Temporomandibular Disorder	Early Stage Development
SKIN CARE	TAZAROTENE Cream	Psoriasis	Launched
	TAZAROTENE Cream	Acne	Filed – Awaiting Approval
	TAZAROTENE Cream	Photodamage	Late Stage Development
	TAZAROTENE Oral	Acne/Psoriasis	Early Stage Development
	TAZAROTENE Oral	Oncology	Early Stage Development
OPHTHALMIC SURGICAL	SENSAR (Japan)	Foldable Acrylic IOL	Filed – Awaiting Approval
	ARRAY (Japan)	Multifocal IOL	Filed – Awaiting Approval
	DIPLOMAX II	Phacoemulsification Equipment	Late Stage Development
CONTACT LENS CARE PRODUCTS	COMPLETE Upgrade (Global)	Contact Lens Care Products	Late Stage Development
	OXYSEPT (Japan)	Contact Lens Care Products	Late Stage Development

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 approval will be marketed.

LEVERAGING EXTERNAL COLLABORATIONS TO MAXIMIZE VALUE & REACH

The Company continues its mission of maximizing resources through strategic collaborations to fuel the product pipeline with discovery programs and compounds in all stages of development. These partnerships enable Allergan to supplement its strength and more quickly accomplish the ultimate goal – answering unmet medical needs of the consumer.

TECHNOLOGY ALLIANCES

In-Licensing

Boehringer Ingelheim International– GmbH	Allergy
Kyorin Pharmaceuticals Co., Ltd.	Infection
Ista Pharmaceuticals, Inc.	Severe Vitreous Hemorrhage
Photochemical Co., Ltd.	Photodynamic Therapy for Age-Related Macular Degeneration

Enhancing Discovery and Development

ACADIA Pharmaceuticals, Inc.	Glaucoma/Chronic Pain/High Throughput Screening
Aurora Biosciences Corp.	High Throughput Screening/Ion Channel Blockers
Centre for Applied Microbiology & Research (CAMR)	Pain
ChemRx Advanced Technologies Inc.	Compound Screening Library/Combinatorial Chemistry
Children's Hospital, Harvard	Neuroprotection/Glaucoma
Cytochroma, Inc.	Photodamage/Acne
Imperial College – Toxin Biology/Recombinant Technology	Neurotoxins
Schiepens Eye Research Institute, Harvard	Dry Eye

COMMERCIAL ALLIANCES

Extending Market Reach

McNeil Consumer Healthcare (J&J)	OCUFLOX – Pediatricians
Procter & Gamble Pharmaceuticals Canada, Inc.	ALOCRIL – General Practitioners TAZORAC – General Practitioners
Bioglan Pharmaceuticals Pharma PLC	ZORAC – Europe
Pierre Fabre Dermatologie	ZORAC – Europe
3M Pharmaceuticals	TAZORAC (Acne) – Dermatologists
SIS AG, Surgical Instrument Systems	AMADEUS Microkeratome Manufacturer and Supplier
VISX, Inc.	Refractive Surgery Products
Allegiance Health Care, Corp.	Ancillary Surgical Products (U.S. and Europe)
Vistakon Division of Johnson & Johnson Vision Care, Inc.	Contact Lens Care Products


$C_{11}H_{10}BrN_5C_4H_6O_6$
15 mL
Alphagan®
(brimonidine tartrate
ophthalmic solution)
0.2% Sterile

Ophthalmic Pharmaceuticals

Glaucoma

Ocular Hypertension

Ocular Infection

Ocular Allergy

Ocular Inflammation

Ocular Surface Disease

Artificial Tears

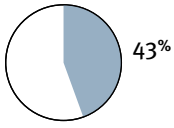
The global ophthalmic pharmaceutical market is approximately $4.7 billion, of which approximately $1.9 billion is generated in the U.S. Through superior performance and strategic actions in 2000, Allergan grew its market share from 12.0% to 12.4%, outperforming the market and growing 21.6% in constant currency. Allergan has the largest sales force in ophthalmology in North America, Europe, Latin America and in Asia outside of Japan. In the U.S., Allergan's sales force has been ranked No. 1 for the third year in a row by ophthalmologists. In Canada, Allergan's sales force was again rated No. 1 by Canada Market Research. To keep pace with market growth, Allergan is making significant investments in R&D, developing a considerable number of new products, and managing the lifecycles for existing products like ALPHAGAN and ACULAR. In conjunction with the co-promotion deals established to reach other key customers such as pediatricians and general practitioners, Allergan's overall depth in the ophthalmic pharmaceutical market has been expanded through several in-licensing efforts such as:

> Epinastine to expand our presence in the ocular allergy market;
> Gatifloxacin to offer a next generation quinolone in the ocular anti-infective area; and,
> ATX-S10 (Photodynamic Therapy) to supplement our efforts in the retinal disease area, one of the largest areas of unmet medical needs in ophthalmology.

Glaucoma

ALPHAGAN was the No. 2 product in glaucoma and ophthalmic pharmaceuticals worldwide during 2000, achieving a 22% increase in global market share over 1999. Significant market share gains were seen in every region of the world, and Allergan enjoyed sales growth increases of 31% in North America, 55% in Europe, 42% in Latin America and 231% in Asia/Pacific, confirming ALPHAGAN's success. As Allergan's largest ophthalmic pharmaceutical product, ALPHAGAN's worldwide sales continued to grow in 2000 to $231.6 million. In 2000, the Company received approval for ALPHAGAN in the Czech Republic, Jordan, Malaysia, Malta, the Philippines, Saudi Arabia, South Korea and Turkey and now markets ALPHAGAN in 69 countries worldwide.

2000
Percent of net sales



Dollars in Millions	
Ophthalmic Pharmaceuticals global sales	*$675.3*
Increase over 1999 (at constant currency)	*21.6%*
ALPHAGAN global sales	*$231.6*
Increase over 1999 (at constant currency)	*36.9%*

ALPHAGAN is the first alpha-2 agonist approved for the long-term treatment of elevated intraocular pressure (IOP) in patients with glaucoma and ocular hypertension. Additional pre-clinical research studies indicate that ALPHAGAN may potentially offer a neuroprotective effect for the treatment of glaucoma and maintain the health of optic nerve cells, which die in glaucoma and lead to vision loss. Due to its favorable efficacy and safety profile, ALPHAGAN is growing in first-line use and remains a preferred choice in adjunctive treatment.

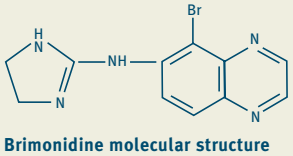
Allergan also filed two New Drug Applications (NDA) with the FDA for the treatment of glaucoma in 2000. The NDA for Brimonidine X, a reformulation of ALPHAGAN, was filed in June 2000. The NDA for LUMIGAN, a member of a new class of compounds called prostamides, was filed in September 2000 and was granted priority review by the FDA. The application for LUMIGAN in Europe was filed in December 2000. In two Phase III studies, LUMIGAN once-a-day lowered intraocular pressure significantly more than timolol twice-a-day, the market's gold standard. Throughout the Phase III clinical study, patients receiving LUMIGAN showed intraocular pressure that was 2 to 3 millimeters of mercury lower than with timolol. Additionally, with LUMIGAN, twice as many patients achieved target pressures of 15 millimeters of mercury or less. If approved, LUMIGAN is expected to contribute significantly to Allergan's future growth.

History of ALPHAGAN

Glaucoma

In the mid-1980's, the most efficacious therapy and the standard of treatment was a class of drugs called beta blockers, which lower intraocular pressure by limiting the fluid coming into the eye but can cause serious problems for people with pulmonary and cardiovascular disease. In the quest for a better way to treat glaucoma, Allergan began studying a compound called brimonidine.

Pfizer had originally studied the compound as a potential drug for lowering blood pressure. However, the compound failed when it was discovered that as a systemic hypertensive agent, brimonidine had a very short half-life once released into the circulation.



Brimonidine molecular structure

Allergan is currently testing an ALPHAGAN/timolol combination in Phase III studies and is in early clinical research for a next-generation, highly selective alpha-2 agonist with potential for a significantly improved safety and efficacy profile.

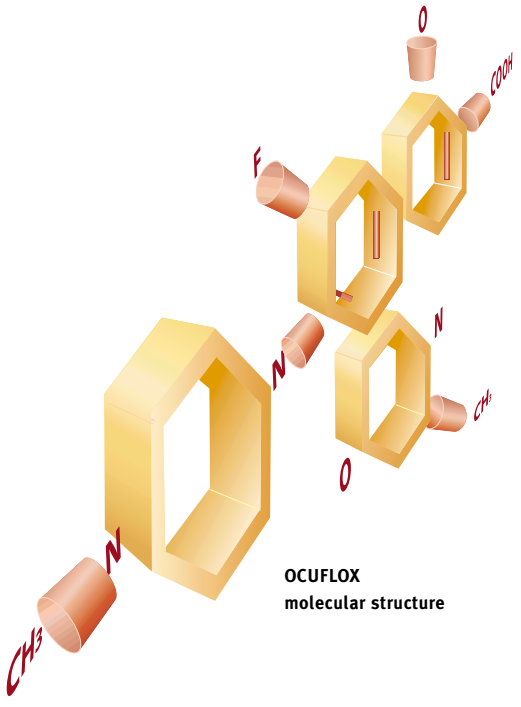
Ocular Infection

OCUFLOX, launched in 1993, is the No. I prescribed anti-infective in the ophthalmology market in the U.S. and, in 2000, grew significantly faster than the market. OCUFLOX also increased its market share in Europe and Latin America. A key component of this growth rate was the continued and significant increase in total prescriptions with ophthalmologists, which increased by 17% over 1999. Allergan has successfully expanded OCUFLOX coverage into pediatricians' practices through a co-promotion agreement with McNeil Consumer Healthcare, a subsidiary of Johnson & Johnson.

Gatifloxacin, a promising and potent new quinolone anti-infective, was licensed from Kyorin Pharmaceuticals Co., Ltd. in August 2000. Under the agreement, the Company obtained rights for developing and marketing the product outside of China, Taiwan, Korea, and Japan. Gatifloxacin is currently in Phase III clinical trials for use in bacterial conjunctivitis.

Ocular Allergy

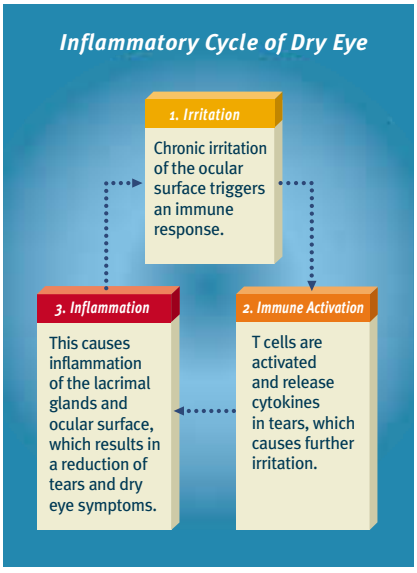
The U.S. allergy market for ophthalmic pharmaceuticals continued to expand in 2000 by 42%. In February 2000, Allergan launched



OCUFLOX
molecular structure

- Allergan recognized the potential of brimonidine in ocular use and licensed the compound from Pfizer in 1987.
- The drug created was ALPHAGAN, part of the alpha-2 agonist compound class that lowered intraocular pressure by reducing the inflow and increasing the outflow of fluid in the eye.
- A New Drug Application (NDA) for ALPHAGAN was submitted to the FDA in the fall of 1995 and final approval as the first alpha-2 agonist for the long-term treatment of elevated intraocular pressure in patients with glaucoma and ocular hypertension was received in September 1996.
- The official launch for ALPHAGAN was at the American Academy of Ophthalmology in Chicago the last week of October 1996, followed by a three-year global marketing campaign, spearheaded by one of the original researchers to work with brimonidine, Dr. James Burke.
- Due to strong competition from other new glaucoma treatments, ALPHAGAN went on the market with modest annual peak sales expectations of $50 million. ALPHAGAN's favorable side-effect profile and superb efficacy has helped make it one of Allergan's largest products. ALPHAGAN closed out the year 2000 with worldwide sales of $231.6 million.
- In June 2000, Allergan filed an NDA for Brimonidine X, a new formulation of ALPHAGAN. Studies continue with brimonidine probing potential neuroprotective effects on the optic nerve cells which die in glaucoma leading to vision loss.

Neuroprotection



ALOCRIL (nedocromil sodium, 2%) which quickly gained market share within this category. Despite a short spring allergy season and strong competition, ALOCRIL captured 7.2% of the total U.S. market – including 8.1% among ophthalmology prescriptions and 8.0% of primary care prescriptions. ALOCRIL is also sold by Allergan in Mexico and Canada.

Allergan is continuing its development of topical epinastine, a potent non-sedating anti-histamine with additional anti-inflammatory properties. As a systemic agent, it is the market-leading product in Japan for allergies. Allergan plans to file for epinastine approval in Europe in 2001, in the U.S. in 2002, and in other regions shortly thereafter.

Ocular Inflammation

ACULAR leads the non-steroidal anti-inflammatory (NSAID) ophthalmic market in the U.S., enjoying a No. I position with 68% market share among ophthalmologists. Globally, ACULAR is the market leader, increasing its market share from 31% in 1999 to 33% in 2000. ACULAR also works well with the Company's steroid line, PRED FORTE, to provide physicians with two gold standard products for pre-operative and post-operative use.

Ocular Surface Disease

Allergan continues to research the inflammatory nature of chronic dry eye disease and remains committed to commercializing the first

History of LUMIGAN

- LUMIGAN (AGN 192024), a product resulting from Allergan's discovery research, is a member of a new class of pharmacologically unique intraocular pressure (IOP) lowering agents called prostamides.
- The discovery process originated from work in the late 1980's targeting new approaches to lowering intraocular pressure. The major goal was a unique agent which was both highly effective and well tolerated. This resulted in the discovery of a novel series of drugs that included LUMIGAN.
- Research advanced when it was discovered that LUMIGAN structurally resembled an anandamide, a naturally occurring substance. This led to the discovery that LUMIGAN mimics the strong IOP-lowering activity of prostamides. The discovery that prostamides were naturally occurring substances found in ocular tissues was a breakthrough in the development of LUMIGAN and represented a newly discovered intrinsic factor for IOP regulation.

Intraocular Pressure

therapeutic products to treat the debilitating disease. In October 2000, the FDA requested that Allergan perform a confirmatory study to support the approval of the first potential dry eye treatment, RESTASIS. This study is scheduled to begin in the first quarter of 2001. Additionally, plans are in place to begin a Phase II dose-ranging trial on androgen tears for the treatment of chronic dry eye in 2001.

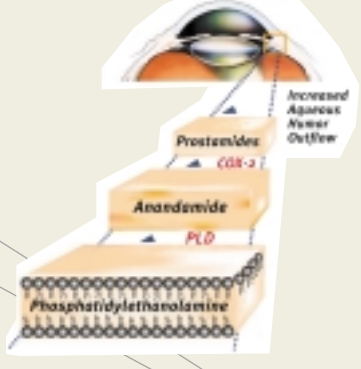
Artificial Tears

The artificial tears market is approximately $450 million, growing at a rate of approximately 20%. Eye practitioners recommend Allergan's tear products more than any others, due to the Company's unique formulations, which have been developed to enhance the duration and extent of corneal protection from dryness and irritation, and to more closely resemble human tears.

Allergan markets a variety of artificial tears products for various needs, under a range of brand names worldwide, led by REFRESH. In the United States, the REFRESH brand includes: REFRESH PLUS, the category unit dose leader; REFRESH TEARS, the No. 1 multi-dose product; REFRESH P.M., for overnight relief of dry eye; REFRESH CONTACTS, rewetting drops for relief from dryness and irritation for contact lens wearers and CELLUVISC, the most often recommended product for severe dry eye. Other Allergan brands marketed around the world include LIQUIFILM and LACRI-LUBE as lubricants and LERIN as a decongestant.

Allergan markets a variety of artificial tears products worldwide.

- In two Phase III clinical trials, data presented at the American Academy of Ophthalmology in October 2000 indicated that patients receiving LUMIGAN achieved greater IOP lowering at all time points throughout the day than those receiving timolol, the market's current gold standard for lowering IOP.
- In September 2000, Allergan filed an application for LUMIGAN with the FDA and was granted priority review. The application for LUMIGAN in Europe was filed in December 2000.



LUMIGAN mimics the activity of naturally occurring prostamides.

- *"With LUMIGAN, not only were we in a position to discover a new scientific area, we were able to provide additional hope for patients suffering from glaucoma."*

  – Dr. David Woodward, Senior Research Investigator and Lumigan Team Leader.


botulinum
Toxin Type A
BOTOX®
O
II
(CH3)3NCH2CH2OCCH3

Botox/Neurotoxin

COUNTRY APPROVALS

67 – Blepharospasm

45 – Cervical Dystonia

42 – Strabismus

39 – Pediatric Cerebral Palsy

37 – Hemifacial Spasm

3 – Adult Spasticity

BOTOX (botulinum toxin type A) Purified Neurotoxin Complex is used in the treatment of certain neuromuscular disorders characterized by involuntary muscle contractions or spasms. BOTOX is the most widely used botulinum toxin product in the world and is the foundation for Allergan's global leadership position in neurotoxin therapy. BOTOX has been the primary treatment for many focal movement disorders since the mid-1980's. Over the past decade, the therapeutic uses of BOTOX have expanded as scientists and physicians recognized its broad applicability. The potential indications for BOTOX are expected to grow even further as Allergan follows the lead of scientific research into new therapeutic areas, novel mechanisms of action, and advanced neurotoxin technologies.

2000 Key Milestones and Successes

The year 2000 was marked by significant growth in worldwide BOTOX sales. Global revenue for BOTOX was $239.5 million – an increase of 39.0% over 1999 at constant currency rates. The global market share of BOTOX increased from 88% in 1999 to 90% in 2000. The sales growth was a result of trebling the investment in BOTOX research and development since 1997 and doubling the number of BOTOX medical consultants in anticipation of approval for the cervical dystonia indication and new competition in the U.S., as well as expanded applications worldwide.

Approvals and Submissions

In 2000, Allergan successfully expanded its regulatory approvals for BOTOX, which is currently approved in 67 countries worldwide. The United States became the 44th country to approve BOTOX for the treatment of the cervical dystonia indication. This approval entitles the Company to seven years of exclusive marketing rights to botulinum toxin type A in the U.S. for this orphan indication. The use of BOTOX therapy for cervical dystonia has been endorsed by the American Academy of Neurology and the National Institutes of Health (NIH) since 1990. In Japan, BOTOX was approved for the treatment of hemifacial spasm and an application was submitted for use in cervical dystonia with approval expected

2000
Percent of net sales

15%

Dollars in Millions	
BOTOX global sales	*$239.5*
Increase over 1999 (at constant currency)	*39.0%*

by late 2001. The Company also submitted applications in Canada, France, and the United States for glabellar lines (prominent lines of the brow), as well as in Canada and several European countries for axillary hyperhidrosis (excessive sweeting).

Allergan has worked diligently to expand its base in international neurorehabilitation markets. The Company submitted an application to Canadian authorities for the treatment of post-stroke upper limb spasticity and expects to submit additional applications to numerous European agencies in 2001 as part of the Mutual Recognition Process.

Clinical Development Outlook

Allergan is committed to the further development of BOTOX and continues to aggressively invest in research and development to broaden its understanding of neurotoxin science and to register new clinical indications for BOTOX. This is evident in the recent advances in dermatology, pain management, and neuromuscular therapeutic applications. The Company is focused in these core specialties and plans to pursue programs in other promising markets. Allergan's goal is to reinforce its global leadership position in botulinum toxin therapy and produce significant value and growth for the corporation.

History of BOTOX

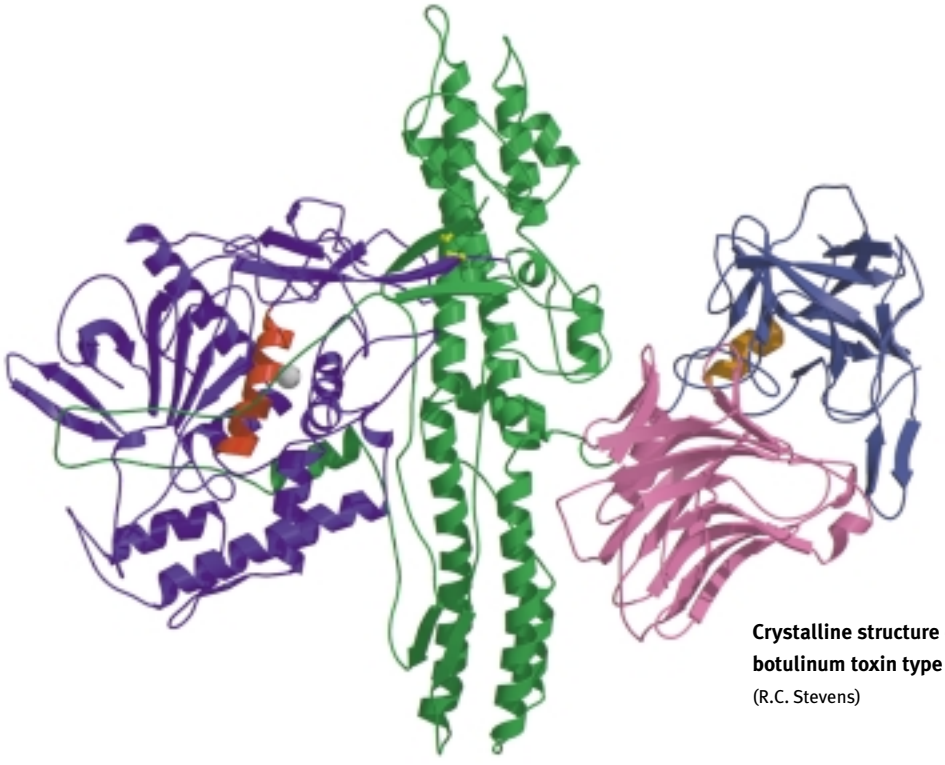
- In 1822, Justinus Kerner developed and published his findings on the "sausage poison" (now recognized as botulism) and introduced the concept of using the toxin for therapeutic purposes.

Clostridium botulinum

Strabismus

- While looking for a non-surgical method to treat strabismus (crossed eyes) in the 1970's, Dr. Alan B. Scott, an ophthalmologist at Smith-Kettlewell Eye Research Institute in San Francisco, California, pioneered therapeutic chemodenervation with botulinum toxin. Dr. Scott found that tiny amounts of the toxin injected into the eye muscles allowed for close to normal movement and filed an Investigational New Drug (IND) application to treat both strabismus and blepharospasm (uncontrollable blinking of the eyes) with the toxin.

Blepharospasm



Crystalline structure of botulinum toxin type A
(R.C. Stevens)

Aesthetic and Skin Care Market

The interest in aesthetic and skin care uses of BOTOX has increased considerably. In late 2001, the Company expects regulatory approval to market BOTOX for glabellar lines in the United States, Canada, and at least one major European market. Full commercial launch activities are planned, with Allergan leveraging its existing strengths in dermatology and skin care. Allergan's U.S. dermatology sales team,

- Believing that the treatment deserved wider use but unable to receive FDA approval on his own, Dr. Scott enlisted the help of Gavin Herbert, Jr,. founder of Allergan, to see it through FDA approval and market the product for his company, Oculinum, Inc.

- Working closely with Dr. Scott, Allergan received FDA approval in December 1989 for therapeutic use of BOTOX (at the time named Oculinum) for blepharospasm, strabismus and seventh nerve related disorders. In 1991, Allergan purchased the product and renamed it BOTOX.

BOTOX®

- With the strong belief that the product would work in a range of conditions where there is abnormal muscle tone, Allergan research and marketing personnel advocated further investigation. By encouraging leading ophthalmologists and neurologists to conduct additional clinical research, numerous articles have been published in medical literature on a wide variety of therapeutic uses for BOTOX. This led to the American Academy of Neurology and the National Institutes of Health (NIH) endorsement of BOTOX therapy for cervical dystonia as early as 1990.

The most widely used botulinum toxin in the world.

which already commands significant shares of the acne and psoriasis markets, is expected to accelerate the performance of BOTOX. During 2001, the Company plans additional submissions for glabellar lines in multiple European countries and Australia, and will proceed with Phase III studies in the United States for axillary hyperhidrosis.

Pain and Headache Market

Allergan continues its clinical development programs for the treatment of multiple pain applications including migraine, chronic tension-type headache, and lower back pain associated with muscle spasm. In the coming year, the Company expects to make significant progress in several Phase II projects.

Neuromuscular Market

In addition to the Swiss government's recent approval of BOTOX for adult spasticity, the Company expects to receive approval for this indication in Canada and multiple European countries by late 2001. Adult spasticity Phase II trials are expected to begin shortly in Japan and Phase III trials will continue in the United States. Results from the cerebral palsy Phase III studies in the United States should be available by 2002.

Cervical Dystonia

- When Allergan embarked on Phase III clinical trials for cervical dystonia in 1995, the toxin was already widely used for treating movement disorders. This made it challenging for the Company to find patients to participate in placebo-controlled, double-blind studies required for FDA approval. The Company persisted and received FDA approval for BOTOX for cervical dystonia in December 2000.
- The inspiration for the cosmetic use of BOTOX was realized when physicians noticed the effect the toxin had on glabellar lines (prominent lines of the brow) while treating patients with blepharospasm. Use for aesthetic purposes quickly developed, as did interest from other doctors.
- The Company submitted an application with the FDA for glabellar lines in early 2001 and other indications such as pediatric cerebral palsy, upper limb spasticity, headache, hyperhidrosis, anal fissure, temporomandibular disorder, and pain management are in various stages of clinical development.

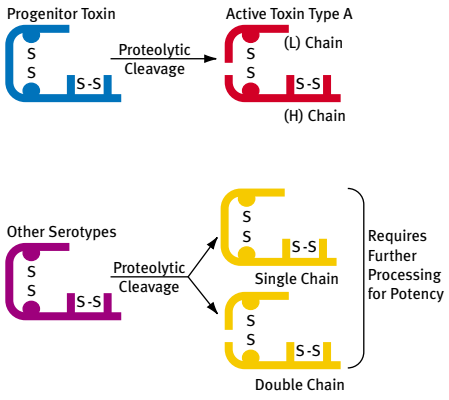
Smooth Muscle Market

Several scientific studies suggest that BOTOX may have beneficial effects in the treatment of anal fissure. Based on these data, Allergan plans to initiate Phase II-Phase III clinical development for this indication in the upcoming year.

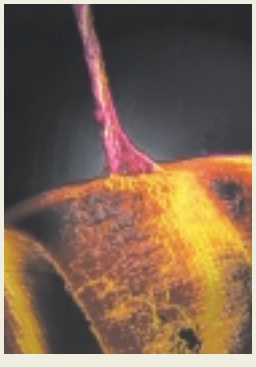
BOTOX, a Unique Neurotoxin Product

BOTOX possesses a unique combination of high efficacy at low doses, long duration of action, and breadth of therapeutic uses that are unsurpassed. In the United States in 1997 and between 1998 and 2000 in the rest of the world, Allergan introduced the current formulation of BOTOX. With the current formulation of BOTOX, patients are able to receive effective therapy while being exposed to low neurotoxin complex protein (approximately 5ng/100 unit vial), thus minimizing the potential for the formulation of neutralizing antibodies.

These unique features, along with an excellent safety profile accumulated over the past 10 years, help make BOTOX the most important treatment for a growing number of indications. The Company is committed not only to the further development of BOTOX, but also to pursuing new directions in neurotoxin therapy as guided by scientific advances.



BOTOX cannot be compared to, nor converted into, units of any other botulinum toxin.



Mechanism of Action: Local, temporary cholinergic chemodenervation

To lead the BOTOX development programs, Dr. Mitchell Brin, one of the first investigators to examine the use of the toxin, joined Allergan in January 2001 as Vice President, BOTOX/Neurology.

As research and clinical observations grow, there are a multitude of new opportunities for the use of BOTOX.

"BOTOX is such a large and interesting product. It becomes all consuming."

– Dr. K. Roger Aoki, Senior Research Investigator and Neurotoxin Research Team Leader.

Glabellar Lines


$C_{21}H_{21}NO_2S$
AZELEX
(azeloic acid cream
100 grams
TAZORAC
(tazarotene

Skin Care

Psoriasis

Acne

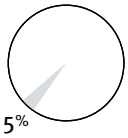
Photodamage / Cosmetic

The evolution of the skin care business continued during 2000 with the ongoing focus of product resources on the high growth markets of topical acne and psoriasis. The FDA's fourth quarter 2000 approval and launch of TAZORAC Cream for psoriasis is representative of Allergan's interest in becoming a more significant participant in this sector.

2000 Key Milestones and Successes

The banner growth for the core skin care product TAZORAC Gel (tazarotene gel 0.05% and 0.1%) came with the implementation and execution of the strategy to further penetrate the U.S. and Canadian markets and establish the product as the most efficacious topical retinoid for the treatment of acne. Although approved by the FDA for the indications of both acne and psoriasis, the product was initially marketed only for psoriasis. Combined, the topical acne and psoriasis markets generated approximately $900 million in 2000, in North America, and grew by 17%, making them two of the more attractive segments in the overall dermatology market. TAZORAC U.S. market share in these combined markets grew from 5.0% in 1999 to 5.6% in 2000, outpacing the Company's key competition. Allergan reaped the benefits of large investments made in 1998 and 1999 in clinical studies to demonstrate not only the potency of TAZORAC but also its lack of irritation when used appropriately. The expanded penetration of these markets increased worldwide net sales for TAZORAC (ZORAC outside North America) brands to $32.7 million for the year ended December 2000, a 57.2% increase over 1999 and a 77.7% increase on a comparable continuing product basis. New prescriptions and total prescriptions for TAZORAC in the U.S. have grown by 74% and 66% respectively. In addition, through partnerships with Pierre Fabre Dermatologie and Bioglan Pharma PLC in Europe, the Middle East and Africa for ZORAC, the product has been able to gain an international market presence.

2000
Percent of net sales



Dollars in Millions	
Skin Care global sales	*$68.7*
Increase over 1999 [1] (at constant currency)	*13.6%*
TAZORAC/ZORAC global sales	*$32.7*
Increase over 1999 [2]	*77.7%*

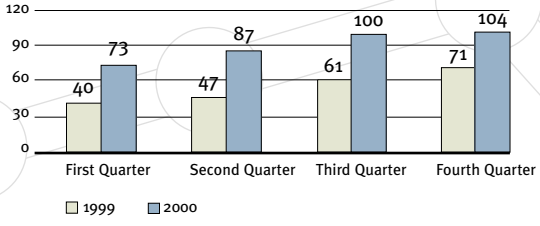
[1] *Excluding the sales of skin care products divested or outlicensed.*

[2] *Excluding $2.4 million of European in-market sales of ZORAC for 1999.*

Tazorac Cream

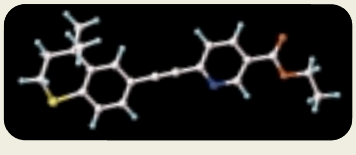
The success of TAZORAC Gel for the treatment of acne and psoriasis has benefited the entry of TAZORAC Cream, which was approved by the FDA for psoriasis in October 2000 and was launched the following month. TAZORAC Cream, a new formulation of the topical, receptor-selective tazarotene was specifically designed to deliver the same efficacy of TAZORAC Gel and provide physicians an effective new prescription alternative for treating a broader range of patients with varied skin types and conditions. A Supplemental New Drug Application (SNDA) was filed with the FDA for the approval of TAZORAC Cream for acne in the fourth quarter of 2000.

Tazorac U.S. Prescription Growth
1999 to 2000: +66%
Total prescriptions in thousands



History of TAZORAC

- Tazarotene (TAZORAC / ZORAC), is not only the cornerstone of the Allergan skin care business, it is the product that established Allergan as having the strength, persistence and vision to navigate the long and challenging journey of drug development of an original molecule from discovery to market.
- Tazarotene is a retinoid, an important class of nuclear receptor hormones. The many biological activities of these compounds are mediated by six different retinoid receptors.
- The design and synthesis of tazarotene was based on the simple approach of targeting one of the several retinoid receptors. This receptor selectivity gives tazarotene the ability to zero in on the desirable therapeutic effects and reduce the negative effects.



Tazarotene molecular structure

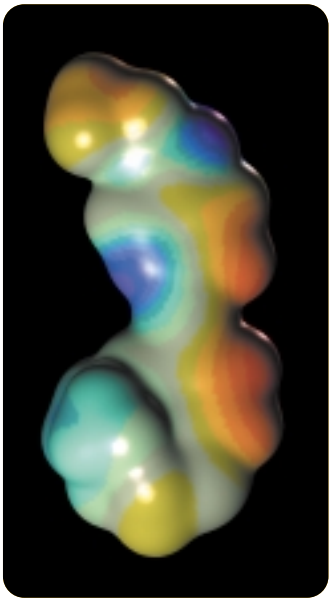
Psoriasis

Other Skin Care Products

Other key products in the skin care line include AZELEX, indicated for mild to moderate acne, and MD FORTE, a physician recommended line of aesthetic skin care products containing alpha hydroxy acids for reducing the appearance of fine facial lines and wrinkles.

Future Growth

Sustainable growth in the skin care product line will be driven in the future by a strong R&D pipeline: the expansion of TAZORAC for the new indication of photodamage and a development program for the oral form of tazarotene for the treatment of acne and psoriasis. Currently in Phase III clinical studies, TAZORAC Cream is being tested for the treatment of photodamage, a breakdown of the skin's structure as a result of overexposure to the sun and characterized by blotches, fine wrinkles, rough skin texture and an uneven skin tone. Oral tazarotene is currently in early stage development for the oral treatment of both acne and psoriasis and represents a key entry into two substantial oral treatment markets.



Electron density surface representation of tazarotene.

"The process of developing a completely new drug was a first for the Company, and the learning curve in many departments was steep. Beginning with compound synthesis to the clinical studies and finally the regulatory filings, everything came from Allergan. But this is the nature of Allergan. It embraces risk and reward and allows those who have a passionate and vested interest in the product to drive the process and realize the satisfaction of seeing a product through to completion."

– Dr. Roshantha Chandraratna, Vice President, Retinoids and originator of Allergan's retinoid program.

After the filing of the New Drug Application (NDA) in 1995, the approval of TAZORAC Gel in the United States and Canada came in 1997 for the treatment of mild to moderate acne and psoriasis, the only product approved for this dual indication. TAZORAC was launched internationally in 1998 and 1999 in the United Kingdom, France, Germany, Spain and Italy.

TAZORAC Cream has been approved for psoriasis and a Supplemental New Drug Application (SNDA) was filed with the FDA for acne in the fourth quarter of 2000. TAZORAC Cream is in late-stage clinical development for photodamage. Clinical research is underway with an oral formulation for the treatment of severe psoriasis, acne and cancer indications.

Acne

Cream


SOVEREIGN
H2C O
Me—C—C—OMe

Ophthalmic Surgical

Cataract Surgery

Refractive Surgery

Allergan Surgical develops and markets specialty devices for the cataract and refractive surgery markets with a focus on the high technology and high margin segments of these markets. Allergan is already the second largest company in the global cataract surgery market and has now made a strong entry into the refractive surgery market with the introduction of the AMADEUS microkeratome in 2000. Allergan is the only company in the industry offering a choice in foldable IOLs (intraocular lenses) of silicone monofocal, silicone multifocal and acrylic lenses. In foldable silicone IOLs, Allergan holds the No. 1 position with 60% of the world market share.

2000 Key Milestones and Successes

Allergan Surgical sales were $250.4 million in 2000 or 12.3% greater than 1999. At constant currency rates, sales increased 15.8% over 1999. Sales were driven primarily by the SENSAR acrylic IOL and by strong customer demand for the SOVEREIGN phacoemulsification system.

Allergan's customer base of refractive and cataract surgeons are also heavy users in their procedures of Allergan's specialty ophthalmic pharmaceuticals such as OCUFLOX, an ophthalmic anti-infective, ACULAR, an ophthalmic non-steroidal anti-inflammatory, and REFRESH TEARS.

Contribution of this business to corporate profitability enjoyed a substantial improvement in 2000. During the past three years, Allergan has focused on and achieved a dramatic improvement to the surgical product line's gross margin and operating profitability. These improvements are primarily attributable to the Company's absolute focus on driving sales of high margin, high technology products. Particularly in 2000, the Company made large reductions in the cost of goods of our foldable IOLs thanks to substantial increases in volume throughput and yield improvements in our Puerto Rico plant – Allergan's single Center of Excellence for supplying all world markets with Allergan's surgical products. During 2000, Allergan ceased the manufacture of polymethylmeth-acrylate (PMMA) lenses, a declining market segment globally,

2000
Percent of net sales

Dollars in Millions	
Ophthalmic Surgical global sales	*$250.4*
Increase over 1999 (at constant currency)	*15.8%*

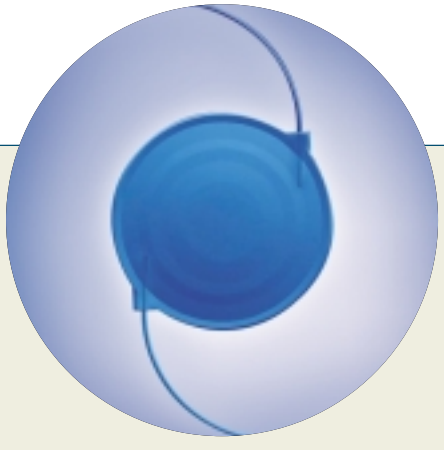
so that it could dedicate more manufacturing capacity to the successful acrylic lenses (SENSAR). Due to market conditions, Allergan has been able to buy PMMA lenses from contract manufacturers, designed to Allergan's specifications and quality standards, at prices substantially below its own historical cost of goods.

Cataract Surgery

The global cataract surgery market is approximately $1.6 billion and growing at 4% per year. The three major market segments are phacoemulsification systems used to break up and remove the cataract from the lens capsule, IOLs to replace the natural lens, and related ancillary equipment and products such as implantation systems, viscoelastics, and disposables. Most of Allergan's surgical sales fall into the high technology component of this market which focuses on foldable IOLs and phacoemulsification. Combined, these markets make up over $600 million and grew by 14%.

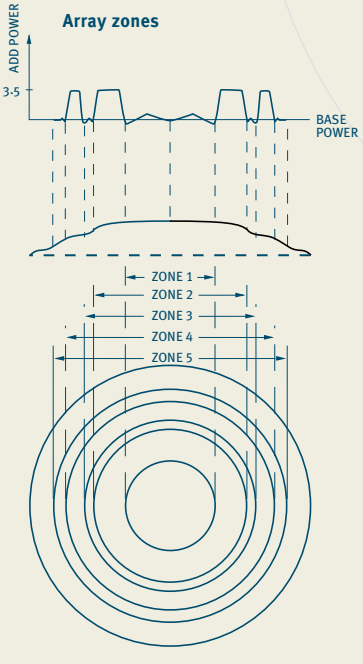
Phacoemulsification

The market for phacoemulsification machines is reaching maturity in the U.S. but is poised for tremendous growth globally for specialty, small-incision cataract surgery. Allergan has the largest family of products in the marketplace, SOVEREIGN, DIPLOMAX, and PRESTIGE, as well as a number of new products in development.



History of ARRAY

The ARRAY, a multifocal intraocular lens with a series of optical zones allowing a patient to have near, intermediate and distance vision, was conceptualized by Dr. Val Portney and first funded as an R&D project by Allergan in 1987. At the time, PMMA lenses were considered state-of-the-art, while smaller incisions foldable IOLs were still in the future.



Cataract Surgery

The SOVEREIGN is a breakthrough technology system developed by Allergan Surgical R&D. It is the most sophisticated phaco-emulsification system on the global market, with advanced sensors to control fluidics during irrigation and aspiration. Advanced microprocessors regulate ultrasound energy, which results in greater efficiency and control during surgery, as well as greater safety for the patient.

The SOVEREIGN system

Foldable Intraocular Lenses

The global market has seen a steady shift from rigid PMMA lenses to foldable lenses because foldable lenses can be implanted through incisions as small as 2.8 mm, depending upon the IOL. Small incisions reduce ocular trauma and are less likely to induce astigmatism than large incisions. Outside the U.S. and Europe, the market is driven by adoption of phacoemulsification.

Monofocal Intraocular Lenses

The SENSAR acrylic IOL, available in Europe for almost 3 years, was approved by the FDA and successfully launched in the U.S. in early 2000. SENSAR was developed from a proprietary second-generation acrylic material. This acrylic IOL can be implanted with The UNFOLDER Sapphire system through a 3.2 mm incision. Unlike many of the older, first-generation hydrophobic acrylic

The optics and materials used for the lens underwent years of rigorous lab testing. Clinical development began with a PMMA version of the first trials in 1990. Eventually a third and final high refractive index foldable silicone material was selected and introduced to clinical trials. Hundreds of patients participated in the study and were observed for at least a year, while some patients were observed for a three-year period.

The ARRAY multifocal lens represented a new generation of intraocular lenses, and the FDA rules evolved along with the new technology. For the first time, a simulation was required to ensure the performance of the lens under driving conditions. This type of test has now become a benchmark for any new multifocal lens design. Quality of life studies were also conducted to quantify the benefit of the lens to convince surgeons that it improved the lives of their patients as well as to increase the reimbursement rate from the U.S. Health Care Financing Administration.

The ARRAY was first introduced in Europe in late 1996 and later approved by the FDA in 1997. As the first of its kind, the ARRAY leverages Allergan's expertise in eye care with powerful new technologies to improve the lives of its customers. Several projects are in the works to expand the technology beyond cataract surgery and to explore different types of multifocal lenses and applications in refractive surgery.

PHACOFLEX II IOLs and The UNFOLDER

IOLs, SENSAR does not require warming before insertion, does not develop vacuoles over time, and reduces complaints of edge glare.

The PHACOFLEX II series of monofocal IOLs is manufactured from a proprietary second-generation silicone material developed by Allergan Surgical's R&D group. They can be inserted through an incision as small as 3.0 mm with The UNFOLDER Silver and 2.8 mm with The UNFOLDER Gold. The PHACOFLEX II SI30NB IOL received the first FDA claim of lower posterior capsular opacification (PCO) values than PMMA lenses. PCO is a condition which occurs in some patients after cataract surgery where the capsular tissue behind the IOL becomes slightly cloudy and requires a series of short laser shots to open up the cloudy area. By reducing the incidence of PCO, the patient is not required to go through this additional procedure.

In Europe during 2000, Allergan was able to establish a clear No. I leadership position in the foldable IOL market thanks to continuing solid performance in the silicone IOL segment and the successful introduction of the SENSAR acrylic lens.

Multifocal Intraocular Lenses

Sales of the ARRAY multifocal IOL continued steadily in 2000 due to increased acceptance of the patient advantages of multifocal vision among cataract surgeons and its growing use in refractive surgery in some key markets. The ARRAY, also developed by Allergan Surgical's R&D group, is the first and only FDA-approved multifocal IOL in the U.S. It provides a range of vision from near to far and significantly reduces the patient's dependence on eyeglasses.

In 2000, the Health Care Financing Administration awarded New Technology IOL status for the ARRAY in recognition of clinical data and evidence demonstrating that these lenses have specific clinical advantages and superiority over existing lenses. This designation provides for a Medicare payment increase from $150 to $200, which will make the ARRAY more accessible to the more than two million Americans who undergo cataract surgery each year.

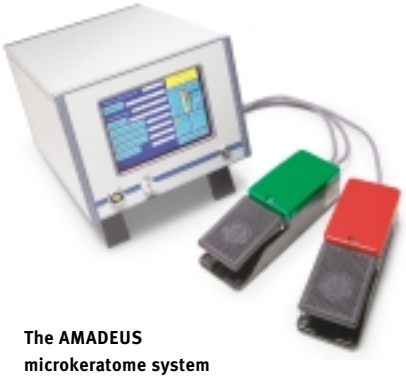
The Unfolder

The UNFOLDER Gold, Silver, and Sapphire proprietary implantation systems ensure controlled and predictable release of the IOL into the eye. This is particularly important in difficult cases such as weak or torn zonules. Allergan Surgical R&D has

customized The UNFOLDER systems for use with each of the individual Allergan IOLs.

Allegiance Alliance

Allergan Surgical entered into a strategic partnership agreement with Allegiance Health Care, Corp. a subsidiary of Cardinal Health, to co-market disposable procedure packs throughout Europe, Africa and the Middle East. The existing agreement in the United States has proven to be very successful for both partners during the last few years.



The AMADEUS microkeratome system

Refractive Surgery

The refractive surgery market is nearly $3 billion in the U.S. and growing at 20% to 30% per year. The U.S. has 15,000 ophthalmologists, of which 6,000 are trained to perform refractive LASIK surgery, and 3,400 perform refractive LASIK procedures on a regular basis. In 2000, 1.3 million refractive surgeries were performed in the U.S. and in 2001, this number is expected to expand to more than two million procedures. There are approximately 52 million Americans who are potential candidates for this procedure.

The AMADEUS microkeratome hand piece

Allergan entered the refractive surgery market in September 2000 with the AMADEUS microkeratome. Microkeratomes are used in surgical procedures to cut a flap of corneal tissue that is folded back during the laser procedure and returned to its original position after the ablation is complete. The AMADEUS is a high technology Swiss-made product that combines a unique and simple-to-use computer monitoring unit, one-handed operation, a highly reliable vacuum system, and an integrated blade-loading system. These design features enhance safety, simplicity and predictability, all critical to successful outcomes for the patient. The AMADEUS is viewed by leading refractive surgeons as one of the finest, most reliable and most precise microkeratomes on the market today.

Allergan has a distribution agreement with SIS AG, Surgical Instrument Systems of Biel, Switzerland for exclusive rights to market the AMADEUS worldwide.

Allergan has a marketing agreement with VISX Incorporated, the market leader in excimer laser systems for vision correction in the U.S. The distribution agreement with SIS and the U.S. marketing alliance with VISX add additional breadth and strength to Allergan's ophthalmic pharmaceutical and cataract surgery franchises.


COMPLETE
Multi-Purpose Solution
ALLERGAN
BRAND
NH NH
NH–C–NH–C–NH–(CH2)6

Contact Lens Care Products

Multi-Purpose Solutions

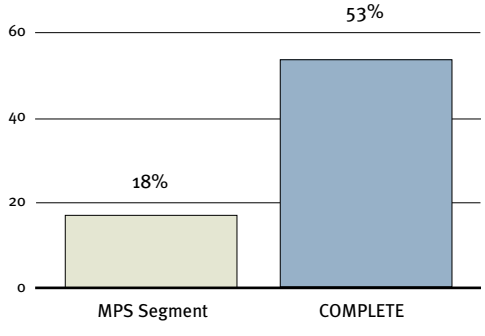
Contact lens care remains a very important component of the Allergan portfolio. While category growth has slowed markedly, Allergan continued to gain market share globally in 2000. Financially, the business offers very attractive operating margins and generation of significant cash flow due to its solid gross margin and relatively low R&D intensity.

Allergan is the No. 2 contact lens care company in the world, and is No. 1 in Europe and Japan (excluding heat-based system products). Its leading worldwide brands include COMPLETE, CONSEPT F, OXYSEPT 1-STEP, ULTRACARE, ULTRAZYME, and TOTAL CARE.

The worldwide contact lens care market remains a sizeable $1.4 billion business, remaining virtually flat in growth due to the expansion of refractive surgery and disposable contact lenses. In response to changing lens modalities, i.e., more frequent replacement lenses, and consumer interest in more convenient lens care regimens, the market continues to evolve toward greater use of one-bottle, multi-purpose solutions and eye drops for lens wearers. Allergan, leveraging its technology and market leadership in dry eye treatment, is committed to offering the best products to meet these consumer needs.

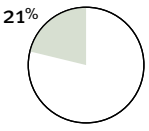
Worldwide Multi-Purpose Solutions Market

Year-over-year growth



Moving annual total as of September 30, 2000

2000
Percent of net sales



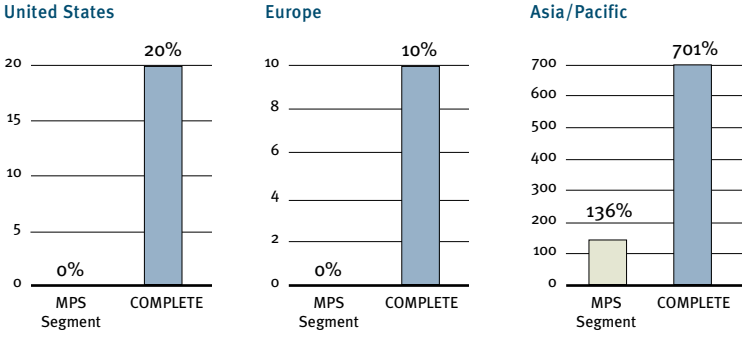
Dollars in Millions	
Contact Lens Care Products global sales	*$328.7*
Decrease over 1999 (at constant currency)	*(5.6%)*
COMPLETE global sales	*$124.6*
Increase over 1999 (at constant currency)	*25.8%*

Complete

COMPLETE, Allergan's multi-purpose solution for all soft contact lenses, continues to show dramatic growth. Its proprietary formulation has a built-in lubricant, which helps to provide for longer, more comfortable lens wear. The product is preferred by a growing number of practitioners and consumers who appreciate and recognize its superior comfort. This has resulted in COMPLETE becoming the fastest-growing multi-purpose solution in the world, by approximately a 3:1 advantage over the category, with rapid share growth in Japan, Europe, and the United States. The continued growth of the COMPLETE brand is one of the major priorities of the contact lens care business.

Multi-Purpose Solutions Market

Year-over-year growth

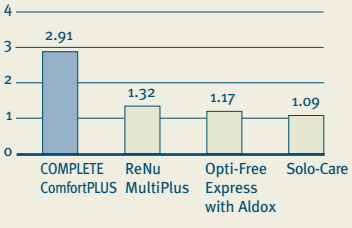


Moving annual total as of September 30, 2000

History of COMPLETE

In the early 1990's, Allergan recognized the changing needs of the consumer with the wide acceptance of the new generation of daily wear and disposable contact lenses and in-licensed COMPLETE, a one-bottle multi-purpose lens care solution.

Two to Three Times the Viscosity of the Leading Multi-Purpose Solutions



While the original COMPLETE formulation awaited FDA approval, Allergan researchers examined ways to increase the product's distinction in the marketplace. The most promising discovery involved adding a lubricant normally found in artificial tears, hydroxypropyl methylcellulose (HPMC) into the solution creating COMPLETE ComfortPLUS (Upgrade A).

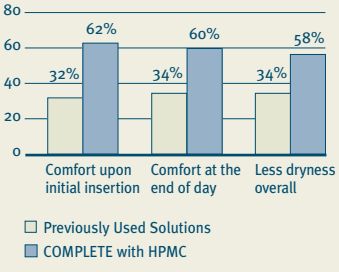
Vistakon Alliance

In July 2000, Allergan announced the formation of a strategic global alliance with the VISTAKON Division of Johnson & Johnson Vision Care, Inc., makers of ACUVUE Brand Contact Lenses, to include research, educational, marketing, and co-detailing initiatives. These programs are intended to better meet the needs of eye care professionals, retail partners, and consumers, as well as enhance the lens wearing experience and expand the contact lens market. Joint studies conducted in the United States and Europe found that patients prefer the combination of ACUVUE 2 Brand Contact Lenses and COMPLETE Multi-Purpose Solution for key comfort characteristics. The European results also found a patient preference of 4:1 for initial comfort compared with their previous contact lens and lens solution combination, with 95% of wearers rating the combination good or excellent for overall comfort.

The COMPLETE Multi-Purpose Solution "Rocket Bottle"

- The clinical results exceeded expectations. The new solution showed considerable improvement in comfort, acceptability and preference over the original formula.

Patient Ratings of COMPLETE with HPMC vs. Previously Used Solutions



- The Company continued with its developmental effort following the launch of the upgraded COMPLETE. Changes were made to the product's buffer and surfactants, and potassium was added to increase the overall wearability of soft contact lenses creating Upgrade B with HPMC. This formulation, which delivered prolonged lubrication and improved protection against dryness and lens wear discomfort, was launched in the U.S. in the spring of 1998 and subsequently rolled out around the world.

- In 1999, new marketing initiatives were developed to demonstrate the benefits of the product to the eye care professional. Television and print advertising were initiated to communicate the brand's merits. Additional changes in the marketing strategy are on the horizon with the launch of the new container, a "rocket bottle", in the spring of 2001 which has received enthusiastic reviews in consumer test panels.

CONDENSED CONSOLIDATED BALANCE SHEETS

In millions, except share data	As of December 31, 2000	1999
Assets		
Current assets		
Cash and equivalents	$ 773.9	$ 162.9
Trade receivables, net	290.1	253.2
Inventories	122.7	130.7
Other current assets	139.6	150.7
Total current assets	1,326.3	697.5
Investments and other assets	159.9	160.8
Property, plant and equipment, net	351.6	330.3
Goodwill and intangibles, net	133.2	150.5
Total assets	$1,971.0	$1,339.1
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable	$ 59.2	$ 85.3
Accounts payable	96.3	80.5
Accrued compensation	54.6	52.3
Other accrued expenses	123.9	118.4
Income taxes	98.5	83.4
Total current liabilities	432.5	419.9
Long-term debt	183.0	208.8
Long-term convertible subordinated notes, net of discount	401.7	—
Other liabilities	79.4	75.8
Commitments and contingencies		
Minority interest	0.6	0.1
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	1.3	1.3
Additional paid-in capital	288.7	245.5
Accumulated other comprehensive loss	(50.8)	(49.3)
Retained earnings	780.0	651.1
	1,019.2	848.6
Less treasury stock, at cost (2,574,000 and 4,436,000 shares)	(145.4)	(214.1)
Total stockholders' equity	873.8	634.5
Total liabilities and stockholders' equity	$1,971.0	$1,339.1

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

In millions	Year Ended December 31, 2000	1999	1998
Product Sales			
Net sales	$1,562.6	$1,406.2	$1,261.7
Cost of sales	429.1	406.4	407.0
Product gross margin	1,133.5	999.8	854.7
Research Services			
Research service revenues, primarily from related parties	62.9	46.2	34.4
Cost of research services	59.4	43.3	32.1
Research services margin	3.5	2.9	2.3
Selling, general and administrative	650.1	587.9	525.2
Technology fees from related party	(3.1)	(6.1)	(11.2)
Research & development	195.6	168.4	125.4
Restructuring charges (credit)	(2.0)	(9.6)	74.8
Asset write-offs (credit)	—	(1.4)	58.5
Contribution to ASTI	—	—	171.4
Operating income (loss)	296.4	263.5	(87.1)
Interest income	23.9	14.3	11.7
Interest expense	(19.8)	(15.1)	(16.4)
Gain on investments, net	1.0	14.0	54.1
Contribution to The Allergan Foundation	—	(6.9)	(11.0)
Other, net	2.3	(0.8)	(9.0)
Earnings (loss) before income taxes and minority interest	303.8	269.0	(57.7)
Provision for income taxes	88.1	80.7	32.8
Minority interest	0.6	0.1	(0.3)
Net earnings (loss)	$ 215.1	$ 188.2	$ (90.2)
Basic earnings (loss) per common share	$ 1.65	$ 1.42	$ (0.69)
Diluted earnings (loss) per common share	$ 1.61	$ 1.39	$ (0.69)

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

In millions	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Unearned Compensation	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Total	Comprehensive Income (loss)
Balance December 31, 1997	67.2	$0.7	$227.7	$(19.6)	$ 11.7	$670.8	(1.9)	$ (49.9)	$ 841.4	
Comprehensive loss										
Net loss						(90.2)			(90.2)	(90.2)
Other comprehensive income, net of tax										
Foreign currency translation adjustments										(2.1)
Unrealized losses on investments										(13.9)
Other comprehensive loss					(16.0)				(16.0)	(16.0)
Comprehensive loss										$(106.2)
Dividends ($0.52 per share)						(34.1)			(34.1)	
Dividend of ASTI stock						(28.6)			(28.6)	
Stock options exercised			12.7			(2.9)	1.5	39.2	49.0	
Activity under other stock plans	(0.1)		(1.1)	(1.1)		2.2	0.2	3.9	3.9	
Adjustment in reporting of subsidiaries						(0.9)			(0.9)	
Purchases of treasury stock							(0.8)	(32.9)	(32.9)	
Expense of compensation plans				4.4					4.4	
Balance December 31, 1998	67.1	0.7	239.3	(16.3)	(4.3)	516.3	(1.0)	(39.7)	696.0	
Comprehensive income										
Net earnings						188.2			188.2	188.2
Other comprehensive income, net of tax										
Foreign currency translation adjustments										(42.1)
Unrealized loss on investments										(2.9)
Other comprehensive loss					(45.0)				(45.0)	(45.0)
Comprehensive income										$ 143.2
Two for one stock split affected as a dividend	67.2	0.6				(0.6)	(1.0)			
Dividends ($0.28 per share)						(37.0)			(37.0)	
Stock options exercised			22.2			(17.8)	1.0	46.6	51.0	
Activity under other stock plans			(0.1)	(5.4)		4.5	1.3	4.3	3.3	
Adjustment in reporting of subsidiaries						(2.5)			(2.5)	
Purchase of treasury stock							(4.7)	(225.3)	(225.3)	
Expense of compensation plans				5.8					5.8	
Balance December 31, 1999	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	134.3	$1.3	$298.5	$ (9.8)	$(50.8)	$780.0	(2.6)	$(145.4)	$ 873.8	

In millions, except per share data	Year Ended December 31, 2000	1999	1998
Cash Flows Provided by Operating Activities			
Net earnings (loss)	$215.1	$188.2	$ (90.2)
Non-cash items included in net earnings (loss)			
Depreciation and amortization	77.7	73.8	76.5
Amortization of prepaid royalties	7.4	8.6	10.3
Amortization of original issue discount	1.7	—	—
Deferred income taxes	(4.6)	(7.1)	(40.4)
Gain on sale of investments	(1.0)	(14.0)	(54.1)
Contribution to The Allergan Foundation	—	6.9	11.0
Loss (gain) on sale of assets	1.1	(0.2)	4.3
Expense of compensation plans	8.5	10.0	8.1
Minority interest	0.6	0.1	(0.3)
Restructuring charges (credit)	(2.0)	(9.6)	74.8
Asset write-offs (credit)	—	(1.4)	58.5
Adjustment in reporting of foreign subsidiaries	(3.2)	(2.5)	(0.9)
Changes in assets and liabilities			
Trade receivables	(48.8)	(31.8)	(40.1)
Inventories	4.6	(6.9)	18.8
Accounts payable	15.9	11.2	(15.8)
Income taxes	52.0	66.3	9.7
Accrued liabilities	24.2	(27.9)	37.3
Other	4.9	(9.4)	(14.8)
Net cash provided by operating activities	354.1	254.3	52.7
Cash Flows from Investing Activities			
Additions to property, plant and equipment	(66.9)	(63.3)	(50.6)
Proceeds from sale of property, plant and equipment	1.1	13.7	8.8
Proceeds from sale of investments	3.0	33.8	57.0
Other, net	(22.5)	(37.2)	(27.0)
Net cash used in investing activities	(85.3)	(53.0)	(11.8)
Cash Flows from Financing Activities			
Dividends to stockholders	(41.9)	(37.0)	(33.8)
ASTI dividend	—	—	(28.6)
(Decrease) increase in notes payable	(29.1)	0.6	(32.9)
Sale of stock to employees	148.1	28.8	36.0
Net (repayments) borrowings under commercial paper obligations	(47.1)	4.5	(1.1)
Proceeds from subordinated, convertible borrowings	400.0	—	—
Long-term debt borrowings	43.8	17.7	60.4
Repayments of long-term debt	(5.2)	(2.7)	(3.0)
Payments to acquire treasury stock	(122.8)	(225.3)	(32.9)
Net cash provided by (used in) financing activities	345.8	(213.4)	(35.9)
Effect of exchange rates on cash and equivalents	(3.6)	(6.6)	(4.3)
Net increase (decrease) in cash and equivalents	611.0	(18.7)	0.7
Cash and equivalents at beginning of year	162.9	181.6	180.9
Cash and equivalents at end of year	$773.9	$162.9	$ 181.6
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for			
Interest (net of amount capitalized)	$ 19.2	$ 13.4	$ 14.3
Income taxes	$ 54.5	$ 33.2	$ 65.8

INDEPENDENT AUDITORS' REPORT

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, 2000 and 1999, 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, 2000 not presented herein; and in our report dated January 29, 2001, we expressed an unqualified opinion on those consolidated financial statements.

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.

KPMG LLP

Costa Mesa, CA
February 12, 2001

REPORT OF MANAGEMENT

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 Exhibit A to the Company's Proxy Statement. 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, and to discharge its responsibilities outlined in its written charter. 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 2000, 1999, and 1998 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 Exhibit A to the Company's Proxy Statement.

January 29, 2001

David E. I. Pyott
President and Chief Executive Officer

Eric K. Brandt
Corporate Vice President and Chief Financial Officer

James M. Hindman
Senior Vice President, Corporate Controller and Principal Accounting Officer

David E. I. Pyott, 47 – Allergan President and Chief Executive Officer. Mr. Pyott became President and Chief Executive Officer 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 20 years of international experience in nutrition and health care. He joined Allergan in 1998.

F. Michael Ball, 45 – Corporate Vice President and President, North America Region and Global Eye Rx Business. He was the former President of Syntex Inc. Canada and Senior Vice President of Syntex Laboratories. Mr. Ball has over 19 years of health care experience in the marketing and sales of pharmaceutical products. He joined Allergan in 1995.

Eric K. Brandt, 38 – Corporate Vice President, Chief Financial Officer and President, Global Consumer Eye Care Business. Mr. Brandt joined Allergan from the Boston Consulting Group where he was a Vice President and Partner, 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. He joined Allergan in 1999.

David A. Fellows, 44 – Corporate Vice President and President, Asia Pacific Region. He also served as Director of Marketing for Allergan Canada and Senior Vice President of Global Pharmaceutical Strategic Marketing. Mr. Fellows has 21 years of pharmaceutical sales, marketing and business development experience. He joined Allergan in 1980.

Lester J. Kaplan, Ph.D., 50 – Corporate Vice President and President, Research & Development and Global BOTOX. Dr. Kaplan has 22 years' experience conducting and managing research and development programs in the pharmaceutical industry. He joined Allergan in 1983.

George M. Lasezkay, Pharm.D., J.D., 49 – Corporate Vice President, Corporate Development. Dr. Lasezkay has 12 years of health care industry experience in international and domestic legal issues and the structuring and negotiating of a wide range of biotechnology and pharmaceutical collaborations. He also brings more than 10 years' experience in hospital pharmacy practice, clinical pharmacokinetics consultation, clinical drug research and pharmacy education. He joined Allergan in 1989.

Left to right: James V. Mazzo, Nelson R.A. Marques, David A. Fellows, F. Michael Ball, Eric K. Brandt, David E. I. Pyott, Francis R. Tunney. Seated: George M. Lasezkay, Jacqueline Shiavo, and Lester J. Kaplan.

Nelson R. A. Marques, 49 – Corporate Vice President and President, Latin America Region. Mr. Marques brings 24 years' experience in pharmaceuticals and health care coupled with extensive knowledge of eye care marketing and sales in Latin America. He joined Allergan in 1998.

James V. Mazzo, 43 – Corporate Vice President and President, Europe/Africa/Middle East Region and Global Surgical Business. Mr. Mazzo has over 20 years of sales, marketing, and management experience with Allergan in the United States, Canada and Europe. He also served as General Manager for Allergan S.p.A. in Italy. He joined Allergan in 1980.

Jacqueline Schiavo, 52 – Corporate Vice President, Worldwide Operations. Ms. Schiavo has more than 28 years' experience in pharmaceutical and health care products manufacturing, quality assurance, and research and development. She joined Allergan in 1980.

Francis R. Tunney, Jr., J.D., 53 – Corporate Vice President – Administration and Secretary. Mr. Tunney joined Allergan in 1985 and has 27 years' international and domestic legal and management experience. He served as Allergan's General Counsel from 1986 to 2001. He also serves as Allergan's Chief Ethics Officer.

OTHER CORPORATE OFFICERS

Jeffrey L. Edwards – Senior Vice President Treasury/Tax/Investor Relations

James M. Hindman – Senior Vice President, Corporate Controller and Principal Accounting Officer

Douglas S. Ingram – Senior Vice President, General Counsel and Assistant Secretary

Martin A. Voet – Vice President, Chief Intellectual Property Counsel and Assistant Secretary

Aimee S. Weisner – Corporate Counsel and Assistant Secretary

BOARD OF DIRECTORS

Left to right: Anthony H. Wild, Gavin S. Herbert, Louis T. Rosso, Ronald M. Cresswell, Herbert W. Boyer, David E. I. Pyott. Seated: Michael R. Gallagher, Lester J. Kaplan, Handel E. Evans,, and Karen R. Osar. Not pictured: William R. Grant and Leonard D. Schaeffer

Herbert W. Boyer, Ph.D., 64, Elected Chairman of the Board of Allergan, Inc. in 1998; 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., 66, Elected to the Board in 1998. Prof. Cresswell retired in 1999 as Senior Vice President and Chief Scientific Officer for Warner-Lambert Company. Prof. Cresswell was formerly Vice President and Chairman, Parke-Davis Pharmaceutical Research, a Warner-Lambert Company. Prof. 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).

Handel E. Evans, 66, Elected to the Board in 1989. Chairman of Equity Growth Research Ltd., a company providing financial services principally to health care companies in Europe. Mr. Evans has 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 and senior executive of IMS International Inc., the leading pharmaceutical information supplier to the industry. Mr. Evans is a Director of Cambridge Laboratories Ltd. and Trustee of the British Urological Foundation.

Michael R. Gallagher, 55, 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 the Grocery Manufacturers Association.

William R. Grant, 76, Elected to the Board in 1989. Chairman and co-founder of Galen Associates, Inc., a venture capital firm in the health care industry. Mr. Grant has over 40 years of experience in the investment banking and risk-capital fields, including substantial experience in the health care industry. Mr. Grant is a Director of MiniMed, Inc., Ocular Sciences, Inc., Vasogen Inc., Quest Diagnostics Incorporated and Massey Energy Company. Mr. Grant is a member of the General Electric Equity Advisory Board, Trustee of the Center for Blood Research (Harvard), and Trustee Emeritus of the Mary Flagler Cary Charitable Trust.

Gavin S. Herbert, 68, 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 Beckman Coulter, Inc., Research to Prevent Blindness, and the Doheny Eye Institute. He also is a Life Trustee of the University of Southern California.

Lester J. Kaplan, Ph.D., 50, Elected to the Board in 1994. Corporate Vice President and President, Research and Development and Global BOTOX for Allergan, Inc. Dr. Kaplan is a Director of Acadia Pharmaceuticals, Inc. and Allergan Specialty Therapeutics, Inc. He is a member of the Pediatric Cancer Research Foundation (PCRF) and Healthcare Ventures.

Karen R. Osar, 51, Elected to the Board in 1998. Senior Vice President and Chief Financial Officer of Westvaco Corporation, a producer of packaging, paper and specialty chemicals, since November 1999. She formerly served as Vice President and Treasurer of Tenneco, Inc., which was an $8 billion 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 is on the Board of Trustees of Manhattanville College.

David E.I. Pyott, 47, Elected to the Board and joined Allergan in 1998. 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 Executive Board of Pharmaceutical Research and Manufacturers of America and a Director of the California Healthcare Institute, Avery Dennison Corporation and Edwards Lifesciences Corporation. Mr. Pyott is a 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.

Louis T. Rosso, 67, Elected to the Board in 1989. Chairman Emeritus and former Chairman of the Board of Beckman Coulter, Inc., a manufacturer of laboratory instruments. 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 and the Keck Graduate Institute of Applied Life Sciences at the Claremont Colleges.

Leonard D. Schaeffer, 55, Elected to the Board in 1993. Chairman of the Board of Blue Cross of California, a health insurance organization, since 1989 and Chief Executive Officer since 1986. He is also the 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 (HCFA). He is Chairman of the Board of the National Health Foundation and the National Institute for Health Care Management, and a member of the Institute of Medicine.

Anthony H. Wild, Ph.D., 52, Elected to the Board in 2000. Founding Partner and Chief Executive Officer of MedPointe Capital Partners, LLC, a specialty pharmaceutical private equity firm. Dr. Wild served as President of Warner-Lambert's pharmaceutical business and has more than 25 years of domestic and international pharmaceutical experience. He is a Director of Bioglan Pharma plc and Variagenics, Inc., and serves on the Board of Advisors for Columbia University's School of Public Health.

CORPORATE OVERVIEW AND STOCKHOLDER INFORMATION

Corporate Headquarters

2525 Dupont Drive
P.O. Box 19534
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

First Chicago Trust Company of New York,
a division of Equiserve
P.O. Box 2500
Jersey City, NJ 07303
(201) 324-1644
Internet: www.equiserve.com

Annual Meeting of Stockholders

The Annual Meeting of Stockholders of Allergan, Inc. will be held at The Irvine Marriot Hotel, 18000 Von Karman Avenue, Irvine, CA 92612, on April 25, 2001, 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

Jeffrey L. Edwards
Sr. V.P. Treasury/Tax/Investor Relations
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:

First Chicago Trust Company of New York
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.

	2000			*1999*		
Calendar Quarter	*High*	*Low*	*Div.*	*High*	*Low*	*Div.*
First	$ 63.94	$44.50	$.08	$48.64	$31.69	$.07
Second	$ 78.75	$49.88	$.08	$55.50	$41.31	$.07
Third	$ 90.31	$64.75	$.08	$57.38	$42.03	$.07
Fourth	$101.13	$67.13	$.08	$57.81	$41.00	$.07

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." All stock prices above have been adjusted to account for Allergan's two-for-one stock split, effected as a stock dividend on December 9, 1999.

The approximate number of stockholders of record was 7,500 as of January 31, 2001.

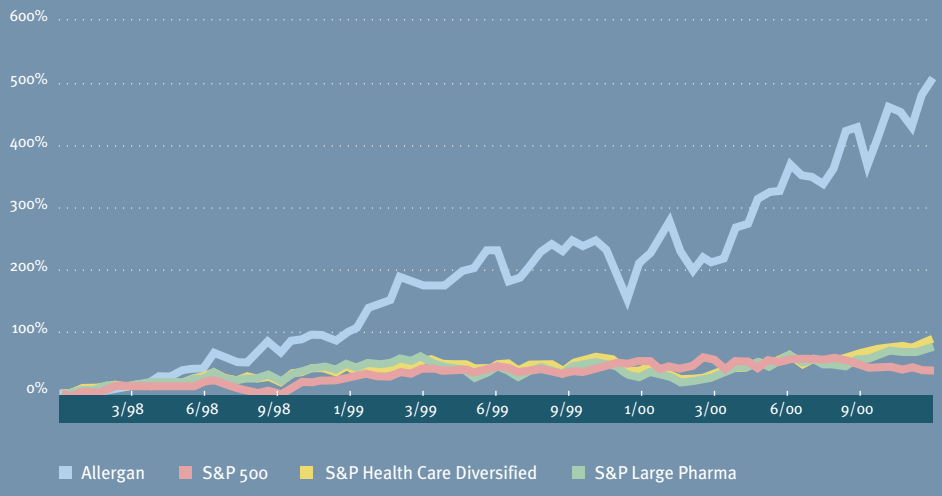
On January 30, 2001, the Board declared a cash dividend of $.09 per share, payable March 16, 2001 to stockholders of record on February 16, 2001.

Trademarks

Allergan for the year ending December 31, 2000 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 2000 performance worldwide can be found by accessing the corporate information section at www.allergan.com and pulling down the EH&S section.

COMPARATIVE PRICE APPRECIATION

Allergan vs. S&P 500 vs. S&P Health Care Diversified vs. S&P Large Pharma



In 2000, Allergan's stock price increased by 95%, continuing the exceptional performance begun in 1998. By comparison, during the same period the S&P diversified health care and large capitalization pharmaceutical indices each increased by 37% and the S&P 500 decreased by 9%. Allergan's market capitalization has increased from $2.2 billion at the end of 1997 to $13.0 billion at the end of 2000.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Any statements in this report that refer to Allergan's estimated or anticipated future results, including, by way of example only, statements in the "Outlook for 2001" and "Technology Pipeline" segments; aspirations for sales, market share and EPS growth, gross margin improvement and top quartile value creation; intentions to drive efficiencies; discussions of the R&D pipeline, its funding, and its potential as a source of long-term financial growth; discussions of potential uses for the Company's technology and products, future products, future product approvals, or future approvals for indications regarding previously approved products; and plans for clinical trials and regulatory filings are forward-looking statements.

All forward-looking statements in this report reflect the Company's current analysis of existing trends and information and represent the Company's judgment only as of the date of this report. Actual results may differ from current expectations based on a number of factors affecting Allergan's businesses, including changing competitive, regulatory and market conditions; the timing and uncertainty of the results of both the research and development and regulatory processes; domestic and foreign health care and cost containment reforms; technological advances and patents obtained by competitors; the performance, including the approval, introduction and consumer acceptance of new products and continuing acceptance of currently marketed products; the effectiveness of consumer advertising and promotional campaigns; the timely and successful implementation of strategic initiatives; the uncertainty associated with the identification of and successful consummation and execution of external corporate development transactions; and Allergan's ability to obtain and maintain a sufficient supply of its products to meet market demand in a timely manner. In addition, matters generally affecting the economy, such as changes in interest and currency exchange rates and the state of the economy worldwide, can affect the Company's results. Therefore, the reader is cautioned not to rely on these forward-looking statements. The Company disclaims any intent or obligation to update these forward-looking statements. Additional information concerning the factors that affect Allergan's businesses can be found in Allergan press releases as well as Allergan's periodic public filings with the Securities and Exchange Commission. In particular, the discussion under the heading "Certain Factors and Trends Affecting Allergan and its Businesses" in Allergan's 2000 Form 10-K provide additional risk factors.

DESIGN: LUIS ALVARADO DESIGN, NEWPORT BEACH, CA

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