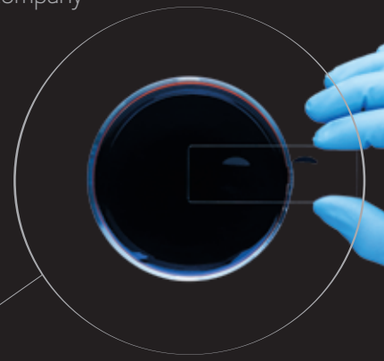
ALLERGAN

Our pursuit. Life's potential.™

6 For the **sixth consecutive year,** Allergan is the fastest growing global eye care company[1]



85% BOTOX® leads in neuromodulator therapy with **85 percent market share** worldwide[2]

#1 Allergan is **the largest company** in the new medical aesthetics market worldwide[2]

350,000 More than **350,000 LAP-BAND® devices** have been placed worldwide to aid severely obese adults with weight loss

1 TAZORAC® is the **first topical selective retinoid** approved for acne and psoriasis in the United States

33M **Approximate number of Americans** who suffer from overactive bladder[3] and may benefit from SANCTURA XR™

Realizing Opportunities

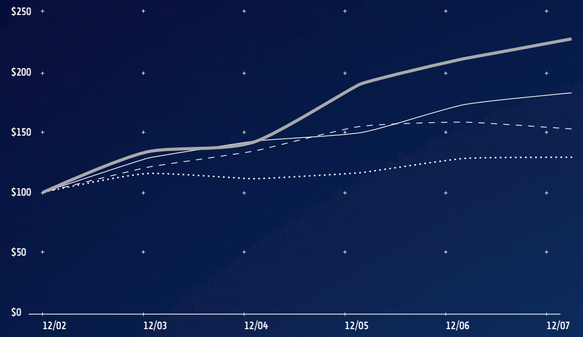
ANNUAL REPORT 2007

In millions, except per share data	2007	Year Ended December 31, 2006	2005	2004	2003
STATEMENT OF OPERATIONS HIGHLIGHTS					
(As reported under U.S. GAAP)					
Product net sales	**$3,879.0**	$3,010.1	$2,319.2	$2,045.6	$1,755.4
Total revenues	**3,938.9**	3,063.3	2,342.6	2,058.9	1,780.8
Research and development	**718.1**	1,055.5	388.3	342.9	762.6
Earnings (loss) from continuing operations	**501.0**	(127.4)	403.9	377.1	(52.5)
Loss from discontinued operations	**(1.7)**	—	—	—	—
Net earnings (loss)	**499.3**	(127.4)	403.9	377.1	(52.5)
Basic earnings (loss) per share:					
Continuing operations	**1.64**	(0.43)	1.54	1.44	(0.20)
Discontinued operations	**—**	—	—	—	—
Diluted earnings (loss) per share:					
Continuing operations	**1.62**	(0.43)	1.51	1.41	(0.20)
Discontinued operations	**—**	—	—	—	—
Dividends per share	**0.20**	0.20	0.20	0.18	0.18
ADJUSTED AMOUNTS [a]					
Adjusted earnings from continuing operations	**672.9**	547.2	453.3	368.8	305.2
Adjusted basic earnings per share:					
Continuing operations	**2.21**	1.86	1.73	1.40	1.17
Adjusted diluted earnings per share:					
Continuing operations	**2.18**	1.83	1.69	1.38	1.15
NET SALES BY PRODUCT LINE					
Specialty Pharmaceuticals:					
Eye Care Pharmaceuticals	**$1,776.5**	$1,530.6	$1,321.7	$1,137.1	$ 999.5
BOTOX®/Neuromodulator	**1,211.8**	982.2	830.9	705.1	563.9
Skin Care	**110.7**	125.7	120.2	103.4	109.3
Urologics	**6.0**	—	—	—	—
Subtotal pharmaceuticals	**3,105.0**	2,638.5	2,272.8	1,945.6	1,672.7
Other (primarily contract sales)	**—**	—	46.4	100.0	82.7
Total specialty pharmaceuticals	**3,105.0**	2,638.5	2,319.2	2,045.6	1,755.4
Medical Devices:					
Breast Aesthetics	**298.4**	177.2	—	—	—
Obesity Intervention	**270.1**	142.3	—	—	—
Facial Aesthetics	**202.8**	52.1	—	—	—
Core medical devices	**771.3**	371.6	—	—	—
Other	**2.7**	—	—	—	—
Total medical devices	**774.0**	371.6	—	—	—
Total product net sales	**$3,879.0**	$3,010.1	$2,319.2	$2,045.6	$1,755.4
PRODUCT SOLD BY LOCATION					
Domestic	**65.7%**	67.4%	67.5%	69.1%	70.4%
International	**34.3%**	32.6%	32.5%	30.9%	29.6%

[a] The adjusted amounts in 2007 exclude the favorable recovery of $1.6 million in previously paid state income taxes and the after-tax effects of the following: 1) $72.0 million charge for in-process research and development related to the acquisition of EndoArt SA (EndoArt), 2) $99.9 million amortization of acquired intangible assets related to the acquisitions of Inamed Corporation (Inamed), Groupe Cornéal Laboratoires (Cornéal), EndoArt and Esprit Pharma Holding Company, Inc. (Esprit), 3) $25.9 million restructuring charges and $14.7 million of integration and transition costs related to the acquisitions of Inamed, Cornéal, EndoArt and Esprit, 4) $3.3 million roll-out of fair-market value inventory adjustments related to the acquisitions of Esprit and Cornéal, 5) $2.3 million settlement of an unfavorable Cornéal distribution contract, 6) $6.4 million settlement of a patent dispute, 7) $0.9 million restructuring charge related to the streamlining of the Company's European operations, 8) $0.4 million of interest income related to income tax settlements and 9) $0.4 million unrealized loss on derivative instruments.

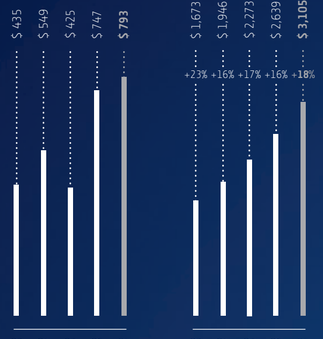
The adjusted amounts in 2006 exclude income tax benefits of $11.7 million related to the resolution of uncertain tax positions and favorable recovery of previously paid state income taxes, an income tax benefit of $17.2 million related to a reduction in valuation allowance associated with a deferred tax asset, an income tax benefit of $2.8 million related to a change in estimated income taxes on 2005 dividend repatriation, income tax expenses of $1.6 million related to intercompany transfers of trade businesses and net assets, and the after-tax effects of the following: 1) $579.3 million charge for in-process research and development related to the acquisition of Inamed, 2) $58.6 million amortization of acquired intangible assets related to the acquisition of Inamed, 3) $47.9 million roll-out of fair-market value inventory adjustment related to the acquisition of Inamed, 4) $12.3 million restructuring charge and $20.7 million of integration and transition costs related to the acquisition of Inamed, 5) $28.5 million contribution to The Allergan Foundation, 6) $9.8 million restructuring charge and $6.2 million of transition/duplicate operating costs related to the streamlining of the Company's European operations, 7) $0.6 million restructuring charge related to the scheduled termination of the Company's manufacturing and supply agreement with Advanced Medical Optics, 8) $4.9 million reversal of interest income on previously paid state income taxes and $4.9 million reversal of interest expense related to the resolution of uncertain tax positions, 9) $2.7 million of costs to settle a contingency involving non-income taxes in Brazil, 10) $0.4 million reversal of restructuring charge related to the streamlining of the Company's operations in Japan, 11) $0.1 million of costs related to the acquisition of Cornéal, and 12) $0.3 million unrealized loss on derivative instruments.

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



COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN*

Allergan, Inc. — S&P 500 — Peer Group ····· AMEX Pharmaceutical



CASH FLOW FROM OPERATIONS**

(in millions of dollars)

PHARMACEUTICALS SALES GROWTH

(in millions of dollars)

MEDICAL DEVICES SALES GROWTH

(in millions of dollars)

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

The adjusted amounts in 2003 exclude the after-tax effects of the following: 1) $179.2 million charge for in-process research and development related to the purchase of Oculex Pharmaceuticals, Inc., 2) $278.8 million charge for in-process research and development related to the purchase of Bardeen Sciences Company, LLC, 3) $0.4 million reversal of restructuring charge and asset write-offs, net related to the 2002 spin-off of the Company's ophthalmic surgical and contact lens care businesses, 4) $0.3 million unrealized loss on derivative instruments, and 5) $0.9 million charge for the early extinguishment of convertible debt.

All per share data reflect the effect of Allergan's June 2007 two-for-one stock split for all periods presented.

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

FOOTNOTES FOR CHARTS ABOVE:

* $100 invested on 12/31/02 in stock or index, including reinvestment of dividends. Fiscal year ending December 31. The 16 companies included in the customized peer group are: Alcon Inc., Amgen Inc., Biogen Idec Inc., Celgene Corp., Cephalon Inc., Eli Lilly & Company, Endo Pharmaceuticals Holdings Inc., Forest Laboratories, Genentech Inc., Genzyme Corp., Gilead Sciences Inc., Johnson & Johnson, Medicis Pharmaceuticals Corp., Mentor Corp., Sepracor Inc. and Wyeth.

** As reported, including discontinued operations.

FOOTNOTES FOR FACTOIDS ON THE COVER FLAP:

(1) Intercontinental Medical Statistics (IMS). 48 countries roll-up. Q3 2007, in constant currency for the trailing 12 months, as of September 2007. (Fastest growing among the major eye care companies. Excludes retinal therapeutics where Allergan's R&D candidates have not yet been commercialized.)

(2) Mixture of public information (earnings releases, 10Ks, 10Qs), Allergan internal data, syndicated marketing research reports, analyst reports, Internet searches, competitive intelligence, etc. in U.S. dollars at actual exchange rates for 12 months ending September 2007.

(3) Wein AJ, Rovner ES. Definition and epidemiology of overactive bladder. Urology 2002; 60 (suppl 5A): 7-12.

Investment. Innovation. Expansion.

If you look closely at organizations in any given industry, you'll see only a few that possess the resources and vision to consistently realize new opportunities when they manifest. Look closely at the health care industry, and you'll see that Allergan is one of those few. Time and again, by maintaining our medical specialist focus, we have been able to address unmet medical needs in new, category-changing ways — and always with the goal of helping patients enjoy a better quality of life. We have succeeded in creating and leading multiple new markets through the disciplined application of three fundamentals: steady investment, scientific innovation and global expansion. These are the cornerstones of our business strategy — and most importantly, the foundation upon which our pursuit of life's potential is based.

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

In millions, except per share data	Year Ended December 31, 2007			Year Ended December 31, 2006			Year Ended December 31, 2005			Year Ended December 31, 2004			Year Ended December 31, 2003		
	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	Non-GAAP Adjustments	Adjusted
REVENUES															
Specialty pharmaceuticals product net sales	**$3,105.0**	**$ —**	**$3,105.0**	$2,638.5	$ —	$2,638.5	$2,319.2	$ —	$2,319.2	$2,045.6	$ —	$2,045.6	$1,755.4	$ —	$1,755.4
Medical devices product net sales	**774.0**	**—**	**774.0**	371.6	—	371.6	—	—	—	—	—	—	—	—	—
Product net sales	**3,879.0**	**—**	**3,879.0**	3,010.1	—	3,010.1	2,319.2	—	2,319.2	2,045.6	—	2,045.6	1,755.4	—	1,755.4
Other revenues	**59.9**	**—**	**59.9**	53.2	—	53.2	23.4	—	23.4	13.3	—	13.3	9.4	—	9.4
Research service revenues	**—**	**—**	**—**	—	—	—	—	—	—	—	—	—	16.0	—	16.0
Total	**3,938.9**	**—**	**3,938.9**	3,063.3	—	3,063.3	2,342.6	—	2,342.6	2,058.9	—	2,058.9	1,780.8	—	1,780.8
OPERATING COSTS AND EXPENSES															
Cost of product sales (excludes amortization of acquired intangible assets)	**673.2**	**(3.5)** [a][b]	**669.7**	575.7	(48.8) [j][k]	526.9	385.3	(0.5) [t][u]	384.8	381.7	—	381.7	316.9	—	316.9
Cost of research services	**—**	**—**	**—**	—	—	—	—	—	—	—	—	—	14.5	—	14.5
Selling, general and administrative	**1,680.1**	**(23.2)** [b][c]	**1,656.9**	1,333.4	(53.9) [j][l][m][n]	1,279.5	936.8	10.0 [t][v][w]	946.8	791.7	2.4 [ad]	794.1	705.9	—	705.9
Research and development	**718.1**	**(72.0)** [d]	**646.1**	1,055.5	(580.0) [j][m][o]	475.5	388.3	(4.5) [t][x]	383.8	342.9	—	342.9	762.6	(458.0) [ag]	304.6
Amortization of acquired intangible assets	**121.3**	**(99.9)** [e]	**21.4**	79.6	(58.6) [p]	21.0	17.5	—	17.5	8.2	—	8.2	5.0	—	5.0
Restructuring charge (reversal) and asset write-offs	**26.8**	**(26.8)** [f]	**—**	22.3	(22.3) [f]	—	43.8	(43.8) [u]	—	7.0	(7.0) [ah]	—	(0.4)	0.4 [ah]	—
Operating income (loss)	**719.4**	**225.4**	**944.8**	(3.2)	763.6	760.4	570.9	38.8	609.7	527.4	4.6	532.0	(23.7)	457.6	433.9
Interest income	**65.3**	**(0.4)** [g]	**64.9**	48.9	4.9 [q]	53.8	35.4	(2.2) [y][z]	33.2	14.1	—	14.1	13.0	—	13.0
Interest expense	**(71.4)**	**—**	**(71.4)**	(60.2)	(4.9) [q]	(65.1)	(12.4)	(7.3) [y]	(19.7)	(18.1)	—	(18.1)	(15.6)	—	(15.6)
Gain (loss) on investments	**—**	**—**	**—**	0.3	—	0.3	0.8	(0.8) [aa]	—	0.3	—	0.3	—	—	—
Unrealized (loss) gain on derivative instruments, net	**(0.4)**	**0.4** [h]	**—**	(0.3)	0.3 [h]	—	1.1	(1.1) [h]	—	(0.4)	0.4 [h]	—	(0.3)	0.3 [h]	—
Other, net	**(25.2)**	**—**	**(25.2)**	(5.0)	2.7 [r]	(2.3)	3.4	(3.5) [z]	(0.1)	8.8	(11.5) [ae]	(2.7)	(2.9)	0.9 [ai]	(2.0)
	(31.7)	**—**	**(31.7)**	(16.3)	3.0	(13.3)	28.3	(14.9)	13.4	4.7	(11.1)	(6.4)	(5.8)	1.2	(4.6)
Earnings (loss) from continuing operations before income taxes and minority interest	**687.7**	**225.4**	**913.1**	(19.5)	766.6	747.1	599.2	23.9	623.1	532.1	(6.5)	525.6	(29.5)	458.8	429.3
Provision for income taxes	**186.2**	**53.5** [i]	**239.7**	107.5	92.0 [s]	199.5	192.4	(22.4) [ab]	170.0	154.0	1.8 [af]	155.8	22.2	101.1 [aj]	123.3
Minority interest	**0.5**	**—**	**0.5**	0.4	—	0.4	2.9	(3.1) [ac]	(0.2)	1.0	—	1.0	0.8	—	0.8
Earnings (loss) from continuing operations	**$ 501.0**	**$171.9**	**$ 672.9**	$ (127.4)	$674.6	$ 547.2	$ 403.9	$ 49.4	$ 453.3	$ 377.1	$ (8.3)	$ 368.8	$ (52.5)	$357.7	$ 305.2
Basic earnings (loss) per share:															
Continuing operations	**$ 1.64**	**$ 0.57**	**$ 2.21**	$ (0.43)	$ 2.29	$ 1.86	$ 1.54	$ 0.19	$ 1.73	$ 1.44	$(0.04)	$ 1.40	$ (0.20)	$ 1.37	$ 1.17
Diluted earnings (loss) per share															
Continuing operations	**$ 1.62**	**$ 0.56**	**$ 2.18**	$ (0.43)	$ 2.26	$ 1.83	$ 1.51	$ 0.18	$ 1.69	$ 1.41	$(0.03)	$ 1.38	$ (0.20)	$ 1.35	$ 1.15
Total product net sales	**$3,879.0**	**$ (87.4)** [ak]	**$3,791.6**	$3,010.1	$ (15.2) [ak]	$2,994.9	$2,319.2	$(22.3) [ak]	$2,296.9	$2,045.6	$(41.9) [ak]	$2,003.7	$1,755.4	$ (45.9) [ak]	$1,709.5

All per share data reflect the effect of Allergan's June 2007 two-for-one stock split for all periods presented.

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

In this Annual Report, Allergan included historical non-GAAP financial measures, as defined in Regulation G promulgated by the Securities and Exchange Commission, with respect to the year ended December 31, 2007, as well as the corresponding periods for 2006 through 2003. Allergan believes that its presentation of historical non-GAAP financial measures provides useful supplementary information to investors regarding its operational performance because it enhances an investor's overall understanding of the financial performance and prospects for the future of Allergan's core business activities by providing a basis for the comparison of results of core business operations between current, past and future periods. The presentation of historical non-GAAP financial measures is not meant to be considered in isolation from or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States.

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

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

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

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

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

(a) Fair-market value inventory adjustments roll-out of $0.5 million and $2.8 million related to the acquisitions of Groupe Cornéal Laboratoires (Cornéal) and Esprit Pharma Holding Company, Inc. (Esprit), respectively.

(b) Integration and transition costs related to the acquisitions of Inamed Corporation (Inamed), Cornéal, Esprit, and EndoArt SA (EndoArt), consisting of cost of sales of $0.2 million and selling, general and administrative expense of $14.5 million.

(c) Settlement of an unfavorable pre-existing Cornéal distribution contract for $2.3 million and $6.4 million legal settlement of a patent dispute assumed in the acquisition of Inamed.

(d) In-process research and development charge related to the acquisition of EndoArt.

(e) Amortization of acquired intangible assets related to the acquisitions of Inamed, Cornéal, EndoArt and Esprit.

(f) Net restructuring charges.

(g) Interest income related to income tax settlements.

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

(i) Total tax effect for non-GAAP pre-tax adjustments of $(51.9) million and favorable recovery of previously paid state income taxes of $(1.6) million.

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

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

(l) Costs related to the acquisition of Cornéal of $0.1 million.

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

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

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

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

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

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

(s) Total tax effect for non-GAAP pre-tax adjustments of $(61.9) million, resolution of uncertain tax positions and favorable recovery of previously paid state income taxes of $(11.7) million, reduction in valuation allowance associated with a deferred tax asset of $(17.2) million, change in estimated income taxes on 2005 dividend repatriation of $(2.8) million and taxes related to intercompany transfers of trade businesses and net assets of $1.6 million.

(t) Transition/duplicate operating expenses related to restructuring and streamlining of European operations, consisting of cost of sales of $0.3 million; selling, general and administrative expense of $3.8 million and research and development expense of $1.5 million.

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

(v) Gain on sale of assets primarily used for Advanced Medical Optics contract manufacturing ($5.7 million), gain on sale of distribution business in India ($7.9 million), and gain on sale of a former manufacturing plant in Argentina ($0.6 million).

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

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

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

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

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

(ab) Total tax effect for non-GAAP pre-tax adjustments of $(1.7) million, resolution of uncertain tax positions of $(24.1) million, additional benefit for state income taxes of $(1.4) million and $49.6 million related to the repatriation of foreign earnings that had been previously permanently reinvested outside the United States.

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

(ad) Income from a patent infringement settlement.

(ae) Technology transfer fee and income from revised *Vitrase* collaboration agreement with ISTA Pharmaceuticals.

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

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

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

(ai) Loss on early extinguishment of debt.

(aj) Tax effect for non-GAAP adjustments.

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

ONE OF ALLERGAN'S BEST YEARS EVER.

"As we enter 2008, the outlook for Allergan is bright."

MARKET GROWTH YEAR-TO-DATE[1]	Size of World Market ($ millions)[2]
The obesity intervention market grew at 54 percent	$300
The dermal filler market grew at 37 percent	$600
The neuromodulator market grew at 22 percent	$1,400
The breast aesthetics market grew at 20 percent	$700

(1) Mixture of public information (earnings releases, 10Ks, 10Qs), Allergan internal data, syndicated marketing research reports, analyst reports, Internet searches, competitive intelligence, etc. for U.S. dollar growth at actual rates year-to-date from January 2007 through September 2007.

(2) Mixture of public information (earnings releases, 10Ks, 10Qs), Allergan internal data, syndicated marketing research reports, analyst reports, Internet searches, competitive intelligence, etc. U.S. dollar sales at actual rates rounded to nearest $100 million for 12 months ending September 2007.

To Our Investors

Since I was appointed as Allergan's third CEO 10 years ago, 2007 was the most spectacular year for growth and the achievement of many successes on a broad front. In 2007, we reached almost $3.9 billion in sales and recorded the largest annual sales increase in almost 60 years of operations — with an increase of $869 million over 2006. In the fourth quarter, we also enjoyed our first quarter ever with more than $1 billion in sales.

Our investments into the LAP-BAND® Adjustable Gastric Banding System, the JUVÉDERM™ dermal filler family of products and the NATRELLE™ Collection and INSPIRA® silicone gel-filled breast implants yielded strong sales and growth rates that fully justified the price we paid for Inamed Corporation (acquired March 2006) and Groupe Laboratoires Cornéal in France (acquired January 2007). Coupling these products with BOTOX® Cosmetic (marketed as VISTABEL®/VISTABEX® in Europe) made Allergan the largest company in the new medical aesthetics market worldwide, and indeed in every continent. With a broad and unmatched line of attractive products and the largest sales force serving dermatologists, plastic surgeons and other aesthetic specialist physicians, Allergan has played the role of locomotive. We are creating and leading these markets which are responding to the global mega-trends of the desire to remain active and to look better and more youthful as the world's population ages. The response to our new products, as well as to our investments in direct-to-consumer advertising and many other sales and marketing programs worldwide, has been quite extraordinary. We estimate that the world market has accelerated in growth. (See related chart on page 5.)

Overall, the Allergan Medical division we created following the Inamed acquisition in mid-2006 realized 2007 sales of $771 million and grew a spectacular 53 percent on a pro forma basis, which includes Inamed and Cornéal pre-acquisition sales in 2006. (See related chart on page 6.) Thanks to strong focus in each individual business, depth of management talent and attention to operational details, the considerable successes of Allergan Medical did not distract from our core pharmaceutical operations. Allergan's pharmaceutical businesses (including all of BOTOX® sales) also increased a strong 18 percent over 2006, an enviable result in the global pharmaceutical industry which has been recently challenged with growth problems.

For the sixth consecutive year, Allergan has been the fastest-growing global eye care company,[1] driven by a wide range of products, but principally by the glaucoma and dry eye franchises. For us, the most important U.S. Food and Drug Administration (FDA) approval of the year was COMBIGAN™, a fixed combination of ALPHAGAN® and timolol, the culmination of no less than five clinical studies by Allergan and the first time that the FDA had approved a fixed combination in nine years. As glaucoma treatment worldwide is migrating to the increased use of fixed combinations, we foresee a unique opportunity in the United States for COMBIGAN™.

Other key research and development (R&D) milestones were the FDA filing of LUMIGAN® X, a next generation LUMIGAN®, and filings with the Japanese Ministry of Health, Labor and Welfare of LUMIGAN®.

STEADY AND CONTINUOUS INVESTMENT FOR THE LONG TERM

We are also pleased that we delivered on our commitments to stockholders, recording diluted earnings per share of $2.18, an increase of 19 percent over 2006.[2] This result was achieved while we continued to invest vigorously in the long-term growth and innovation of the company. In 2007, we invested $646 million in R&D, a growth of 36 percent over 2006 and the largest increase in Allergan's history.[3] This robust R&D investment comes as we progress many programs through the most expensive phase of clinical development, Phase III, and also bring several new compounds out of the research laboratories and into human clinical trials. We also invested heavily in sales and marketing, with selling, general and administrative expenditures increasing by 29 percent.[2] Relative to the plans we established at the time of the Inamed and Cornéal acquisitions, we substantially increased our sales and marketing investments as we fully grasped the growth potential of the medical aesthetics markets and in the opportunity for substantial value creation.

(1) Intercontinental Medical Statistics (IMS): 48 countries roll-up. Q3 2007, in constant currency for the trailing 12 months, as of September 2007. (Fastest growing among the major eye care companies. Excludes retinal therapeutics where Allergan's R&D candidates have not yet been commercialized.)
(2) Adjusted in 2007 and in 2006 for several items principally relating to the accounting treatment of our Inamed, Cornéal, EndoArt and Esprit Pharma acquisitions, merger-related integration and transition costs, restructuring costs and the streamlining of our pharmaceutical operations in Europe. For a complete reconciliation of earnings per share, see page 2.
(3) Excludes in-process research and development charges related to the acquisitions of Inamed and EndoArt and other non-GAAP adjustments. See reconciliation of non-GAAP adjustments to research and development expense on page 20.

In 2007, we completed the full integration of the Inamed and Cornéal operations worldwide, exceeding the planned cost synergies. In addition, we made two further acquisitions: EndoArt in Switzerland, which is intended to bring us the next generation of gastric bands with a unique telemetric technology; and Esprit Pharma in New Jersey, which provides us with a strong platform in a new urologics specialty in the United States. In anticipation of the likely approval of BOTOX® for incontinence by the FDA, European Medicines Evaluation Agency and other regulatory agencies worldwide, the acquisition of Esprit Pharma provides us with the ability to become experts in the urology specialty. Ultimately we plan to offer a continuum of care for overactive bladder (OAB) that commences with an oral anticholinergic agent and concludes with BOTOX® treatment, which is currently under investigation in the United States for the treatment of OAB. In less than three months we completed the integration of Esprit Pharma, closing the New Jersey office in December 2007, while retaining and expanding the urologics sales force. In January 2008, we launched SANCTURA XR™, a best-in-class anticholinergic, in the United States.

Operating cash flow post capital expenditures was a strong $651 million which led to a high cash balance of over $1.1 billion even after we had expended almost $700 million in 2007 for the Cornéal, EndoArt and Esprit Pharma acquisitions. This demonstrates the strategic flexibility that we still maintain for other value-creating acquisitions and licensing transactions.

While we like to create market-leading franchises on our own, we also keenly evaluate where we can achieve even greater results by collaborating with a limited number of partners. In 2007, we entered into a co-promotion arrangement in the United States with Covidien Ltd., formerly Tyco Healthcare, for the LAP-BAND® Adjustable Gastric Banding System. This increases our depth and frequency of calls to bariatric surgeons as we counter the 2008 launch of a competitive gastric band from Ethicon Endo-Surgery, a Johnson & Johnson company. In 2008, we entered into a long-term strategic partnership in the United States with Clinique Laboratories, LLC with the goal of establishing a clear leadership position in another fast-growing segment of the medical aesthetics market — physician-dispensed skin care products, which are complementary to existing aesthetic procedures. The Clinique brand is the number-one prestige North American cosmetics brand with a strong dermatology heritage. We believe that combining the strength of the Clinique brand and Clinique's formulation expertise with Allergan's knowledge of the medical aesthetics market and distribution power will lead to market expansion and a leadership position. This special Clinique product line, developed for dermatologists and plastic surgeons and only available in these channels, is expected to launch by the fall of 2008.

STRATEGIC STRENGTH

Allergan is in a unique position in the health care industry due to its diversified portfolio of pharmaceutical, medical device and over-the counter products. The common characteristics are high-growth potential and strong market positions, in most cases globally, within these specialty markets. A further strength is our diversity of payors, with roughly one-third of our revenues being medical aesthetics products that are paid electively out-of-pocket by the patient or consumer. While we have strong positions in Medicare Part D and in national formularies, primarily in Europe, the outlook for pricing and rebates is challenging for all participants in the pharmaceutical industry. As the pharmaceutical industry contends with an evolving and risk-averse regulatory environment, Allergan is less exposed given the generally lower risks of drugs delivered topically versus systemically.

Our overall sales are currently growing around 20 percent year-over-year given the extraordinary growth of the markets we service. As we factor in the arrival of competition in the gastric band and neuromodulator businesses, we believe there are significant growth opportunities as these markets are stimulated by the new competition as well as by our competitive responses.

The many drivers of our growth in 2007 have been diverse. (See related chart on page 6.)

DIVERSIFIED PRODUCT LINE: Broad Sources of Growth	FY 2007 vs. FY 2006		
BOTOX® [1]	+ 19%	+ $95M	
BOTOX® Cosmetic [1]	+ 29%	+ $135M	
RESTASIS®	+ 28%	+ $74M	
LUMIGAN® Franchise	+ 20%	+ $64M	
ALPHAGAN® Franchise	+ 15%	+ $46M	
Skin Care	- 12%	- $15M	
All Other [2]	+ 10%	+ $61M	
Specialty Pharma Sales [2]	+ 18%	+ $460M	
Breast Aesthetics [3]	+ 30%	+ $70M	
Obesity Intervention [3]	+ 54%	+ $95M	
Facial Aesthetics [3]	+ 102%	+ $102M	
Core Medical Devices [3]	+ 53%	+ $267M	
Product Net Sales [4]	+ 23%	+ $727M	

(1) Estimated growth rates and the breakout between sales of BOTOX® and BOTOX® Cosmetic are subjectively determined based on management estimates and may not be indicative of actual amounts.
(2) Excludes Urologics. GAAP sales for all other brands including Urologics increased $67 million, or 11% in 2007. Total sales for Specialty Pharmaceuticals under GAAP increased $466 million, or 18% in 2007.
(3) Includes the prior year impact of pre-acquisition sales for Inamed and Cornéal. GAAP sales for 2007 increased $121 million, or 68%, for Breast Aesthetics, $128 million, or 90%, for Obesity Intervention and $151 million, or 289%, for Facial Aesthetics. Total sales for Core Medical Devices under GAAP increased $400 million, or 108% in 2007.
(4) Excludes the impact of adjustments detailed in notes 2 and 3 and the current year impact of $3 million in Other medical devices sales. Total product net sales under GAAP increased $869 million, or 29% in 2007.

MANAGEMENT FOCUS ON INNOVATION

The greatest attention of management is to further strengthen our R&D pipeline to deliver new products for the beginning of the next decade both by internal development, supplemented by external licensing of pharmaceutical compounds and medical device technologies, and acquisitions. We contemplate several major opportunities in a number of areas, such as:

- Eye Care — We are preparing to enter the market of retinal therapeutics, the fastest-growing segment worldwide with the greatest unmet medical need.[4] Further potential exists for technological improvements in glaucoma and dry eye treatment.

- Pain Therapeutics — Physicians have an unmet need for new agents that are not addictive and low in cognitive impairment.

- New Generations of Neuromodulators — These are needed to offer physicians new treatment modalities.

A YEAR OF STRONG EXECUTION

While the U.S. businesses grew a strong 26 percent in total, sales outside the United States increased even more rapidly at 36 percent. With the sole exception of our U.S. medical dermatology business, which suffered a poor year with a decline of 12 percent due primarily to the launch of competitive products, every other business grew at least double digits worldwide and in every major geographic operating region. A co-promotion agreement for TAZORAC® with Stiefel Laboratories will help address the medical dermatology challenge.

In ophthalmic pharmaceuticals we gained share in almost every major market worldwide due to our strong performance in glaucoma led by LUMIGAN®, the resilience of ALPHAGAN®, and the launches and growth of COMBIGAN™ and GANFORT™ (a fixed combination of LUMIGAN® and timolol available outside the United States); as well as by further strong uptake of RESTASIS®, our pioneering therapy for dry eye, and the artificial tears line led by REFRESH® and OPTIVE™, our latest innovation in tear technology.

Overall, BOTOX® continued its remarkable track record of growth at 23 percent over 2006 achieving 2007 sales of over $1.2 billion and, in fact, grew faster outside the United States where competition to BOTOX® already exists. The therapeutic franchise accelerated from its path of mid double-digit growth to 19 percent. BOTOX® Cosmetic increased 29 percent, with all regions growing at over 20 percent, benefiting from the synergies of Allergan's broad range of medical aesthetics products.[5] BOTOX® Cosmetic accounted for 50 percent of 2007 sales for the BOTOX® franchise. During the year, we dedicated additional management resources to addressing many new burgeoning markets in Asia and Eastern Europe.

Due to the market position of BOTOX® and the complementary nature of dermal filler treatments, JUVÉDERM™ enjoyed a strong launch in the United States, Canada and Australia and has been rapidly catching up with the market leader. In Europe, we relaunched our dermal filler line in early 2008 under the JUVÉDERM™ banner following the full integration of the Cornéal operation into our facial aesthetics sales and marketing organization. In the United States and Canada, our silicone breast aesthetics line under the NATRELLE™ Collection has gained rapid acceptance as the market has been transitioning away from saline breast implants. With the latest technology silicone implants selling at approximately twice the price of saline in the United States and Canada, we expect this to be one of our North American revenue growth drivers in the coming years. We also, however, enjoyed strong growth rates in Europe, Latin America and across most Asian countries as we successfully integrated this business line into our operations.

(4) Mixture of U.S. actual sales data from earnings releases and Intercontinental Medical Statistics (IMS): 48 countries roll-up. Q3 2007, in constant currency for the trailing 12 months, as of September 2007.
(5) Estimated growth rates and the breakout between sales of BOTOX® and BOTOX® Cosmetic are subjectively determined based on management estimates and may not be indicative of actual amounts.

Considerable investment in direct-to-consumer (DTC) advertising, principally in the United States, supported the growth of many of our franchises. At gross billing rates, we spent approximately $180 million on BOTOX® Cosmetic, JUVÉDERM™, LAP-BAND®, RESTASIS® and the NATRELLE™ Collection.[6] Complementing these DTC efforts, we executed integrated public relations campaigns to educate our key constituents and generate favorable brand awareness and receptivity to commercial messaging through grassroots initiatives and robust media platforms. These programs included celebrity partnerships, such as with actress Virginia Madsen for BOTOX® Cosmetic and JUVÉDERM™, and Khaliah Ali, the daughter of Muhammad Ali for LAP-BAND®, as well as programs to facilitate informed treatment decisions. For example, we invested heavily in a first-of-its kind educational Web site in partnership with an independent expert group of researchers, scientists and physicians to address women's outstanding questions about the science and safety of silicone breast implants.

In 2007, sales of the LAP-BAND® System and the BIB™ Intragastric Balloon, a product with modest sales available outside the United States, increased 54 percent over 2006 on a pro forma basis which includes Inamed pre-acquisition sales in 2006. (See related chart on page 6.) Sales grew well over 20 percent in every region and even stronger in the United States where we made dramatic investments into this large unmet medical need by greatly expanding our sales force to provide training and service to a larger group of bariatric and other specialized surgeons, securing major improvements in managed care and government payors' coverage, and increasing patient awareness of LAP-BAND® through national DTC television advertising and educational campaigns.

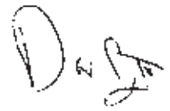
CONSTANT SEARCH FOR GREATER EFFICIENCY

Even though we are experiencing a rapidly expanding revenue base, we constantly search for ways to lower our cost of goods and improve operating efficiency.

We acquired three plants in the 2006 Inamed acquisition and have announced plans to streamline manufacturing into one state-of-the-art facility in Costa Rica. Having foreseen the transition of the dermal filler market from collagen to hyaluronic acid fillers, we announced in early 2007 the closure of our collagen manufacturing plant in Fremont, California, effective before the end of 2008 with what we believe will be sufficient supplies manufactured to supply our worldwide needs until 2010. In early 2008, we announced plans to close one of our two breast implant manufacturing sites in Arklow, Ireland, and transition all manufacturing by the end of 2009 to our new, state-of-the-art facility in Costa Rica, which also manufactures the global supply of our LAP-BAND® and BIB™ Systems.

In addition to these manufacturing projects, we announced in early 2008 a long-term contract to outsource our global data centers with one of the leading specialists in the industry, Affiliated Computer Services, Inc., to realize certain cost benefits and focus our information technology resources on our evolving software and business information needs of our growing company. We are also seeking greater cost efficiencies for patients enrolled in clinical trials, having created a global clinical development organization. This will entail a greater number of clinical investigation sites in Eastern Europe, Latin America and Asia. In addition, we established an R&D center in Bangalore, India, in 2007. Furthermore, we are implementing an electronic procurement system in 2008 that is designed to drive purchasing efficiencies.

As we enter 2008, the outlook for Allergan is bright. We have strong growth momentum in our markets and are also preparing to file a record number of New Drug Applications with the FDA — an expression of return on the resources invested in R&D.



DAVID E. I. PYOTT
Chairman of the Board and
Chief Executive Officer

I wish to recognize the exceptional hard work of thousands of employees around the globe. Whether they have joined Allergan from acquired companies, are new members of the team as we strongly expand, or are long-term Allergan employees, they have demonstrated the acumen to deliver on multiple goals as demonstrated by the rapid and smooth integration of multiple acquisitions and the ability to constantly keep up with strategic and operational change. With our strong growth profile relative to our industry, we have with great discipline created and filled new positions with highly qualified management talent in both functions and geographic regions to strengthen our ability to execute our plans.

I wish also to thank our strong and experienced Board of Directors for their insight in connection with our acquisition transactions and projects and their value to our strategic plans as we look for further sources of innovation to fuel our long-term growth. Additionally, I am pleased to welcome our new Board member, Dawn Hudson, formerly President of PepsiCo North America, who will sharpen our consumer marketing skills.

(6) Source: 2007, Nielsen Media Research.

2007 HIGHLIGHTS AND ACCOLADES

JANUARY 2007
- Allergan announced nationwide availability of JUVÉDERM™ Ultra and JUVÉDERM™ Ultra Plus, its next-generation hyaluronic acid dermal filler family of products.
- Allergan acquired Groupe Cornéal Laboratories, obtaining exclusive rights to market and manufacture JUVÉDERM™.
- Allergan launched OPTIVE™ Lubricant Eye Drops, a next-generation artificial tear to provide long-lasting relief from dry eye symptoms, to U.S. eye care professionals.
- *Institutional Investor* magazine — David Pyott named one of the "Top CEOs in America."

FEBRUARY 2007
- Allergan acquired Swiss company EndoArt SA, a leader in the field of telemetrically-adjustable gastric banding devices for the treatment of morbid obesity.
- *Pharmafocus* — Allergan voted the "Rising Star of Specialist Pharma with a U.K. presence."

MARCH 2007
- Allergan launched the VIVITÉ® skin care line, which includes proprietary *GLX Technology*™ and is clinically shown to help reduce the appearance of fine lines and wrinkles, in the United States.

APRIL 2007
- Allergan launched The NATRELLE™ Collection of saline-filled and silicone gel-filled breast implants.
- Allergan celebrated the fifth anniversary of the U.S. Food and Drug Administration's (FDA) approval of BOTOX® Cosmetic (botulinum toxin type A) for the temporary treatment of moderate to severe glabellar lines between the brows (the vertical frown lines between the eyebrows that look like an "11") in people ages 18–65.
- Allergan opened a state-of-the-art manufacturing plant in Costa Rica, to supply breast aesthetics and obesity intervention devices worldwide.

JUNE 2007
- Allergan announced approval by the FDA of label extensions for JUVÉDERM™ Ultra and JUVÉDERM™ Ultra Plus based on new clinical data demonstrating that the effects of both products may last for up to one year.

AUGUST 2007
- Allergan announced the opening of the Allergan Pharmaceutical Development Center in Bangalore, India, to implement global pharmaceutical research and development projects that Allergan conducts in India. The Center will initially focus on the development of new intraocular pressure-lowering compounds.

SEPTEMBER 2007
- *Med Ad News* published its list of the top 50 health care companies. Allergan ranked: number 34 by health care revenue, number 22 by research and development expenditure, number 34 by consolidated revenue and number 34 by shareholders' equity.

OCTOBER 2007
- Allergan received FDA approval of COMBIGAN™ for the reduction of elevated intraocular pressure (IOP) in patients with glaucoma or ocular hypertension who require adjunctive therapy or replacement therapy due to inadequately controlled IOP.
- Allergan acquired Esprit Pharma, Inc., a U.S.-based pharmaceutical company with expertise in the genitourinary market and treatments for overactive bladder, including SANCTURA XR™ (trospium chloride extended release capsules). With this acquisition, Allergan entered the genitourinary specialty and created a dedicated Urologics division.

NOVEMBER 2007
- Allergan entered into a co-promotion agreement in the United States with Covidien Ltd., a leading global provider of health care products, to deepen Allergan's reach into the bariatric community with additional sales force and other specialized staff support to further promote, educate and train surgeons on the LAP-BAND® Adjustable Gastric Banding System.
- For the twelfth consecutive year, Allergan received a Waste Reduction Award from the California Integrated Waste Management Board. In 2006, Allergan recycled approximately 2,850 tons of materials and had a recycling rate of approximately 60 percent worldwide.
- Allergan entered into a strategic collaboration with Stiefel Laboratories, Inc., a pharmaceutical company specializing in dermatology, to further strengthen Allergan's presence in the medical dermatology market and to develop and market new products using Allergan's proprietary tazarotene compound.

DECEMBER 2007
- *MSNBC.com* — Allergan named among "348 Incredible Companies" based upon strong stock market performance among mid- to large-cap companies over the past 10 years.
- *Forbes* magazine — Allergan featured among "America's Best-Managed Companies."

JANUARY 2008
- Allergan launched SANCTURA XR™, a once-daily medication for the treatment of overactive bladder with symptoms of urge urinary incontinence, urgency and urinary frequency, in the United States.
- *The Wall Street Journal* listed Allergan at number 11 among the top 35 companies by their Patent Board science strength ranking, and number 11 among the top 30 pharmaceutical companies by stock market performance data for the past 52 weeks.
- *The Globe and Mail* — Allergan Canada ranked number 16 among "The 25 Best Small Companies To Work For."

MARCH 2008
- The U.S. Environmental Protection Agency recognized Allergan for its commitment and dedication to energy efficiency as a 2008 ENERGY STAR award winner for "Partner of the Year – Energy Management."

CREATING AND LEADING MARKETS

29%
positive growth year-over-year in net product sales

At Allergan, we focus on high-growth specialty areas where unmet needs are significant. This focus drives our pursuit of products that can make a difference in novel and often category-changing ways. We value scientific innovation, and we strategically seek meaningful opportunities to build upon our existing leadership by expanding where our organic research and development leads us. And — when we believe the fit is right — we pursue high-value collaborations and acquisitions to consolidate and expand our positions.

Furthermore, we steadily invest in a new product or treatment from its inception throughout its life cycle. We do this by deploying highly trained specialty sales forces, offering in-depth physician education and training, expanding consumer awareness and providing information to help patients make the best possible health care decisions in consultation with their doctors.

As these investments generate growth, we also continue our global expansion and all that it entails — more product offerings, more talented people in more places, more organizational resources and customer support.

When all this is taken together, Allergan finds itself in the enviable position of not only leading many of the high-growth specialty markets we serve, but also creating new ones.

DRIVING GROWTH AND CREATING MARKETS FROM THE INSIDE OUT

Opportunities come from investment.

When Allergan enters a market or creates a new one, above all else it means that we intend to commit substantial resources — in research and development (R&D), physician education and patient awareness, sales and marketing, strategic acquisitions or partnerships — to grow and lead that market. While doing so, we also strive to set new standards and make meaningful contributions in areas most valued by health care specialists and their patients.

For example, this is what we did when we invested in our existing dry eye expertise to develop and commercialize our ground-breaking drug RESTASIS® — the first, and currently only, prescription eye drop approved to address an underlying cause of chronic dry eye by increasing tear production. And it is what we are doing today in several new specialty categories.

A NEW WEAPON IN THE FIGHT AGAINST OBESITY

In an area ripe for paradigm-changing solutions, Allergan is pioneering the market for less invasive, long-term weight-loss interventions. Allergan's LAP-BAND® Adjustable Gastric Banding System was the first adjustable medical device approved by the U.S. Food and Drug Administration (FDA) for individualized weight loss in a worldwide market estimated to reach $1.7 billion by 2010.[1] The LAP-BAND® System was the "hidden gem" in Allergan's 2006 acquisition of Inamed Corporation. Since then Allergan has invested to increase utilization of this minimally invasive, safer and less costly approach to bariatric surgery than gastric bypass for appropriate patients. We are training surgeons, increasing patient access by securing greater reimbursement for the LAP-BAND® System with commercial and private payors, creating specialized after-care programs to help patients following their surgery, and launching distinctive direct-to-consumer advertising and educational initiatives aimed at expanding the dialogue about obesity and its profound impact on patients' lives.

NEW STANDARDS IN MEDICAL AESTHETICS

For nearly 20 years Allergan has invested in the clinical development of BOTOX®, one of the world's most researched and most versatile medicines. And since 2002, our development of the same product under the name BOTOX® Cosmetic has revolutionized the global medical aesthetic marketplace.

Now the standards we set with BOTOX® Cosmetic are being extended across the full range of Allergan's world-leading *Total Rejuvenation*™ portfolio of science-based aesthetic products. In facial aesthetics, we obtained an FDA label extension for JUVÉDERM™ Ultra and JUVÉDERM™ Ultra Plus based on new clinical data demonstrating that the effects of both products may last for up to one year — making JUVÉDERM™ the only hyaluronic acid dermal filler on the market with this distinction. We also launched VIVITÉ®, Allergan's newest advanced skin care line that features the proprietary *GLX Technology*™, a formula matrix that acts as a catalyst for the penetration of glycolic acid bound with natural antioxidants to maximize the products' anti-aging benefits.

In breast aesthetics, we are supporting the launch of the NATRELLE™ Collection of silicone- and saline-filled breast implants with enrollment of patients in our Breast Implant Follow Up Study and the launch of the Breast Implant Answers Web site. This site is a first-of-its-kind educational resource where women can access unbiased scientific information about the science and safety of silicone and silicone breast implants, provided by an independent expert group of researchers, scientists and physicians.

Today Allergan is unique in its dedication to the medical aesthetics marketplace and in the resources we provide to support product innovation, physician training and optimal patient outcomes.

(1) Millennium Research Group, 2007.

investing $646 million into R&D programs[2]

(2) Excludes in-process research and development charges related to the acquisitions of Inamed and EndoArt and other non-GAAP adjustments. See reconciliation of non-GAAP adjustments to research and development expense on page 20.

PURSUING THE POTENTIAL FOR DRAMATIC CHANGE

Opportunities come from innovation.

In recent years we have charted a new path in the management of chronic dry eye with RESTASIS®, and our work with BOTOX® and BOTOX® Cosmetic continues to map promising new avenues for exploration into areas of need. Today our global research and development (R&D) organization remains centered on programs where both the market opportunity and the potential for making a meaningful difference in patients' lives are most significant.

RESEARCH AND DEVELOPMENT

For instance, Allergan is maintaining a rigorous strategic focus on the development of treatments for back-of-the-eye diseases, including macular edema, diabetic retinopathy and age-related macular degeneration. These diseases cause sight loss in thousands of patients each year. Because prevalence is increasing as the population ages, the opportunities for truly innovative products are substantial — and the need is imperative. We are also exploring POSURDEX®, currently in Phase III clinical trials, to combat diabetic and non-diabetic macular edema, and retinal vein occlusion. POSURDEX® involves a novel bioerodable extended-release drug delivery system that can deliver sight-saving medications to the back of the eye, precisely where needed, and can last for months following a single intraocular injection.

In neurosciences, Allergan is conducting Phase III studies of BOTOX® for the treatment of chronic migraine — a debilitating and costly condition that currently defies much standard treatment. We also are investigating BOTOX® as a treatment for overactive bladder, where there is a need for efficacious treatments with better side effect profiles. Beyond BOTOX®, we are collaborating with ACADIA Pharmaceuticals to investigate a unique class of alpha adrenergic agonists for neuropathic pain to meet the need for non-sedating and non-addicting compounds in the treatment of this debilitating condition.

We see a need for an even greater range of treatment techniques, procedures and products in medical aesthetics, which reflects our commitment to the *Science of Rejuvenation*™ — that is, to developing and delivering innovative and high-quality, science-based medical solutions in the areas of facial and breast aesthetics. Allergan is focused on the development of next-generation dermal fillers for facial aesthetic use. We are also working on innovations in breast aesthetics, including new materials, enhanced manufacturing processes and product designs to offer women and their surgeons a wider range of breast implant options.

PARTNERSHIPS AND ACQUISITIONS

Most of Allergan's R&D programs are initiated internally, which sets us apart from many other health care companies. Simultaneously, we actively explore new market opportunities and engage in strategic research collaborations that are complementary to our own business model.

For instance, recognizing the urgent need for new strategies to fight the global obesity epidemic, in 2007 we further strengthened our obesity intervention portfolio with the acquisition of Swiss technology developer EndoArt SA. The acquisition gave us ownership of EndoArt's proprietary FLOWATCH® technology, which powers the EASYBAND™ Remote Adjustable Gastric Band System, a breakthrough, telemetrically-adjustable banding device that will offer patients new options in the treatment of severe obesity and other conditions.

In 2008, we entered into a strategic collaboration with Clinique, the number-one prestige North American cosmetics brand with a strong dermatology heritage. This collaboration combines Clinique's formulation expertise with our leadership in medical aesthetics to address the need for specialized skin care treatments provided in the physician's office. The new skin care line will be sold exclusively through the physician channel and will offer clinically-proven skin care products under the Clinique name that will complement in-office aesthetic procedures.

EXTENDING OUR REACH AROUND THE WORLD

Opportunities come from expansion.

In 2007, we added 1,100 new employees, approximately 60 percent of whom joined our sales force or Research and Development (R&D) organization. Allergan now comprises approximately 7,900 employees who, inspired by a shared vision and united by common values, are accomplishing great things. They are driving scientific innovation. They are further positioning Allergan for leadership in Europe, Latin America, Asia Pacific and Canada, as well as in the United States. Thanks to their efforts, our product portfolios are stronger than ever. And, through our strategic collaborations, we are joining efforts with many other industry partners who are enriching our specialties and bolstering our core competencies.

EUROPE, AFRICA, MIDDLE EAST

In 2007, we more than doubled our ophthalmology sales force in major European markets, as well as Belgium, the Netherlands, Sweden, Portugal, Switzerland and Austria. We are also expanding our presence in the important developing markets of Russia and Turkey. Worldwide launches of GANFORT™ and additional launches of COMBIGAN™ and OPTIVE™ have helped make Allergan the fastest-growing ophthalmic company in Europe.[1]

LATIN AMERICA

In 2007, Allergan opened a new manufacturing plant in Costa Rica to supply breast implant and obesity intervention devices to patients worldwide. We also enhanced our growth in this region with a strategic buy-out of competitive distributors and the expansion of our sales force, both in number and geography, to finalize the segmentation of BOTOX® into BOTOX® Cosmetic and BOTOX® for therapeutic use across the region. In addition, we created sales forces for the Allergan Medical franchises in selected countries within the region.

ASIA PACIFIC

Allergan opened a new R&D center in Bangalore, India — expanding our infrastructure to support R&D efforts worldwide and to facilitate the timely development of country-specific products in geographies with high-growth potential and need. Strong sales performance and the addition of people at all levels expanded our presence and competencies in Asia Pacific and drove growth in 2007.

CANADA

Strong product growth continued in Canada. Our significant investment in the Allergan Medical business infrastructure contributed to Canada achieving its highest sales milestone to date with net Canadian product sales in 2007 increasing 29.9 percent, or 22.1 percent at constant currency, compared to total net product sales in 2006.

EXPANDING CORE SPECIALTIES

Over the course of 2007, we expanded or deepened our presence in the specialty areas we serve through organic growth, sales force expansions and strategic acquisitions and collaborations. For example, as we have progressed in our clinical studies investigating the use of BOTOX® for the treatment of overactive bladder (OAB), we have seen a significant opportunity to advance therapy and optimize patient outcomes in this area. With our acquisition of Esprit Pharma and its anticholinergic SANCTURA XR™, Allergan is investing significant resources to develop a product portfolio that addresses the full continuum of care for patients with OAB and other urologic disorders. We have also established a dedicated Urologics division that will offer urologists and patients deep expertise and continued innovation in the genitourinary therapeutic area.

We are enlarging our presence in the obesity intervention arena through our collaboration in the United States with Covidien, Ltd., an industry leader with significant experience in bariatrics. Over the next several years we will combine our expanded and experienced field sales force with the added reach of Covidien's Surgical Devices sales team to provide extensive training, education and support for bariatric surgeons using the LAP-BAND® System.

We also have entered into a strategic collaboration with Stiefel Laboratories, Inc. to further strengthen our presence in the medical dermatology market. The agreement brings together Allergan's innovative tazarotene compound with Stiefel's patent-protected technology to advance the development and commercialization of new products involving tazarotene for global dermatological use. Stiefel is also co-promoting TAZORAC® in the United States.

(1) Intercontinental Medical Statistics (IMS): Europe Region. Q3 2007, in constant currency for the trailing 12 months, as of September 2007. (Excludes retinal therapeutics where Allergan's R&D candidates have not yet been commercialized.)

1,100

employees added worldwide

expanding

TOUCHING LIVES AROUND THE WORLD. A LOOK AT OUR SPECIALTY AREAS.

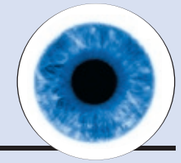
As a multi-specialty health care company, Allergan is focused on discovering, developing and commercializing innovative pharmaceuticals, biologics and medical devices that enable people to live life to its greatest potential — to see more clearly, move more freely, express themselves more fully.

Our focus fosters deep engagement with medical specialists and we make it our business to listen closely to their needs so that together we can advance patient care. We combine this strategic focus with a diversified approach that allows us to follow our research and development into new specialty areas where unmet needs are significant.

In partnership with the medical community, we bring to bear scientific excellence and rigor to deliver leading products that improve patient outcomes. And, we go above and beyond this to provide education and information, with the highest level of integrity, that helps patients to fully understand the choices available to them and make well-informed treatment decisions with their doctors.

We know we are successful when doctors and patients place their trust in our products and our company, when our employees excel and when our efforts make a meaningful difference in the lives of the patients and communities we serve.

Eye Care



MARKET OPPORTUNITY

- The market for ophthalmics (eye care pharmaceuticals and over-the-counter eye care products) is approximately $11 billion, growing at a rate of 13 percent.[1]
- Allergan's market share in ophthalmics is 16 percent.[1]
- For the sixth consecutive year, Allergan was the fastest-growing global eye care company (excluding retinal therapeutics, where Allergan's R&D candidates have not yet been commercialized).[1]

Built upon a nearly 60-year heritage with expertise in discovering and developing therapeutic agents to help protect and preserve vision, Allergan is a global leader in eye care and the treatment of eye conditions including glaucoma, dry eye and external eye diseases. A few of our flagship products include:

DRY EYE

OPTIVE™ Lubricant Eye Drops
OPTIVE™ is a next-generation artificial tear with an advanced dual-action formula that provides long-lasting relief from dry eye symptoms. In addition to the United States, OPTIVE™ has recently launched with great success in Italy, Germany, Australia, India, Mexico, Colombia and Brazil.

REFRESH® Brand Products
The number-one selling brand of artificial tear products worldwide[1], the REFRESH® line offers a variety of products to relieve dry eye symptoms.

RESTASIS®
(Cyclosporine Ophthalmic Emulsion) 0.05%
RESTASIS® is the first — and currently only — prescription eye drop approved by the U.S. Food and Drug Administration (FDA) to increase tear production in cases where it may be reduced by inflammation due to chronic dry eye. RESTASIS® is also available in several other countries, some of which include South Korea, Turkey and Mexico.

GLAUCOMA

ALPHAGAN® P (Brimonidine Tartrate Ophthalmic Solution) 0.1%
ALPHAGAN® P 0.1% is indicated for lowering intraocular pressure in patients with open-angle glaucoma or ocular hypertension.

COMBIGAN™ (Brimonidine Tartrate/Timolol Maleate Ophthalmic Solution) 0.2%/0.5%
In October 2007, COMBIGAN™ received FDA approval for the reduction of intraocular pressure (IOP) in patients with chronic open-angle glaucoma or ocular hypertension who require additional IOP lowering. Allergan's launch of COMBIGAN™ in the United States follows approval of COMBIGAN™ in Canada, many member states of the European Union, Australia, Brazil, Mexico, Argentina and South Korea.

GANFORT™ (Bimatoprost/Timolol Ophthalmic Solution)
GANFORT™ is a LUMIGAN® and timolol fixed-combination product approved by the European Commission and indicated for the reduction of intraocular pressure in patients with open-angle glaucoma or ocular hypertension who are insufficiently responsive to topical beta-blockers or prostaglandin analogues.

LUMIGAN®
(Bimatoprost Ophthalmic Solution) 0.03%
LUMIGAN® is indicated for the reduction of elevated intraocular pressure in patients with open-angle glaucoma or ocular hypertension.

EXTERNAL DISEASES

ACULAR LS® (Ketorolac Tromethamine Ophthalmic Solution) 0.4%
ACULAR LS® is the number-one prescribed non-steroidal anti-inflammatory by U.S. ophthalmologists,[2] and is indicated to reduce pain, burning and stinging following corneal refractive surgery.

ZYMAR®
(Gatifloxacin Ophthalmic Solution) 0.3%
ZYMAR® is the first FDA-approved fourth-generation topical fluoroquinolone indicated for the treatment of bacterial conjunctivitis (commonly referred to as "pink eye").

PRED FORTE® (Prednisolone Acetate) 1%
PRED FORTE® is a topical anti-inflammatory agent for ophthalmic uses.

(1) Intercontinental Medical Statistics (IMS): 48 countries roll-up. Q3 2007, in constant currency for the trailing 12 months, as of September 2007.
(2) Vector One: National (VONA) from Verispan; March 2007.

Neurosciences

MARKET OPPORTUNITY

- The size of the top-10 markets for neuromodulators is approximately $1.1 billion, growing at a rate of approximately 22 percent.[1]
- Allergan's market share in the top-10 neuromodulator markets is approximately 91 percent.[1]
- The worldwide market for neuromodulators is approximately $1.4 billion, growing at a rate of approximately 21 percent.[2]
- Allergan's market share in the worldwide neuromodulator market is approximately 85 percent.[2]

For nearly two decades, Allergan has been committed to the research and clinical development of BOTOX® (botulinum toxin type A) to improve the physical well-being and quality of life for people around the world who suffer from a variety of serious or debilitating disorders. Today, Allergan is a world leader in neuromodulator therapy and neurosciences.

BOTOX® (Botulinum Toxin Type A)
BOTOX® has emerged as one of the world's most versatile medicines and is approved in more than 75 countries for 20 different indications. In the United States, approved medical uses for BOTOX® include:

- Cervical dystonia (involuntary contractions of the neck muscles causing twisting repetitive movements, or abnormal postures of the head)
- Severe primary axillary hyperhidrosis (underarm sweating) inadequately managed with topical agents
- Blepharospasm (uncontrollable eye blinking)
- Strabismus (crossed eyes)

(1) Allergan estimates of top-10 markets in constant currency for 12 months ending September 2007.
(2) Mixture of public information (earnings releases, 10Ks, 10Qs), Allergan internal data, syndicated marketing research reports, analyst reports, Internet searches, competitive intelligence, etc. in U.S. dollars at actual exchange rates for 12 months ending September 2007.

Medical Aesthetics

MARKET OPPORTUNITY

- The worldwide market for dermal fillers is approximately $610 million, growing at a rate of approximately 35 percent.[1]
- Allergan's market share in dermal fillers is approximately 28 percent.[1]
- The worldwide market for breast aesthetics is approximately $720 million, growing at a rate of approximately 18 percent.[1]
- Allergan's worldwide market share in breast aesthetics is approximately 38 percent.[1]

Allergan's *Total Rejuvenation*™ portfolio is where science meets beauty, featuring the most comprehensive, science-based medical aesthetic products available. Today, Allergan ranks as one of the largest companies worldwide in the medical aesthetics market. A few of our flagship aesthetic products include:

BOTOX® Cosmetic/VISTABEL®/VISTABEX® (Botulinum Toxin Type A)

In 2007, Allergan celebrated the fifth anniversary of the FDA's approval of BOTOX® Cosmetic and, in 2007, BOTOX® Cosmetic ranked as the number-one non-surgical physician-administered aesthetic procedure in the United States.[2] BOTOX® Cosmetic is indicated for temporary improvement in the appearance of moderate to severe glabellar lines (the vertical frown lines between the eyebrows that look like an "11") in adults ages 18-65 and is available in most regions worldwide.

JUVÉDERM™ Ultra, JUVÉDERM™ Ultra Plus

The JUVÉDERM™ family of dermal fillers contains the highest concentration of non-animal, cross-linked hyaluronic acid to provide a smooth, long-lasting correction of moderate to severe facial wrinkles and folds. Developed using the proprietary HYLACROSS™ technology, JUVÉDERM™ is the first smooth consistency gel dermal filler and currently the only hyaluronic acid dermal filler clinically proven to last for up to one year. In addition to the United States, JUVÉDERM™ is available in Canada, the European Union and Australia.

The NATRELLE™ Collection

The NATRELLE™ Collection offers women the widest range of safe and high-quality breast implant options for breast augmentation, revision and reconstructive surgery. From saline and silicone gel filler, to smooth and textured surfaces, and a range of shapes, profiles and volumes, women today have more options than ever before in breast aesthetics to achieve an individualized result based on their unique body type and surgical goals.

M.D. FORTÉ®

M.D. FORTÉ® is a comprehensive skin care line for every skin type, special needs and procedural care that provides effective products at an affordable price.

PREVAGE® MD

PREVAGE® MD anti-aging treatment is the most powerful antioxidant available to help correct present damage and protect skin from future damage with physician-strength idebenone 1%.[3]

VIVITÉ®

Launched in 2007, VIVITÉ® is Allergan's newest skin care line. VIVITÉ® is an advanced glycolic acid and natural antioxidant system formulated with *GLX Technology*™ for skin rejuvenation. A scientific advancement in skin care, VIVITÉ® is clinically shown to help reduce the skin's signs of aging in just three weeks.[4]

(1) Mixture of public information (earnings releases, 10Ks, 10Qs), Allergan internal data, syndicated marketing research reports, analyst reports, Internet searches, competitive intelligence, etc. in U.S. dollars at actual exchange rates for 12 months ending September 2007.
(2) The American Society for Aesthetic Plastic Surgery 2007. Cosmetic Surgery National Data Bank.
(3) McDaniel DH, Neudecker BA, DiNardo JC, Lewis JA II, Maibach HI. Idebenone: a new antioxidant - part I. Relative assessment of oxidative stress protection capacity compared to commonly known antioxidants. J Cosmet Dermatol. 2005;4 (1): 10-17.
(4) Allergan data on file.

Obesity Intervention

MARKET OPPORTUNITY

- The worldwide bariatric surgery market (gastric band and balloon segments only) is approximately $290 million, growing at a rate of approximately 50 percent annually.[1]
- Allergan's market share is approximately 80 to 85 percent.[1]
- By 2010, the market for surgery and medical devices to treat obesity is anticipated to grow to $1.7 billion (including gastric bypass).[2]

Over the last 50 years obesity has emerged as a major health crisis, affecting approximately 400 million adults worldwide.[3] In response to this growing global epidemic, Allergan develops and markets products that provide doctors and patients with healthier, minimally invasive long-term options in the maintenance of a healthy weight.

BIB™ Intragastric Balloon

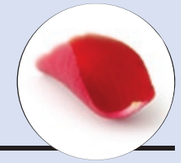
The BIB™ System is a non-surgical alternative for the treatment of obesity made of durable, elastic, high-quality silicone. It is endoscopically placed and inflated with saline solution, and works by partially filling the stomach to induce a feeling of fullness, thereby reducing the patient's intake of food. The BIB™ System is broadly approved worldwide; however, it is not currently available in the United States.

LAP-BAND® and LAP-BAND AP® Adjustable Gastric Banding Systems

In June 2007, Allergan launched the LAP-BAND AP® System in the United States, which is an evolution of the LAP-BAND® System. The LAP-BAND® System is the first FDA-approved adjustable gastric band for use in weight reduction for severely obese adults with a Body Mass Index (BMI) of 40 or more, or for adults with a BMI of at least 35 plus at least one severe obesity-related health condition, such as Type 2 diabetes, hypertension or asthma. Since its global introduction in 1993, the LAP-BAND® System has been used in more than 350,000 procedures worldwide.

(1) Mixture of public information (earnings releases, 10Ks, 10Qs), Allergan internal data, syndicated marketing research reports, analyst reports, Internet searches, competitive intelligence, etc. in U.S. dollars at actual exchange rates for 12 months ending September 2007.
(2) Millennium Research Group, 2007.
(3) World Health Organization, 2005.

Medical Dermatology



MARKET OPPORTUNITY

- The U.S. topical market for acne and psoriasis is approximately $1.7 billion, with an annual growth rate of approximately 11 percent.[1]
- Allergan's market share in the U.S. acne/psoriasis market is approximately 6 percent.[1]
- Between 5.8 and 7.5 million Americans are estimated to suffer from psoriasis.[2]
- An estimated 80 percent of all people between the ages of 11 and 30 years experience acne outbreaks at some point.[3]
- An estimated 8 million Americans suffer from hyperhidrosis (excessive sweating).[4]

With deep expertise in retinoids, Allergan offers some of the most technologically advanced dermatology products to treat skin disease as well as enhance the appearance of healthy skin. In 2007, we entered into a collaboration in the United States with Stiefel Laboratories, a pharmaceutical company specializing in dermatology, to further strengthen our presence in the medical dermatology market and to develop and market new products with our innovative and proprietary tazarotene compound. Another common chronic condition addressed within our medical dermatology portfolio is severe primary axillary hyperhidrosis (severe underarm sweating). Patients with hyperhidrosis produce an amount of sweat that far exceeds that needed to regulate body temperature. A few of our flagship products include:

BOTOX® (Botulinum Toxin Type A)

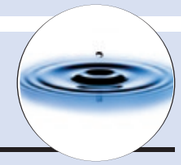
BOTOX® is FDA-approved for the treatment of severe primary axillary hyperhidrosis — severe underarm sweating — that is not adequately managed by topical agents. BOTOX® works by temporarily blocking the chemical signals from the nerves that stimulate the sweat glands.

TAZORAC® Gel/ZORAC® Gel (Tazarotene Gel) 0.05%/0.1%
TAZORAC® Cream (Tazarotene Cream) 0.05%/0.1%

Available in the United States and Canada, these products are a topical receptor-selective retinoid. TAZORAC® Gel and Cream 0.05% and 0.1% are approved for the treatment of psoriasis, while TAZORAC® Gel and Cream 0.1% are approved for the treatment of acne.

(1) Intercontinental Medical Statistics (IMS): U.S. only, Q3 2007 for the trailing 12 months, as of September 2007.
(2) National Psoriasis Foundation. About Psoriasis: Statistics. Available at: http://www.psoriasis.org/about/stats/index.php. Accessed: February 6, 2008.
(3) National Institute of Arthritis and Musculoskeletal and Skin Disease. National Institutes of Health. What is acne? Fast facts: an easy-to-read series of publications for the public. Available at: http://www.niams.nih.gov/health_info/acne/default.asp#acne_d. Accessed: February 6, 2008.
(4) American Academy of Dermatology. Press Release: Effective treatments mean excessive sweating patients no longer swimming in anxiety. February 9, 2004.

Urologics



MARKET GROWTH AND OPPORTUNITY

- Approximately 33 million Americans suffer from overactive bladder (OAB),[1] with prevalence expected to grow significantly as the population ages.
- U.S. prescription sales for genitourinary prescription products (anticholinergic market) in 2007 have been estimated at $1.7 billion, growing at an annual rate of 12 percent.[2]

Following the 2007 acquisition of Esprit Pharma, Allergan created a dedicated Urologics division to focus on meeting the needs of urologists, urogynecologists and their patients. Recognizing the high unmet need and significant growth potential, Allergan is investing significant resources to develop a product portfolio that addresses the full continuum of care for patients with OAB and other urological and genitourinary disorders. We are currently in Phase III clinical trials investigating the use of BOTOX® (botulinum toxin type A) for the treatment of neurogenic OAB (OAB secondary to multiple sclerosis, spinal cord injury, or other neurologic dysfunction) and in Phase II clinical trials with BOTOX® for idiopathic OAB (the most common form of OAB, in which the cause is unknown).

SANCTURA XR™ (Trospium Chloride Extended Release Capsules)

In early 2008, Allergan initiated the U.S. launch of SANCTURA XR™, a once-daily medication for the treatment of OAB with symptoms of urge urinary incontinence, urgency and urinary frequency. In clinical studies, SANCTURA XR™ was shown to be effective while significantly reducing dry mouth, a common side effect in this drug class that has been shown to be one of the most common reasons for discontinuation of OAB therapy.[3]

(1) Wein AJ, Rovner ES. Definition and epidemiology of overactive bladder. Urology 2002; 60 (suppl 5A): 7-12.
(2) Wolters Kluwer Health: Moving annual total, July 2007.
(3) Anderson RU, Davila GW, Cardarelli WJ, Forrester L. Improving outcomes in the management of overactive bladder and incontinence: new treatment options offer opportunities for fewer adverse effects and better compliance. First Report®. Millstone Township, NJ: Princeton Media Associates, LLC; January 2005: 1-7.

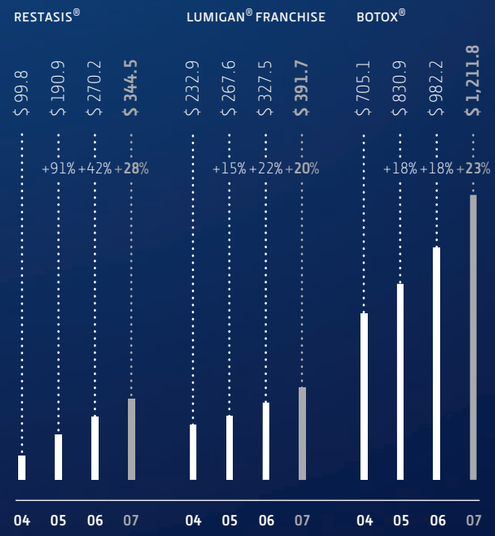
FROM DIVERSITY COMES STRENGTH

As a multi-specialty health care company, one of Allergan's unique strengths is our diversity of product lines that include specialty pharmaceuticals, biologics, medical devices and over-the-counter consumer products. But we are not diverse for diversity's sake. Rather, we are rigorous in deciding which markets to invest in and grow based on our organic R&D, our track record of leadership, and our assessment of unmet medical needs and consumer wants. At the same time, we recognize there are clear benefits to our multi-specialty focus, especially in today's challenging health care environment.

For instance, approximately one-third of our revenues are derived from medical aesthetics and health products that are electively paid for out-of-pocket by the patient or consumer. In our experience, these expenditures have shown minimal response to shifts in economic cycles because demand has existed across a wide swath of income levels and demographics. Perhaps more significantly, however, this product mix diversifies our risk by providing some protection from increasingly restrictive pricing and reimbursement practices in the United States, Europe and other leading global markets.

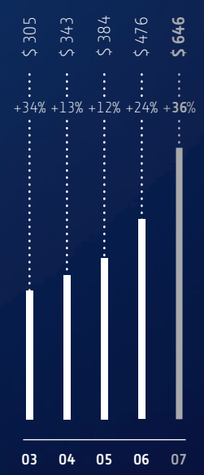
In this environment, we are committed to ensuring patients have access to the best medical therapies they need and deserve. We are proud of our investment and effort in reimbursement and of our results. We have high medical coverage for many of our therapeutic products by Medicare Part D and with other payors in the United States, as well as in national formularies, thanks to our strong market positions in therapeutic areas such as ophthalmology and neurosciences.

KEY PRODUCT GROWTH



(in millions of dollars)

R&D EXPENDITURES/GROWTH



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

* Adjustments to GAAP research and development expense used to calculate research and development expense, adjusted for non-GAAP items, include the following: $72.0 million of in-process research and development expense related to the EndoArt acquisition in 2007; $579.3 million of in-process research and development expense related to the Inamed acquisition; $0.2 million of Inamed integration and transition costs and $0.5 million of transition/duplicate operating expenses in 2006; $1.5 million of transition/duplicate operating expenses and a $3.0 million buy-out of a license agreement in 2005; $458.0 million of in-process research and development expenses in 2003 related to the acquisition of Bardeen Sciences Company, LLC and Oculex Pharmaceuticals, Inc. GAAP research and development expense was $718.1 million, $1,055.5 million, $388.3 million, $342.9 million and $762.6 million in 2007, 2006, 2005, 2004 and 2003, respectively. GAAP research and development expense (decline) growth was (32%), 172%, 13%, (55%) and 228% for 2007, 2006, 2005, 2004 and 2003, respectively.

Research and Development

Scientific innovation lies at the core of Allergan's continued success. With a rich and promising pipeline of novel therapies with the potential to advance treatment paradigms, we continue to invest vigorously in our Research and Development (R&D) programs. In fact, we rank in the top quartile of our peer group companies for our R&D investment as a percentage of sales in both the pharmaceutical and medical device industries.[1] In 2007, we invested $646 million into R&D and have doubled our R&D spend over the last four years.[2] With this in mind, we anticipate a number of major approvals this year and beyond to drive both mid- and long-term growth.

Pipeline

PRODUCT	INDICATION	INDUSTRY PARTNERS	STATUS
OPHTHALMOLOGY			
LUMIGAN® (Japan)	Glaucoma (IOP)	Senju	Review
LUMIGAN® X	Glaucoma (IOP)	—	Review
ACULAR® X	Inflammation	—	Phase 3
POSURDEX®	Retinal Vein Occlusion	—	Phase 3
POSURDEX®	Diabetic Macular Edema	—	Phase 3
TRIVARIS™ (Triamcinolone)	Diabetic Retinopathy	—	Phase 3
TRIVARIS™ (Triamcinolone)	Retinal Vein Occlusion	—	Phase 3
ZYMAR® X	Anti-infection	—	Phase 3
Androgen Tear	Dry Eye	—	Phase 2
AGN-745 (Sirna)	Age-Related Macular Degeneration	Sirna Therapeutics	Phase 2
IOP Lowering	Glaucoma	—	Phase 1
Tyrosine Kinase Inhibitors	Age-Related Macular Degeneration	—	Pre-clinical
NEUROSCIENCES			
BOTOX®	Chronic Migraine	—	Phase 3
Alpha Agonists	Neuropathic Pain	ACADIA Pharmaceuticals	Phase 2
MEDICAL AESTHETICS			
BOTOX® (Japan)	Glabellar Lines	GlaxoSmithKline	Review
Silicone Breast Implants — Style 410 Cohesive Gel	Breast Reconstruction & Augmentation	—	U.S. Review
Hyaluronic Acid + Lidocaine (U.S.)	Facial Aesthetics	—	Feasibility
JUVÉDERM VOLUMA™ (U.S.)	Facial Aesthetics	—	Feasibility
OBESITY INTERVENTION			
LAP-BAND®	Adolescent Obesity	—	Clinical
BIB™ (U.S.)	Obesity	—	Feasibility
EASYBAND™ (U.S.)	Obesity	—	Feasibility
UROLOGICS			
BOTOX®	Overactive Bladder (Neurogenic)	—	Phase 3
BOTOX®	Overactive Bladder (Idiopathic)	—	Phase 2
BOTOX®	Benign Prostatic Hyperplasia	—	Phase 2

(1) Internal analysis of public filings of Allergan peer group.
(2) Adjusted for non-GAAP items. See reconciliation on page 20.

BOARD OF DIRECTORS

FROM LEFT TO RIGHT

TOP ROW

Herbert W. Boyer, Ph.D.
Michael R. Gallagher
Louis J. Lavigne, Jr.
Stephen J. Ryan, M.D.
Robert A. Ingram
Trevor M. Jones, Ph.D.
Russell T. Ray

BOTTOM ROW

Deborah Dunsire, M.D.
Leonard D. Schaeffer
David E.I. Pyott
Dawn Hudson
Gavin S. Herbert

DAVID E.I. PYOTT, 54
Elected to the Board and joined Allergan, Inc. in 1998. Mr. Pyott has been Chief Executive Officer of Allergan since January 1998 and in 2001 became Chairman of the Board. Mr. Pyott also served as President of Allergan from January 1998 until February 2006. Previously, Mr. Pyott served as head of the Nutrition Division and a member of the Executive Committee of Novartis AG. Mr. Pyott is a member of the Board of Directors of Avery Dennison Corporation and Edwards Lifesciences Corporation. Mr. Pyott serves on the Board and the Executive Committee of the California Healthcare Institute; is a member of the Directors' Board of The Paul Merage School of Business at the University of California, Irvine; and is a member of the Board of the Biotechnology Industry Organization. Mr. Pyott also serves as a member of the Board of the Pan-American Ophthalmological Foundation, the International Council of Ophthalmology Foundation, and as a member of the Advisory Board for the Foundation of the American Academy of Ophthalmology.

HERBERT W. BOYER, Ph.D., 71
Vice Chairman of the Board since 2001. Dr. Boyer served as Chairman from 1998 to 2001 and has been a Board member since 1994. Dr. Boyer is a founder of Genentech, Inc., and a Director since 1976. A former Professor of Biochemistry at the University of California at San Francisco, Dr. Boyer is a recipient of the National Medal of Science from President George H. W. Bush, the National Medal of Technology and the Albert Lasker Basic Medical Research Award. He is an elected Member of the National Academy of Sciences and a Fellow in the American Academy of Arts and Sciences.

DEBORAH DUNSIRE, M.D., 45
Appointed to the Board effective December 2006. Since July 2005, Dr. Dunsire has been President and Chief Executive Officer of Millennium Pharmaceuticals, Inc., an oncology and inflammation-focused biopharmaceutical company based in Cambridge, Massachusetts. Prior to joining Millennium Pharmaceuticals, Dr. Dunsire led the Novartis U.S. Oncology Business, playing a critical role in the broad development and successful launch of a number of products. Dr. Dunsire was also responsible for managing the merger and significant growth of the combined Sandoz Pharmaceuticals and Ciba-Geigy oncology businesses. Dr. Dunsire served on the U.S. pharmaceutical Executive Committee at Novartis. Dr. Dunsire is currently a board member of the Pharmaceutical Research and Manufacturers of America and a member of the board of the Biotechnology Industry Organization.

MICHAEL R. GALLAGHER, 62
Elected to the Board in 1998. In 2004, Mr. Gallagher retired as Chief Executive Officer and as a Director of Playtex Products, Inc. Prior to joining Playtex in 1995, Mr. Gallagher was Chief Executive Officer of North America for Reckitt & Colman plc; President and Chief Executive Officer of Eastman Kodak's subsidiary, L&F Products; President of the Lehn & Fink Consumer Products Division at Sterling Drug, General Manager of the Household Products Division of the Clorox Company, and Brand Manager of The Procter & Gamble Company. Mr. Gallagher is a member of the Board of Advisors of the Haas School of Business, University of California, Berkeley.

GAVIN S. HERBERT, 75
Founder of Allergan, Inc., and Chairman Emeritus since 1996. Mr. Herbert was elected to the Board in 1950. He served as Chief Executive Officer for 30 years and as Chairman from 1977 to 1996. Mr. Herbert is Chairman and Founder of Regenesis Bioremediation Products. Mr. Herbert also serves on the Board of the Doheny Eye Institute and of The Richard Nixon Library and Birthplace Foundation and the Advisory Board for the Foundation of the American Academy of Ophthalmology. Mr. Herbert is Chairman of Roger's Gardens, Vice Chairman of the Beckman Foundation, and a Life Trustee of the University of Southern California.

DAWN HUDSON, 50
Appointed to the Board effective January 2008. Ms. Hudson was the President and Chief Executive Officer of Pepsi-Cola North America, the multi-billion dollar refreshment beverage unit of PepsiCo in the United States and Canada until November 2007, where she served as President since May 2002 and Chief Executive Officer since March 2005. In addition, Ms. Hudson served as Chief Executive Officer of the PepsiCo Foodservice Division from March 2005 to November 2007. Prior to joining PepsiCo, Ms. Hudson was Managing Director at D'Arcy Masius Benton & Bowles, a leading advertising agency based in New York. In 2006 and 2007, Ms. Hudson was named among *Fortune Magazine's* "50 Most Powerful Women in Business." In 2002, Ms. Hudson received the honor of "Advertising Woman of the Year" by Advertising Women of New York. Ms. Hudson was also inducted into the American Advertising Federation's Advertising Hall of Achievement, and has been featured twice in *Advertising Age's* "Top 50 Marketers." Ms. Hudson is Chairperson of the Board of the Ladies Professional Golf Association and is a director of Lowe's Companies, Inc.

ROBERT A. INGRAM, 65
Appointed to the Board in 2005 and elected in 2006. Since January 2003, Mr. Ingram has been the Vice Chairman, Pharmaceuticals of GlaxoSmithKline plc, a corporation involved in the research, development, manufacturing and sale of pharmaceuticals. Mr. Ingram was Chief Operating Officer and President, Pharmaceutical Operations of GlaxoSmithKline plc from January 2001 until his retirement in January 2003. Prior to that, Mr. Ingram was Chief Executive Officer of Glaxo Wellcome plc from October 1997 to December 2000; and Chairman of Glaxo Wellcome Inc., Glaxo Wellcome plc's United States subsidiary, from January 1999 to December 2000. Mr. Ingram is Chairman of the Board of OSI Pharmaceuticals, Inc., a biotechnology company, and is a director of Edwards Lifesciences Corporation, Lowe's Companies, Inc., Valeant Pharmaceuticals International and Wachovia Corporation. In addition, Mr. Ingram is Chairman of the American Cancer Society Foundation and the CEO Roundtable on Cancer.

TREVOR M. JONES, Ph.D., 65
Appointed to the Board in 2004 and elected in 2005. From 1994 to 2004, Prof. Jones was the Director General of the Association of the British Pharmaceutical Industry. From 1987 to 1994, Prof. Jones was a main Board Director at Wellcome plc. Prof. Jones received his bachelor of pharmacy degree and Ph.D. from the University of London. Prof. Jones has also gained an honorary doctorate from the University of Athens as well as honorary doctorates in science from the Universities of Strathclyde, Nottingham, Bath and Bradford in the United Kingdom. Furthermore, Prof. Jones was recognized in the Queen's Honors List and holds the title of Commander of the British Empire. Prof. Jones is also a fellow of the Royal Society of Chemistry, a fellow of the Royal Society of Medicine, a fellow of The Royal Pharmaceutical Society, an honorary fellow of the Royal College of Physicians and of its Faculty of Pharmaceutical Medicine, and an honorary fellow of the British Pharmacological Society. Prof. Jones is Chairman of the Board of ReNeuron Group plc, People in Health Ltd, and Synexus Ltd, and a board member of Merlin Biosciences' Funds I and II and NextPharma Technologies Holdings Ltd., Sigma-Tau Finanziaria S.p.A., and Verona Pharma plc. Prof. Jones is also a founder of the Geneva-based public-private partnership, Medicines for Malaria Venture and the UK Stem Cell Foundation.

LOUIS J. LAVIGNE, JR., 59
Appointed to the Board in 2005. Mr. Lavigne has served as a management consultant in the areas of corporate finance, accounting and strategy since 2005. Mr. Lavigne was Executive Vice President and Chief Financial Officer of Genentech, Inc. from March 1997 through his retirement in March 2005, leading the company through significant growth while overseeing the financial, corporate relations and information technology groups. Mr. Lavigne joined Genentech in July 1982, was named controller in 1983, and, in that position, built Genentech's operating financial functions. In 1986, Mr. Lavigne was promoted to Vice President and assumed the position of Chief Financial Officer in September of 1988. Mr. Lavigne was named Senior Vice President in 1994 and was promoted to Executive Vice President in 1997. Prior to joining Genentech, Mr. Lavigne held various financial management positions with Pennwalt Corporation, a pharmaceutical and chemical company. Mr. Lavigne also serves on the board of BMC Software, Inc.

RUSSELL T. RAY, 60
Elected to the Board in 2003. Mr. Ray is a Partner of HLM Venture Partners, a private equity firm that provides venture capital to health care information technology, health care services and medical technology companies. Prior to joining HLM Venture Partners in 2003, Mr. Ray was Founder, Managing Director and President of Chesapeake Strategic Advisors from April 2002 to August 2003 and was the Global Co-Head of the Credit Suisse First Boston Health Care Investment Banking Group, where he focused on providing strategic and financial advice to life sciences, health care services and medical device companies from 1999 to 2002. Prior to joining Credit Suisse First Boston in 1999, Mr. Ray spent 12 years at Deutsche Bank and its predecessor entities BT Alex. Brown and Alex. Brown & Sons, Inc. as Global Head of Health Care Investment Banking. Mr. Ray is a Director of Phreesia, Inc., BioProcessors Corp., Pondaray Enterprises, Inc. and a Trustee of The Friends School of Baltimore.

STEPHEN J. RYAN, M.D., 67
Elected to the Board in 2002. Dr. Ryan is the President of the Doheny Eye Institute and the Grace and Emery Beardsley Professor of Ophthalmology at the Keck School of Medicine of the University of Southern California. Dr. Ryan was the Dean of the Keck School of Medicine and Senior Vice President for Medical Care of the University of Southern California from 1991 until June 2004. Dr. Ryan is a member of the Institute of Medicine of the National Academy of Sciences. He is a member and past President of numerous ophthalmological organizations including the Association of University Professors of Ophthalmology and the Macula Society. Dr. Ryan is the founding President of the Alliance for Eye and Vision Research.

LEONARD D. SCHAEFFER, 62
Elected to the Board in 1993. Mr. Schaeffer is Senior Advisor to TPG, a private equity firm. From November 2004 to November 2005, Mr. Schaeffer served as Chairman of the Board of WellPoint, Inc., an insurance organization created by the combination of WellPoint Health Networks, Inc. and Anthem, Inc., which owns Blue Cross of California, Blue Cross Blue Shield of Georgia, Blue Cross and Blue Shield of Missouri, Blue Cross Blue Shield of Wisconsin, Anthem Life Insurance Company, Health Link and Unicare. From 1992 until 2004, Mr. Schaeffer served as Chairman of the Board and Chief Executive Officer of WellPoint Health Networks, Inc. Mr. Schaeffer was the Administrator of the U.S. Health Care Financing Administration, now CMS, from 1978 to 1980. Mr. Schaeffer is Chairman of the Board of Surgical Care Affiliates, Inc. and is a member of the Board of Directors of Amgen, Inc., Quintiles Transnational Corp., the Advisory Board of the National Institute for Health Care Management, the Board of Fellows at Harvard Medical School and is a member of the Institute of Medicine. In 2008, Mr. Schaeffer was named a Judge Widney Professor and Chair at the University of Southern California.

EXECUTIVE COMMITTEE

FROM LEFT TO RIGHT

Scott M. Whitcup, M.D.
Douglas S. Ingram, J.D.
David E.I. Pyott
F. Michael Ball
Raymond H. Diradoorian
Jeffrey L. Edwards

DAVID E.I. PYOTT, 54

Chairman of the Board and Chief Executive Officer. Mr. Pyott also served as President from January 1998 until February 2006. Mr. Pyott joined Allergan in January 1998. Previously, he was head of the Nutrition Division and a member of the Executive Committee of Novartis AG from 1995 through 1997. Mr. Pyott has more than 23 years of international experience in nutrition and health care and has worked in Austria, Germany, the Netherlands, Spain, Switzerland, Malaysia and Singapore. Mr. Pyott holds a diploma in German and European Law from the Europa Institute at the University of Amsterdam, a Master of Arts degree from the University of Edinburgh, and a Master of Business Administration degree from the London Business School. He has also been honored in the Queen's Birthday Honors List in 2006 and holds the title of Commander of the British Empire.

F. MICHAEL BALL, 52

President. Mr. Ball has been President since February 2006. Mr. Ball joined Allergan in 1995, and served as Executive Vice President and President, Pharmaceuticals, since October 2003. Born in Canada, Mr. Ball was educated in the United Kingdom and United States before receiving his Bachelor of Science and Master of Business Administration degrees from Queen's University in Canada. He is the former President of Syntex Inc. Canada and Senior Vice President of Syntex Laboratories USA, where he served on Syntex Corporation's Management Committee. Mr. Ball has more than 26 years of international health care experience in the marketing and sale of pharmaceutical products.

RAYMOND H. DIRADOORIAN, 50

Executive Vice President, Global Technical Operations. Mr. Diradoorian has been Executive Vice President, Global Technical Operations, since February 2006. From April 2005 to February 2006, Mr. Diradoorian served as Senior Vice President, Global Technical Operations. Since February 2001, Mr. Diradoorian served as Vice President, Global Engineering and Technology. Mr. Diradoorian joined Allergan in July 1981. Prior to joining Allergan, Mr. Diradoorian held positions at American Hospital Supply and with the Los Angeles Dodgers baseball team. Mr. Diradoorian received a Bachelor of Science degree in Biological Sciences from the University of California, Irvine and a Master of Science degree in Technology Management from Pepperdine University.

JEFFREY L. EDWARDS, 47

Executive Vice President, Finance and Business Development, Chief Financial Officer. Mr. Edwards has been Executive Vice President, Finance and Business Development, Chief Financial Officer, since September 2005. Mr. Edwards joined Allergan in 1993. From March 2003 to September 2005, Mr. Edwards served as Corporate Vice President, Corporate Development and previously served as Senior Vice President, Treasury, Tax and Investor Relations. Prior to joining Allergan, Mr. Edwards was with Banque Paribas and Security Pacific National Bank, where he held various senior-level positions in the credit and business development functions. Mr. Edwards completed the Advanced Management Program at the Harvard Business School and received a Bachelor of Arts degree in Sociology from Muhlenberg College.

DOUGLAS S. INGRAM, J.D., 45

Executive Vice President, Chief Administrative Officer, General Counsel and Secretary, and Chief Ethics Officer. Mr. Ingram has been Executive Vice President, Chief Administrative Officer, General Counsel and Secretary since October 2006. From October 2003 to October 2006, Mr. Ingram served as Executive Vice President, General Counsel and Secretary. Mr. Ingram joined Allergan from Gibson, Dunn & Crutcher in 1996. Mr. Ingram has more than 19 years of experience in the management of domestic and international legal affairs. Mr. Ingram manages Allergan's Global Legal Affairs, Global Regulatory Affairs, Compliance and Internal Audit, Corporate Communications, Global Trade Compliance, Global Human Resources and Information Technology organizations. Mr. Ingram is the Secretary to Allergan's Board of Directors. Mr. Ingram received his Juris Doctorate from the University of Arizona in 1988, graduating summa cum laude and Order of the Coif.

SCOTT M. WHITCUP, M.D., 48

Executive Vice President, Research and Development. Dr. Whitcup has been Executive Vice President, Research and Development, since July 2004. Dr. Whitcup joined Allergan in 2000. Prior to joining Allergan, Dr. Whitcup served as the Clinical Director of the National Eye Institute at the National Institutes of Health. As Clinical Director, Dr. Whitcup's leadership was vital in building the clinical research program and developing new therapies for ophthalmic diseases. Dr. Whitcup graduated from Cornell University and Cornell University Medical College. He completed residency training in internal medicine at the University of California, Los Angeles and in ophthalmology at Harvard University, as well as fellowship training in immunology at the National Institutes of Health. Dr. Whitcup is a faculty member at the Jules Stein Eye Institute/David Geffen School of Medicine at the University of California, Los Angeles.

OTHER EXECUTIVE OFFICER

JAMES F. BARLOW (NOT PICTURED)

Senior Vice President, Corporate Controller (Principal Accounting Officer).

Corporate Overview and Stockholders' Information

CORPORATE HEADQUARTERS
Allergan, Inc.
2525 Dupont Drive
Irvine, CA 92612-1599
(714) 246-4500

E-mail: corpinfo@allergan.com
Internet: www.allergan.com

TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSING AGENT
Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, MN 55164-0854
(800) 468-9716

Hearing Impaired # TDD:
(651) 450-4144

ANNUAL MEETING OF STOCKHOLDERS
The Annual Meeting of Stockholders of Allergan, Inc. will be held at The Irvine Marriott Hotel, 18000 Von Karman Avenue, Irvine, CA 92612, on May 6, 2008, at 10:00 a.m. Pacific Time.

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

INVESTOR RELATIONS
James M. Hindman
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DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN
The plan allows Allergan stockholders to reinvest their dividends or invest cash in Allergan stock without brokerage commissions or service charges. If you are interested in joining the plan or would like more information, you may request a prospectus from:

Wells Fargo Shareowner Services
Dividend Reinvestment Plan/
Allergan, Inc.
P.O. Box 64856
St. Paul, MN 55164-0856

MARKET PRICES OF COMMON STOCK AND DIVIDENDS
The following table shows the quarterly price range of the common stock and the cash dividends declared per share during the period listed.

	2007			2006		
Calendar Quarter	Low	High	Div	Low	High	Div
First	$52.50	$60.61	$0.05	$52.51	$59.00	$0.05
Second	55.15	62.50	0.05	46.29	54.66	0.05
Third	56.96	66.15	0.05	51.40	57.82	0.05
Fourth	60.79	69.15	0.05	52.92	61.51	0.05

Allergan common stock is listed on the New York Stock Exchange and is traded under the symbol "AGN." In newspapers, stock information is frequently listed as "Alergn." The approximate number of stockholders of record was 5,731 as of February 12, 2008.

Allergan, for the year ending December 31, 2007, 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 2007 performance worldwide can be found by visiting the "Responsibility" section on Allergan's corporate Web site at www.allergan.com and selecting the "Environmental Health and Safety Information" page.

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