MANAGEMENT DISCUSSION SECTION

Operator: Hello, and welcome to the Allergan Third Quarter 2009 Earnings Call. Following today's presentation, there will be a formal question-and-answer session. Today's conference call is scheduled to conclude at 9 a.m. Pacific time.

To ensure that we are able to accommodate questions from as many participants as possible, we ask that each of you limit to a maximum of two questions. [Operator Instructions] At the request of the company, today's conference call is being recorded. If anyone has any objections, you may disconnect at this time.

I would like to introduce today's conference host, Mr. Jim Hindman, Senior Vice President, Treasury, Risk and Investor Relations. Sir, you may begin.

James M. Hindman, Senior Vice President, Treasury, Risk and Investor Relations

Thank you, Terry. Good morning. With me for today's conference call is David Pyott, Chairman of the Board and Chief Executive Officer; Jeff Edwards, Executive Vice President, Finance and Business Development, Chief Financial Officer; Dr. Scott Whitcup, Executive Vice President, Research and Development, Chief Scientific Officer; and Jim Barlow, Senior Vice President and Corporate Controller.

Before we move ahead, I would like to remind you that certain statements that we will make in this presentation are forward-looking statements. These forward-looking statements reflect Allergan's judgment and analysis only as of today, and actual results may differ materially from current expectations based on a number of factors affecting Allergan's businesses.

Accordingly, you should not place undue reliance on these forward-looking statements. For a more thorough discussion of the risks and uncertainties associated with the forward-looking statements to be made in this conference call and webcast, we refer you to the disclaimer regarding forward-looking statements that is included in our third quarter 2009 earnings release, which was furnished to the SEC today on Form 8-K, as well as our filings with the SEC referenced in that disclaimer.

We will follow up the question and answer session of this call with a short listen-only segment where we'll provide additional miscellaneous information that relates to our business. Under Regulation FD, in order to be able to discuss this information freely during the quarter we must be sure that it is in the public domain. This conference call and accompanying webcast are being simultaneously broadcast over the Internet with replays available for one week. You can access this information on our website, at www.allergan.com.

At this point, I would like to turn the call over to David Pyott.

David E.I. Pyott, Chairman and Chief Executive Officer

Great. Thank you, Jim. Good morning, ladies and gentlemen. Overall sales are progressing on a rising trend of growth across 2009. In the third quarter sales increased year-over-year by 4.2% in dollars and by 7.0% in local currencies driven by a strong quarter in ophthalmic pharmaceuticals and BOTOX as well as improvements in all of the Allergan medical businesses with the exception of LAP-BAND, as most of our product markets are showing signs of emerging from the downturn in consumer spending.

Given recent buoyancy in sales in several businesses, which was stronger than we had foreseen earlier in the year, we made the strategic decision to invest in increased direct-to-consumer advertising programs for JUVÉDERM, LAP-BAND, LATISSE and RESTASIS, as we wish to anticipate the recovery in our markets and to boost the sales trajectory of these consumer facing products.

Almost all of the increase in non-GAAP SG&A expenditures of $36 million, Q3 2009 versus Q3 of 2008 is attributable to this increase in targeted DTC advertising with clear return metrics. With virtually no increase in base SG&A spending, this demonstrates that we're continuing to strictly control expenditure across all spending areas and that we have focused expenditure on DTC, which by its nature is all variable spend and can be turned on and off rapidly depending on business conditions.

As a result of all of these factors also aided by the weakening of the US dollar relative to most world currencies, we have raised sales guidance for the full year by $150 million on the bottom end of the range and $100 million on the top end of the range.

A lot of management attention is being directed to correctly forecasting the shape of the economic recovery in 2010, modeling the impact to a full-year of competition for BOTOX Cosmetic and BOTOX therapeutic in the US and containing the impact of generics to our US ophthalmology business.

For the third quarter, we recorded non-GAAP earnings per share of $0.70. With strong operational controls in place, we were able to increase non-GAAP earnings per share by 7.7% over the results of Q3 of 2008, and year-to-date by 10.5%, well in excess of sales growth.

In terms of R&D, we spent $167 million on a non-GAAP basis, only marginally up on the expenditure in Q2 of 2009 and under the adjusted 180 million spent in Q3 of 2008. This is a consequence of the completion of many expensive Phase III trials, such as BOTOX for chronic migraine, OZURDEX for both RVO and uveitis, ACUVAIL and ZYMAR X earlier this year.

Also given the appropriate caution in ramping up expenditure at the start of the year, when we were still in the midst of recession and the longer reaction cycle of R&D, we're now stepping up many new projects.

In terms of our strategic intent, we would have liked to have spent more on R&D and we'll both initiate and execute more programs during the remainder of 2009 continuing into 2010. However, on a positive note for the long-term efficiency of our business, R&D at Allergan is able to conduct clinical trials at much lower expense than in the past as we have in-sourced certain trials, successfully contracted lower rates from CROs, and have moved to a greater proportion of our trials to lower cost locations overseas.

Of course, R & D is not about expenditure, but is about results. To this end, we are pleased that we continue to demonstrate strong R&D productivity. Since the last earnings call, we have filed with the US FDA the following products: BOTOX for chronic migraine and also for adult spasticity as well as OZURDEX with the additional indication of uveitis and adolescent use of LAP-BAND.

Regarding publication of scientific data on the use of BOTOX in chronic migraine, Phase III data were presented at the International Headache Conference in September. However, our article submission after several review cycles was finally not accepted for publication by The Lancet and will shortly be submitted to another well respected medical journal. Positive uveitis Phase III data were presented at the Retina Subspecialty Day at the AAO last week.

Regarding product approvals we have enjoyed a string of successes. LUMIGAN in Japan, which launched in October, LUMIGAN 0.01% in Europe indicated for first-line treatment of glaucoma has been recommended for approval by the Committee for Medicinal Products for marketing authorization, and LUMIGAN 0.01% has also been approved in Brazil. ACUVAIL has been approved and launched in the US, and LATISSE in Korea. In France, we received approval for BOTOX for upper and lower limb spasticity in children.

Turning to the performance of the businesses, I'll commence with BOTOX, which has performed much stronger than we had anticipated. Sales in the quarter grew 3.0% year-over-year in dollars and 5.8% in local currencies with a pickup in growth relative to Q2 year-over-year in both the cosmetic and therapeutic businesses.

Sales of BOTOX, both cosmetic and therapeutic were particularly strong in Asia Pacific and Latin America. We're pleased that BOTOX therapeutic is growing worldwide, more strongly than early in the year. Therapeutic of course is the other half of the business, where very few Wall Street customer surveys are conducted.

So far, impact from competition, both in the US and Europe has been less than we had expected. In the US aesthetic business, the overall market has expanded as DYSPORT came on to the scene.

Due to the obligations mandated by the FDA to carry out REMS programs for both DYSPORT and BOTOX, physician customers are constantly reminded that there is a lack of interchangeability between botulinum toxin units and there are no valid dose conversion ratios between the products.

In addition, BOTOX benefits from 20 years of experience in the US for the BOTOX brand and seven years of experience since the FDA approval of BOTOX Cosmetic and also benefits from high levels of customer and physician satisfaction.

Based on customer surveys, it seems that BOTOX has only lost a limited amount of market share and a significant amount of DYSPORT use stems from free samples as physicians experiment on how to incorporate this product into their practices.

Based on accounts analysis, it seems that no major BOTOX customers have completely switched to DYSPORT. DYSPORT therapeutic has just been introduced into the US by Ipsen. It appears only to be at the stage of sampling versus actually selling the product to end customers. In Europe, sales of AZZALURE, Galderma's brand for DYSPORT have been limited.

Regarding market shares in Q2, the last quarter for which we have in-market sales data available, we estimate that we've maintained 82% share being at the same level as in Q2 of 2008 with small market share gains on the therapeutic side being offset by small share losses on the cosmetic side to XEOMIN in Europe and China Toxin in Asia.

Turning to eye care pharmaceuticals, we report a strong third quarter performance with sales increasing 4.8% in dollars and 8% -- 8.0% in local currencies. Per IMS Global for the first half of 2009, the last period for which data was available, the global market for ophthalmics grew 10% and at 8% if one excludes the fast-growing segment of retinal therapeutics.

Allergan grew in-market year-to-date Q2 at 13% and was the fastest growing global player. Regarding third quarter ex factory performance, RESTASIS, supported by strong DTC advertising, posted outstanding growth at 20.2% in local currencies. This corresponds to in-market growth in the US reported by Verispan, and sales at the margin were also boosted by overseas markets such as Korea, Turkey and parts of Latin America. As dry eye is increasingly understood as a progressive disease by ophthalmologists, increasing numbers of physicians are incorporating RESTASIS into their practices.

In the third quarter, sales of LUMIGAN, including GANFORT, increased 11.4% in local currencies, as we experienced very strong growth of GANFORT in all markets where it is available, in Europe, Latin America, and parts of Asia.

In Canada, LUMIGAN 0.01% is off to a strong start. In Europe, ALPHAGAN is being affected by the launch of generics in the main market, but is being offset by strong COMBIGAN growth. OPTIVE was launched in the quarter in Poland and COMBIGAN in Turkey.

Looking at the overall US business, Verispan and IRI report Allergan growing year-to-date September at 12.0%. In the prescription pharmaceutical market, Allergan is growing year-to-date at 13.5% in acquisition dollars in a market growing at 9.1%, thus making Allergan the fastest growing major company.

In the artificial tears market, which has been impacted by declines in consumer spending, IRI reports our tears business declining 10.8% and losing share as we have consciously put resources behind RESTASIS relative to our REFRESH brands, although we have recently increased our efforts behind both REFRESH and OPTIVE.

In the US, we launched two important products, OZURDEX and ACUVAIL. Customer reaction to OZURDEX in our clinical data has been very favorable. It is to be noted that the adoption and reimbursement cycle is longer than for prescription ophthalmic pharmaceuticals.

ACUVAIL is perceived as a real product improvement relative to ACULAR, with the convenience of two versus four times a day dosing with additional comfort due to its formulation and unit dose non-preserved format. In the sixth week post launch, Verispan shows ACUVAIL already at 19% of overall new prescriptions of the ketorolac franchise. In addition to product advantages, ACUVAIL enjoys a good tier 2 position on most major managed care formularies.

Regarding ALPHAGAN, we have long prepared for the launch of a generic brimonidine 0.15% by Alcon pursuant to a royalty-bearing license granted by Allergan. In a ruling handed down last week by the US District Court in Delaware, the judge upheld the validity of all five of the patents covering ALPHAGAN P. Now we can concentrate all our efforts on ALPHAGAN P 0.1% being assured subject to any appeal that our patent estate extends until 2022.

As of the week ending October 16, per Verispan, sales of new prescriptions of ALPHAGAN 0.15% were down to 32% of the ALPHAGAN product line as physicians have moved from older versions of ALPHAGAN to the newest generation of 0.1 with lower drug exposure for their patients.

Factoring in the prescriptions of COMBIGAN, the proportion of ALPHAGAN 0.15% that is exposed to generic impact is down to 21% of the overall brimonidine franchise. With ALPHAGAN 0.1% holding strong tier 2 positions on most managed care formularies both in 2009 and already secured for 2010 we're being diligent in our efforts to contain the impact to our ALPHAGAN and COMBIGAN franchise in 2010.

Skincare; Skincare sales of $62.9 million more than doubled versus Q3 of 2008 propelled by the ramp in sales of both LATISSE and ACZONE offset by a minor decline in ex-factory sales of TAZORAC.

LATISSE sales of $22.3 million were substantially higher than the $13.1 million reported in Q2. All the metrics for this brand look very strong, with increases in consumer brand awareness, consumer attitudes to the product, physician prescriptions and reordering rates as well as wholesale demand and stock replenishment orders.

Since the beginning of our PR campaign, we have scored over 750 million media impressions, since approval at the end – FDA approval at the end of 2008. Since the flighting of our DTC advertisements in late May, we've seen a substantial pickup in all brand metrics and also consumer demand. LATISSE was recently launched in Korea.

Regarding ACZONE, we're experiencing a growing track of scripts in line with other recently launched acne drugs.

In the urology business, Q3 sales decreased by 12.9% to $14.8 million and just sequentially lower than the 16.1 million in Q2. This is a reflection of the pattern of wholesale orders. The more reliable measure of performance is the growth of SANCTURA XR in acquisition dollars per Verispan, which reports an increase in the third quarter of 10.9% year-over-year and of 25.5% year-to-date.

Further to our decision to reduce the size of our sales organization in February, with Allergan concentrating our sales forces on the urology specialty, we're pleased that we entered in to a partnership with Quintiles for the coverage of the general practitioner channel. Quintiles will be detailing SANCTURA XR from the beginning of November. Allergan will continue to record all sales and will provide royalty payment to Quintiles.

Regarding facial aesthetics, the reported Q3 sales decrease of 7.9% in US dollars and decrease of 5.0% in local currencies is misleading in terms of real performance in dermal fillers. Shortly before we closed our Fremont, California collagen facility, we made last shipments of collagen products in Q3, 2008 to several third parties for use in orthopedic and other non-dermal uses. Stripping out the $6.1 million in sales of these industrial products, sales of core dermal fillers actually increased in dollars by 2.9% and by 6.1% in local currencies. Based on our analysis of competitor sales and in-market research, it seems that we're gaining market share in dermal fillers worldwide.

Outside the US, sales increased very strongly both in US dollars and in local currencies with strong growth in Asia Pacific, Latin America, and in Europe, we even recorded strong double-digit growth. JUVÉDERM was launched in Taiwan and India and VOLUMA was introduced in the additional markets of Argentina, Colombia and Chile and Latin America.

In the US, the market continues to decline, but our tracking data shows continual market share gains for JUVÉDERM in the hyaluronic acid segment. With our investment in DTC advertising in the US in Q3, we're hoping that this will stimulate market growth.

Turning to breast aesthetics, sales decreased 4.3% in dollars and 1.8% in local currencies versus Q3 of 2008, a marked improvement from earlier quarters in the year. As with dermal fillers, local currency growth is occurring in Q3 in all operating regions outside the US, however, with this continuing market contraction in the US. In Europe we're profiting from the financial difficulties of some of the small competitors and most of the major markets turned from year-over-year declines to growth in the third quarter. The line of resterilizable sizers was launched in Europe. We're pleased with our strong performance in Australia, Brazil and Canada.

In the US, the drop in volume of breast augmentation procedures is slightly offset by the pickup in value, as the market continues to slowly move to higher priced gel products. Relative to Q2, we estimate in the US that we've lost approximately 1% volume share in Q3 versus Q2 and approximately 1.5% share points relative to Q3 of 2008, as we have consciously adopted the premium price position for our Natrelle gel product.

Obesity intervention is the one business where we're seeing no improvement in sales performance in local currencies. In Q3, sales declined 18.4% in dollars and 16.7% in local currencies. The deterioration in performance versus earlier in the year was driven by Q3 year-over-year sales declines in several of the key overseas markets, Canada, UK, and Australia, which have been growing strongly in the first half of this year.

Double-digit declines continued in the US, but we are at least pleased that we're holding market share at above 70%, are virtually flat in terms of share from Q3 from Q2, but of course have suffered approximately 5% share loss versus Q3 of 2008, as the REALIZE Band entered the market.

We attribute the stability in our share to the design features and product quality of LAP-BAND AP and our partnership with Covidien. Of all of our businesses, it is clear that this is the one that has been most impacted by reductions in consumer spending and also cutbacks in government spending in some countries in Southern Europe. In Canada, LAP-BAND received a diabetes indication in the label. ORBERA formerly known as BIB was launched in Q3 in Australia. Worldwide, ORBERA is growing strongly on a small sales base.

I'll now pass it over to Jeff Edwards who will comment on our financials.

Jeffrey L. Edwards, Executive Vice President, Finance and Business Development and Chief Financial Officer

Thanks, David, and good morning to all of you on the call. During the third quarter of 2009, Allergan continued to illustrate the strength of its business model by producing strong earnings performance despite continuing headwinds in the economy, the currency markets versus prior year, and new competition in the botulinum toxin market.

Being able to overachieve our sales and earnings per share guidance for the quarter is a true reflection of the depth and breadth of Allergan's business and a strong competitive position within each of our specialty areas of focus. Our broad commitment to expense controls and targeted approach to investments into the areas of our business with the most promising financial returns enabled the company to deliver non-GAAP diluted EPS results above the top end of our guidance range.

Non-GAAP diluted earnings per share for the third quarter were $0.70, marking a 7.7% increase over 2008 results for the same quarter. A reconciliation of all of the adjustments to GAAP earnings is set out in our earnings release. Excluding the effects of non-GAAP adjustments and amortization of acquired intangibles, Allergan's Q3 2009 gross margin of 83.4% increased by 100 basis points when compared to Q3 of the prior year driven principally by favorable product mix within our filler and health business, and both favorable product mix and increasing manufacturing efficiencies within the breast implant business. These efficiencies and the resultant lower costs are an outcome of the closure of our Arklow, Ireland plant and the transition of its manufacturing process to our state-of-the-art Costa Rica facility.

Non-GAAP selling, general and administrative expenses were 41.7% of product net sales for the quarter, totaling $470 million. In spite of the company's focus on cost controls throughout 2009, during the third quarter Allergan began increasing its investments in certain of our businesses in anticipation of an emerging economic turnaround, as these segments have started to show some signs of improving market conditions. These incremental investments continue to be directed towards select high-return projects and were almost exclusively directed towards variable DTC spend.

Allergan will continue to focus on making meaningful value-based investments in both the sales and marketing and research and development areas, with an objective of creating positive momentum behind important current and future revenue drivers.

As a result of the emerging improvement in market conditions and increased investment levels in the third quarter, we now anticipate full-year 2009 non-GAAP selling, general and administrative expenses to be between 40 and 41% of product net sales.

Non-GAAP research and development expenses were 14.8% of product net sales for the quarter, totaling $166.7 million. Allergan continues to make substantial commitments to spending across both our medical device and pharmaceutical technology portfolios, while driving cost reductions through efficiency programs in R&D.

We expect a sequential ramp in R&D investment in the fourth quarter, as we begin to fund new projects and are now projecting full-year 2009 non-GAAP R&D ratio to product net sales to be between 15 and 16%.

Allergan's effective tax rate on non-GAAP earnings for the third quarter were 26.2%, an improvement of 260 basis points, when compared to Q3 of the prior year. This improvement was primarily driven by two items. The US Federal R&D tax credit expired at the end of 2007 and was not reinstated by Congress until Q4 of last year. As a result, we were not able to incorporate the impact of the tax credit into our annual effective rate in Q3, 2008. Alternatively, we have been the beneficiary of this credit throughout 2009.

Secondly, the change in the product mix between Q3 and Q2 of 2009 resulted in a favorable impact on the quarterly effective tax rate in Q3 '09 over the same period last year. A component of this improvement is attributable to the full-year GAAP catch-up requirement. We now anticipate the full-year 2009 effective tax rate on non-GAAP earnings to be between 28 and 29%.

Excluding the effects of non-GAAP adjustments, Allergan's operating income ratio increased by in excess of 100 basis points when compared to Q3 of the prior year. Allergan's discipline and selective approach centered on maximizing investment return and our commitment to cost moderation has enabled the company to generate this improvement to the operating income performance.

During the third quarter of 2009, Allergan recognized a net investment gain from the sale of third-party stock investments, including stock held in Stiefel, which we've owned for several decades. This one-time net gain has allowed Allergan to make an $18 million contribution to the Allergan Foundation during the quarter. The net impact of these transactions is effectively neutral.

With respect to our balance sheet, consolidated Allergan days sales outstanding was 47 days while consolidated Allergan inventory days on hand was 110 days. It is worth noting that that 110 day DOH level represents a 16-day reduction from the DOH level produced during the same period in 2008.

At the end of the third quarter, Allergan's cash and cash net of debt positions totaled approximately $1.7 billion and $190 million respectively. Operating cash flow after CapEx was approximately $320 million for the quarter, an increase of approximately $142 million over the $170 million reported in Q3, 2008 as Allergan continues to sustain strong cash generating capabilities.

We entered 2009 with an internal objective to focus with greater diligence on our use of cash across our working capital accounts and capital projects. As the year has progressed, we've exceeded our expectations as it relates to both the management of our working capital accounts and the oversight of our capital spend, resulting in projected cash flow generation for the full-year that will be higher than the original 2009 operating cash flow after CapEx estimate of $650 million.

Turning to our sales and EPS guidance, what we have provided today accounts for Allergan's current perspective on the state of the economic conditions and foreign currency markets for the remainder of 2009.

For the full-year of 2009, Allergan expects total product net sales in the range of between 4.350 billion and 4.400 billion and non-GAAP diluted earnings per share to be between $2.75 and $2.77. For your information, specific product sales guidance is included in our earnings release.

For the fourth quarter of 2009 including the estimated impact of currency, Allergan estimated product net sales in the range of 1.110 billion to 1.160 billion and non-GAAP diluted earnings per share to be in the range of $0.75 to $0.77.

As a reminder, when looking at year-over-year quarterly EPS growth rates for the fourth quarter, it's important to remember that 2008 the fourth quarter EPS was positively impacted by approximately $0.04 due to the retroactive benefit caused by the renewal of the US R&D tax credit, as the full-year benefit of the credit for 2008 was recorded in the fourth quarter. Adjusting the fourth quarter 2008 EPS to account for this $0.04 benefit will provide a more comparable base to calculate fourth quarter 2009 EPS growth.

In spite of the challenges evident in the business environment this year, the first nine months of 2009 has been quite solid for Allergan. Moreover, we are pleased with the quality of our third quarter results as they reflect the value of the depth and breadth of our diversified lines of business as well as Allergan's ability to effectively maneuver through difficult markets. We are encouraged by the early signs of market improvement we observed in some of our cash pay businesses during the third quarter and believe that Allergan is well positioned to perform from a position of strength when we fully emerge from the economic downturn.

So with that, Operator, I would like now to open the call to questions.

QUESTION AND ANSWER SECTION

Operator: Thank you [Operator Instructions] Our first question comes from Frank Pinkerton, SunTrust.

<Q – Frank Pinkerton>: First of all, Dave, I believe you made a comment around DYSPORT expanding the market versus cannibalizing it. Do you have any data points that you can give us there? What was the reason behind those comments?

<A – David Pyott>: Well, of course it's always a matter of trying to divine what's going on. Clearly, we've done a lot better than we had expected. So I suppose the real question is, is it just the market would have recovered anyway or was it because the market was stimulated by the entry of a competitor? Really, I can't tell you definitively what the answer is. Clearly, another factor may be when a market leader like ourselves is challenged; it's kind of good for pulling up our socks and everybody kind of leaps to attention and starts moving quickly. Maybe that stimulated the market. I think also it's clear that so far the market share intrusion has been quite limited and I made that remark that even within that share, a major part of it is based on free samples.

<Q – Frank Pinkerton>: Okay. Great and then as a follow-up, I think across the board this quarter that glaucoma has been surprisingly strong for most of the companies, but maybe Scott, can you speak to longer term what's Allergan's proposition for novel new molecules there, as we look kind of over the next three to four years, potentially could be generic competition and Allergan's ability to remain one of the leading players in glaucoma. Thank you.

<A – Scott Whitcup>: Sure. That's a great question. Glaucoma remains one of our core R&D investment areas. What we're looking for are new chemical entities that provide patient value and physician value. So, we're looking for greater IOP decreases than currently available. We think that's possible. Additivity is something that's important, so there's still a fair number of patients, who aren't controlled with a single available medication, so we're looking for novel mechanisms of action that would combine with existing therapies. And then finally, drug delivery is a key area for innovation and one, where with products like OZURDEX, we think we're the leader and hope to expand that to other product lines.

Operator: Our next question comes from Marc Goodman, UBS. Mr. Goodman, your line is open.

<Q – Marc Goodman>: I'm sorry, thanks. Scott, also just can you update us on some of the other pipeline stuff, what's going on with some of the retina products that you're working on?

<A – Scott Whitcup>: Sure. So, David announced on the call, OZURDEX for uveitis was filed to the FDA. We think that will be a nice indication to OZURDEX; diabetic macular edema is still in clinical trials.

<Q – Marc Goodman>: And can you talk about the timing of that?

<A – Scott Whitcup>: The uveitis, we don't know whether – what the review time is, but we're assuming approval next year. Diabetes, as you know, our three year trial. So, that's going to be several years out. We also have brimonidine and our sustained release implant. We think from the animal data that we're actually getting visual enhancement. So that's in four Phase IIs. Dry age related macular degeneration, which is probably the biggest market, we should have a data read out next year, so that's a very exciting program. And then further back in the pipeline, we've signed an in-licensing opportunity with Pieris, a company in Germany which has large molecule expertise. And so, we think that that technology will be able to target some of the major disease areas like age-related macular degeneration.

<Q – Marc Goodman>: And David, just in the breast implant market, what penetration are we right now for silicone versus saline?

<A – David Pyott>: Well, I think looking at all of the surveys that one reads both for us and Mentor, it's just over the 60% mark, and that's pretty reliable in terms of net ex-factory sales. To be noted of course in Europe, it's mid 90s and also if we look at Canada, that's substantially ahead of the United States. So I think we'll see this continued slow switchover to gel products.

<Q – Marc Goodman>: And then just LUMIGAN in Japan, can you help frame the opportunity how you see it and how that's going to impact your numbers?

<A – David Pyott>: Well, just literally launched, I recollect two weekends ago in Japan, so very early days. Our partner Senju is the second largest domestic ophthalmic company. Given the performance characteristics of LUMIGAN worldwide and of course they have access to all that data from us, one would expect LUMIGAN to be one of the – let's call it three, maybe four max key newest generation products available on the Japanese market. In terms of economics to us, we record no sales, but we get the benefit of royalty payments from Senju to ourselves.

<Q – Marc Goodman>: How big is the Japanese glaucoma market right now?

<A – David Pyott>: That one I need to get back to you. I don't want to guess a number off the wall. So, I'll get Jim or Joann to get back to you with that number, based on IMS numbers of course.

<Q – Marc Goodman>: And then last question, you had mentioned the migraine data was not going to be in The Lancet. Can you talk about – what did The Lancet say, what was the reason?

<A – David Pyott>: Well, I'll let Scott get into maybe some of the details, but of course I think one of the challenges of the world we live in is of course as a company, we can't keep back data for too long, otherwise we get accused of things and when we release data, which in this case occurred at the International Headache Society that then somewhat detracts from, let's call it, the attractiveness, the kind of I'll use the word scoop, although that's a bit of an exaggeration if you like the wider effect of being the first and only journal to publish. And so, we were still in those review cycles when we appropriately had to present the data at the International Headache Society. Maybe Scott being closer to it might have some other thoughts.

<A – Scott Whitcup>: Marc, I think the other thing is we requested all of the data to be published together. In retrospect maybe that was asking a bit too much. As you know, if you were at the meetings in Philadelphia it was two huge studies of a large amount of data. Lancet tends to be more focused on something -- less amounts of data, single study, more apropos for the general practitioner. So this is a huge amount of data and one could suggest more attuned to neurologists or headache specialists. So there were a couple of things that didn't quite fit with The Lancet. Although going through the review cycles, I thought it was going to get in, but you can never just predict what finally goes into a decision. Lots of good papers don't make it into one journal, make it into another journal. So we'll get it turned around and hopefully published soon. But as David said, we had a huge number of presentations and so the data are in the public domain, which was important for us to do.

<Q – Marc Goodman>: Thanks.

Operator: Our next question comes from Annabel Samimy, Thomas Weisel.

<Q – Annabel Samimy>: Hi. Thanks for taking my question. Just a question about the guidance, you had mentioned you had some more favorable foreign currency. So is the guidance on the top-line more related to the favorable foreign currency and maybe expansion into international markets, or is it driven by some increases in demand that you're seeing?

<A – Jeffrey Edwards>: It really is both. Obviously, Q4 is the wrap around quarter for currency, so this represents the -- I think the low watermark for dollar strength last year. So now we have the benefit of a weaker dollar this year, so that's driving some benefit, but we're also seeing very nice top-line performance as a consequence of real performance outside of currency.

<Q – Annabel Samimy>: Okay. And in terms of SG&A investments, I think you had mentioned, you said you're investing more targeted in very high return initiatives. Can you just -- I might have missed it earlier, can you just review those really quickly?

<A – David Pyott>: Yeah. Let me give you a sort of a frame here. If you look at the numbers in the tables in our press release, you'll see on the non-GAAP Q3 versus Q3, SG&A increased some $36 million year-over-year and virtually all of that was DTC in terms of its increase, so that's what I was trying to say in my opening remarks that this wasn't the case of just spreading some money in lots of different places. It was very, very targeted and of course, when you turn on that DTC, we have views on when it should come back in terms of stimulation of sales and of course those are metrics that one can actually drill into.

<Q – Annabel Samimy>: Okay. So, that was more LATISSE and RESTASIS and those products you're talking about?

<A – David Pyott>: Yeah, the ones that we added to our budgets were RESTASIS, LATISSE, we also invested in JUVÉDERM, and we also had a campaign in September for LAP-BAND. You may recollect that we had full page newspaper adverts in USA Today and a couple of other newspapers, leading ones in the United States and we got a really good echo from our customers for that resumed advertising.

<Q – Annabel Samimy>: Okay. And if I may one more question. On the ALPHAGAN franchise, Alcon obviously is able to enter after September 9 – or September. Did the ruling on the patent have any impact on that agreement that you have with Alcon and have you seen them come into the marketplace?

<A – David Pyott>: No. First of all the ruling was -- occurred last Friday, so less than a week ago. When we settled with Alcon, our thinking of course was you never know what will be the outcome of litigation. If you've got really good nerves, you kind of go all the way and see if the gun is loaded or not. So that was a way of somewhat hedging our bets. And of course, as I stated in my opening remarks, given the upholding of the patents subject to appeal, this means that Alcon will be the only company with a generic brimonidine for a very long period of time. So far, Alcon has priced the product, it would appear to about a 30% discount, which is normal. And very important, we also received a royalty stream, although as in the case of all of our royalties paid and received, we haven't given you the exact rate, but presumably you'll see that showing up. There's lots of moving pieces on the other revenue line, but there will be something showing up there.

<Q – Annabel Samimy>: Okay, great. Thank you very much.

Operator: Our next question comes from David Buck, Buckingham Research.

<Q – David Buck>: Yeah, thanks. First question is on the LUMIGAN, or the glaucoma franchise in Europe. The LUMIGAN 0.1, can you remind us when the standard formulation of LUMIGAN does lose patent protection over there and would you be expecting to get reference pricing when that happens for the new formulation? And secondly, can you give a sense of more looking into 2010 what you're expecting for glaucoma overall or for the ALPHAGAN franchise when we have a full year of generics? And then more broadly as we look at the economic recovery, how close are we to getting back to more of a normal growth trend for Allergan in terms of overall company revenue and EPS growth? Thanks.

<A – David Pyott>: Okay, let's take them one by one. I'll go to the US market first. Clearly, we have to factor in some impact on the sales line from the 0.15% generic from Alcon or that's the generic division of Alcon. Given how far we are along with converting base ALPHAGAN over to the 0.1% and the also success of COMBIGAN, just looking at that we're now up to 44% of trailing prescriptions of Cosopt branded and generic, which is pretty good performance from COMBIGAN. We think that the impact is not large. Something we can detect, but it doesn't – it certainly avoids the infamous falling off the cliff, when one would either lose patent or authorize the generic. Also kind of sticking to glaucoma in the US, we have very good formulary positions both for 0.1% ALPHAGAN and LUMIGAN, and COMBIGAN. So, we see a good position for us, as we go into 2010.

Going back to Europe, first point is we just received this recommendation from the committee for medicinal products, which still takes a couple of months until the licenses and prices meaning the reimbursements are granted in all the individual member countries. So, not a word of caution, but just don't expect to see it show up next month. There's always that delay in Europe. Really, the thought was, how do we bring a product with very comparable IOP lowering qualities however with lower drug concentration, and the benefits of lower hyperemia, which of course we all know is the one inconvenient factor of LUMIGAN relative to some other prostaglandins or prostamides.

In terms of your question on patent in Europe, base LUMIGAN goes all the way out to 2017. So, that's a long way away. Then on your last question, on overall kind of top-line performance for 2010, I can't give you any detailed guidance because that will occur at the end of January, but of course one of the things we've spent a lot of time on is trying to model out what is the shape of the economic recovery on the various consumer facing franchises and we're literally going into our operating plan discussions later today over the next week. I think we've taken a middle-of-the-road approach in terms of not too cautious but not too aggressive and as they say all will be revealed at the end of January.

<Q – David Buck>: Yeah, thank you.

Operator: Our next question comes from Gregg Gilbert, Bank of America.

<Q – Gregg Gilbert>: Thanks. First question, obviously the patent victory was great for the ALPHAGAN family and I didn't examine the overlap yet. But does that victory help bolster the IP around COMBIGAN as well?

<A – David Pyott>: The patents on COMBIGAN are different, so I would regard that as a separate matter. As you know, in patent law it gets into the real details.

<Q – Gregg Gilbert>: Right. And then for Scott, couple housekeeping items. Can you give us a submission date for BOTOX headache and what sort of clock was triggered on the spasticity answers? And then maybe bigger picture, Scott, there was a time when we thought that there'd be some big go, no go decisions on the alpha agonists program at the end of this year. Can you just put into context where you stand on that program or programs for us? Thanks.

<A – Scott Whitcup>: Sure, so I'll take them one at a time. On headache, we usually don't give you the exact filing date other than it went in in the quarter and we haven't heard back yet in terms of review cycle.

Spasticity went in, we did hear, so it was a class two – felt to be a class two response, which triggers roughly six months review time, so that puts us into first half of next year for what we hope to be a positive response to our submission.

And then on the Alphas, as we've talked about, we have three major programs for pain. We have the Alphas, we have a compound in collaboration with ExonHit and we have our targeted toxin program. And so by the end of the year, we'll have all the data that we need to make a decision on what we go forward ourselves and what we might want to partner and we'll probably announce that early next year.

<Q – Gregg Gilbert>: Thank you very much.

Operator: Our next question comes from John Boris, Citigroup.

<Q – John Boris>: Thanks for taking the questions. On LATISSE, David, of the patients and patient flow that's coming in, can you just comment on percent of new patients that are Allergan patients and the percent that are existing patients? And then can you comment on the overall patient population, what percent are BOTOX users and are you seeing a shortening on the timeline for BOTOX users to come back in to get their BOTOX for their aesthetic – for aesthetic applications, most notably glabellar lines and then just another follow-up on BOTOX.

<A – David Pyott>: Okay. First of all on LATISSE, as we'd kind of communicated earlier in the year, we really had the feeling that LATISSE was going to be a new gateway product for medical aesthetics because of course it's kind of obvious that it appeals to an even broader age-group than BOTOX Cosmetic. And it's certainly very clear that in all my conversations and when I'm out and about in the field that women actually like to talk about LATISSE even more than they like to talk about BOTOX, let alone dermal fillers or other procedures. Based on a recent survey we did – this is market research, it would seem that around about a quarter of LATISSE users are first-time users of any medical aesthetic treatment. So there is the kind of the data point to – here's the new gateway, in the way that BOTOX in the past was the gateway to medical aesthetics.

Also, it's very encouraging that of all LATISSE users, about a third are users of other procedures, so you can see a nice cross use. And of course, you can imagine once you have a patient or a consumer in the office, they see other sales material around the office. They have the chance to ask the physician or the physician staff, what about this or that or the next thing and get informed appropriately – in an appropriate manner about the benefits versus any risks.

In terms of BOTOX cycle, we don't have such recent data that I could give you a definitive answer. One of the earlier questions was all around, why is the market appearing to be getting stronger again? One would assume that it's people actually slightly shortening the space between treatments as a way of simulating demand. We also know from other surveys that the number of patients that DYSPORT seems to be picking up, there is a percentage but it's not an overwhelming percentage. I recollect it was a pretty low number in terms of brand new patients for DYSPORT. And lots of different phenomena going on simultaneously here and I think over the next couple of months we'll start seeing a data stream to try and interpret. It's a bit like, I suppose, an economist looking at what's going on in the economy. You have to exercise judgment, right?

<Q – John Boris>: Sure. On BOTOX use, at least what was reported in the quarter, what percent is coming from aesthetics and what percent is coming from therapeutics? Can you help us out there?

<A – David Pyott>: No, as we've – I'm afraid – for years now, we've said we'll give you the split once per year and that will occur at the end of January. I, however, gave you some, I would say, encouraging remarks about therapeutic and the fact that year-over-year, we as a company within therapeutics have gained some marginal share. So obviously, that has to do with Europe and other continents given we virtually have 100% of therapeutic in North America. As I remarked, DYSPORT is really very much at the sampling stage at the moment versus actually selling the product.

<Q – John Boris>: Thanks.

Operator: Our next question comes from Peter Bye, Jefferies & Company.

<Q – Peter Bye>: Hey, guys, thanks. Just on – back to the question about going back in 2010, but maybe a little longer term, where do you view sort of your long-term top line growth profile coming back after you – on a normalized economic environment? I mean are you a high single-digit grower or are you back to double-digits do you view it or what's the thought process there?

<A – David Pyott>: I think the biggest part of the thought process is how many new products we get approved. These days, to really model out Allergan, you have to model every single franchise to understand it. You've got the slope of recovery in the consumer facing ones, but over the next couple of years, I would say even more important is trying to estimate what should the sales be that stem from BOTOX for chronic migraine, growth in the movement disorders franchise, including spasticity, approval of overactive bladder, so the urology franchise.

And then also of course you have the fun of trying to model out LATISSE is going to be big, but what is the shape of that launch curve? So I think I would point you more at product approvals, product flow than – as an even more important factor than trying to work out the shape of the line for growth or a recovery of growth in the existing products.

<Q – Peter Bye>: Okay. And then just an update on the DOJ for off-label use for headache, and are you starting to talk to or any feedback from insurers on headache now that the Phase III data has been published? I know at least a few of the insurers were – that was sort of potentially a tipping point for them to do a new review on potentially reimbursing for it?

<A – David Pyott>: Okay. First of all, on DOJ, all that I can say is this is a very long process. We have submitted many millions of sheets of paper to the Attorney General's office in Atlanta. Obviously we're very fully cooperating with their data requests. And I really wouldn't want to predict how long will that take to resolve. We're just in the normal kind of slipway that one is in this kind of investigation.

In terms of headache and reimbursement, I've heard no significant reports of changed amount of activity by managed care and I think many of them will be looking to see what data is published and of course the real triggering event is hopefully an approval along the timeline that Scott set out in his response to an earlier question.

<Q – Peter Bye>: Okay. Great. Just one last follow-up. Scott, was The Lancet the first journal or the second journal that you submitted to?

<A – Scott Whitcup>: We really don't comment on exactly where. The only reason why we commented on The Lancet was somehow a lot of people found out where it was submitted. But usually the journals want it kept confidential and so we try to honor that as well.

<Q – Peter Bye>: Okay, great. Thanks guys.

Operator: Our next question comes from Ronny Gal, Bernstein.

<Q – Aaron Gal>: Hi, good morning and thank you for taking my question. First, David, looking at the rate of growth here and projecting forward, kind of begs the question about the possibility of a catch-up here, I know you want to spend more against SG&A, but you even thinking it will go up a couple of percentage points. Is there room at least theoretically to think about a catch-up here next year, and I've got a follow-up.

<A – David Pyott>: Well, I think as I have even made the remark in my quote in the press release. I think as we've seen from other companies that are involved in consumer facing industries, there's certainly a benefit to being an early mover in terms of spending into a recovery to stimulate not only demand for our products, but given that we're the market leader in almost all of these – in fact I think all of these product areas to stimulate demand for our products.

So, that's where I really was making the point about, we can turn this on and we can turn it off, it's very fast cycle. It also gives us a way frankly of getting ahead for next year because obviously we're looking at what kind of media weights do we want to throw at each of those franchises in 2010. So, that's kind of the way we think about that. And clearly, DTC excepted, I was going out of my way to make the point that we are getting more and more efficient in terms of our spending in sales and marketing. And I'm pleased also in – with the great progress made in R&D, which is a different question. We're basically getting more for the same amount of money spent, which is a great answer.

<Q – Aaron Gal>: Okay. And Scott two things; first, any reported case of eye color trends that you've received regarding LATISSE and can you tell us if you're still as excited about the new targeted BOTOX derivatives as you were in the last call?

<A – Scott Whitcup>: So first question, we don't comment on specific spontaneous AE reports. We have a safety group that goes through data as a whole and there's really no new safety signal that we've seen based on those reviews.

In terms of the targeted toxins, I remain as enthusiastic about that. I think it's not only for our initial foray, which is a pain targeted compound, but for the concept as a platform, since we can put in basically any receptor we want we can target this to a number of disease areas, which is exciting. This initial one will be our test case, and so far we remain excited.

<Q – Aaron Gal>: You've mentioned last time you might submit that for cancer, for nature or science, Is that still the plan?

<A – Scott Whitcup>: Well, we're not sure what the next lead compound will be, but clearly you could go anything from cancer to endocrine disease. Since it's a very potent way to affect cellular function, we're looking at a number of options.

<Q – Aaron Gal>: Great. Thank you.

<A – James Hindman>: Terry, we have time for one more call.

Operator: Thank you. That will come from Larry Biegelsen, Wells Fargo.

<Q – Larry Biegelsen>: Hi, and thanks for taking my question. First, if my math is right the midpoint of your Q4 guidance implies I think a deterioration versus Q3 in your organic growth rate for net product sales at BOTOX and core medical devises. Can you talk about why you would expect a deterioration in those businesses if you're anticipating a recovery?

<A – Jeffrey Edwards>: Well, we're really not expecting a deterioration. We give a range for a particular reason and that's the way we provide guidance and that's the way we've done it in the past and that's the way we'll do it in the future. As you know, Larry, we tend to be reasonably cautious, but in these markets we try to be as realistic as possible. So, I think that's as much as I can help you. I think the other comments David and I have made over the course of the call, should provide you with some view or some perspective on our increasing confidence in our businesses as a function of the quality of the products that we bring to bear and be as a consequence of the improving economy.

<A – David Pyott>: And I think very important is to remind to you, what Jeff said earlier, this isn't just about foreign exchange. It is real local currency performance as well.

<Q – Larry Biegelsen>: Okay. And then you didn't mention in the press release the filing for BOTOX for chronic migraine in Europe, but in the past you've talked about it being a global filing. When do you expect to file in Europe and then lastly, JUVÉDERM with lidocaine and LUMIGAN X in the US, the likelihood we'll see those two in 2009. Thanks.

<A – Scott Whitcup>: So, in terms of headache in Europe you're right, we try to get the files to be coordinated so, we can file globally and headaches should go into Europe soon.

<A – David Pyott>: On LUMIGAN X, this is a very irritating issue. It's administrative. It's not a clinical issue and it's kind of become a personal project for Scott and myself to get this through the FDA. On lidocaine, this basically is coming soon. We received a while back a request for more CMC data. We've responded that and now we are just processing it, and we too are awaiting what the word soon means.

<Q – Larry Biegelsen>: Thank you very much.

James M. Hindman, Senior Vice President, Treasury, Risk and Investor Relations

We'd like to thank you for your participation today. If you have any further questions, Joann Bradley, Emil Schultz and I will be available immediately following the call. Joanne will now take five minutes to give you market share data.

Joann Bradley, Investor Relations

Thanks, Jim. The following market share data we are providing is Allergan's good faith estimate based upon the best available resources for data such as IMS, as well as Allergan's internal estimates. The market share and growth rate information is a moving annual total or trailing 12 months as of the end of June 2009.

The market for ophthalmics is approximately 13 billion, growing at a rate of 9% and Allergan's market share is 16%. The market for glaucoma approximates 4.9 billion, growing at a rate of 6% and Allergan's market share approximates 19%. The market for ocular allergy approximates 1.1 billion, growing at a rate of 6% and Allergan's market share approximates 5%. The plain ocular anti-infective market is roughly 1 billion, growing at a rate of 3% and Allergan's share is 13%.

The market for ophthalmic nonsteroidal anti-inflammatories is about 420 million, growing at a rate of 13% and Allergan's market share is 34%. The artificial tears market inclusive of ointments is approximately 1.3 billion, growing at a rate of 9% and Allergan's share is 20%. The US topical market for acne and psoriasis is roughly 1.8 billion, annual growth rate is 7% and Allergan's market share is roughly 7%.

The top 10 markets for neuromodulators are roughly 1.3 billion, growing at a rate of roughly 4%; BOTOX has approximately a 91% market share. The worldwide market for neuromodulators is roughly 1.6 billion, declining at a rate of roughly 1% and BOTOX has approximately an 83% market share.

The worldwide market for dermal facial fillers is roughly 630 million, declining at a rate of roughly 12% and Allergan has approximately a 32% market share. The US market for dermal facial fillers is roughly 270 million. The worldwide breast aesthetics market for aesthetic and reconstructive is roughly 760 million; declining at a rate of roughly 8% and Allergan has approximately a 38% market share. The worldwide bariatric surgery market for the band and balloon segments only is roughly

370 million, growing at a rate of roughly 4 to 5%, and Allergan has approximately a 70 to 75% market share.

That concludes our call. Thank you very much.

Operator: Thank you. Once again that does conclude the conference for today. Please disconnect all remaining lines.