

ALLERGAN INC
Form PRE 14A
February 26, 2010
Table of Contents

SCHEDULE 14A INFORMATION

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

Allergan, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Filing Party:

(4) Date Filed:

Table of Contents

2525 Dupont Drive, Irvine, CA 92612 (714) 246-4500

March , 2010

Dear Stockholder:

You are cordially invited to attend our 2010 annual meeting of stockholders, to be held on Thursday, April 29, 2010 at 10:00 a.m., local time, at the Hyatt Regency Hotel, 17900 Jamboree Road, Irvine, California 92614. We hope you will be present to hear management's report to stockholders. The attached notice of meeting and proxy statement describe the matters to be acted upon at the annual meeting. We urge you to read this information carefully.

Whether or not you plan to attend the annual meeting personally, and regardless of the number of shares of Allergan stock you own, it is important that your shares be represented at the annual meeting. This year, we are pleased to take advantage of Securities and Exchange Commission rules that allow companies to furnish their proxy materials over the Internet. As a result, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials (the "Notice") instead of a paper copy of our proxy materials, which include the Notice of Annual Meeting, our Proxy Statement, our 2009 Annual Report and a proxy card or voting instruction form. The Notice contains instructions on how to access those documents on the Internet and how to cast your vote via the Internet. The Notice also contains instructions on how to request a paper copy of our proxy materials. All stockholders who do not receive the Notice will receive a paper copy of the proxy materials by mail. If you have received a paper copy of our proxy materials you can cast your vote by completing the enclosed proxy card and returning it in the postage-prepaid envelope provided, or by utilizing the telephone or Internet voting systems.

David E.I. Pyott

Chairman of the Board

and Chief Executive Officer

Table of Contents

2525 Dupont Drive, Irvine, CA 92612

NOTICE OF ANNUAL MEETING OF ALLERGAN, INC. STOCKHOLDERS

TO BE HELD ON APRIL 29, 2010

TO OUR STOCKHOLDERS:

The 2010 annual meeting of stockholders of Allergan, Inc. will be held on Thursday, April 29, 2010 at 10:00 a.m., local time, at the Hyatt Regency Hotel, 17900 Jamboree Road, Irvine, California 92614. We will consider and act on the following items of business at the annual meeting:

1. Election of four Class III directors to serve for three-year terms until our annual meeting of stockholders in 2013 and until their successors are duly elected and qualified. The nominees for election to our board of directors are Michael R. Gallagher, Gavin S. Herbert, Dawn Hudson and Stephen J. Ryan M.D.;
2. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2010;
3. Approval of four amendments to our Restated Certificate of Incorporation; and
4. Such other business as may properly come before the annual meeting.

The Proxy Statement accompanying this notice describes each of these items of business in more detail. Our board of directors recommends: a vote FOR each of the four nominees for director named in the Proxy Statement; a vote FOR the appointment of Ernst & Young LLP; and a vote FOR each of the four amendments to our Restated Certificate of Incorporation.

If you were a holder of record of Allergan common stock at the close of business on March 4, 2010, you are entitled to notice of and to vote at the annual meeting.

By Order of the Board of Directors

Douglas S. Ingram

Executive Vice President,

Chief Administrative Officer and Secretary

Irvine, California

March , 2010

Table of Contents

ALLERGAN, INC.

2525 Dupont Drive, Irvine, CA 92612

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 29, 2010

TABLE OF CONTENTS

<u>PROXY STATEMENT</u>	1
<u>Solicitation of Proxies is Made by Allergan's Board of Directors</u>	1
<u>Who Can Vote, Outstanding Shares</u>	1
<u>How You Can Vote</u>	1
<u>Voting in Person</u>	2
<u>How You May Revoke or Change Your Vote</u>	3
<u>Quorum and Required Vote</u>	3
<u>Costs of Solicitation</u>	4
<u>Stockholder List</u>	4
<u>Confidentiality</u>	4
<u>ITEM NO. 1 ELECTION OF DIRECTORS</u>	5
<u>Information About Nominees and Other Directors</u>	5
<u>Class III Nominees for Election at the Annual Meeting: Term to Expire at the Annual Meeting in 2013</u>	6
<u>Class I Term to Expire at the Annual Meeting in 2011</u>	7
<u>Class II Term to Expire at the Annual Meeting in 2012</u>	9
<u>ITEM NO. 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	11
<u>Audit Matters</u>	11
<u>Independent Registered Public Accounting Firm's Fees</u>	11
<u>Independent Registered Public Accounting Firm's Independence and Attendance at the Annual Meeting</u>	12
<u>Policy on Audit and Finance Committee Pre-Approval</u>	12
<u>ITEM NOS. 3 to 6 AMENDMENTS TO RESTATED CERTIFICATE OF INCORPORATION</u>	13
<u>Item No. 3 Eliminating the Supermajority Vote Requirement to Remove Directors for Cause</u>	14
<u>Item No. 4 Eliminating the Supermajority Vote Requirement to Approve Certain Business Combinations</u>	14
<u>Item No. 5 Implementing a Majority Vote Requirement to Amend Certain Provisions of our Restated Certificate of Incorporation</u>	15
<u>Item No. 6 Restatement of our Restated Certificate of Incorporation</u>	15
<u>CORPORATE GOVERNANCE</u>	16
<u>Director Independence</u>	16
<u>Board Meetings</u>	16
<u>Executive Sessions</u>	16

<u>Board Committees</u>	16
<u>Board Leadership Structure</u>	22
<u>Board Risk Oversight</u>	23
<u>Code of Business Conduct and Ethics</u>	23
<u>Contacting our Board of Directors</u>	23
<u>Director Attendance at Annual Meetings</u>	23
<u>Non-Employee Directors Compensation</u>	24

Table of Contents

<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	25
<u>Directors and Executive Officers</u>	25
<u>Stockholders Holding 5% or More</u>	26
<u>Equity Compensation Plan Information</u>	28
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	31
<u>EXECUTIVE COMPENSATION</u>	32
<u>Compensation Discussion and Analysis</u>	32
<u>Tabular Compensation Disclosure</u>	49
<u>1. Summary Compensation Table</u>	50
<u>2. Grants of Plan-Based Awards Table</u>	53
<u>3. Outstanding Equity Awards at Fiscal Year-End Table</u>	55
<u>4. Option Exercises and Stock Vested Table</u>	57
<u>5. Pension Benefits Table</u>	57
<u>6. Nonqualified Deferred Compensation Table</u>	59
<u>7. Potential Payments Upon Termination or Change of Control Table</u>	60
<u>8. Director Compensation Table</u>	65
<u>Compensation Risk Management</u>	67
<u>ORGANIZATION AND COMPENSATION COMMITTEE REPORT</u>	69
<u>AUDIT AND FINANCE COMMITTEE REPORT</u>	69
<u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u>	70
<u>ANNUAL REPORT</u>	70
<u>OTHER BUSINESS</u>	70
<u>Stockholder Proposals for Inclusion in Proxy Statement</u>	70
<u>Stockholder Proposals for Annual Meeting</u>	70
<u>Stockholder Nominations of Directors</u>	71
<u>INCORPORATION BY REFERENCE</u>	73
<u>ANNEX A</u>	A-1

Table of Contents

ALLERGAN, INC.

2525 Dupont Drive, Irvine, CA 92612

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 29, 2010

PROXY STATEMENT

Solicitation of Proxies is Made by Allergan's Board of Directors

The board of directors of Allergan, Inc. (Allergan, we, our or us) is soliciting proxies to be used at the annual meeting of stockholders, to be held on Thursday, April 29, 2010 at 10:00 a.m., local time, at the Hyatt Regency Hotel, 17900 Jamboree Road, Irvine, California 92614, and at any continuation, adjournment or postponement thereof. Directions to attend the annual meeting can be found on our Internet website, www.allergan.com.¹

As permitted by the Securities and Exchange Commission (SEC), Allergan is providing most stockholders with access to our proxy materials over the Internet rather than in paper form. Accordingly, on or about March 1, 2010, we will mail to most stockholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access the proxy materials over the Internet and mail printed copies of the proxy materials to the rest of our stockholders. If you received the Notice by mail, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in our Proxy Statement and our 2009 Annual Report to Stockholders. The Notice also instructs you on how to submit your proxy via the Internet. If you received the Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials contained on the Notice.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on April 29, 2010:

Our Proxy Statement and our 2009 Annual Report to Stockholders are Available at www.proxyvote.com. This website address contains the following documents: the Notice of the Annual Meeting, our Proxy Statement and our 2009 Annual Report to Stockholders. You are encouraged to access and review all of the important information contained in the proxy materials before voting.

Who Can Vote, Outstanding Shares

Record holders of our common stock as of March 4, 2010 may vote at the annual meeting. As of the record date, there were _____ shares of our common stock (exclusive of approximately _____ shares of common stock held in treasury) outstanding, each entitled to one vote. The _____ shares of common stock held in our treasury will not be voted at the annual meeting. There were approximately _____ stockholders of record as of the record date.

How You Can Vote

You may vote by attending the annual meeting and voting in person or you may vote by submitting a proxy. If you are the record holder of your stock, you may vote by submitting your proxy via the Internet, by telephone or through the mail.

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To vote via the Internet, follow the instructions on the Notice or go to the Internet address stated on your proxy card. To vote by telephone, call the number on your proxy card. If you received only the Notice, you may follow the procedures outlined in the Notice to request a proxy card.

¹ References to our website in this Proxy Statement are not intended to function as hyperlinks and the information contained on our website is not intended to be incorporated into this Proxy Statement.

Table of Contents

As an alternative to voting by telephone or via the Internet, you may vote by mail. If you received only the Notice, you may follow the procedures outlined in the Notice to request a paper proxy card to submit your vote by mail. If you received a paper copy of the proxy materials and wish to vote by mail, simply mark your proxy card, date and sign it and return it in the postage-prepaid envelope. If you do not have the postage-prepaid envelope, please mail your completed proxy card to the following address: Allergan, Inc., c/o Broadridge Financial Solutions, Inc. at 51 Mercedes Way, Edgewood, NY 11717.

If you hold your shares of common stock in street name you will receive the Notice from your broker, bank or other nominee that includes instructions on how to vote your shares. Your broker, bank or other nominee will allow you to deliver your voting instructions via the Internet and may also permit you to submit your voting instructions by telephone. In addition, you may request paper copies of our Proxy Statement and proxy card from your broker by following the instructions on the Notice provided by your broker, bank or other nominee.

The Internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on April 28, 2010. Stockholders who submit a proxy via the Internet should be aware that they may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers and that these costs must be borne by such stockholders. Stockholders who submit a proxy via the Internet or by telephone need not return a proxy card or the form forwarded by your broker, bank or other nominee by mail.

YOUR VOTE IS VERY IMPORTANT. You should submit your proxy even if you plan to attend the annual meeting. If you properly give your proxy and submit it to us in time to vote, the individuals named as your proxy holders will vote your shares as you have directed.

All shares entitled to vote and represented by properly submitted proxies (including those submitted via the Internet, by telephone and by mail) received before the polls are closed at the annual meeting, and not revoked or superseded, will be voted at the annual meeting in accordance with the instructions indicated on those proxies. If no direction is indicated on a proxy, your shares will be voted by the proxy holders named in the enclosed proxy according to the recommendation of our board: FOR the election of all of the director nominees; FOR ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2010; and FOR the approval of the amendments to our Restated Certificate of Incorporation set forth in Item Nos. 3 through 6. In their discretion, the proxy holders named in the proxy are authorized to vote on any other matters that may properly come before the annual meeting and at any continuation, postponement or adjournment of the annual meeting. As of the date of this Proxy Statement, our board does not know of any other items of business that will be presented for consideration at the annual meeting other than those described in this proxy statement.

Voting in Person

If you plan to attend the annual meeting and wish to vote in person, you will be given a ballot at the annual meeting. Please note that if your shares are held of record by a broker, bank or other nominee, and you decide to attend and vote at the annual meeting, your vote in person at the annual meeting will not be effective unless you present a legal proxy, issued in your name from your broker, bank or other nominee. Even if you plan to attend the annual meeting, we encourage you to submit your proxy to vote your shares in advance of the annual meeting.

Stockholders who wish to attend the annual meeting will be required to present verification of ownership of our common stock, such as a bank or brokerage firm account statement and will be required to present a valid government-issued picture identification, such as a driver's license or passport, to gain admittance to the annual meeting.

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the annual meeting.

Table of Contents

How You May Revoke or Change Your Vote

As a stockholder of record, you have the power to revoke your proxy at any time before it is voted. A proxy may be revoked by a stockholder of record by:

delivering a written notice of revocation to our Secretary at or before the annual meeting;

presenting to our Secretary at or before the annual meeting a later dated proxy executed by the person who executed the prior proxy;

submitting another proxy by telephone or via the Internet (your latest telephone or Internet voting instructions are followed); or

attending the annual meeting and voting in person.

Attendance at the annual meeting will not, by itself, revoke a proxy. Any written notice of revocation or delivery of a subsequent proxy by a stockholder of record may be sent to Allergan, Inc., Attn: Secretary, P.O. Box 19534, Irvine, CA 92623, or hand delivered to our Secretary at or before the voting at the annual meeting.

If you hold your shares through a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your broker, bank or other nominee. If you wish to vote in person, you must obtain a legal proxy issued to you by your broker, bank or other nominee.

Quorum and Required Vote

The inspector of elections appointed for the annual meeting will tabulate votes cast by proxy or in person at the annual meeting. The inspector of elections will also determine whether or not a quorum is present. In order to constitute a quorum for the conduct of business at the annual meeting, a majority of the outstanding shares of our common stock entitled to vote at the annual meeting must be present or represented by proxy at the annual meeting. Shares that abstain from voting on any proposal, or that are represented by broker non-votes (as discussed below), will be treated as shares that are present and entitled to vote at the annual meeting for purposes of determining whether a quorum exists.

Any broker holding shares of record for you is not entitled to vote on certain matters unless the broker receives voting instructions from you. Uninstructed shares, or broker non-votes, result when shares are held by a broker who has not received instructions from its customer on such matters and the broker has so notified us on a proxy form in accordance with industry practice or has otherwise advised us that the broker lacks voting authority.

Election of Directors: Item No. 1. In September 2007, our board amended our Bylaws to adopt a majority voting standard for the election of directors in uncontested elections, which are generally defined as elections in which the number of nominees does not exceed the number of directors to be elected at the meeting. In the election of directors, you may either vote for, against or abstain. Cumulative voting is not permitted. Under our majority voting standard, in uncontested elections of directors, such as this election, each director must be elected by the affirmative vote of a majority of the votes cast with respect to such director by the shares present in person or represented by proxy and entitled to vote. A majority of the votes cast means that the number of votes cast for a director nominee exceeds the number of votes cast against the nominee. Abstentions and broker non-votes will not count as a vote for or against a nominee's election and thus will have no effect in determining whether a director nominee has received a majority of the votes cast.

Table of Contents

Ratification of Independent Registered Public Accounting Firm: Item No. 2. The approval of Item No. 2, ratifying the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2010, requires the affirmative vote of a majority of shares present at the annual meeting, in person or by proxy, and entitled to vote on the proposal. Abstentions on Item No. 2 will have the same effect as a vote against Item No. 2. The approval of Item No. 2 is a routine proposal on which a broker or other nominee is generally empowered to vote. Accordingly, no broker non-votes will likely result from this proposal.

Approval of Amendments to Our Restated Certificate of Incorporation: Item Nos. 3 - 6. The approval of Item Nos. 3 through 6, regarding amendments to our Restated Certificate of Incorporation, each require the affirmative vote of 66 ²/₃% of shares outstanding. Abstentions will have the same effect as votes against these proposals. The approval of Item Nos. 3 through 6 are routine proposals on which a broker or other nominee is generally empowered to vote. Accordingly, no broker non-votes will likely result from these proposals.

Costs of Solicitation

The total cost of this solicitation, including preparing, printing and mailing this Proxy Statement, will be borne by us. In addition to solicitation by mail, our officers and employees may solicit proxies by telephone, by facsimile or in person. We have retained Georgeson Inc. to assist in the solicitation of proxies for a fee not to exceed \$9,000, plus the reimbursement of reasonable out-of-pocket expenses. We will also reimburse brokers, nominees, fiduciaries and other custodians for reasonable expenses incurred by them in sending proxy soliciting material to the beneficial owners of our common stock.

Stockholder List

A list of stockholders entitled to vote at the annual meeting will be available for examination by any stockholder for any purpose germane to the annual meeting during ordinary business hours at our corporate headquarters offices located at 2525 Dupont Drive, Irvine, CA 92612 for the ten days prior to the annual meeting, and also at the annual meeting.

Confidentiality

It is our policy that all proxies, ballots and voting materials that identify the particular vote of a stockholder be kept confidential, except in the following circumstances:

to allow the independent inspector of elections appointed for the annual meeting to certify the results of the vote;

as necessary to meet applicable legal requirements, including the pursuit or defense of a judicial action;

where we conclude in good faith that a bona fide dispute exists as to the authenticity of one or more proxies, ballots or votes, or as to the accuracy of the tabulation of such proxies, ballots or votes;

where a stockholder expressly requests disclosure or has made a written comment on a proxy card;

where contacting stockholders by us is necessary to obtain a quorum, the names of stockholders who have or have not voted (but not how they voted) may be disclosed to us by the independent inspector of elections appointed for the annual meeting;

aggregate vote totals may be disclosed to us from time to time and publicly announced at the meeting of stockholders at which they are relevant; and

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in the event of any solicitation of proxies or written consents with respect to any of our securities by a person other than us of which solicitation we have actual notice.

Table of Contents**Item No. 1****ELECTION OF DIRECTORS**

Our board currently consists of 12 members and is divided into three classes, with each class consisting of one third of the whole number of our board.

At each annual meeting, the directors elected by stockholders to succeed directors whose terms are expiring are identified as being of the same class as those directors they succeed and are elected for a term to expire at the third annual meeting after their election and until their successors are duly elected and qualified. Our board appoints directors to fill vacancies on our board, as they occur, as well as vacancies resulting from newly created directorships, in each instance upon the recommendation of the Corporate Governance Committee. A director appointed to fill a vacancy is appointed to the same class as the director he or she succeeds or the class of the created directorship as determined by our board. Newly-appointed directors hold office until the next election by our stockholders of the class to which such directors are appointed. There are currently four Class I directors, four Class II directors and four Class III directors.

Upon the recommendation of the Corporate Governance Committee, our board has nominated each of the following four persons to be elected to serve as a Class III director for a three-year term expiring at the annual meeting of stockholders in 2013. Each of the nominees for election currently serves as a director and has consented to serve for a new term. Each of Messrs. Gallagher and Herbert and Dr. Ryan was elected by our stockholders to his present term of office. Ms. Hudson was appointed to our board effective January 2008.

Name	Age	Position with Us
Michael R. Gallagher	64	Director
Gavin S. Herbert	77	Director
Dawn Hudson	52	Director
Stephen J. Ryan, M.D.	69	Director

Board Recommendation**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE FOUR NAMED DIRECTOR NOMINEES.**

Although it is anticipated that each nominee will be able to serve as a director, should any nominee become unavailable to serve, the shares of our common stock represented by the proxies will be voted for such other person or persons as may be designated by our board, unless our board reduces the number of directors accordingly. As of the date of this Proxy Statement, our board is not aware of any nominee who is unable or will decline to serve as a director.

Information About Nominees and Other Directors

Set forth below are descriptions of the backgrounds of each nominee as well as our other board members and their principal occupations for at least the past five years and their public-company directorships as of the record date as well as those held during the past five years. There are no relationships among any of our directors or among any of our directors and executive officers.

Table of Contents**Class III Nominees for Election at the Annual Meeting; Term to Expire at the Annual Meeting in 2013**

MICHAEL R. GALLAGHER, 64, provides our board with a wealth of business and management experience in consumer products. Mr. Gallagher was Chief Executive Officer and a Director of Playtex Products, Inc., a publicly-traded personal care and consumer products manufacturer, from July 1995 through his retirement in December 2004. Prior to that, Mr. Gallagher was Chief Executive Officer of North America for Reckitt & Colman plc, a consumer products company based in London. Mr. Gallagher was President and Chief Executive Officer of Eastman Kodak's subsidiary L&F Products, a cleaning products company, from 1988 until the subsidiary was sold to Reckitt & Colman plc in 1994. Mr. Gallagher held various executive positions with the Lehn & Fink Products group of Sterling Drug, maker of *Lysol*[®] and other household cleaning products, from 1984 until its sale to Eastman Kodak in 1988. Mr. Gallagher held various general management and brand management positions with The Clorox Company and The Procter & Gamble Company. Mr. Gallagher is the Chairman of the Board of Advisors of the Haas School of Business, University of California, Berkeley. Mr. Gallagher was elected to our board in 1998 and is a member of the Audit and Finance Committee and the Organization and Compensation Committee.

GAVIN S. HERBERT, 77, our founder and Chairman Emeritus since 1996, brings substantial business and management experience to our board. He had been Chairman of the Board since 1977 and also served as our Chief Executive Officer from 1977 to 1991. Prior to that, Mr. Herbert had been our President and Chief Executive Officer since 1961. He is Chairman of the Board and the founder of Regenesi Bioremediation Products, Inc., a privately-held bioremediation company formed in 1994. Mr. Herbert is a life trustee of the University of Southern California, Chairman of the Board of Roger's Gardens, a privately-held nursery, and Vice Chairman of the Board of the Beckman Foundation, which makes grants to non-profit research institutions to promote research in chemistry and life sciences. Mr. Herbert is a director of the Doheny Eye Institute, a patient care, vision research and physician education center affiliated with the University of Southern California. Mr. Herbert serves on the board of The Richard Nixon Library and Birthplace Foundation and the Advisory Board for the Foundation of the American Academy of Ophthalmology. In 1994, Mr. Herbert retired as our employee. Mr. Herbert has been our director since 1950 and is a member of the Science & Technology Committee.

DAWN HUDSON, 52, contributes considerable experience in consumer brand management, business strategy and marketing to our board. Ms. Hudson has served as Vice Chairman of The Parthenon Group, an advisory firm focused on strategy consulting, since March 2009. Prior to that, Ms. Hudson served as President and Chief Executive Officer of Pepsi-Cola North America, or PCNA, the multi-billion dollar refreshment beverage unit of PepsiCo, Inc. in the United States and Canada from March 2005 until November 2007. From May 2002 through March 2005, Ms. Hudson served as President of PCNA. In addition, Ms. Hudson served as Chief Executive Officer of the PepsiCo Foodservice Division from March 2005 to November 2007. Prior to joining PepsiCo, Ms. Hudson was Managing Director at D'Arcy Masius Benton & Bowles, a leading advertising agency based in New York. In 2006 and 2007, she was named among Fortune Magazine's 50 Most Powerful Women in Business. In 2002, she 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., a publicly-traded nationwide chain of home improvement superstores, where she serves on the Compensation Committee and the Governance Committee, and P.F. Chang's China Bistro, Inc., a publicly-traded national Asian dining restaurant chain. Ms. Hudson was appointed to our board effective January 2008 and is a member of the Audit and Finance Committee and the Organization and Compensation Committee.

STEPHEN J. RYAN, M.D., 69, provides our board with wide-ranging expertise in ophthalmology and is an internationally recognized expert in the field of retinal diseases and ocular trauma, providing congressional testimony on numerous occasions in support of the National Institutes of Health and the National Eye Institute. Dr. Ryan has served as President of the Doheny Eye Institute since 1987 and as the Grace and Emery Beardsley Professor of Ophthalmology at the Keck School of Medicine of the University of Southern California since 1974, where he specializes in diabetic retinopathy, macular degeneration, ocular trauma and vitreoretinal surgery.

Table of Contents

Dr. Ryan continues to maintain a clinical practice with an emphasis on retina and macular disease and ocular trauma. Dr. Ryan was Dean of the Keck School of Medicine and Senior Vice President for Medical Care of the University of Southern California from 1991 through June 2004. Dr. Ryan is a Member of the Institute of Medicine of the National Academy of Sciences and is a member and past president of numerous ophthalmologic organizations such as the Association of University Professors of Ophthalmology. Dr. Ryan is the founding President of the National Alliance for Eye and Vision Research. Dr. Ryan is also a member and director of the W.M. Keck Foundation and is a member of the Arnold and Mabel Beckman Foundation. Dr. Ryan was appointed to our board in September 2002, is Chairman of the Science & Technology Committee and is a member of the Audit and Finance Committee.

Class I Term to Expire at the Annual Meeting in 2011

DEBORAH DUNSIRE, M.D., 47, brings to our board considerable pharmaceutical management and operations experience. Dr. Dunsire has served as President and Chief Executive Officer of Millennium Pharmaceuticals, Inc., The Takeda Oncology Company, focused on discovering, developing and commercializing medicines to improve the lives of patients with cancer, since July 2005. Prior to joining Millennium Pharmaceuticals, Dr. Dunsire was Senior Vice President, Head of North American Oncology Operations from July 2000 to July 2005, and Vice President, Oncology Business Unit from August 1996 to June 2000, of Novartis AG, a publicly-traded company focused on the research and development of products to protect and improve health and well-being. From April 1988 to August 1996, Dr. Dunsire held various positions with Sandoz Laboratories, a pharmaceutical company, in the areas of product management, scientific development and clinical research. Dr. Dunsire is a member of the board of the Biotechnology Industry Organization and numerous nonprofit organizations, such as G&P Foundation for Cancer Research, CancerCare and the Museum of Science, Boston. Dr. Dunsire was the 2001 recipient of the American Cancer Society's Excalibur Award and is the 2009 recipient of The Healthcare Businesswomen's Association's Woman of The Year. Dr. Dunsire is a graduate of the medical school of the University of the Witwatersrand, South Africa. Dr. Dunsire was appointed to our board in December 2006 and is a member of the Corporate Governance Committee and the Science & Technology Committee.

TREVOR M. JONES, PH.D., 67, possesses in-depth government relations experience, serving as a member of the UK Government Regulatory Agency-The Medicines Commission, a member of the Prime Minister's Task Force on the Competitiveness of the Pharmaceutical Industry, and as Chair of the Government Advisory Group on Genetics Research. Prof. Jones served as the Director General of the Association of the British Pharmaceutical Industry, or ABPI, an association representing the interests of approximately 75 British and international pharmaceutical companies, from 1994 through his retirement in August 2004. Prof. Jones also possesses extensive qualifications in pharmaceutical management and operations, as well as drug development. From 1987 to 1994, Prof. Jones was a director at Wellcome plc, a major healthcare business that merged with GlaxoSmithKline plc, where he was responsible for all research and development activities. Prof. Jones received his bachelor of pharmacy degree and Ph.D. from the University of London and is currently a visiting professor at King's College London. He 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. Prof. Jones was recognized in the Queen's Honors List and holds the title of Commander of the British Empire. He 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, a UK-based adult stem cell research and development company, and Synexus Ltd., a clinical study recruitment and management specialist organization. He is a board member of Merlin Biosciences Fund II, a specialized venture fund focused on life sciences companies, NextPharma Technologies Holdings Ltd., a contract manufacturer in Europe for the pharmaceutical and health care industries, Sigma-Tau Finanziaria S.p.A., an Italian pharmaceutical company, and its subsidiary Sigma-Tau Industrie Farmaceutiche Riunite S.p.A., Tecnogen S.p.A., an Italian biotechnology manufacturing company 70% owned by Sigma-Tau S.p.A., and Verona Pharma plc, a public biotechnology company dedicated to research in respiratory diseases, and SciClone Pharmaceuticals, Inc., a public specialty pharmaceutical company focused on

Table of Contents

cancer and infectious diseases. Prof. Jones is a founder of the Geneva-based public-private partnership, Medicines for Malaria Venture and a founder and board member of the UK Stem Cell Foundation. Prof. Jones was appointed to our board in July 2004 and is a member of the Corporate Governance Committee and the Science & Technology Committee.

LOUIS J. LAVIGNE, JR., 61, provides our board a wealth of business operations, finance, business strategy, accounting and public company governance experience. Mr. Lavigne has served as a management consultant in the areas of corporate finance, accounting and strategy since March 2005. Prior to these consulting activities, Mr. Lavigne served as Executive Vice President and Chief Financial Officer of Genentech, Inc., a publicly-traded biotechnology company, from March 1997 through his retirement in March 2005. Mr. Lavigne joined Genentech in July 1982, was named controller in 1983 and, in that position, built Genentech's operating financial functions. In 1986, he 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. Mr. Lavigne was a member of Genentech's Executive Committee and was responsible for Genentech's financial, corporate relations and information technology functions, and was named Best CFO in Biotech in 2005 in a survey by Institutional Investor magazine. Prior to joining Genentech, he held various financial management positions with Pennwalt Corporation, a pharmaceutical and chemical company. Mr. Lavigne serves on the board of directors of BMC Software, Inc., a publicly-traded provider of enterprise management software and is Chairman of its Audit committee, and Accuray Incorporated, a publicly-traded company specialized in the design, development and sale of the CyberKnife System, an image-guided robotic radiosurgery system used for the treatment of solid tumors, where he serves on its Compensation Committee. Mr. Lavigne is a faculty member of the Babson College Executive Education's Bio-Pharma: Mastering the Business of Science program. Mr. Lavigne is a member of the Pacific Southwest Audit Committee Chair Network. Mr. Lavigne is also a trustee of the California Institute of Technology and the Seven Hills School. Mr. Lavigne is a former member of the board and Chairman of the Audit Committees of Arena Pharmaceuticals, Equinix, Inc. and Kyphon, Inc. Mr. Lavigne was appointed to our board in July 2005 and is a member of the Audit and Finance Committee and the Science & Technology Committee.

LEONARD D. SCHAEFFER, 64, possesses extensive business management and operations experience with a focus on health care organizations. He also brings a wealth of public policy experience and government knowledge to our board. Mr. Schaeffer has served as a senior advisor to TPG (formerly Texas Pacific Group), a private equity firm, since 2005. Prior to that, Mr. Schaeffer served as Chairman of the Board of WellPoint, Inc., a health insurance organization created by the combination of WellPoint Health Networks Inc. and Anthem, Inc., from November 2004 until his retirement in November 2005. From 1992 until November 2004, Mr. Schaeffer served as the Chairman of the Board and Chief Executive Officer of WellPoint Health Networks Inc. Mr. Schaeffer has also had an extensive public service career, having served as Administrator of the U.S. Health Care Financing Administration, now Centers for Medicare & Medicaid Services, from 1978 to 1980, Assistant Secretary for Management and Budget of the Department of Health, Education and Welfare, Director of the Bureau of the Budget for the State of Illinois, Chairman of the Illinois Capital Development Board and Deputy Director of the Illinois Department of Mental Health. Mr. Schaeffer is Chairman of the Board of Surgical Care Affiliates, Inc., a privately-held ambulatory surgical center company, a member of the board of Amgen Inc., a publicly-traded company focusing on discovering, developing and delivering innovative human therapeutics, a member of the board of Quintiles Transnational Corp., a privately-held pharmaceutical services corporation, the Board of Fellows at Harvard Medical School, the Advisory Board of the National Institute for Health Care Management and a member of the Institute of Medicine. In 2008, Mr. Schaeffer was named the Judge Widney Professor and Chair at the University of Southern California. Mr. Schaeffer was elected to our board in 1993, is Chairman of the Organization and Compensation Committee and is a member of the Corporate Governance Committee.

Table of Contents**Class II Term to Expire at the Annual Meeting in 2012**

HERBERT W. BOYER, PH.D., 73, has an extensive scientific and business management background in biotechnology. Dr. Boyer is a founder of Genentech, Inc., a publicly-traded biotechnology company, and was a director of Genentech from 1976 to 2009 when Genentech was acquired by the Roche Group. He served as Vice President of Genentech from 1976 through his retirement in 1991. Dr. Boyer, a Professor of Biochemistry at the University of California at San Francisco from 1976 to 1991, demonstrated the usefulness of recombinant DNA technology to produce medicines economically, which laid the groundwork for Genentech's development. In 2007, Dr. Boyer was awarded the Perkin Medal by the Society of Chemical Industry for his contributions to recombinant DNA technology. Dr. Boyer received the 1993 Helmut Horten Research Award for his research in the use of gene technology in medicine. He also received the National Medal of Science from President George H. W. Bush in 1990, the National Medal of Technology in 1989 and the Albert Lasker Basic Medical Research Award in 1980 for his development of recombinant DNA technology. He is an elected member of the National Academy of Sciences, a Fellow in the American Academy of Arts & Sciences and a former Trustee of The Scripps Research Institute. Dr. Boyer was elected Vice Chairman of the Board in 2001, served as Chairman of the Board from 1998 to 2001, and has been a board member since 1994. Dr. Boyer is a member of the Corporate Governance Committee and the Science & Technology Committee.

ROBERT A. INGRAM, 67, provides our board with a wealth of executive knowledge and experience in the pharmaceutical industry. Mr. Ingram has served as a General Partner of Hatteras Venture Partners, a venture capital firm focused on early stage life science companies, since January 2010. Mr. Ingram also serves as a strategic advisor to the Chief Executive Officer of GlaxoSmithKline plc, a publicly-traded pharmaceutical company, effective January 2010, and previously served as Vice Chairman Pharmaceuticals at GlaxoSmithKline plc since January 2003, as well as Chief Operating Officer and President of Pharmaceutical Operations of GlaxoSmithKline from January 2001 through his retirement in January 2003. Prior to that, he 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. As Chief Executive Officer of Glaxo Wellcome plc, Mr. Ingram co-led the merger and integration that formed GlaxoSmithKline plc. Mr. Ingram is also Chairman of the Board of OSI Pharmaceuticals, Inc., a publicly-traded biotechnology company focusing on cancer and diabetes, and the lead director of Valeant Pharmaceuticals International, a publicly-traded specialty pharmaceutical company focused on neurology, dermatology and infectious disease, where he serves on the Compensation Committee and the Corporate Governance/Nominating Committee. He is a director of Edwards Lifesciences Corporation, a publicly-traded company focused on products and technologies to treat advanced cardiovascular disease, where he serves on the Audit and Public Policy Committee and the Compensation and Governance Committee, Lowe's Companies, Inc., a publicly-traded nationwide chain of home improvement superstores where he serves on the Compensation Committee and the Governance Committee, and Cree, Inc., a publicly-traded manufacturer of innovative semiconductors related to LED lighting, power and communications products, where he serves on the Compensation Committee and the Governance and Nominations Committee. Mr. Ingram is a former director of Nortel Networks, Wachovia Corporation, and Mysis plc. Mr. Ingram is also involved with many nonprofit organizations, including as Vice-Chair of the American Cancer Society Foundation and as a founding director of the CEO Roundtable on Cancer. Mr. Ingram was appointed to our board in January 2005, is the Chairman of the Corporate Governance Committee and is a member the Organization and Compensation Committee.

DAVID E.I. PYOTT, 56, brings to our board extensive business and management experience. Mr. Pyott has been our Chief Executive Officer since January 1998 and in 2001 became Chairman of the Board. Mr. Pyott also served as our President from January 1998 until February 2006. As Chief Executive Officer, Mr. Pyott refocused our strategy on specialty pharmaceuticals, biotechnology and medical devices and has grown our franchises in ophthalmology, neurosciences, medical dermatology, medical aesthetics, urology, obesity intervention and other specialty markets. Previously, Mr. Pyott served as head of the Nutrition Division and a member of the Executive Committee of Novartis AG, a publicly-traded company focused on the research and development of products to protect and improve health and well-being, from 1995 until December 1997. From 1992 to 1995, Mr. Pyott was President and Chief Executive Officer of Sandoz Nutrition Corp., Minneapolis, Minnesota, a predecessor to

Table of Contents

Novartis AG, and General Manager of Sandoz Nutrition, Barcelona, Spain, from 1990 to 1992. Prior to that, Mr. Pyott held various positions within the Sandoz Nutrition group from 1980. Mr. Pyott is also a member of the board of Avery Dennison Corporation, a publicly-traded company focused on pressure-sensitive technology and self-adhesive solutions where he serves on its Audit Committee, Compensation Committee, and Nominating and Governance Committee, and Edwards Lifesciences Corporation, a publicly-traded company focused on products and technologies to treat advanced cardiovascular diseases where he serves on its Audit Committee. Mr. Pyott is a former member of the board for Pacific LifeCorp and Pacific Mutual Holding Company, the parent companies of Pacific Life Insurance Company. Mr. Pyott is a member of the Directors Board of The Paul Merage School of Business at the University of California, Irvine. Mr. Pyott serves on the board and the Executive Committee of the California Healthcare Institute, and serves on the board, Executive Committee and as Chairman of the International Affairs Committee 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. Mr. Pyott also serves on the Board of Trustees of Chapman University.

RUSSELL T. RAY, 62, contributes considerable health care industry knowledge and in depth business strategy, finance and investment banking experience to our board. Mr. Ray has served as 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, since September 2003. Mr. Ray was founder, Managing Director and President of Chesapeake Strategic Advisors, a firm specializing in providing advisory services to health care and life sciences companies, from April 2002 to August 2003. From June 1999 to March 2002, Mr. Ray was Managing Director and Global Co-Head of the Credit Suisse First Boston Health Care Investment Banking Group, where he focused on providing strategic and financial advice to life sciences, health care services and medical device companies. Prior to joining Credit Suisse First Boston, Mr. Ray spent 12 years at Deutsche Bank, and its predecessor entities BT Alex. Brown and Alex. Brown & Sons, Inc., most recently as Global Head of Health Care Investment Banking. During Mr. Ray's investment banking career he successfully completed over 175 acquisitions and financing transactions for health care companies in the United States, Europe and Israel. Mr. Ray is a Director of InfoMedics, Inc., a closely-held healthcare information technology company, Phreesia, Inc., a closely-held patient education software provider, SW/P Media, Inc., a closely-held image distributor of digital content and Socios Mayores en Salud, a closely-held Medicare Advantage health plan serving beneficiaries in Puerto Rico. Mr. Ray was elected to our board in April 2003, is Chairman of the Audit and Finance Committee and is a member of the Organization and Compensation Committee.

Table of Contents**Item No. 2****RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit and Finance Committee of our board is responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. The Audit and Finance Committee has selected Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2010 and has further directed that management submit the selection of the independent registered public accounting firm for ratification by our stockholders at the annual meeting. Ernst & Young LLP has audited our financial statements since June 24, 2005, when the Audit and Finance Committee dismissed KPMG LLP as our independent registered public accounting firm.

Although ratification by our stockholders is not a prerequisite to the Audit and Finance Committee's ability to select Ernst & Young LLP as our independent registered public accounting firm, the Audit and Finance Committee believes such ratification is advisable and in the best interests of our stockholders. Accordingly, stockholders are being requested to ratify, confirm and approve the selection of Ernst & Young LLP as our independent registered public accounting firm to conduct the annual audit of our consolidated financial statements and our internal controls over financial reporting for fiscal year 2010. If the stockholders do not ratify the selection of Ernst & Young LLP, the selection of our independent registered public accounting firm will be reconsidered by the Audit and Finance Committee; provided, however, the Audit and Finance Committee may select Ernst & Young LLP notwithstanding the failure of our stockholders to ratify its selection. If the appointment of Ernst & Young LLP is ratified, the Audit and Finance Committee will continue to conduct an ongoing review of Ernst & Young LLP's scope of engagement, pricing and work quality, among other factors, and will retain the right to replace Ernst & Young LLP at any time.

Board Recommendation

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2010.

Audit Matters**Independent Registered Public Accounting Firm's Fees**

Aggregate fees billed to us for the fiscal years ended December 31, 2009 and December 31, 2008 by our independent registered public accounting firm, Ernst & Young LLP, are as follows:

Type of Fees	2009	2008
Audit Fees(1)	\$ 4,367,254	\$ 4,216,942
Audit-Related Fees(2)	162,565	175,865
Tax Fees(3)	739,968	1,772,871
All Other Fees	0	0
Total	\$ 5,269,787	\$ 6,165,678

- (1) Represents the aggregate fees billed to us by Ernst & Young LLP for professional services rendered for the audit of our annual consolidated financial statements and our internal controls over financial reporting, for the reviews of our consolidated financial statements included in our Form 10-Q filings for each fiscal quarter, for statutory audits of our international operations and the preparation of comfort letters and consents with respect to registration statements.
- (2) Represents the aggregate fees billed to us by Ernst & Young LLP for assurance and related services that are reasonably related to the performance of the audit and review of our consolidated financial statements that are not already reported in Audit Fees. These services include accounting consultations and attestation services that are not required by statute.

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- (3) Represents the aggregate fees billed to us by Ernst & Young LLP for professional services relating to tax compliance, tax advice and expatriate tax services.

Table of Contents

Independent Registered Public Accounting Firm's Independence and Attendance at the Annual Meeting

The Audit and Finance Committee has considered whether the provision of the above noted services by Ernst & Young LLP is compatible with maintaining the independent registered public accounting firm's independence and has determined that the provision of such services by Ernst & Young LLP has not adversely affected the independent registered public accounting firm's independence.

Representatives of Ernst & Young LLP are expected to be present at the annual meeting, will have the opportunity to make a statement if they so request, and will be available to respond to appropriate questions.

Policy on Audit and Finance Committee Pre-Approval

As part of its required duties, the Audit and Finance Committee pre-approves audit and non-audit services performed by our independent registered public accounting firm to assure that the provision of such services does not impair the independent registered public accounting firm's independence. In January 2005, the Audit and Finance Committee adopted a revised policy for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm. The policy generally provides that services in the defined categories of audit services, audit-related services, tax and other related services, are deemed pre-approved up to specified amounts, and sets requirements for specific case-by-case pre-approval of discrete projects that are not otherwise pre-approved or for services over the pre-approved amounts. Pre-approval may be given as part of the Audit and Finance Committee's approval of the scope of the engagement of the independent registered public accounting firm or on an individual basis. The pre-approval of services may be delegated to one or more of the Audit and Finance Committee's members, but the decision must be presented to the full Audit and Finance Committee at its next scheduled meeting. The policy prohibits retention of the independent registered public accounting firm to perform the prohibited non-audit functions defined in Section 201 of the Sarbanes-Oxley Act of 2002 or the rules of the SEC and also considers whether proposed services are compatible with the independence of the independent registered public accounting firm. All services provided by our independent registered public accounting firm in 2009 were pre-approved in accordance with the Audit and Finance Committee's pre-approval requirements.

Table of Contents

Item Nos. 3 6

AMENDMENTS TO RESTATED CERTIFICATE OF INCORPORATION

As part of its annual review process, the Corporate Governance Committee reviewed our Restated Certificate of Incorporation, including the supermajority vote provisions. The Corporate Governance Committee balanced the original intent of these supermajority vote provisions, which is to facilitate governance stability, against the limits that these provisions place on stockholders' ability to participate in important decisions. After deliberation, the Corporate Governance Committee recommended that our board present stockholders with separate proposals to eliminate each supermajority vote requirement in our Restated Certificate of Incorporation. Our board agreed that presenting stockholders with the ability to remove each supermajority provision in our Restated Certificate of Incorporation is in the best interests of Allergan and its stockholders and, therefore, recommends the proposals below. Our board also reviewed, upon the recommendation of the Corporate Governance Committee, a proposal to amend and restate our Restated Certificate of Incorporation in order to update and simplify the document and to remove obsolete provisions, and agreed that amending and restating our Restated Certificate of Incorporation is in the best interests of Allergan and its stockholders. Therefore, our board also recommends that stockholders vote to amend and restate our Restated Certificate of Incorporation.

The amendments relate to four different aspects of our Restated Certificate of Incorporation, and are therefore set forth as four separate proposals, Item Nos. 3 to 6:

Removal of Directors for Cause. Reduce the stockholder vote required to remove a director for cause from 66²/₃% of outstanding shares entitled to vote generally in the election of directors to a majority of such shares.

Approval of Certain Business Combinations. Reduce the stockholder vote required to approve certain business combinations with an Interested Stockholder from 86% of outstanding Disinterested Shares (as defined therein) to a majority of outstanding Disinterested Shares.

Amendments to Certain Provisions of our Restated Certificate of Incorporation. Reduce the stockholder vote required to approve any amendment to certain provisions to our Restated Certificate of Incorporation from 66²/₃% of outstanding shares entitled to vote generally in the election of directors to a majority of such shares.

Restatement of Certificate of Incorporation. Amend and restate our Restated Certificate of Incorporation to update and simplify certain provisions, which includes the removal of an obsolete provision relating to our expired Stockholder Rights Plan.

We summarize and discuss below each of these four proposals. These summaries do not contain all the information that may be important to you. The complete text of our proposed Amended and Restated Certificate of Incorporation is included in this Proxy Statement as Annex A. You are urged to read Annex A in its entirety.

Table of Contents

Item No. 3

**AMENDMENT TO OUR RESTATED CERTIFICATE OF INCORPORATION ELIMINATING THE
SUPERMAJORITY VOTE REQUIREMENT TO REMOVE DIRECTORS FOR CAUSE**

Article 7 of our Restated Certificate of Incorporation requires the affirmative vote of at least 66²/₃% of outstanding shares entitled to vote generally in the election of directors to remove a director for cause. The proposal, if approved by the stockholders, would decrease this vote requirement to a majority of outstanding shares entitled to vote generally in the election of directors.

This summary does not contain all the information that may be important to you. The complete text of our proposed Amended and Restated Certificate of Incorporation is included in this Proxy Statement as Annex A. To illustrate the proposed amendments in Annex A, language that is struck through is proposed to be deleted from our current Restated Certificate of Incorporation and language that is underlined is proposed to be added to our current Restated Certificate of Incorporation. You are urged to read Annex A in its entirety.

An affirmative vote of 66²/₃% of outstanding shares entitled to vote generally in the election of directors is required to amend Article 7 as proposed. If approved by the stockholders, this amendment will become effective upon the filing of a certificate setting forth the amendment with the Secretary of State of the State of Delaware, which we would file promptly after the annual meeting.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ITEM 3.

Item No. 4

**AMENDMENT TO OUR RESTATED CERTIFICATE OF INCORPORATION ELIMINATING THE
SUPERMAJORITY VOTE REQUIREMENT TO APPROVE CERTAIN BUSINESS COMBINATIONS**

Article 15 of our Restated Certificate of Incorporation requires the affirmative vote of at least 66²/₃% of the Disinterested Shares outstanding to approve certain business combinations with any stockholder owning 5% or more of our voting power, or an Interested Stockholder, which has not been approved by a majority of our board who were directors prior to the Interested Stockholder acquiring 5% or more of our voting power. Disinterested Shares are the shares held by stockholders other than the Interested Stockholder involved in the business combination or other action. Article 15 is intended to operate as a protective measure, preserving the power of our board and minority stockholders to veto transactions that are not believed to be in our best interests. The proposal, if approved by the stockholders, would decrease this vote requirement to a majority of Disinterested Shares outstanding.

This summary does not contain all the information that may be important to you. The complete text of our proposed Amended and Restated Certificate of Incorporation is included in this Proxy Statement as Annex A. To illustrate the proposed amendments in Annex A, language that is struck through is proposed to be deleted from our current Restated Certificate of Incorporation and language that is underlined is proposed to be added to our current Restated Certificate of Incorporation. You are urged to read Annex A in its entirety.

An affirmative vote of 66²/₃% of outstanding shares entitled to vote generally in the election of directors is required to amend Article 15 as proposed. If approved by the stockholders, this amendment would become effective upon the filing of a certificate setting forth the amendment with the Secretary of State of the State of Delaware, which we would file promptly after the annual meeting.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ITEM 4.

Table of Contents

Item No. 5

**AMENDMENT TO OUR RESTATED CERTIFICATE OF INCORPORATION TO IMPLEMENT
A MAJORITY VOTE REQUIREMENT TO AMEND CERTAIN PROVISIONS OF OUR
RESTATED CERTIFICATE OF INCORPORATION**

Article 18 of our Restated Certificate of Incorporation requires the affirmative vote of at least 66²/₃% of outstanding shares entitled to vote generally in the election of directors to amend, repeal or adopt any provisions inconsistent with Articles 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17 or 18 of our Restated Certificate of Incorporation. Article 18 also provides that any change proposed by an Interested Stockholder must be approved by a vote of at least 66²/₃% of the Disinterested Shares then outstanding. The proposal, if approved by the stockholders, would require only a majority of outstanding shares entitled to vote generally in the election of directors to amend these provisions of our Restated Certificate of Incorporation.

This summary does not contain all the information that may be important to you. The complete text of our proposed Amended and Restated Certificate of Incorporation is included in this Proxy Statement as Annex A. To illustrate the proposed amendments in Annex A, language that is struck through is proposed to be deleted from our current Restated Certificate of Incorporation and language that is underlined is proposed to be added to our current Restated Certificate of Incorporation. You are urged to read Annex A in its entirety.

An affirmative vote of 66²/₃% of outstanding shares entitled to vote generally in the election of directors is required to amend Article 18 as proposed. If approved by the stockholders, this amendment would become effective upon the filing of a certificate setting forth the amendment with the Secretary of State of the State of Delaware, which we would file promptly after the annual meeting.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ITEM 5.

Item No. 6

RESTATEMENT OF RESTATED CERTIFICATE OF INCORPORATION

Our board requests that the stockholders approve a proposal to amend and restate our Restated Certificate of Incorporation. The purpose of this proposal is to update and simplify certain provisions in our Restated Certificate of Incorporation and to incorporate separately and previously filed amendments (including those amendments which previously increased the number of authorized shares of our common stock) in order to consolidate all changes since our Restated Certificate of Incorporation was originally filed. As part of this restatement, Article 17, which relates to the Stockholders Rights Plan dated as of April 11, 1989, or the Plan, will be eliminated. The Plan expired pursuant to its terms on July 27, 1999 and our subsequent Rights Agreement, dated as of January 25, 2000, expired on February 18, 2010, which our board has elected not to renew. Therefore, Article 17 of our Restated Certificate of Incorporation is now obsolete and can be removed.

The complete text of the proposed amendments to our Restated Certificate of Incorporation, including revisions discussed in Item Nos. 3 through 5, is included in this Proxy Statement as Annex A. Approval of this Item 6 shall adopt only those amendments in Annex A that are not proposed in Items 3 through 5. To illustrate the proposed amendments in Annex A, language that is struck through is proposed to be deleted from our current Restated Certificate of Incorporation and language that is underlined is proposed to be added to our current Restated Certificate of Incorporation. You are urged to read Annex A in its entirety.

An affirmative vote of 66²/₃% of outstanding shares entitled to vote generally in the election of directors is required to amend our Restated Certificate of Incorporation as proposed in this Item 6. If approved, these amendments would become effective upon the filing of a certificate setting forth the amendments with the Secretary of State of the State of Delaware, which we would file promptly after the annual meeting.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ITEM 6.

Table of Contents

CORPORATE GOVERNANCE

Director Independence

Our Amended and Restated Bylaws and our Board of Directors Guidelines on Significant Corporate Governance Issues require that a majority of our directors meet the criteria for independence set forth under applicable securities laws, including the Securities Exchange Act of 1934, as amended, applicable rules and regulations of the SEC and applicable rules and regulations of the New York Stock Exchange, or NYSE. The NYSE Listed Company Manual and corresponding listing standards provide that, in order to be considered independent, our board must determine that a director has no material relationship with us other than as a director. Our board has reviewed the relationships between us, including our subsidiaries or affiliates, and each board member (and each such director's immediate family members).

Based on its review, our board has affirmatively determined that none of Drs. Boyer, Dunsire and Ryan, Prof. Jones, Messrs. Gallagher, Herbert, Ingram, Lavigne, Ray or Schaeffer or Ms. Hudson currently have any relationship with us other than as a director and each is independent within the foregoing independence standards. Mr. Pyott was determined to not be independent based on his service as our Chief Executive Officer. Our board's independence determinations included reviewing Mr. Ingram's service as a strategic advisor to a company with which Allergan does business and Mr. Schaeffer's service as a member of the board of a company with which Allergan does business.

Our board has also determined that each member of the Audit and Finance Committee, the Corporate Governance Committee and the Organization and Compensation Committee, respectively, is independent under the applicable listing standards of the NYSE and, with respect to members of the Audit and Finance Committee, the audit committee requirements of the SEC. None of the members of these committees is an officer, employee or former employee of us or any of our subsidiaries.

Our Board of Directors Guidelines on Significant Corporate Governance Issues are available on the Corporate Governance & Certificates section of our website at www.allergan.com.

Board Meetings

Our business and affairs are managed under the direction of our board. Our board held eight full meetings during 2009 and each director attended at least 75% of those meetings when he or she was a member of our board. Directors are also kept informed of our business through personal meetings and other communications, including considerable telephone contact with our Chairman of the Board, Vice Chairman of the Board and others regarding matters of interest and concern to us and our stockholders.

Executive Sessions

Non-management directors meet regularly in executive sessions without management. Non-management directors are all of our board members who are not our officers and include directors, if any, who are not independent by virtue of the existence of a material relationship with us. It is our board's policy that the Vice Chairman of the Board, a non-management director, serves as the lead independent director and, if present, presides over the executive sessions. If not present, a different non-management director is selected by the non-management directors to chair the executive session. Dr. Boyer is the current Vice Chairman of the Board and lead independent director. Executive sessions of our non-management directors are typically held in conjunction with each regularly scheduled board meeting.

Board Committees

Our board has a standing Audit and Finance Committee, Corporate Governance Committee, Organization and Compensation Committee and Science & Technology Committee. Our board has reviewed, assessed the adequacy of, and approved a formal written charter for each of these committees, each of which is available on the Corporate Governance & Certificates section of our website at www.allergan.com.

Table of Contents

Audit and Finance Committee

The Audit and Finance Committee is currently composed of Mr. Ray (chairperson), Dr. Ryan, Messrs. Gallagher and Lavigne and Ms. Hudson. Our board has determined that Messrs. Ray and Lavigne meet the definition of an audit committee financial expert, as set forth in Item 407(d)(5)(ii) of SEC Regulation S-K. The Audit and Finance Committee held ten meetings during 2009 and each member of the Audit and Finance Committee attended at least 75% of the total meetings of the committee held when he or she was a member.

Pursuant to the charter adopted for the Audit and Finance Committee, the primary role of the Audit and Finance Committee is to assist our board in its oversight of our financial reporting process. Our management is responsible for the preparation, presentation and integrity of our financial statements, and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Our independent registered public accounting firm is responsible for auditing our financial statements and expressing an opinion as to their conformity with generally accepted accounting principles. The Audit and Finance Committee:

reviews the integrity of our financial statements, financial reporting process and systems of internal controls regarding finance, accounting and legal compliance;

assists our board in its oversight of our compliance with legal and regulatory requirements;

assists our board in its oversight of enterprise-wide risk management;

reviews the independence, qualifications and performance of our independent registered public accounting firm and internal audit department;

provides an avenue of communication among the independent registered public accounting firm, management, the internal audit department and our board;

prepares the report that SEC rules require be included in our annual proxy statement;

reviews and discusses with management and our independent registered public accounting firm our annual audited consolidated financial statements, audit of internal controls over financial reporting and quarterly unaudited financial statements;

retains, terminates and annually reconfirms our independent registered public accounting firm for the fiscal year;

meets with our independent registered public accounting firm to discuss the scope and results of their audit examination and the fees related to such work;

meets with our internal audit department and financial management to:

review the internal audit department's activities and to discuss our accounting practices and procedures;

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review the adequacy of our accounting and control systems; and

report to our board any considerations or recommendations the Audit and Finance Committee may have with respect to such matters;

reviews the audit schedule and considers any issues raised by members of the Audit and Finance Committee, our independent registered public accounting firm, the internal audit staff, the legal staff or management;

Table of Contents

reviews the independence of our independent registered public accounting firm, and the range of audit and non-audit services provided and fees charged by our independent registered public accounting firm;

monitors the implementation of our Code of Business Conduct and Ethics for our employees, and receives regular reports from our Chief Ethics Officer, who coordinates compliance reviews and investigates compliance matters;

through our Chief Ethics Officer pursuant to the procedures set forth in our Code of Business Conduct and Ethics, manages the receipt, retention and treatment of complaints we may receive regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;

performs an annual self-evaluation;

pre-approves audit and non-audit services performed by our independent registered public accounting firm in order to assure that the provision of such services does not impair the independent registered public accounting firm's independence;

reviews, approves or modifies management recommendations on corporate financial strategy and policy and, where appropriate, makes recommendations to our board; and

discusses with our management the certification of our financial reports by our principal executive officer and principal financial officer.

The report of the Audit and Finance Committee is on page 69 of this Proxy Statement.

Corporate Governance Committee

The Corporate Governance Committee is currently composed of Mr. Ingram (chairperson), Drs. Boyer and Dunsire, Prof. Jones and Mr. Schaeffer. The Corporate Governance Committee held five meetings during 2009 and each member of the Corporate Governance Committee attended at least 75% of the total meetings of the committee held when he or she was a member. The Corporate Governance Committee:

receives reports from management regarding compliance-related matters and provides general compliance oversight;

considers the performance of incumbent directors;

considers and makes recommendations to our board concerning the size and composition of our board;

develops and recommends to our board guidelines and criteria to determine the qualifications of directors;

considers and reports to our board concerning its assessment of our board's performance;

performs an annual self-evaluation;

considers, from time to time, our current board committee structure and membership;

recommends changes to the amount and type of compensation of board members as appropriate; and

makes recommendations to our board from time to time as to matters of corporate governance, and reviews and assesses our Guidelines on Significant Corporate Governance Issues.

The Corporate Governance Committee is responsible for recommending qualified candidates for election as directors, including the slate of directors that our board proposes for election by our stockholders at the annual

Table of Contents

meeting. In identifying, evaluating and selecting potential director nominees, including nominees recommended by our stockholders, the Corporate Governance Committee engages in the following selection process:

the Corporate Governance Committee, our Chief Executive Officer or any other board member identifies the need to add a new member to our board with specific criteria or to fill a vacancy on our board. Alternatively, stockholders may recommend a nominee for election to fill a vacancy or as an addition to our board;

the Corporate Governance Committee initiates a search, working with support staff and seeking input from board members and senior management, and considering stockholder recommendations. The Corporate Governance Committee may hire a search firm if deemed appropriate;

the initial slate of candidates that satisfy specific criteria and otherwise qualify for membership on our board are identified and presented to the chairperson of the Corporate Governance Committee, or in the chairperson's absence, any member of the Corporate Governance Committee delegated to initially review director candidates;

the appropriate Corporate Governance Committee member makes an initial determination in his or her own independent business judgment as to the qualification and fit of such director candidate(s) and whether there is a need for additional directors to join our board at that time;

if the reviewing Corporate Governance Committee member determines that it is appropriate to proceed, our Chief Executive Officer and several members of the Corporate Governance Committee interview prospective director candidate(s);

the Corporate Governance Committee provides informal progress updates to our board;

the Corporate Governance Committee meets to consider and approve the final director candidate(s); and

if approved by the Corporate Governance Committee, the Corporate Governance Committee seeks board approval of the director candidate(s).

Among other things, when assessing a candidate's qualifications, the Corporate Governance Committee looks for the following qualities and skills:

directors should be of the highest ethical character and share our values;

directors should have reputations, both personal and professional, that are consistent with our image and reputation;

directors should be highly accomplished in their respective fields, having achieved superior credentials and recognition;

in selecting directors, the Corporate Governance Committee will generally seek leaders affiliated or formerly affiliated with major organizations, including scientific, business, government, educational and other non-profit institutions;

the Corporate Governance Committee will also seek directors who are widely recognized as leaders in the fields of medicine or the biological sciences, including those who have received the most prestigious awards and honors in those fields;

each director should have relevant expertise and experience, and be able to offer advice and guidance to our management based on that expertise and experience; and

directors should be independent of any particular constituency and be able to represent all of our stockholders, should have the ability to exercise sound business judgment, and should be selected so that our board is a diverse body, with diversity reflecting gender, ethnic background, country of citizenship and professional experience.

Table of Contents

The Corporate Governance Committee considers all of the qualities mentioned above when considering a candidate for director, without regard to whether such candidate was nominated by the Chairman of the Board, another director or a stockholder. Stockholders can suggest qualified candidates for director by submitting to us any recommendations for director candidates, along with appropriate biographical information, a brief description of such candidate's qualifications and such candidate's written consent to nomination. All submissions should be sent to the Corporate Governance Committee of Allergan, Inc.'s Board of Directors, c/o Allergan, Inc., Attn: Secretary, P.O. Box 19534, Irvine, CA 92623. We may request from the recommending stockholder or recommending stockholder group such other information as may reasonably be required to determine whether each person recommended by a stockholder or stockholder group as a nominee meets the minimum director qualifications established by our board and is independent based on applicable laws and regulations. Submissions that meet the criteria outlined in the immediately preceding paragraph are forwarded to the chairperson of the Corporate Governance Committee or such other member of the Corporate Governance Committee delegated to review and consider candidates for director nominees.

Organization and Compensation Committee

The Organization and Compensation Committee, or the Compensation Committee, is currently composed of Mr. Schaeffer (chairperson), Messrs. Gallagher, Ingram and Ray and Ms. Hudson. The Compensation Committee held six meetings during 2009 and each member of the Compensation Committee attended at least 75% of the total meetings of the committee held when he or she was a member. The Compensation Committee:

reviews and approves the compensation of corporate officers, including salary and bonus awards;

establishes, and approves for submission to our board when required, overall employee compensation plans and policies;

reviews and assesses risks relating to overall employee compensation plans and policies;

reviews and approves the corporate organizational structure;

reviews and approves the election of corporate officers for submission to our board;

reviews the performance of corporate officers;

performs an annual self-evaluation;

recommends to our board major compensation programs; and

administers our various compensation and stock option plans.

The Compensation Committee works with an external compensation consultant to assist the Compensation Committee in its duties. Mercer LLC, a wholly-owned subsidiary of Marsh & McLennan Companies, Inc. (MMC), was engaged for 2009 as the compensation consultant for the Compensation Committee. The executive compensation consulting group within Mercer (the compensation consultant) performed no work for us other than its work for the Compensation Committee and reported directly to the Compensation Committee through its chairperson. The Compensation Committee retained the right to terminate or replace its compensation consultant at any time. A separate employee benefits group within Mercer, as well as Mercer's MMC affiliates, provided other services to us. The decision to engage the separate employee benefits group within Mercer to provide employee benefits services to us for 2009 was recommended by management and approved by the Compensation Committee.

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In 2009, the compensation consultant provided the Compensation Committee with:

market survey data;

advice regarding competitive levels of executive base salaries, annual performance incentive awards, annual equity awards and executive benefits;

Table of Contents

a comprehensive review of our executive compensation strategy, including reviewing our peer group companies and the criteria for selecting peers, as well as advising on our short- and long-term compensation incentives, our equity compensation strategy and preparation of our annual stock-based compensation guidelines;

a thorough assessment of our compensation policies and practices to determine whether any risks arising from those policies and practices are reasonably likely to have a material adverse effect on us;

tally sheets disclosing our executive officers' total compensation (including severance benefits and the value of outstanding equity awards); and

support for the preparation of our disclosure in this Proxy Statement.

The compensation consultant also provided the Compensation Committee with a review of the terms of the compensation consultant's current engagement and a proposal for services (and applicable fees) to be performed by the compensation consultant for 2009 as well as a description of the mechanisms used to ensure the compensation consultant's objectivity in connection with advising the Compensation Committee. In 2009, we paid approximately \$253,000 for the services provided by the compensation consultant to the Compensation Committee and approximately \$3,132,000 for the other services provided by Mercer and its MMC affiliates to us, which included insurance brokerage, global employee benefits consulting, actuarial services and administrative support for our retirement and other employee benefit plans for both domestic and international subsidiaries.

In order to ensure that the compensation consultant consistently provided objective and unbiased advice to the Compensation Committee and that the compensation consultant's advice to the Compensation Committee was not influenced by our engagement of Mercer's separate employee benefits group and Mercer's MMC affiliates, certain controls were put in place. Specifically, the Compensation Committee and Mercer operated under an engagement letter that set forth the terms of the compensation consultant's engagement, its direct reporting relationship to the Compensation Committee, the ability of the Compensation Committee to replace the compensation consultant at any time and without reason, the services to be provided by the compensation consultant and its fees. In addition, for 2009, Mercer agreed with the Compensation Committee that:

the compensation consultant would take its instructions solely from the Compensation Committee;

the compensation consultant would not communicate with other members or employees of Mercer that are not engaged on behalf of the Compensation Committee regarding any business discussed with the Compensation Committee;

the compensation consultant would immediately report to the Compensation Committee any efforts by other Mercer consultants or by our management to influence or direct the compensation consultant's advice to the Compensation Committee;

the compensation consultant would not solicit any business from us, other than the business that the compensation consultant conducts on behalf of the Compensation Committee; and

the compensation consultant would only receive payment for the compensation consulting services that it provided to the Compensation Committee and would receive no compensation for services that Mercer otherwise performed for us.

At least annually, the Compensation Committee would evaluate the scope of services to be provided by the compensation consultant to the Compensation Committee. The Compensation Committee approved our 2009 engagement with the compensation consultant. The Compensation Committee did not review the other services provided by Mercer or its MMC affiliates, as those services were reviewed and approved by management in the normal course of business.

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The Compensation Committee has determined that it is not in our best interests to place restrictions on the firms that our management may retain to provide consulting or other services, and that our management should

Table of Contents

retain the firm that they believe will provide us with the best advice and services available. In 2009, to ensure that there was further separation between the Compensation Committee's executive compensation consultant and any consultant used by management for other services, the Compensation Committee retained Frederick W. Cook & Co. as its compensation consultant for 2010. Cook & Co. has agreed to provide only executive compensation consulting services to the Compensation Committee and will not provide any other services to us.

Science & Technology Committee

The Science & Technology Committee is currently composed of Dr. Ryan (chairperson), Drs. Boyer and Dunsire, Prof. Jones and Messrs. Herbert and Lavigne. The Science & Technology Committee held five meetings during 2009 and each member of the Science & Technology Committee attended at least 75% of the total meetings of the committee held when he or she was a member. The Science & Technology Committee:

reviews our discovery and development research portfolio, including the relevant underlying science;

reviews the staffing of key scientific and management positions, including significant changes, within our research and development organization;

evaluates the investment allocation for our research and development portfolio, including project expenditures;

reviews the major strategic priorities within our research and development organization and the competitive environment surrounding those priorities;

reviews variances to our operating plan for major research and development projects;

monitors the progress of our research and development projects, including milestones;

reviews the process for research and development patents and our strategic patent portfolio; and

reviews our major technology-based collaborations, in-licensing and out-licensing agreements.

Board Leadership Structure

Our board has carefully considered the benefits and risks in combining the role of Chairman of the Board and Chief Executive Officer and has determined that Mr. Pyott is the most qualified and appropriate individual to lead our board as its chairman.

In determining whether to combine the roles of Chairman of the Board and Chief Executive Officer, our board closely considered our current system for ensuring significant independent oversight of management, including the following: (1) only one member of our board, Mr. Pyott, also serves as an employee; (2) each director serving on our Audit and Finance Committee, Organization and Compensation Committee, Corporate Governance Committee and Science & Technology Committee is independent; (3) Dr. Boyer's role as our Vice Chairman and lead independent director who, when present, presides over the executive sessions of our board; (4) our board's ongoing practice of regularly holding executive sessions without management and under the direction of our Vice Chairman and lead independent director, typically as part of the regularly scheduled board meetings; and (5) our board's flexibility to select, at any time and on a case-by-case basis, the style of leadership best able to meet our current needs based on the individuals available and circumstances present at the time. Our board further noted that the Organization and Compensation Committee annually evaluates the Chief Executive Officer's performance and has the sole authority to retain and to terminate compensation advisors.

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In determining that we are best served by having Mr. Pyott serve as Chief Executive Officer and Chairman of the Board, our board considered the benefits of having the Chief Executive Officer serve as a bridge between management and our board, ensuring that both groups act with a common purpose. Our board also considered

Table of Contents

Mr. Pyott's knowledge regarding our operations and the industries and markets in which we compete and his ability to promote communication, to synchronize activities between our board and our senior management and to provide consistent leadership to both our board and our company in coordinating the strategic objectives of both groups. Our board further noted that the combined role of Chairman of the Board and Chief Executive Officer facilitates centralized leadership in one person so that there is no ambiguity about accountability.

Board Risk Oversight

Our board oversees an enterprise-wide approach to risk management that is designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for us. In setting our business strategy, our board assesses the various risks being mitigated by management and determines what constitutes an appropriate level of risk for us.

While our board has the ultimate oversight responsibility for the risk management process, various committees of our board also have responsibility for risk management. In particular, the Audit and Finance Committee focuses on financial risk, including internal controls, and receives an annual risk assessment report from our internal audit department. Risks related to our compensation programs are reviewed by the Compensation Committee and legal and regulatory compliance risks are reviewed by the Corporate Governance Committee. Our board is advised by the committees of significant risks and management's response via periodic updates.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics, which contains general guidelines for conducting our business and is designed to help directors, employees and independent consultants resolve ethical issues in an increasingly complex business environment. The Code of Business Conduct and Ethics applies to all directors, consultants and employees, including our principal executive officer and our principal financial officer and any other employee with any responsibility for the preparation and filing of documents with the SEC. The Code of Business Conduct and Ethics covers topics including, but not limited to, conflicts of interest, confidentiality of information and compliance with laws and regulations. A copy of the Code of Business Conduct and Ethics is available on the Corporate Governance & Certificates section of our website at www.allergan.com. We may post amendments to or waivers of the provisions of the Code of Business Conduct and Ethics, if any, made with respect to any directors and employees on that website.

Contacting our Board of Directors

Any interested person, including any stockholder, who desires to contact the current director presiding over the executive sessions or the other board members may do so by writing to the Allergan, Inc. Board of Directors, Attn: Secretary, P.O. Box 19534, Irvine, CA 92623. Communications received will be distributed by our Secretary to the director presiding over the executive sessions or such other board member or members as deemed appropriate by our Secretary, depending on the facts and circumstances outlined in the communication received. For example, if any complaints regarding accounting, internal accounting controls or auditing matters are received, they will be forwarded by our Secretary to the chairperson of the Audit and Finance Committee for review.

Director Attendance at Annual Meetings

Although we have no policy with regard to board members' attendance at our annual meeting of stockholders, it is customary for, and we encourage, all board members to attend. All of the directors then in office attended our 2009 annual meeting of stockholders.

Table of Contents

Non-Employee Directors Compensation

Our board believes that providing competitive compensation is necessary to attract and retain qualified non-employee directors. The key elements of director compensation are a cash retainer, committee chair fees, meeting fees and equity-based grants. It is our board's practice to provide a mix of cash and equity-based compensation that it believes aligns the interests of our board and our stockholders. As an employee director, Mr. Pyott does not receive additional compensation for board service. For more information on non-employee director compensation, see the Director Compensation Table beginning on page 65 of this Proxy Statement.

Table of Contents

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Directors and Executive Officers

The following table sets forth information as of February 24, 2010, regarding the beneficial ownership of our common stock by (i) each director, including the four nominees, (ii) our Chief Executive Officer, Chief Financial Officer and each of our three most highly compensated executive officers for the year ended December 31, 2009 (our named executive officers), and (iii) all of our directors and nominees, named executive officers and executive officers as a group.

	Vested Shares of Common Stock Owned(1)	Rights to Acquire Shares of Common Stock(2)	Unvested Shares of Restricted Stock(3)	Total Shares of Common Stock Beneficially Owned	Percent of Class(4)
Class I Directors:					
Deborah Dunsire, M.D.	14,700	37,977	9,600	62,277	*
Trevor M. Jones, Ph.D.	13,440	52,346	9,600	75,386	*
Louis J. Lavigne, Jr.	15,600(5)	43,200	9,600	68,400	*
Leonard D. Schaeffer	50,466(6)	73,955	9,600	134,021	*
Class II Directors:					
Herbert W. Boyer, Ph.D.	45,600(7)	73,180	14,400	133,180	*
Robert A. Ingram	10,800	53,573	14,400	78,773	*
David E.I. Pyott	127,502(8)	3,709,562	30,000	3,867,064	1.26%
Russell T. Ray	21,600	58,200	14,400	94,200	*
Class III Directors and Nominees:					
Michael R. Gallagher	46,000	73,753	4,800	124,553	*
Gavin S. Herbert	251,560(9)	58,200	4,800	314,560	*
Dawn Hudson	9,600	22,800	4,800	37,200	*
Stephen J. Ryan, M.D.	28,933	62,446	4,800	96,179	*
Other Named Executive Officers:					
Jeffrey L. Edwards	12,073	450,721	287	463,081	*
F. Michael Ball	18,542(10)	672,454	10,412	701,408	*
Douglas S. Ingram	23,163	616,496	314	639,973	*
Scott M. Whitcup, M.D.	17,036	478,932	14,120	510,088	*
All current directors and nominees, named executive officers and executive officers as a group (19 persons, including those named above)	724,362	6,869,876	177,909	7,772,147	2.50%

* Beneficially owns less than 1% of our outstanding common stock.

(1) In addition to shares held in the individual's sole name, this column includes: (1) shares held by the spouse of the named person and shares held in various trusts; and (2) executive officers, shares held in trust for the benefit of the named employee in our Savings and Investment Plan and Employee Stock Ownership Plan as of February 24, 2010.

(2) This column also includes shares which the person or group has the right to acquire within sixty (60) days of February 24, 2010 as follows: (1) for executive officers, these shares may be acquired upon the exercise of stock options; and (2) for non-employee directors, these shares include shares that may be acquired upon the exercise of stock options and shares accrued under our Deferred Directors' Fee program as of February 24, 2010. Under our Deferred Directors' Fee program, participants may elect to defer all or a portion of their retainer and meeting fees until termination of their status as a director. Deferred amounts are treated as having been invested in our

common stock such that on the date of deferral the director is credited with a number of phantom shares of our common

Table of Contents

stock equal to the amount of fees deferred divided by the market price of a share of our common stock as of the date of deferral. Upon termination of the director's service on our board, the director will receive shares of our common stock equal to the number of phantom shares of our common stock credited to such director under the Deferred Directors' Fee program.

- (3) Represents unvested shares of restricted stock held by our executive officers and directors.
- (4) Based on 304,230,065 shares of our common stock outstanding as of February 24, 2010 (exclusive of 3,281,823 shares of our common stock held in treasury). Unless otherwise indicated in the footnotes and subject to community property laws where applicable, each of the directors and nominees, named executive officers and executive officers has sole voting and/or investment power with respect to such shares.
- (5) Includes 15,600 shares beneficially owned by a trust for which Mr. Lavigne serves as co-trustee and beneficiary and as such has sole voting and dispositive power.
- (6) Includes 50,466 shares beneficially owned by a trust for which Mr. Schaeffer and his spouse both serve as trustees and beneficiaries and as such have shared voting and dispositive power.
- (7) Includes 45,600 shares beneficially owned by a trust for which Dr. Boyer and his spouse both serve as trustees and beneficiaries and as such have shared voting and dispositive power.
- (8) Includes 120,486 shares beneficially owned by trusts for which Mr. Pyott serves as co-trustee and beneficiary and as such has shared voting and dispositive power.
- (9) Includes (i) 193,160 shares beneficially owned by the Herbert Family Trust for which Mr. Herbert serves as trustee and beneficiary and as such has sole voting and dispositive power; (ii) 3,000 shares beneficially owned by Ninetta Herbert Living Trust for which Mr. Herbert's spouse serves as trustee and beneficiary and as such has sole voting and dispositive power; Mr. Herbert disclaims beneficial ownership of these shares; (iii) 5,000 shares beneficially owned by Gavin S. Herbert Trust for which Mr. Herbert serves as income beneficiary and as such has no voting or dispositive power; (iv) 50,000 shares beneficially owned by G. Herbert Inc., an S-corporation Successor Trust for which Mr. Herbert serves as co-trustee and president and as such has sole voting and dispositive power; and (v) 400 shares held directly by Mr. Herbert's spouse for which Mr. Herbert disclaims beneficial ownership.
- (10) Includes 5,581 shares beneficially owned by a trust for which Mr. Ball serves as co-trustee and beneficiary and as such has shared voting and dispositive power.

Stockholders Holding 5% or More

Except as set forth below, our management knows of no person who is the beneficial owner of more than 5% of our issued and outstanding common stock.

Name and Address of Beneficial Owners	Shares Beneficially Owned	Percent of Class(1)
FMR LLC 82 Devonshire Street Boston, MA 02109	22,598,802(2)	7.43%

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T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	18,136,022(3)	5.96%
BlackRock Inc. 40 East 52nd Street New York, NY 10022	20,186,099(4)	6.64%
UBS AG Bahnhofstrasse 45 P.O. Box CH-8021 Zurich, Switzerland	11,346,715(5)	3.73%

- (1) Based on 304,230,065 shares of our common stock outstanding as of February 24, 2010 (exclusive of 3,281,823 shares of our common stock held in treasury).

Table of Contents

- (2) Based on the information provided pursuant to a joint statement on an amended Schedule 13G filed with the SEC on February 16, 2010 by FMR LLC, or FMR, on behalf of itself and affiliated persons and entities. FMR is a parent holding company in accordance with Section 240.13d-1(b)(ii)(G). The affiliated persons and entities include: (i) Fidelity Management & Research Company, or FMRC, a wholly-owned subsidiary of FMR and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940; (ii) Mr. Edward C. Johnson 3d, or Johnson, the Chairman of FMR and of Fidelity International Limited and various foreign-based subsidiaries, or FIL, a qualified institution under Section 240.13d-1(b)(1) that provides investment advisory and management services to a number of non-U.S. investment companies and certain institutional investors; (iii) Strategic Advisers, Inc., or Strategic Advisers, a wholly-owned subsidiary of FMR and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 that provides investment advisory services to individuals; (iv) Pyramis Global Advisors, LLC, or PGALLC, an indirect wholly-owned subsidiary of FMR and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940; and (v) Pyramis Global Advisors Trust Company, or PGATC, an indirect wholly-owned subsidiary of FMR and a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, as amended. The Schedule 13G reports that: FMRC, as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940, or the Funds, beneficially owns 20,773,214 shares; FIL beneficially owns 1,018,082 shares; Strategic Advisers beneficially owns 2,747 shares; PGALLC, as a result of serving as investment adviser to institutional accounts, non-U.S. mutual funds, or investment companies registered under Section 8 of the Investment Company Act of 1940, beneficially owns 199,858 shares; and PGATC, as a result of serving as investment manager of institutional accounts, beneficially owns 604,901 shares. Johnson and FMR LLC, through its control of FMRC and the Funds, each has sole dispositive power with respect to the 20,773,214 shares owned by the Funds. Johnson family members or trusts for their benefit are predominant owners, directly or through trusts, of voting Series B shares of FMR representing 49% of the voting power of FMR. The Johnson family group and all other Series B shareholders have entered into a shareholders voting agreement; accordingly, members of the Johnson family may be deemed under the Investment Company Act of 1940 to form a controlling group with respect to FMR. Neither FMR nor Johnson has sole voting power with respect to the shares owned directly by the Funds. FMRC carries out the voting of shares through written guidelines established by the Funds' boards of trustees. Johnson and FMR, through its control of PGALLC, each has sole dispositive and voting power with respect to 199,858 shares owned by the institutional accounts or funds advised by PGALLC. Johnson and FMR, through its control of PGATC, each has sole dispositive power with respect to 604,901 shares and sole voting power with respect to 598,341 shares owned by the institutional accounts managed by PGATC. FIL has sole dispositive power with respect to 1,018,082 shares owned by the international Funds and sole voting power with respect to 927,062 shares and no voting power with respect to 91,020 shares held by the international Funds. Partnerships controlled by members of the Johnson family and FIL, or trusts for their benefit, own shares of FIL voting stock with the right to cast approximately 47% of the total votes. FMR and FIL are of the view that they are not acting as a group for purposes of Section 13(d) under the Securities Exchange Act of 1934, as amended.
- (3) Based on the information provided pursuant to a statement on an amended Schedule 13G filed with the SEC on February 11, 2010 by T. Rowe Price Associates, Inc., or T. Rowe Price. T. Rowe Price reported that it has sole voting power with respect to 5,027,166 shares and sole dispositive power with respect to 18,136,022 shares. T. Rowe Price reported that it is an Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940.
- (4) Based on the information provided pursuant to a statement on a Schedule 13G filed with the SEC on January 29, 2010 by BlackRock, Inc. BlackRock reported that it has sole voting power with respect to 20,186,099 shares and sole dispositive power with respect to 20,186,099 shares. The Schedule 13G filing by BlackRock was made to amend the Schedule 13G filing on February 24, 2006 by Barclays Global Investors, N.A., or Barclays. On December 1, 2009, BlackRock completed its acquisition of Barclays and, as a result, substantially all of Barclays entities are now included as subsidiaries of BlackRock for the purposes of Schedule 13G filings.

Table of Contents

- (5) Based on the information provided pursuant to a joint statement on an amended Schedule 13G filed with the SEC on February 11, 2010 by UBS AG for the benefit and on behalf of the UBS Global Asset Management division of UBS AG and its subsidiaries and affiliates on behalf of its clients. UBS Global Asset Management is composed of wholly-owned subsidiaries and branches of UBS AG. None of the reporting persons affirm the existence of a group within the meaning of Rule 13d-5(b)(1). UBS AG reported that it has sole voting power with respect to 7,755,459 shares and shared dispositive power with respect to 11,346,715 shares. UBS AG reported that it is classified as a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, as amended, is organized under the laws of Switzerland, and is the parent company of UBS Global Asset Management, Inc., a Delaware corporation. UBS AG disclaims beneficial ownership of the shares pursuant to Rule 13d-4 under the Securities Exchange Act of 1934, as amended.

Equity Compensation Plan Information

The following table summarizes information about our common stock that may be issued upon the exercise of options, warrants and rights under all of our equity compensation plans, as of December 31, 2009:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	25,038,899(1)	\$47.99(2)	16,250,577(3)
Equity compensation plans not approved by security holders	62,748(4)	\$36.97	1,372,120
Total	25,101,647	\$48.98	17,622,697

- (1) Represents 24,897,051 shares to be issued upon exercise of outstanding options and 141,848 shares of common stock subject to outstanding RSUs under the Allergan, Inc. 2008 Incentive Award Plan and the Allergan, Inc. 1989 Incentive Compensation Plan.
- (2) Represents the weighted-average exercise price of outstanding options and is calculated without taking into account the 141,848 shares of common stock subject to outstanding RSUs that become issuable as those units vest and following any applicable deferral, without any cash consideration or other payment required for such shares.
- (3) The Allergan, Inc. 2008 Incentive Award Plan superseded the Allergan, Inc. 1989 Incentive Compensation Plan, the Allergan, Inc. 2001 Premium Priced Stock Option Plan, the Allergan, Inc. Employee Recognition Stock Award Plan and the Allergan, Inc. 2003 Nonemployee Director Equity Incentive Plan, in each case, as amended from time to time (collectively, the Prior Plans). The aggregate number of shares of our common stock available for issuance under the Allergan, Inc. 2008 Incentive Award Plan is 20,000,000 shares plus any shares of our common stock that, as of the date of our 2008 annual meeting, were subject to awards under the Prior Plans, which following such date are forfeited, cancelled, expire, settled in cash or lapse unexercised and are not issued under such Prior Plans.
- (4) Represents shares credited to the accounts of participants under the Allergan, Inc. Deferred Directors Fee Program.

Table of Contents

The following compensation plans under which our common stock may be issued upon the exercise of options, warrants and rights have not been approved by our stockholders:

Allergan Pharmaceuticals (Ireland) Ltd., Inc. Savings Related Share Option Scheme (2000)

The purpose of the Allergan Pharmaceuticals (Ireland) Ltd., Inc. Savings Related Share Option Scheme (2000), or the SRSOS, is to enable our wholly-owned subsidiary, now known as Allergan Pharmaceuticals Ireland, to attract, retain and motivate its employees and directors, and to further align its employees' and full-time directors' interests with those of our stockholders by providing for or increasing their proprietary interests in us. The SRSOS is not subject to the provisions of the United States Employee Retirement Income Security Act of 1974 and is not required to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code.

The SRSOS authorizes the board of Allergan Pharmaceuticals Ireland to invite eligible employees to apply for a grant of an option to acquire an estimated number of shares of our common stock with the proceeds of a savings account established under a special savings contract with a bank. Employees make monthly contributions to the account and interest in the form of a bonus payment is paid by the bank at the end of the savings period, which is three years from the date of the first monthly contribution. Provided that the option does not lapse, at the end of the savings period, and in special circumstances before that date, each employee may decide whether they wish to use all of their savings and bonus to buy the maximum number of option shares possible, to take all of their savings and bonus in cash and allow the option to lapse, or to choose some combination of the foregoing. The right to choose to buy shares of our common stock lapses six months after completion of each employee's savings contract, except in special circumstances. All eligible employees may participate in the SRSOS on similar terms. No invitation may be made to an eligible employee after the tenth anniversary of the date that the board of directors of Allergan Pharmaceuticals Ireland adopted the SRSOS. The SRSOS was approved by our board and Allergan Pharmaceuticals Ireland's board in January 2000. Our board has reserved a total of 600,000 shares of our common stock for issuance to SRSOS participants. As of December 31, 2009, 42,664 shares of our common stock have been issued under the SRSOS and 557,336 shares remain available for issuance.

Allergan Irish Share Participation Scheme

The Allergan Irish Share Participation Scheme, or ISPS, enables eligible employees to elect to receive a portion of their bonuses in our common stock. Our eligible employees and eligible employees of our subsidiary, Allergan Pharmaceuticals Ireland, can elect to participate in the ISPS.

Under the terms of the ISPS, an eligible employee is given the opportunity each year to purchase shares of our common stock. An eligible employee who has agreed to participate may invest an amount equal to up to 8% of their salary from his or her bonus and a further 7.5% of their basic salary (total 15.5%) in the ISPS. Upon receipt of a signed Form of Acceptance and Contract of Participation from the eligible employee, the trustees of the ISPS will purchase shares of our common stock on behalf of all participants. Shares of our common stock are then allocated to each participant based on the amount of bonus and salary invested by the participant. For a period of two years, the shares of our common stock are held by the trustees on the participant's behalf. After this two-year time period, the participant may instruct the trustees to sell his or her shares of our common stock or to transfer them into the participant's own name; however, the participant will lose the benefit of income tax relief. If a participant allows the trustee to hold the shares of our common stock for an additional year, i.e. three years in total, the participant can sell or transfer the shares of our common stock free of income tax. The ISPS was modified and readopted by our board in November 1989 to reflect the effects of the spin-off of us from SmithKline Beckman Corporation in July 1989. Our board has reserved a total of 664,000 shares of our common stock for issuance to ISPS participants. As of December 31, 2009, 571,844 shares of our common stock have been issued under the ISPS and 92,156 shares remain available for issuance.

Table of Contents

Allergan, Inc. Deferred Directors Fee Program

The purpose of the Allergan, Inc. Deferred Directors Fee Program, or the DDF Program, is to provide non-employee members of our board with a means to defer all or a portion of their retainer and meeting fees received from us until termination of their status as a director. Deferred amounts are treated as having been invested in our common stock, such that on the date of deferral the director is credited with a number of phantom shares of our common stock equal to the amount of fees deferred divided by the market price of a share of our common stock as of the date of deferral. Upon termination of the director's service on our board, the director will receive shares of our common stock equal to the number of phantom shares of our common stock credited to such director under the DDF Program. The DDF Program initially became effective as of March 1, 1994, was amended and restated effective as of November 15, 1999, and was amended and restated effective as of July 30, 2007, such that participants will receive shares of our common stock at the time deferred amounts are paid under the DDF Program. A total of 1,038,012 shares of our common stock have been authorized for issuance to DDF Program participants. As of December 31, 2009, 252,636 shares of our common stock have been issued and participants are entitled to receive an additional 62,748 shares of our common stock under the DDF Program upon termination of their status as director. Excluding the 62,748 shares that participants are entitled to receive under the DDF Program upon termination of their status as director, 722,628 shares remain available for issuance.

Table of Contents

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers, directors and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC and the NYSE. Executive officers, directors and greater than ten-percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of such forms furnished to us and the written representations from certain of the reporting persons that no other reports were required, we believe that during the fiscal year ended December 31, 2009, all executive officers, directors and greater than ten-percent beneficial owners complied with the reporting requirements of Section 16(a), except for Mr. Michael R. Gallagher, a member of our board. On October 27, 2009, Mr. Gallagher was granted phantom stock units under the Allergan, Inc. Deferred Director Fee Program in lieu of cash payable for meeting fees. The Form 4 reporting this grant was filed on November 2, 2009.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis section discusses the compensation policies and programs for our named executive officers, which consist of our Chairman of the Board and Chief Executive Officer, our Executive Vice President, Finance and Business Development, Chief Financial Officer and our three next most highly paid executive officers, as determined under the SEC's rules.

The Compensation Committee administers the compensation policies and programs for our senior executives and our equity-based incentive compensation plans. A summary discussion of this year's activities follows below and in this Compensation Discussion and Analysis report.

Executive Summary

The Compensation Committee evaluates and sets executive compensation consistent with our stated philosophy to provide a compensation package that attracts, motivates and retains executive talent, and delivers rewards for superior performance as well as consequences for underperformance. Specifically, the objectives of the Compensation Committee's compensation practices are to:

provide a total compensation program that is competitive with companies in the pharmaceutical, biotechnology and medical device industries with which we compete for executive talent;

place a significant portion of executive compensation at risk by linking such compensation to the achievement of pre-established corporate financial performance objectives and other key objectives within the executive's area of responsibility;

provide long-term incentive compensation that focuses executives' efforts on building stockholder value by aligning their interests with those of our stockholders; and

promote stability and retention of our management team.

The major compensation elements for our named executive officers are base salaries, annual performance-based bonuses, stock options, restricted stock, retirement benefits, severance benefits, insurance benefits and modest perquisites. In designing and administering our executive compensation programs, we attempt to strike an appropriate balance among each of these key elements of compensation. Each of these elements is an integral part of, and supports, our overall compensation objectives. Base salaries (other than increases), retirement benefits, insurance benefits and modest perquisites form stable parts of our named executive officers' compensation packages that are not dependent on company performance during a particular year. We provide these compensation elements to attract, motivate and retain highly qualified executive officers.

Consistent with our performance-based philosophy, we reserve the largest portion of potential compensation for performance- and incentive-based programs. These programs include awards that are based on our financial and stock price performance and provide compensation in the form of cash and equity-based incentive awards that are tied to both our short-term and long-term performance. The performance-based bonus program rewards short-term performance; while our equity awards, mainly in the form of nonqualified stock options, coupled with our mandatory stock ownership guidelines, reward long-term performance and align the interests of management with those of our stockholders.

Highlights of our Executive Compensation Program

The Compensation Committee reviews our executive compensation program and practices throughout the year. 2009 executive compensation program highlights include:

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No Increases to Base Salaries or Target Bonus Opportunities in 2009. In February 2009, given the uncertain economic conditions prevailing in the United States and around the world, the Compensation

Table of Contents

Committee ratified management's recommendation that there be no 2009 merit increases for our U.S.- and Canadian-based employees, including our named executive officers, and that merit increases in other countries be held to the local statutory minimums or the lower end of prevailing local labor market practices. The Compensation Committee also left the 2009 target bonus levels for our named executive officers unchanged from their 2008 levels.

Linking Compensation to the Attainment of Performance Goals. We use annual performance-based cash incentive awards to motivate our executives to meet or exceed our company-wide short-term performance objectives. We target the market median for our annual target cash compensation levels, which is intended to provide focus on annual corporate goals without overemphasizing short-term performance. We used the following three performance goals for the 2009 calendar year: adjusted earnings per share, sales revenue growth and research and development reinvestment. Adjusted earnings per share and sales revenue growth targets provide incentives for management to focus on increasing revenues while meeting an adjusted earnings per share objective, balanced against our long-term objective of maintaining a significant research and development reinvestment rate to fuel our long-term growth. As a result of our achievement of 101.1% of the adjusted earnings per share target, 102.1% of the revenue growth target and 90.3% of the research and development reinvestment target, and in accordance with the bonus structure approved at the beginning of 2009, the bonus payouts under our Executive Bonus Plan to our Chief Executive Officer and our President were approximately 105.2% of their target bonuses. The bonus pool for our other named executive officers under our Management Bonus Plan was approximately 105.2% of their target bonuses, and bonus payouts for the other named executive officers were then adjusted to reflect business function and individual performance in 2009.

Using Equity as a Key Component of Compensation. Equity awards serve to align the interests of our executives with those of our stockholders. Therefore, stock options are a key component of our compensation program. Equity awards, mainly in the form of stock options, represented between 64% and 69% of our named executive officers' compensation in 2009. Stock options more closely align the interests of our executives with those of our stockholders because the recipient will only realize a return on the option if our stock price increases over the term of the option. In addition, awards of stock options align with our high growth strategy and provide significant leverage if our high growth objectives are achieved, and place a significant portion of compensation at risk if our objectives are not achieved.

While we target the market median for our base salary and annual target cash compensation levels, we target the market 75th percentile for our equity compensation. This positioning places greater emphasis on long-term risk-based pay, alignment with stockholder interests and long-term retention. In February 2009, given the uncertain economic conditions prevailing in the United States and around the world, the Compensation Committee generally reduced the equity grant values under the 2009 equity grant guidelines by at least 25% relative to the 2008 grant guidelines. The 2009 equity grant guidelines for the named executive officers were also set at greater than 25% below the market 75th percentile.

Eliminating Single-trigger Acceleration for new Equity Awards. In July 2009, the Compensation Committee determined that in light of current market practices regarding accelerated vesting of equity awards in change of control situations, for nonqualified stock option grants made in 2010 and thereafter, vesting will be accelerated upon a change of control only if the participant's position is terminated, or if the acquiring company does not convert the options to options of the acquiring company with equivalent value. Thus, all new stock options granted will require a double-trigger before vesting is accelerated in a change of control situation, rather than the single-trigger that was previously in place.

Stock Ownership Guidelines. We have stock ownership guidelines that align our executives' interests with those of our stockholders and discourage excessive risk-taking. In April 2009, the Compensation Committee reviewed and re-approved our stock ownership guidelines, maintaining an ownership

Table of Contents

guideline of five times base salary for the Chief Executive Officer, three times base salary for the executive vice presidents, and two times base salary for corporate vice presidents. The ownership requirement for our President was also increased from three times base salary to four times base salary.

Independent Compensation Consultant. The Compensation Committee has taken great care to ensure that the advice provided by its external compensation consultant was objective and unbiased, and had in place certain procedures for 2009 to ensure that the advice it received was objective and unbiased. The Compensation Committee determined that in spite of the controls in place, the Compensation Committee wanted its external compensation consultant to provide only executive compensation consulting services to us, and no other services. For 2010, the Compensation Committee retained a new firm, Frederic W. Cook & Co., Inc., or Cook & Co., as its independent compensation consultant.

The Compensation Committee's decisions with respect to 2009 are discussed in more detail under the headings Approach for Determining Form and Amount of Compensation and Components of Compensation. In addition, the compensation and benefits provided to our named executive officers for the last three fiscal years are set forth in detail in the Summary Compensation Table and other tables that follow this Compensation Discussion and Analysis, and in the footnotes and narrative material that accompany those tables.

Approach for Determining Form and Amount of Compensation

The Compensation Committee structures our compensation programs and establishes compensation levels for our executive officers. The Compensation Committee annually determines the compensation levels for our executive officers by considering several factors, including competitive market data, each executive officer's role and responsibilities, how the executive officer is performing those responsibilities and our historical financial performance.

Use of External Consultants

The Compensation Committee works with an external compensation consultant to assist the Compensation Committee in its duties, including providing advice regarding market trends relating to the form and amount of compensation. Mercer was engaged for 2009 as the compensation consultant for the Compensation Committee. The executive compensation consulting group within Mercer performed no work for us other than its work for the Compensation Committee and reported directly to the Compensation Committee through its chairperson. A separate employee benefits group within Mercer provided other services to us, including global employee benefits consulting, as well as actuarial and administrative support for our retirement and other employee benefit plans. In 2009, to ensure that there was further separation between the Compensation Committee consultant and any consultant used by management for other services, the Compensation Committee retained Cook & Co. as its compensation consultant for 2010. Cook & Co. has agreed to provide only executive compensation consulting services to the Compensation Committee and will not provide any other services to us.

For more information on the services provided by the compensation consultant and the compensation consultant's fees, see the Corporate Governance Organization and Compensation Committee section beginning on page 20 of this Proxy Statement.

Comparison to Market Practices

The Compensation Committee annually compares the levels and elements of compensation that we provide to our named executive officers with the levels and elements of compensation provided to their counterparts in the industry. The Compensation Committee uses this comparison data as a guideline in its review and determination of base salaries, annual performance incentive awards and long-term incentive compensation. We strongly believe in retaining the best talent among our senior executive management team. To retain and motivate these key individuals, the Compensation Committee may determine that it is in our best interests to provide compensation packages to one or more members of our senior executive management that may deviate from the general principle of targeting compensation at specific levels.

Table of Contents

The levels and elements of compensation that we provide are compared to a market composite of data that includes, where available, proxy information for all of the companies in our peer group as well as industry-specific published survey data. The survey data and the peer group company data are complementary to one another. The survey data provides a broader industry-wide component and matches are made based on job and functional responsibility, while the peer group company data provides information regarding companies most directly comparable to us. For its November 2009 market analysis, Mercer used a 50/50 blend of peer group and survey data, except that for our President, only peer group data was used because survey data was not available. The survey data was collected from the following published compensation surveys: Hewitt 2009 TCM Survey and Towers Perrin 2009 U.S. CDB Pharmaceutical Executive Databases.

The peer group used to compare the levels and elements of compensation that we provided to our named executive officers in 2009 consisted of the following companies:

Peer Group Companies

Company Name	Industry Description	Revenue(1) (\$ millions)	Market Capitalization(2) (\$ millions)
Johnson & Johnson	Pharmaceuticals	\$61,897	\$176,419
Abbott Laboratories	Pharmaceuticals	\$30,765	\$ 80,400
Amgen Inc.	Biotechnology	\$14,642	\$ 56,287
Bristol-Myers Squibb Company	Pharmaceuticals	\$18,808	\$ 49,995
Alcon, Inc.	Health Care Equipment	\$ 4,885	\$ 49,170
Eli Lilly and Company	Pharmaceuticals	\$21,836	\$ 40,492
Gilead Sciences, Inc	Biotechnology	\$ 7,011	\$ 38,936
Celgene Corporation	Biotechnology	\$ 2,690	\$ 25,591
Stryker Corporation	Health Care Equipment	\$ 6,723	\$ 20,037
Biogen Idec Inc.	Biotechnology	\$ 4,377	\$ 14,424
Genzyme Corporation	Biotechnology	\$ 4,516	\$ 13,006
St. Jude Medical, Inc	Biotechnology	\$ 4,681	\$ 12,237
Forest Laboratories, Inc.	Pharmaceuticals	\$ 4,102	\$ 9,709
Cephalon, Inc.	Biotechnology	\$ 2,192	\$ 4,677
Sepracor Inc.(3)	Pharmaceuticals	\$ 1,334	\$ 2,551
Endo Pharmaceuticals Holdings Inc.	Pharmaceuticals	\$ 1,461	\$ 2,406
Medicis Pharmaceutical Corporation	Pharmaceuticals	\$ 572	\$ 1,557
75th Percentile		\$14,642	\$ 49,170
Median		\$ 4,681	\$ 20,037
25th Percentile		\$ 2,690	\$ 9,709
Allergan, Inc.	Pharmaceuticals	\$ 4,504	\$ 19,108

Source: Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q filed with the SEC

- (1) Revenue reflects the four quarters ended December 2009, except where noted.
- (2) Market value as of December 31, 2009.
- (3) Acquired in 2009 by Dainippon Sumitomo Pharma; revenues reflect most recent four quarters as of June 30, 2009 and market value is calculated using share price upon acquisition (\$22.98) and number of shares outstanding as of July 31, 2009 (111 million).

Table of Contents

The Compensation Committee, with the help of the compensation consultant, periodically reviews the composition of the peer group and the criteria used for selection, considering modifications as appropriate. The Compensation Committee has determined that this group of peer companies is representative of our executive talent pool and our product and market profile (pharmaceutical, biotech, specialty pharmaceutical and medical device), appropriate from a market capitalization and revenue size perspective and comparable in terms of performance and recognition in the marketplace, measured by: (i) growth; (ii) market capitalization multiples; and (iii) total stockholder returns. The peer group used for our market comparisons in 2009 was the same as the peer group used in 2008 except for the removal of Genentech, Inc., Wyeth and Mentor Corporation as they were acquired by other companies, and the addition by the Compensation Committee of the following four companies: Abbott Laboratories, Bristol-Myers Squibb Company, Stryker Corporation and St. Jude Medical, Inc. Each of these companies was deemed appropriate based on the criteria outlined above. In addition, the median value of the revised peer group is comparable to us in terms of revenues and market capitalization.

Emphasis on Equity Compensation and At Risk Compensation

The Compensation Committee sets total compensation in a fashion that ensures a significant percentage of annual compensation will be delivered in the form of equity compensation, rather than cash, and is oriented toward rewarding longer-term performance, as opposed to annual performance, thus promoting alignment with long-term stockholder interests. In addition, the pay mix for our named executive officers is weighted less on guaranteed base salary and more on at risk compensation in the form of bonus compensation and, to a greater extent, long-term incentives. While we target the market median for our base salary and annual target cash compensation levels, we target the market 75th percentile for our equity compensation. This 75th percentile positioning places greater emphasis on risk-based pay, alignment with stockholder interests and long-term retention. In determining the 2009 target pay mix for our named executive officers, the Compensation Committee considered the average compensation mix of our peer group companies as reflected in the following graphs.

- (1) Peer group data reflects 2008 salary, target bonus when available (or the three-year average bonus when not available) and all long-term incentive values for the peer group companies four next most highly compensated executive officers after their chief executive officers.

Table of Contents

(2) Target pay reflects 2009 salary, target bonus and actual stock option and restricted stock grants. Our executive committee consists of our named executive officers, together with Raymond H. Diradoorian, our Executive Vice President, Global Technical Operations and Dianne Dyer-Bruggeman, our Executive Vice President, Human Resources.

(3) Actual pay reflects 2009 salary, actual bonus and actual stock option and restricted stock grants.

Tally Sheets

At least annually, with the help of the compensation consultant, the Compensation Committee reviews tally sheets setting forth the expected value of annual compensation and benefits for each named executive officer, including base salaries, potential annual performance incentive award payouts at minimum and maximum levels, long-term incentive compensation, including the number of stock options and restricted stock awards granted and the fair value at grant, and the annualized cost of other benefits and perquisites. The tally sheets also set forth the accumulated value of benefits and compensation to each named executive officer, including the accumulated value of equity grants, the accumulated value of benefits under our retirement and savings and investment plans and the accumulated value of potential payouts under different separation scenarios, including under our severance and change of control arrangements. Reviewing tally sheets each year facilitates the Compensation Committee's evaluation of the reasonableness of the total accumulated value of compensation and benefits provided to each named executive officer. The Compensation Committee also reviews and updates the form of the tally sheets at least annually. For 2009, the tally sheets served as a useful check on total annual compensation for each executive officer and relative compensation among the executive officers, but did not affect any specific decision relating to the named executive officers' annual compensation. In its 2009 review of the tally sheets, the Compensation Committee determined that the annual compensation amounts for our named executive officers remained consistent with the Compensation Committee's policies and expectations.

The Role of Our Chief Executive Officer

While the Compensation Committee has overall responsibility for establishing the elements, level and administration of our executive compensation programs, our Chief Executive Officer and members of our Human Resources Department routinely participate in this process, as does our compensation consultant. Our Chief Executive Officer conducts in depth performance reviews of each of the other executive officers and provides a summary of this review to the Compensation Committee. Our Chief Executive Officer also makes recommendations to the Compensation Committee regarding adjustments to base salary, target bonus opportunities and equity awards. Subject to the Compensation Committee's approval, our Chief Executive Officer also allocates the Management Bonus Plan pool to our business functions based on each function's results and approves any adjustments to the other named executive officers' awards based on his evaluation of their performance. Our Chief Executive Officer's recommendations are one of several important factors considered by the Compensation Committee in making its determinations.

Internal Pay Equity

Our compensation policies and decisions are made on substantially the same basis for all of our named executive officers and the Compensation Committee did not materially differ in applying these policies to any of our named executive officers, including our Chief Executive Officer. As discussed below, none of the named executive officers, including our Chief Executive Officer, received base salary increases or increases to their target bonus opportunities in 2009.

The range of compensation that can be awarded to any of our employees in a given year, including to any named executive officer, is based upon the employee's job grade or level. Job grades or levels for employees are determined based upon market data on the compensation of similarly situated employees of our peer group, internal equity (including the executive's accountability and impact on our operations) and the individual's experience and level of responsibility.

Table of Contents**Components of Compensation***Base Salaries*

Base salaries provide our executive officers with a degree of financial certainty and stability. The Compensation Committee annually reviews and determines the base salaries of our named executive officers. Salaries are also reviewed in the case of executive promotions or other significant changes in responsibilities.

In setting an executive's base salary in a particular year, the Compensation Committee takes into account competitive salary practices, the executive's scope of responsibilities, the results previously achieved by the executive, the executive's development potential and the executive's historical base salary level. In order to attract and retain highly qualified executives, base salaries paid to our executive officers are generally targeted at the 50th percentile of the base salaries being paid by the market.

In February 2009, given the uncertain economic conditions prevailing in the United States and around the world, the Compensation Committee determined that none of our named executive officers would receive an increase in base salary. In addition, the Compensation Committee determined that salaries were to be frozen for 2009 for all U.S. employees.

The market position of the named executive officers' 2009 base salaries based on the consultant's November 2009 market study are shown in the table below:

Named Executive Officer	2009 Annualized Salary(1)	% of 50th Percentile of Market
David E.I. Pyott Chairman of the Board and Chief Executive Officer	\$1,300,000	98%
F. Michael Ball President, Allergan	\$ 661,500	107%
Scott M. Whitcup, M.D. Executive Vice President, Research and Development,	\$ 540,000	89%
Chief Scientific Officer Douglas S. Ingram Executive Vice President, Chief Administrative Officer and Secretary	\$ 540,000	90%
Jeffrey L. Edwards Executive Vice President, Finance and Business Development,	\$ 495,000	85%
Chief Financial Officer		

(1) For all of the named executive officers, represents base salary on December 31, 2009 annualized for fiscal 2009.

In February 2010, the Compensation Committee approved two percent salary increases for Messrs. Ball, Ingram and Whitcup and a 10% salary increase for Mr. Edwards to bring his salary closer to the market median. Mr. Pyott's 2010 base salary did not increase from its 2009 level and has remained at the level established in January 2007. The base salary increases for the other named executive officers were based on improved market conditions, competitive market data provided by the compensation consultant discussed above, and our Chief Executive Officer's evaluations of the other named executive officers. At the beginning of each year, the named executive officers identify a number of specific company performance objectives for their areas of responsibility for the year. These company performance objectives are subject to Mr. Pyott's review and approval or modification and form the basis for Mr. Pyott's evaluation of the other executives. The objectives varied considerably in detail and subject matter depending on each executive officer's area of responsibility. The

Table of Contents

objectives included, among other things, specific product approvals and development milestones, financial objectives, sales and market share goals, successful completion of acquisitions and financings and regulatory compliance.

Annual Performance-Based Cash Incentive Awards

The primary purpose of our annual performance-based cash incentive awards is to motivate our executives to meet or exceed our company-wide short-term performance objectives. We have two annual bonus programs, each designed to reward management-level employees for their contributions to corporate objectives. Our Chief Executive Officer and our President participate in our Executive Bonus Plan, while our other named executive officers and management employees participate in our Management Bonus Plan. Our Executive Bonus Plan was approved by our stockholders in 2006. Our two annual bonus programs generally have the same structure, as described below.

At the beginning of each year, the Compensation Committee establishes target bonuses for each participant in our Executive Bonus Plan and our Management Bonus Plan after review of the 50th percentile of the bonuses paid by the market, as a percentage of base salary, for that participant's position. In the beginning of the following year, the Compensation Committee determines the amount of bonuses to be paid out under our Executive Bonus Plan and the size of the bonus pool to be paid to employees participating in our Management Bonus Plan based upon our prior year performance.

Our 2009 bonus plans were structured so that amounts payable to employees in excess of 100% of the target bonus were paid in restricted shares (as opposed to cash) to provide us with greater retention of the recipient over the two-year vesting term of the restricted stock following completion of the performance period. Beginning with the 2010 plans, the Compensation Committee determined to simplify the bonus structure by eliminating payment for above-target performance in restricted stock, except in the case of executives that are required to own stock under our stock ownership guidelines (currently our Chief Executive Officer, President, executive vice presidents and corporate vice presidents).

Under both plans, our performance is measured by our achievement of three performance objectives established at the beginning of the performance period. The performance objectives are based on our corporate strategies and objectives established as part of our annual operating plan process. For 2009, these performance objectives were as follows: (1) a pre-established target adjusted non-GAAP earnings per share of \$2.75, or the EPS Target, (2) a pre-established target sales revenue growth in local currency of 4.8%, or the Revenue Target, and (3) a pre-established target research and development reinvestment rate of 16.8% of annual sales, or the R&D Reinvestment Target. The Compensation Committee determined that the EPS Target, the Revenue Target and the R&D Reinvestment Target were appropriate performance objectives for the purpose of establishing bonus payments because the EPS Target and the Revenue Target provide incentives for management to focus on increasing our revenues while meeting an adjusted earnings per share objective, balanced against our long-term objective of maintaining a significant research and development reinvestment rate to fuel our long-term growth.

Adjusted earnings per share, the underlying financial measure in the EPS Target performance objective, is not defined under U.S. generally accepted accounting principles, or GAAP. We use adjusted EPS for planning and forecasting in future periods the core operating performance of our business. Despite the importance of adjusted EPS in analyzing our business and designing incentive compensation, adjusted EPS has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are that 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; gains or losses on the disposition of assets associated with restructuring and business exit activities; the tax benefit or tax expense associated with the items indicated; and the impact on earnings of charges resulting from certain matters that we consider not to be indicative of our on-going operations. Although we have historically used the same projected adjusted EPS number reported in our press releases commenting on quarterly and annual results for purposes of establishing the EPS target under our

Table of Contents

Executive Bonus Plan and our Management Bonus Plan, the Compensation Committee is not required to use the same adjusted EPS number reported in our press releases. For 2010, the Compensation Committee has the discretion to adjust the EPS target under the 2010 Management Bonus Plan for any items of significant income or expense which are determined to be appropriate adjustments.

Our Management Bonus Plan for 2009 provided that the bonus pool would fund at 90% of the target bonus for achievement of the EPS Target, with an additional 10% of the target bonus funding for achievement of the Revenue Target and 10% of the target bonus funding for achievement of the R&D Reinvestment Target. As a result, 110% of the target bonus would fund upon achieving all three of the pre-established corporate performance objectives. For any bonus to be payable, adjusted EPS had to be greater than \$2.60, or approximately 94.5% of the EPS Target. Once this threshold adjusted EPS amount had been reached, the bonus pool would be funded based on linear interpolations for performance above and below the target amounts. A maximum of 160% of the target bonus would fund upon achieving the maximum level of all three of the pre-established corporate performance objectives. The funding level of the bonus pool as determined by our results for each of the three company performance objectives is shown in the table below.

Performance Metric	Bonus Pool Funding at Below Threshold Performance	Bonus Pool Funding at Target Performance(1)	Bonus Pool Funding at Maximum Performance(1)
EPS Target	0% of target pool	90%	110%
Revenue Target	0%	10%	25%
R&D Reinvestment Target	0%	10%	25%
Total	0%	110%	160%

(1) No funding for the Revenue Target or R&D Reinvestment Target would be made unless adjusted EPS exceeded the threshold of \$2.60 or approximately 94.5% of the EPS Target.

Once the aggregate bonus pool under the Management Bonus Plan was established, our Chief Executive Officer allocated the bonus pool to our business functions based on each function's performance versus defined objectives that contributed to the results in 2009. For instance, a business function that exceeded its defined objectives received a greater share of the bonus pool than a business function that met its defined objectives. This allocation of the bonus pool among our business functions reinforces our pay-for-performance philosophy. The objectives of the business functions are reviewed and approved by our Chief Executive Officer.

Under the Management Bonus Plan, within each business function (including with respect to our named executive officer participants within the Management Bonus Plan), each participant's bonus could be further modified down to 0% or up to 150% based upon the participant's evaluation by his or her supervisor. In general, at the beginning of 2009, each participant identified (subject to his or her supervisor's review and approval or modification) a number of objectives for 2009 and then received a performance evaluation against those objectives as part of the year-end compensation review process by his or her supervisor. For the named executive officers participating in the Management Bonus Plan, these objectives varied considerably in detail and subject matter depending on their areas of responsibility. The objectives were subject to our Chief Executive Officer's review and approval or modification and form the basis of our Chief Executive Officer's evaluation of the other executives at the end of the year. The objectives included, among other things, product approvals and development milestones, financial objectives, sales and market share goals, successful integration and completion of acquisitions and financings and regulatory compliance. By accounting for each participant's performance relative to these pre-established objectives, we are able to differentiate among executives and emphasize the link between an individual's performance and his or her compensation.

Bonuses payable to our Chief Executive Officer and our President under our Executive Bonus Plan for 2009 were based on the same formula as under our Management Bonus Plan, described above, except that no adjustments to the payouts are made based on business unit or individual performance. Like our Management

Table of Contents

Bonus Plan, 90% of the target bonus was payable for achievement of the EPS Target, with an additional 10% of target bonus payable for achievement of the Revenue Target and 10% of target bonus payable for achievement of the R&D Reinvestment Target. As a result, 110% of the target bonus was payable upon achieving all three of the pre-established target corporate performance objectives.

2009 Target Bonuses and Payouts

In determining 2009 target bonus amounts, the Compensation Committee compared 110% of each named executive officer's proposed target bonus (based on the achievement of each of the EPS Target, the Revenue Target and the R&D Reinvestment Target) against the 50th percentile of the market. In February 2009, given the uncertain economic conditions, the Compensation Committee left the 2009 target bonus amounts for our named executive officers unchanged from their 2008 levels.

Our Chief Executive Officer's target bonus for 2009 was 120% of his year-end annualized base salary, and our President's target bonus for 2009 was 70% of his year-end annualized base salary, which would result in bonuses of 132% and 77% of their base salaries, respectively, if each of the EPS Target, Revenue Target and R&D Reinvestment Rate Target were met. The 50th percentile of the market establishes target bonuses at a level of approximately 110% of base salary for our Chief Executive Officer and 75% of base salary for our President. Target bonuses for the other named executive officers participating in the Management Bonus Plan were set at 65% of their year-end annualized base salaries, which would result in a bonus of 71.5% of their base salaries if each of the EPS Target, Revenue Target and R&D Reinvestment Rate Target were met and no changes were made to the bonus amounts based on the performance of their business functions or their individual performance evaluations. The 50th percentile of the market establishes target bonuses at a level of approximately 60% to 73% of base salaries for similarly situated executives.

The table below illustrates potential bonus payouts to our named executive officers as a percent of base salary if: (i) all three of the pre-established corporate performance objectives were met at the target level; and (ii) all three of the pre-established corporate performance objectives were met at the maximum level. For Messrs. Whitcup, Ingram and Edwards, the amounts represent potential bonus payouts based solely on company performance, prior to any adjustments for business function or individual performance.

Named Executive Officer	2009 Annualized Salary(1)	Objectives Met at Target Level (Bonus as % of Salary)	Objectives Met at Maximum Level (Bonus as % of Salary)
David E.I. Pyott Chairman of the Board and Chief Executive Officer	\$ 1,300,000	132.0%	192.0%
F. Michael Ball President, Allergan	\$ 661,500	77.0%	112.0%
Scott M. Whitcup, M.D. Executive Vice President, Research and Development,	\$ 540,000	71.5%(2)	104.0%(2)
Douglas S. Ingram Executive Vice President,	\$ 540,000	71.5%(2)	104.0%(2)
Jeffrey L. Edwards Executive Vice President, Finance and Business Development, Chief Financial Officer	\$ 495,000	71.5%(2)	104.0%(2)

- (1) Represents base salary on December 31, 2009 annualized for fiscal 2009.

Table of Contents

- (2) Represents potential bonus payouts based solely on company performance, prior to any adjustments for business function or individual performance. Under our Management Bonus Plan, each participant's bonus could potentially be modified down to 0% or up to 150% based on his or her individual performance.

As a result of our achievement of 101.1% of the EPS Target, 102.1% of the Revenue Target and 90.3% of the R&D Reinvestment Target, and in accordance with the bonus structure approved at the beginning of 2009, the Compensation Committee approved bonus payouts to Messrs. Pyott and Ball of approximately 105.2%, in each case, of their target bonuses.

Also in accordance with the bonus structure approved at the beginning of 2009, the Compensation Committee established the 2009 bonus pool for participants in our Management Bonus Plan at approximately 105.2% of target bonuses resulting in an aggregate bonus pool under the Management Bonus Plan of approximately \$32.6 million for approximately 975 participants. For 2009, our Chief Executive Officer determined that the baseline bonus for employees would be set at 105.2% of their target bonuses and that our business functions (and the executive officers responsible for those business functions) would receive adjustments to the baseline bonus based on each function's performance separate from our corporate financial performance. The bonus payout for Dr. Whitcup was modified based on the performance of his business function which resulted in a payout of 102% of his target bonus. The other participating named executive officer's bonus payouts were approximately 105.2% of their target bonus.

The actual cash compensation (salary plus actual annual performance awards) for each of the named executive officers as compared to the 50th percentile of the market based on the consultant's November 2009 market study are shown in the table below.

Named Executive Officer	2009 Actual Salary(1)	Actual Bonus	Actual Total Cash Compensation	% of 50th Percentile of Market
David E.I. Pyott	\$ 1,350,000	\$ 1,641,100	\$ 2,991,100	104%