

ALLERGAN INC
Form 8-K
February 02, 2007

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 8-K
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
January 29, 2007**

Date of Report (Date of Earliest Event Reported)

ALLERGAN, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State of Incorporation)

1-10269
(Commission File Number)

95-1622442
(IRS Employer
Identification Number)

2525 Dupont Drive
Irvine, California 92612
(Address of Principal Executive Offices) (Zip Code)
(714) 246-4500
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

SIGNATURES

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At its meeting on January 29, 2007, the Organization and Compensation Committee (the Compensation Committee) of the Board of Directors of Allergan, Inc. (the Company) completed its annual performance and compensation review of the Company's executive officers and approved the 2007 base salaries of the Company's executive officers. The Compensation Committee also approved the performance objectives and the corresponding target annual incentive awards for the Company's executive officers and other members of management under the Company's Management Bonus Plan (the Management Bonus Plan) and 2006 Executive Bonus Plan (the Executive Bonus Plan), as more fully described below.

2007 Annual Base Salaries

The Compensation Committee approved the fiscal year 2007 annual base salaries for the Company's Chief Executive Officer and the other named executive officers (the Named Executive Officers) identified in the Company's proxy statement for its 2006 annual meeting of stockholders. The fiscal year 2007 annual base salaries were made effective as of January 29, 2007, as follows:

| Executive Officer¹ | Title | New Base Compensation |
|--------------------------------------|---|------------------------------|
| David E.I. Pyott | Chairman of the Board and Chief Executive Officer | \$ 1,300,000 |
| F. Michael Ball | President, Allergan | \$ 630,000 |
| Jeffrey L. Edwards | Executive Vice President, Finance and Business Development, Chief Financial Officer | \$ 457,800 |
| Douglas S. Ingram ² | Executive Vice President, Chief Administrative Officer, General Counsel and Secretary | \$ 500,000 |
| Scott M. Whitcup, M.D. | Executive Vice President, Research and Development | \$ 508,500 |

¹ Jeffrey L. Edwards was not a Named Executive Officer in the Company's proxy statement for its 2006 annual meeting of stockholders but will be a Named Executive Officer in the Company's proxy statement for its 2007 annual meeting of stockholders. The table does not include Roy J. Wilson, the Company's former Executive Vice President, Human Resources and Information Technology, who was a Named Executive Officer in the Company's proxy statement for its 2006 annual meeting of stockholders, but whose employment with the Company ended in October 2006.

² Douglas S. Ingram's annual base salary was increased by the Compensation Committee effective December 9, 2006 in connection with Mr. Ingram's change of responsibilities. Mr. Ingram therefore did not receive an annual base salary adjustment effective as of January 29, 2007. Instead, the Compensation Committee ratified Mr. Ingram's existing annual base salary.

2007 Management Bonus Plan and Executive Bonus Plan

The Compensation Committee established performance objectives for the payment of annual incentive awards to the Named Executive Officers under the Management Bonus Plan and the Executive Bonus Plan for 2007. Under each plan, bonus amounts will be based upon three performance objectives: (1) attainment of a target adjusted earnings per share (the EPS Target), (2) attainment of a target pharmaceutical sales revenue growth in local currency (the Revenue Target), and (3) attainment of a target research and development reinvestment rate (the R&D Reinvestment Target). Adjusted earnings per share means the Company's per share net earnings from continuing operations for 2007, adjusted to remove the effects of certain specified events or items.

For any bonus to be payable under each plan, adjusted EPS must be greater than a threshold adjusted EPS. The Compensation Committee established that the bonus pool under each plan would be funded at 90% of target bonuses if Allergan achieves the EPS Target, with an additional 10% of target bonuses funded for achievement of the Revenue Target and 10% of target bonuses funded for achievement of the R&D Reinvestment Target. As a result, 110% of the

target bonuses under each plan will be funded upon achieving all three of the pre-established corporate performance objectives and the actual bonus pool will be funded from 0% to 160% of the target bonuses under each plan based on the Company's relative attainment of the financial performance objectives.

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The Compensation Committee also established target bonuses for the Named Executive Officers participating in the Management Bonus Plan at between 50% and 60% of their year-end annualized base salary, based on position. However, the Compensation Committee retained the ability to modify actual individual bonus amounts down to 0% or up to 150% of the individual's target bonus based on the Company's relative attainment of the pre-established financial performance objectives. Therefore, the actual bonus paid to a participant under the Management Bonus Plan may be up to 144% of the participant's year-end annualized base salary.

Under the Executive Bonus Plan, the Compensation Committee established a target bonus for the Company's Chief Executive Officer at 120% of his year-end annualized base salary and a target bonus for the Company's President at 70% of his year-end annualized base salary. Similar to the Management Bonus Plan, the actual bonus award payable to participants in the Executive Bonus Plan will be 0% to 160% of the target bonus based on the Company's relative attainment of the performance objectives. Therefore, the Company's Chief Executive Officer has the opportunity to earn a bonus of up to 192% of his year-end annualized base salary, and the Company's President has the opportunity to earn a bonus of up to 112% of his year-end annualized base salary, each based on the Company's performance and subject to the discretion of the Compensation Committee to reduce the amount payable.

Consistent with 2006, bonuses under each of the Executive Bonus Plan and Management Bonus Plan will be paid in cash up to 100% of the participant's target bonus. Bonuses will be paid in restricted stock and restricted stock units to the extent the bonus pool exceeds 100% of the bonus targets. Such restricted stock or restricted stock units will provide for cliff vesting two years following the award effective date.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ALLERGAN, INC.

Date: February 2, 2007

By: /s/ Matthew J. Maletta

Name: Matthew J. Maletta

Title: Vice President,
Assistant General Counsel and Assistant
Secretary