

ALLERGAN INC
Form DEF 14A
March 20, 2008

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**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

Definitive Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Additional Materials

Soliciting Material Pursuant to sec. 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.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(3) Filing Party:

(4) Date Filed:

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

March 20, 2008

Dear Stockholder:

You are cordially invited to attend our 2008 annual meeting of stockholders, to be held at the Irvine Marriott Hotel, 18000 Von Karman Avenue, Irvine, California, on Tuesday, May 6, 2008 at 10:00 a.m. local time. 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. If you plan to attend the annual meeting in person, please mark the designated box on the enclosed proxy card. Alternatively, if you utilize the telephone or Internet voting system, please indicate your plans to attend the annual meeting when prompted to do so by the system. If you are a stockholder of record, you should bring the bottom half of the enclosed proxy card as your admission card and present the card upon entering the annual meeting. If you are planning to attend the annual meeting and your shares are held in street name (by a broker, bank or other nominee, for example), you should ask the record owner (your broker, bank or other nominee) for a legal proxy or bring your most recent account statement to the annual meeting so that we can verify your ownership of Allergan stock. Please note, however, that if your shares are held in street name and you do not bring a legal proxy from the record owner, you will be able to attend the annual meeting, but you will not be able to vote at the annual meeting.

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. Accordingly, we urge you to complete the enclosed proxy card promptly and return it in the postage-prepaid envelope provided, or to promptly use the telephone or Internet voting system. You may later change your vote if you so desire as set forth in the attached proxy statement.

David E.I. Pyott
*Chairman of the Board and
Chief Executive Officer*

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2525 Dupont Drive, Irvine, CA 92612

NOTICE OF ANNUAL MEETING OF ALLERGAN, INC. STOCKHOLDERS

TO BE HELD ON MAY 6, 2008

TO OUR STOCKHOLDERS:

Our annual meeting of stockholders will be held at the Irvine Marriott Hotel, 18000 Von Karman Avenue, Irvine, California, on Tuesday, May 6, 2008 at 10:00 a.m., local time, for the following purposes:

1. To elect four Class I directors to serve for three-year terms until our annual meeting of stockholders in 2011 and until their successors are duly elected and qualified;
2. To approve the Allergan, Inc. 2008 Incentive Award Plan;
3. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2008; and
4. To consider two stockholder proposals if the proposals are properly presented at the annual meeting: (a) Stockholder Proposal No. 1 regarding the adoption of a pay-for-superior-performance executive compensation plan and (b) Stockholder Proposal No. 2 regarding additional animal testing disclosure; and to transact such other business as may properly come before the annual meeting or any adjournment or postponement of the annual meeting.

Our board of directors has fixed March 14, 2008 as the record date for determining the stockholders entitled to notice of and to vote at the annual meeting and, consequently, only stockholders whose names appeared on our books as owning our common stock at the close of business on March 14, 2008 will be entitled to notice of and to vote at the annual meeting and any adjournment or postponement of the annual meeting.

ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. It is important that your shares of common stock be represented and voted at the annual meeting. Whether or not you expect to attend the annual meeting in person, please complete, date, sign and return the enclosed proxy card as promptly as possible in order to ensure your representation at the annual meeting. Should you receive more than one proxy card because your shares of common stock are held in multiple accounts or registered in different names or addresses, please sign, date and return each proxy card to ensure that all of your shares of common stock are voted. A postage-prepaid envelope is enclosed for that purpose. You may also vote your proxy by calling the toll-free telephone number shown on your proxy card or by visiting the Internet website address shown on your proxy card. Your proxy may be revoked at any time prior to the annual meeting. If you are a stockholder of record and attend the annual meeting and vote by ballot, any proxy that you previously submitted will be revoked automatically and only your vote at the annual meeting will be counted. However, if your shares of common stock are held of record by a broker, bank or other nominee, your vote in person at the annual meeting will not be effective unless you have obtained and present a proxy issued in your name from the record holder (your broker, bank or other nominee).

By Order of the Board of Directors

Douglas S. Ingram

*Executive Vice President,
Chief Administrative Officer,
General Counsel and Secretary*

Irvine, California

March 20, 2008

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ALLERGAN, INC.
2525 Dupont Drive, Irvine, California 92612
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 6, 2008
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 at the Irvine Marriott Hotel, 18000 Von Karman Avenue, Irvine, California, on Tuesday, May 6, 2008 at 10:00 a.m., local time, and at any continuation, adjournment or postponement thereof. Directions to attend the annual meeting can be found on our Internet website, www.allergan.com. This proxy statement, the enclosed form of proxy and our 2007 Annual Report to Stockholders are being mailed to our stockholders on or about March 28, 2008.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 6, 2008. Our Proxy Statement and our 2007 Annual Report to Stockholders are Available at www.proxydocs.com/agn. This website address contains the following documents: the Notice of the Annual Meeting, our Proxy Statement and our 2007 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 14, 2008 may vote at the annual meeting. As of the record date, there were 305,660,143 shares of our common stock (exclusive of approximately 1,851,745 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 5,710 stockholders of record as of the record date.

How You Can Vote

You are eligible to vote at the annual meeting using one of four methods:

Voting in Person. To vote in person, you must attend the annual meeting and follow the procedures for voting announced at the annual meeting. Please note that if your shares are held by a broker, bank or other nominee, you must present a legal proxy from such broker, bank or nominee in order to be able to vote at the annual meeting;

Voting by Mail. To vote by mail, simply mark the enclosed proxy card, date and sign it and return it in the postage-paid envelope provided;

Voting by Telephone. To vote by telephone, call the toll-free number on the enclosed proxy card; or

Voting by Internet. To vote via the Internet, use the website indicated on the enclosed proxy card, which is available 24 hours a day.

You will need an admission ticket or proof of ownership of our common stock, as well as a form of personal photo identification, to enter the annual meeting. An admission ticket is attached to your proxy card if you hold shares directly in your name as a stockholder of record. If you plan to attend the annual meeting, please vote your proxy but keep the admission ticket and bring it with you to the annual meeting.

If your shares of our common stock are held beneficially in the name of a broker, bank or other nominee and you plan to attend the annual meeting, you must present proof of your ownership of our common stock, such as a brokerage or bank account statement, to be admitted to the annual meeting.

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

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The Internet and telephone voting procedures are designed to authenticate your identity, to allow you to vote your shares and to confirm that your voting instructions have been properly recorded. Specific instructions are set forth on the enclosed proxy card. In order to be timely processed, an Internet or telephone vote must be received by 11:59 a.m. Central Time on May 5, 2008. If you vote via the Internet or by telephone, you may incur costs such as usage charges from telephone companies or Internet service providers and you must bear these costs. Please note that while all stockholders may vote in person or by mail, certain banks and brokerages do not allow for voting by telephone or via the Internet. Regardless of the method you choose, your vote is important. Please vote by following the specific instructions on your proxy card.

As a stockholder of record, if you sign the proxy card but do not specify how you want your shares to be voted, your shares will be voted by the proxy holders named in the enclosed proxy, according to the recommendation of our board, in favor of (1) the election of all of the director nominees, (2) in favor of the approval of the Allergan, Inc. 2008 Incentive Award Plan, (3) in favor of ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2008, (4) against the stockholder proposals regarding: (a) the adoption of a pay-for-superior-performance executive compensation plan and (b) additional animal testing disclosure. In their discretion, the proxy holders named in the enclosed 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. 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. In addition, no other stockholder proposal or nomination was received on a timely basis, so no such matters may be brought to a vote at the annual meeting.

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; 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, 2525 Dupont Drive, P.O. Box 19534, Irvine, California 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.

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For purposes of Item No. 1, each director is elected by an affirmative vote of a majority of the votes cast with respect to that director, meaning that, in order to be elected, the number of votes cast for that director must exceed the number of votes cast against that director. Cumulative voting is not permitted. If each of the four nominees receives an affirmative vote of a majority of the votes cast, each nominee will be elected. Abstentions on Item No. 1 will not affect the outcome of the election of the nominees to our board. The election of directors is a routine matter on which a broker or other nominee is generally empowered to vote. Accordingly, no broker non-votes will likely result from this proposal.

Item No. 2, approval of the Allergan, Inc. 2008 Incentive Award Plan, is governed by the New York Stock Exchange, or NYSE, listing standards, which require that to be approved, the plan receives the affirmative vote of the holders of a majority of the shares of common stock cast on such proposal, in person or by proxy; provided that the votes cast on the proposal represent over 50% of the total outstanding shares of common stock entitled to vote on the proposal. Under this standard, votes for and against and abstentions count as votes cast, while broker non-votes do not count as votes cast. All outstanding shares on the record date, including shares resulting in broker non-votes, count as shares entitled to vote. Thus, the total sum of votes for, votes against and abstentions, which sum is referred to as the NYSE Votes Cast, must be greater than 50% of the total outstanding shares of common stock. Once satisfied, the number of votes for the proposal must be greater than 50% of the NYSE Votes Cast. Abstentions on Item No. 2 will have the effect of a vote against Item No. 2. The amendment of an equity plan is a matter on which brokers or other nominees are not empowered to vote without direction from the beneficial owner. Thus, broker non-votes can result from Item No. 2 and may make it difficult to satisfy the NYSE Votes Cast requirement.

Approval of Item No. 3, ratifying the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2008, 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. 3 will have the same effect as a vote against Item No. 3. The approval of Item No. 3 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.

The approval of each of Stockholder Proposal No. 1 regarding the adoption of a pay-for-superior-performance executive compensation plan and Stockholder Proposal No. 2 regarding additional animal testing disclosure, under Item No. 4, if properly presented at the annual meeting, requires the affirmative vote of a majority of the shares present at the annual meeting, in person or by proxy, and entitled to vote on those stockholder proposals. Abstentions will have the same effect as votes against such stockholder proposals, and broker non-votes will have no effect on the result of the votes on such stockholder 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 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 at 2525 Dupont Drive, Irvine, CA 92612 for the ten days prior to the annual meeting, and also at the annual meeting.

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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

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.

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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 our 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 our Corporate Governance Committee, our board of directors has nominated each of the following four persons to be elected to serve as a Class I director for a three-year term expiring at the annual meeting of stockholders in 2011. Each of the nominees for election currently serves as a director and has consented to serve for a new term. Each of Prof. Jones and Mr. Schaeffer was elected by our stockholders to his present term of office, and each of Dr. Dunsire and Mr. Lavigne was appointed by our board of directors to his or her present term of office.

Name	Age	Position with Us
Deborah Dunsire, M.D.	45	Director
Trevor M. Jones, Ph.D.	65	Director
Louis J. Lavigne, Jr.	59	Director
Leonard D. Schaeffer	62	Director

Board Recommendation**OUR BOARD 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 the other board members and their principal occupations for at least the past five years and their public-company directorships as of the record date. There are no relationships among any of our directors or among any of our directors and executive officers.

Class I Nominees for Election at the Annual Meeting; Term to Expire at the Annual Meeting in 2011

Deborah Dunsire, M.D., 45, has served as President and Chief Executive Officer of Millennium Pharmaceuticals, Inc., a publicly-traded pharmaceutical company, 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, a pharmaceutical company, in the areas of product management, scientific development and clinical research. Dr. Dunsire is a member of the board of directors of Pharmaceutical Research and Manufacturers of America, or PhRMA, the Biotechnology Industry Organization and the G&P Foundation for Cancer Research, a nonprofit organization.

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Dr. Dunsire was the 2001 recipient of the American Cancer Society Excalibur Award and the 2000 recipient of the Health Care Business Women's Association Rising Star Award. 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., 65, 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. From 1987 to 1994, Prof. Jones was a main board 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. Furthermore, he 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 directors of ReNeuron Group plc, a UK-based adult stem cell research and development company, People in Health Ltd., a specialist consultancy focused on the healthcare industry, and Synexus Ltd., a clinical study recruitment and management specialist organization. He is a board member of Merlin Biosciences Funds I and II, both specialized venture investors in life sciences companies, NextPharma Technologies Holdings Ltd., a contract manufacturer in Europe for the pharmaceutical and health care industries, Sigma-Tau Finanziaria SpA, an Italian pharmaceutical company and Verona Pharma plc., a biotechnology company dedicated to research in respiratory diseases. Prof. Jones is a founder and board member of the Geneva-based public-private partnership, Medicines for Malaria Venture and 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., 59, has served as a management consultant in the areas of corporate finance, accounting and strategy since March 2005. Prior to that, 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 also serves on the board of directors of BMC Software, Inc., a publicly-traded provider of enterprise management software. Mr. Lavigne is a faculty member of the Babson College Executive Education's Bio-Pharma: Mastering the Business of Science program. 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, 62, is currently a Senior Advisor to TPG (formerly Texas Pacific Group), a private equity firm. Mr. Schaeffer served as Chairman of the board of directors of WellPoint, Inc., an insurance organization created by the combination of WellPoint Health Networks Inc. and Anthem, Inc., which owns Blue Cross of California, Blue Cross and Blue Shield of Georgia, Blue Cross and Blue Shield of Missouri, Blue Cross and Blue Shield of Wisconsin, Anthem Life Insurance Company, HealthLink and UniCare, from November 2004 until his retirement in November 2005. From 1992 until November 2004, Mr. Schaeffer served as Chairman of the board of directors and Chief Executive Officer of WellPoint Health Networks Inc. Mr. Schaeffer was the Administrator of the U.S. Health Care

Financing Administration, now CMS, from 1978 to 1980. Mr. Schaeffer is Chairman of the board of directors of Surgical Care Affiliates, Inc., a privately-held ambulatory surgical center company and is a member of the board of directors of Amgen Inc., a publicly-traded company focusing on discovering, developing and delivering innovative human therapeutics, the board of directors 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

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Institute of Medicine. In 2008, Mr. Schaeffer was named a 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.

Class II Term to Expire at the Annual Meeting in 2009

Herbert W. Boyer, Ph.D., 71, is a founder of Genentech, Inc., a publicly-traded biotechnology company, and has been a director of Genentech since 1976. 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. Dr. Boyer received the 1993 Helmut Horten Research Award. 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. He is an elected member of the National Academy of Sciences and a Fellow in the American Academy of Arts and Sciences. Dr. Boyer was elected Vice Chairman of our board in 2001, served as Chairman of our 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, 65, has served as Vice Chairman Pharmaceuticals of GlaxoSmithKline plc, a publicly-traded pharmaceutical company, since January 2003. Mr. Ingram was the Chief Operating Officer and President, Pharmaceutical Operations of GlaxoSmithKline plc 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. Mr. Ingram is also Chairman of the board of directors of OSI Pharmaceuticals, Inc., a publicly-traded biotechnology company focusing on cancer and diabetes, and a director of Valeant Pharmaceuticals International, a publicly-traded specialty pharmaceutical company focused on neurology, dermatology and infectious disease, Edwards Lifesciences Corporation, a publicly-traded company focused on products and technologies to treat advanced cardiovascular disease, Lowe's Companies, Inc., a publicly-traded nationwide chain of home improvement superstores, and Wachovia Corporation, a leading bank in the United States and a publicly-traded company. In addition, Mr. Ingram is Chairman of the American Cancer Society Foundation and 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, 54, has been our Chief Executive Officer since January 1998 and in 2001 became Chairman of our board. Mr. Pyott also served as our President from January 1998 until February 2006. Previously, he was 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 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 directors of Avery Dennison Corporation, a publicly-traded company focused on pressure-sensitive technology and self-adhesive solutions, and Edwards Lifesciences Corporation, a publicly-traded company focused on products and technologies to treat advanced cardiovascular diseases. 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 of directors and the Executive Committee of the California Healthcare Institute, and the board of directors of the Biotechnology Industry Organization. Mr. Pyott also serves as a member of the board of directors of the Pan-American Ophthalmological Foundation and 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 joined our board in 1998.

Russell T. Ray, 60, 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 1999 to March 2002, Mr. Ray was the Global Co-Head of the Credit Suisse First Boston Health Care Investment Banking Group, where he focused on providing strategic and financial advice to life sciences, health

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care services and medical device companies. Prior to joining Credit Suisse First Boston, Mr. Ray spent twelve 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. Mr. Ray is a Director of BioProcessors Corp., a closely-held cell culture instrument and reagent provider, Phreesia, Inc., a closely-held patient education software provider, Pondaray Enterprises, Inc., a closely-held image content provider, and a Trustee of The Friends School of Baltimore. 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.

Class III Term to Expire at the Annual Meeting in 2010

Michael R. Gallagher, 62, 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 a member of the Board of Advisors of the Haas School of Business, UC 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, 75, is our founder and has served as Chairman Emeritus since 1996. He had been Chairman of our 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 and Founder of Regenesys 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 Roger's Gardens, a privately-held nursery, and Vice Chairman of the Beckman Foundation, which makes grants to non-profit research institutions to promote research in chemistry and the 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 directors 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, 50, 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, or LGPA, and a director of Lowe's Companies, Inc., a publicly-traded nationwide chain of home improvement superstores. 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., 67, 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. 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 and the Macula Society. Dr. Ryan is the founding President of the Alliance for Eye and Vision Research. 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.

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Item No. 2

APPROVAL OF THE ALLERGAN, INC. 2008 INCENTIVE AWARD PLAN

Our stockholders are being asked to approve the Allergan, Inc. 2008 Incentive Award Plan, or 2008 Plan, at the annual meeting. On January 28, 2008, our board unanimously approved and adopted the 2008 Plan, subject to approval by our stockholders.

The 2008 Plan is intended to succeed 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, which we refer to as the Prior Plans. Approval of the 2008 Plan by our stockholders will be considered approval of the 2008 Plan for purposes of Sections 162(m) and 422 of the Internal Revenue Code of 1986, as amended, or the Code. If the 2008 Plan is approved by our stockholders, no awards will be made under the Prior Plans after such approval. If the 2008 Plan is not approved by our stockholders, the Prior Plans will remain in full force and effect.

The principal features of the 2008 Plan are summarized below, but the summary is qualified in its entirety by reference to the 2008 Plan itself. The 2008 Plan is attached to this proxy statement as Appendix A.

Purpose of the 2008 Plan

The purpose of the 2008 Plan is to promote our success and enhance our value by linking the personal interests of the members of our board and employees to those of our stockholders and by providing such individuals with an incentive for outstanding performance that generates superior returns to our stockholders. The 2008 Plan is further intended to provide flexibility in our ability to motivate, attract and retain the services of members of our board and employees upon whose judgment, interest and special effort we depend.

The 2008 Plan is also designed to permit us to make cash- and equity-based awards intended to qualify as performance-based compensation under Section 162(m) of the Code.

The 2008 Plan will become effective immediately upon stockholder approval at the annual meeting.

Securities Subject to the 2008 Plan

The aggregate number of shares of our common stock that may be issued or transferred pursuant to awards under the 2008 Plan is 20,000,000 plus any shares of our common stock that as of the date of the annual meeting are subject to awards under the Prior Plans that are subsequently forfeited, cancelled, expire, settled in cash, or lapse unexercised and are not issued under the Prior Plans. No more than 25,000,000 shares of common stock may be issued upon the exercise of incentive stock options.

The number of shares of common stock available for issuance under the 2008 Plan will be reduced by 1.4 shares for each share of common stock delivered in settlement of any full value award granted under the 2008 Plan, which is any award other than a stock option, stock appreciation right or other award for which the participant pays the intrinsic value (whether directly or by forgoing a right to receive a payment from us). In the event that a full value award granted under the 2008 Plan expires or is cancelled, forfeited, settled in cash or otherwise terminated before delivery of the shares subject to such award, the number of shares of our common stock available for issuance under the 2008 Plan will be increased by 1.4 shares for each share of common stock subject to such award.

The shares of common stock covered by the 2008 Plan may be treasury shares, authorized but unissued shares or shares purchased in the open market. For purposes of the 2008 Plan, the fair market value of a share of common stock as of any given date will be the closing sale price for a share of our common stock on the stock exchange or national market system on which our common stock is listed on such date or, if no sale occurred on the date in question, the closing sale price for a share of our common stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal*. The closing sale price for a share of our common stock on the New York Stock Exchange, or the NYSE, on March 14, 2008 was \$55.74, as reported in *The Wall Street Journal*.

The 2008 Plan counts shares on a gross basis and does not allow the re-grant of shares withheld or surrendered in payment of the exercise price or tax withholding obligations of an award. In the event of any

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termination, expiration, lapse or forfeiture of an award granted under the 2008 Plan or the Prior Plans, any shares subject to the award at such time will again be made available for future grants under the 2008 Plan. If any shares of restricted stock are surrendered by a holder or repurchased by us pursuant to the terms of the 2008 Plan or the Prior Plans, such shares also will be available for future grants under the 2008 Plan.

To the extent permitted by applicable law or any exchange rule, shares issued or issuable in connection with any award issued in substitution for any outstanding award of any entity acquired in any form of combination by us or our subsidiaries will not be counted against the shares available for issuance under the 2008 Plan.

Eligibility

Our and our subsidiaries' employees and non-employee directors are eligible to receive awards under the 2008 Plan. No employee or non-employee director is entitled to participate in the 2008 Plan as a matter of right, nor does any such participation constitute assurance of continued employment or service. Except for awards granted to non-employee directors pursuant to the automatic grant provisions of the 2008 Plan, only those employees and non-employee directors who are selected to receive grants by the administrator may participate in the 2008 Plan.

Awards Under the 2008 Plan

The 2008 Plan provides that the administrator may grant or issue stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock, dividend equivalents, performance awards and stock payments or any combination thereof. Each award will be evidenced by a separate agreement with the person receiving the award and will indicate the type, terms and conditions of the award.

Non-Qualified Stock Options. Non-qualified stock options will provide for the right to purchase shares of our common stock at a specified price that is not less than the fair market value on the date of grant, and usually will become exercisable (as determined by the administrator) in one or more installments after the grant date, subject to the completion of the applicable vesting service period or the attainment of pre-established performance goals. Non-qualified stock options may be granted for any term specified by the administrator, but the term may not exceed ten years.

Incentive Stock Options. Incentive stock options will be designed to comply with the applicable provisions of Section 422 of the Code and will be subject to certain restrictions contained in the Code. Among such restrictions, incentive stock options must have an exercise price that is not less than the fair market value of a share of common stock on the date of grant, may only be granted to our and our subsidiaries' employees and may not be exercisable after a period of ten years measured from the date of grant. However, if subsequently modified, incentive stock options may cease to qualify for treatment as incentive stock options and may be treated as non-qualified stock options. The total fair market value of shares (determined as of the respective date or dates of grant) for which one or more options granted to any employee (including all options granted under the 2008 Plan and all of our and our subsidiaries' other option plans) may for the first time become exercisable as incentive stock options during any one calendar year may not exceed \$100,000. To the extent this limit is exceeded, the options granted will be non-qualified stock options. In the case of an incentive stock option granted to an individual who owns (or is deemed to own) more than 10% of the total combined voting power of all classes of our stock or the stock of one of our subsidiary corporations, the 2008 Plan provides that the exercise price of an incentive stock option must be at least 110% of the fair market value of a share of common stock on the date of grant and the incentive stock option may not be exercisable after a period of five years measured from the date of grant. Like non-qualified stock options, incentive stock options usually will become exercisable (as determined by the administrator) in one or more installments after the grant date, subject to the completion of the applicable vesting service period or the attainment of pre-established performance goals.

Stock Appreciation Rights. Stock appreciation rights provide for the payment of an amount to the holder based upon the excess (if any) of the fair market value of a share of our common stock on the date of exercise over the fair market value of a share of our common stock on the date of grant. Stock appreciation rights under the 2008 Plan will be settled in cash or shares of common stock, or in a combination of both, at the election of the administrator. Stock appreciation rights may be granted in connection with stock options or other awards or

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separately. Stock appreciation rights may be granted for any term specified by the administrator, but the term may not exceed ten years.

Restricted Stock. Restricted stock may be issued at such price, if any, as may be determined by the administrator and may be issued subject to such restrictions (including service vesting or vesting based on the satisfaction of pre-established performance goals) as may be determined by the administrator. Restricted stock typically may be repurchased by us at the original purchase price, if any, or forfeited, if the vesting conditions and other restrictions are not met. In general, restricted stock may not be sold, or otherwise hypothecated or transferred, until the vesting restrictions and other restrictions applicable to such shares lapse. A holder of restricted stock, unlike a holder of options or restricted stock units, generally will have voting rights and may receive dividends prior to the time when the restrictions lapse.

Deferred Stock Awards. Deferred stock awards provide for the deferred issuance to the holder of the award of shares of our common stock, subject to any conditions determined by the administrator (including service vesting or vesting based on the satisfaction of pre-established performance goals). Deferred stock may not be sold or otherwise hypothecated or transferred until shares of common stock have been issued under the deferred stock award. Deferred stock will not be issued until the deferred stock award has vested, and a holder of deferred stock generally will have no voting or dividend rights prior to the time when the vesting conditions are satisfied and the shares are issued. Deferred stock awards generally will be forfeited and the underlying shares of deferred stock will not be issued if the applicable vesting conditions and other restrictions are not met.

Restricted Stock Units. Restricted stock units provide for the issuance of shares of common stock, subject to vesting conditions (including vesting based on continued service or the satisfaction of pre-established performance goals). The issuance of shares of our common stock pursuant to restricted stock units may be delayed beyond the time at which the restricted stock units vest. On the maturity date, we will transfer one unrestricted, fully transferable share of our common stock for each restricted stock unit not previously forfeited. Restricted stock units may not be sold, or otherwise hypothecated or transferred, and a holder of restricted stock units will not have voting rights or dividend rights prior to the time when the vesting conditions are satisfied and the shares are issued. Restricted stock units generally will be forfeited and the underlying shares of our common stock will not be issued if the applicable vesting conditions are not met.

Dividend Equivalents. Dividend equivalents represent the right to receive the value of the dividends per share paid by us, if any, calculated with reference to a specified number of shares of our common stock. Dividend equivalents may be granted in connection with full value awards granted under the 2008 Plan. Dividend equivalents may be paid in cash or shares of our common stock, or in a combination of both, at the election of the administrator. No dividend equivalents will be payable with respect to options or stock appreciation rights.

Performance Awards. Performance awards may be granted by the administrator to our or our subsidiaries' employees or non-employee directors based upon, among other things, the contributions, responsibilities and other compensation of the particular recipient. Generally, the amount paid or distributed under performance awards will be based on specific performance goals and may be paid in cash or in shares of our common stock, or in a combination of both, at the election of the administrator. Performance awards may include phantom stock awards that provide for payments based upon the value of our common stock. Performance awards may also include bonuses granted by the administrator, which may be payable in cash or in shares of our common stock, or in a combination of both.

Stock Payments. Stock payments may be authorized by the administrator in the form of our common stock or an option or other right to purchase shares of our common stock and may, without limitation, be issued as part of a deferred compensation arrangement in lieu of all or any part of earned bonuses or compensation including, without limitation, salary, bonuses, commissions and directors' fees that would otherwise be payable in cash to the employee

or non-employee director. The intrinsic value of a stock payment award on the date of grant may not exceed the amount of compensation forgone.

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Section 162(m) Performance-Based Awards. The administrator may grant awards under the 2008 Plan that are paid, vest or become exercisable upon the achievement of specified performance goals that are related to one or more performance criteria, as applicable to us or any division, business unit or individual. These performance criteria include, but are not limited to, the following:

operating earnings or net earnings (either before or after interest, taxes, depreciation and/or amortization);

economic value-added;

gross or net sales, revenue and growth of sales revenue (either before or after cost of goods, selling and general administrative expenses, research and development expenses and any other expenses or interest);

income or net income (either before or after taxes);

operating income or net operating income;

cash flow (including, but not limited to, operating cash flow and free cash flow);

return on equity;

total stockholder return;

return on assets or net assets;

return on capital;

return on sales;

operating profit or net operating profit;

operating margin;

gross or net profit margin;

cost reductions or savings;

research and development expenses (including research and development expenses as a percentage of sales or revenues);

productivity;

expenses;

operating efficiency;

customer satisfaction;

working capital;

earnings per share (either before or after interest, taxes, depreciation and/or amortization);

price per share of common stock;

market share; and

regulatory body approval for commercialization of a product.

Performance goals established by the administrator that are based on the performance criteria for the performance period (as defined in the 2008 Plan) may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to the results of a peer group. Except as provided by the administrator, the achievement of each performance goal will be determined in accordance with United States generally accepted accounting principles to the extent applicable. At the time of grant, the administrator may provide that objectively determinable adjustments will be made for purposes of determining the achievement of one

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or more of the performance goals established for an award. Any such adjustments will be based on one or more of the following:

- items related to extraordinary, unusual or non-recurring items;
- items related to accounting changes;
- items relating to financing activities;
- expenses for restructuring or productivity initiatives;
- non-operating items;
- items related to acquisitions;
- items attributable to the business operations of any entity acquired by us during the performance period;
- items related to the divestitures or disposal of a business or segment of a business;
- items related to amortization of acquired intangible assets;
- items that are outside the scope of our core, on-going business activities;
- items related to changes in foreign exchange rates;
- items related to discontinued operations that do not qualify as a segment of a business under United States generally accepted accounting principles;
- items attributable to any stock dividend, stock split, combination or exchange of shares occurring during the performance period; or
- any other items of significant income or expense which are determined to be appropriate adjustments.

Automatic Grants of Awards to Non-Employee Directors

The 2008 Plan authorizes the grant of discretionary awards to non-employee directors under the terms and conditions determined by the administrator. In addition, the 2008 Plan provides for the automatic grant of certain awards to our non-employee directors as further described below.

Automatic Option Grants. Subject to stockholder approval of the 2008 Plan, commencing on the date of the annual meeting, each non-employee director will automatically receive, effective as of the date of each annual meeting, an option to purchase 11,400 shares of our common stock; provided the non-employee director continues to serve as a member of our board as of such date. The number of shares of our common stock subject to each such annual option grant may be adjusted under certain circumstances as described under the title Adjustments for Stock Splits, Recapitalizations and Mergers below or by the administrator. There will be no limit on the number of annual options any one eligible non-employee director may receive over his or her period of continued service on our board, and non-employee directors who have previously been in our employ will be eligible to receive annual options.

Automatic annual options granted to non-employee directors will be non-qualified stock options. The exercise price of each share of our common stock subject to an annual option will be equal to the fair market value of a share of our common stock on the date the annual option is granted. The term of each annual option will be ten years from the date of grant. Unless otherwise specified by the administrator prior to the date the annual option is granted, each annual option will vest and become exercisable upon the earlier of the first anniversary of the grant date of such annual option or the first annual meeting following the grant date of such annual option at which one or more members of our board are standing for re-election. However, in no event will a non-employee director's automatic annual option grant vest and become exercisable for any additional shares of common stock following his or her termination of service as our director, unless otherwise provided in the award notice or by action of the administrator on or after the grant date of such annual option.

In the event that a non-employee director's service terminates by reason of his or her death or permanent and total disability, all of the shares covered by his or her annual options will become vested and exercisable as of the

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date of the non-employee director's termination of service. In addition, in the event of a change in control (as defined in the 2008 Plan), the annual options will become vested and exercisable immediately prior to such change in control.

Each automatic annual option granted to a non-employee director will cease to be exercisable upon the first to occur of the following:

the expiration of three months from the date of the non-employee director's termination of service as our director by reason of voluntary resignation or removal for cause;

the expiration of 12 months from the date of the non-employee director's termination of service as our director for any reason other than voluntary resignation or removal for cause; or

the expiration of ten years from the date the annual option was granted.

Automatic Grant of Restricted Stock. Subject to stockholder approval of the 2008 Plan, commencing on the date of the annual meeting, each non-employee director who is elected, re-elected or appointed to our board during the term of the 2008 Plan will automatically be granted a restricted stock award covering 14,400 shares of restricted stock. In the event an individual's initial appointment or election to be a non-employee director occurs at any time other than an annual meeting at which members of the class of directors to which such individual becomes a member are standing for re-election, such individual will instead automatically receive a restricted stock award covering 14,400 shares less 4,800 shares for each calendar year ended since the last annual meeting at which members of the class of directors to which such individual is elected were standing for re-election. The number of shares of common stock subject to these automatic grants of restricted stock may be adjusted under certain circumstances as described under the title

Adjustments for Stock Splits, Recapitalizations and Mergers below or by the administrator.

Each automatically granted restricted stock award will be made on the date of the first regular annual meeting to occur on or after the date of the recipient's election, reelection or appointment; provided the recipient continues to serve as a member of our board as of such date.

Each automatically granted restricted stock award will be granted without cost to the non-employee director and will initially be subject to forfeiture upon the non-employee director's termination of service on our board. The forfeiture restrictions will lapse with respect to, and the non-employee director will become vested in, 4,800 shares of common stock subject to each restricted stock award upon the earlier of each anniversary of the grant date of such restricted stock award or the annual meeting held during such calendar year at which one or more members of our board are standing for re-election. However, a non-employee director will not vest in any additional shares of our common stock following his or her termination of service as our director, unless otherwise provided in the award notice or by action of the administrator on or after the grant date of such restricted stock award.

In the event that a non-employee director's service terminates by reason of his or her death or permanent and total disability, the forfeiture restrictions will lapse and the non-employee director will become vested in all of the shares subject to his or her automatically granted restricted stock award as of the date of the non-employee director's termination of service as our director. In addition, in the event of a change in control (as defined in the 2008 Plan), the forfeiture restrictions will lapse and the non-employee director will become vested in all of the shares subject to his or her automatically granted restricted stock award immediately prior to such change in control.

The restricted stock awards to be made on the date of the annual meeting at which the 2008 Plan is submitted for stockholder approval will be delayed, if necessary, until we have in place an effective registration statement on Form S-8 and we have received notification from the NYSE that the shares of common stock available for issuance under the 2008 Plan have been approved for listing.

Award Limits

The maximum number of shares which may be subject to awards granted under the 2008 Plan to any individual during any calendar year may not exceed 1,500,000 shares of our common stock, subject to adjustment in the event of any recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off or other transaction that affects our common stock in a manner that would require adjustment to

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such limit in order to prevent the dilution or enlargement of the potential benefits intended to be made available under the 2008 Plan. In addition, the maximum aggregate cash amount that may become payable pursuant to all performance-based awards that may be granted to any individual during any calendar year will be \$5,000,000.

Vesting and Exercise of Awards

The applicable award agreement governing an award will contain the period during which the right to exercise the award in whole or in part vests, including the events or conditions upon which the vesting of an award may accelerate. No portion of an award which is not vested at the holder's termination of employment or directorship will subsequently become vested, except as may be otherwise provided by the administrator either in the agreement relating to the award or by action following the grant of the award.

Generally, an option or stock appreciation right may only be exercised while such person remains an employee or non-employee director of us or for a specified period of time (up to the remainder of the award term) following the holder's termination of employment or directorship, as applicable. An award may be exercised for any vested portion of the shares subject to such award until the award expires.

Full value awards made under the 2008 Plan generally will be subject to vesting over a period of not less than (i) three years following the grant date of the award if it vests based solely on employment or service with us or one of our subsidiaries, or (ii) one year measured from the commencement of the period over which performance is evaluated for full value awards that are issued or vest based upon the attainment of performance goals or other performance-based objectives. However, full value awards covering up to an aggregate of 5% of the total number of shares available for awards under the 2008 Plan may be granted without respect to such minimum vesting provisions.

Upon the grant of an award (other than a full value award), the administrator may provide that the period during which the award will vest or become exercisable will accelerate, in whole or in part, upon the occurrence of one or more specified events. Following the grant of an award, the administrator may also provide that the period during which the award will vest or become exercisable will accelerate, in whole or in part, in connection with a change in control (as defined in the 2008 Plan) or in connection with a holder's termination of employment or service by reason of the holder's retirement, death or disability. In addition, at any time and for any reason, the administrator may also provide that the period during which outstanding awards will vest or become exercisable will accelerate, in whole or in part, with respect to an aggregate number of shares not to exceed 5% of the total number of shares available for awards under the 2008 Plan.

Only whole shares of common stock may be purchased or issued pursuant to an award. Any required payment for the shares subject to an award will be paid in the form of cash or a check payable to us in the amount of the aggregate purchase price. However, the administrator may in its discretion and subject to applicable laws allow payment through one or more of the following:

cash or check;

the delivery of shares of common stock owned by the holder;

the surrender of shares of common stock which would otherwise be issuable upon exercise or vesting of the award;

the delivery of other lawful consideration of any kind; or

any combination of the foregoing.

Acceleration Upon Termination of Employment Due to Death, Disability or Job Elimination

In the event of a participant's termination of employment due to death or permanent and total disability, the awards granted to the participant will become fully vested and exercisable and any forfeiture restrictions applicable to such awards will lapse. In addition, although not required by the terms of the 2008 Plan, we currently anticipate that the terms of awards granted under the 2008 Plan will provide for accelerated vesting upon a participant's job

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elimination, but only if we determine that a job elimination has taken place and if the participant executes and does not revoke a general release of claims against us.

Transferability of Awards

Awards generally may not be assigned, transferred or otherwise disposed of in any manner other than by will or by the laws of descent and distribution or pursuant to beneficiary designation procedures approved from time to time by the administrator. Notwithstanding the foregoing, awards other than incentive stock options may also be transferred to certain family members and trusts or an entity owned by these family members and trusts with the administrator's consent. Under no circumstances may awards be transferred for consideration. Awards may be exercised, during the lifetime of the holder, only by the holder or such permitted transferee.

2008 Plan Benefits

No awards will be granted under the 2008 Plan unless and until the 2008 Plan is approved by our stockholders.

Pursuant to the automatic grant provisions described above, immediately following the annual meeting, each non-employee director will receive an option to purchase 11,400 shares of our common stock and, if elected, Prof. Jones, Messrs. Lavigne and Schaeffer and Dr. Dunsire will receive a restricted stock award covering 14,400 shares of restricted stock. Other than the annual options and the automatic restricted stock awards, the future benefits that will be received under the 2008 Plan by eligible employees and non-employee directors are not currently determinable.

Adjustments for Stock Splits, Recapitalizations and Mergers

In the event of any dividend or other distribution, recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, sale, transfer, exchange or other disposition of all or substantially all of our assets, exchange of common stock or other of our securities, issuance of warrants or other rights to purchase common stock or other of our securities or other transaction that affects common stock, the administrator of the 2008 Plan will equitably adjust any or all of the following in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the 2008 Plan or with respect to any award:

the number and kind of shares of common stock (or other securities or property) with respect to which awards may be granted or awarded under the 2008 Plan;

the terms and conditions of any outstanding awards;

the number and kind of shares of common stock (or other securities or property) for which automatic grants are subsequently to be made to non-employee directors; and/or

the grant or exercise price of any outstanding award under the 2008 Plan.

Change in Control

In the event of a change in control (as defined in the 2008 Plan), immediately prior to the change in control every then outstanding award will become fully exercisable and all forfeiture restrictions applicable to such awards will lapse. In addition, upon, or in anticipation of, a change in control, the administrator may cause any and all outstanding awards to terminate at a specific time in the future and will give each holder the right to exercise such awards during a period of time as the administrator determines.

Administration of the 2008 Plan

The Corporate Governance Committee of our board (or other committee or subcommittee of our board) will administer the 2008 Plan with respect to awards to non-employee directors, and the Organization and Compensation Committee of our board (or other committee or subcommittee of our board) will be the administrator of the 2008 Plan with respect to all other awards. The Corporate Governance Committee of our board, the Organization and Compensation Committee of our board or other committee or subcommittee of our

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board serving as administrator of the 2008 Plan is expected to consist solely of two or more directors, each of whom is intended to qualify as a non-employee director as defined in Rule 16b-3 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, an outside director for purposes of Section 162(m) of the Code, and an independent director under the rules of the NYSE. Our board or the administrator may delegate the authority to grant or amend awards to one or more of our officers. Any such officer will not be delegated the authority to grant awards to our other officers, individuals whose compensation in the year of grant is, or in a future calendar year may be, subject to the limitation on deductibility under Section 162(m) of the Code or those officers who are delegated authority to grant awards.

The administrator of the 2008 Plan will have the power to:

designate which participants will receive awards and the terms of such awards (including, but not limited to, the exercise price or purchase price, any reload provision, any schedule for vesting, and any accelerations or waivers thereof);

determine the type(s) of awards to be granted to each participant;

determine the number of awards to be granted and the number of shares of common stock to which an award will relate;

determine whether, to what extent, and pursuant to what circumstances an award may be settled in, or the exercise price of an award may be paid in, cash, common stock, other awards or other property, or an award may be canceled, forfeited or surrendered;

prescribe the form of each award notice;

decide all other matters that must be determined in connection with an award;

establish, adopt or revise any rules and regulations as it may deem necessary or advisable to administer the 2008 Plan;

interpret the terms of, and any matter arising pursuant to, the 2008 Plan or any award notice; and

make all other decisions that may be required pursuant to the 2008 Plan or as the administrator deems necessary or advisable to administer the 2008 Plan.

The 2008 Plan also authorizes the administrator to make such modifications to the terms and conditions of awards, including the adoption of one or more subplans, as may be deemed advisable to ensure compliance with applicable foreign laws and listing standards, provided any such action does not violate any other applicable law or require stockholder approval.

Amendment and Termination of the 2008 Plan

With approval of our board, the administrator may terminate, amend or modify the 2008 Plan at any time, subject to stockholder approval to the extent required by applicable law or regulation or the listing standards of the NYSE (or any other market or stock exchange on which our common stock is at the time primarily traded). Additionally, stockholder approval will be specifically required to increase the maximum number of shares of common stock that may be issued under the 2008 Plan (other than by reason of the adjustments described under the title Adjustments for Stock Splits, Recapitalizations and Mergers above), materially change the eligibility requirements, permit the

administrator to extend the exercise period for an option beyond ten years from the date of grant or permit the administrator to grant stock options with an exercise price that is below fair market value on the date of grant.

Except with respect to amendments that are intended to cause awards to comply with or be exempt from Section 409A of the Code, no amendment, modification or termination of the 2008 Plan will adversely affect in any material way any award previously granted pursuant to the 2008 Plan without the participant's consent. Additionally, in no event may an award be granted pursuant to the 2008 Plan on or after the tenth anniversary of the date of our annual meeting to be held on May 6, 2008.

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Federal Income Tax Consequences Associated with the 2008 Plan

The following is a general summary under current law of the material federal income tax consequences to an employee or non-employee director granted an award under the 2008 Plan. This summary deals with the general federal income tax principles that apply and is provided only for general information. Some kinds of taxes, such as state, local and foreign income taxes and federal employment taxes, are not discussed. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality.

This summary does not discuss all aspects of federal income taxation that may be relevant in light of a holder's personal circumstances. This summarized tax information is not tax advice and a holder of an award should rely only on the advice of his or her legal and tax advisors.

Non-Qualified Stock Options. If an optionee is granted a non-qualified stock option under the 2008 Plan, the optionee should not have taxable income on the grant of the option. Generally, the optionee should recognize ordinary income at the time of exercise in an amount equal to the fair market value of a share of our common stock at such time, less the exercise price paid. The optionee's basis in the common stock for purposes of determining gain or loss on a subsequent sale or disposition of such shares generally will be the fair market value of our common stock on the date the optionee exercises such option. Any subsequent gain or loss will be taxable as a capital gain or loss.

Incentive Stock Options. No taxable income should be recognized by the optionee at the time of the grant of an incentive stock option, and no taxable income should be recognized for regular federal income tax purposes at the time the option is exercised; however, the excess of the fair market value of our common stock received over the option price is an item of adjustment for alternative minimum tax purposes. The optionee will recognize taxable income in the year in which the purchased shares are sold or otherwise made the subject of a taxable disposition. For federal income tax purposes, dispositions are divided into two categories: qualifying and disqualifying. A qualifying disposition generally occurs if the sale or other disposition is made more than two years after the date the option for the shares involved in such sale or disposition is granted and more than one year after the date the shares are transferred upon exercise. If the sale or disposition occurs before these two periods are satisfied, then a disqualifying disposition generally will result.

Upon a qualifying disposition, the optionee should recognize long-term capital gain in an amount equal to the excess of the amount realized upon the sale or other disposition of the purchased shares over the exercise price paid for the shares. If there is a disqualifying disposition of the shares, then the excess of the fair market value of those shares on the exercise date (or, if less, the price at which the shares are sold) over the exercise price paid for the shares should be taxable as ordinary income to the optionee. Any additional gain or loss recognized upon the disposition will be recognized as a capital gain or loss by the optionee.

We will not be entitled to any federal income tax deduction if the optionee makes a qualifying disposition of the shares. If the optionee makes a disqualifying disposition of the purchased shares, then generally we or our subsidiary should be entitled to a federal income tax deduction, for the taxable year in which such disposition occurs, equal to the ordinary income recognized by the optionee.

Stock Appreciation Rights. No taxable income generally should be recognized upon the grant of a stock appreciation right, but, upon exercise of the stock appreciation right, the cash or the fair market value of the shares received should be taxable as ordinary income to the recipient in the year of such exercise.

Restricted Stock. In general, a recipient of restricted stock should not be taxed upon the grant or purchase of restricted stock that is subject to a substantial risk of forfeiture and that is non-transferable within the meaning of Section 83 of the Code. However, at the time the restricted stock is no longer subject to the substantial risk of forfeiture (e.g., when the restrictions lapse on a vesting date) or the shares become transferable, the recipient should recognize ordinary income equal to the fair market value of the common stock on the date the restrictions lapse or become transferable, less the amount the participant paid, if any, for such restricted stock. A recipient of restricted stock may, however, make an election under Section 83(b) of the Code to be taxed at the time of the grant or purchase on an amount equal to the fair market value of the common stock on the date of transfer, less the amount paid, if any, for such restricted stock. If a timely Section 83(b) election is made, the recipient should not recognize any additional income as and when the restrictions applicable to the restricted stock lapses.

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Restricted Stock Units and Deferred Stock. A recipient of restricted stock units or a deferred stock award generally should not have ordinary income upon grant of restricted stock units or deferred stock. When the shares of common stock are delivered under the terms of the award, the recipient should recognize ordinary income equal to the fair market value of the shares delivered, less any amount paid by the participant for such shares.

Dividend Equivalent Awards and Performance Awards. A recipient of a dividend equivalent award or a performance award generally will not recognize taxable income at the time of grant. However, at the time such an award is paid, whether in cash or in shares of common stock, the recipient will recognize ordinary income equal to the value received.

Stock Payments. A recipient of a stock payment generally will recognize taxable ordinary income in an amount equal to the fair market value of the shares of common stock received.

Tax Deductions and Section 162(m) of the Code. Except as otherwise described above with respect to incentive stock options, we or our subsidiaries generally should be entitled to a federal income tax deduction at the time and for the same amount as the recipient recognizes as ordinary income, subject to the limitations of Section 162(m) of the Code with respect to compensation paid to certain covered employees. Under Section 162(m), income tax deductions of publicly-held corporations may be limited to the extent total compensation (including base salary, annual bonus, stock option exercises and non-qualified benefits paid) for certain executive officers exceeds \$1,000,000 in any one year. The Section 162(m) deduction limit, however, does not apply to certain qualified performance-based compensation as provided for by the Code and established by an independent compensation committee. In particular, stock options and stock appreciation rights will satisfy the qualified performance-based compensation exception if the awards are made by a qualifying compensation committee, the underlying plan sets the maximum number of shares that can be granted to any person within a specified period and the compensation is based solely on an increase in the stock price after the grant date (the exercise price or base price is not less than the fair market value of the stock subject to the award on the grant date). Other awards granted under the 2008 Plan may be qualified performance-based compensation for purposes of Section 162(m), if such awards are granted or vest based upon the achievement of one or more pre-established objective performance goals using one of the performance criteria described above.

The 2008 Plan is structured in a manner that is intended to provide the administrator with the ability to provide awards that satisfy the requirements for qualified performance-based compensation under Section 162(m) of the Code. In the event the administrator determines that it is in our best interests to make use of such awards, the remuneration attributable to those awards should not be subject to the \$1,000,000 limitation. We have not, however, requested a ruling from the Internal Revenue Service or an opinion of counsel regarding this issue. This discussion will neither bind the Internal Revenue Service nor preclude the Internal Revenue Service from adopting a contrary position.

Section 409A of the Code. Certain awards under the 2008 Plan may be considered non-qualified deferred compensation for purposes of Section 409A of the Code, which imposes additional requirements on the payment of deferred compensation. Generally, if at any time during a taxable year a non-qualified deferred compensation plan fails to meet the requirements of Section 409A, or is not operated in accordance with those requirements, all amounts deferred under the non-qualified deferred compensation plan for the taxable year and all preceding taxable years, by or for any participant with respect to whom the failure relates, are includible in the gross income of the participant for the taxable year to the extent not subject to a substantial risk of forfeiture and not previously included in gross income. If a deferred amount is required to be included in income under Section 409A, the amount also is subject to interest and an additional income tax. The interest imposed is equal to the interest at the underpayment rate plus one percentage point, imposed on the underpayments that would have occurred had the compensation been includible in income for the taxable year when first deferred, or if later, when not subject to a substantial risk of forfeiture. The additional income tax is equal to 20% of the compensation required to be included in gross income.

Board Recommendation

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE ALLERGAN, INC. 2008 INCENTIVE AWARD PLAN.

Table of Contents**Item No. 3****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 2008 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, we believe such ratification is beneficial. 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 2008. 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. The Audit and Finance Committee believes ratification is advisable and in the best interests of the stockholders. 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 RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2008.

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

Aggregate fees billed to us for the fiscal years ended December 31, 2007 and December 31, 2006 by our independent registered public accounting firm, Ernst & Young LLP, are as follows:

Type of Fees	2007	2006
Audit Fees(1)	\$ 4,831,214	\$ 3,879,084
Audit-Related Fees(2)	168,239	384,296
Tax Fees(3)	588,319	564,707
All Other Fees	0	0
Total	\$ 5,587,772	\$ 4,828,087

- (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.

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 services and all other 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 Securities and Exchange Commission, or 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 2007 were pre-approved in accordance with the Audit and Finance Committee's pre-approval requirements.

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Item No. 4

STOCKHOLDER PROPOSALS

Certain stockholders have informed us that they intend to present the proposals set forth below at the annual meeting. If the stockholders or their respective representatives, who are qualified under Delaware law, are present at the annual meeting and properly submit their respective proposals for a vote, then the stockholder proposals will be voted upon at the annual meeting. The affirmative vote by holders of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the proposal is required for each stockholder proposal to pass.

In accordance with the federal securities laws, the stockholder proposals and supporting statements are presented below exactly as submitted by the stockholders and are quoted verbatim and are in italics. The stockholder proposals and supporting statements are presented in the order in which we received them from the stockholder proponents. We disclaim all responsibility for the content of the proposals and the supporting statements.

FOR THE REASONS STATED IN OUR BOARD'S RESPONSES, WHICH FOLLOW EACH OF THE STOCKHOLDER PROPOSALS, OUR BOARD RECOMMENDS THAT YOU VOTE AGAINST BOTH STOCKHOLDER PROPOSALS NO. 1 AND NO. 2.

Stockholder Proposal No. 1

The International Brotherhood of Teamsters General Fund, 25 Louisiana Avenue, NW, Washington, DC, 20001, which represents that it owns 5,272 shares of our common stock, has notified us that it intends to submit the following proposal at the annual meeting.

RESOLVED: That the shareholders of Allergan, Inc. (Allergan or Company) request that the Board of Directors Executive Compensation Committee adopt a pay-for-superior-performance principle by establishing an executive compensation plan for senior executives (Plan) that does the following:

Sets compensation targets for the Plan's annual and long-term incentive pay components at or below the peer group median;

Delivers a majority of the Plan's target long-term compensation through performance-vested, not simply time-vested, equity awards;

Provides the strategic rationale and relative weightings of the financial and non-financial performance metrics or criteria used in the annual and performance-vested long-term incentive components of the Plan;

Establishes performance targets for each Plan financial metric relative to the performance of the Company's peer companies; and,

Limits payment under the annual and performance-vested long-term incentive components of the Plan to when the Company's performance on its selected financial performance metrics exceeds peer group median performance.

SUPPORTING STATEMENT: We feel it is imperative that executive compensation plans for senior executives be designed and implemented to promote long-term corporate value. The pay-for-performance concept has received

considerable attention and support from investors, yet all too often executive pay plans provide generous compensation for average or below average performance when measured against peer performance. We believe the failure to tie executive compensation to superior corporate performance has fueled the escalation of executive compensation and detracted from the goal of enhancing long-term corporate value.

A strong pay and performance nexus will be established when: reasonable incentive compensation target pay levels are established; strategically selected financial performance goals are set relative to the performance of peer companies; and, incentive payments are awarded only when median peer performance is exceeded.

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We believe our Company's Plan fails to promote the pay-for-superior-performance principle in several important ways. Our analysis of the Allergan executive compensation plan reveals the following features that do not promote the pay-for-superior-performance principle:

Long-term compensation is targeted above the peer group median.

The annual incentive plan provides for below target payout.

100% of the Company's long-term compensation is not performance-vested.

Options vest ratably over 4 years.

We believe a plan designed to reward superior corporate performance relative to peer companies will help focus senior executives on building sustainable long-term corporate value.

*We urge you to vote **YES** for this proposal.*

Board of Directors Response to Stockholder Proposal No. 1

Our board recommends that you vote **AGAINST Stockholder Proposal No. 1 for the following reasons:**

We have been firmly committed to pay-for-performance for many years and have designed our executive compensation programs to align compensation with long-term stockholder returns. Our board agrees that it is imperative that executive compensation plans for senior executives be designed and implemented to promote long-term corporate value. However, our board believes that our executive compensation programs already meet this imperative in a more effective manner than the methods suggested by the proposal. After careful consideration and for the reasons set forth below, our board believes that the proposal is not in the best interests of Allergan or its stockholders and recommends that stockholders vote against this proposal.

In order to attract and retain executive talent with proven skills and experience, our compensation programs must compare favorably with those offered by other companies with which we compete for a limited pool of executive talent. The Organization and Compensation Committee of our board, composed solely of members of our board who are independent, and with the assistance of a compensation consultant, already evaluates the compensation of our key executives against a compensation peer group with whom we compete for executive talent. Based on its review of market compensation data and information provided by the compensation consultant, the Organization and Compensation Committee targets cash compensation for our executive officers at the composite 50th percentile of the market and targets annual long-term incentive compensation for executive officers at the 75th percentile of the market. These target levels help provide a total compensation program that we believe is competitive with our peer companies and ensures that we attract and retain executives of the highest levels.

Implementing the proposal would harm our executive recruiting and retention efforts because it would rigidly tie the compensation of our executive officers to the actions and performance of our competitors and remove the business judgment required to properly calibrate the amount of compensation to be paid to our executive officers. By limiting the Organization and Compensation Committee's flexibility to design and implement compensation programs in ways it deems appropriate, the proposal would hinder our ability to respond to market trends and tailor compensation incentives to our business goals in a way that allows us to attract, retain and motivate the highest caliber of executive talent in a competitive employment environment. The Organization and Compensation Committee must retain flexibility in choosing incentives to further our corporate goals through our compensation arrangements.

As described under Executive Compensation Compensation Discussion and Analysis in this proxy statement, our executive compensation program currently includes substantial pay-for-performance components that tie compensation to our annual and long-term financial performance. The Organization and Compensation Committee has designed our executive compensation program so that total compensation is earned largely based on attaining pre-established performance objectives and by stock price appreciation. To that end, our executive compensation program has been structured to place less emphasis on base salary, and more emphasis on annual

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performance-based incentive payments and equity-based compensation. Consistent with our performance-based philosophy, we reserve the largest potential compensation awards for performance- and incentive-based programs. In structuring compensation, we strive to remain competitive in the market for superior talent while emphasizing forms of compensation that align with Allergan's performance and our stockholders' risks and rewards. Furthermore, in our proxy statements we have strived to thoroughly explain to our stockholders the strategic rationale and criteria used in various components of our executive compensation, describing for each compensation component the target compensation (such as describing the 50% peer benchmarking target for the executive's cash compensation component), the factors in determining the compensation to be paid to each executive (such as identifying performance factors for annual incentive awards, and the criteria for long-term equity awards), and the rationale for these factors (such as explaining that the 50th percentile benchmark for cash compensation is to ensure the ability to attract and retain executives, and to provide focus on annual corporate goals without overemphasizing short-term performance).

Aside from base salary and certain perquisites and benefits, the primary components of our executive compensation are all inherently performance-based and tied to our annual and long-term financial performance (in 2007, performance-based compensation was targeted at 76% (for our chief executive officer) and 73% (for our executive committee members other than our chief executive officer) of total executive compensation). Our performance-based compensation consists of annual and long-term awards that are based on our financial performance and provide compensation in the form of both cash and equity to provide incentives that are tied to both our short-term and long-term performance:

Annual Performance Incentive Awards In awarding annual incentive awards to our executive officers, the Organization and Compensation Committee considers our performance with respect to established financial targets for that particular year. Awards are based on pre-established targets for three specified performance objectives: (1) earnings per share, (2) sales revenue growth and (3) research and development reinvestment. These performance objectives provide an appropriate balance between meeting our short-term and long-term objectives. The revenue growth target reinforces the importance of revenue growth in conjunction with meeting an earnings per share objective, while the research and development reinvestment target fuels innovation and provides accountability for our long term growth. Our annual incentive awards are designed to reward performance for achievement towards, or exceeding, our pre-established performance objectives, while also requiring a minimum diluted earnings per share be attained for any annual incentive awards to be paid. As the annual incentive awards are payable based upon the achievement of threshold performance objectives set by the Organization and Compensation Committee, executive compensation is directly tied to our corporate performance. Annual incentive awards are paid in cash up to 100% of the executive's target bonus. Awards paid in excess of 100% of the executive's target bonus (which occurs when corporate performance meets or exceeds all of our targeted performance) are paid in restricted stock.

Long-Term Incentive Awards Our long-term incentive awards are granted on an annual basis and consist of stock options and restricted stock grants, both of which vest over time. The Organization and Compensation Committee has determined that executive officers should receive long-term incentive awards primarily in the form of stock options (with an exercise price equal to the fair market value on the date of grant). Restricted stock will be granted in limited circumstances for the portion of an executive's annual bonus that exceeds 100% of the executive's annual target bonus (as discussed above) and in connection with certain events, such as a new hire, retention of an employee, integration of acquisitions or outstanding performance against certain individual or departmental performance objectives. We believe our long-term incentive awards are already sufficiently performance-based because the value of these awards result primarily from our performance, and therefore the proposal's requirement for performance-based vesting of equity awards is unnecessary.

Stock Options Stock options in particular are inherently performance-based because a holder of stock options receives no benefit unless our stock price increases after the date of the stock option grant. While our stock options do not contain performance conditions to vesting, the recipients of such stock options will only realize an economic benefit to the extent that our stock price increases in overall value during the vesting period applicable to the options.

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Restricted Stock Our restricted stock awards also provide inherent performance-based incentives, as the value of the restricted stock depends on the value of our common stock. Furthermore, as discussed above, restricted stock is only granted to executives when the annual incentive award due to the executive exceeds 100% of the executive's target bonus, which generally occurs when individual and company performance has met or exceeded our pre-established objectives and goals for the year and in other limited circumstances. Requiring restricted stock to vest based on performance would be inappropriate because an adequate level of performance was generally required for the restricted stock to be granted in the first place.

The proposal's requirements that we establish performance targets based strictly on the performance of our peer companies and award incentive compensation only when performance exceeds the median performance of our peers, without regard to other considerations, are inconsistent with an effective pay-for-performance philosophy. We believe that linking incentive goals to our own performance, rather than the financial performance of our peers, is the best way to enhance stockholder value. Peer group companies may be seeking to implement different strategies, or may be impacted by many factors that do not provide comparability, and linking incentives only to a comparison of their performance may have undesirable consequences. For example, we do not agree that executives should be awarded incentive compensation solely because we might outperform our peers but do not achieve our own minimum thresholds. Conversely, an executive may be performing at an extraordinary level in the face of unique business challenges or the performance of a business unit may clearly justify rewards, but if incentive compensation is dependent solely on peer group performance, then such extraordinary performance would not be recognized. Our executives are more effectively motivated when their incentive compensation is directly tied to our performance and not to the performance of peer companies over which our executives have no control. Furthermore, in recent years we have consistently outperformed our compensation peer group on key financial metrics. Since 2004, our revenue growth ranks in the 53rd percentile of our peer group, and total stockholder return ranks in the 65th percentile. Our 2006 performance shows our revenue growth and total stockholder return to both be in the 71st percentile of our peer group. By mandating that our executive incentive compensation be tied to the performance of our peers and be provided only if our performance exceeds the median performance of our peers, this proposal would be wholly unnecessary, unduly restrictive and inconsistent with our already effective pay-for-performance philosophy.

Our board believes that our executive compensation program exemplifies strong pay-for-performance principles. The Organization and Compensation Committee must have flexibility to design a compensation program based on a number of different measures, incentives and objectives. Our board believes this proposal is too restrictive, unnecessary and would put us at a competitive disadvantage.

Board Recommendation

For the foregoing reasons, our board believes that the proposal is not in the best interests of Allergan or its stockholders and recommends that stockholders vote against this proposal.

OUR BOARD RECOMMENDS THAT YOU VOTE AGAINST STOCKHOLDER PROPOSAL NO. 1.

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Stockholder Proposal No. 2

The Humane Society of the United States, 2100 L Street, NW, Washington, DC 20037, which represents that it owns 72 shares of our common stock, has notified us that it intends to submit the following proposal at the annual meeting. Calvert Asset Management Company, Inc., 4550 Montgomery Avenue, Bethesda, MD 20814, which represents that its funds own an aggregate of 210,692 shares of our common stock, is acting as a co-sponsor of the following proposal.

RESOLVED: Shareholders request that Allergan issue a report, updated annually and omitting proprietary information, disclosing the Corporation's recent activities and future plans to eliminate the animal-based LD₅₀ test from the manufacturing process of Botox and Botox Cosmetic. This report should be prepared at a reasonable cost and posted on the Corporation's website.

SUPPORTING STATEMENT:

As an Allergan shareholder, The Humane Society of the United States (HSUS) supports efforts to reduce the use and suffering of animals in safety testing. Allergan has publicly affirmed its commitment to humane testing practices. That commitment was challenged in 2003, with the revelation that Allergan uses the widely criticized LD₅₀ test in manufacturing its flagship products, Botox and Botox Cosmetic.

The LD₅₀ (or Lethal Dose 50%) is the amount of a substance that will kill 50% of a test group of animals. In this test, botulinum toxin, the active ingredient of Botox and Botox Cosmetic, causes prolonged suffering and death from suffocation after 3 to 4 days.

At a 2006 meeting on testing botulinum toxin products convened at the request of HSUS, regulators signaled their willingness to accept alternative methods of assessing the potency of these products once new methods are validated. At the meeting, Allergan reported its progress in replacing the LD₅₀ test with more modern and humane alternatives.

In addition to the Corporation's current technical updates at occasional scientific meetings, providing periodic reports to shareholders and other interested parties would demonstrate Allergan's commitment to progress and transparency in achieving its stated goal of eliminating the LD₅₀ test. Such openness, coupled with sustained progress, would prevent conflicts with the animal protection community.

Allergan's use of the LD₅₀ test warrants attention from management and shareholders for several reasons:

Causing animals to suffer for the sake of a product with a cosmetic application (Botox Cosmetic) is widely perceived as unethical.

Allergan is relying on a test that was developed in 1927, is considered outdated and crude, and has been all but abandoned by the safety testing community.

Although the LD₅₀ test is the industry standard for assessing the potency of botulinum toxin products, Allergan is particularly vulnerable to public criticism because it is the only company currently licensed to sell such products for cosmetic purposes in the U.S.

The testing controversy concerns Botox and Botox Cosmetic, which accounted for nearly 33% of Allergan's net sales in 2006.

A Botox-like product manufactured with a non-animal alternative test would have a strong marketing advantage in the U.S.

If a competitor devised an LD₅₀ test alternative that became the industry standard, Allergan could be compelled to use a new method better suited to a competitor's manufacturing process.

Given the seriousness of the issue, Allergan should protect the Corporation and its shareholders by providing updates on its efforts to replace the LD₅₀ test. The National Research Council forecasts that, within a generation, new methods will greatly reduce, if not eliminate, animal testing. Eliminating LD₅₀ testing should be a priority in the process.

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Board of Directors Response to Stockholder Proposal No. 2

Our board recommends that you vote AGAINST Stockholder Proposal No. 2 for the following reasons:

Our board of directors believes that the preparation of the report requested by the proponent is unnecessary in light of information we already provide on our website at *www.allergan.com* and in scientific and public presentations, is an unnecessary use of company resources and will not serve to increase our already strong commitment and application of significant resources to reducing our reliance on or eliminating the LD₅₀ test, part of our current release assay for *Botox*[®], which tests the potency of our products and determines whether batches of *Botox*[®] can be released, to the extent possible, consistent with the current state of science and regulatory requirements.

As we have publicly indicated, we are committed to reducing or eliminating the animal testing used in manufacturing *Botox*[®] and have devoted significant resources and effort toward that goal. When such testing is necessary, the mice we use receive humane and ethical care that is in full compliance with stringent guidelines and regulations including the Guide for the Care and Use of Laboratory Animals in the United States and similar regulations worldwide. Those mice that die during the 72-hour current release assay generally do so within the first 24 hours.

Botox[®] is, first and foremost, an important pharmaceutical product with therapeutic indications currently accounting for approximately half of worldwide sales. All pharmaceutical manufacturers are required by the U.S. Food and Drug Administration, or FDA, and foreign health regulatory agencies to protect patients by assuring product safety and efficacy through rigorous animal testing. Testing the potency of biological products such as *Botox*[®] is particularly critical to ensuring that product batches are consistently safe and effective.

The FDA and foreign regulatory agencies require us to test *Botox*[®] on laboratory animals using the current release assay. Even the proponent acknowledges that the current release assay is the industry standard for assessing the potency of botulinum toxin products. While we use alternative methods wherever possible, there are currently no FDA-approved, safe alternatives capable of replacing the current release assay. Accordingly, the current release assay is not, as asserted by the proponent, outdated or all but abandoned by the safety testing community.

While we are presently required to use the current release assay to test *Botox*[®], we are committed to the 3R principles of animal research:

refinement (eliminating or minimizing the impact to animals by reducing potentially painful or invasive procedures, wherever possible);

reduction (using the absolute minimum number of animals in each study necessary to obtain valid results); and

eventual *replacement* (looking for alternative, non-animal based testing methods where possible).

We have worked for several years to reduce and refine the current release assay, leading to FDA approval in September 2006 of a revised testing method and tightened acceptance criteria for product release that has enabled us to reduce the number of animals used in the test by approximately 50%. In 2007, the FDA approved two submissions from us that will further reduce the routine use of animals in the testing of *Botox*[®] without adversely impacting quality assurance. As a result of these and other refinements, we have reduced the total number of animals used in fiscal year 2007 by approximately 30%, and we are committed to driving further reductions. As a priority, we continue to invest substantial resources in a major research effort to develop and validate non-animal alternative tests that will provide

continued assurances of the quality of *Botox*[®] and that will be acceptable to regulatory authorities. We are on the forefront of this research effort and believe that we may have made substantial scientific progress on developing a breakthrough nonanimal-based assay that, once confirmed, validated and approved by regulatory agencies, may replace the current release assay.

The proponent's suggested disclosure would arguably require the disclosure of sensitive information that could be harmful to our efforts to develop alternatives to the current release assay and could leave us at a competitive disadvantage. Moreover, such disclosure would not advance the scientific and regulatory process to develop and

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validate those alternatives. In addition, the proponent's statement that we could someday be compelled to use an alternative release assay that a competitor may devise is unfounded. Even if such an alternative test were developed, regulatory authorities in the United States and abroad would not permit us to use it without first undertaking extensive testing to demonstrate its suitability to our product.

Because of our existing and ongoing public disclosure, significant efforts to develop alternative testing methods, established policies and practices that minimize animal-based testing to the extent legally required, and management's oversight of our animal testing practices, our board does not believe that this proposal is necessary. Our board firmly believes that the preparation of the additional report to stockholders requested by the proponent is unnecessary in light of current disclosure that we provide, would place an unnecessary additional burden on management and would serve only to divert resources that are currently being used to build on our mission of reducing animal testing while providing safe and effective pharmaceutical products and medical devices that improve the lives of patients throughout the world.

Board Recommendation

For the foregoing reasons, our board believes that the proposal is not in the best interests of Allergan or its stockholders and recommends that stockholders vote against this proposal.

OUR BOARD RECOMMENDS THAT YOU VOTE AGAINST STOCKHOLDER PROPOSAL NO. 2.

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CORPORATE GOVERNANCE

Director Independence

Our Bylaws and our Board 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 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, Lavigne, Ray or Schaeffer currently have any relationship with us other than as a director and each is independent within the foregoing independence standards.

Our board has also determined that Mr. Ingram is independent under applicable standards. Our board has considered that Mr. Ingram is the Vice Chairman, Pharmaceuticals, of GlaxoSmithKline plc, or GlaxoSmithKline; Mr. Ingram owns less than 1% of GlaxoSmithKline's outstanding common stock; during 2007 we paid an insignificant amount to GlaxoSmithKline in connection with the outlicensing of *Botox*[®] to GlaxoSmithKline in China and Japan, together with our agreement to co-promote certain GlaxoSmithKline migraine products in the United States; for 2007, GlaxoSmithKline had total revenues of approximately \$36 billion; and the amount GlaxoSmithKline received from us in each of its last three fiscal years was less than 1% of its consolidated gross revenues. Our board has also considered that Mr. Ingram was the Chairman of the board of directors of Valeant Pharmaceuticals International, or Valeant, until February 1, 2008 and since that date is a director of Valeant; Mr. Ingram owns less than 1% of Valeant's outstanding common stock; during 2007 we paid an insignificant amount to Valeant in connection with promotion and selling expenses; for 2007, Valeant had total revenues of approximately \$872 million; and the amount Valeant received from us in each of its last three fiscal years was less than 1% of its consolidated gross revenues. Our board has also considered that Mr. Ingram is a member of the board of directors of Lowe's Companies, Inc., or Lowe's; Mr. Ingram owns less than 1% of Lowe's outstanding common stock; during 2007 we paid an insignificant amount to Lowe's; for 2007, Lowe's had total revenues of approximately \$48 billion; and the amount Lowe's received from us in each of its last three fiscal years was less than 1% of its consolidated gross revenues. Our board has determined that our dealings with GlaxoSmithKline, Valeant and Lowe's are conducted on an arms-length basis and do not impair Mr. Ingram's independence.

Our board has also determined that Ms. Hudson is independent under applicable standards. Our board has considered that Ms. Hudson is a member of the board of directors of Lowe's; that Ms. Hudson owns less than 1% of Lowe's common stock; that during 2007 we paid an insignificant amount to Lowe's; for 2007, Lowe's had total revenues of approximately \$47 billion; and the amount Lowe's received from us in each of its last three fiscal years was less than 1% of its consolidated gross revenues. Our board has determined that our dealings with Lowe's are conducted on an arms-length basis and do not impair Ms. Hudson's independence.

Mr. Pyott was determined to not be independent based on his service as our Chief Executive Officer.

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 Guidelines on Significant Corporate Governance Issues are available on the Corporate Governance section of our website at www.allergan.com. Additionally, the guidelines are available by writing to Allergan, Inc., Attn: Secretary, 2525 Dupont Drive, P.O. Box 19534, Irvine, CA 92623.

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Board Meetings

Our business and affairs are managed under the direction of our board of directors. Our board held seven full meetings during 2007 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 the Chairman of our 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 our board, a non-management director, if present, preside 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 our board and, when present, presides over the executive sessions. Executive sessions of the 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 section of our website at www.allergan.com. Our stockholders may also request a copy of any of the charters of these committees by writing to Allergan, Inc., Attn: Secretary, 2525 Dupont Drive, P.O. Box 19534, Irvine, CA 92623.

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. Ms. Hudson joined the Audit and Finance Committee upon her appointment to our board in January 2008. 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 nine meetings during 2007 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;

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;

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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;

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;

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 81 of this proxy statement.

Corporate Governance Committee

The Corporate Governance Committee is currently composed of Mr. Ingram (Chairman), Drs. Boyer and Dunsire, Prof. Jones and Mr. Schaeffer. Mr. Handel E. Evans served on the Corporate Governance Committee until our 2007 annual meeting held on May 1, 2007. Mr. Evans did not stand for re-election to our board at the 2007 annual meeting. The Corporate Governance Committee held four meetings during 2007 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:

considers the performance of incumbent directors;

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

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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, the 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 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 Chairman of the Corporate Governance Committee, or in the Chairman'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;

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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.

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 our 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 the Board of Directors, c/o Allergan, Inc., Attn: Secretary, 2525 Dupont Drive, 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 for purposes of SEC and NYSE rules. Submissions that meet the criteria outlined in the immediately preceding paragraph are forwarded to the Chairman 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 (Chairman), Messrs. Gallagher, Ingram and Ray and Ms. Hudson. Mr. Evans served on the Compensation Committee until our 2007 annual meeting held on May 1, 2007. Mr. Evans did not stand for re-election to our board at the 2007 annual meeting. Effective as of our 2007 annual meeting, Mr. Ingram became a member of the Compensation Committee. Ms. Hudson joined the Compensation Committee upon her appointment to our board in January 2008. The Compensation Committee held six meetings during 2007 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 overall employee compensation 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.

For more information on the processes and procedures followed by the Compensation Committee for the consideration and determination of executive compensation, see the Executive Compensation section beginning on page 42 of this proxy statement.

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Science & Technology Committee

The Science & Technology Committee is currently composed of Dr. Ryan (Chairman), Drs. Boyer and Dunsire, Prof. Jones and Messrs. Herbert and Lavigne. Mr. Ingram served on the Science & Technology Committee until our 2007 annual meeting. The Science & Technology Committee held five meetings during 2007 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.

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 section of our website at www.allergan.com. The information on our website is not incorporated by reference in this proxy statement. 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. Our stockholders may request a copy of our Code of Business Conduct and Ethics by writing to Allergan, Inc., Attn: Secretary, 2525 Dupont Drive, P.O. Box 19534, Irvine, CA 92623.

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, 2525 Dupont Drive, 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.

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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 2007 annual meeting of stockholders.

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 77 of this proxy statement.

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

Directors and Executive Officers

The following table sets forth information as of the record date, March 14, 2008, 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, 2007 (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 and Nominees:					
Deborah Dunsire, M.D.	4,800	12,693	4,800	22,293	*
Trevor M. Jones, Ph.D.	7,560	28,921	3,600	40,081	*
Louis J. Lavigne, Jr.	7,200(5)	20,400	3,600	31,200	*
Leonard D. Schaeffer	42,066(6)	51,040	3,600	96,706	*
Class II Directors:					
Herbert W. Boyer, Ph.D.	38,400(7)	48,704	7,200	94,304	*
Robert A. Ingram	10,800	27,899	7,200	45,899	*
David E.I. Pyott	91,286(8)	2,634,912	48,960	2,775,158	*
Russell T. Ray	14,400	35,400	7,200	57,000	*
Class III Directors:					
Michael R. Gallagher	36,400	48,121	14,400	98,921	*
Gavin S. Herbert	248,580(9)	35,400	14,400	298,380	*
Dawn Hudson	0	0	0	0	*
Stephen J. Ryan, M.D.	19,046	39,046	14,400	72,492	*
Other Named Executive Officers:					
Jeffrey L. Edwards	12,367	246,488	3,407	262,262	*
F. Michael Ball	14,922(10)	338,654	5,470	359,046	*
Douglas S. Ingram	9,773	449,420	7,648	466,841	*
Scott M. Whitcup, M.D.	14,866	244,232	7,361	266,459	*
All current directors and nominees, named executive officers and executive officers as a group (18 persons,	591,289	4,425,022	163,333	5,179,644	1.67%

including those named above)

* 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) for employees, shares held in trust for the benefit of the named employee in our Savings and Investment Plan and Employee Stock Ownership Plan as of the record date.
- (2) This column also includes shares which the person or group has the right to acquire within sixty (60) days of March 14, 2008 as follows: (1) for employees (Messrs. Pyott, Edwards, Ball, Ingram and Dr. Whitcup), 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 March 14, 2008. Under our deferred directors' fee program, participants may elect

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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 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 305,660,143 shares of our common stock outstanding as of March 14, 2008 (exclusive of 1,851,745 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 7,200 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 42,066 shares beneficially owned by a trust for which Mr. Schaeffer serves as trustee and beneficiary and as such has sole voting and dispositive power.
- (7) Includes 38,400 shares beneficially owned by a trust for which Dr. Boyer serves as co-trustee and beneficiary and as such has sole voting and dispositive power.
- (8) Includes 85,201 shares beneficially owned by trusts for which Mr. Pyott serves as co-trustee and beneficiary and as such has sole voting and dispositive power.
- (9) Includes 248,580 shares beneficially owned by trusts for which Mr. Herbert serves as trustee and beneficiary and as such has sole voting and dispositive power.
- (10) Includes 5,535 shares beneficially owned by a trust for which Mr. Ball serves as co-trustee and beneficiary and as such as sole 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	34,665,834(2)	11.341%
UBS AG Bahnhofstrasse 45 P.O. Box CH-8021 Zurich, Switzerland	26,213,355(3)	8.576%

- (1) Based on 305,660,143 shares of common stock outstanding as of March 14, 2008 (exclusive of 1,851,745 shares of common stock held in treasury).
- (2) Based on the information provided pursuant to a joint statement on an amended Schedule 13G filed with the SEC on February 14, 2008 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: 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; 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; 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; Pyramis Global Advisors, LLC, or PGALLC, an indirect wholly-owned subsidiary of FMR and

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an investment adviser registered under Section 203 of the Investment Advisers Act of 1940; and 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. 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 33,601,764 shares; FIL beneficially owns 779,309 shares; Strategic Advisers beneficially owns 9,346 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 60,520 shares; and PGATC, as a result of serving as investment manager of institutional accounts, beneficially owns 214,895 shares. Johnson and FMR LLC, through its control of FMRC and the Funds, each has sole dispositive power with respect to the 33,601,764 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 power with respect to 60,520 shares and sole voting power with respect to 60,520 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 214,895 shares and sole voting power with respect to 214,895 shares owned by the institutional accounts managed by PGATC. FIL has sole dispositive power with respect to 779,309 shares owned by the international Funds and sole voting power with respect to 770,679 shares and no voting power with respect to 8,630 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 and Exchange Act of 1934.

- (3) Based on the information provided pursuant to a joint statement on an amended Schedule 13G filed with the SEC on February 11, 2008 by UBS AG for the benefit and on behalf of UBS Global Asset Management (Americas) Inc., or UBS Global AM, and its affiliates on behalf of its clients. UBS Global AM 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 22,120,698 shares and shared dispositive power with respect to 26,213,355 shares. UBS AG reported that it is classified as a bank as defined in Section 3(a)(6) of the Securities Act of 1934, 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.

Table of Contents**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, 2007:

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(1)(2)	18,695,430	\$ 44.28	10,236,546
Equity compensation plans not approved by security holders	51,539	\$ 33.98	1,643,987
Total	18,746,969	\$ 44.26	11,880,533

(1) Includes shares of our common stock available for issuance under our 1989 Incentive Compensation Plan, as amended. The aggregate number of shares of our common stock available for issuance under our 1989 Incentive Compensation Plan, as amended, during any calendar year is up to 1.5% of the number of shares of our common stock outstanding on December 31 of the prior year plus any unused shares from prior years.

(2) Does not include shares of our common stock available for issuance under the Allergan, Inc. 2008 Incentive Award Plan proposed for approval by our stockholders at our 2008 annual meeting under Item No. 2 on page 9 of this proxy statement. If approved, the aggregate number of shares of our common stock available for issuance under the Allergan, Inc. 2008 Incentive Award Plan will be 20,000,000 plus any shares of our common stock that as of the date of our 2008 annual meeting are subject to awards under the prior plans (i.e., 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), which following such date are forfeited, cancelled, expire, settled in cash or lapse unexercised and are not issued under such prior plans. Under the Allergan, Inc. 2008 Incentive Award Plan, if approved, no more than 25,000,000 shares of our common stock may be issued upon the exercise of incentive stock options.

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.

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

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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, 2007, 41,336 shares of our common stock have been issued under the SRSOS and 558,664 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 the 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, 2007, 466,136 shares of our common stock have been issued under the ISPS and 197,864 shares remain available for issuance.

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, 2007, 252,636 shares of our common stock have been issued and participants are entitled to receive an additional 51,539 shares of our common stock under the DDF Program upon termination of their status as director. Excluding the 51,539 shares that participants are entitled to receive under the DDF Program upon termination of their status as director, 733,837 shares remain available for issuance.

Allergan, Inc. Employee Recognition Stock Award Plan

The purpose of the Allergan, Inc. Employee Recognition Stock Award Plan is to provide for a grant of our common stock to non-executive employees as part of the Allergan, Inc. Award for Excellence Program, or the AAE Program. The AAE Program was approved by our board on July 27, 1993 and rewards exceptional service performed for us by the recipients of such grants. Our board administers and makes awards under the AAE Program. A total of 200,000 shares of our common stock have been authorized for issuance to AAE Program participants. As

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of December 31, 2007, 46,378 shares of our common stock have been issued under the AAE Program and 153,622 shares remain available for issuance.

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, 2007, all executive officers, directors and greater than ten-percent beneficial owners complied with the reporting requirements of Section 16(a), except with respect to two members of our board of directors, Mr. Michael R. Gallagher and Dr. Stephen J. Ryan. On December 18, 2006, Mr. Gallagher and Dr. Ryan were granted phantom stock units under our Deferred Director Fee Program in lieu of cash payable for meeting fees. Forms 4 reporting these grants were filed on January 29, 2007.

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EXECUTIVE COMPENSATION

The following discussion and analysis contains statements regarding future individual and company performance targets and goals. These targets and goals are disclosed in the limited context of our compensation programs and should not be understood to be statements of management's expectations or estimates of results or other guidance. We specifically caution investors not to apply these statements to other contexts.

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 three other executive officers, as determined under the rules of the SEC.

The Compensation Committee administers the compensation policies and programs for our senior executives and our equity-based incentive compensation plans.

What are the objectives of our compensation programs?

The Compensation Committee's philosophy is 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 our stockholders; and

promote stability and retention of our management team.

In designing and administering our executive compensation programs, we attempt to strike an appropriate balance among these elements, as discussed below.

The major compensation elements for our named executive officers are base salaries, annual performance-based bonuses payable in cash for target performance and in restricted shares for performance above target performance, stock options, retirement benefits, severance benefits, insurance benefits and perquisites. 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 our performance during a particular year. We provide for these compensation elements so that we are able to attract, motivate and retain highly qualified executive officers. Consistent with our performance-based philosophy, we reserve the largest portion of potential compensation awards for performance- and incentive-based programs. These programs include awards that are based on our company's financial and stock price

performance and provide compensation in the form of both cash and equity incentives that are tied to both our short-term and long-term performance. Our performance-based bonus program rewards short-term and long-term performance, while our equity awards, commonly in the form of stock options, reward long-term performance and align the interests of management with our stockholders.

How does the Compensation Committee determine the forms and amounts 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

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roles and responsibilities, how the executive officer is performing those responsibilities and our historical financial performance.

The Compensation Committee has retained a compensation consultant.

The Compensation Committee has engaged a compensation consultant, Mercer, to assist the Compensation Committee in its duties, including to provide advice regarding industry trends relating to the form and amount of compensation provided to executives by companies with which we compete for executive talent. The compensation consultant consists of a specific group within Mercer, assigned exclusively to the Compensation Committee, and reports directly to the Compensation Committee through its chairperson. The Compensation Committee retains the right to terminate or replace the compensation consultant at any time. A separate employee benefits group within Mercer provides 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 2007, 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, executive benefits and perquisites;

preparation of our annual stock-based compensation guidelines;

a comprehensive review of our executive compensation philosophy and strategy, including revisiting the peer group companies and the criteria for selecting peers;

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.

In addition, in 2007, the compensation consultant provided the Compensation Committee with market survey data regarding cash severance benefits and the treatment of unvested equity awards in the event of a change of control of the company, industry trends in defining shares owned for the purpose of executive stock ownership guidelines, and target performance and payout levels under our Management Bonus Plan and our Executive Bonus Plan as compared to our peer group and survey companies.

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 in 2008 as well as a description of the mechanisms used to ensure the compensation consultant's objectivity in connection with advising the Compensation Committee. In 2007, we paid approximately \$330,000 for the services provided by the compensation consultant to the Compensation Committee and approximately \$2.27 million for the separate employee benefits services provided by Mercer to us.

At least annually, the Compensation Committee evaluates the scope of services to be provided by the compensation consultant to the Compensation Committee and the separate employee benefits services to be provided by Mercer to us. 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 retain the firm that they believe will provide us with the best advice and services available.

In order to ensure that the compensation consultant consistently provides objective and unbiased advice to the Compensation Committee and that the compensation consultant's advice to the Compensation Committee is not influenced by our engagement of Mercer's separate employee benefits group, certain controls have been put in place. Specifically, the Compensation Committee and Mercer have operated under an engagement letter that sets 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

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without reason, the services to be provided by the compensation consultant and its fees. In addition, Mercer has agreed with the Compensation Committee that:

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

the compensation consultant may 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 must 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 may 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 may only receive payment for the compensation consulting services that it provides to the Compensation Committee.

The Compensation Committee believes that these steps will help ensure that the compensation consultant will provide the Compensation Committee with objective advice.

The Compensation Committee compares our compensation levels and elements to those provided by our competitors.

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 market. 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.

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The market data used to compare the levels and elements of compensation that we provide generally consists of both published surveys and a specific peer group, but varies depending on the element of compensation that is being addressed. The survey company data and the peer group company data are complementary to one another. The survey company data provides a broader industry-wide component, while the peer group company data provides information regarding companies most directly comparable to us based on the factors discussed above. The market data used to compare the levels and elements of compensation that we provided to our named executive officers in 2007 is shown in the table below.

	Base Salary and Cash Compensation	Long-Term Incentive Multiples (% of Base Salary Midpoint)	Policies and Practices (e.g., Change of Control Benefits and Perquisites)
David E.I. Pyott Chairman of the Board and Chief Executive Officer			

Scott M.
Whitcup, M.D.
Executive Vice President, Research and Development

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

n 50% weighting of peer group company proxy statement disclosure

n 50% weighting of published surveys(1)

- Data from 60 biotechnology, pharmaceutical and medical device industry participants with revenue ranging from \$2.3 billion to \$54.6 billion

- Data regressed for size of company

n 50% weighting of Mercer General Industry Long Term Incentive Survey

- Data regressed for size of company and to align with our salary ranges

n 25% weighting of peer group company proxy statement disclosure

n 25% weighting of pharmaceutical long term incentive data

n Peer group company disclosure and industry-specific published surveys considered primary

n General industry data used when pharmaceutical and biotechnology information were not available

All Other

Named Executive

Officers

n 100% weighting of published surveys(1)

- Data from 60 biotechnology and pharmaceutical industry participants with revenue ranging from \$2.3 billion to \$54.6 billion

- Data regressed for size of company

n Sufficient peer group company proxy statement disclosure not available for these named executive officers

- Data regressed for size of company and to align with our salary ranges(2)

(1) Sources: 2006 Towers Perrin Pharmaceutical Industry data and 2006 Hewitt Pharmaceutical Industry data.

(2) Source: 2006 Towers Perrin Pharmaceutical Long Term Incentive Survey.

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The peer group used to compare the levels and elements of compensation that we provided to our named executive officers in 2007 consisted of the following companies:

Peer Group Companies(1)

Company Name	Industry Description	Revenue (\$ millions)	Market Capitalization(2) (\$ millions)
Johnson & Johnson(3)	Pharmaceuticals	\$ 53,194	\$ 193,268
Wyeth	Pharmaceuticals	\$ 20,351	\$ 66,469
Eli Lilly and Company	Pharmaceuticals	\$ 15,691	\$ 59,081
Amgen Inc.	Biotechnology	\$ 14,268	\$ 82,051
Genentech, Inc.	Biotechnology	\$ 9,284	\$ 92,001
Alcon, Inc.	Health Care Supplies	\$ 4,897	\$ 35,598
Genzyme Corporation	Biotechnology	\$ 3,187	\$ 17,278
Gilead Sciences, Inc.	Biotechnology	\$ 3,026	\$ 29,659
Forest Laboratories, Inc.(4)	Pharmaceuticals	\$ 2,912	\$ 17,809
Biogen IDEC Inc.	Biotechnology	\$ 2,683	\$ 16,347
Cephalon, Inc.	Biotechnology	\$ 1,751	\$ 4,378
MedImmune, Inc.	Biotechnology	\$ 1,277	\$ 8,270
Sepracor Inc.(5)	Pharmaceuticals	\$ 1,197	\$ 5,992
Endo Pharmaceuticals Holdings Inc.(3)	Pharmaceuticals	\$ 910	\$ 4,098
Celgene Corporation(3)	Biotechnology	\$ 899	\$ 20,186
Medicis Pharmaceutical Corporation(5)	Pharmaceuticals	\$ 377	\$ 2,083
Mentor Corporation(3,4)	Health Care Equipment	\$ 268	\$ 2,163
75th Percentile		\$ 9,284	\$ 59,081
Median		\$ 2,912	\$ 17,809
25th Percentile		\$ 1,197	\$ 5,992
Allergan, Inc.	Pharmaceuticals	\$ 3,063	\$ 17,677

Source: Standard & Poors Research Insight

(1) Financial data reflects the December 2006 fiscal year-end except where noted.

(2) Market capitalization as of January 31, 2007.

(3) New peer company added in September 2006.

(4) Financial data for Forest Laboratories, Inc. and Mentor Corporation reflect data for the fiscal year ended March 2006.

(5) Financial data for Medicis Pharmaceutical Corporation reflect data for the fiscal year ended June 2006.

The Compensation Committee, with the help of the compensation consultant, periodically reviews the composition of the peer group and the criteria and data used in compiling the list, and considers modifications to the group. In September 2006, the Compensation Committee determined that this group of peer companies was 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, (iii) strong stockholder returns and (iv) competition for stockholders investment.

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Our pay mix emphasizes 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, 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. In determining the 2007 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 2006 salary, three year average bonus and all long-term incentive values for the peer group companies four next most highly compensated executive officers after their chief executive officers.
- (2) Target pay reflects 2007 salary, target bonus and actual stock option grants. Our executive committee consists of our named executive officers and Raymond H. Diradoorian, our Executive Vice President, Global Technical Operations.
- (3) Actual pay reflects 2007 salary, actual bonus and actual stock option grants.

The Compensation Committee uses tally sheets.

At least annually, the Compensation Committee and our board of directors review 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 options 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 plans and the accumulated value of potential payouts under different separation scenarios, including under our severance and change of control arrangements. The tally sheets show the effect of compensation decisions made over time on the total annual compensation to each named executive officer, and allow the Compensation Committee to review the total accumulated value of compensation and benefits for comparative purposes. The Compensation Committee also reviews and updates the form of the tally sheets with the help of the compensation consultant at least annually. For 2007, the tally sheets served as a useful check on total annual compensation for each executive officer and relative compensation among the executive officers and provided a review of total historical compensation decisions, but did not affect any specific decision relating to the named executive officers' annual compensation. In its 2007 review of the tally sheets, the Compensation Committee determined that the annual

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compensation amounts for our named executive officers remained consistent with the Compensation Committee's policies and expectations.

What targets has the Compensation Committee established for each element 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 individual, 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.

The increases in base salaries for 2007 as compared to 2006 for each of our named executive officers, as well as the market position of the base salaries prior to and after the increases, are shown in the table below.

Named Executive Officer	2006 Annualized Salary(1)	% of 50th Percentile of Market	2007 Annualized Salary (% Increase)(2)	% of 50th Percentile of Market
David E.I. Pyott Chairman of the Board and Chief Executive Officer	\$ 1,240,000	114%	\$ 1,300,000 (4.8)%	119%
F. Michael Ball President, Allergan	\$ 600,000	89%	\$ 630,000 (5.0)%	93%
Scott M. Whitcup, M.D. Executive Vice President, Research and Development	\$ 475,200	79%	\$ 508,500 (7.0)%	85%
Douglas S. Ingram Executive Vice President, Chief Administrative Officer, General Counsel and Secretary	\$ 453,600	78%	\$ 500,000 (10.2)%	86%
Jeffrey L. Edwards Executive Vice President, Finance and Business Development, Chief Financial Officer	\$ 436,000	79%	\$ 457,800 (5.0)%	83%

- (1) For all of the named executive officers, other than Mr. Ingram, represents base salary on December 31, 2006 annualized for fiscal 2006. Mr. Ingram's base salary was increased on December 9, 2006, following the increased scope and complexity of his role as our Chief Administrative Officer, instead of on January 29, 2007, when the other named executive officers received base salary increases. Mr. Ingram's 2006 Annualized Salary amount represents his base salary prior to the December 9, 2006 increase annualized for fiscal 2006.

(2) Represents base salary on December 31, 2007 annualized for fiscal 2007.

The Compensation Committee has approved annual increases to Mr. Pyott's base salary of between 4.4% and 7.5% in each of the past five years. These increases were given in recognition of the overall performance of our company over the past nine years, the time period during which Mr. Pyott had served as our Chief Executive Officer. The Compensation Committee approved the increase to Mr. Pyott's base salary between 2006 and 2007 for these same reasons, even though his base salary was higher than the 50th percentile of the market. The Compensation Committee also considered that even though Mr. Pyott's base salary was higher than the 50th percentile of the market, his total direct compensation was lower than the 50th percentile of the market. The 2007 base salary increases for the other named executive officers were based on the recommendations of our Vice President, Compensation and Benefits, which were based upon market data provided by the compensation consultant discussed above, and our Chief Executive Officer's evaluations of the other named executive officers. At the

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beginning of 2006, the named executive officers identified a number of specific company performance objectives for their areas of responsibility for the year. These company performance objectives were subject to Mr. Pyott's review and approval or modification. The objectives varied considerably in detail and subject matter depending on each executive officer's area of responsibility. The objectives included, among other things, specific product approvals and development, financial objectives, successful completion of acquisitions and financings and regulatory compliance. No single objective was considered material to the determination of base salary increases for 2007. The increase to Mr. Ingram's base salary was also based in large part on the increased scope and complexity of Mr. Ingram's role as our Chief Administrative Officer, which included his assuming responsibility for our Human Resources and Information Technology departments, beginning in October 2006.

Annual Performance Incentive Awards

The primary purpose of our annual performance 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 2006 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.

How were 2007 bonuses determined under our Management Bonus Plan?

At the beginning of 2007, the Compensation Committee established target bonuses for each participant in 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. The Compensation Committee, in January 2008, also determined the size of the bonus pool to be paid to employees, based upon our performance in 2007. Our performance is measured by our achievement of three pre-established performance objectives. The performance objectives were based on our corporate strategies and objectives established as part of our annual operating plan process. For 2007, these performance objectives were as follows: (1) a pre-established target adjusted earnings per share of \$4.31, or the EPS Target, (2) a pre-established target sales revenue growth in local currency of 20.1%, or the Revenue Target, and (3) a pre-established target research and development reinvestment rate of 16.56% of annual sales, or the R&D Reinvestment Target. As a result of the two-for-one stock split of our common stock in June 2007, the Compensation Committee determined that our actual adjusted earnings per share for 2007 would be multiplied by two for purposes of determining bonuses payable under our Management Bonus Plan. The Compensation Committee determined that the EPS Target, Revenue Target and R&D Reinvestment Target were appropriate performance objectives for the purpose of establishing bonus payments because the EPS Target and Revenue Target provide incentives for management to focus on increasing our revenues while meeting an 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, the underlying financial measure in the EPS Target performance objective, is not defined under U.S. generally accepted accounting principles, or GAAP. We have historically used, and intend in the future to use, the same projected adjusted EPS reported in our press releases commenting on quarterly and annual results for purposes of establishing the EPS Target under our Management Bonus Plan and our Executive Bonus Plan. We use adjusted earnings for planning and forecasting in future periods the core operating performance of our business. Despite the importance of adjusted earnings in analyzing our business and designing incentive compensation, adjusted earnings 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.

Our Management Bonus Plan for 2007 provided that the bonus pool would be funded at 90% of the target bonus for achievement of the EPS Target, with an additional 10% of the target bonus funded for achievement of the

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Revenue Target and 10% of the target bonus funded for achievement of the R&D Reinvestment Target. As a result, 110% of the target bonus would be funded upon achieving all three of the target pre-established corporate performance objectives. For any bonus to be payable under our Management Bonus Plan for 2007, however, 2007 adjusted earnings per share had to be greater than 96.5% of the EPS Target. Once this threshold earnings per share 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 be funded 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)
Earnings Per Share	0% of target pool	90%	110%
Revenue Growth	0%	10%	25%
R&D Reinvestment Rate	0%	10%	25%
Total	0%	110%	160%

(1) No funding for the Revenue Growth or R&D Reinvestment Rate targets would be made unless adjusted earnings per share exceeded 96.5% of the EPS Target.

As a result of our achievement of 103.5% of the EPS Target, 128.5% of the Revenue Target and 99.1% of the R&D Reinvestment Target, and in accordance with the bonus structure approved at the beginning of 2007, the Compensation Committee established the 2007 bonus pool for participants in our Management Bonus Plan at approximately 143.9% of the target bonus. As a result, the Compensation Committee approved an aggregate bonus pool of approximately \$37.7 million for approximately 827 participants.

Once the aggregate bonus pool 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 2007 and the long-term performance of the company. For instance, a business function that exceeded its defined objectives typically 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 reinforced our pay-for-performance philosophy. For 2007, our Chief Executive Officer determined that the baseline bonus for non-executive employees would be set at 138% of their target bonuses and that our business functions (and the executive officers responsible for those business functions) would receive allocations within approximately three percentage points above or below 143.9% of the target bonus based on each function's performance separate from our corporate financial performance.

Within each business function (including with respect to our named executive officer participants), each participant's bonus could be further modified based upon the participant's evaluation by his or her supervisor. Under our Management Bonus Plan, each participant's bonus could potentially have been modified down to 0% or up to 150% based on his or her evaluation. In general, at the beginning of 2007, each participant identified (subject to his or her supervisor's review and approval or modification) a number of objectives for 2007 and then received a performance evaluation against those objectives as a part of the year-end compensation review process. For the named executive officers, these objectives varied considerably in detail and subject matter depending on their areas of responsibility. The objectives included, among other things, product approvals and development milestones, financial objectives, successful integration and completion of acquisitions and financings and regulatory compliance. No single objective

was considered material to the determination of the named executive officers' 2007 bonuses. 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.

For 2007, the target bonuses for the participating named executive officers were established at 60% of their year-end annualized base salaries, which would result in a bonus of 66% 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 70% of base salaries for similarly

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situated executives. Based on this market data, the 2008 target bonuses for the participating named executive officers were increased to 65% of their year-end annualized base salaries, which would result in a bonus of 71.5% of their base salaries if all three corporate performance objectives 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 table below illustrates potential bonus payouts as a percentage of base salary based on company performance, prior to any adjustments for business function or individual performance, as follows: (i) potential bonus payouts if all three of the pre-established corporate performance objectives were met at the target level; and (ii) potential bonus payouts if all three of the pre-established corporate performance objectives were met at the maximum level.

Named Executive Officer	2007	Objectives Met at	Objectives Met
	Annualized	Target Level	at
	Salary(1)	(Bonus	Maximum
		as % of	Level
		Salary)(2)	(Bonus as % of
			Salary)(2)
Scott M. Whitcup, M.D. Executive Vice President, Research and Development	\$ 508,500	66%	96%
Douglas S. Ingram Executive Vice President, Chief Administrative Officer, General Counsel and Secretary	\$ 500,000	66%	96%
Jeffrey L. Edwards Executive Vice President, Finance and Business Development, Chief Financial Officer	\$ 457,800	66%	96%

(1) Represents base salary on December 31, 2007 annualized for fiscal 2007.

(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.

For 2007, none of the named executive officers' bonus payouts were modified based on the performance of their business functions or based on their individual performance evaluations. Each named executive officer's bonus payout was based solely on our corporate performance which resulted in a payout of 143.9% of each named executive officer's 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 are shown in the table below.

	2007 Actual	Actual	Actual	% of 50th
			Total Cash	Percentile
				of

Named Executive Officer	Salary(1)	Bonus(2)	Compensation	Market
Scott M. Whitcup, M.D Executive Vice President, Research and Development	\$ 505,298	\$ 439,000	\$ 944,298	90%
Douglas S. Ingram Executive Vice President, Chief Administrative Officer, General Counsel and Secretary	\$ 500,000	\$ 431,700	\$ 931,700	92%
Jeffrey L. Edwards Executive Vice President, Finance and Business Development, Chief Financial Officer	\$ 455,704	\$ 395,300	\$ 851,004	88%

(1) Represents base salary earned during 2007.

(2) Amounts in excess of 100% of each named executive officer's bonus target were paid in grants of restricted stock or restricted stock units, which vest two years following the grant date. Dr. Whitcup received approximately \$133,859 of his actual bonus award in restricted stock. Mr. Ingram received approximately

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\$131,647 of his actual bonus award in restricted stock. Mr. Edwards received approximately \$120,587 of his actual bonus award in restricted stock.

All awards paid under our Management Bonus Plan to our senior managers (including our participating named executive officers) for 2007 in excess of 100% of the participants' bonus targets were paid in grants of restricted stock or restricted stock units, based on the average of the high and low prices of our common stock on February 1, 2008 and are subject to forfeiture prior to vesting in full on the second anniversary of the grant date, subject to continued employment with us through such vesting date. Vesting is accelerated on such date as the participant becomes eligible for normal retirement (having reached the age of 55 and five years of service) or in the event of termination due to death or permanent disability. Vesting is prorated in the case of a job elimination as a result of a reduction in force based on the length of the participant's service subsequent to the grant date. The restricted stock for 2007 performance was granted on February 14, 2008, under our 1989 Incentive Compensation Plan, as amended. Since these awards were granted after the 2007 fiscal year end, they are not reflected in the Grants of Plan Based Awards Table in this proxy statement, but their value is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table in this proxy statement, as they were earned in 2007.

How were 2007 bonuses determined under our Executive Bonus Plan?

The primary purpose of our Executive Bonus Plan is to reward, retain and motivate our Chief Executive Officer and our President, and they are the only employees currently eligible for awards under our Executive Bonus Plan.

The bonuses payable to our Chief Executive Officer and our President under our Executive Bonus Plan for 2007 were based on attainment of the EPS Target, Revenue Target and R&D Reinvestment Target consistent with the targets and adjusted earnings per share threshold established for the other named executive officers for 2007 under our Management Bonus Plan. Our Chief Executive Officer's target bonus for 2007 was 120% of his year-end annualized base salary, and our President's target bonus for 2007 was 70% of his year-end annualized base salary, after review of the 50th percentile of the market. Equivalent to our Management 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. Also equivalent to our Management Bonus Plan, for any bonus to be payable for 2007 under our Executive Bonus Plan, 2007 adjusted earnings per share had to be greater than 96.5% of the EPS Target. Therefore, the actual bonus award payable was from 0% to 160% of the target bonus based on our relative attainment of the performance objectives, subject to the discretion of the Compensation Committee to reduce the amount payable. The table below illustrates potential bonus payouts 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.

	2007	Objectives Met at Target Level	Objectives Met at Maximum Level
Named Executive Officer	Annualized Salary(1)	(Bonus as % of Salary)	(Bonus as % of Salary)
David E.I. Pyott Chairman of the Board and Chief Executive Officer	\$ 1,300,000	132%	192%

F. Michael Ball President, Allergan	\$ 630,000	77%	112%
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(1) Represents base salary on December 31, 2007 annualized for fiscal 2007.

Based upon our relative achievement of the pre-established performance objectives for 2007, and in accordance with the bonus structure approved at the beginning of 2007, the Compensation Committee approved bonus payouts to Messrs. Pyott and Ball of 143.9% of their target bonus. As a result, the Compensation Committee approved a bonus of \$2.245 million for Mr. Pyott, or approximately 172.7% of his year-end annualized base salary, and a bonus of \$634,600 for Mr. Ball, or approximately 100.7% of his year-end annualized base salary. These amounts include the value of the restricted shares granted for performance above target, described below. The actual cash compensation

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(salary and actual annual performance awards) for these named executive officers as compared to the 50th percentile of the market are shown in the table below.

Named Executive Officer	2007 Actual Salary(1)	Actual Bonus(2)	Actual Total Cash Compensation	% of 50th Percentile
David E.I. Pyott Chairman of the Board and Chief Executive Officer	\$ 1,293,076	\$ 2,244,800	\$ 3,537,876	150%
F. Michael Ball President, Allergan	\$ 627,115	\$ 634,600	\$ 1,261,715	93%

(1) Represents base salary earned during fiscal 2007.

(2) Amounts in excess of 100% of each named executive officer's bonus target were paid in grants of restricted stock or restricted stock units, which vest two years following the grant date. Mr. Pyott received approximately \$684,778 of his actual bonus award in restricted stock. Mr. Ball received approximately \$193,583 of his actual bonus award in restricted stock.

Equivalent to our Management Bonus Plan, bonuses for 2007 under our Executive Bonus Plan were paid in cash up to a maximum bonus pool of 100% of the bonus targets, and the remainder was paid in shares of restricted stock, based on the average of the high and low prices of our common stock on February 1, 2008, and are subject to forfeiture prior to vesting in full on the second anniversary of the grant date, subject to continued employment with us through such vesting date and accelerated vesting upon normal retirement or in the event of death or permanent disability. The restricted stock for 2007 performance was granted on February 14, 2008, under our 1989 Incentive Compensation Plan, as amended.

2008 Bonuses under our Management Bonus Plan and our Executive Bonus Plan.

For the payment of annual incentive awards to participants under our Management Bonus Plan and our Executive Bonus Plan for 2008, the Compensation Committee approved the same bonus program and structure as used in 2007, subject to a revised target value for each of the three performance measures and the increase in the target bonuses for the three named executive officers participating in our Management Bonus Plan to 65% of their year-end annualized base salaries.

Why do we grant equity awards and how does the Compensation Committee determine the amount of such awards?

Our employees, including our named executive officers, are eligible to participate in our annual award of stock option and restricted stock grants under our 1989 Incentive Compensation Plan, as amended. In addition, our employees are eligible to receive other awards of stock option and restricted stock grants under our 1989 Incentive Compensation Plan, as amended, throughout the fiscal year in connection with certain events, such as a new hire, retention of an employee, integration of acquisitions or outstanding performance against certain individual or departmental performance objectives. Our 1989 Incentive Compensation Plan, as amended, will terminate at our 2008 annual meeting of stockholders if our 2008 Incentive Award Plan is adopted by our stockholders (see Item No. 2 on page 9 of this proxy statement). If our 2008 Incentive Award Plan is not adopted by our stockholders, our 1989 Incentive Compensation Plan, as amended, will terminate in April 2009. During 2007, approximately 599 employees, including

executive officers, received stock option grants and/or restricted stock awards in connection with our annual award and approximately 173 employees, including executive officers, received other option grants and/or restricted stock awards, primarily relating to new hire grants, exceptional sales performance or the achievement of research and development milestones. Such grants provide an incentive for our executives and other employees to increase our market value, as represented by our market price, as well as serving as a method for motivating and retaining our employees.

For 2007, the Compensation Committee determined that our named executive officers should receive long-term incentive awards in the form of stock options, with a limited pool of restricted stock awards being available for that portion of bonuses to be paid in shares of restricted stock under our Management Bonus Plan and our Executive Bonus Plan. In determining to provide long-term incentive awards in the form of stock options, the Compensation

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Committee considered cost and dilution impact, market trends relating to long-term incentive compensation and other relevant factors. The Compensation Committee determined that an award of stock options more closely aligns the interests of the recipient 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, the Compensation Committee determined that 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. This provides an effective balance of risk and reward. The Compensation Committee reviewed our stock option grant usage and overhang (options outstanding plus reserves), and noted that our overhang was below the 25th percentile of the peer group companies.

The Compensation Committee has structured our Management Bonus Plan and our Executive Bonus Plan so that amounts payable in excess of 100% of the target bonus are 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. For 2008, the Compensation Committee has determined to retain its 2007 equity strategy such that 100% of management's equity awards will be granted in the form of nonqualified stock options, except in circumstances where restricted stock is granted under our bonus plans or in limited cases such as for retaining current key employees or attracting key new hires. Mr. Pyott and Dr. Whitcup received grants of 30,000 and 4,000 shares of restricted stock, respectively, on February 14, 2008. These shares vest in full on the fourth anniversary of the grant date, subject to continued employment with us through such vesting date.

Each January, the Compensation Committee considers and approves a set of guidelines for long-term incentive awards for eligible participants based on the participant's grade level in the organization. The guidelines for each employee grade level are set by the Compensation Committee based on input from the compensation consultant. The guidelines target the annual grants of long-term incentive awards at each grade level (as a multiple of the base salary midpoint for the grade level) at the 75th percentile of the market. The purpose of this higher market positioning for equity-based compensation is to provide a total compensation program that maintains a significant amount of at-risk compensation, places greater overall emphasis on long-term performance, encourages retention of key employees and more closely aligns executive compensation with the interests of our stockholders.

Actual 2007 long-term incentive compensation awards at the named executive officers' grade levels (as a multiple of the base salary midpoint for the grade levels) were slightly below the 75th percentile of the market, as shown in the table below.

Named Executive Officer	Number of Stock Options Granted in 2007	Value of Stock Options Granted in 2007(1)	Multiple (% of Base Salary Midpoint)	Market Data 75th Percentile Multiple (% of Base Salary Midpoint)
David E.I. Pyott Chairman of the Board and Chief Executive Officer	386,800	\$ 9,282,000	850%	860%
F. Michael Ball President, Allergan	124,200	\$ 2,979,000	440%	470%
Scott M. Whitcup, M.D. Executive Vice President, Research and Development	89,200	\$ 2,139,000	370%	380%
	89,200	\$ 2,139,000	370%	380%

Douglas S. Ingram Executive Vice President, Chief Administrative Officer, General Counsel and Secretary					
Jeffrey L. Edwards Executive Vice President, Finance and Business Development, Chief Financial Officer	89,200	\$	2,139,000	370%	380%

(1) The numbers shown in this table, for purposes of determining our market positioning, are based on a Black-Scholes value of \$24.00, at a \$59.71 exercise price (our average 30-day closing price as of January 12, 2007).

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The survey company data and the peer group company data showed that while the 75th percentile of the market had moved upwards since 2006 for the executive officer grade level participants, the 75th percentile of the market had moved downwards for the lower grade level participants. In consideration of the lower guidelines for some participants, the Compensation Committee determined to grant awards to the executive officers based on the same multiple used to determine 2006 awards and not increase the guideline to current market levels.

In addition, the Compensation Committee considered the rate of share usage for proposed equity awards, which for 2007 represented approximately 2.1 million shares, or 1.4% of the common shares outstanding. The Compensation Committee considered that our 2006 rate of share usage of 1.5% and our three-year (2003-2005) average rate of share usage of 1.7% of the common shares outstanding were at approximately the 25th percentile of our peer group companies three-year (2003-2005) average rate of share usage. In addition, our overhang (options outstanding plus reserves) was 10.7%, which was below the 25th percentile of the peer group companies based on their annual reports on Form 10-K for fiscal year 2005. Our reported stock option expense under the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised), *Share-Based Payment*, or SFAS No. 123R, as a percent of our revenues for fiscal year 2005, was between the 25th percentile and 50th percentile of our peer group companies.

What policies do we have in place with respect to timing of equity compensation awards?

During 2007, options were granted to current executive officers on one occasion only, during a regularly scheduled meeting of the Compensation Committee held on January 29, 2007, with a grant date of February 2, 2007. Our policy for the 2007 fiscal year and for prior years was to establish the number of options to be awarded at a regularly scheduled meeting of the Compensation Committee held prior to our full year earnings release with a grant date that was two business days after the full year earnings release. For the current year and on a going forward basis, we changed our policy so that the grant date would be 11 business days after the full year earnings release. Awards of bonus amounts payable under our Management Bonus Plan and our Executive Bonus Plan in excess of 100% of the target bonus issued in restricted shares are expressed in dollar valuations when approved by the Compensation Committee and the number of shares of restricted stock is determined on the grant date based on the average high and low prices of our common stock on the grant date. Other awards of stock options and restricted stock are expressed in a number of shares when approved by the Compensation Committee.

Beginning with the 2007 fiscal year, our policy has been that option grant dates for newly hired executive officers and other eligible employees will be two business days after the next quarterly or annual earnings release, as applicable, following the executive officer's or other eligible employee's commencement of employment.

Why did the Compensation Committee adopt a clawback policy?

In July 2007, the Compensation Committee adopted a clawback policy, whereby in the case of fraud or other intentional misconduct involving our executive officers or vice presidents that necessitates a restatement of our financial results, such executive officers or vice presidents are required to reimburse us for any bonus awards or other incentive compensation paid or issued to them in excess of the amount that would have been paid or issued based on the restated financial results. The Compensation Committee approved this policy after consideration of market practices and to further align the interests of our executive officers and vice presidents with our stockholders.

What equity ownership guidelines do we have in place for our officers and directors?

Our board has approved stock ownership guidelines for all corporate vice presidents (consisting primarily of our region/business heads) with five years in their position at a level of two times base salary, executive vice presidents

with five years in their position at a level of three times base salary and for our Chief Executive Officer at a level of five times base salary. Ownership is determined based on the combined value of shares owned outright, restricted shares, shares held in benefit plans and one-half of the intrinsic value of vested, in-the-money stock options.

The Compensation Committee annually reviews our executive officers' stock ownership status and the timeline for compliance in connection with our annual meeting of stockholders. In 2007, all such officers met the stock ownership guidelines. The Compensation Committee also annually reviews our stock ownership guidelines

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and their consistency with market practices. The tally sheets reviewed by the Compensation Committee also provide information about compliance with the stock ownership guidelines by each named executive officer.

Our board has also approved stock ownership guidelines for directors, which provide that each non-employee director is expected to own our common stock, including phantom shares accrued under our deferred directors' fee program, equal in value to the number of years the director has served on our board since 1989 multiplied by the retainer fee for each year served. As of December 31, 2007, all non-employee directors met the stock ownership guidelines.

What perquisites and other benefits do we provide and why do we provide these benefits?

In September 2006, the Compensation Committee determined that all major perquisite programs, other than a tax and financial planning allowance of \$20,000 for our Chief Executive Officer and our President and \$10,000 for each other named executive officer, would be eliminated. The Compensation Committee kept the tax and financial planning allowance in order to support effective use of our compensation programs and good financial management. In lieu of the terminated perquisites, the Compensation Committee determined to provide a flat annual perquisite payment of \$20,000 for our Chief Executive Officer, \$15,000 for our President and \$10,000 for each other named executive officer. The perquisite allowance is payable in 26 equal bi-weekly installments. The Compensation Committee eliminated all other major perquisite programs in order to provide greater flexibility to our executive officers and simplify the administration of the program. The new program was implemented in January 2007.

We offer medical plans, dental plans, vision plans and disability insurance plans, for which executives are charged the same rates as all other employees. We pay 100% of the cost of term life insurance for all eligible employees as well as the cost of higher coverage levels in place for our executives.

What retirement plans do we have that are not generally available to all employees and why do we have these plans?

We have two supplemental retirement plans for certain employees, including the named executive officers. These plans pay benefits directly to a participant to the extent benefits under our defined benefit pension plan are limited by Internal Revenue Code Sections 415 and 401(a)(17). Payments under our supplemental retirement plans are in the same form and will be paid at the same time as a participant's benefits under our pension plan.

Under the Allergan, Inc. Executive Deferred Compensation Plan, eligible employees, including the named executive officers, are permitted to defer receipt of up to 100% of their base salary and bonus. Eligible employees, including the named executive officers, also receive contributions from us for a given year under the Executive Deferred Compensation Plan if, during that year, they have contributed the maximum before-tax contributions under our Savings and Investment Plan and the amount of contributions made to the Savings and Investment Plan on behalf of the participant was limited by the Internal Revenue Code. A description of the material terms of these plans can be found beginning on page 69 of this proxy statement under Pension Benefits Table and on page 71 of this proxy statement under Nonqualified Deferred Compensation Table.

What severance and change of control benefits do we provide and why do we provide these benefits?

None of our U.S.-based employees, including our named executive officers, have an employment agreement that provides a specific term of employment with us. Accordingly, the employment of any such employee may be terminated at any time.

Since 1993, a severance pay policy has been in effect for executive officers whose employment is terminated as a result of a reduction in force, mutual resignation or sale of a business unit where the officer is not offered similar

employment with the acquiring company. The amount of severance pay depends upon the executive officer's years of service, with the greatest benefits (approximating two years of total cash compensation and benefits) payable for executive vice presidents having 15 or more years of service, and the least benefits for service of less than seven years (approximately 14 months of base salary only). The severance policy was designed to further retain executives by providing security that increases over time with the executive's service to us.

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We have entered into change of control agreements with each of our named executive officers and other key employees. These agreements provide for severance payments to be made to the executive officers and other key employees if their employment is terminated under specified circumstances within two years following a change of control. The payments and benefit levels under the change of control agreements did not influence and were not influenced by other elements of compensation.

Our severance pay policy and change of control agreements were designed to help attract key employees, preserve employee morale and productivity and encourage retention in the face of the potentially disruptive impact of an actual or potential change of control. These benefits also allow executives to assess takeover bids objectively without regard to the potential impact on their own job security. In December 2006 and July 2007, the compensation consultant, at the direction of the Compensation Committee, provided a summary of industry practices with respect to cash severance payments and the treatment of unvested equity upon a change of control. The compensation consultant found that salary plus bonus was the most prevalent cash severance multiplier among our peer group companies and the general industry. Severance multipliers typically ranged from one times salary and bonus at lower tiers to three times salary and bonus at the top executive level. Our current severance multiples are in line with these findings. Additionally, the most prevalent treatment of unvested equity among our peer group companies was full vesting upon a change of control, a single trigger, which is in line with our change of control agreements. All of the other change of control benefits under our change of control agreements require a double trigger (a change of control followed by a qualifying termination). A description of the material terms of our change of control agreements and severance pay policy can be found beginning on page 72 of this proxy statement under Potential Payments Upon Termination or Change of Control Table.

What are our policies on deductibility of compensation?

Section 162(m) of the Internal Revenue Code of 1986, as amended, limits the tax deductibility by a company of annual compensation in excess of \$1,000,000 paid to our Chief Executive Officer and any of our three other most highly compensated executive officers, other than our Chief Financial Officer. However, performance-based compensation that has been approved by our stockholders is excluded from the \$1,000,000 limit if, among other requirements, the compensation is payable only upon the attainment of pre-established, objective performance goals and the committee of our board of directors that establishes such goals consists only of outside directors. All members of the Compensation Committee qualify as outside directors. Additionally, stock options will qualify for the performance-based exception where, among other requirements, the exercise price of the option is not less than the fair market value of our common stock on the date of grant, and the plan includes a per-executive limitation on the number of shares for which options may be granted during a specified period. Our stock option grants under our 1989 Incentive Compensation Plan, as amended, are intended to meet the criteria of Section 162(m) of the Internal Revenue Code.

The Compensation Committee considers the anticipated tax treatment to us and our executive officers when reviewing executive compensation and our compensation programs. The deductibility of some types of compensation payments can depend upon the timing of an executive's vesting or exercise of previously granted rights. Interpretations of and changes in applicable tax laws and regulations, as well as other factors beyond the Compensation Committee's control, also can affect the deductibility of compensation.

While the tax impact of any compensation arrangement is one factor to be considered, such impact is evaluated in light of the Compensation Committee's overall compensation philosophy. The Compensation Committee will consider ways to maximize the deductibility of executive compensation, while retaining the discretion it deems necessary to compensate officers in a manner commensurate with performance and the competitive environment for executive talent. From time to time, the Compensation Committee may award compensation to our executive officers which is not fully deductible if it determines that such award is consistent with its philosophy and is in our and our

stockholders' best interests, such as time-vested grants of restricted stock, retention bonuses or grants of nonqualified stock options.

Our Executive Bonus Plan is designed and has generally been implemented with the intent to meet the performance-based criteria of Section 162(m) of the Internal Revenue Code.

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Tabular Compensation Disclosure

The following tables summarize our named executive officer and non-employee director compensation as follows:

1. *Summary Compensation Table.* The Summary Compensation Table summarizes the compensation earned by, or awarded or paid to, our named executive officers, including salary earned during 2007, the cost to us of stock awards and option awards previously granted to our named executive officers, non-equity incentive plan awards earned by our named executive officers for 2007 performance, changes in the actuarial present value of our named executive officers' accrued aggregate pension benefits and all other compensation paid to our named executive officers, including perquisites.
2. *Grants of Plan-Based Awards Table.* The Grants of Plan-Based Awards Table summarizes all grants of plan-based awards made to our named executive officers in 2007, including cash and stock awards made under our Management Bonus Plan and our Executive Bonus Plan. For a discussion of cash and stock awards earned by our named executive officers under our Management Bonus Plan and our Executive Bonus Plan for 2007 performance, see the Summary Compensation Table.
3. *Outstanding Equity Awards at Fiscal Year-End Table.* The Outstanding Equity Awards at Fiscal Year-End Table summarizes the unvested stock awards and all stock options held by our named executive officers as of December 31, 2007, as adjusted to account for our two-for-one stock split that was completed on June 22, 2007. Please note that our named executive officers' ownership of vested shares of stock is set forth under Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters in this proxy statement.
4. *Stock Exercises and Vesting Table.* The Stock Exercises and Vesting Table summarizes our named executive officers' option exercises and stock award vesting during 2007, as adjusted to account for our two-for-one stock split that was completed on June 22, 2007.
5. *Pension Benefits Table.* The Pension Benefits Table summarizes the actuarial present value of our named executive officers' accumulated benefits under our defined benefit retirement plan and two supplemental retirement plans and any payments made under those plans to our named executive officers during 2007.
6. *Nonqualified Deferred Compensation Table.* The Nonqualified Deferred Compensation Table summarizes the contributions to and account balances under our Executive Deferred Compensation Plan during 2007, as adjusted to account for our two-for-one stock split that was completed on June 22, 2007.
7. *Potential Payments Upon Termination or Change of Control Table.* The Potential Payments Upon Termination or Change of Control discussion and table summarize payments and benefits that would be made to our named executive officers in the event of certain employment terminations and/or a change of control.
8. *Director Compensation Table.* The Director Compensation Table summarizes the compensation paid to our non-employee directors during 2007, including cash compensation, and the cost of to us of stock awards and option awards previously granted to our non-employee directors.

Table of Contents**1. Summary Compensation Table**

The following table shows the compensation earned by, or awarded or paid to, each of our named executive officers for services rendered in all capacities to us and our subsidiaries for the years ended December 31, 2007 and 2006. Please note that ownership of vested stock awards is set forth under "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" in this proxy statement. Please also note that "Change in Pension Value and Nonqualified Deferred Compensation Earnings" in the following table consists of the annual change in the actuarial present value of the named executive officer's accrued aggregate pension benefit and nonqualified deferred compensation earnings that are above-market.

Principal Position	Year	Salary(1)	Bonus(2)	Stock Awards(3)	Option Awards(4)	Non-Equity Incentive Plan Compensation(5)	Change in Pension Value and Nonqualified Deferred Compensation(6)		All Other Compensation(7)
							Earnings(6)		
Chief Executive Officer	2007	\$ 1,293,076	\$ 0	\$ 350,172	\$ 6,816,879	\$ 2,244,800	\$ 475,494	\$ 51,923	\$
Member of the Board	2006	\$ 1,233,769	\$ 16,500	\$ 188,500	\$ 6,438,058	\$ 1,983,500	\$ 447,332	\$ 46,482	\$
Executive Officer	2007	\$ 455,704	\$ 0	\$ 154,608	\$ 988,343	\$ 395,300	\$ 99,095	\$ 31,604	\$
Executive Officer	2006	\$ 432,262	\$ 0	\$ 124,877	\$ 685,623	\$ 355,800	\$ 77,241	\$ 22,523	\$
Executive Officer, Finance and Development, Senior Vice President	2007	\$ 627,115	\$ 0	\$ 100,097	\$ 1,906,895	\$ 634,600	\$ 186,809	\$ 52,953	\$
Executive Officer, Finance and Development, Senior Vice President	2006	\$ 593,613	\$ 11,300	\$ 52,357	\$ 1,605,531	\$ 559,900	\$ 159,124	\$ 54,988	\$
Executive Officer, Finance and Development, Senior Vice President	2007	\$ 500,000	\$ 0	\$ 123,100	\$ 1,287,672	\$ 431,700	\$ 86,917	\$ 32,609	\$
Executive Officer, Finance and Development, Senior Vice President	2006	\$ 453,141	\$ 0	\$ 87,299	\$ 1,041,419	\$ 373,300	\$ 87,501	\$ 34,567	\$
Executive Officer, Finance and Development, Senior Vice President	2007	\$ 505,298	\$ 0	\$ 129,345	\$ 1,164,072	\$ 439,000	\$ 95,013	\$ 36,985	\$
Executive Officer, Finance and Development, Senior Vice President	2006	\$ 470,714	\$ 0	\$ 173,161	\$ 878,330	\$ 365,000	\$ 79,343	\$ 23,997	\$

(1) The amounts shown include amounts of salary earned but deferred at the election of the named executive officer under the Savings and Investment Plan and the Executive Deferred Compensation Plan. See footnote 7 below for a description of the Savings and Investment Plan and the Nonqualified Deferred Compensation Table for a description of the Executive Deferred Compensation Plan.

(2) The amounts shown are discretionary bonuses provided to our Chief Executive Officer and President under our Executive Bonus Plan.

(3)

The amounts shown are the amounts of compensation cost recognized by us related to the grants of restricted stock, as prescribed under SFAS No. 123R. For a discussion of valuation assumptions used to determine the compensation cost in 2007, see Note 11, *Employee Stock Plans*, to our Notes to Consolidated Financial Statements included in our annual report on Form 10-K for the year ended December 31, 2007. The amounts consist of bonus performance awards earned by our named executive officers under our Management Bonus Plan or our Executive Bonus Plan, as applicable, in excess of 100% of the participants' target bonus, paid in grants of service-vested restricted stock of Allergan, which vest in full on the second anniversary of the grant date, subject to continued employment with us through such vesting date. Vesting, however, is accelerated on such date as the participant is eligible for normal retirement (having reached the age of 55 and five years of service). Our Management Bonus Plan and our Executive Bonus Plan establish target and maximum bonus payment awards to our named executive officers based upon a percentage of their base salary. The goals employed for 2007 and 2006 included adjusted earnings per share, revenue growth and research and development reinvestment rate. See footnote 5 below and Compensation Discussion and Analysis. What targets has the Compensation Committee established for each element of compensation? in this

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proxy statement for a more complete description of these bonus plans. The table below shows how much of the overall amount of the compensation cost recognized by us in 2007 is attributable to each award.

Named Executive Officer	Grant Date	Number of Shares of Stock Granted	2007 Fiscal Year Compensation Cost
Mr. Pyott	February 2, 2007	8,744	\$ 161,672
	February 6, 2006	10,664	\$ 188,500
Mr. Edwards	February 2, 2007	1,608	\$ 29,731
	February 6, 2006	1,232	\$ 21,777
	January 30, 2004	10,000	\$ 103,100
Mr. Ball	February 2, 2007	2,582	\$ 47,740
	February 6, 2006	2,962	\$ 52,357
Mr. Ingram	February 2, 2007	1,684	\$ 31,136
	February 6, 2006	2,036	\$ 35,989
	February 6, 2006	4,000	\$ 55,975
Dr. Whitcup	February 2, 2007		