

ALLERGAN INC
Form DEF 14A
March 08, 2013
Table of Contents

SCHEDULE 14A INFORMATION

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Allergan, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

Edgar Filing: ALLERGAN INC - Form DEF 14A

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

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

March 8, 2013

Dear Stockholder:

You are cordially invited to attend our 2013 annual meeting of stockholders, to be held on April 30, 2013 at 10:00 a.m., local time, at our headquarters located at 2525 Dupont Drive, Irvine, California 92612. We hope you will be present to hear management's report to stockholders. The attached notice of meeting and proxy statement describe the matters to be acted upon at the annual meeting. We urge you to read this information carefully.

Whether or not you plan to attend the annual meeting personally, and regardless of the number of shares of Allergan stock you own, it is important that your shares are represented at the annual meeting. We are pleased to take advantage of Securities and Exchange Commission rules that allow companies to furnish their proxy materials over the internet. As a result, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials (the "Notice") instead of a paper copy of our proxy materials, which include the Notice of Annual Meeting, our Proxy Statement, our 2012 Annual Report and a proxy card or voting instruction form. The Notice contains instructions on how to access those documents on the internet and how to cast your vote via the internet. The Notice also contains instructions on how to request a paper copy of our proxy materials. All stockholders who do not receive the Notice will receive a paper copy of the proxy materials by mail. If you receive a paper copy of our proxy materials, you can cast your vote by completing the enclosed proxy card and returning it in the postage-prepaid envelope provided, or by utilizing the telephone or internet voting systems.

David E.I. Pyott

Chairman of the Board, President

and Chief Executive Officer

Table of Contents

2525 Dupont Drive, Irvine, CA 92612

NOTICE OF ANNUAL MEETING OF ALLERGAN, INC. STOCKHOLDERS

TO BE HELD ON APRIL 30, 2013

TO OUR STOCKHOLDERS:

The 2013 annual meeting of stockholders of Allergan, Inc. will be held on Tuesday, April 30, 2013 at 10:00 a.m., local time, at our headquarters located at 2525 Dupont Drive, Irvine, California 92612. We will consider and act on the following items of business at the annual meeting:

1. Election of nine directors for a term of office expiring at the 2014 annual meeting of stockholders and until their successors are duly elected and qualified. The nominees for election to our board of directors are David E.I. Pyott, Deborah Dunsire, M.D., Michael R. Gallagher, Dawn Hudson, Trevor M. Jones, Ph.D., Louis J. Lavigne, Jr., Peter J. McDonnell, M.D., Timothy D. Proctor and Russell T. Ray.
2. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2013;
3. Conduct an advisory vote to approve the compensation of our named executive officers;
4. Approve the amendment and restatement of our Amended and Restated Certificate of Incorporation to provide stockholders with the right to call special meetings;
5. Consider two stockholder proposals, if properly presented at the annual meeting; and
6. Such other business as may properly come before the annual meeting.

The Proxy Statement accompanying this notice describes each of these items of business in more detail. Our board of directors recommends: a vote **FOR** each of the nine nominees for director named in the Proxy Statement, a vote **FOR** items 2, 3 and 4 and a vote **AGAINST** each of the stockholder proposals, if properly presented at the annual meeting, in item 5.

If you were a holder of record of Allergan common stock at the close of business on March 6, 2013, you are entitled to notice of and to vote at the annual meeting.

By Order of the Board of Directors

Matthew J. Maletta

Vice President,

Associate General Counsel and Secretary

Edgar Filing: ALLERGAN INC - Form DEF 14A

Irvine, California

March 8, 2013

Table of Contents

ALLERGAN, INC.

2525 Dupont Drive, Irvine, CA 92612

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 30, 2013

TABLE OF CONTENTS

<u>INFORMATION CONCERNING VOTING AND SOLICITATION</u>	1
<u>ITEM NO. 1 ELECTION OF DIRECTORS</u>	6
<u>ITEM NO. 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	12
<u>ITEM NO. 3 ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS</u>	14
<u>ITEM NO. 4 APPROVE THE AMENDMENT AND RESTATEMENT OF OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION</u>	16
<u>ITEM NO. 5 STOCKHOLDER PROPOSALS</u>	18
<u>CORPORATE GOVERNANCE</u>	23
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	32
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	36
<u>COMPENSATION DISCLOSURE</u>	37
<u>Compensation Discussion and Analysis</u>	37
<u>Tabular Compensation Disclosure</u>	56
<u>Director Compensation</u>	70
<u>Compensation Risk Management</u>	72
<u>ORGANIZATION AND COMPENSATION COMMITTEE REPORT</u>	73
<u>AUDIT AND FINANCE COMMITTEE REPORT</u>	73
<u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u>	74
<u>ANNUAL REPORT</u>	74
<u>OTHER BUSINESS</u>	74
<u>INCORPORATION BY REFERENCE</u>	77

ANNEX A

A-1

ANNEX B

B-1

Table of Contents

ALLERGAN, INC.

2525 Dupont Drive, Irvine, CA 92612

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 30, 2013

PROXY STATEMENT

INFORMATION CONCERNING VOTING AND SOLICITATION

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

The board of directors of Allergan, Inc. (Allergan, the Company, we, our or us) is soliciting proxies to be used at the annual meeting of stockholders, to be held on Tuesday, April 30, 2013 at 10:00 a.m., local time, at our headquarters located at 2525 Dupont Drive, Irvine, California 92612, and at any continuation, adjournment or postponement thereof. Directions to attend the annual meeting can be found on our website at www.allergan.com. References to our website in this Proxy Statement are not intended to function as hyperlinks and the information contained on our website is not incorporated into this Proxy Statement.

As permitted by the Securities and Exchange Commission (SEC), Allergan is providing most stockholders with access to our proxy materials over the internet rather than in paper form. Accordingly, on or about March 15, 2013, we will mail a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access the proxy materials over the internet to most of our stockholders. We will mail printed copies of the full set of proxy materials to the rest of our stockholders. If you receive the Notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you follow the instructions contained on the Notice for requesting such materials. The Notice instructs you on how to access and review all of the important information contained in our Proxy Statement and our 2012 Annual Report to Stockholders over the internet. The Notice also instructs you on how to submit your proxy via the internet.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on April 30, 2013:

Our Proxy Statement and 2012 Annual Report to Stockholders are Available at www.proxyvote.com. This website address contains the following documents: the Notice of the Annual Meeting, our Proxy Statement and our 2012 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 6, 2013 may vote at the annual meeting. As of the record date, there were 297,690,478 shares of our common stock (exclusive of approximately 9,859,332 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 4,798 stockholders of record as of the record date.

How You Can Vote

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

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

Table of Contents

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

If you hold your shares of common stock through a broker, bank or other nominee, then you will receive a notice from such institution or person that includes instructions on how to vote your shares. Your broker, bank or other nominee will allow you to deliver your voting instructions via the internet and may also permit you to submit your voting instructions by telephone. In addition, you may request paper copies of our Proxy Statement and proxy card by following the instructions on the notice provided by your broker, bank or other nominee.

The internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on April 29, 2013. Stockholders who submit a proxy via the internet should be aware that they may incur costs to access the internet, such as usage charges from telephone companies or internet service providers and that these costs must be borne by such stockholders. Stockholders who submit a proxy via the internet or by telephone need not return a proxy card or the form forwarded by your broker, bank or other nominee by mail.

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

All shares entitled to vote and represented by properly submitted proxies (including those submitted via the internet, by telephone and by mail) received before the polls are closed at the annual meeting, and not revoked or superseded, will be voted at the annual meeting in accordance with the instructions indicated on those proxies. If no direction is indicated on a proxy, such shares will be voted by the proxy holders named in the enclosed proxy according to the recommendation of our Board: **FOR** the election of all of the director nominees; **FOR** ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2013; **FOR** approval of the compensation of our named executive officers; **FOR** approval of the amendment and restatement of our Amended and Restated Certificate of Incorporation; and **AGAINST** each of the stockholder proposals. In their discretion, the proxy holders named in the proxy are authorized to vote on any other matters that may properly come before the annual meeting and at any continuation, postponement or adjournment of the annual meeting. As of the date of this Proxy Statement, our Board is not aware of any other items of business that will be presented for consideration at the annual meeting other than those described in this Proxy Statement.

Voting in Person

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

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

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

Table of Contents

How You May Revoke or Change Your Vote

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

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

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

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

attending the annual meeting and voting in person.

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

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

Quorum and Required Vote

The inspector of elections appointed for the annual meeting will tabulate votes cast by proxy or in person at the annual meeting. The inspector of elections will also determine whether 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 is present.

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

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

Our Board has adopted a policy under which, in uncontested elections, an incumbent director nominee who does not receive the required votes for re-election is expected to tender his or her resignation to our Board. The Corporate Governance and Compliance Committee, or another duly authorized committee of our Board, will determine whether to accept or reject the tendered resignation generally within 90 days after certification of the election results. Allergan will publicly disclose the committee's determination regarding the tendered resignation and the rationale behind the decision in a Current Report on Form 8-K filed with the SEC.

Table of Contents

Ratification of Independent Registered Public Accounting Firm: Item No. 2. The approval of Item No. 2, ratifying the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2013, requires the affirmative vote of a majority of shares present at the annual meeting, in person or by proxy, and entitled to vote on the proposal. Abstentions on Item No. 2 will have the same effect as a vote against Item No. 2. The approval of Item No. 2 is a routine proposal on which a broker or other nominee is generally empowered to vote. Accordingly, no broker non-votes will likely result from this proposal.

Advisory Vote to Approve the Compensation of our Named Executive Officers: Item No. 3. The approval of Item No. 3, regarding the compensation of our named executive officers, 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 will have the same effect as votes against this proposal. Broker non-votes will have no effect on this proposal as brokers are not entitled to vote on such proposal in the absence of voting instructions from the beneficial owner.

Approval of the Amendment and Restatement of Our Amended and Restated Certificate of Incorporation: Item No. 4. The approval of Item No. 4, regarding the amendment and restatement of our Amended and Restated Certificate of Incorporation, requires the affirmative vote of a majority of shares outstanding. Abstentions will have the same effect as votes against this proposal. The approval of Item No. 4 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.

Stockholder Proposals: Item No. 5. The approval of the non-binding stockholder proposals under Item No. 5, 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 the stockholder proposals. Abstentions will have the same effect as votes against the stockholder proposals. Broker non-votes will have no effect on these proposals as brokers are not entitled to vote on such proposals in the absence of voting instructions from the beneficial owner.

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 estimated to be approximately \$9,000, plus the reimbursement of out-of-pocket expenses incurred on our behalf. We will also reimburse brokers, nominees, fiduciaries and other custodians for reasonable expenses incurred by them in sending proxy soliciting material to the beneficial owners of our common stock.

Stockholder List

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

Confidentiality

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

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

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

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

Table of Contents

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.

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

Our Board currently consists of eleven members. The current term of office of each of our directors shall expire at the 2013 annual meeting of stockholders. As previously announced, effective immediately prior to the 2013 annual meeting of stockholders, Herbert W. Boyer, Ph.D. and Stephen J. Ryan, M.D. shall retire from our Board. Neither Dr. Boyer's nor Dr. Ryan's decision is the result of any disagreement with us or our Board. Also effective immediately prior to the 2013 annual meeting of stockholders, our Board has approved a reduction in the size of our Board from 11 to nine directors and, in connection with Dr. Boyer's retirement, appointed Michael R. Gallagher to serve as our lead independent director. Each of the remaining nine directors are being nominated for a term expiring the date of our 2014 annual meeting of stockholders and until their successors are duly elected and qualified. Our Board appoints directors to fill vacancies on our Board, as they occur, as well as vacancies resulting from newly created directorships, in each instance upon the recommendation of the Corporate Governance and Compliance Committee. A director appointed to fill a vacancy shall serve a term that expires at the next annual meeting of stockholders.

Upon the recommendation of the Corporate Governance and Compliance Committee, our Board has nominated each of the following nine persons to be elected to serve for a one-year term expiring at the annual meeting of stockholders in 2014 and until his or her successor is duly elected and qualified. Each of the nominees for election currently serves as a director and has consented to serve for a new term. Each nominated director was elected by our stockholders to his or her present term of office, with the exception of Peter J. McDonnell, M.D. and Timothy D. Proctor, who were appointed to our Board effective as of January 31, 2013 and February 4, 2013, respectively. Effective immediately prior to the 2013 annual meeting of stockholders, the nominees will serve on the following committees:

Nominee	Position with Us	Audit and Finance	Corporate Governance and Compliance	Organization and Compensation	Science & Technology
David E.I. Pyott	Chairman of the Board, President and Chief Executive Officer				
Michael R. Gallagher	Lead Independent Director		C	M	
Deborah Dunsire, M.D.	Director		M		M
Dawn Hudson	Director	M		C	
Trevor M. Jones, Ph.D.	Director		M		C
Louis J. Lavigne, Jr.	Director	M			M
Peter J. McDonnell, M.D.	Director		M		M
Timothy D. Proctor.	Director	M		M	
Russell T. Ray	Director	C		M	

C indicates Chair and M indicates Member of the respective committee.

Board Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NINE 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.

Table of Contents

Information About Director Nominees

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

DAVID E.I. PYOTT, 59, has been our Chief Executive Officer since January 1998 and in 2001 became Chairman of the Board. Mr. Pyott also served as our President from January 1998 until February 2006, and again beginning March 2011. Mr. Pyott has driven the growth of Allergan by fueling internal development through significant investment in Research & Development while also identifying and leveraging unique, synergistic external opportunities. Allergan's investment in Research & Development has increased from less than \$100 million in 1998 to an expected amount of over \$1 billion in 2013. Allergan is currently the fastest growing and second largest global ophthalmic pharmaceutical company in other specialty areas including neurosciences, medical aesthetics and medical dermatology. In addition to internally driven innovation, Allergan acquired Inamed Corp. for over \$3 billion in 2006 and Groupe Laboratoires Cornéal in France in 2007 primarily for their breast implant and dermal filler technologies. In adding these products to BOTOX® Cosmetic, Allergan created a new global category: medical aesthetics, and is the world's largest medical aesthetics company.

Before joining Allergan, Mr. Pyott served as the Head of the Novartis Nutrition Division and as a member of the Executive Committee of the Switzerland-based Novartis AG, working over 17 years in several positions in strategic planning, marketing and general management in 5 countries around the world.

Mr. Pyott is also the lead independent director of the board of Avery Dennison Corporation, a publicly-traded company focused on pressure-sensitive technology and self-adhesive solutions, where he serves as Chairman of its Compensation and Executive Personnel Committee and as a member of its Governance and Social Responsibility Committee, and a member of the board of directors of Edwards Lifesciences Corporation, a publicly-traded company focused on products and technologies to treat advanced cardiovascular diseases, where he serves on its Audit and Public Policy Committee. Mr. Pyott is a former member of the board of Pacific LifeCorp and Pacific Mutual Holding Company, the parent companies of Pacific Life Insurance Company. Mr. Pyott is a member of the Directors' Board of The Paul Merage School of Business at the University of California, Irvine. Mr. Pyott serves on the board and Executive Committee of the Biotechnology Industry Organization and is Chairman of the board of the California Healthcare Institute. Mr. Pyott also serves as a member of the board of the Pan-American Ophthalmological Foundation, the International Council of Ophthalmology Foundation and as a member of the Advisory Board for the Foundation of The American Academy of Ophthalmology. Mr. Pyott also serves as Vice Chairman of the Board of Trustees of Chapman University. Mr. Pyott was recognized in the Queen's Honors List and holds the title of Commander of the British Empire.

Mr. Pyott's in-depth knowledge of our operations and the markets and industries in which we compete, combined with his entrepreneurial leadership experience in the healthcare industry, position him well to serve as our Chairman and Chief Executive Officer and provide a critical link between management and our Board, enabling our Board to provide its oversight function with the benefit of management's perspective of the business. For these reasons, and given Mr. Pyott's substantial public company governance experience from serving on the boards of several large public companies, our Board has concluded that Mr. Pyott should serve as one of our directors.

MICHAEL R. GALLAGHER, 67, 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.

Table of Contents

Mr. Gallagher is a member of and past Chairman of the Board of Advisors of the Haas School of Business, University of California, Berkeley. Mr. Gallagher was elected to our Board in 1998, is Chairman of the Corporate Governance and Compliance Committee and is a member of the Organization and Compensation Committee. Effective immediately prior to the 2013 annual meeting of stockholders, Mr. Gallagher will serve as our Board's lead independent director.

Our Board has concluded that, with more than three decades of experience in key leadership roles at public and private personal care and consumer products companies, including as the former Chief Executive Officer of Playtex Products, Mr. Gallagher provides our Board with a wealth of business and management experience, as well as invaluable broad-based personal care and consumer products experience and should serve as one of our directors and as our Board's lead independent director.

DEBORAH DUNSIRE, M.D., 50, has served as President and Chief Executive Officer of Millennium Pharmaceuticals, Inc., The Takeda Oncology Company, focused on discovering, developing and commercializing medicines to improve the lives of patients with cancer, since July 2005. Since the acquisition of Millennium by Takeda Pharmaceuticals Company Limited of Osaka, Japan, Dr. Dunsire has served on the Management Committee for Takeda. Since June 2012, Dr. Dunsire has been a member of the board of directors of Takeda Pharmaceutical Company Limited in Japan. 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. At Novartis, she helped increase the North American oncology revenues to over \$2.1 billion from approximately \$50 million in 10 years. From April 1988 to August 1996, Dr. Dunsire held various positions with Sandoz Laboratories, a pharmaceutical company, in the areas of product management, scientific development and clinical research.

Dr. Dunsire is a member of the board of the Biotechnology Industry Organization and numerous nonprofit organizations, such as Gabrielle's Angels Foundation for Cancer Research, CancerCare, the Museum of Science, Boston, and the Massachusetts General Hospital Research Advisory Council. Dr. Dunsire was the 2001 recipient of the American Cancer Society's Excalibur Award and was the 2009 recipient of The Healthcare Businesswomen's Association's Woman of The Year. Dr. Dunsire is a graduate of the medical school of the University of the Witwatersrand, South Africa. Dr. Dunsire was appointed to our Board in December 2006 and is a member of the Corporate Governance and Compliance Committee and the Science & Technology Committee.

Dr. Dunsire brings to our Board considerable pharmaceutical management and operations experience. Dr. Dunsire also brings to our Board valuable insights as both a clinical researcher and a physician. Our Board has concluded that, with over 22 years of leadership experience in the scientific, clinical, operational and commercial aspects of the biological/pharmaceutical business, including as President and Chief Executive Officer of Millennium Pharmaceuticals, Inc. and the head of the Novartis North American oncology operations, Dr. Dunsire should serve as one of our directors.

DAWN HUDSON, 55, has served as Vice Chairman of The Parthenon Group, an advisory firm focused on strategy consulting, since March 2009. Prior to that, Ms. Hudson served as President and Chief Executive Officer of Pepsi-Cola North America (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 PCNA and concurrently of the PepsiCo Foodservice Division from March 2005 to November 2007. Prior to joining PepsiCo, Ms. Hudson was Managing Director at D'Arcy Masius Benton & Bowles, a leading advertising agency based in New York.

In 2006 and 2007, Ms. Hudson was named among Fortune Magazine's 50 Most Powerful Women in Business and the Forbes 100 Most Powerful Women globally. 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 a director of Lowe's Companies, Inc., a publicly-traded nationwide chain of home improvement superstores, where she serves on the Compensation Committee and the Governance

Table of Contents

Committee, and Interpublic Group of Companies, a publicly-traded company, one of the world's leading organizations of advertising agencies and marketing services companies where she serves on the Audit Committee and Corporate Governance committee. Ms. Hudson is a former director of P.F. Chang's China Bistro, Inc. Ms. Hudson was appointed to our Board effective January 2008, is Chairman of the Organization and Compensation Committee and is a member of the Audit and Finance Committee.

Having served in key leadership roles at PepsiCo and previously as a Managing Director of a leading advertising agency, Ms. Hudson contributes considerable management experience to our Board as well as valuable expertise and insights in consumer brand management, business strategy and marketing. In addition, by serving on the boards of several large public companies, Ms. Hudson also brings to our Board considerable public company governance experience. For these reasons, our Board has concluded that Mr. Hudson should serve as one of our directors.

TREVOR M. JONES, PH.D., 70, served as the Director General of the Association of the British Pharmaceutical Industry, 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 director at Wellcome plc, a major healthcare business that merged with GlaxoSmithKline plc, where he was responsible for all research and development activities. At Wellcome, Prof. Jones led the successful development of numerous pharmaceutical compounds, as well as a number of over-the-counter medicines. Prof. Jones received his bachelor of pharmacy degree and Ph.D. from the University of London and is currently a visiting professor at King's College London. He has also gained an honorary doctorate from the University of Athens as well as honorary doctorates in science from the Universities of Strathclyde, Nottingham, Bath and Bradford in the United Kingdom. Prof. Jones was recognized in the Queen's Honors List and holds the title of Commander of the British Empire. He is also a fellow of the Royal Society of Chemistry, a fellow of the Royal Society of Medicine, a fellow of the Royal Pharmaceutical Society, an honorary fellow of the Royal College of Physicians and of its Faculty of Pharmaceutical Medicine and an honorary fellow of the British Pharmacological Society.

Prof. Jones is a board member of Synexus Ltd., a clinical study recruitment and management specialist organization, Sigma-Tau Finanziaria S.p.A., an Italian pharmaceutical company, and Verona Pharma plc, a public biotechnology company dedicated to research in respiratory diseases. Prof. Jones is President and a former board member of Sigma-Tau Pharmaceuticals Inc., a pharmaceutical company focused on medicines for rare disorders. Prof. Jones is a founder of the Geneva-based public-private partnership, Medicines for Malaria Venture and a founder and board member of the UK Stem Cell Foundation. Prof. Jones is a former Chairman of the boards of ReNeuron Group plc and Synexus Ltd. Prof. Jones is also a former member of the boards of NextPharma Technologies Holdings Ltd., Sigma-Tau Industrie Farmaceutiche Riunite S.p.A, ReNeuron Group plc, and Tecnogen S.p.A. Prof. Jones was appointed to our Board in July 2004 and is a member of the Corporate Governance and Compliance Committee and the Science & Technology Committee.

With over 42 years of experience in research and development, and experience in the European and global pharmaceutical industry, Prof. Jones brings to our Board valuable insights in the area of global pharmaceutical management and operations, as well as drug development. Serving as a member of the UK Government Regulatory Agency-The Medicines Commission, a member of the Prime Minister's Task Force on the Competitiveness of the Pharmaceutical Industry, and as Chair of the Government Advisory Group on Genetics Research, Prof. Jones also brings to our Board in-depth government relations experience. For these reasons, our Board has concluded that Prof. Jones should serve as one of our directors.

LOUIS J. LAVIGNE, JR., 64, is Managing Director of Lavrite, LLC, a management consulting firm in the areas of corporate finance, accounting, management and strategy since March 2005. Prior to these consulting activities, Mr. Lavigne served as Executive Vice President and Chief Financial Officer of Genentech, Inc., a publicly-traded biotechnology company, from March 1997 through his retirement in March 2005. Mr. Lavigne joined Genentech in July 1982, was named controller in 1983 and, in that position, built Genentech's operating financial functions. In 1986, he was promoted to Vice President and assumed the position of Chief Financial Officer in September of

Table of Contents

1988. Mr. Lavigne was named Senior Vice President in 1994 and was promoted to Executive Vice President in 1997. Prior to joining Genentech, he held various financial management positions with Pennwalt Corporation, a pharmaceutical and chemical company.

Mr. Lavigne serves on the board of BMC Software, Inc., a publicly-traded provider of enterprise management software and is Chairman of its Audit Committee, and Accuray Incorporated, a publicly-traded company specialized in the design, development and sale of the CyberKnife System, an image-guided robotic radiosurgery system used for the treatment of solid tumors, where he serves as Chairman of the Board and its Organization and Compensation Committee. Mr. Lavigne also serves on the boards of SafeNet Inc., a privately-held computer security company, and Novocure Limited, a privately-held oncology company, where he serves as Chairman of the Audit Committee. Mr. Lavigne is a trustee of Children's Hospital Oakland, where he serves as a member of its Finance and Compensation Committee. Mr. Lavigne is a faculty member of the Babson College Executive Education's Bio-Pharma: Mastering the Business of Science program. Mr. Lavigne is also a trustee of Babson College and Babson Global and the Seven Hills School. Mr. Lavigne is a former member of the board and Chairman of the Audit Committees of Arena Pharmaceuticals, Equinix, Inc. and Kyphon, Inc. Mr. Lavigne is also a former Trustee of the California Institute of Technology. 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.

As the former Executive Vice President and Chief Financial Officer of Genentech, where Mr. Lavigne was a member of Genentech's Executive Committee and was responsible for Genentech's financial, corporate relations and information technology functions, Mr. Lavigne brings to our Board a wealth of management, business operations, finance and accounting and business strategy experience in the biotechnology and pharmaceutical industries, which has led our Board to conclude that Mr. Lavigne should serve as one of our directors. Serving on the boards of several large public companies and as a member of the West Audit Committee Chair Networks, Mr. Lavigne also brings to our Board substantial public company corporate governance experience. Given his expertise in finance and accounting, Mr. Lavigne has been determined to be an audit committee financial expert by our Board.

PETER J. McDONNELL, M.D., 54, has served as the Director and William Holland Wilmer Professor of the Wilmer Eye Institute of the Johns Hopkins University School of Medicine since 2003, where he leads the Wilmer Eye Institute, the largest academic ophthalmology department in the country. Dr. McDonnell has also served as the Chief Medical Editor of *Ophthalmology Times* since 2004, and has served on the editorial boards of numerous ophthalmology journals. He served as a consultant to the United States Department of Health and Human Services in 1996 and also served as the Assistant Chief of Service at the Wilmer Institute from 1987 to 1988.

Dr. McDonnell is a Member of the American Academy of Ophthalmology, American University Professors of Ophthalmology, Association for Research in Vision and Ophthalmology, Maryland Society of Eye Physicians and Surgeons, and Pan American Association of Ophthalmology. In 1999, Dr. McDonnell was named the Irving H. Leopold Professor and Chair of the Department of Ophthalmology at the University of California - Irvine. He is the recipient of research grants from the National Eye Institute, Research to Prevent Blindness, and other funding agencies. The American Academy of Ophthalmology honored him with the Honor Award in 1991 and the Senior Achievement Award in 2001. Dr. McDonnell serves as a board member of the National Alliance for Eye and Vision Research and the Doheny Eye Institute, and is a former member of the board of Tissue Banks International. Dr. McDonnell was appointed to our Board in January 2013, is a member of the Corporate Governance and Compliance Committee and Science & Technology Committee.

Our Board has concluded that Dr. McDonnell should serve as one of our directors because he provides our Board with wide-ranging expertise in ophthalmology and is widely recognized as an international leader in corneal transplantation, laser refractive surgery and the treatment of dry eye. Dr. McDonnell's depth of expertise in one of our most important specialty areas and the foundation of our success will benefit our Board and Allergan.

TIMOTHY D. PROCTOR, 63, has served as General Counsel of Diageo plc, the world's leading premium drinks business with an outstanding range of beverage alcohol brands across spirits, beer and wine, since January 2000. Prior to joining Diageo, Mr. Proctor served as the Director, Worldwide Human Resources, of Glaxo Wellcome,

Table of Contents

plc (now GlaxoSmithKline plc), a British multinational pharmaceutical company, from 1998 to 1999. From 1993 to 1998, Mr. Proctor held various roles with the United States operation subsidiary of Glaxo Wellcome, plc, including Senior Vice President Human Resources, General Counsel and Secretary. Prior to that, Mr. Proctor served in senior legal roles at Merck & Co., a publicly-traded pharmaceutical company, from 1980 to 1993.

Mr. Proctor is a member of the several notable legal associations, including the American Bar Association, Association of Corporate Counsel, International Bar Association, European General Counsel Association, and FTSE 100 General Counsel Group. Mr. Proctor has previously served on the Boards of Directors of Wachovia Corporation and Northwestern Mutual Life and on the charitable boards for the Association of Corporate Counsel, CARE USA, Duke Law School, and the North Carolina Symphony Orchestra. Mr. Proctor was appointed to our Board in February 2013 and is a member of the Audit and Finance Committee and the Organization and Compensation Committee.

Mr. Proctor brings to our Board a depth of international expertise and is a well-respected leader in the area of international law. Our Board has concluded that, with more than 35 years of domestic and international corporate legal experience, Mr. Proctor should serve as one of our directors.

RUSSELL T. RAY, 65, has served as a Partner of HLM Venture Partners, a private equity firm that provides venture capital to health care information technology, health care services and medical technology companies, since September 2003. Mr. Ray was Founder, Managing Director and President of Chesapeake Strategic Advisors, a firm specializing in providing advisory services to health care and life sciences companies, from April 2002 to August 2003. From June 1999 to March 2002, Mr. Ray was Managing Director and Global Co-Head of the Credit Suisse First Boston Health Care Investment Banking Group, where he focused on providing strategic and financial advice to life sciences, health care services and medical device companies. Prior to joining Credit Suisse First Boston, Mr. Ray spent 12 years at Deutsche Bank, and its predecessor entities BT Alex. Brown and Alex. Brown & Sons, Inc., most recently as Global Head of Health Care Investment Banking.

During Mr. Ray's investment banking career he successfully completed over 175 acquisitions and financing transactions for health care companies in the United States, Europe and Israel. Mr. Ray is a Director of Prism Education Group, Inc., a closely-held post secondary career education company and SWP Media, Inc., a closely-held distributor of digital content. Mr. Ray served as a director of InfoMedics, Inc., a closely-held healthcare information technology company, from December 2009 through December 2012 when the company was acquired. Mr. Ray is also a director of the Midwest Peregrine Society. Mr. Ray is a former director of Socios Mayores en Salud. 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.

Mr. Ray is a leading expert with extensive knowledge and experience in the banking and health care industries. He contributes to our Board over 30 years of business strategy, finance and investment banking experience for life sciences, health care services and medical device companies. For these reasons, our Board has concluded that Mr. Ray should serve as one of our directors. Given his expertise in finance and accounting, Mr. Ray has been determined to be an audit committee financial expert by our Board.

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

The Audit and Finance Committee of our Board is responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. The Audit and Finance Committee has selected Ernst & Young LLP (Ernst & Young) as our independent registered public accounting firm for fiscal year 2013 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 has audited our financial statements since June 24, 2005.

Although ratification by our stockholders is not a prerequisite to the Audit and Finance Committee's ability to select Ernst & Young as our independent registered public accounting firm, the Audit and Finance Committee believes such ratification is advisable and in the best interests of our stockholders. Accordingly, stockholders are being requested to ratify, confirm and approve the selection of Ernst & Young 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 2013. If the stockholders do not ratify the selection of Ernst & Young, 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 notwithstanding the failure of our stockholders to ratify its selection. If the appointment of Ernst & Young is ratified, the Audit and Finance Committee will continue to conduct an ongoing review of Ernst & Young's scope of engagement, pricing and work quality, among other factors, and will retain the right to replace Ernst & Young at any time.

Board Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2013.

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

Aggregate fees billed to us for the fiscal years ended December 31, 2012 and December 31, 2011 by our independent registered public accounting firm, Ernst & Young, are as follows:

Type of Fees	2012	2011
Audit Fees(1)	\$ 5,040,053	\$ 4,890,651
Audit-Related Fees(2)	14,950	60,244
Tax Fees(3)	133,815	140,665
All Other Fees(4)	440,650	610,000
Total	5,629,468	5,701,560

- (1) Represents the aggregate fees billed to us by Ernst & Young 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 procedures with respect to registration statements.
- (2) Represents the aggregate fees billed to us by Ernst & Young 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.

Edgar Filing: ALLERGAN INC - Form DEF 14A

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

Table of Contents

- (4) Represents the aggregate fees billed to us by Ernst & Young for other professional services primarily relating to procedures performed in the role of independent review organization as required by our Corporate Integrity Agreement.

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 is compatible with maintaining the independent registered public accounting firm's independence and has determined that the provision of such services by Ernst & Young has not adversely affected the independent registered public accounting firm's independence.

Representatives of Ernst & Young 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. The Audit and Finance Committee has adopted a 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 are to be pre-approved, up to specified amounts, in the defined categories of audit services, audit-related services, tax services and other related services, and sets requirements for specific case-by-case pre-approval of discrete projects that are not otherwise pre-approved or for services over the pre-approved amounts. Pre-approval may be given as part of the Audit and Finance Committee's approval of the scope of the engagement of the independent registered public accounting firm or on an individual basis. The pre-approval of services may be delegated to one or more of the Audit and Finance Committee's members, but the decision must be presented to the full Audit and Finance Committee at its next scheduled meeting. The policy prohibits retention of the independent registered public accounting firm to perform the prohibited non-audit functions defined in Section 201 of the Sarbanes-Oxley Act of 2002 or the rules of the SEC and also considers whether proposed services are compatible with the independence of the independent registered public accounting firm. All services provided by our independent registered public accounting firm in 2012 were pre-approved in accordance with the Audit and Finance Committee's pre-approval requirements.

Table of Contents

Item No. 3

ADVISORY VOTE TO APPROVE THE COMPENSATION

OF OUR NAMED EXECUTIVE OFFICERS

(SAY-ON-PAY VOTE)

Summary

We are asking our stockholders to provide advisory approval of the compensation of our named executive officers (which consist of our Chief Executive Officer, Chief Financial Officer, and our other three highest paid executive officers), as such compensation is described in the Compensation Disclosure section of this Proxy Statement, beginning on page 37. In 2012, our stockholders approved the compensation of our named executive officers with a 89.1% approval rating. The following is a summary of some of the key points of our 2012 executive compensation program. We urge our stockholders to review the Compensation Disclosure Compensation Discussion and Analysis section of this Proxy Statement on page 37.

2012 Company Financial Performance and Total Stockholder Return. Our positive financial and operating results continued during 2012:

Adjusted diluted earnings per share increased 13.4% to \$4.14.

Annual sales revenues increased 6.8% to \$5,708.8 million.

Research and development reinvestment was 17.3% of sales revenue, or \$989.6 million.

Our total stockholder return (stock price appreciation plus dividends) (TSR) for the one-, three- and five-year periods ending in 2012 was 4.8%, 13.6% and 7.7%, respectively.

We emphasize pay-for-performance and tie a significant amount of our named executive officers pay to our performance. Consistent with our performance-based compensation philosophy, approximately 80% of our named executive officers potential compensation for 2012 was based on performance- and equity-based programs. The performance goals under our bonus program are key drivers of performance in our business, in order to ensure quality earnings per share while continuing to reinvest in the long-term growth of our business through R&D. In 2012, we also awarded our Chief Executive Officer a one-time special recognition and retention restricted stock unit award that vests subject to the achievement of rigorous performance goals and will be forfeited in full if Mr. Pyott terminates his employment prior to the end of the five-year performance period. For Mr. Pyott to earn 100% of this special performance award, approximately \$14.4 billion in new stockholder value will have been created, for which Mr. Pyott s award will represent approximately 0.15% of the new stockholder value added. This award is designed to reinforce our pay-for-performance philosophy and ensure retention of Mr. Pyott, who has served as our Chief Executive Officer for the past 15 years, during which time our annual revenues have grown from approximately \$1.15 billion to approximately \$5.7 billion, and our market capitalization has grown from approximately \$2 billion to over \$30 billion today. Furthermore, Mr. Pyott s tenure as our Chief Executive Officer is twice as long as the average Chief Executive Officer in our peer group and the Organization and Compensation Committee (the Compensation Committee) wanted to recognize Mr. Pyott s consistently high performance over his tenure at the Company.

We believe that our compensation programs are strongly aligned with the long-term interests of our stockholders. We believe that equity awards coupled with our stock ownership guidelines serve to align the interests of our executives with those of our long-term stockholders by encouraging long-term performance. As such, equity awards are a key component of our executive compensation program. In 2012, equity awards represented approximately 66% of our named executive officers aggregate cash and equity compensation. Stock options closely align the interests of our executives with those of our stockholders because our executives will only realize a return on the option if our stock price increases over the term of the option. In addition, awards of stock options align with our growth strategy and provide significant leverage if our growth objectives are achieved; they also place a significant portion of compensation at risk if our objectives are not achieved and provide no guaranteed value.

Table of Contents

We provide competitive pay opportunities that reflect best practices. The Compensation Committee consistently reviews our executive compensation program to ensure that it not only provides competitive pay opportunities, but also reflects best practices. Our named executive officers' total cash compensation for 2012 is targeted at the median, and their 2012 annual long-term incentive awards target the 75th percentile, in each case of our market composite, which consists of a 50/50 blend of peer group and pharmaceutical industry published survey data.

We are committed to having strong governance standards in place with respect to our compensation program, procedures and practices. As part of its commitment to strong corporate governance and best practices, the Compensation Committee has retained an external, independent compensation consultant and has incorporated compensation analytical tools such as market surveys, tally sheets, compensation history for each executive and termination analyses as part of its annual executive compensation review. In addition, the Compensation Committee has implemented claw-back provisions in our incentive plans, stock ownership guidelines, prohibitions on hedging, short-selling and trading derivative company securities, equity compensation grant procedures and an annual process to assess the risks related to our company-wide compensation programs.

Board Recommendation

Our Board believes that the information provided above and within the Compensation Disclosure section of this Proxy Statement demonstrates that our executive compensation program was designed appropriately and is working to ensure that management's interests are aligned with our stockholders' interests and support long-term value creation.

The Board has approved holding a say-on-pay advisory vote every year. In accordance with this policy and Section 14A of the Securities Exchange Act of 1934, as amended, and as a matter of good corporate governance, we are asking stockholders to approve the following advisory resolution at the annual meeting:

RESOLVED, that the stockholders of Allergan approve, on an advisory basis, the compensation of Allergan's named executive officers, as disclosed in the Compensation Discussion and Analysis, compensation tables and narrative discussion set forth in this Proxy Statement.

The say-on-pay vote is advisory, and therefore not binding on the Company, Compensation Committee or our Board. Although non-binding, the board and the Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program. Unless the Board modifies its policy on the frequency of future say-on-pay advisory votes, the next say-on-pay advisory vote will be held at the 2014 annual meeting of stockholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS, AS DESCRIBED IN THE COMPENSATION DISCUSSION AND ANALYSIS, COMPENSATION TABLES AND NARRATIVE DISCUSSION SET FORTH IN THIS PROXY STATEMENT.

Table of Contents

Item No. 4

APPROVE THE AMENDMENT AND RESTATEMENT OF OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

The Board recommends that our stockholders approve a further amendment and restatement of our Amended and Restated Certificate of Incorporation (the *Certificate*) that would permit holders of record of at least 25% of the voting power of our outstanding common stock to request a special meeting of stockholders. Consistent with the General Corporation Law of the State of Delaware, the *Certificate* currently provides that only the Board, the Chairman of the Board and the Chief Executive Officer of the Company may call a special meeting of stockholders.

The annual meeting of stockholders is sufficient to handle all ordinary course business on which stockholders must act. A special meeting of stockholders should only be held to cover extraordinary events when fiduciary, strategic, significant transactional or similar considerations dictate that the matter be addressed on an expedited basis. Providing holders that represent a small minority of our outstanding common stock the unfettered right to call a special meeting carries a risk of frequent special meeting demands to vote on agenda items relevant to only particular minority stockholder constituencies, resulting in the unnecessary diversion of management attention and significant financial resources. The Board believes that requiring holders of at least 25% of the voting power of our outstanding common stock to request a special meeting of stockholders provides our stockholders with a meaningful right to request a special meeting, while mitigating the risk that corporate resources are wasted to serve the narrow self-interests of a few minority stockholders. The Company also reminds stockholders that the power to call a special meeting of stockholders has historically been a tool for acquirers in the hostile merger and acquisition context. Potential acquirers seeking to take over the Company for an inadequate price could use a special meeting of stockholders to increase their negotiating leverage or to avoid negotiating at all with the Board, which has the legal duty to protect the interests of all stockholders. This concern is heightened when certain hedge funds and others who wish to promote their special interests could also borrow shares from other stockholders for the sole purpose of meeting the required threshold necessary to call a special meeting of stockholders.

To combat the ability for minority stockholders to use special meetings as a weapon against the Company and the majority of stockholders, the Board proposes to adopt a corresponding further amendment and restatement of our Amended and Restated Bylaws (the *Bylaws*), which would be effective upon the approval by stockholders of the Company's proposal to amend the *Certificate*. The proposed further amendment and restatement of our *Bylaws* contains procedural and informational requirements for stockholders to call a special meeting of stockholders, including that: no business may be conducted at the special meeting except as set forth in the Company's notice of meeting; no stockholder special meeting request may be made during the period commencing 90 days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the date of the final adjournment of the next annual meeting; a special meeting request cannot cover business substantially similar to what was covered at an annual or special meeting held within one year, subject to certain exceptions; a special meeting will not be held if similar business is to be covered at an annual or special meeting called by the Board but not yet held; and the requesting stockholder's notice must provide certain information regarding the business proposed to be conducted, and as to the stockholder giving notice and any person or entity acting in concert with the stockholder giving notice.

In addition, our proposed amendments to the *Certificate* include certain administrative changes to remove historical references to the transition from a classified to a de-classified board. Furthermore, our proposed amendments to the *Bylaws* include conforming changes to the advance notice provisions in order to make the requirements thereunder consistent with the proposed special meeting requirements.

This summary does not contain all the information that may be important to you. The complete text of our proposed further amendment and restatement of the *Certificate* (the *Revised Certificate*) is attached to this Proxy Statement as **Annex A**, and the complete text of our proposed further amendment and restatement of the *Bylaws* is attached to this Proxy Statement as **Annex B**. To illustrate the proposed amendments in **Annexes A** and **B**, language that is struck through is proposed to be deleted from our current *Certificate* and *Bylaws*,

Table of Contents

respectively, and language that is underlined is proposed to be added to our current Certificate and Bylaws, respectively. You are urged to read **Annexes A** and **B** in their entirety.

An affirmative vote of a majority of outstanding shares entitled to vote generally in the election of directors is required to adopt the Revised Certificate. If approved by the stockholders, the Revised Certificate would become effective upon the filing of a certificate setting forth the amendment and restatement with the Secretary of State of the State of Delaware, which we would file promptly after the annual meeting.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE AMENDMENT AND RESTATEMENT OF OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION.

Table of Contents

Item No. 5

STOCKHOLDER PROPOSALS

Certain stockholders have informed the Company that they intend to present the non-binding proposals set forth below at the annual meeting. If the stockholders (or their respective qualified representatives) are present at the annual meeting and properly submit their proposals for a vote, then each such properly submitted stockholder proposal will be voted upon at the annual meeting.

In accordance with the federal securities laws, the stockholder proposals and supporting statements are presented below as submitted by the stockholders and are quoted verbatim in italics. The Company disclaims all responsibility for the content of the proposals and the supporting statements, including websites and other sources referenced in the supporting statements. The Company has identified certain factually inaccurate statements in Stockholder Proposal #1, which are described in the Board of Directors' response to Stockholder Proposal #1. The stock holdings of the proponents will be provided upon request to the Secretary of the Company.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE AGAINST THE STOCKHOLDER PROPOSALS FOR THE REASONS STATED IN THE BOARD'S RESPONSES, WHICH FOLLOW EACH RESPECTIVE STOCKHOLDER PROPOSAL.

Stockholder Proposal #1

Mr. John Chevedden with an address of 2215 Nelson Avenue, No. 205, Redondo Beach, CA 90278, has notified the Company that he intends to submit the following proposal at the annual meeting:

***Resolved**, Shareholders request that our board of directors undertake such steps as may be necessary to permit written consent by shareholders entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting. This written consent includes all issues that shareholders may propose. This written consent is to be consistent with applicable law and consistent with our board and management having the least possible involvement with shareholders acting by written consent.*

Adoption of this proposal can best be accomplished in a simple and straight-forward manner with clear and concise text of less than 100-words.

This proposal topic won majority shareholder support at 13 major companies in 2010. This included 67%-support at both Allstate and Sprint. Hundreds of major companies enable shareholder action by written consent.

This proposal should also be evaluated in the context of our Company's overall corporate governance as reported in 2012:

GMI/The Corporate Library, an independent investment research firm, said there is ongoing concern regarding our company's executive pay practices. Despite being CEO for less than a year, Michael Ball received 2011 total summary pay of \$12 million. The bulk of this (\$8.5 million) consisted of stock options and restricted stock, both of which simply vest over time without performance-contingent criteria.

Equity pay for our highest-paid executives should have performance-vesting criteria in order to assure alignment with shareholder interests. Plus market-priced stock options can reward highly-paid executives due to a rising market alone, regardless of an executive's performance. In addition, our highest-paid executives received performance share units that pay out for sub-median Total Shareholder Return. 25% is given to our executives even if our company underperforms 75% of its peers. Underperforming industry peers should not result in extra pay for our highest-paid executives.

Shareholder returns were negative 32% (-) over one-year compared to positive returns for the S&P 500 and our industry peers. Our company still had a poison pill with a 15% trigger and transition to annual election of each director was delayed until 2015.

Table of Contents

Our CEO David Pyott was on the Edwards Lifesciences board with Robert Ingram. Such intra-board relationships can compromise a director's independence. Mr. Ingram was also on our executive pay committee and nomination committee and received our highest negative votes.

The 2012 shareholder proposal for shareholders to have the right to call a special meeting received 55% support. It might have received greater support had its title not been erased from our annual meeting ballots.

Please encourage our board to respond positively to this proposal to strengthen our corporate governance:

Right to Act by Written Consent Proposal 5

BOARD OF DIRECTORS RESPONSE TO STOCKHOLDER PROPOSAL #1

The Board Recommends a Vote AGAINST Stockholder Proposal #1 for the following reasons:

The Board has considered this proposal and has concluded that it is not in the best interests of all stockholders or the Company to permit stockholders to act by written consent.

The proponent states that the proposal should be evaluated in the context of our Company's overall corporate governance as reported in 2012. The Board agrees. In 2012, we received the best possible score for our corporate governance practices – Low Concern – in each of Institutional Shareholder Services four GRId Risk Concerns categories: Audit, Board Structure, Compensation, and Shareholder Rights. This score reflects our commitment to, and public recognition for, adopting and maintaining corporate governance best practices, as further illustrated by the following recent actions:

Adoption of a majority vote standard for the election of directors;

Elimination of the supermajority voting standards in our Amended and Restated Certificate of Incorporation, which provides stockholders with a greater ability to effect fundamental corporate changes;

Expiration of our poison pill without renewal; and

Declassification of the Board requiring the annual election of all directors.

The Board continuously evaluates our corporate governance profile to ensure that it is designed to best serve the interests of all stockholders and the Company. With rare exceptions, the annual meeting of stockholders is sufficient to handle all business on which stockholders must act. Where action is required outside of the annual meeting, the Board, Chairman of the Board or the Chief Executive Officer may call a special meeting of stockholders. Further, in an effort to promote stockholder access, the Board has recommended in Item No. 4 that stockholders approve amendments to our Amended and Restated Certificate of Incorporation to give our stockholders the right to request special stockholder meetings. This recommendation is yet another example of our commitment to corporate governance best practices and, if approved, will further strengthen our corporate governance profile.

Permitting stockholders to request a special stockholder meeting gives our stockholders a powerful means to consider and approve stockholder-sponsored action and timely effect changes, while retaining the processes that ensure that stockholders act in a deliberate and fully informed manner. In contrast, stockholder action by written consent permits fundamental corporate action to be taken in secrecy by stockholders that do not owe a fiduciary duty to all stockholders, without deliberation and comment from our management or the Board. Depriving stockholders of this important deliberative process, whereby stockholders can consider the advice of directors who owe a fiduciary duty to all stockholders, is contrary to our culture of open communication and good corporate governance.

In addition to the potential risks of implementing the ability of stockholders to act by written consent, certain statements of the proponent included in support of the proposal are materially false and misleading. The following statements should not be attributed to our corporate governance practices because they are objectively

Table of Contents

false, as is extensively documented in our no-action request submitted to the SEC, available at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2012/johnchevedden111912-14a8.pdf>: (1) F. Michael Ball served as the Company's Chief Executive Officer and has been compensated by the Company in such capacity; (2) the Company's executives received performance share units that pay out for a sub-median Total Shareholder Return; (3) shareholder returns were negative 32% over a one-year period; (4) the Company retains a poison pill with a 15% trigger; and (5) the transition by the Company to an annual election of each director was delayed until 2015. In fact: (A) David E.I. Pyott has continuously served as our Chief Executive Officer since 1998 and F. Michael Ball, formerly our President and since March 2011 the Chief Executive Officer of Hospira, Inc., has never served as our Chief Executive Officer (and the proponent's statements relating to Mr. Ball's compensation appear to relate to compensation paid to Mr. Ball by Hospira, Inc. instead of us); (B) we do not pay, and have never paid, performance share units; (C) our one-year Total Shareholder Return as of December 31, 2011 and 2012 was positive 28.1% and 4.8%, respectively; (D) we allowed our poison pill to expire, without renewal, on February 18, 2010; and (E) as of our 2012 annual meeting of stockholders, each of our directors are elected on an annual basis.

The proponent does not present a discussion of the substantive merits of his proposal. Instead, the proponent has cited inaccurate facts in a deliberate attempt to mislead stockholders to conclude that the stockholder right to act by written consent is in the best interests of all stockholders and the Company. The proponent's inability to describe any stockholder benefit associated with the adoption of the proposal and his repeated references to blatantly inaccurate information about the Company demonstrate his lack of interest in the long-term growth of the Company and highlight his desire to promote his own narrow agenda.

The Board, in the exercise of its fiduciary duties, has evaluated the proposal in light of our corporate governance framework and determined that permitting stockholders to act by written consent is not in the best interests of the Company or its stockholders.

THE BOARD OF DIRECTORS BELIEVES THAT THIS PROPOSAL IS NOT IN THE BEST INTERESTS OF ALL STOCKHOLDERS OR THE COMPANY AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE AGAINST STOCKHOLDER PROPOSAL #1.

Stockholder Proposal #2

Dignity Health with an address of 185 Berry Street, Suite 300, San Francisco, California 94107, has notified the Company that it intends to submit the following proposal at the annual meeting:

Whereas, corporate lobbying exposes our company to risks that could affect the company's stated goals, objectives, and ultimately stockholder value, and

Whereas, we rely on the information provided by our company to evaluate goals and objectives, and we, therefore, have a strong interest in full disclosure of our company's lobbying to assess whether our company's lobbying is consistent with its expressed goals and in the best interests of stockholders and long-term value.

Resolved, the stockholders of Allergan, Inc. (Allergan) request the Board authorize the preparation of a report, updated annually, disclosing:

- 1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.*
- 2. Payments by Allergan used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.*
- 3. Allergan's membership in and payments to any tax-exempt organization that writes and endorses model legislation.*
- 4. Description of the decision making process and oversight by management and the Board for making payments described in section 2 above*

Table of Contents

For purposes of this proposal, a grassroots lobbying communication is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation.

Indirect lobbying is lobbying engaged in by a trade association or other organization of which Allergan is a member.

Both direct and indirect lobbying and grassroots lobbying communications include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees of the Board and posted on the company's website.

Supporting Statement

As stockholders, we encourage transparency and accountability in the use of staff time and corporate funds to influence legislation and regulation both directly and indirectly. We believe such disclosure is in stockholders' best interests. Allergan is a member of the Biotechnology Industry Organization (BIO). In 2010 and 2011, BIO spent more than \$16 million on lobbying. Allergan does not fully disclose its trade association memberships, nor payments and the portions used for lobbying on its website. Absent a system of accountability, company assets could be used for objectives contrary to Allergan's long-term interests.

Allergan spent approximately \$3.2 million in 2010 and 2011 on direct federal lobbying activities (Senate reports). These figures do not include lobbying expenditures to influence legislation in states. And Allergan does not disclose its payments to tax-exempt organizations that write and endorse model legislation, such as making a \$50,000 donation to the American Legislative Exchange Council in 2011.

We encourage our Board to require comprehensive disclosure related to direct, indirect and grassroots lobbying.

BOARD OF DIRECTORS RESPONSE TO STOCKHOLDER PROPOSAL #2

The Board Recommends a Vote AGAINST Stockholder Proposal #2 for the following reasons:

The Board has carefully considered this proposal and has concluded that the proposal is unnecessary and not in the best interests of the Company or our stockholders.

As a participant in the highly-regulated health care industry, we recognize that informed public policy is a critical factor in achieving our goal of pursuing medical advances to help patients live life to their fullest potential. We are committed to the transparency of our participation in the political process and our contributions and expenditures are well documented as required by law and our internal policies. Given the significant disclosures made pursuant to our current policies, the Board believes that producing and maintaining the additional disclosures requested would create an undue administrative burden, put us at a competitive disadvantage and unnecessarily divert management's time and our resources from items that create significant stockholder value without a commensurate benefit.

We are dedicated to the highest standard of legal compliance, ethical behavior and accurate public disclosure. As such, we currently disclose extensive information regarding our political contributions and lobbying activities on our website at www.allergan.com/responsibility/political_contributions. In fact, in recognition of our commitment to political disclosure transparency, the 2012 Political Accountability-Zicklin Index of Corporate Political Disclosure and Accountability ranked us among the top 10% of the 200 largest corporations.

In order to provide our stockholders with clear view into our political contributions and lobbying activities, each year we post a list of the trade associations and industry groups of which we are a member that engage in lobbying and other political activity. Although lobbying is not the primary focus of these trade associations and

Table of Contents

industry groups, a portion of the dues that we and other members pay may be part of the funds they use, in their sole discretion, to engage in certain lobbying activities. We do not direct how these funds are used and we may not agree with all positions adopted by these organizations. As a result, disclosure of our dues to these organizations, as called for in the proposal, may misrepresent our position on various legislative and political issues, and in those cases, would result in the publication of misleading information.

The Board believes that our extensive voluntary disclosures and the ample, legally-mandated public disclosures are sufficient to address the concerns cited in the proposal and provide the appropriate balance of providing information about our political contributions and lobbying activities without creating an undue administrative burden, putting us at a competitive disadvantage, potentially chilling speech or involving stockholders in our day-to-day operations. The additional disclosure requested by this proposal would unnecessarily divert management's time and our corporate resources while providing little, if any, value to our stockholders. Accordingly, the Board believes the proposal is unnecessary and not in the best interests of the Company or our stockholders.

THE BOARD OF DIRECTORS BELIEVES THAT THIS PROPOSAL IS NOT IN THE BEST INTERESTS OF ALL STOCKHOLDERS OR THE COMPANY AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE AGAINST STOCKHOLDER PROPOSAL #2.

Table of Contents

CORPORATE GOVERNANCE

Director Independence

Our Amended and Restated Bylaws and our Board of Directors Guidelines on Significant Corporate Governance Issues require that a majority of our directors meet the criteria for independence set forth under applicable securities laws, including the Securities Exchange Act of 1934, as amended (the Exchange Act), applicable rules and regulations of the SEC and applicable rules and regulations of the New York Stock Exchange (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. Dunsire or McDonnell, Messrs. Gallagher, Lavigne, Proctor or Ray, Ms. Hudson or Prof. Jones currently have any material relationship with us other than as a director and each is independent within the foregoing independence standards. Mr. Pyott was determined to not be independent based on his service as our President and Chief Executive Officer. Our Board's independence determinations included reviewing Prof. Jones's and Mr. Ray's service as directors on the boards of companies with which Allergan has done business as well as Dr. McDonnell's service as a member of Allergan's ocular surface focus group.

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

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

Board Meetings

Our business and affairs are managed under the direction of our Board. Our Board held six (6) full meetings during 2012 and each incumbent director attended at least 75% of those meetings when he or she was a member of our Board. Directors are also kept informed of our business through personal meetings and other communications, including considerable telephone contact with our Chairman of the Board, lead independent director and others regarding matters of interest and concern to us and our stockholders.

Executive Sessions

Our independent directors meet regularly in executive sessions without management. It is our Board's policy that our lead independent director preside over the executive sessions. If not present, a different independent director is selected by the independent directors to chair the executive session. Dr. Boyer served as our lead independent director in 2012 and, effective upon Dr. Boyer's retirement immediately prior to the 2013 annual meeting of stockholders, our Board has appointed Mr. Gallagher to serve as our lead independent director. Executive sessions of our independent directors are typically held in conjunction with each regularly scheduled board meeting; however, our lead independent director possesses the authority to call a meeting of our independent directors that is not in conjunction with a regularly scheduled board meeting.

Board Committees

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

Table of Contents

Audit and Finance Committee

The Audit and Finance Committee is currently composed of Mr. Ray (chairperson), Dr. Ryan, Messrs. Lavigne and Proctor and Ms. Hudson. Effective immediately prior to the 2013 annual meeting of stockholders, the Audit and Finance Committee will be composed of Mr. Ray (chairperson), Messrs. Lavigne and Proctor and Ms. Hudson. Our Board has determined that Messrs. Ray and Lavigne meet the definition of an audit committee financial expert, as set forth in Item 407(d)(5)(ii) of SEC Regulation S-K. The Audit and Finance Committee held ten (10) meetings during 2012 and each incumbent 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 as well as auditing our internal controls over financial reporting and expressing an opinion as to their effectiveness. The Audit and Finance Committee:

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

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

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

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

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

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

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

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

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

meets with our internal audit department and financial management to:

Edgar Filing: ALLERGAN INC - Form DEF 14A

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;

Table of Contents

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

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 73 of this Proxy Statement.

Corporate Governance and Compliance Committee

The Corporate Governance and Compliance Committee is currently composed of Mr. Gallagher (chairperson), Drs. Boyer, Dunsire and McDonnell and Prof. Jones. Effective immediately prior to the 2013 annual meeting of stockholders, the Corporate Governance and Compliance Committee will be composed of Mr. Gallagher (chairperson), Drs. Dunsire and McDonnell and Prof. Jones. The Corporate Governance and Compliance Committee held six (6) meetings during 2012 and each incumbent member of the Corporate Governance and Compliance Committee attended at least 75% of the total meetings of the committee held when he or she was a member. The Corporate Governance and Compliance Committee:

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

reviews and oversees compliance programs related to our Corporate Integrity Agreement;

considers the performance of incumbent directors;

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

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

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

Edgar Filing: ALLERGAN INC - Form DEF 14A

performs an annual self-evaluation;

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

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

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;

reviews and updates our Code of Business Conduct and Ethics and ensures that management has established a system to enforce the Code of Business Conduct and Ethics; and

reviews political spending by the Company and any affiliated political action committees.

Table of Contents

The Corporate Governance and Compliance 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 and Compliance Committee generally engages in the following selection process:

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

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

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

the Corporate Governance and Compliance Committee provides informal progress updates to our Board;

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

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

Among other things, when assessing a candidate's qualifications, the Corporate Governance and Compliance 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;

Edgar Filing: ALLERGAN INC - Form DEF 14A

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

the Corporate Governance and Compliance 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;

Table of Contents

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

Organization and Compensation Committee

The Organization and Compensation Committee (the "Compensation Committee") is currently composed of Ms. Hudson (chairperson) and Messrs. Gallagher, Proctor and Ray. Effective immediately prior to the 2013 annual meeting of stockholders, the Compensation Committee will be composed of Ms. Hudson (chairperson) and Messrs. Gallagher, Proctor and Ray. The Compensation Committee held six (6) meetings during 2012 and each incumbent 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 executive officers, including salary and bonus awards;

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

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

reviews and approves the corporate organizational structure;

reviews and approves the election of executive 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.

Edgar Filing: ALLERGAN INC - Form DEF 14A

The Compensation Committee works with an external compensation consultant to assist the Compensation Committee in its duties. Frederick W. Cook & Co. was engaged for 2012 as the compensation consultant for the Compensation Committee. The compensation consultant performs no work for us other than its work providing executive compensation consulting services to the Compensation Committee and reports directly to the Compensation Committee through its chairperson. For 2012, the compensation consultant provided the Compensation Committee with:

market survey data;

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

Table of Contents

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

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.

For more information on the processes and procedures followed by the Compensation Committee for the consideration and determination of executive compensation and the role of our Chief Executive Officer in recommending compensation amounts, see the Compensation Disclosure section beginning on page 37 of this Proxy Statement.

Science & Technology Committee

The Science & Technology Committee is currently composed of Dr. Ryan (chairperson), Drs. Boyer, Dunsire and McDonnell, Mr. Lavigne and Prof. Jones. Effective immediately prior to the 2013 annual meeting of stockholders, the Science & Technology Committee will be composed of Prof. Jones (chairperson), Drs. Dunsire and McDonnell and Mr. Lavigne. The Science & Technology Committee held six (6) meetings during 2012 and each incumbent member of the Science & Technology Committee attended at least 75% of the total meetings of the committee held when he or she was a member. The Science & Technology Committee:

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

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

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

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

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

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

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

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

Board Leadership Structure

Our Board has carefully considered our board leadership structure and determined that it is in the best interests of the Company and our stockholders to have our Chief Executive Officer lead our Board as Chairman, together with a lead independent director. Our Board believes our leadership structure, with its emphasis on board independence together with strong board and committee involvement, provides sound and robust

oversight of management.

Board Independence

In determining the most appropriate board leadership structure for the Company, our Board closely considered our current system for ensuring significant independent oversight of management, including the following, effective immediately prior to the annual meeting:

eight of our nine director nominees (88%) are independent as defined by the applicable listing standards of the NYSE and requirements of the SEC, with Mr. Pyott being the sole exception;

each director serving on our Audit and Finance Committee, Compensation Committee, Corporate Governance and Compliance Committee, and Science & Technology Committee is independent;

Table of Contents

the Compensation Committee annually evaluates the Chief Executive Officer's performance and has the sole authority to retain and to terminate compensation advisors; and

our Board's ongoing practice of regularly holding executive sessions without management and under the direction of our lead independent director.

Furthermore, upon the retirement of Dr. Boyer, Mr. Gallagher will hold a critical role in assuring effective corporate governance and in managing the affairs of our Board as lead independent director. Among other responsibilities, Mr. Gallagher will:

preside over executive sessions of the Board and over board meetings when the Chairman of the Board is not in attendance;

consult with the Chairman of the Board and other board members on corporate governance practices and policies, and assuming the primary leadership role in addressing issues of this nature if, under the circumstances, it is inappropriate for the Chairman of the Board to assume such leadership;

meet informally with other outside directors between board meetings to assure free and open communication within the group of outside directors;

assist the Chairman of the Board in preparing the board agenda so that the agenda includes items requested by the independent members of our Board;

administer the annual board evaluation and reporting the results to the Corporate Governance and Compliance Committee; and

assume other responsibilities that the non-management directors might designate from time to time.

Benefits of a Combined Leadership Structure

Our governing documents permit the roles of the Chief Executive Officer and Chairman to be filled by the same or different individuals. This flexibility permits the Board to choose a leadership structure that best addresses the Company's evolving and highly complex business based on the individuals available and circumstances present at the time. In determining that we are best served by having Mr. Pyott serve as Chief Executive Officer and Chairman of the Board, our Board considered the following benefits:

Mr. Pyott possesses unique knowledge regarding our operations and the industries and markets in which we compete. This understanding of the challenges our Company faces positions Mr. Pyott to set the Board's agenda and lead effective discussions on important matters related to our business.

Mr. Pyott is best situated to act as a bridge between management and the Board by promoting communication and coordinating the strategic objectives of both groups. The Board believes that having Mr. Pyott serve as the Chairman and the leader of the management team optimizes the Company's ability to execute its initiatives to maximize stockholder value.

The combined role of Chief Executive Officer and Chairman unifies the message of the Company's leadership and facilitates centralized responsibility in one person so that there is no ambiguity about accountability.

Edgar Filing: ALLERGAN INC - Form DEF 14A

The strength and effectiveness of the communications between Mr. Pyott and the Board's lead independent director results in effective board oversight over issues, plans and prospects of the Company.

Board Risk Oversight

Our Board oversees an enterprise-wide approach to risk management that is designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding

Table of Contents

what level of risk is appropriate for us. In setting our business strategy, our Board assesses the various risks being mitigated by management and determines what constitutes an appropriate level of risk for us. Our Board meets with management at least quarterly to receive updates with respect to our operations, business strategies and the monitoring of related risks.

While our Board has the ultimate oversight responsibility for the risk management process, various committees of our Board also have responsibility for risk management. The Audit and Finance Committee oversees our financial risk exposures, including monitoring the integrity of our financial statements, financial reporting process and systems of internal controls, accounting and legal compliance and the independence and qualifications of our independent registered public accounting firm. The Audit and Finance Committee receives an annual risk and internal controls assessment report from our internal audit department. The Audit and Finance Committee meets at least quarterly with our financial management, independent registered public accounting firm and legal advisors for updates on risks related to our financial reporting function and also assists our Board in its oversight of our compliance with legal and regulatory requirements.

Risks related to our company-wide compensation programs are reviewed by the Compensation Committee. For more information on the Compensation Committee's compensation risk assessment see Compensation Disclosure Compensation Risk Management. Our Corporate Governance and Compliance Committee provides compliance oversight and reports to the full Board on compliance matters, including issues arising under our Code of Business Conduct and Ethics, and makes recommendations to our Board on corporate governance matters, including director nominees, the determination of director independence, board and committee structure and membership. Our Science & Technology Committee helps evaluate the investment allocation for our research and development portfolio, reviews the major strategic priorities within our research and development organization, and reviews risks associated with potential acquisitions and partners.

Code of Business Conduct and Ethics

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

Contacting our Board of Directors

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

Director Attendance at Annual Meetings

Although we have no policy with regard to board members' attendance at our annual meeting of stockholders, it is customary for, and we encourage, all board members to attend. All of the directors then in office attended our 2012 annual meeting of stockholders.

Table of Contents

Non-Employee Directors Compensation

Our Board believes that providing competitive compensation is necessary to attract and retain qualified non-employee directors. The key elements of director compensation are a cash retainer, committee chair fees, meeting fees and equity-based grants. It is our Board's practice to provide a mix of cash and equity-based compensation that it believes aligns the interests of our Board and our stockholders. As an employee director, Mr. Pyott does not receive additional compensation for board service. Our non-employee directors are also subject to certain stock ownership guidelines. For more information on non-employee director compensation and stock ownership guidelines, see the Director Compensation section beginning on page 70 of this Proxy Statement.

Table of Contents

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

The following table sets forth information as of March 6, 2013, regarding the beneficial ownership of our common stock by (i) each director, (ii) our Chief Executive Officer, Chief Financial Officer, each of our three other most highly compensated executive officers for the year ended December 31, 2012 and (iii) all of our current directors 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	Total Shares of Common Stock Beneficially Owned	Percent of Class(3)
Directors:					
Herbert W. Boyer, Ph.D.	9,600	22,746	0	32,346	*
Deborah Dunsire, M.D.	29,111	57,287	0	86,398	*
Michael R. Gallagher	31,600	53,483	4,800	89,883	*
Dawn Hudson	14,000	34,200	4,800	53,000	*
Trevor M. Jones, Ph.D.	7,527	59,558	0	67,085	*
Louis J. Lavigne, Jr.	15,011	59,400	0	74,411	*
Peter J. McDonnell, M.D.(4)	0	0	0	0	*
Timothy D. Proctor(4)	0	0	0	0	*
David E.I. Pyott	234,157	2,164,100	0	2,398,257	*
Russell T. Ray	18,000	59,400	0	77,400	*
Stephen J. Ryan, M.D.	42,782	15,680	4,800	63,262	*
Other Named Executive Officers:					
Jeffrey L. Edwards	19,997	426,800	535	447,332	*
Scott M. Whitcup, M.D.	20,226	663,300	544	684,070	*
Douglas S. Ingram	29,583	536,300	0	565,883	*
David J. Endicott	13,668	63,000	5,378	82,046	*
All current directors and executive officers as a group (20 persons, including those named above)	526,217	4,719,779	41,832	5,287,828	1.75%

* 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 executive officers, shares held in trust for the benefit of the named employee in our Savings and Investment Plan and Employee Stock Ownership Plan as of March 6, 2013.
- (2) This column also includes shares which the person or group has the right to acquire within sixty (60) days of March 6, 2013 as follows: (1) for executive officers, these shares may be acquired upon the exercise of stock options; and (2) for non-employee directors, these shares include shares that may be acquired upon the exercise of stock options and vesting of restricted stock units, as well as shares accrued under our Deferred Directors' Fee program as of March 6, 2013. Under our Deferred Directors' Fee program, participants may elect to defer all or a portion of their retainer and meeting fees until termination of their status as a director. Deferred amounts are treated as having been invested in our common stock such that on the date of deferral the director is credited with a number of phantom shares of our common 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) Based on 297,690,478 shares of our common stock outstanding as of March 6, 2013 (exclusive of approximately 9,859,332 shares of our common stock held in treasury). Unless otherwise indicated in the footnotes and subject to community property laws where applicable,

Edgar Filing: ALLERGAN INC - Form DEF 14A

each of the directors and nominees, named executive officers and executive officers has sole voting and/or investment power with respect to such shares.

- (4) Dr. McDonnell and Mr. Proctor were appointed to our Board, effective January 31, 2013 and February 4, 2013, respectively.

Table of Contents**Stockholders Holding 5% or More**

Except as set forth below, our management is not aware of any 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)
BlackRock, Inc. 40 East 52 nd Street New York, NY 10022	18,321,166(2)	6.15%

- (1) Based on 297,690,478 shares of our common stock outstanding as of March 6, 2013 (exclusive of approximately 9,859,332 shares of our common stock held in treasury).
- (2) Based on information provided pursuant to a statement on a Schedule 13G filed with the SEC on January 30, 2013 by BlackRock, Inc. BlackRock reported that it has sole voting power with respect to 18,321,166 shares and sole dispositive power with respect to 18,321,166 shares.

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, 2012:

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	22,003,908(1)	\$ 65.00(2)	23,327,711(3)
Equity compensation plans not approved by security holders	65,880(4)	\$ 47.63	709,150
Total	22,069,788	\$ 64.96	24,036,861

- (1) Represents 21,567,073 shares to be issued upon exercise of outstanding options and 436,835 shares of common stock subject to outstanding restricted stock units under the Allergan, Inc. 2011 Incentive Award Plan, the Allergan 2008 Incentive Award Plan and the Allergan, Inc. 1989 Incentive Compensation Plan.

(2)

Edgar Filing: ALLERGAN INC - Form DEF 14A

Represents the weighted-average exercise price of outstanding options and is calculated without taking into account the 436,835 shares of common stock subject to outstanding restricted stock units that become issuable as those units vest and following any applicable deferral, without any cash consideration or other payment required for such shares.

(3) Represents the number of securities remaining available for issuance under the Allergan, Inc. 2011 Incentive Award Plan. The Allergan, Inc. 2011 Incentive Award Plan superseded the 2008 Incentive Award Plan.

(4) Represents 53,592 shares credited to the accounts of participants under the Allergan, Inc. Deferred Directors Fee Program and 12,288 options outstanding under the Allergan Irish Share Participation Scheme (ISPS).

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) (the SRSOS) is to enable our wholly-owned subsidiary, now known as Allergan Pharmaceuticals

Table of Contents

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 "Code").

The SRSOS authorizes the board of Allergan Pharmaceuticals Ireland to invite eligible employees to apply for a grant of an option to acquire an estimated number of shares of our common stock with the proceeds of a savings account established under a special savings contract with a bank. Employees make monthly contributions to the account and interest in the form of a bonus payment is paid by the bank at the end of the savings period, which is three years from the date of the first monthly contribution. Provided that the option does not lapse, at the end of the savings period, and in special circumstances before that date, each employee may decide whether they wish to use all of their savings and bonus to buy the maximum number of option shares possible, to take all of their savings and bonus in cash and allow the option to lapse, or to choose some combination of the foregoing. The right to choose to buy shares of our common stock lapses six months after completion of each employee's savings contract, except in special circumstances. All eligible employees may participate in the SRSOS on similar terms. No invitation may be made to an eligible employee after the tenth anniversary of the date that the board of directors of Allergan Pharmaceuticals Ireland adopted the SRSOS. The SRSOS was approved by our Board and Allergan Pharmaceuticals Ireland's board in January 2000. The SRSOS expired in January 2010 and as a result no shares remain available for issuance under this plan.

Allergan Irish Share Participation Scheme

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

Under the terms of the ISPS, an eligible employee is given the opportunity each year to purchase shares of our common stock. An eligible employee who has agreed to participate may invest an amount equal to up to 8% of their salary from his or her bonus and a further 7.5% of their basic salary (total 15.5%) in the ISPS. Upon receipt of a signed Form of Acceptance and Contract of Participation from the eligible employee, the trustees of the ISPS will purchase shares of our common stock on behalf of all participants. Shares of our common stock are then allocated to each participant based on the amount of bonus and salary invested by the participant. For a period of two years, the shares of our common stock are held by the trustees on the participant's behalf. After this two-year time period, the participant may instruct the trustees to sell his or her shares of our common stock or to transfer them into the participant's own name; however, the participant will lose the benefit of income tax relief. If a participant allows the trustee to hold the shares of our common stock for an additional year, i.e. three years in total, the participant can sell or transfer the shares of our common stock free of income tax. The ISPS was modified and readopted by our Board in November 1989 to reflect the effects of the spin-off of us from SmithKline Beckman Corporation in July 1989. Our Board has reserved a total of 664,000 shares of our common stock for issuance to ISPS participants. As of December 31, 2012, 651,712 shares of our common stock have been issued under the ISPS and 12,288 shares remain available for issuance.

Allergan, Inc. Deferred Directors' Fee Program

The purpose of the Allergan, Inc. Deferred Directors' Fee Program (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, was amended and restated effective as of July 30, 2007 and restated effective as of December 1, 2010. A total of 1,038,012 shares of our common stock have been authorized for issuance to DDF Program participants. As of December 31, 2012, 275,270 shares of our common stock have

Table of Contents

been issued and participants are entitled to receive an additional 53,592 shares of our common stock under the DDF Program upon termination of their status as director. Excluding the 53,592 shares that participants are entitled to receive under the DDF Program upon termination of their status as director, 709,150 shares remain available for issuance.

Table of Contents

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act 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, 2012, all executive officers, directors and greater than ten-percent beneficial owners complied with the reporting requirements of Section 16(a), except with respect to Dr. Deborah Dunsire, Mr. Michael R. Gallagher and Prof. Trevor M. Jones, members of our Board, and Mr. David J. Endicott, our Corporate Vice President and President, Allergan Medical, Asia Pacific and Latin America. Dr. Dunsire, Mr. Gallagher and Prof. Jones each filed a late Form 4 on December 21, 2012 reporting the acquisition of phantom stock units on December 14, 2012 under the Allergan, Inc. Deferred Directors' Fee Program. An amended Form 4 reporting the exercise of additional stock options and the sale of the underlying stock by Mr. Endicott, due December 3, 2012, was filed on January 23, 2013 due to the broker's failure to timely notify Mr. Endicott of such exercise and sale. We were notified of the additional transactions on January 22, 2013 and filed an amended Form 4 reporting the transaction on January 23, 2013, one day after we received notification.

Table of Contents

COMPENSATION DISCLOSURE

Compensation Discussion and Analysis

This Compensation Discussion and Analysis section discusses our executive compensation policies and programs and the compensation decisions made in 2012 for our named executive officers who are generally defined under the SEC's proxy rules as a company's chief executive officer, chief financial officer, and the other three most highly compensated employees who were serving as executive officers at year-end. For 2012, our named executive officers were:

David E.I. Pyott, Chairman of the Board, President and Chief Executive Officer;

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

Scott M. Whitcup, M.D., Executive Vice President, Research and Development, Chief Scientific Officer;

Douglas S. Ingram, Executive Vice President and President, Europe, Africa and Middle East; and

David J. Endicott, Corporate Vice President and President, Allergan Medical, Asia Pacific and Latin America.

The Board of Directors' Organization and Compensation Committee (the Compensation Committee) administers the compensation policies and programs for our senior executives, as well as our equity-based incentive compensation plans and rewards strategies for all employees. A summary of this year's highlights follows below.

2012 Company Performance and Link to Pay Decisions

Company Financial Performance

Our executive compensation programs are designed to reward superior company performance and provide consequences for underperformance. Our positive financial and operating results continued during 2012:

Adjusted diluted earnings per share increased 13.4% to \$4.14; however, in order to ensure our annual bonus plan participants were not adversely impacted by the delayed adoption of the U.S. Research and Development tax credit (the R&D Tax Credit), the adjusted EPS number used to calculate our annual bonus awards was further adjusted to give effect to the impact of the R&D Tax Credit. After giving effect to the R&D Tax Credit, the adjusted EPS number used to calculate our annual bonus awards was \$4.20, an increase of 15.1%.

Annual sales revenues increased 6.8% to \$5,708.8 million.

Research and development reinvestment was 17.3% of sales revenue, or \$989.6 million.

Table of Contents

Total Stockholder Return

Our executive compensation program is designed to have a significant portion of our executives' compensation opportunity delivered in the form of equity-based compensation to tie our executives' long-term interests to those of our stockholders. Our total stockholder return (stock price appreciation plus dividends) (TSR), for the one, three and five year periods ending in 2012 as compared to our peers is shown below. We believe the longer-term TSR is more relevant, as the one-year period is impacted by short-term share price movements. For example, our 13-month TSR as of 1/31/13 would have been 20.0%, a 416.6% increase over our 12-month TSR. In addition, our one year TSR for 2011 of 28.1% significantly exceeded that of the 50th percentile of our peers which was at 16.2%. We believe that our three and five year TSRs are a more relevant indication of long-term, sustained value creation for our stockholders – we realized a three year TSR of 13.6% and five year TSR of 7.7%, exceeding the 50th percentile of our peers.

- (a) Medics Pharmaceuticals Corporation was acquired by Valeant Pharmaceuticals International, Inc. prior to December 31, 2012 and was therefore excluded from our peer group. A listing of our peer group can be found beginning on page 41.

2012 Compensation Highlights and Key Decisions

Base Salaries and Target Bonus Opportunities. Our Chief Executive Officer's 2012 base salary was not increased and, at his request, has remained at the level established in January 2007. In addition, each named executive officer's target bonus for 2012 remained at the same level as in 2011. Base salaries were adjusted for our named executive officers other than our Chief Executive Officer in 2012 as needed to bring their salaries closer to the market median. Following these adjustments, the total salary levels for our named executive officers were within 5% of the market median overall.

Cash Bonuses Reflected Positive 2012 Company Performance. We use annual performance-based cash incentive awards to motivate our executives to achieve our company-wide short-term performance objectives. For our executives, we generally target the market median for our annual target cash compensation levels, which provides focus on the importance of achieving our annual corporate goals. We used the following three performance measures for the 2012 calendar year: (i) adjusted earnings per share, (ii) sales revenue growth and (iii) R&D reinvestment rate. These three measures provide focus on key drivers of performance in our business, in order to ensure quality earnings per share while continuing to reinvest in the long-term growth of our business through R&D.

For 2012, we achieved 100.45% of the adjusted earnings per share target. The goal set was challenging and the target adjusted earnings per share were set at a level that would require the Company to achieve an adjusted earnings per share in 2012 that was 14.5% higher than 2011. Additionally, we attained 78.45% of the revenue growth target and 99.39% of the R&D reinvestment target. These targets were also ambitious and set at levels that would require the Company to achieve significant revenue growth and record R&D reinvestment in 2012. As a result of our performance and in accordance with the bonus structure approved at the beginning of 2012, the bonus payout under our Executive Bonus Plan to our Chief Executive Officer was approximately 97.25% of his target bonus opportunity. The bonus pool for our other named executive officers under our Management Bonus Plan was funded at approximately 97.25% of their aggregate target bonus opportunities.

Table of Contents

Stock Options as a Key Component of Compensation. Stock options align the interests of our executives with those of our stockholders and are the primary long-term compensation vehicle for our named executive officers. Options closely align the interests of our executives with those of our stockholders because our executives will only realize a return on the option if our stock price increases over the term of the option. In addition, awards of stock options align with our growth strategy and provide significant leverage if our growth objectives are achieved; they also place a significant portion of compensation at risk if our objectives are not achieved and provide no guaranteed value. For additional information on our use of stock options please see page 48.

Equity awards, mainly in the form of stock options, represented approximately 66% of our named executive officers' aggregate cash and equity compensation in 2012. While we generally target the market median for our base salary and annual target cash compensation levels, we continue to target the market 75th percentile for equity compensation. This positioning places greater emphasis on long-term at-risk pay, offers exceptional alignment with stockholder interests, and drives long-term performance and retention.

Special CEO Performance-Based Recognition and Retention Award. In January 2012, we granted a special one-time performance-based recognition and retention restricted stock unit award to Mr. Pyott that vests subject to the achievement of rigorous performance goals and will be forfeited in full if Mr. Pyott terminates his employment prior to the end of the five-year performance period. For Mr. Pyott to earn 100% of this special performance award, \$14.4 billion in new stockholder value will have been created, for which Mr. Pyott's award will represent 0.15% of the new stockholder value added. This award is intended to recognize over a decade of outstanding performance by Mr. Pyott on behalf of the Company and our stockholders, to help ensure Mr. Pyott's retention over a five-year performance period and to reinforce our pay-for-performance philosophy to our stockholders. For more information on this award see Components of Compensation Long-Term Equity Incentives.

Comparison of CEO's Compensation to Peer Group

Our Chief Executive Officer has served in his capacity since January 1998 and in that span of 15 years, has delivered exceptional value to our stockholders. Mr. Pyott's tenure as our Chief Executive Officer is twice as long as the average Chief Executive Officer in our peer group and the Compensation Committee wanted to recognize Mr. Pyott's consistently high performance over his tenure at the Company. Under Mr. Pyott's leadership, our annual revenues have grown from approximately \$1.15 billion in 1998 to approximately \$5.7 billion in 2012, and our market capitalization has grown from approximately \$2 billion when Mr. Pyott joined us to over \$30 billion today. Mr. Pyott's total direct compensation for 2012 (base salary, annual cash incentive award and the grant date fair value of equity awards granted in 2012, other than Mr. Pyott's one-time special performance-based RSU) is between the median and the seventy-fifth percentile of our peer group and the market composite (consisting of a 50/50 blend of peer group and pharmaceutical industry published survey data). For more information on our peer group, please see page 41.

The Compensation Committee's independent compensation consultant analyzed the total compensation of our Chief Executive Officer and our TSR over the past one and three year periods relative to the compensation of Chief Executive Officers at the Allergan-defined peer group and their TSRs over the same periods. Following this analysis, the Board believed that the compensation decisions made during 2012 regarding Mr. Pyott were reasonable and appropriate.

Compensation Governance and Best Practices

We are committed to having strong governance standards with respect to our compensation programs, procedures and practices. The Compensation Committee has, among other things, taken the following actions:

retained an external, independent compensation consultant who reports directly to the Compensation Committee and does not provide any other services to management or the Company;

Table of Contents

incorporated compensation analytical tools such as market data for all compensation components, tally sheets, compensation history for each executive and walk-away analyses as part of its annual executive compensation review;

implemented clawback provisions for all incentive compensation under defined circumstances;

implemented stock ownership guidelines that align our executives and our directors long-term interests with those of our stockholders and discourage excessive risk-taking;

implemented equity compensation grant date and formula procedures that comply with evolving best practices; and

implemented an annual process to review our global incentive compensation and benefit programs, and assess the risks related to our company-wide compensation structure, policies and programs.

Fiscal 2012 Compensation Details

Compensation Objectives

The Compensation Committee evaluates and sets executive compensation consistent with our stated philosophy to provide a compensation package that ensures the focus, motivation and retention of a superior senior management team, and delivers significant rewards for superior performance and consequences for underperformance. Specifically, the Compensation Committee's philosophy is to:

provide a total compensation program that is competitive with other 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 cash incentive compensation to the achievement of pre-established corporate financial performance objectives and other key objectives within the executive's area of responsibility, and by using equity as a key component of our compensation program;

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

promote stability and retention of our senior management team.

Consistent with our performance-based philosophy, approximately 80% of our named executive officers' potential 2012 compensation was delivered in the form of performance- and equity-based compensation programs. These programs include annual cash incentive awards based on our short-term financial performance and our equity awards, typically in the form of stock options, which primarily reward long-term performance. These, coupled with mandatory stock ownership guidelines, further align the interests of management with those of our stockholders.

At our annual meeting of stockholders last year, our stockholders expressed strong support for our compensation programs and the compensation of our named executive officers, with an approval rate of approximately 89.1% for our management Say-on-Pay resolution. In light of this support, the Company's continued strong performance and the continuing success of our compensation programs, the Compensation Committee made no significant changes to the overall design of our compensation program during 2012, other than to grant Mr. Pyott a one-time special performance-based RSU award, which we believe emphasizes a commitment to our pay-for-performance philosophy. The Compensation Committee continuously endeavors to ensure that management's interests are aligned with those of our stockholders and support long-term value creation.

Table of Contents

Approach for Determining Form and Amount of Compensation

The Compensation Committee annually determines the compensation levels for our executive officers by considering several factors, including competitive market practices, each executive officer's role and responsibilities, the executive officer's performance of those responsibilities and our current and historical financial performance.

Use of External Compensation Consultant

The Compensation Committee works with an external, independent compensation consultant to assist the Compensation Committee in its duties, including providing advice regarding market trends relating to the form and amount of compensation. Frederic W. Cook & Co., Inc. (Cook & Co.) was engaged for 2012 as the compensation consultant for the Compensation Committee. The Compensation Committee has taken great care to ensure that the advice provided by its external compensation consultant is objective and unbiased. Cook & Co. performs no work for us other than its work providing executive compensation consulting services to the Compensation Committee and reports directly to the Compensation Committee through its chairperson. In addition, Cook & Co. annually provides a certification to the Compensation Committee regarding its independence and provision of services. The Compensation Committee has assessed the independence of Cook & Co. and concluded that no conflict of interest exist that would prevent Cook & Co. from providing independent and objective advice to the Compensation Committee.

Cook & Co. provides the Compensation Committee with third-party data and analyses, advice and expertise on competitive practices and trends, executive compensation plan design and proposed compensation forms and levels. For more information on the services provided by the compensation consultant and the compensation consultant's fees, please see the Corporate Governance Board Committees Organization and Compensation Committee section beginning on page 27.

Comparison to Market Practices

The Compensation Committee annually compares the levels and elements of compensation that we provide to our executive officers with the levels and elements of compensation provided to their counterparts in the pharmaceutical, biotechnology and medical device industries with which we compete for executive talent. 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 available on our senior 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 that may deviate from the general principle of targeting compensation at specified levels.

The levels and elements of cash compensation that we provide are compared to a market composite of data that includes, where available, proxy information for all of the companies in our peer group as well as industry-specific published survey data. The survey data and the peer group data are complementary to one another. The survey data provides a broader industry-wide component and matches are made based on job and functional responsibility, while the peer group data provides information regarding companies most directly comparable to us. For its 2011 year-end market analysis, which the Compensation Committee reviewed in making compensation decisions for 2012, Cook & Co. generally used a 50/50 blend of peer group and pharmaceutical survey data. The pharmaceutical survey data was collected from the following published compensation surveys: Towers Watson 2011 U.S. CDB Pharmaceutical Executive Compensation Survey, and Mercer 2011 U.S. SIRS Executive Survey Life Sciences Industry. Long-term incentive award guidelines were constructed based on a 50/50 blend of pharmaceutical and general industry survey data from the Towers Watson 2011 U.S. CDB Pharmaceutical and General Industry Executive Compensation Databases. Equity awards to our executive officers are based on these guidelines as well as peer group company data where available.

The peer group that the Compensation Committee used to compare the levels and elements of compensation that we provided to our executive officers in 2012 consisted of the following companies: Johnson & Johnson, Abbott Laboratories, Eli Lilly and Company, Bristol-Myers Squibb Company, Amgen Inc., Gilead Sciences, Inc.,

Table of Contents

Stryker Corporation, Inc., St. Jude Medical, Inc., Biogen Idec Inc., Forest Laboratories, Inc., Celgene Corporation, Cephalon, Inc., Endo Health Solutions Inc., Valeant Pharmaceuticals and Medicis Pharmaceutical Corporation. Full year 2012 revenue and market capitalization data for Cephalon, Inc. and Medicis Pharmaceutical Corporation is not available due to their acquisitions by Teva Pharmaceuticals Industries, Ltd. and Valeant Pharmaceuticals, respectively, and therefore not considered in the range or calculation of peer group medians, but the companies in the peer group for whom public data is available have the following profile:

	Allergan, Inc.		Peer Group	
Revenue(1)	\$ 5.70 billion	Range:	\$3.03 billion	\$67.22 billion
		Median:	\$8.66 billion	
Market Capitalization(2)	\$ 32.06 billion	Range:	\$3.52 billion	\$206.90 billion
		Median:	\$41.90 billion	

(1) Revenue reflects the most recent four quarters available as of February 5, 2013.

(2) As of February 5, 2013.

The Compensation Committee, with the help of Cook & Co., periodically reviews the composition of the peer group and the criteria used for selection, considering modifications where needed. We believe that company size should not be the only factor in determining our peer group. Instead, we also look to whether a company competes directly with us in the pharmaceutical, biotechnology and medical device markets, in terms of products and services, reinvestment capital or key talent. In recent years there has been significant consolidation in our industry through mergers and acquisitions, thereby limiting the number of companies available as appropriate peers. As a result, some of our peer companies fall outside of the target revenue range of one-half to two times our size that might be considered optimal. However, we believe that it is important to include in our peer group companies that may be outside this range, but with which we compete for products, capital and executive talent, rather than select peer companies that may be engaged in entirely different and unrelated businesses such as pharmaceutical generics, pharmaceutical distribution or medical insurance companies. We are a branded pharmaceutical and medical device company with an innovative high growth, high margin business model requiring significant R&D reinvestment annually. We do not compete with low margin generic manufacturers which have significantly different R&D and operating models. The companies in our 2012 primary peer group represented our primary competitors for executive talent and operate in a similarly complex regulatory and research-driven environment.

For our market comparisons in 2013 we removed Cephalon, Inc. and Medicis Pharmaceutical Corporation from the peer group used in 2012, due to their acquisitions in 2012. For its 2012 year-end market analysis, which the Compensation Committee reviewed in making compensation decisions for 2013, the pharmaceutical survey data was collected from the following published compensation surveys: Towers Watson 2012 U.S. CDB Pharmaceutical Executive Compensation Survey, and Mercer 2012 U.S. SIRS Executive Survey – Life Sciences Industry.

Table of Contents

Emphasis on Equity Compensation and At Risk Compensation

The Compensation Committee sets total compensation in a fashion that ensures a significant percentage of annual compensation is delivered in the form of at risk pay, with the majority being in equity-based compensation in order to provide the greatest emphasis on long-term performance, thus promoting alignment with long-term stockholder interests. The following charts reflect the average compensation mix of our named executive officers as compared to the pay mix at our peer group companies.

- (1) Allergan target pay reflects 2012 salary, target bonus and actual stock option and restricted stock/RSU grants (based on the awards grant date fair value under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718).
- (2) Peer group data reflects 2012 salary, target bonus when available (or the three-year average bonus when not available) and all long-term incentive values for the peer group companies four next most highly compensated executive officers after their chief executive officers. Peer group data for cash compensation has been updated to July 31, 2013 at a 3.0% annual growth rate.

Compensation History and Tally Sheets

At least annually, with the help of the external, independent compensation consultant, the Compensation Committee reviews the form of tally sheet and each named executive officer's compensation history for the past three years, including each component of compensation and how it compared to market data, as well as each named executive officer's level of stock ownership. The Compensation Committee also reviews tally sheets setting forth the expected value of annual compensation and benefits for each named executive officer, including base salaries, potential annual cash incentive payouts at minimum, target and maximum levels, long-term incentive compensation, including the number of stock options and restricted stock/RSU awards granted and their grant date fair values, and the annualized cost of other benefits and perquisites. The tally sheets also set forth the accumulated value of benefits and compensation to each named executive officer, including the accumulated value of equity grants, the accumulated value of benefits under our retirement and savings and investment plans, and the accumulated value of potential payouts under different separation scenarios, including under our severance and change in control arrangements.

Table of Contents

The Role of Our Chief Executive Officer

While the Compensation Committee has overall responsibility for establishing the elements, level and administration of our executive compensation programs, our Chief Executive Officer and members of our Human Resources Department routinely participate in this process, as does the Compensation Committee's external, independent compensation consultant. Our Chief Executive Officer conducts in-depth performance reviews of each of the other executive officers and provides a summary of this review to the Compensation Committee. Our Chief Executive Officer also makes recommendations to the Compensation Committee regarding adjustments to these executives' base salaries, target bonus opportunities, equity awards and perquisites, as required and based on their performance and market considerations. Subject to the Compensation Committee's approval, our Chief Executive Officer allocates the Management Bonus Plan pool to our businesses and/or functions based on each business' and/or function's results, and recommends any adjustments to the other named executive officers' awards based on his evaluation of their performance. Our Chief Executive Officer's recommendations are one of several important factors considered by the Compensation Committee in making its determinations regarding our executive compensation programs. The Chief Executive Officer also prepares a detailed assessment of his own performance, and submits such self-assessment to the Compensation Committee and full board for their review and consideration.

Components of Compensation

The major compensation elements for our named executive officers are base salaries, annual performance-based bonuses, equity grants primarily in the form of stock options, and retirement and other benefits. In designing and administering our executive compensation programs, we attempt to strike an appropriate balance among each of these key elements of compensation. Each of these elements is an integral part of, and supports, our overall compensation objectives.

Base Salaries

Base salaries provide our executive officers with a reasonable degree of financial certainty and stability. The Compensation Committee annually reviews and determines the base salaries of our executive officers. Salaries are also reviewed in the case of executive promotions or other significant changes in responsibilities and, in the case of new-hires, are evaluated at the time of hire.

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

In January 2012, the Compensation Committee approved salary increases, effective February 2012, of 4% for each of Messrs. Edwards, Ingram and Endicott, and 3% for Dr. Whitcup. Mr. Pyott's 2012 base salary did not increase from its 2011 level and has remained at the level established in January 2007 at his request. Each salary adjustment was intended to recognize the executive's contributions and provide our executives with market-competitive base pay.

Table of Contents

As depicted in the following table, our named executive officers' base salaries are at approximately the market median. The market position of the named executive officers' 2012 base salaries based on our 2011 year-end market study are shown in the table below:

Named Executive Officer	2012 Annualized Base Salary(1)	% of Market Median
David E.I. Pyott Chairman of the Board, President and Chief Executive Officer	\$1,300,000	98%
Jeffrey L. Edwards Executive Vice President, Finance and Business Development, Chief Financial Officer	\$ 615,000	93%
Scott M. Whitcup, M.D. Executive Vice President, Research and Development, Chief Scientific Officer	\$ 620,000	95%
Douglas S. Ingram Executive Vice President and President, Europe, Africa and Middle East	\$ 590,000	106%
David J. Endicott Corporate Vice President and President, Allergan Medical, Asia Pacific and Latin America	\$ 540,000	106%

(1) For all of the named executive officers represents 2012 base salaries effective as of February 2012.
Annual Performance-Based Cash Incentive Awards

The primary purpose of our annual performance-based cash incentive awards is to motivate our executives to meet or exceed our company-wide short-term performance objectives. We maintain two annual bonus plans, each designed to reward management-level employees for their contributions to corporate objectives. Our Chief Executive Officer participates in our Executive Bonus Plan, while our other named executive officers and management employees participate in our Management Bonus Plan. Our Executive Bonus Plan was approved by our stockholders in 2011. Our two annual bonus plans generally have the same structure, as described below.

At the beginning of each year, the Compensation Committee establishes the performance objectives and approves the bonus structure under the annual bonus plans. In the beginning of the following year, the Compensation Committee determines the amount of bonuses to be paid out under our Executive Bonus Plan and the size of the bonus pool to be paid to employees participating in our Management Bonus Plan based upon our prior year's performance against the pre-established objectives. In the case of executives that are required to own stock under our stock ownership guidelines (currently our Chief Executive Officer, executive vice presidents and corporate vice presidents), as a risk management best practice, payment for above-target performance is made in restricted stock (in the case of U.S.-based executives) or RSUs (in the case of U.S. expats overseas or international executives) subject to two-year cliff vesting.

Under both plans, our performance continues to be measured by our achievement of three key performance objectives: adjusted earnings per share, sales revenue growth in local currency and R&D reinvestment rate of annual sales. These performance objectives are based on our corporate strategies and objectives established as part of our annual operating plan process. For 2012, these performance objectives for the threshold, target and maximum levels of performance were as follows:

	Threshold	Target	Maximum
Adjusted earnings per share	\$3.98	\$4.18	\$4.31
Sales revenue growth in local currency	4.6%	11.6%	17.2%
R&D reinvestment rate (of annual sales)	15.1%	16.3%	17.3%

Table of Contents

We refer to the adjusted earnings per share, the sales revenue growth in local currency and R&D reinvestment rate of annual sales targets as our EPS Target, Revenue Target and R&D Reinvestment Target, respectively.

The Compensation Committee determined that the EPS Target, the Revenue Target and the R&D Reinvestment Target were appropriate performance objectives for the purpose of establishing bonus payments because they focus on achieving quality earnings per share while continuing to reinvest in the long-term growth of our business through R&D.

Adjusted earnings per share is not defined under GAAP. We use adjusted EPS for judging the core operating performance of our business. Adjusted EPS excludes: cash expenditures or future requirements for expenditures relating to restructurings, certain licensing transactions and acquisitions; 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. Historically, we have used the same adjusted EPS number reported in our earnings releases for our bonus plans. For 2012, we continued to use the same adjusted EPS number reported in our earnings release except that the adjusted EPS number under our annual bonus plans was further adjusted to give effect to the impact of the R&D Tax Credit, which was signed into law on January 2, 2013 and retroactively reinstated to January 1, 2012, so that our annual bonus plan participants were not adversely impacted by the delayed adoption of the R&D Tax Credit. This further adjustment for the R&D Tax Credit, which was included in our operating results in the first quarter of 2013, will be excluded from our 2013 adjusted EPS number and will not be included for bonus calculations under our 2013 annual bonus plans.

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. For any bonus to be payable, adjusted EPS had to be greater than \$3.98 or approximately 95.2% of the EPS Target. Once this threshold adjusted EPS amount was reached, the bonus pool would be funded based on linear interpolations for performance above and below the target amounts.

Performance Metric	Bonus Pool Funding at Threshold Performance	Bonus Pool Funding at Target Performance(1)	Bonus Pool Funding at Maximum Performance(1)
EPS Target	0% of target pool	80%	96%
Revenue Target	0%	10%	25%
R&D Reinvestment Target	0%	10%	25%
Total	0%	100%	146%

(1) No funding for the Revenue Target or R&D Reinvestment Target would be made unless adjusted EPS exceeded the threshold of \$3.98. Once the aggregate bonus pool under the Management Bonus Plan is established, our Chief Executive Officer allocates the bonus pool to our businesses and/or functions based on the performance of each versus defined objectives that contributed to the results in 2012. This allocation of the bonus pool among our businesses and/or functions reinforces our pay-for-performance philosophy. The objectives of the businesses and functions are reviewed and approved annually by our Chief Executive Officer and, in the case of our executive officers, the Compensation Committee.

Under the Management Bonus Plan, within each business and/or function (including with respect to our named executive officer participants within the Management Bonus Plan), each participant's bonus could be further modified down to 0% or up to 150% based upon the participant's individual evaluation by his or her supervisor.

The bonus payable to our Chief Executive Officer under our Executive Bonus Plan for 2012 was based on the same formula as under our Management Bonus Plan, described above. The Compensation Committee, in its discretion, may reduce but not increase the bonus amount otherwise payable to the Chief Executive Officer under the Executive Bonus Plan.

Target Bonuses and Payouts. In determining target bonus amounts (defined as percent of base salary), the Compensation Committee compares each executive officer's proposed target annual cash compensation (base salary and target bonus based on 100% achievement of each of the EPS Target, the Revenue Target and the R&D

Table of Contents

Reinvestment Target) against the 50th percentile of the market. Each of our named executive officer's target bonus for 2012 remained at the same respective level as in 2011. The target bonus opportunities for the named executive officers are shown in the table below.

The table below illustrates potential bonus payouts to our named executive officers as a percent of base salary if: (i) all three of the pre-established corporate performance objectives were met at the target level and (ii) all three of the pre-established corporate performance objectives were met at the maximum level. For the named executive officers participating in the Management Bonus Plan, the table below represents potential bonus payouts based solely on Company performance, prior to any adjustments for business function or individual performance.

Named Executive Officer	Objectives Met at Target Level (Bonus as % of Salary)	Objectives Met at Maximum Level (Bonus as % of Salary)
David E.I. Pyott Chairman of the Board, President and Chief Executive Officer	130	190
Jeffrey L. Edwards Executive Vice President, Finance and Business Development,	75	109.5
Scott M. Whitcup, M.D. Executive Vice President, Research and Development,	75	109.5
Douglas S. Ingram Executive Vice President and President, Europe, Africa and Middle East	75	109.5
David J. Endicott Corporate Vice President and President, Allergan Medical, Asia Pacific and Latin America	60	87.6

As a result of our achievement of 100.45% of the EPS Target, 78.45% of the Revenue Target and 99.39% of the R&D Reinvestment Target, and in accordance with the bonus structure approved at the beginning of 2012, the Compensation Committee approved a bonus payout to Mr. Pyott of approximately 97.25% of his target bonus. Also in accordance with the bonus structure approved at the beginning of 2012 and following the further adjustment to adjusted EPS to give effect to the impact of the R&D Tax Credit, described above, the Compensation Committee established the 2012 bonus pool for participants in our Management Bonus Plan at approximately 97.25% of targeted bonus funding level resulting in an aggregate bonus pool under the Management Bonus Plan of approximately \$54.9 million for approximately 1,355 participants. For 2012, our Chief Executive Officer recommended that the baseline bonus for employees be set at 97.25% of their target bonuses and that our business functions (and the executive officers responsible for those business functions) would receive adjustments to the baseline bonus based on each function's performance separate from our corporate financial performance. The bonus payouts for Messrs. Edwards, Ingram and Endicott and Dr. Whitcup were approximately 100%, 96%, 92% and 97.25%, respectively of each individual's target bonus. These bonuses reflect the above-described allocation of our bonus pool as a function of the executive and their teams' performance versus defined objectives that contributed to the results in 2012.

Table of Contents

The actual 2012 cash compensation (salary plus actual annual performance awards) for each of the named executive officers as compared to the 50th percentile of the market based on Cook & Co.'s 2011 year-end market study are shown in the table below.

Named Executive Officer	2012 Actual Salary(1)	Actual Bonus	Actual Total Cash Compensation	% of 50 th Percentile of Market
David E.I. Pyott Chairman of the Board, President and Chief Executive Officer	\$ 1,300,000	\$ 1,643,500	\$ 2,943,500	108%
Jeffrey L. Edwards Executive Vice President, Finance and Business Development, Chief Financial Officer	\$ 615,000	\$ 461,300	\$ 1,076,300	104%
Scott M. Whitcup, M.D. Executive Vice President, Research and Development, Chief Scientific Officer	\$ 620,000	\$ 452,200	\$ 1,072,200	103%
Douglas S. Ingram Executive Vice President and President, Europe, Africa and Middle East	\$ 590,000	\$ 424,800	\$ 1,014,800	109%
David J. Endicott Corporate Vice President and President, Allergan Medical, Asia Pacific and Latin America	\$ 540,000	\$ 298,100	\$ 838,100	100%

(1) Represents base salary earned during fiscal 2012.
For 2013, the Compensation Committee approved a similar bonus structure to the one used in 2012.

Long-Term Equity Incentives

For 2012, the Compensation Committee determined that our executive officers should receive long-term incentive awards in the form of non-qualified stock options, with a limited pool of restricted stock and RSU awards being awarded for that portion of bonuses to be paid in shares of restricted stock and RSUs under our Executive Bonus Plan and Management Bonus Plan, as per the design of those plans, and in limited cases for high performers. The Committee believes that stock options align the interests of our executives with those of our stockholders because they:

align the interests and compensation opportunity of our executives with those of our stockholders because the recipient will only realize a return on the option if our stock price increases over its term and, unlike time-vested stock awards, do not provide any value unless stockholder value increases;

reinforce our long-term growth strategy with compensation awards tied to the successful execution of that strategy; and

provide significant leverage if our growth objectives are achieved, and place a significant portion of compensation opportunity at risk if our objectives are not achieved and effectively balance risk and reward.

The Compensation Committee recognizes that most of our peer group companies deliver long-term incentives using a combination of two or more long-term incentive vehicles. While our stockholders permit the use of other equity-based vehicles via their approval of our 2011 Incentive Award Plan, the Compensation Committee believes time-vested stock options remain the most appropriate long-term incentive vehicle for our leadership. The Compensation Committee carefully reviewed peer group market data, stockholder advisory comments, and

Table of Contents

our 2012 say-on-pay stockholder vote in reaching this conclusion. In some cases, public companies have evolved to a combination of long-term incentive vehicles to ensure delivery of equity-based awards to executives during periods of limited share price appreciation. We believe that our comprehensive business planning, bias for execution, governance and compensation processes are the best mechanisms to reinforce our position as a growth company and maintain our industry-leading Price-Earnings ratio. While the Compensation Committee expects to continue to use stock options as its primary long-term incentive, it will continue to judiciously use the other vehicles approved by the Company's stockholders.

Early in 2012, the Compensation Committee considered and approved a set of guidelines for long-term incentive awards for eligible participants based on the participants' grade level in the organization. Actual equity awards to the named executive officers are based on these guidelines as well as specific peer group company position data. The guidelines for each position are set by the Compensation Committee based on an annual survey of competitive market practices and input from Cook & Co. The guidelines target the annual grants of long-term incentive awards for each position (as a multiple of the base salary midpoint for the grade level) at the approximate 75th percentile of the market, based on both pharmaceutical survey and general industry data, with each component weighted equally. We believe an emphasis on long-term incentive awards is appropriate for an innovative growth company in a variable business (such as ours) and 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 and provides the opportunity to deliver above-market pay when our stockholders do well;

place greater overall emphasis on long-term performance;

encourage retention of key employees and stability; and

more closely align executive compensation with the interests of our stockholders, which we believe is better achieved through the use of stock options during the annual process.

In February 2012, the Compensation Committee reviewed its guidelines for long-term incentive awards for all eligible participants. The Compensation Committee considered the rate of share usage for proposed equity awards (which represents shares granted divided by common shares outstanding). The rate of share usage for proposed equity awards for 2012 represented approximately 4.9 million shares, or 1.6% of the common shares outstanding. The Compensation Committee also considered our 2011 rate of share usage of 1.75%, which approximated the 75th percentile of the market, and our three-year (2008-2010) average rate of share usage of 1.83% of the common shares outstanding, which was between the median and the 75th percentile of the market. This positioning is due to the fact that the Company's equity awards are primarily in the form of stock options, which requires more shares than stock awards (such as restricted stock) to deliver equivalent economic value. On the other hand, the Company's stockholder value transfer for the same three-year period (which represents the cost or expense of shares granted divided by the Company's market capitalization at the time of grant) approximated the market median. We believe that stockholder value transfer is a more relevant measure as it takes into account differences in cost between options and stock awards.

Table of Contents

The options granted to the named executive officers generally corresponded to the 2012 equity grant guidelines for each executive's position. Mr. Edwards's award was approximately 12% higher than the guideline in order to recognize the increased complexity of the Chief Financial Officer role subsequent to the elimination of the separate President's position, and in consideration of an increasingly competitive market for chief financial officers in our industry. In addition to the guideline, Dr. Whitcup and Mr. Endicott received grants of 25,000 and 15,000 four-year cliff vested stock options, respectively, in recognition of their substantial contributions and to encourage retention. Specifically, Dr. Whitcup's award was designed to recognize his performance in securing regulatory approvals for new products by the FDA as well as other key regulatory agencies around the world in 2011. Mr. Endicott's award was designed to recognize his contributions to our 2011 performance across multiple business and geographic regions in an increasingly competitive environment.

Named Executive Officer	Number of Stock Options Granted in 2012	Value of Stock Options per Guideline Modeling(1)
David E.I. Pyott Chairman of the Board, President and Chief Executive Officer	312,000	\$ 8,303,400
Jeffrey L. Edwards Executive Vice President, Finance and Business Development, Chief Financial Officer	75,000	\$ 1,996,000
Scott M. Whitcup, M.D. Executive Vice President, Research and Development, Chief Scientific Officer	92,000	\$ 2,448,400
Douglas S. Ingram Executive Vice President and President, Europe, Africa and Middle East	67,000	\$ 1,783,100
David J. Endicott Corporate Vice President and President, Allergan Medical, Asia Pacific and Latin America	53,000	\$ 1,410,500

(1) The values shown in this table are based on the guideline modeling price of \$85.85 share price (our average 30 days closing price as of January 13, 2012) and a 31% Black-Scholes percent.

Mr. Pyott has served as our Chief Executive Officer since January 1998 and during those 15 years, Mr. Pyott has delivered exceptional value to our stockholders. Mr. Pyott's tenure as our Chief Executive Officer is twice as long as the average Chief Executive Officer in our peer group and the Committee wanted to recognize Mr. Pyott's consistently high performance over his tenure at the Company. Under Mr. Pyott's leadership, our annual revenues have grown from approximately \$1.15 billion in 1998 to approximately \$5.7 billion in 2012, and our market capitalization has grown from approximately \$2 billion when Mr. Pyott joined us to over \$30 billion today. Mr. Pyott was also recognized by Harvard Business Review as one of "The 100 Best CEOs in the World" in both 2009 (ranked #50) and 2013 (ranked #26), one of three pharmaceutical CEOs selected, was recognized as the "#1 CEO in Specialty Pharmaceuticals" by Institutional Investor magazine in 2005 and 2007, and the "Best CEO Healthcare Pharmaceuticals" in 2012 and 2013. In recognition of Mr. Pyott's substantial contributions, on January 31, 2012, the Compensation Committee approved a special one-time performance-based recognition and retention award of RSUs to Mr. Pyott. This retention award represents the opportunity to earn up to a total of 165,000 shares of the Company's common stock and is intended to recognize over a decade of outstanding performance by Mr. Pyott on behalf of the Company and its stockholders, to help ensure Mr. Pyott's retention for a five (5) year performance period beginning on the grant date, and to reinforce the Company's pay-for-performance philosophy to our stockholders.

The award generally will vest, if at all, only if Mr. Pyott remains continuously employed with the Company throughout the performance period. In addition, the portion of the award that vests at the end of the performance period is based on whether the Company's common stock exceeds three distinct stock price performance

Table of Contents

thresholds, based on the highest consecutive 20-day average closing price of the Company's common stock during the performance period, as follows: (i) one-third of the award will qualify to vest upon achievement of the minimum performance threshold; (ii) two-thirds of the award will qualify to vest upon achievement of the second performance threshold; and (iii) the entire award will qualify to vest upon achievement of the highest performance threshold. Among the Company's peer group used for pay and performance purposes, the minimum performance threshold is set at a level achieved approximately half of the time by the peer group based on a review of five-year performance periods during the past ten years. As of December 31, 2012, no portion of the award had vested. The award is also subject to accelerated vesting in connection with a qualifying termination of employment, as further described beginning on page 65 under Potential Payments Upon Termination or Change in Control Table.

Equity Grant Policies

During 2012, options were granted to current executive officers on one occasion only, during a regularly scheduled meeting of the Compensation Committee held on January 30, 2012, with a grant date of February 17, 2012. For the 2012 fiscal year and the current fiscal year, the grant date is 11 trading days after the earnings release for the prior fiscal year. Where awards of bonus amounts payable under our Executive Bonus Plan and our Management Bonus Plan in excess of 100% of the target bonus are issued in restricted stock and RSUs, they are expressed in dollar valuations when approved by the Compensation Committee and the number of shares is determined two trading days after the full year earnings release based on the closing price of our common stock on that date. Other awards of stock options, restricted stock and RSUs are expressed in a number of shares when approved by the Compensation Committee.

Compensation Clawback Policy

The Compensation Committee has 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, we are required to recover any bonus awards or other incentive compensation paid or issued to our executive officers or vice presidents 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.

Stock Ownership Guidelines

Our board has approved a stock ownership policy for our most senior executives. Under this policy, the stock ownership level for our Chief Executive Officer is six times base salary and for our executive vice-presidents and corporate vice presidents is three and two times base salary, respectively.

Ownership is determined based on the combined value of the following executive holdings: (i) shares owned outright; (ii) restricted shares; (iii) shares held in benefit plans; and (iv) shares held by spouse or children or in family trusts for estate planning purposes. Executives have five years from the time of appointment to comply with the ownership policy.

The Compensation Committee annually reviews our executive officers' stock ownership status and the timeline for compliance in connection with our annual meeting of stockholders. Under the policy, executives who are not in compliance with the stock ownership levels must hold 25% of after-tax post-exercise shares upon any stock option exercise event until compliance with his or her respective stock ownership level is reached. As of December 5, 2012, all of our executive officers were in compliance with the policy. As described in further detail under Director Compensation, starting on page 70, the Company also maintains stock ownership guidelines for our non-employee directors.

The Company has also implemented a prohibition applicable to all of our directors and employees worldwide, including our executive officers, on the short selling or hedging of Company securities and the purchase or sale of derivative securities of the Company, as well as on pledging Company securities.

Table of Contents*Perquisites and Other Benefits*

Beginning in 2007, all major perquisite programs, other than tax and financial planning reimbursements were eliminated by the Compensation Committee in order to streamline the administration of the program. 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 allowance for each named executive officer. For 2012, the Compensation Committee approved a flat perquisite allowance of \$20,000 for our Chief Executive Officer and \$10,000 for each other named executive officer and, in addition, provided for reimbursements for tax and financial planning of up to \$20,000 for our Chief Executive Officer and \$10,000 for each other named executive officer. The flat perquisite allowance is taxable income to the executives, paid in equal bi-weekly installments during the course of the year and is not grossed-up. Reimbursements for tax and financial planning are also taxable income and are paid up to the maximum amounts described above, based on invoices submitted.

As pursuant to our expatriate policy and in connection with Mr. Ingram's appointment to serve as Executive Vice President and President, Europe, Africa and Middle East in August 2010, we provide Mr. Ingram with certain benefits related to his international relocation, including but not limited to relocation allowance, host country housing, payment of private education and related expenses for Mr. Ingram's dependent children and other expatriate benefits. We also provide Mr. Ingram with tax equalization benefits and tax gross ups on his expatriate benefits in order to ensure no greater or lesser tax burden during his international assignment. In connection with Mr. Endicott's repatriation in August 2010 to the U.S. from Europe, where he served as Corporate Vice President and President, Europe, Africa and Middle East, to assume responsibility for Allergan Medical, we have provided and continue to provide Mr. Endicott with certain benefits related to his international relocation, including tax equalization benefits to ensure no greater or lesser tax burden during his international assignment. We expect that such tax equalization benefits would be partially offset by tax refunds that accrue to our company. A description of Messrs. Ingram's and Endicott's relocation benefits can be found beginning on page 58 under footnote 5 to the Summary Compensation Table.

We offer medical plans, dental plans, vision plans and disability insurance plans for all eligible U.S. employees. Executives are offered the same plans and charged the same rates as all other employees. We pay 100% of the cost of term life insurance for all eligible U.S. employees, including our executives. The term life insurance coverage levels and thus resulting costs are higher for our executives. In addition, we offer our executives, including our named executive officers, a \$1,000 annual physical allowance.

Retirement Plans

We have two supplemental defined benefit 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 retirement plan are limited by Sections 415 and 401(a)(17) of the Code. Payments under our supplemental retirement plans for benefits accrued through December 31, 2004 are in the same form and will be paid at the same time as a participant's benefits under our pension plan. Payments under our supplemental plans for benefits accrued on or after January 1, 2005 will be paid beginning at the later of age 55 or termination of employment, unless an election was made prior to December 31, 2008 stating a different commencement of the payments; the form of payment for this portion of the accrued benefit will be selected immediately prior to the commencement of the payments.

Under the Allergan, Inc. Executive Deferred Compensation Plan, eligible employees, including the named executive officers, were historically permitted to defer receipt of up to 100% of their base salary and bonus; beginning January 1, 2010, eligible employees, including the named executive officers, were permitted to defer receipt of up to 65% 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 Code. A description of the material terms of these plans can be found beginning on page 63 under the Pension Benefits Table and on page 64 under the Nonqualified Deferred Compensation Table.

Table of Contents

Severance and Change in Control Benefits

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

Severance Program (non-change in control). We maintain the Executive Severance Pay Plan pursuant to which certain executive officers, including Messrs. Pyott, Edwards, Whitcup and Ingram, participate. Under the Executive Severance Pay Plan, such executive officers are entitled to severance pay if his or her employment is terminated without cause (as defined in the Executive Severance Pay Plan), other than in connection with a sale of a business unit where the officer is not offered similar employment with the acquiring company. Each executive officer has the right to receive a cash severance payment in an amount equal to 12 to 24 months of the participant's base salary at the time of termination, based upon the participant's years of credited service at Allergan. Participants are also entitled to certain other benefits, including coverage under certain health care benefit plans and outplacement counseling services. Executive officers are no longer entitled to stock option and restricted stock acceleration and special benefits continuation provisions previously provided to executive officers with 15 or more years of service.

We also maintain the Amended and Restated Severance Pay Plan, in which Mr. Endicott participates, pursuant to which participants generally are entitled to receive severance payments and benefits upon a termination without cause (as defined in the Amended and Restated Severance Pay Plan) outside of the change in control context. The amount of severance pay depends upon the executive officer's years of service, with the greatest benefits payable for executives having 19 or more full years of service.

Each of the severance plans were designed to further retain employees, including our named executive officers, by providing security that increases over time with the employee's service.

Change in Control Benefits. We have entered into change in control arrangements with each of our named executive officers, which provide for severance and other benefits if their employment is terminated under specified circumstances within two years following a change in control. Our change in control arrangements are 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 in control. These benefits also allow executives to assess takeover bids objectively without regard to the potential impact on their own job security.

Equity Awards. For nonqualified stock option and restricted stock/RSU grants made in 2010 and thereafter, vesting will be accelerated upon a change in control only if there is a qualifying termination, or if the acquiring company does not convert the awards to awards of the acquiring company with equivalent value. Thus, all stock options and restricted stock/RSU awards granted in 2010 and thereafter will require a double-trigger before vesting may be accelerated, rather than the single-trigger vesting that was previously in place.

A description of the material terms of our change in control agreements, Executive Severance Pay Plan and Amended and Restated Severance Pay Plan, as well as a description of other benefits provided under our Incentive Compensation Plan, as amended, supplemental retirement plans and our Executive Bonus Plan and Management Bonus Plan, can be found beginning on page 65 under the Potential Payments Upon Termination or Change in Control Table.

Tax and Accounting Considerations

Section 162(m) of the Code

Section 162(m) of the Code 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

Table of Contents

Compensation Committee establishing such goals consists only of outside directors. We believe that 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 2011 Incentive Award Plan, as approved by our stockholders in May 2011, are intended to meet the criteria of Section 162(m) of the Code. There can be no assurance, however, that compensation attributable to awards granted under the 2011 Incentive Award Plan will be treated as qualified performance-based compensation under Section 162(m) and thus be deductible to us.

The Compensation Committee considers the anticipated tax treatment to the Company 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.

Although 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 attempt 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 that is not fully deductible if it determines that such award is consistent with the Compensation Committee's compensation philosophy and is in our and our stockholders' best interests, such as time-vested grants of restricted stock/RSUs, retention bonuses or other grants.

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 Code. There can be no assurance, however, that compensation attributable to awards granted under the Executive Bonus Plan will be treated as qualified performance-based compensation under Section 162(m) and thus be deductible to us.

Section 409A of the Code

Section 409A of the Code, or Section 409A, requires that nonqualified deferred compensation be deferred and paid under plans or arrangements that satisfy the requirements of the statute with respect to the timing of deferral elections, timing of payments and certain other matters. Failure to satisfy these requirements can expose employees and other service providers to accelerated income tax liabilities, penalty taxes and interest on their vested compensation under such plans. Accordingly, as a general matter, it is our intention to design and administer our compensation and benefits plans and arrangements for all of our employees and other service providers, including our named executive officers, so that they are either exempt from, or satisfy the requirements of, Section 409A.

Section 280G of the Code

Section 280G of the Code, or Section 280G, disallows a tax deduction with respect to excess parachute payments to certain executives of companies which undergo a change in control. In addition, Section 4999 of the Code, or Section 4999, imposes a 20% excise tax on the individual with respect to the excess parachute payment. Parachute payments are compensation linked to or triggered by a change in control and may include, but are not limited to, bonus payments, severance payments, certain fringe benefits, and payments and acceleration of vesting from long-term incentive plans including stock options and other equity-based compensation. Excess parachute payments are parachute payments that exceed a threshold determined under Section 280G based on the executive's prior compensation. Our Compensation Committee may, in its judgment, authorize compensation arrangements that could give rise to loss of deductibility under Section 280G and the imposition of excise taxes under Section 4999 when it believes that such arrangements are appropriate to attract and retain executive talent.

Table of Contents

Accounting Considerations

We follow FASB Accounting Standards Codification Topic 718, or ASC Topic 718, for our stock-based compensation awards. ASC Topic 718 requires companies to calculate the grant date fair value of their stock-based awards using a variety of assumptions. ASC Topic 718 also requires companies to recognize the compensation cost of their stock-based awards in their income statements over the period that an employee is required to render service in exchange for the award. Grants of stock options, restricted stock, restricted stock units and other equity-based awards under our equity incentive award plans will be accounted for under ASC Topic 718. Our Compensation Committee will regularly consider the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs. As accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

Table of Contents

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 paid to our named executive officers in 2012, 2011 and 2010, including salary earned, the aggregate grant date fair value of stock awards and option awards granted to our named executive officers, non-equity incentive plan awards earned by our named executive officers for 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 2012, 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 2012 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, 2012, adjusted, as applicable, 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. *Option Exercises and Stock Vested Table.* The Option Exercises and Stock Vested Table summarizes our named executive officers' option exercises and stock award vesting during 2012.
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 2012.
6. *Nonqualified Deferred Compensation Table.* The Nonqualified Deferred Compensation Table summarizes the contributions to and account balances under our Executive Deferred Compensation Plan during 2012.
7. *Potential Payments Upon Termination or Change in Control Table.* The Potential Payments Upon Termination or Change in Control Table and discussion summarize payments and benefits that would be made to our named executive officers in the event of certain employment terminations and/or a change in control.

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, 2012, 2011 and 2010.

Name and Principal Position	Year	Salary(1)	Stock Awards(2)	Option Awards(2)	Non-Equity Incentive Plan Compensation(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(4)	All Other Compensation(5)	Total
David E.I. Pyott	2012	\$1,300,000	\$9,390,076	\$7,007,520	\$1,645,000	\$1,769,666	\$ 51,936	\$21,164,198
Chairman of the Board, President and Chief Executive Officer	2011	\$1,300,000	\$ 178,369	\$8,730,825	\$1,690,000	\$2,026,942	\$ 50,736	\$13,976,872
	2010	\$1,300,000	\$ 82,427	\$8,021,249	\$1,690,000	\$1,504,274	\$ 50,071	\$12,648,021
Jeffrey L. Edwards	2012	\$ 615,000	\$ 47,032	\$1,684,500	\$ 461,300	\$ 313,572	\$ 35,498	\$ 3,156,902
Executive Vice President, Finance and Business Development, Chief Financial Officer	2011	\$ 584,808	\$ 41,342	\$1,909,140	\$ 442,500	\$ 767,816	\$ 33,968	\$ 3,779,574
	2010	\$ 539,230	\$ 16,970	\$1,758,446	\$ 392,400	\$ 552,669	\$ 30,977	\$ 3,290,692
Scott M. Whitcup, M.D.	2012	\$ 620,000	\$ 47,823	\$2,066,320	\$ 452,600	\$ 345,812	\$ 37,539	\$ 3,570,094
Executive Vice President, Research and Development, Chief Scientific Officer	2011	\$ 594,323	\$ 62,731	\$2,793,864	\$ 450,000	\$ 523,197	\$ 135,894	\$ 4,560,009
	2010	\$ 549,553	\$ 7,096	\$1,758,446	\$ 396,600	\$ 367,511	\$ 133,561	\$ 3,212,767
Douglas S. Ingram	2012	\$ 590,000	\$ 45,449	\$1,504,820	\$ 424,800	\$ 426,126	\$4,270,129	\$ 7,261,324
Executive Vice President, President, Europe, Africa, Middle East	2011	\$ 567,784	\$ 50,563	\$1,909,140	\$ 427,500	\$ 576,656	\$1,917,520	\$ 5,449,163
	2010	\$ 549,555	\$ 18,567	\$1,758,446	\$ 396,500	\$ 452,763	\$ 297,172	\$ 3,473,003
David J. Endicott	2012	\$ 540,000	\$ 33,230	\$1,190,380	\$ 298,100	\$ 624,030	\$ 50,862	\$ 2,736,602
Corporate Vice President, President, Allergan Medical, Asia Pacific and Latin America	2011	\$ 515,692	\$ 423,928	\$1,210,674	\$ 312,000	\$ 584,969	\$2,445,282	\$ 5,492,545

(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.

(2) The amounts shown are the grant date fair values of stock and option awards granted in the year indicated as computed in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions used to determine the grant date fair values in 2012, see Note 9, *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, 2012. Awards payable to our named executive officers under our Executive Bonus Plan and our Management Bonus Plan in excess of 100% of the participant's target bonus were paid out in shares of restricted stock or restricted stock units that vest in full on the second anniversary of the grant date, subject generally to continued employment with us through such vesting date. The amounts shown in the Stock Awards column include the grant date fair value for these restricted stock awards in the year of grant, as applicable. In addition, the amount shown in the Stock Awards column for Mr. Pyott includes the grant date fair value of his January 2012 performance-based restricted stock unit award. The single performance measure that determines the number of units to be earned for the performance-based restricted stock unit award is our stock price, which is a market condition as defined under Financial Accounting Standards Board principles regarding the measurement of stock-based compensation (ASC 718). Since these awards do not have performance conditions as defined under ASC 718, such awards have no maximum grant date fair values that differ from the fair values presented in the table above.

(3)

Edgar Filing: ALLERGAN INC - Form DEF 14A

The amounts shown represent the bonus performance awards earned in 2012 and paid in February 2013 under our Executive Bonus Plan for Mr. Pyott and our Management Bonus Plan for all other named executive officers. The bonus performance awards were paid entirely in cash for 2012. See Compensation Discussion and Analysis Annual Performance-Based Cash Incentive Awards in this Proxy Statement for a more complete description of these plans.

- (4) The amounts shown include the annual change in the actuarial present value of the named executive officer's accrued aggregate pension benefit and the nonqualified deferred compensation earnings that are above-market. The change in the actuarial present value of the accrued pension benefit for 2012 is determined by subtracting the present value of each executive's accrued benefit as of December 31, 2011 from the present value of their accrued benefits as of December 31, 2012. See Pension Benefit Table and Compensation Discussion and Analysis Executive Retirement Plans in this Proxy Statement for a description of this plan.

Table of Contents

- (5) For 2012, the amounts shown include our incremental cost for the provision to our named executive officers of certain specified perquisites (as detailed below), contributions by us to the Savings and Investment Plan and the cost of term life insurance and term executive post-retirement life insurance premiums and, in the case of certain named executive officers, vacation buybacks and expatriate expenses.

The table below shows our 2012 incremental cost for the provision of certain perquisites and tax payments to our named executive officers.

Named Executive Officer	Expatriate Expenses(c)(d)							
	Annual Perquisite Payment(a)	Tax and Financial Planning(b)	Aggregate Incremental Cost(\$)	Tax Equalization (\$)	Tax Gross-Up(\$)	Annual Physical(e)	Vacation Buybacks	Other(f)
Mr. Pyott	\$ 20,000	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 0	\$ 0
Mr. Edwards	\$ 10,000	\$ 2,216	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 11,346	\$ 0
Dr. Whitcup	\$ 10,000	\$ 4,065	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 11,538	\$ 0
Mr. Ingram	\$ 10,000	\$ 10,000	\$ 291,848	\$ 2,418,627	\$ 1,517,718	\$ 1,000	\$ 10,000	\$ 0
Mr. Endicott	\$ 10,000	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 10,000	\$ 9,238

- (a) The annual perquisite amounts were established based on flat annual perquisite payments of \$20,000 for our Chief Executive Officer and \$10,000 for each other named executive officer.
- (b) We provide our named executive officers a tax and financial planning annual allowance of up to \$20,000 for our Chief Executive Officer and up to \$10,000 for each other named executive officer.
- (c) In connection with Mr. Ingram's appointment to serve as Executive Vice President and President, Europe, Africa, Middle East effective August 1, 2010, we provided Mr. Ingram with certain benefits related to his expatriate assignment. For 2012, these expatriate benefits included, \$173,351 for host country housing, \$39,724 to pay for the cost of foreign private education for Mr. Ingram's dependent children, \$39,164 for goods and services, \$27,359 for utilities and \$12,250 for transportation. In addition, in connection with his international assignment, we provided Mr. Ingram with tax payments and tax settlements of \$2,418,627 and tax gross up-payments of \$1,517,718 related to his expatriate benefits, in each case, to ensure no greater or lesser tax burden during his international assignment. Amounts shown include payments made in pound sterling, which have been converted into U.S. dollars at the exchange rates in effect when the payments were made.
- (d) In connection with Mr. Endicott's repatriation in August 2010 to the U.S. from Europe, we provided Mr. Endicott with host-country tax payments and tax settlements of \$617,438 related to Mr. Endicott's expatriate benefits and Mr. Endicott has made tax equalization payments back to Allergan in the amount of \$1,412,201, in each case, to ensure no greater or lesser tax burden during his international assignment.
- (e) We offer our named executive officers an annual physical valued at up to \$1,000.
- (f) In connection with an employee appreciation event, Mr. Endicott received small electronic goods with a value of \$1,370 and \$7,868 related to his spouse accompanying him to the event, which she was expected to attend.

The table below shows our 2012 contributions to the Savings and Investment Plan and the cost of term life insurance and term executive post-retirement life insurance premiums, as follows:

Named Executive Officer

Edgar Filing: ALLERGAN INC - Form DEF 14A

	Savings and Investment Plan Contributions	Insurance Premiums(a)
Mr. Pyott	\$10,000	\$936
Mr. Edwards	\$10,000	\$936
Dr. Whitcup	\$10,000	\$936
Mr. Ingram	\$10,000	\$936
Mr. Endicott	\$10,000	\$624

- (a) 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. Amounts shown reflect the cost of the premiums for our named executive officers.

Table of Contents

Savings and Investment Plan. The Allergan, Inc. Savings and Investment Plan is a defined contribution plan that qualifies as a 401(k) plan under the Code and also features a retirement contribution for eligible employees. The contributions to the plan are made by us for each of the named executive officers on the same terms as are applicable to all other employees. Under the 401(k) feature of the plan, we make a matching contribution to the plan equal to 100% of eligible participants' before-tax contributions, after-tax contributions and Roth 401(k) contributions up to a specified maximum amount that fluctuates from time to time, subject to Code limits on the maximum amount of pay that may be recognized. The maximum match was four percent for 2012.

A participant becomes vested in the Allergan matching contribution to the 401(k) after the participant completes three years of service or, if earlier, the participant reaches age 62, becomes permanently and totally disabled or dies, or in the case of an occurrence of a change in control. If a participant's service terminates before he or she is vested, the participant will forfeit the Allergan match and any earnings thereon.

Table of Contents**2. Grants of Plan-Based Awards Table**

The following table sets forth summary information regarding all grants of plan-based awards made to our named executive officers for the year ended December 31, 2012.

Name	Approval Date	Grant Date(1)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(2)		Estimated Future Payouts Under Equity Incentive Plan Awards(3)	All Other Stock Awards: Number of Shares of Stock or Options(4)	All Other Option Awards: Number of Securities Underlying Awards(4)	Exercise or Base Price of Option Awards (\$/Share)	Grant Date Fair Value of Stock and Option Awards (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Maximum (#)	Units	Options(4)
David E.I. Pyott			0	1,690,000	2,467,400				
	1/30/2012	2/17/2012					312,000	\$ 87.91	\$ 7,007,520(5)
	1/30/2012	2/17/2012				55,000	165,000		\$ 9,210,300(6)
Jeffrey L. Edwards	1/30/2012	2/17/2012				2,045			\$ 179,776(6)
			0	461,300	1,010,100				
	1/30/2012	2/17/2012					75,000	\$ 87.91	\$ 1,684,500(5)
Scott M. Whitcup, M.D.	1/30/2012	2/17/2012				535			\$ 47,032(6)
			0	465,000	1,018,400				
	1/30/2012	2/17/2012					67,000	\$ 87.91	\$ 1,504,820(5)
Douglas S. Ingram	1/30/2012	2/17/2012					25,000	\$ 87.91	\$ 561,500(5)
			0	442,500	969,200				
	1/30/2012	2/17/2012				544			\$ 47,823(6)
David J. Endicott	1/30/2012	2/17/2012					67,000	\$ 87.91	\$ 1,504,820(5)
			0	324,000	709,500				
	1/30/2012	2/17/2012				517			\$ 45,449(6)
	1/30/2012	2/17/2012					38,000	\$ 87.91	\$ 853,480(5)
							15,000	\$ 87.91	\$ 336,900(5)
	1/30/2012	2/17/2012				378			\$ 33,230(6)

- (1) The option and stock awards shown were approved at a regularly scheduled meeting of the Compensation Committee held on January 30, 2012, prior to our full year earnings release, and the grant date for such awards was February 17, 2012.
- (2) The amounts shown represent the potential value of performance bonus awards earned in 2012 and paid in 2013 under our Executive Bonus Plan for Mr. Pyott and under our Management Bonus Plan for all other named executive officers. Awards payable under our Executive Bonus Plan and our Management Bonus Plan in excess of 100% of the named executive officer's target bonus are payable in grants of restricted stock or restricted stock units that generally vest in full on the second anniversary of the grant date, subject generally to continued employment with us through such vesting date. Accordingly, the amounts shown in the Target column reflect the maximum amounts payable in cash under our Executive Bonus Plan and our Management Bonus Plan to the named executive officers. The difference in the value reflected in the Maximum column and Target column would be payable solely in shares of restricted stock. Actual bonuses are based on our performance against target and are subject to the discretion of the Compensation Committee to reduce the amounts payable. Please also see Compensation Discussion and Analysis Annual Performance-Based Cash Incentive Awards in this Proxy Statement for a more complete description of these bonus plans.
- (3) The performance RSUs granted to Mr. Pyott in January 2012 vest, subject to Mr. Pyott remaining continuously employed with the Company throughout the performance period, based on whether the Company's common stock exceeds three distinct stock price performance thresholds, based on the highest consecutive 20-day average closing price of the Company's common stock during the performance period.

Edgar Filing: ALLERGAN INC - Form DEF 14A

- (4) Amounts represent the number of options that were granted pursuant to the 2011 Incentive Award Plan and have an exercise price per share equal to closing price of our common stock on the NYSE on February 17, 2012, the grant date, in accordance with the terms of the plan.
- (5) The dollar value of the options shown represents the grant date fair value based on the Black-Scholes model of option valuation to determine grant date fair value, as prescribed under FASB ASC Topic 718. The actual value, if any, an executive may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. For a discussion of valuation assumptions used to determine the grant date fair values in 2012, see Note 9, *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, 2012.
- (6) The dollar value of the stock shown represents the grant date fair value as prescribed under FASB ASC Topic 718, based on the closing price of our common stock on the grant date of \$87.91.

Table of Contents**3. Outstanding Equity Awards at Fiscal Year-End Table**

The following table sets forth summary information regarding the outstanding equity awards held by each of our named executive officers at December 31, 2012. Please note that ownership of vested shares of stock is set forth under Security Ownership of Certain Beneficial Owners and Management and Related Stockholders in this Proxy Statement.

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That have Not Vested	
David E.I. Pyott	0	312,000(2)	\$ 87.91	2/17/22			55,000(9)	\$ 5,045,150
	93,750	281,250(4)	\$ 75.58	2/17/21				
	211,200	211,200(5)	\$ 59.13	2/22/20				
	399,750	133,250(6)	\$ 40.16	2/20/19				
	410,000	0	\$ 64.47	2/14/18				
	386,800	0	\$ 58.55	2/2/17				
	252,000	0	\$ 36.15	2/8/15				
	1,753,500	937,700						
Jeffrey L. Edwards	0	75,000(2)	\$ 87.91	2/17/22	1,082(8)	\$ 99,252		
	20,500	61,500(4)	\$ 75.58	2/17/21				
	46,300	46,300(5)	\$ 59.13	2/22/20				
	44,175	34,725(6)	\$ 40.16	2/20/19				