

ALLERGAN INC
Form 8-K
February 05, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

February 1, 2010

Date of Report (Date of Earliest Event Reported)

ALLERGAN, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State of Incorporation)

1-10269
(Commission File Number)

95-1622442
(IRS Employer

2525 Dupont Drive

Identification Number)

Irvine, California 92612

(Address of Principal Executive Offices) (Zip Code)

Edgar Filing: ALLERGAN INC - Form 8-K

(714) 246-4500

(Registrant's Telephone Number, Including Area Code)

N/A

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**(e) Compensatory Arrangements of Certain Officers.**

At its meeting on February 1, 2010, the Organization and Compensation Committee (the Compensation Committee) of the Board of Directors of Allergan, Inc. (the Company) completed its annual performance and compensation review of the Company's executive officers and approved the 2010 base salaries of the Company's executive officers. The Compensation Committee also approved the performance objectives and the corresponding target annual incentive awards for the Company's executive officers and other members of management under the Company's Management Bonus Plan (the Management Bonus Plan) and 2006 Executive Bonus Plan (the Executive Bonus Plan) and, together with the Management Bonus Plan, the Plans), as more fully described below.

2010 Annual Base Salaries

The Compensation Committee approved the fiscal year 2010 annual base salaries for the Company's Chief Executive Officer and the other named executive officers (the Named Executive Officers) identified in the Company's proxy statement for its 2009 annual meeting of stockholders. The fiscal year 2010 annual base salaries, effective as of February 13, 2010, are as follows:

| Executive Officer | Title | Base Salary |
|------------------------|--|--------------|
| David E.I. Pyott | Chairman of the Board and Chief Executive Officer | \$ 1,300,000 |
| F. Michael Ball | President, Allergan | \$ 674,700 |
| Jeffrey L. Edwards | Executive Vice President, Finance and Business Development, Chief Financial Officer | \$ 545,000 |
| Douglas S. Ingram | Executive Vice President, Chief Administrative Officer and Secretary | \$ 550,800 |
| Scott M. Whitcup, M.D. | Executive Vice President, Research and Development, Chief Scientific Officer | \$ 550,800 |

Management Bonus Plan and Executive Bonus Plan

The Compensation Committee established performance objectives for the payment of annual incentive awards to the Named Executive Officers under the Plans for 2010. Under the Plans, bonus amounts will be based upon three performance objectives: (1) attainment of a target adjusted earnings per share (the EPS Target), (2) attainment of a target sales revenue growth in local currency (the Revenue Target), and (3) attainment of a target research and development reinvestment rate (the R&D Reinvestment Target). Adjusted earnings per share, or EPS, means the Company's per share net earnings from continuing operations for 2010, adjusted to remove the effects of certain events or items specified in the Plans.

For any bonus to be payable under the Plans, adjusted EPS must be greater than a threshold adjusted EPS. The Compensation Committee established that the bonus pool under the Plans would be funded at 80% of target bonuses if the Company achieves the EPS Target, with an additional 10% of target bonuses funded for achievement of the Revenue Target and 10% of target bonuses funded for achievement of the R&D Reinvestment Target. As a result, the bonus pool would be funded at 100% of the target bonuses under the Plans upon achieving all three of the pre-established corporate performance objectives and the actual bonus pool will be funded from 0% to 146% of the target bonuses under the Plans based on the Company's relative attainment of the financial performance objectives.

The Compensation Committee also established target bonuses for the Named Executive Officers participating in the Management Bonus Plan at 72% of their year-end annualized base salary, based on position. However, the Compensation Committee retained the ability to modify actual individual bonus amounts down to 0% or up to 150% of the individual's bonus based on individual performance in relation to pre-established objectives. Therefore, the actual bonus paid to such participant under the Management Bonus Plan may be up to approximately 158% of such participant's year-end annualized base salary.

Under the Executive Bonus Plan, the Compensation Committee established a target bonus for the Company's Chief Executive Officer at 130% of his year-end annualized base salary and a target bonus for the Company's President at 77% of his year-end annualized base salary. The actual bonus award payable to participants in the Executive Bonus Plan will be 0% to 146% of the target bonus based on the Company's relative attainment of the financial performance objectives. Therefore, the Company's Chief Executive Officer has the opportunity to earn a bonus of up to approximately 190% of his year-end annualized base salary, and the Company's President has the opportunity to earn a bonus of up to approximately 112% of his year-end annualized base salary, subject to the discretion of the Compensation Committee to reduce the amount payable.

For each of the Named Executive Officers, bonuses under each of the Plans will be paid in cash up to 100% of the participant's target bonus. Bonuses will be paid in restricted stock and restricted stock units to the extent the bonus pool exceeds 100% of the bonus targets. Such restricted stock or restricted stock units will provide for cliff vesting two years following the award effective date, subject to accelerated vesting in limited specified circumstances.

SIGNATURES

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

ALLERGAN, INC.

Date: February 5, 2010

By: /s/ Matthew J. Maletta

Name: Matthew J. Maletta

Title: Vice President,

Associate General Counsel and Assistant Secretary