ALLERGAN INC
Form 11-K
June 27, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 11-K
ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One):

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007

OR

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 1-10269

ALLERGAN, INC.
SAVINGS AND INVESTMENT PLAN
(Full title of the plan)

ALLERGAN, INC.
2525 Dupont Drive
Irvine, California 92612
(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)

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4. ERISA Financial Statements and Schedule and Exhibits:

(a) Financial Statements and Schedule:

Report of Independent Registered Public Accounting Firm of Lesley, Thomas, Schwarz & Postma, Inc., dated June 23, 2008, on the Statements of Net Assets Available for Benefits as of December 31, 2007 and 2006 and the related Statements of Changes in Net Assets Available for Benefits for the Years Then Ended Allergan, Inc. Savings and Investment Plan.

Statements of Net Assets Available for Benefits as of December 31, 2007 and 2006 Allergan, Inc. Savings and Investment Plan.

Statements of Changes in Net Assets Available for Benefits for the Years Ended December 31, 2007 and 2006 Allergan, Inc. Savings and Investment Plan.

Notes to Financial Statements Allergan, Inc. Savings and Investment Plan.

Schedule H, Line 4i Schedule of Assets (Held at End of Year) December 31, 2007 Allergan, Inc. Savings and Investment Plan.

(b) Exhibits

Exhibit 23 Consent of Lesley, Thomas, Schwarz & Postma, Inc.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this annual report to be signed by the undersigned thereunto duly authorized.

ALLERGAN, INC. SAVINGS
AND INVESTMENT PLAN

Date: June 27, 2008

By: /s/ Jeffrey L. Edwards
Jeffrey L. Edwards
Allergan, Inc.
Executive Committee

ALLERGAN, INC.
SAVINGS AND INVESTMENT PLAN
INDEX TO FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE

EXHIBIT 23

All other schedules are omitted because they are not required or applicable pursuant to ERISA and Department of Labor regulations.

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Report of Independent Registered Public Accounting Firm

To the Executive Committee of Allergan, Inc.

We have audited the accompanying statements of net assets available for benefits of the Allergan, Inc. Savings and Investment Plan as of December 31, 2007 and 2006, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Allergan, Inc. Savings and Investment Plan as of December 31, 2007 and 2006, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Schedule H, line 4i Schedule of Assets (Held at End of Year) as of December 31, 2007 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Lesley, Thomas, Schwarz & Postma, Inc.
Lesley, Thomas, Schwarz & Postma, Inc.
Newport Beach, California
June 23, 2008

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ALLERGAN, INC. SAVINGS AND INVESTMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2007 AND 2006

	2007	2006
ASSETS		
Investments		
Investments at estimated fair value (Note 3)	$ 5,638,789	$ 431,935,120
Investments in master trust at fair value (Note 3)	505,597,522	
Total investments	511,236,311	431,935,120
Receivables		
Participant contributions	925	1,312
Employer contributions	12,739,560	7,814,327
Total receivables	12,740,485	7,815,639
Net assets available for benefits, at fair value	523,976,796	439,750,759
Adjustment from fair value to contract value for fully benefit-responsive investment contract (Note 2)	1,355,908	840,870
NET ASSETS AVAILABLE FOR BENEFITS	$ 525,332,704	$ 440,591,629

See the accompanying notes to these financial statements

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ALLERGAN, INC. SAVINGS AND INVESTMENT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income		
Net appreciation in fair value of investments (Note 3)	$ 17,004,269	$ 37,266,978
Interest	406,982	307,511
Dividends	7,319,981	5,910,296
	24,731,232	43,484,785
Contributions		
Employer match	13,129,903	9,170,167
Employer retirement	12,008,958	7,404,320
Participant before tax	29,924,361	22,067,601
Participant after tax	957,647	775,435
Rollovers	6,983,935	4,878,436
	63,004,804	44,295,959
Total additions to net assets	87,736,036	87,780,744
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants	28,746,604	22,387,182
Corrective distributions		1,737
Administrative expenses	22,624	18,061
Total deductions from net assets	28,769,228	22,406,980
TRANSFERS FROM ANOTHER PLAN (NOTE 8)	25,774,267	355,240
NET INCREASE	84,741,075	65,729,004
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	440,591,629	374,862,625
NET ASSETS AVAILABLE FOR BENEFITS, end of year	$ 525,332,704	$ 440,591,629

See the accompanying notes to these financial statements

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ALLERGAN, INC. SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1 DESCRIPTION OF THE PLAN

The following description of the Allergan, Inc. Savings and Investment Plan (Restated 2005) (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

General The Plan, established on July 26, 1989, is a defined contribution plan sponsored by Allergan, Inc. (the Company). The Plan provides for immediate eligibility into the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and is qualified under the Internal Revenue Code (the Code). The administrator for the Plan is the Allergan, Inc. Executive Committee. The trustee for the Plan is JPMorgan Chase Bank.

Employee Contributions The Company s eligible United States employees may contribute a portion of their defined compensation, either before tax, after tax, or a combination thereof, subject to the limitations as defined by the Code.

The Company s eligible Puerto Rico employees may contribute a portion of their defined compensation, either before tax, after tax, or a combination thereof, subject to the limitations as defined by the Puerto Rico Internal Revenue Code.

Prior to December 15, 2006, participant contributions could be invested in the Allergan, Inc. Common Stock Fund, American Century Stable Asset Fund, Western Asset Core Plus Bond Portfolio Fund, Dodge & Cox Balanced Fund, Hotchkis and Wiley Large Cap Value Fund, American Century Income and Growth Fund, Barclays Global Inv S&P 500 Equity Index Fund, American Century Ultra Fund, American Century Small Cap Value Fund, Artisan Small Cap Fund, American Funds New Perspective Fund, and American Funds EuroPacific Growth Fund, or any combination of the 12 funds at the participant s discretion.

Effective December 15, 2006, American Century Ultra Fund was removed from the investment options and Janus Risk Managed Growth Fund was added to the investment options. On January 3, 2007, two additional funds were added to the investment options, Columbia Marsico Focused Equities Fund and the Evergreen Special Values Fund. On June 20, 2007, the JPMorgan Stable Value Fund was added, and on June 29, 2007, two funds were removed from the investment options, the American Century Stable Asset Fund and the American Century Small Cap Value Fund. On July 2, 2007, the TIAA-CREF Intst Small-Cap Blend Index Fund was added and on July 31, 2007, the Fidelity Advisor Stable Value Portfolio Class II was removed as an investment option.

ALLERGAN, INC. SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1 DESCRIPTION OF THE PLAN (CONTINUED)

Effective August 1, 2007, participant contributions may be invested in the Allergan, Inc. Common Stock Fund, JPMorgan Stable Value Fund, Western Asset Core Plus Bond Portfolio Fund, Dodge & Cox Balanced Fund, Hotchkis and Wiley Large Cap Value Fund, American Century Income and Growth Fund, Barclays Global Inv S&P 500 Equity Index Fund, Janus Risk Managed Growth Fund, Artisan Small Cap Fund, American Funds New Perspective Fund, American Funds EuroPacific Growth Fund, Columbia Marsico Focused Equities Fund, Evergreen Special Values Fund, TIAA-CREF Intst Small-Cap Blend Index Fund or any combination of the 14 funds at the participant s discretion. Additionally, certain assets are invested in the Advanced Medical Optics, Inc. Common Stock Fund, although new allocations are not permitted and have not been made to that fund since June 29, 2002.

Certain limitations imposed by the Code may have the effect of reducing the level of contributions initially selected by participants who fall within the classification of highly compensated employees as defined in the Code.

Employer Matching Contributions The Company contributed an amount equal to 100% of each employee s contribution up to 4% of defined compensation for the years ended December 31, 2007 and 2006.

Employer matching contributions are made in Allergan, Inc. common stock which is invested in the Allergan, Inc. Common Stock Fund. Participants who are over 55 can, however, elect to direct their employer matching contributions into any of the 14 investment funds. All participants can elect at any time to diversify their employer matching contributions in the Allergan, Inc. Common Stock Fund into any of the other 13 investment funds, subject to the Company s insider trading policy.

Employer Retirement Contributions Effective January 1, 2003, the Company makes an annual contribution equal to 5% of each participant s defined compensation if they are eligible for the Retirement Contribution Feature of the Plan, have completed at least six months of service, and are employed on the last business day of the year.

Investment Options Participants have the right to elect investment options upon enrollment or re-enrollment into the Plan. Additionally, participants may elect to change their investment options and transfer their account balances among the different investment funds at any time, subject to the Company s insider trading policy.

Participant Accounts Each participant s account is credited for the participant s contributions, employer match and employer retirement contributions and allocations of fund earnings and charged with an allocation of administrative expenses and fund losses. The earnings and losses of each of the funds are allocated daily to the individual accounts of participants based on their relative interest in the fair value of the assets held in each fund, except for dividends and unrealized appreciation (depreciation) on the common stock of Allergan, Inc., which is allocated based upon the number of shares held in the individual accounts of participants.

ALLERGAN, INC. SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1 DESCRIPTION OF THE PLAN (CONTINUED)

Participant Loans Receivable Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance excluding retirement contributions. Loan terms range from one to five years or, for the purchase of a primary residence, up to 15 years. The loans are secured by the balance in the participant s account and bear interest at prime plus one percent as determined on the date of the loan application. The interest rate is fixed for the term of the loan. Principal and interest is paid through payroll deductions each pay period.

Vesting and Forfeitures Participant contributions are fully vested at all times. Participants forfeit their share of employer matching contributions if they terminate their employment before completing three years of service with the Company. Employer retirement contributions vest on a graduated basis. After completing one year of service, the participant is 20% vested, and vesting increases 20% each year thereafter until fully vested at the end of the fifth year of service. Forfeitures are used by the Company to offset future employer contribution requirements and to reinstate rehired employee accounts. During the Plan years ended December 31, 2007 and 2006, $1,201,115 and $1,308,345, respectively, of forfeitures were used to offset contributions. At December 31, 2007 and 2006, unutilized forfeitures totaled $364,369 and $246,008, respectively.

Payment of Benefits Participants may withdraw their employee after-tax and rollover contributions at any time. Vested employer matching contributions can also be withdrawn at any time providing they were credited at least two years prior to withdrawal or in the case of a financial hardship. Withdrawals of employee after-tax contributions and employer matching contributions during employment may cause the participant to become ineligible to receive certain employer matching contributions and be suspended from contributing to the Plan for a period of six months following the withdrawal.

Prior to age 59-1/2, employee before-tax contributions may be withdrawn in the event of financial hardship, after the withdrawal of the value of employee after-tax contributions and employer matching contributions. Hardship withdrawals cause the employee to become ineligible to contribute to the Plan for a period of six months following the withdrawal for U.S. employees and 12 months for Puerto Rico employees. Hardship withdrawals of employer retirement contributions are not permitted.

Participants become entitled to payment of the total value of their accounts at the time of termination (if fully vested), attainment of age 59-1/2 (if fully vested), permanent and total disability, or death. Under certain circumstances set forth in the Plan, the participant may elect to receive the distribution in a lump sum (in cash or in cash and common stock of Allergan, Inc. or Advanced Medical Optics, Inc.) or may elect partial distributions. If the participant s account value is $5,000 or more, withdrawals may be postponed until as late as attaining age 70-1/2. After death, payment is in the form of a lump sum to the designated beneficiary.

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ALLERGAN, INC. SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1 DESCRIPTION OF THE PLAN (CONTINUED)

New Accounting Pronouncements In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurement. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, which is the Plan s fiscal year 2008. The Plan does not expect that the adoption of SFAS 157 will have a material impact on its financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The accompanying financial statements have been prepared on the accrual basis of accounting. Except for unutilized forfeitures (see Note 1), the net assets of the Plan are allocated entirely to individual participants accounts.

As described in FASB Staff Position FSP AAG INV-1 and Statement of Position No. 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Accounting Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.