

## **Two-For-One Stock Split**

### **Frequently Asked Questions (FAQs)**

On May 2, 2007, Allergan's board of directors declared a two-for-one stock split of Allergan's common stock. The split was structured in the form of a 100% stock dividend, payable on June 22, 2007 to stockholders of record on June 11, 2007.

As a result of the stock split, each Allergan stockholder will receive one additional share of common stock for each share of common stock owned. To assist our stockholders in their understanding of the stock split, we have provided answers to the following frequently asked questions:

#### **PART I - FAQs THAT APPLY TO ALL STOCKHOLDERS**

##### **What is a two-for-one stock split in the form of a 100% stock dividend?**

A 100% stock dividend is a common way to implement a two-for-one stock split. On the payment date, June 22, 2007, each Allergan stockholder will receive one additional share of stock for each share owned as of the record date, June 11, 2007. Because there will be twice as many Allergan shares outstanding after the split, each share will be worth half of what it was worth immediately prior to the split, while the overall value of a stockholder's investment remains the same.

For example, if a stockholder owns 100 shares of Allergan common stock on the record date, and the market price is \$100 per share, then the investor holds shares with a total market value of \$10,000. At market open on the ex-split date, June 25, 2007, the stockholder will have 200 shares of common stock at a market price of \$50 per share (assuming the stock price does not move up or down between the record date and the payment date), with the total market value of the investor's shares remaining unchanged at \$10,000.

##### **What is the effective date of the stock split?**

There are several key dates:

- The record date – June 11, 2007 – determines which Allergan stockholders are entitled to receive additional shares due to the stock split;
- The mailing or payment date – June 22, 2007 – is the date when Wells Fargo Shareowner Services, Allergan's transfer agent, mails notification to holders of record indicating the split-adjusted share holdings; and
- The ex-split date – June 25, 2007 – is the date when Allergan common stock will begin trading on the New York Stock Exchange at the new split-adjusted price.

**What is the record date for receipt of the stock split?**

June 11, 2007. If you own common stock at the close of business on the record date, your shares will be subject to the stock split.

**What is the mailing date for split shares?**

June 22, 2007. This is the date Wells Fargo Shareowner Services, Allergan's transfer agent, mails written notice to registered stockholders indicating the split-adjusted share holdings.

**What is the payment date?**

June 22, 2007. This is the same as the mailing date and is the date when Wells Fargo Shareowner Services and brokers post the split shares to the accounts of registered stockholders.

**What is the ex-date?**

This is also referred to as the "ex-split date." It is June 25, 2007, which is the date that shares of Allergan common stock will begin trading at the split-adjusted price on the New York Stock Exchange.

**What happens if I sell my shares after the record date and before the payment date?**

From the record date to the payment date, two separate markets exist for Allergan's common stock on the New York Stock Exchange. The "regular way" market, reported under Allergan's normal stock symbol, "AGN," continues to trade at the higher, pre-split price. Since sellers in the "regular way" market will receive full value for the shares they sell, they are not entitled to the split shares they will receive by virtue of their being stockholders on the record date. Instead, they transfer their rights to the split shares to their buyers by means of "due bills." The New York Stock Exchange recognizes that stockholders might alternatively want to sell only the "new" split shares while retaining their old shares. This is accomplished by creating a "when issued" market at the post-split price. "When issued" trading is reported under Allergan's normal trading symbol with a ".WI" appended – AGN.WI. "When issued" trading ceases at the close of business on the payment date.

**Will there be a "when issued" market for the split shares?**

It is expected that the New York Stock Exchange will authorize and establish a "when issued" market for the new split shares under the AGN.WI symbol. This will exist only between the record date and the payment date. Trading in the "when issued" market will reflect the anticipated split value of Allergan common stock. Settlement of "when issued" trades is expected to occur on June 27, 2007 (fixed by the New York Stock Exchange as the date which is three business days after the payment date). Allergan has no involvement in "when issued" trading. You should check with your broker if you are interested in "when issued" trading.

**Does the two-for-one stock split in the form of a 100% stock dividend dilute the value of my stock holdings by increasing the number of shares?**

No, the two-for-one stock split will not change the proportionate interest a stockholder maintains in Allergan stock.

**How does the stock split affect my stockholder voting rights?**

The stock split will not affect your stockholder voting rights. Assuming your holdings remain unchanged, you will be entitled to vote twice as many shares, but your proportionate vote will remain the same relative to other Allergan stockholders.

**How will the stock split affect Allergan's quarterly cash dividends?**

Allergan's pre-split quarterly cash dividend for the first quarter of 2007 was \$0.10 per share of common stock, payable on June 8, 2007 to stockholders of record on May 18, 2007. The payment of this dividend will not be affected by the stock split. Allergan expects that future cash dividends declared by Allergan's board of directors on Allergan common stock will take into account that there will be twice as many shares outstanding following the payment date established for the stock split.

**Is the stock split a taxable transaction for me?**

From a U.S. federal tax standpoint, the stock split is not a taxable event. The tax basis of each Allergan share owned after the stock split will be one-half of what it was before the split. Individual stockholders should consult with their personal tax advisor regarding their specific tax circumstances. Outside of the U.S., the tax effect of the stock split may vary by jurisdiction and foreign holders of Allergan stock should consult with a local tax advisor.

**Will the par value change?**

No, the par value of Allergan common stock will remain at \$0.01 per share.

**Will I receive a certificate for my split shares?**

Most of Allergan's shares are held in uncertificated form as an electronic entry. This saves Allergan the administrative burden of keeping track of original certificates as well as replacing lost or stolen certificates. New certificates will only be mailed upon request. Wells Fargo Shareowner Services will mail book-entry statements to Allergan stockholders of record indicating their revised stockholdings on the payment date but you will not automatically receive stock certificates. In order to receive physical stock certificates, you will need to make a special request. If your Allergan common stock is currently held in a brokerage account, the information will be sent directly to your broker.

**What do I do with my current stock certificates?**

Keep them - do not destroy them. The stock certificates are still valid. All your stock certificates should be kept in a safe place. However, as mentioned above, most shares are kept in paperless fashion and stockholders with certificates have the option to convert certificates to paperless form. Please contact Wells Fargo Shareowner Services for more details.

**Who can I contact if I have questions?**

If you have questions about the stock split, questions regarding stockholder records, stock transfers, stock certificates or other stock inquiries, please contact:

Wells Fargo Shareowner Services  
P.O. Box 64874  
St. Paul, MN 55164-0874  
(800) 468-9716 or (651) 450-4064  
[www.wellsfargo.com/shareownerservices](http://www.wellsfargo.com/shareownerservices)

Other questions, or requests for information, should be directed to:

Investor Relations  
Allergan, Inc.  
2525 Dupont Drive  
Irvine, CA 92612  
(714) 246-4636  
[www.allergan.com/site/investors](http://www.allergan.com/site/investors)

## **PART II – FAQs THAT APPLY TO PARTICIPANTS IN ALLERGAN’S EMPLOYEE SAVINGS AND INVESTMENT PLAN (SIP) AND EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)**

### **How will the stock split affect my balance in the SIP and ESOP?**

At the close of business on the payment date, June 22, 2007, you will receive one additional share of Allergan stock for each share owned in your SIP or ESOP account as of that date. JPMorgan Retirement Plan Services will process the stock split transaction in your account on the morning of June 25, 2007. You will be able to review your updated share balance on [www.retireonline.com](http://www.retireonline.com) or by speaking with a participant services representative at 800-345-2345 beginning the morning of June 26, 2007. The post-split price of Allergan stock will also be reflected on [www.retireonline.com](http://www.retireonline.com) and will be available through a participant services representative at this time.

### **What if I sell Allergan shares after June 11, 2007? Will I receive additional shares on June 22?**

If you sell shares of Allergan stock by transferring out of the Allergan stock fund and into another investment option in the plans or if you sell shares of Allergan stock in conjunction with taking a withdrawal or distribution from the plans, you will not receive additional shares of Allergan stock at the close of business on June 22. Essentially, the right to the stock split “dividend” stays with the shares when you sell them. From June 11, 2007, through the end of trading on June 22, 2007, Allergan shares will continue to trade in the plan as they do today. Because Allergan shares will not trade in the market at the split-adjusted price until June 25, there is no adjustment for the number of shares or price until June 25, when both the number of shares and the price will be adjusted in the market.

If you take an in-kind distribution of Allergan shares after June 11 but before the close of business on June 22, you will receive a “due bill” along with your Allergan shares. The due bill serves as evidence that you are owed additional shares of Allergan stock once the split is completed. You will receive your additional shares of stock from Wells Fargo Shareowner Services, the transfer agent, after the transaction is completed at the close of business on June 22. Shares issued to satisfy a due bill are usually issued a few days after the ex-split date and are delivered in the same method as the original share distribution. In other words, if shares were originally delivered electronically via DTC, then the additional shares will be delivered via DTC; if the shares were delivered in certificate form, then additional shares will also be delivered in certificate form.

**What if I purchase Allergan shares after June 11, 2007? How will Allergan shares be reflected in my account?**

If you purchase shares of Allergan stock after June 11 by transferring out of other investment options in the plans and into the Allergan stock fund OR by making contributions into the Allergan stock fund, you will receive additional shares of Allergan stock on June 25. Even though you did not own shares on June 11, the record date, the shares you have purchased include the right to the stock split “dividend” until the stock split “dividend” is actually paid on June 22, 2007. When JPMorgan processes the stock split “dividend” transaction on June 25, your Allergan share balance will double and at the same time the value of each share of Allergan stock will be reduced by 50%. The total dollar value of your Allergan stock fund will not change. For example:

	<u>Before June 25, 2007</u>	<u>After June 25, 2007</u>
Number of Allergan shares	100 shares	200 shares
Allergan share price	\$122/share*	\$61/share*
Total account value	\$12,200*	\$12,200*

\* Numbers for example purposes only

**PART III – FAQs THAT APPLY TO HOLDERS OF RESTRICTED STOCK AND STOCK OPTIONS**

**How will the stock split affect shares of restricted stock that I hold?**

Outstanding shares of restricted stock will be treated like all other outstanding common stock, and on June 25, 2007, you will receive one share of new common stock for every share of restricted stock you own on June 11, 2007. After the stock split, the value of each share will be approximately one half of its value prior to the split. The aggregate value of the shares is unchanged. The new shares that you receive as a dividend in respect of your shares of restricted stock will be subject to the same restrictions as the shares on which the dividend is paid.

## **How will the stock split affect my outstanding stock options?**

Your outstanding Allergan stock options will be adjusted by multiplying the number of shares of Allergan common stock subject to such options by two (2); and dividing the per share exercise price of such stock options by two (2) (rounded to the fourth decimal place). The aggregate exercise price of your unexercised stock options will remain the same and, regardless of when you exercise your stock options, either pre-split or post-split, your total investment in Allergan will remain the same.

Here is an example: As of the record date (June 11, 2007), if you hold a stock option to purchase 100 shares of Allergan with a per share exercise price of \$30.00, the aggregate exercise price is \$3,000. After the stock split, you will hold a stock option to purchase 200 shares of Allergan but the per share exercise price will be \$15.00, and the aggregate exercise price remains the same at \$3,000.

The additional shares of Allergan common stock subject to your stock option and the new exercise price will be posted with Allergan's stock plan administrator, Charles Schwab Stock Plan Services, following the close of the NYSE on June 22, 2007. You may view your account online at Schwab Equity Award Center™: <http://eac.schwab.com>. If you have any further questions, please call Charles Schwab Stock Plan Services at 1-800-654-2593. International callers may access toll free numbers by first dialing an AT&T Direct Dialing Code.

## **What happens if I exercise my stock option before the Record Date?**

If you exercise all or a portion of your stock option via a cashless exercise before June 11, 2007 and immediately sell the shares for cash (a cashless for cash exercise), you will not be entitled to the split shares. The unexercised portion of your stock option will be adjusted to reflect the stock split as discussed above.

If you exercise all or a portion of your stock option for stock either by paying cash or via cashless exercise before June 11, 2007 and you do not sell the shares acquired upon such exercise on or before June 11, 2007, you will be treated in the same manner as any other stockholder on June 11, 2007 and you will receive the additional split shares. The unexercised portion of your stock option will be adjusted to reflect the stock split.

## **What happens if I exercise my stock option on or after the Record Date?**

If you exercise all or a portion of your stock option via a cashless exercise during the period on or after June 11, 2007 and before the close of the NYSE on June 22, 2007, and immediately sell the shares for cash, you will not be entitled to the split shares. The unexercised portion of your stock option will be adjusted to reflect the stock split.

*Example 1:* As of June 11, 2007, you hold a stock option to purchase 100 shares of Allergan common stock with a per share exercise price of \$30.00, the aggregate exercise price is \$3,000. On June 15, 2007, you exercise your stock option by means of a cashless exercise at a time when the fair market value of Allergan is \$100.00 per share and you immediately sell all your shares for cash. Assuming Allergan's trading price does not change, you will surrender the aggregate exercise price of \$3,000 and receive a cash payment of approximately \$7,000 from the balance of the sales proceeds (i.e., \$10,000 sales proceeds less \$3,000 aggregate exercise price = \$7,000).

If you exercise all or a portion of your stock option for stock either by cashless exercise or by paying cash during the period on or after June 11, 2007 and before the close of the NYSE on June 22, 2007 and do not sell the shares acquired upon such exercise on or before June 22, 2007, you will receive the additional split shares. The unexercised portion of your stock option will be adjusted to reflect the stock split.

*Example 2:* As of June 11, 2007, if you hold a stock option to purchase 100 shares of Allergan common stock with a per share exercise price of \$30.00, the aggregate exercise price is \$3,000. On June 15, 2007, you exercise your stock option by means of a cashless exercise at a time when the fair market value of Allergan is \$100.00 per share and you keep the remaining shares. Assuming Allergan's trading price does not change, you will surrender the proceeds on 30 pre-split shares (\$3,000 aggregate exercise price as a result of the \$100.00 pre-split fair market value) and receive 70 pre-split shares with an aggregate fair market value of \$7,000 (70 shares x \$100 pre-split fair market value). If you do not sell your shares before the close of business on June 22, 2007, you will receive an additional 70 shares as a result of the stock split and the per share fair market value of the 70 shares you received upon exercise of your stock option and the additional 70 shares will be reduced by one-half so that the total market value of your shares will remain the same at \$7,000.

*Example 3:* As of June 11, 2007, if you hold a stock option to purchase 100 shares of Allergan common stock with a per share exercise price of \$30.00, the aggregate exercise price is \$3,000. On June 15, 2007, you exercise your stock option by paying cash in the amount of \$3,000 at a time when the fair market value of Allergan is \$100.00 per share. If you do not sell your shares before the close of business on June 22, 2007, you will receive an additional 100 shares as a result of the stock split and the per share fair market value of the 100 shares you received upon exercise of your stock option and the additional 100 shares will be reduced by one-half so that the total market value of your shares will remain the same at \$10,000.

Note: None of the examples takes into account applicable withholding taxes or other fees associated with the exercise of options and all of the examples assume no change in the share price of Allergan between the record date and the payment date.