

2008 - 2009 Environmental Cost of Being Average

The environmental programs in conjunction with other groups at Allergan have accomplished the following:

Table 1	Performance	Costs, Savings, Revenue or Avoided Costs	Comments
Recycling	1,701,251 kg	Recycling revenue = \$400,446	Recycling revenue is primarily from waste plastics and cardboard.
Waste Management	HW = 137,674 kg SW = 73,410 kg	HW = \$350,112 SW = \$125,985	Hazardous and solid waste prevention and minimization have allowed the significant decreases to occur.
Electrical Energy Consumption Fuel Consumption	Avoided electrical energy = 6,391,687 kWh Avoided fuel consumption = 15,642 GJ	Avoided electrical energy costs = \$747,493 Avoided fuel costs = \$1,175,719	Electrical energy and fuel consumption decreased due to energy efficiency projects and the consolidation of the Arklow and Costa Rica Allergan Medical facilities. The fuel costs have also seen a reduction in commodity price during the period.
GHG Emissions Reduction	Avoided emissions = 6,897 tonnes CO2E	Avoided GHG credit costs = \$103,455 Note 1	
Water Consumption	405,450 liters	Avoided water costs = \$36,015	Water conservation efforts saved a significant amount of water consumption.
Contamination/ Remediation	No releases and no Superfund Site settlement	Avoided remediation costs = \$250,000 Note 2	Allergan was not involved in any hazardous materials releases.
Total		\$3,189,225	

Note 1. Assume that GHG emissions credits on the EU market are currently selling for \$15/tonne.

Note 2. IRRC historical average cost for Superfund site cleanup is \$2.5 million per site; assume a 10% commitment at one site for cost avoidance estimate.

Cost of Being Average

In 2008 - 2009, Allergan facilities have managed to save \$3,189,225 by reducing raw materials consumption, recycling materials that would have been wasted, reducing solid and hazardous waste generation, reducing electrical consumption, reducing fuel consumption, and by avoiding involvement in Superfund and other remediation actions through effective EHS management practices (Table 1). If Allergan had experienced an industry “average” for these activities, the cost to Allergan would have been \$3,189,225 in 2008/9 alone - **the cost of being average**.

Assuming an after-tax profit of 13.1% for Allergan (estimated for 2008 per GAAP), the additional Allergan sales required to cover this cost over this period would have been approximately **\$24.3 million**. This is a very conservative estimate based on only one Superfund site on average. The IRRC average number of Superfund sites is 8 sites for the S & P Pharmaceutical group.

Allergan's continued commitment to being **"better than average"** is demonstrated by its strong environmental program. This combined effort pays clear dividends not only to our employees but to our shareholders as well. It is clear that **Environmental Sustainability and Stewardship Pay**.