

commitment





David A. Jones and Christopher B. Begley

To Our Stakeholders: When we launched our new hospital products company in 2004, we made a commitment that as an independent company, Hospira would offer enhanced solutions for the hospital customer, invest in future opportunities that best serve clinicians and patients, and ultimately deliver greater value to our stakeholders. Two years later, we are proud to join 13,000 Hospira employees in not only living up to these commitments, but also often exceeding them as well as the expectations of our stakeholders.

The foundation for Hospira's achievements is rooted in our guiding principles: our vision of Advancing Wellness through the right people and the right products; our four values, of which the first and most important is integrity; and our clearly stated, unwavering commitments to our key stakeholders. The intent of Hospira's inaugural citizenship report is to provide perspective on how we are fulfilling our commitment to these stakeholders: our customers, our employees, our shareholders and our communities.

Hospira's early success and the momentum with which we are achieving milestones validate the foundation that our vision, values and commitment provide; the breadth of our employee talent; and the soundness of Hospira's two-pronged business strategy of investing for growth and improving margins and cash flow. But our measure of success is not just financial. Just as important is the manner by which we execute on our business strategy, the accountability and ownership through which we fulfill the needs of our customers, and the value of the societal contributions that result from our dedication to our stakeholders.

Commitment to Customers

Our primary stakeholder is our hospital customer and, by extension, the hospital patient. Hospira is proud of the progress we have made living up to our commitment to our customers. Today we provide thousands of products that enable our hospital customers and other healthcare institutions to improve productivity and safety, reduce costs and enhance patient care. With a strong focus on innovation, Hospira has invested in a healthy pipeline of products to help address future needs in these important areas.

With millions of people putting their safety and health into the hands of healthcare providers and suppliers every day, ensuring that Hospira is building an atmosphere of trust – both internally and externally – is critical. To continue to serve our customers to the best of our abilities, we are nurturing our company culture with a strong emphasis on integrity and ongoing reinforcement of our other core values.

Commitment to Employees

Employees are the driving force behind Hospira's celebrated roots and our spirited future. Many of our employees are "founders" of the company, who take special pride in the work they do to contribute to the overall quality of healthcare. We also have been fortunate to have a number of Hospira employees who joined our family more recently, bringing the fresh perspective that a young, independent company needs to drive long-term growth. This is why employees are highlighted as a key stakeholder in Hospira's commitment statement. It is because of their work and dedication that Hospira exists today and has already become a successful corporation in its short existence.

Commitment to Shareholders

Hospira's commitment to shareholders states that we will safeguard their investment and provide a fair return. After completing our first full year as an independent company in 2005, we are proud to report a number of financial accomplishments, including strong operating performance, solid cash flow and higher core sales. As we continue to transform Hospira for the long term, we expect the investments we are making today to provide returns in the years to come. For more information on financial performance, please refer to the 2005 [Hospira Annual Report](#).

Commitment to Communities

Acknowledging social responsibility through active citizenship and thoughtful giving is central to Hospira's unwavering commitment. We are a part of the social fabric in every community in which we operate. Through the Hospira Foundation – the philanthropic arm of Hospira, Inc. – we focus on providing support to help improve health and wellness across communities, with an emphasis on areas with a significant Hospira employee presence. Whether through charitable contributions, product donations, volunteerism or workplace giving, we look forward to continuing to provide a stable platform to support our commitment to communities.

As an extension of our stated commitment, Hospira pledges to nurture our workplace and global environment. To accomplish this, we continuously partner with our stakeholders to enhance our environmental, health and safety performance.

A Work in Progress

Since we launched in 2004, we have made tremendous progress in fulfilling our commitments to our stakeholders. As we further take advantage of our unique opportunities, we will continue to lead the transformation of Hospira to unlock the organization's potential. We look forward to updating you as we reach future milestones on our never-ending journey to *Advance Wellness*.



David A. Jones
Chairman of the Board



Christopher B. Begley
Chief Executive Officer

Hospira's Vision, Values and Commitment

Our Vision

Advancing Wellness™...through the right people and the right products

Our Commitment

Hospira has an unwavering commitment to:

- Our customers, delivering on our promise by serving their needs with integrity and trust.
- Our employees, by embracing diversity of thought and cultural perspective, and fostering an environment of empowerment, fairness and respect.
- Our shareholders, by safeguarding their investment and providing a fair return.
- Our communities, acknowledging our social responsibility through active citizenship and thoughtful giving.

Our Values

Hospira's key values are based on the current strengths of our people, business and products, as well as the type of company Hospira aspires to be. We will achieve our vision and deliver on our commitment through:

- Integrity – We build respect and trust in our company, products and employees by setting high standards and acting on our values.
- Ownership/Accountability – Our employees are the heart and soul of our company. Our employees are counted on to advance the company's performance by meeting their commitments and keeping their promises.
- Speed – Our employees are empowered and expected to act quickly and decisively while making informed decisions and ethical judgments.
- Entrepreneurial Spirit – We respect and encourage visionary thinking by embracing people who are passionate champions of creative ideas and who are willing to persevere on behalf of innovation.

Corporate Governance

Hospira's board of directors plays an integral role in guiding the company's future. Our board members collectively offer decades of in-depth business insight and outstanding leadership qualities. The board of directors is composed of three committees: an audit and public policy committee, a nominations and compensation committee, and a science and technology committee.

Audit and Public Policy Committee

The audit and public policy committee is composed solely of directors who are independent and financially literate, as required by the New York Stock Exchange and the Securities Exchange Act of 1934. At least one member of the committee must have accounting or related financial management expertise.

Functions of this committee include providing general oversight of the company's internal controls, accounting and financial reporting; Hospira's ethics and compliance program; Hospira's programs related to quality control, regulatory compliance, and environmental, health and safety; and Hospira's charitable and community service activities, political activities, and governmental relations.

For more information on Hospira's corporate governance guidelines and board committees, please visit the Investor Relations section of Hospira.com.

Company Profile and Philosophy

Our Driving Philosophy and Rich History

Launched from the core global hospital products business of Abbott Laboratories in 2004, Hospira brings proven leadership to the hospital products marketplace. From a 70-year history of excellence serving our stakeholders, we have built our new company on a solid and distinct platform.

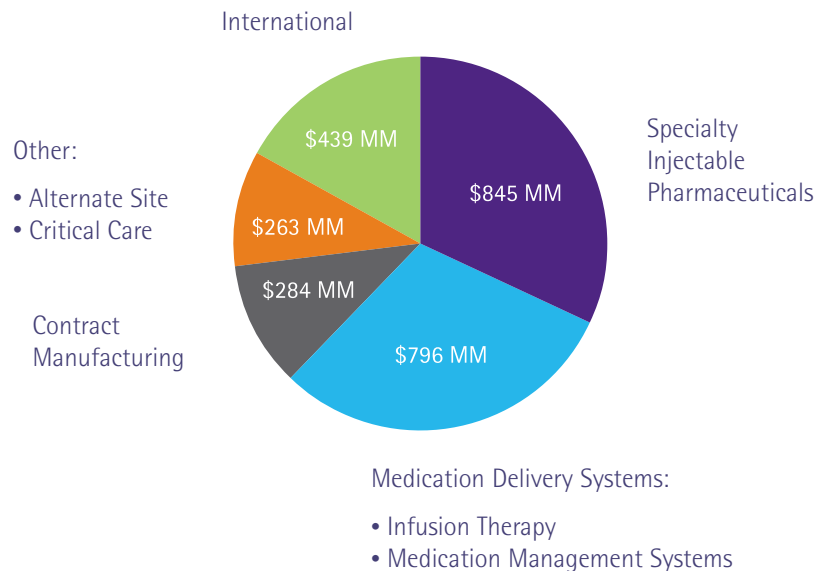
Our Vision: Advancing Wellness™...through the right people and the right products

Our vision guides everything Hospira does. "Advancing" focuses on the progressive, positive and purposeful approach we take as we look to the future. "Wellness" demonstrates a broad commitment to healthcare, supported by our wide variety of products that help improve the well-being of patients around the world. Wellness also refers to the overall well-being of our customers, our employees, our shareholders and our global community.

The "right people" – our 13,000 employees – are a talented group of dedicated, customer-focused, entrepreneurial individuals who are committed to working under the highest standards of integrity and ethics. Our broad portfolio of products provides patient and caregiver safety, quality, reliability and cost-effectiveness.

In 2005, Hospira had sales of approximately \$2.6 billion. Hospira markets products in approximately 60 countries around the world, with eight manufacturing facilities across the United States in: Ashland, Ohio; Austin, Texas; Buffalo, N.Y.; Clayton, N.C.; McPherson, Kan.; Morgan Hill, Calif.; Rocky Mount, N.C.; and North Chicago, Ill. The company's six manufacturing facilities outside the United States are located in: San Cristobal, Dominican Republic; Heredia, Costa Rica; Liscate, Italy; Montreal, Canada; and Donegal and Sligo, Ireland. Hospira also has regional headquarters in Amsterdam, The Netherlands (serving Europe, the Middle East and Africa); Montreal, Canada (serving Canada); Mexico City, Mexico (serving Latin America); and Osaka, Japan (serving Asia Pacific).

Balanced Portfolio of Products
\$2.6 Billion in 2005 Sales



Our Products

Hospira is a global specialty pharmaceutical and medication delivery company, backed by proven leadership and a 70-year track record of producing high-quality products. Hospira provides a breadth of solutions that help address the safety, effectiveness and costs of patient care. Our products are used by hospitals, alternate site clinics, home healthcare providers and long-term care facilities.

Specialty Injectable Pharmaceuticals



As a leading manufacturer of specialty injectable pharmaceuticals, Hospira offers more than 130 generic injectable products in more than 600 dosages and formulations. Product areas include cardiovascular, anesthesia, anti-infectives, analgesics, emergency and other therapeutic segments. At the end of 2005, the company had 46 products in development, up from 36 products in development in 2004 and less than a handful prior to the spin-off. Specialty injectables will continue to be a large growth opportunity for Hospira, as more than \$5 billion worth of proprietary, non-biologic drugs will face patent expiration in the United States by 2010.

Medication Delivery Systems



Two components comprise Hospira's strong position in Medication Delivery Systems: Infusion Therapy and Medication Management Systems.

Infusion Therapy includes large intravenous solutions, nutritionals and administration sets – essential in virtually every aspect of hospital patient care.

Medication Management Systems include infusion pumps and related disposable sets and software, playing a critical role in improving patient safety. Hospira's global installed base includes more than 400,000 pumps. Hospira MedNet® is a drug-dose safety software that helps reduce medication errors. In 2005, wireless, networking and cross-platform capabilities were added to increase hospital utility, cost-effectiveness and interoperability with hospital information technology.

Contract Manufacturing



One 2 One® is Hospira's contract manufacturing business that utilizes our drug delivery, formulation, filling and finishing expertise to produce injectable products on behalf of other companies. One 2 One's customers include some of the world's largest proprietary pharmaceutical and biotechnology companies.

Timeline – Our Rich History

As the hospital products business of
Abbott Laboratories:

1930s

Discovery and launch of Pentothal® (sodium thiopental) CIII, one of the most widely used induction anesthetics in the world

1940s–1950s

Introduction of the first fully disposable intravenous (I.V.) administration set

Introduction of new protein solution for I.V. feeding

1970s

Discovery and launch of the company's first electronic drug delivery pump

Introduction of the company's first flexible I.V. container, decreasing the use of glass in the hospital

1980s

Discovery and launch of the world's first patient-controlled analgesia (PCA) device

Acquisition of high-tech critical care monitoring systems

Introduction of the ADD-Vantage® drug delivery system, helping decrease pharmacy preparation time and delivery time to patient

1990s

Expansion of generic acute-care injectables portfolio, helping to reduce the high cost of proprietary pharmaceuticals

Introduction of premixed solutions

Introduction of prefilled syringes to help reduce the potential for medication errors and increase convenience

Introduction of needleless products to improve healthcare worker safety

2000s

Introduction of Hospira MedNet® drug library safety software

Completion of industry-leading patient safety effort to affix unit-of-use bar codes to all of our more than 1,000 hospital injectable pharmaceuticals and I.V. solutions

As Hospira:

2000s

Launch of Hospira as independent company, publicly traded on the New York Stock Exchange (NYSE) under ticker symbol 'HSP'

Introduction of wireless Hospira MedNet drug library safety software

Launch of Hospira Foundation as philanthropic arm of Hospira, Inc.

Acquisition of Physiometrix brain-function monitoring company

Launch of LifeCare PCA® infusion system

Construction of research and development (R&D) technical center in Lake Forest, Ill.

Introduction of VisiV™ next-generation I.V. container, the first significantly advanced I.V. bag in 30 years

Acquisition of BresaGen biotechnology company

Signing of strategic agreements with STADA and BIOCEUTICALS for a biosimilar product



customers

Commitment to Customers

Hospira offers innovative medication delivery and caregiver safety solutions to healthcare providers worldwide. We are continuing to focus our efforts on helping customers improve productivity and safety, reduce costs and enhance patient care through our products.

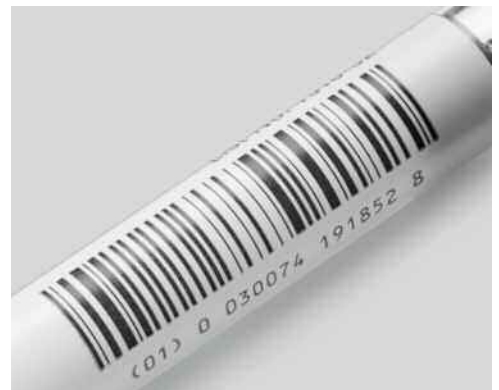
Our Focus on Patient and Caregiver Safety

A report by the Institute of Medicine notes that 1.5 million medication errors occur annually in the United States. The report also estimates that of these, 400,000 preventable drug-related injuries occur in hospitals, which will result in at least \$3.5 billion in extra medical costs in 2006.¹

This issue is important to Hospira because increasing safety through our products, along with reducing healthcare costs, is at the heart of what we do. Our company is about making healthcare safer and more efficacious for patients as well as healthcare workers, and it's about helping healthcare institutions be more productive.

For example, in 2003 Hospira completed one of the most comprehensive bar-coding efforts in the industry, nearly a year before the U.S. Food and Drug Administration's (FDA) final rule on bar coding – and three years before FDA's mandated spring 2006 implementation date. This initiative encompassed more than 1,000 products and helps reduce medication errors by facilitating the verification of the "five rights" of medication administration – right drug, right patient, right dose, right time and right route of administration.

Additionally, Hospira is at the forefront of eliminating needles from products to protect healthcare workers against needlestick injuries and blood exposure. According to the Centers for Disease Control and Prevention, needlestick accidents alone cost the U.S. healthcare industry a billion dollars a year.² Our comprehensive array of needleless products helps improve workplace safety.



Improved Safety Through Innovation

Our medication management systems also help customers address medication errors. For example, our customizable safety software, Hospira MedNet, helps hospitals define dose limits and track I.V. drug delivery to help prevent errors. It is a keystone of Hospira's broad patient safety platform, which focuses on developing technology-driven solutions that help customers enhance productivity and improve patient care. Hospira MedNet has multiple product offerings, each with increasing levels of

¹ Institute of Medicine. Preventing Medication Errors. Washington, D.C.: National Academy Press, 2007. Prepublication copy. 20 July 2006 <http://www.nap.edu>

² "Occupational Safety: Selected Cost and Benefit Implications of Needlestick Prevention." Devices for Hospitals GAO Report (GAO-01-60R). 17 Nov. 2000. Centers for Disease Control and Prevention. 31 Oct. 2006 <http://www.cdc.gov/niosh/topics/bbp/> Posted December 2006

features and functionality to meet varying size and technology needs of hospitals. We are also collaborating with leading hospital information system providers to integrate Hospira MedNet with bar-code enabled point-of-care systems and other technologies that provide enhanced capabilities for managing patient data.

In April 2006, we introduced another important innovation with the launch of the first significantly advanced I.V. bag in more than 30 years – VisIV. The advanced technology and patient- and customer-focused design of this next-generation container were developed to assist hospitals in their efforts to improve patient safety, advance caregiver safety and efficiency, and increase environmental responsibility. The VisIV container is an environmentally conscious solution that can help hospitals reduce waste. Unlike traditional I.V. bags, the VisIV container requires no overwrap, which results in 40 to 70 percent less waste than traditional containers, on average, reducing environmental impact and discard fees.³ For hospitals seeking alternatives to I.V. bags containing DEHP (di(2-ethylhexyl) phthalate) or PVC (polyvinyl chloride), the VisIV container is made from PVC- and DEHP-free materials that provide the thermal stability, moisture-barrier properties and inertness required for I.V. medications.

Additionally, Hospira offers more than 130 non-DEHP medication delivery sets. As one of the leading suppliers of infusion therapy products in the United States, we plan to expand our broad medication delivery product line over the next several years to continue to meet customer needs and increase clinician choice in this area.

Innovation and Cost Reduction Through Simplification

In addition to making an impact on patient and caregiver safety, we are also diligent about helping to reduce healthcare costs, which have risen an astounding 70 percent industry-wide since 2000.⁴ Hospira is increasing the number and availability of generic injectable drugs in our portfolio to provide cost-effective alternatives to many proprietary pharmaceuticals.

To help move products to market more quickly and cost-effectively, the Hospira Product Review Committee (HPRC), which employs cross-functional teamwork, allows the company to identify opportunities and make decisions faster. With input from commercial units and project teams, the HPRC sets direction, commits resources, establishes and manages priorities, and ensures that projects are well planned, funded and on track. For example, over the last two years, we have reduced the time it takes to develop a generic drug by one-third - furthering our ability to get lower-cost alternatives to our customers more expeditiously. At the end of 2005, we had 46 generic injectables in development, up from 36 products in development in 2004 and less than a handful prior to the spin-off. To ensure the appropriate resources and support, Hospira's R&D investment in 2005 reflected a 16 percent increase over the prior year.

Code of Business Conduct

Hospira's Code of Business Conduct serves as a guide and ethical compass in support of Hospira's vision, values and commitment. Like a compass, the Code has eight points - referred to as the *Eight Principles of Integrity* - that set the course for all of Hospira to follow. The Code and the *Eight Principles of Integrity* reflect Hospira's commitment to the high ethical standards that are the foundation of trust between Hospira, our employees, the healthcare professionals and customers we serve, patients, suppliers, communities and our shareholders.

As we provide products and services to healthcare professionals and patients around the world, people's lives depend upon our actions and our decisions. The Code helps ensure that Hospira employees understand what is expected of them, and it serves as a resource for answers to ethical questions. Additionally, we established an ethics helpline where employees can anonymously and confidentially report any concerns or questions, and we are committed to investigating those concerns in a fair and timely manner.



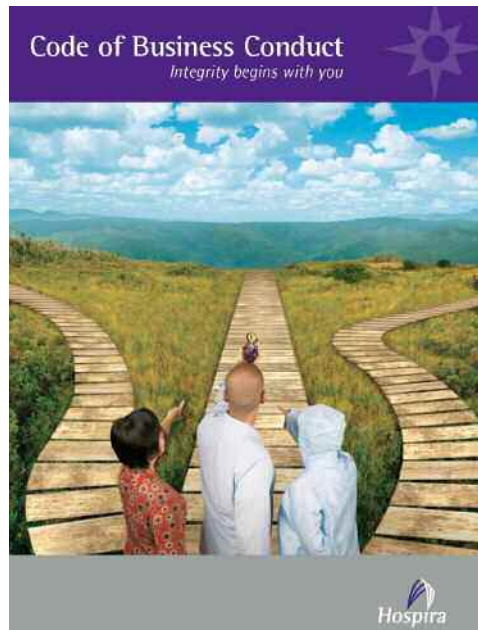
VisIV container

³Data on file, Hospira, Inc.

⁴"Opening Statement of Jon Porter U.S. Representative." Committee on House Government Reform Subcommittee on Federal Workforce and Agency Organization. 27 July 2005. Washington, D.C.: Congressional Testimony by CQ Transcriptions 2005. 26 Oct. 2006 <<http://www.factiva.com>>

In our ongoing efforts to ensure that the Code reaches our global employee base, we have translated it into seven languages and implemented a training program for all 13,000 Hospira employees to understand and uphold its principles. The Code applies to all directors, officers, employees, contractors and agents of Hospira, Inc. and our subsidiaries worldwide. The Code also applies to all businesses that Hospira owns or in which Hospira holds a majority interest.

To view the Code of Business Conduct in its entirety, please visit Hospira.com.



Supplier Code of Conduct

Hospira suppliers play a vital role in fulfilling our commitment to stakeholders. We expect our suppliers to share in and comply with Hospira's vision, values and commitment, and to adhere to the legal and regulatory requirements for our workplace, including environmental, health and safety platforms; to recognize human rights and employee diversity; and to demonstrate commitment to equal opportunity employment. Our suppliers represent organizations whose products and services are integral to our daily work – from Hospira's raw material providers that make components used to manufacture our products, to computer software companies, to businesses that offer us consulting services.

The Hospira Supplier Code of Conduct establishes expectations for business conducted between Hospira suppliers and employees and provides suppliers with information regarding business and ethical issues. Hospira employees are committed to conducting business in a legal and ethical manner with clear-cut integrity and professionalism at all times. Hospira selects suppliers who support this same level of excellence.

By ensuring that our suppliers understand our business and support our philosophy, we can help them better anticipate our needs and support our vision of Advancing Wellness.

Supplier Diversity Program

The Hospira Supplier Diversity Program encourages diverse companies to develop relationships with Hospira to help us expand our business, strengthen our supplier base and better serve customers. Our supplier diversity initiative is directed by senior management. In 2005, diverse suppliers represented more than 17 percent of the company's total purchases of goods and services. Hospira is also an active member of the Chicago Minority Supplier Development Council.

Bioethics

We believe that ethical science and technology are essential to our vision, values and commitment. To that end, Hospira conducts activities in accordance with applicable regulations, laws and directives. We will not engage in any research, development, production or commercialization of any chemical compounds or medical technology for which the known or predictable risks outweigh the benefits to society and patients.

When considering biological and medical research and applications of research, Hospira will conduct activities, animal research and medical research involving human subjects/patients in a compassionate and respectful manner and will adhere to all applicable confidentiality policies.

Hospira's bioethics policy is approved by our senior management team, and the company's Office of Ethics & Compliance convenes a senior-level multi-disciplinary Bioethics Review Committee to provide oversight on relevant matters as necessary.



employees

Commitment to Employees

Hospira recognizes and is proud that our employees are inextricably linked to our company's success. Our products are critical to enhancing healthcare, but this cannot happen without the right people.

Hospira offers employees at all levels the security of a financially sound, industry-leading organization, combined with the differentiated opportunity to impact strategy and drive culture. With this in mind, Hospira is nurturing an environment in which employees are given the tools to be more accountable, more entrepreneurial, more innovative and more team-oriented.

We are committed to actively involving all employees in our business. Hospira's overall strategy is clearly defined and communicated to all employees. Business and individual objectives are also clearly stated so each employee understands his/her role in the achievement of the strategy. When the strategy is achieved, employees share in the rewards.

A Diverse and Respectful Work Environment

As part of our guiding principles, Hospira has a stated commitment to our employees: to embrace diversity of thought and cultural perspective and foster an environment of empowerment, fairness and respect. Working in partnership with Hospira senior management, the company's Diversity and Inclusion Action Team is a cross-functional group that drives programs to help employees contribute to their full potential and bring the company's vision, values and commitment to life.

When Hospira launched in 2004, the founding employees were afforded a unique opportunity to shape the culture of the company. As our culture continues to evolve, this translates into ongoing opportunities for meaningful and visible changes in the area of diversity and inclusion.

Current areas of focus for Hospira include:

- increasing female and minority representation;
- addressing diversity and inclusion globally by engaging all Hospira sites;

- holding people accountable for creating and maintaining an inclusive environment that is respectful to all; and
- holding individuals accountable for hiring and promoting diverse employees as well as setting them up for success.

Diversity champions within each function implement diversity and inclusion programs, take direction regarding diversity activities from functional leaders, and serve as day-to-day diversity resources for colleagues. Business Resource Groups are recognized employee networks that complement Hospira's diversity efforts by providing guidance and opportunities to help individuals live up to their full personal and career potential.

In support of our progress toward creating an environment of empowerment, fairness and respect, Hospira was named to the Human Rights Campaign 2006 Corporate Equality Index, a comprehensive measure of inclusion of gay, lesbian, bisexual and transgender (GLBT) employees and consumers in corporate diversity initiatives. Hospira joins 138 companies – many of which represent a "who's who" of global corporations – that are recognized as one of the "Best Places to Work for GLBT Equality."

Employee Development

Hospira provides employees with the tools to enable them to take control of their careers. At least annually, and typically several times a year, Hospira managers dialogue with employees about their aspirations and goals and how they relate to Hospira's guiding principles and business objectives. This results in the creation of solid plans for ongoing, business-aligned employee development.

We place a significant emphasis on competency development and provide training opportunities for employees to grow within their jobs, and learn and explore new skills. The company's extensive training and development curriculum features an interactive team-focused classroom format as well as online courses.

Various systems are in place to give employees the opportunity to view open positions, express their interest and compete for the job. Each year, hundreds of employees switch to new positions at Hospira, further developing their individual talents and increasing the depth of talent of our organization.

Leadership Development

Since Hospira's formation, we have built a solid foundation for leadership development, offering industry-recognized leadership programs at all of our locations worldwide. Hospira's approach to developing leaders is designed to ensure a solid pipeline of talent to support our long-term strategic goals. Key leadership activities include our 360° feedback program and the Hospira Leadership Curriculum, which features situational leadership courses, individual coaching and leader-focused performance management.

Hospira is launching the Emerging Leader Development Program to focus on specific leader-building developmental opportunities aligned with Hospira's business objectives. The process will provide objective grounds for prioritizing developmental needs across functions and nurturing Hospira's future leaders.

Total Compensation

As a recently launched company, Hospira has assessed every element of our business – including our compensation and benefits programs – with an eye toward maximizing the value of our resources for our stakeholders' benefit. With this in mind, Hospira offers employees an agile, yet balanced, work atmosphere and competitive compensation and benefits reflective of our industry. With clear linkage between individual performance and company business goals, the company's incentive programs are designed to offer employees an opportunity to share in company success and reward strong performance that aligns with the company's vision, values and commitment. Hospira's benefit programs are customized to meet the needs of our various employee groups throughout the world and provide competitive value in all of our locations.

For more information regarding Hospira's commitment to hiring and retaining the right people, visit Hospira.com.



Launch of Hospira's Montreal, Canada, regional headquarters



communities

Commitment to Communities

We are dedicated to Advancing Wellness through the ongoing engagement and active deployment of our collective resources – expertise, people, products and financial contributions – to help address issues that matter most to communities in need around the world. Through these efforts, we enrich employees' lives, support communities where we conduct business and strengthen organizations that complement our business priorities. We acknowledge and embrace our social responsibility, and we are delivering on our commitment by supporting our communities through active leadership, innovative partnerships and thoughtful giving.

In 2005, we launched the Hospira Foundation, a not-for-profit corporation focused on improving health and wellness in communities we touch. The Foundation's launch reinforces our ongoing commitment and continuous outreach to the communities where our employees live and work.

We mobilize our collective resources around three major philanthropic initiatives: Advancing Wellness, Hospira Employee Engagement and Community Investments. In 2005, our company, Foundation and employees gave more than \$12 million in monetary and product donations to support the global community.

Advancing Wellness

Our Foundation offers support and partnerships with national and regional charitable organizations that promote health and wellness activities associated with our core expertise, business objectives and competencies. As part of this initiative, we also donate our products to support humanitarian relief efforts. In 2005, we donated medical products with a trade value of approximately \$10 million to aid efforts worldwide.

Recent partners and beneficiaries of product donations and grants include:

- American Red Cross – Part of a global network of more than 180 national societies that helps restore hope and dignity to the world's most vulnerable people. The American Red Cross has helped people mobilize to assist their neighbors for 125 years.
- AmeriCares – Leading non-profit aid organization that provides immediate response to emergency medical needs and supports long-term humanitarian assistance programs for all people around the world.
- American Society of Health-System Pharmacists (ASHP) – National professional association, with a long history of medication-error prevention efforts, that believes the mission of pharmacists is to help people make the best use of medicines.
- Institute for Medical Technology Innovation – Independent research and education foundation focused on the value of advances in medical technology and the contributions made to the healthcare system and the economy through innovation.
- Partnership for Quality Medical Donations (PQMD) – Alliance of private voluntary organizations and medical product manufacturers dedicated to raising medical donation standards to meet the needs of underserved populations and disaster victims around the world.
- Project Hope – International health education and humanitarian assistance organization, identifiable to many by the S.S. HOPE, the world's first peacetime hospital ship.
- Starlight Starbright Children's Foundation – Non-profit organization that transforms the lives of seriously ill children and their families through imaginative programs that educate, uplift, and help alleviate the pain and fear of prolonged illness.



Spotlight on Advancing Wellness: Starlight Starbright

The Hospira Foundation partnered with the Starlight Starbright Children's Foundation, which provides programs to help improve the quality of life for seriously ill children and their families. The Foundation's gift will increase access to Starlight Starbright's unique programs that empower, validate and educate youth who are coping with illness. For example, with our support, Starlight Starbright has increased access to an online series of interactive, educational computer programs. It will also provide two Chicagoland hospitals with "PC Pals" – secure laptop computers that provide pediatric patients with access to entertaining and educational software; e-mail; and a safe, online community for seriously ill children.

Hospira Employee Engagement

Through the Hospira Employee Giving Campaign, workplace blood drives, ongoing volunteerism and other programs, we recognize the tremendous value our employees provide to community causes and issues of interest.

For example, we support the causes that are most important to our employees through the Hospira Employee Giving Campaign, which emphasizes employee choice via multiple giving and donation options. The Hospira Foundation matches employee donations 50 cents on the dollar. The campaign benefits the six featured charities below, along with more than 1,000 additional employee-selected charities, schools and hospitals across the country.

- American Cancer Society
- American Heart Association
- Community Health Charities
- Earth Share
- Global Impact
- United Way

As a result of the 2005-2006 campaign, approximately \$1.2 million from employees and the Hospira Foundation is being donated to causes of personal interest to Hospira employees.

Through the Foundation, we also promote volunteerism to our U.S. employees through a partnership with VolunteerMatch, a leader in the non-profit world dedicated to helping everyone find a great place to volunteer.

Community Investments

The Hospira Foundation provides support and leadership through contributions to, participation in and sponsorships of select community causes and organizations that are important to our company, employees and the vitality of the communities where Hospira operates. Community investment grants emphasize health- and wellness-related opportunities that advance our vision.

Recognizing that strong community relationships are forged and sustained at the local level, this program is driven by Hospira employees in communities with a significant company presence. Recent grant beneficiaries include local non-profit charities that promote health education, and health programs for youth, families and seniors.

Spotlight on Advancing Wellness: Disaster Relief

In 2005, the global community saw natural disasters on an unprecedented scale. Hurricanes, earthquakes and a tsunami devastated cities, neighborhoods and families around the world. In the days following the tragedies, more than 1.8 million pounds of Hospira product were donated and delivered collectively to hospitals and relief sites in the impacted areas. Many Hospira employees worked around the clock to ensure emergency materials were compiled and ready for delivery, including staging additional materials at distribution centers and warehouses. The supplies included I.V. bags, antibiotics, analgesics and many other critical items needed to provide essential emergency medical care.





environment

Environmental Responsibility

As an extension of our commitment statement, Hospira has pledged to nurture a sound workplace and global environment. To meet this objective, we operate in a responsible manner to protect the health and safety of our employees, our customers and our communities. Hospira partners with employees to seek continuous improvement to our environmental, health and safety performance through implemented goals, measured progress and demonstrated results.

Environmental, Health and Safety (EHS) Performance at Hospira

To directly support EHS programs at Hospira, we have developed an environmental, health and safety management system (EHS MS) to integrate EHS considerations into our business decisions. The EHS MS provides the framework for setting goals, incorporating stakeholder input, and continuously improving using the "Plan, Do, Check, Act" model. The EHS performance metrics discussed herein are driven by the EHS MS. Adherence to the management system is verified during internal EHS audits, with input from external experts.

While we are backed by our 70 years of experience as a part of Abbott Laboratories, 2005 was Hospira's first full year of operations as an independent company. This report provides baseline EHS information for 2005 and reflects our vision for 2006 and beyond.

"How we conduct our business has a direct impact on the health and safety of our employees and the communities in which we operate. In addition, our environmental footprint has to be constantly evaluated and improved to ensure the next generation has the resources for sustainability. Our long-term plan is to assure our employees and stakeholders that we are proactive, accountable and effective in EHS matters. We will do this by implementing comprehensive EHS programs, setting challenging EHS performance metrics, reviewing our progress with senior management, and developing strategies to address gaps or emerging trends if and when they are identified."

Dennis Lowry
Director, Global Environmental, Health and Safety

Hospira, Inc. Environmental, Health & Safety Policy

Hospira is committed to a sound global and workplace environment. To meet this objective, Hospira will operate in a responsible manner to protect the health and safety of our employees, our customers, our communities and our environment. Our management standards will seek continuous improvement to our environment, health and safety performance through implemented goals, measured progress and demonstrated results communicated to all stakeholders. The objective set out in this policy reinforces our vision of Advancing Wellness... through the right people and the right products.

Our Pledge

We commit to the following:

Environmental, Health and Safety

- Advancing the safety and health of our workplaces, workforce and customers.
- Building responsible environmental, health and safety principles into our business plans, goals and decision-making process.
- Engaging our employees to maintain a safe and environmentally sound workplace and community.
- Ensuring that our employees have the awareness, skills and knowledge to carry out this policy.

Sustainability

- Responsible use and conservation of the earth's sustainable resources.
- Reducing the generation, discharge and disposal of waste, and increasing the recycling and reuse of our products.

Compliance

- Complying with all applicable laws and regulations related to environmental, health and safety matters and with all Hospira policies and standards.
- Developing and maintaining effective means to identify and correct practices or conditions that are inconsistent with this policy or pose recognized or unacceptable risks to human health or the environment.

It is the responsibility of every Hospira employee to accept accountability for following this policy, and to adhere to the letter and spirit of the objective set forth in this policy, and to protect themselves, and their co-workers, their community and the environment.


Chris Begley
Chief Executive Officer



Our Occupational Safety and Health Administration (OSHA) incident rates and our environmental performance have steadily improved since the spin-off. Health, safety and environmental regulations vary from country to country. The highlighted data has been gathered from our various operations and is accurate to the best of our knowledge.

2010 Goals

By 2010, Hospira is committed to:

- 10 percent reduction in work-related injury/illness rate

Hospira's injury/illness rate has steadily dropped in recent years. We are targeting to further reduce our injury/illness rate by 10 percent. In 2005, Hospira had 216 OSHA-recordable injuries/illnesses in our U.S. operations, down from 273 in 2004.

- 10 percent reduction in lost-day/restricted-day/transferred-day cases

Lost and restricted workdays from work-related injuries and illnesses result in lost days of productivity. In 2005, Hospira U.S. plant-based employees collectively were away from work for more than 1,000 days and reported more than 3,600 restricted workdays. Our goal is to reduce these cases by 10 percent.

- 10 percent reduction in vehicle accidents per million miles driven in the United States

In 2005, Hospira's sales fleet traveled approximately 11 million miles. The sales force posted an accident rate of 6.6 accidents per million miles driven. Our goal is to reduce the number of vehicle accidents by 10 percent.

In early 2006, Hospira also enrolled field sales volunteers to participate in a hybrid vehicle pilot program. The employees are driving the Toyota® Prius⁵, which yields an estimated 60 miles per gallon. We expect to expand the use of hybrid cars in the field sales fleet in the future.

- 80 percent of Hospira facilities achieving OSHA VPP Star status or equivalent

Hospira has embraced the management system concept, which is the cornerstone of OSHA's Voluntary Protection Program (VPP). The VPP initiative focuses on five key areas: management commitment, employee involvement, worksite analysis, hazard prevention and control, and training. During 2005, Hospira manufacturing sites completed comprehensive evaluations of their facilities to determine the necessary improvements for meeting VPP criteria. During the next two to three years, Hospira sites will enhance their programs and apply for VPP status. These efforts are recognized by OSHA through certification of the EHS program at each site. During 2006, Hospira distribution centers will be evaluating their EHS activities and enhancing their programs to meet VPP criteria.

- 5 percent reduction in packaging materials

Reducing the packaging materials of Hospira's products presents a unique challenge due to the important role of packaging in the distribution and protection of medical products. Once a product is used, the packaging becomes waste. Hospira will be evaluating our products to take initial steps to reduce the amount of company-wide packaging materials.

- 5 percent reduction in water usage

Hospira plants that manufacture injectable pharmaceuticals and solutions use millions of gallons of water each year. Our goal is to conserve this valuable resource through increased efficiencies across our manufacturing processes.

- The following goals are normalized to sales:

- 10 percent reduction in air emissions;
- 10 percent reduction in hazardous waste;
- 10 percent reduction in non-hazardous waste; and
- 5 percent energy reduction.

Hospira is taking steps to help ensure that our operations become even more efficient, which will result in reductions in our waste streams. We expect to see significant reductions as we work toward our 2010 goals.

⁵ Toyota and Prius are registered trademarks of Toyota Motor Company.

GEHS Organizational Structure

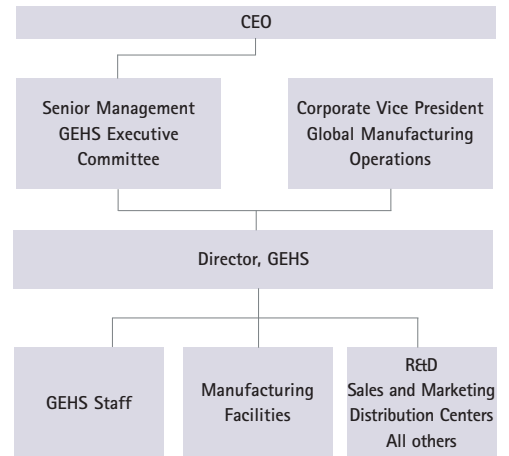
The Global Environmental, Health and Safety (GEHS) team operates on several different levels. A GEHS Executive Committee comprising cross-functional, senior-level management advises the director of GEHS. The GEHS staff provides corporate oversight for Hospira facilities worldwide. The department sets EHS policies and drives the corporation to successfully manage risk and protect our stakeholders on EHS-related matters.

Most manufacturing sites have a dedicated staff of EHS professionals who manage day-to-day safety programs. The GEHS department directly supports sites whose size or scope does not necessitate an on-site EHS professional. The director of GEHS regularly updates our chief executive officer and, annually, the board of directors. The department holds monthly conference calls with site safety personnel to communicate important information. On a quarterly basis the corporate vice president, Global Operations, joins the conference call, and each facility's EHS representative provides an update on facility activities.

Audit Program

Each Hospira manufacturing facility and distribution center is audited on a regular basis for compliance with EHS policies and procedures. All facilities undergo a comprehensive review at least once every three years. Hospira uses a combination of internal and external auditors. Following the audits, EHS works with the sites to develop any necessary corrective action plans and new programs.

Global Environmental, Health and Safety (GEHS) Organization Chart



Environmental Metrics

On a quarterly basis, Hospira collects data from manufacturing locations for a number of environmental parameters. These totals are shown in the table on the next page. The individual pie charts on this page and the next specify the percentage of the total numbers by site. Where appropriate, we include all of our facilities in the analysis in this section. In some instances, however, only U.S. data exists at this time.

Total water used represents the amount of water supplied to facilities by the local municipality, international counterpart, or an on-site source such as a local well or surface-water source.

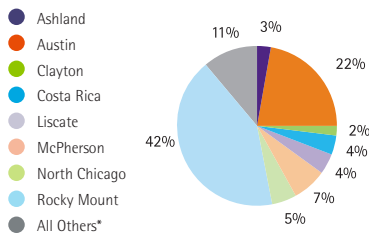
Process air emissions are primarily discharges of volatile organic compounds or other regulated air contaminants that are produced or used in the manufacture of products. These do not include fuel combustion emissions, such as those from boilers.

Solid waste is non-hazardous waste such as cafeteria rubbish and paper that cannot be recycled. Solid waste does not require any special disposal practice and is normally sent to the landfill.

Hazardous waste disposal regulations vary by state and country and require stringent disposal methods that vary according to each regulation. This waste stream includes: hazardous chemicals, infectious waste, waste electronics and waste oil. Hospira also discards controlled drug waste and potent pharmaceutical products through special disposal facilities.

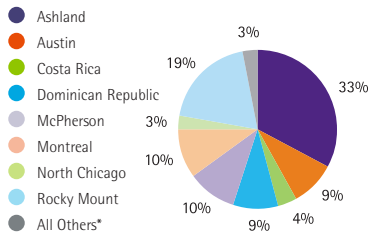
Direct energy is the on-site production of energy in the form of fuel combustion. Indirect energy is energy we purchase from other sources (i.e., electricity and steam).

Total Water Used



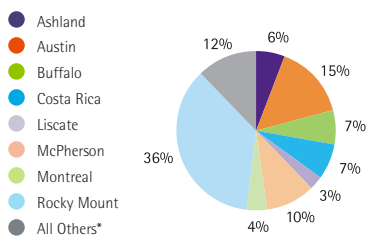
*Buffalo, Dominican Republic, Donegal, Montreal and Morgan Hill

Annual Air Emissions



*Buffalo, Clayton, Donegal, Liscate and Morgan Hill

Solid Waste Disposal



*Clayton, Dominican Republic, Donegal, Morgan Hill and North Chicago

Hospira Environmental Metrics for All Hospira Locations

Metric	2005 Totals
Total Water Used (million gallons)	1,087
Process Air Emissions (pounds)	572,913
Solid Waste Disposal (pounds)	18,320,274
Hazardous Waste Disposal (pounds)	806,296
Total Energy (million BTUs)	2,758,207
<i>Direct Energy (million BTUs)</i>	913,987
<i>Indirect Energy (million BTUs)</i>	1,844,220

Notices of Violations

A Notice of Violation (NOV) may be issued by an environmental governing body after a self-reported breach of permit conditions or following an environmental audit of a facility program. Hospira had two NOV's in 2005. The first NOV was issued following a hazardous-waste inspection. During the inspection, five minor issues related to the storage and labeling of hazardous waste containers resulted in an NOV. These audit items were immediately corrected by the facility.

The second NOV was the result of a self-reported violation of the mercury discharge limit contained in the wastewater discharge permit. We detected an isolated laboratory error as a result of re-testing of the wastewater sample, and determined that no further corrective action was necessary.

Recycling

Hospira facilities recycled almost 12 million pounds of materials in 2005. Each facility establishes its own recycling program based on local capabilities. Materials that are recycled include: aluminum metal, ferrous metals, rubber, plastics, glass, toner cartridges, batteries, circuit boards, plastic foam, wood pallets, cardboard and paper. Computers are returned to the manufacturer for recycling when they become obsolete.

Latex-Free Products

According to the American Latex Allergy Association, a growing number of the general population and up to 17 percent of healthcare workers are allergic to natural rubber latex.⁶ With patient and caregiver safety in mind, Hospira offers a broad range of latex-free products. Isoprene, a synthetic rubber with the functional properties of latex but with no risk of allergic reactions in latex-sensitive individuals, is used in many Hospira products. Hospira's portfolio features a variety of latex-free sets, catheters, I.V. containers and other products. For a complete listing of latex-free products, please refer to the [Hospira product catalog](#).

Brominated Flame Retardants Replacement

Brominated flame retardants (BFRs) are synthetic chemicals typically used to reduce product flammability in electronics and other products. In alignment with current U.S. and European Union (EU) requirements for BFR replacement, Hospira began to phase out the use of BFRs in our products in 2002, and that transition is now largely complete. All of Hospira's new products comply with current U.S. and EU requirements for BFR replacement. Hospira also meets regulations barring further manufacture of new products containing these flame retardants.

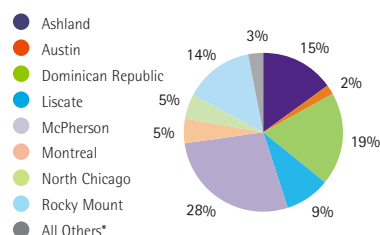
Use of Mercury

All Hospira products are mercury-free. Due to the nature of Hospira's manufacturing processes, mercury does not play a significant role in our manufacturing operations. In general, the company strives to minimize the use of mercury in our processes and facilities.

Emerging Topics

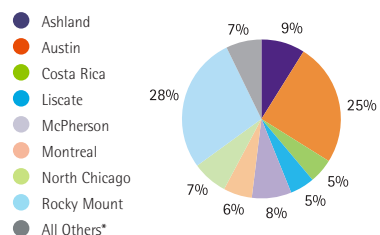
Hospira continuously assesses product sustainability topics and trends. The company is currently monitoring a number of sustainability issues including, but not limited to, restricting the use of hazardous substances (RoHS) in products; limiting the toxicity of pharmaceuticals; and efforts to continually reduce Persistent, Bioaccumulative Toxins (PBTs).

Hazardous Waste



*Buffalo, Clayton, Costa Rica, Donegal and Morgan Hill

Energy Usage



*Buffalo, Clayton, Dominican Republic, Donegal and Morgan Hill

⁶ "Latex Allergy Statistics." [Latex Allergy Topics](#). 2006. American Latex Allergy Association. 20 Oct. 2006 <http://www.latexallergyresources.org/topics/LatexAllergyStatistics.cfm>

Hospira Site Accolades

Notable organizations across the globe have bestowed Hospira sites with multiple recognitions and awards. This page features a snapshot of these honors.

Environment, Health and Safety

Atlanta – EarthShare Clean Up Project in Grant Park.

Austin – Make-A-Wish Foundation environmental awareness program.

Heredia, Costa Rica – 2006 Premio Global Preventico (National Safety Award) by the Instituto Nacional de Seguros (Costa Rica Government Insurance Company).

Liscate, Italy – *La Gazzetta della Martes* newspaper accolade for strong employee safety-training programs.

Lake Forest, Ill. (headquarters) – EarthShare of Illinois top workplace-giving donor.

Los Angeles – City of Santa Fe Springs 2006 Beautification Award winner.

Pleasant Prairie, Wisc. – U.S. Environmental Protection Agency honor as a "SmartWay Carrier," meeting or exceeding transportation practices that reduce emissions and pollutants.



Pleasant Prairie, Wisc.

Community Involvement

Lake Forest – American Red Cross recognition for significant contributions to tsunami and hurricane relief efforts.

McPherson, Kan. – United Way of McPherson County significant contributor to local community.

Morgan Hill, Calif. – Sustainable Quality Award recipient for commitment to the community.

San Cristobal, Dominican Republic – San Miguel Neighborhood Association recognition for helping to build, fund and inaugurate a local school.



Morgan Hill, Calif.



San Cristobal, Dominican Republic

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