



Global Citizenship Report 2009

commitment



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Report Overview

The Hospira Global Citizenship Report is an annual progress report highlighting how Hospira is living up to our commitments to key company stakeholders. The document provides an update on key sustainability and general company data for the year 2009, the most recent full-year information available at the time of publication.

This report marks the first time Hospira is indexing our citizenship report in comparison to the Global Reporting Initiative (GRI) G3 sustainability reporting guidelines. If you have any questions regarding the report, please send us your inquiry through the [Contact Hospira](#) page on Hospira.com.

To Our Stakeholders

When we founded Hospira in 2004, we embarked on an ambitious journey in support of our vision of Advancing Wellness through the right people and the right products. With strong principles to guide our way and a solid history and customer base as a foundation, we began building Hospira. We focused on establishing our new company and enhancing our infrastructure, and then developing and executing plans to drive long-term sustainable growth for our organization.

Businesses globally have been enduring transitions involving economic complexities and changing healthcare environments. With Hospira's experience navigating change, we are more prepared than ever to drive transformation to fulfill our commitments to our stated stakeholders—our customers and patients, our employees, our shareholders and our communities.

In 2009, Hospira advanced a deliberate and focused initiative to ensure we continually transform to meet the demands of the global healthcare system. We embarked on this initiative, called Project Fuel, to optimize our performance, focus on disciplined execution and drive continuous improvement for our stakeholders.

Since we launched Project Fuel, we have enhanced our ability to live up to our stakeholder commitments. As part of our commitment to our customers and patients, we have made significant progress streamlining our product line to better meet customer needs with a focused, yet robust, portfolio. We have also been able to reinvest in key parts of our business. Our acquisition of the generic injectables business of Orchid Pharmaceuticals is a perfect example of how we used resources freed up through Project Fuel to make strategic investments in the future of our company.

From an employee perspective, Project Fuel has transformed our organizational structure and is evolving our culture through highly engaged individuals who are focused on patient-centric,



quality-driven transformation. Financially, Project Fuel has helped us drive improvements in our profile, and we are fueling future growth and shareholder returns through our optimization activities. To learn more about how Hospira is achieving our financial goals and delivering on our commitment to shareholders, please refer to the current [Hospira Annual Report](#). In addition, our dedication to our communities remains strong, with Hospira continuing to provide support during unprecedented times of need.

Fulfilling our responsibilities to Hospira stakeholders also means that each step we take is executed with the idea that we also have an obligation to help protect the environments in which we serve, work and live.

The many ways in which we continue to positively transform Hospira will ensure that we are meeting stakeholder needs for years to come. The company's future depends on Hospira continuously living up to our stakeholder commitments. Our ability to take the extra steps to anticipate the needs of Hospira constituents and be willing to embrace those needs as they change is what makes Hospira uniquely prepared for the future.

Best regards,

A handwritten signature in black ink, appearing to read 'Chris Begley', written over a white background.

Christopher B. Begley

Chairman and Chief Executive Officer

Corporate Governance

Hospira is managed under the direction of the company's board. The role of the board of directors is to represent and protect the interests of the company's shareholders by supervising and directing the management of the company. The board uses business judgment to exercise appropriate authority over corporate actions and oversee the conduct of the company's business. The board includes four committees: an audit committee, a compensation committee, a governance and public policy committee, and a science, technology and quality committee.

Audit Committee

The audit committee is comprised 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. The functions of this committee include:

- meeting periodically with Hospira management, internal auditors and independent auditors regarding the company's internal controls, accounting and financial reporting;
- appointing and evaluating the independent auditors;
- reviewing and discussing Hospira's financial statements and earnings press releases with management and independent auditors; and
- establishing procedures for the receipt, retention and treatment of complaints received by the company regarding accounting matters, and the confidential, anonymous submission by Hospira employees of concerns regarding questionable accounting matters.

Both the independent auditors and the internal auditors meet privately with the audit committee and have unrestricted access to the audit committee.

Vision, Values and Commitment

Our Vision

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

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 is committed 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.

Our Commitment

Hospira has an unwavering commitment:

To our customers and patients, delivering on our promise by serving their needs with integrity, trust and innovation.

To our employees, by embracing diversity of thought and cultural perspective, and fostering an environment of empowerment, fairness and respect.

To our shareholders, by safeguarding their investment and providing a fair return.

To our communities, acknowledging our social responsibility through active citizenship and thoughtful giving.

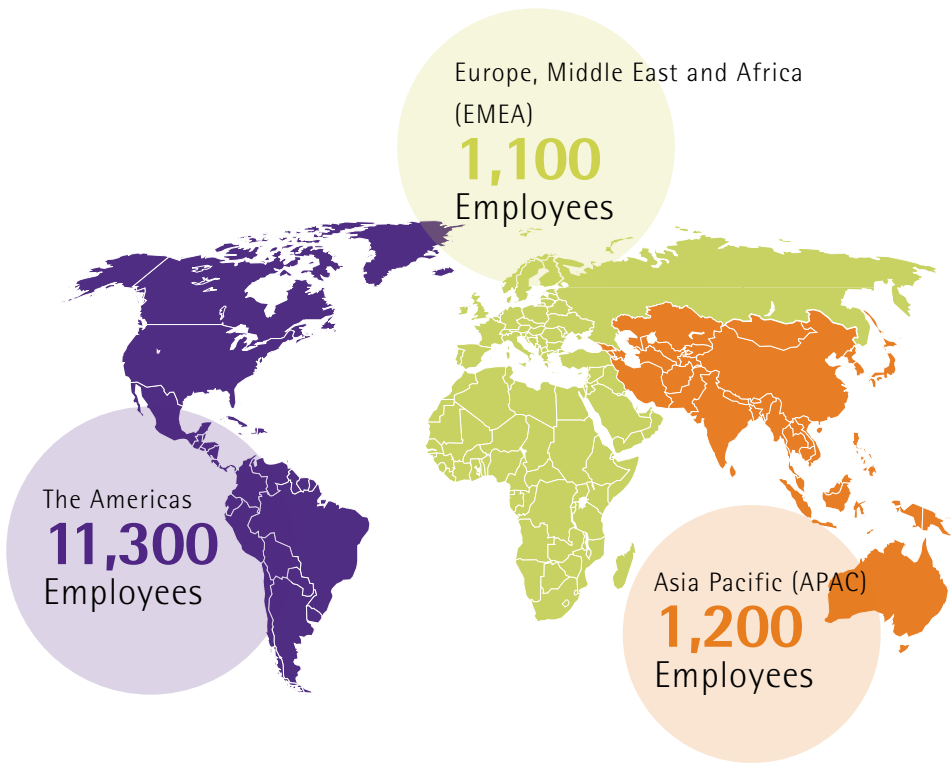
Company Profile

As of Dec. 31, 2009, Hospira had approximately 13,500 employees and 14 manufacturing facilities across the globe: Austin, Texas; Boulder, Colo.; Buffalo, N.Y.; Clayton, N.C.; Finisklin, Sligo, Ireland; La Aurora, Costa Rica; Liscate, Italy; McPherson, Kan.; Morgan Hill, Calif.; Mulgrave, Victoria, Australia; Rocky Mount, N.C.; San Cristobal, Dominican Republic; Zagreb, Croatia; and Wasserburg, Germany.

Hospira is headquartered in Lake Forest, Ill., which is home to the corporate executive team and regional leadership for the Americas. Leadership for the Europe, Middle East and Africa (EMEA) region is based in Leamington Spa, United Kingdom. The Asia-Pacific (APAC) regional management team is located in Melbourne, Australia.

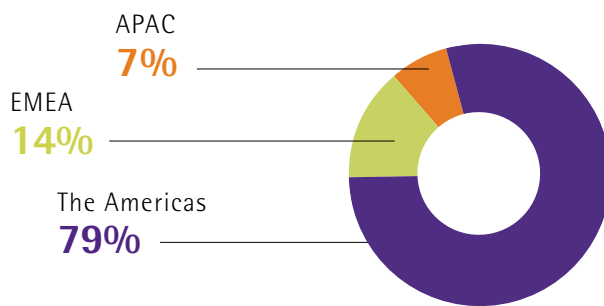
Hospira Around the Globe

Hospira provides healthcare products in more than 70 countries worldwide.

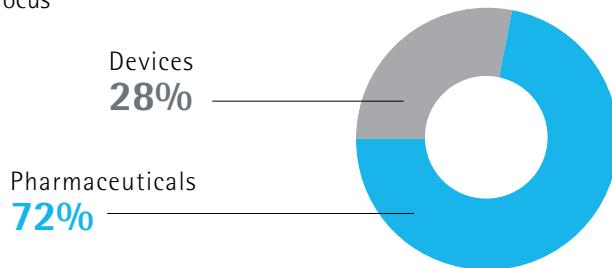


Hospira 2009 Sales \$3.9 Billion

Sales by Region



Sales by Product Focus



Compensation Committee

The compensation committee is comprised solely of independent directors. The functions of this committee include:

- reviewing and determining the executive officers' compensation;
- reviewing and, as it deems appropriate, recommending to the board of directors policies, practices and procedures relating to the compensation of Hospira's officers, other managerial employees and non-employee directors and the establishment and administration of Hospira's employee benefit plans; and
- exercising authority under Hospira's employee equity incentive plan and management incentive plans.

Governance and Public Policy Committee

The governance and public policy committee is comprised solely of independent directors. The functions of the committee include:

- developing the general criteria for selecting members of the board of directors and assisting the board in identifying and attracting qualified candidates;
- recommending to the board of directors the nominees for election as directors and considering Hospira's director qualification criteria;
- recommending to the board of directors persons to be elected as executive officers;
- reviewing and assessing the adequacy of Hospira's corporate governance guidelines;
- providing general oversight of Hospira's compliance programs, policies and procedures; and
- providing general oversight of Hospira's political and charitable activities.

Science, Technology and Quality Committee

The science, technology and quality committee provides general oversight of Hospira's research and development and technology initiatives, as well as oversight of Hospira's quality and safety initiatives. All directors serve on the science, technology and quality committee.

For more information about governance, please visit the Investor Relations section of Hospira.com.

Pharmaceuticals

Hospira is the global market leader for generic injectable pharmaceuticals. Our specialty injectable pharmaceuticals (SIP) portfolio, one of the world's broadest, includes approximately 200 generic injectable drugs. Many of our products are available in popular differentiated formats, several of which are proprietary to Hospira, such as our ADD-Vantage™ medication mixing system and iSecure™ pre-filled syringes. Hospira's therapeutic segments include analgesia, anesthesia, anti-infectives, cardiovascular, oncology and other areas. Hospira's SIP portfolio also includes Precedex™ (dexmedetomidine HCl), our proprietary sedation agent.

Specialty injectable pharmaceuticals is a strategic growth area for Hospira. In addition to our robust SIP pipeline, we also have one of the industry's largest pipelines of biosimilar drugs, generic versions of biologic pharmaceuticals. Hospira is the only U.S.-based company marketing a biosimilar,

having launched our biosimilars version of erythropoietin, Retacrit™, in Europe in 2008.

In addition to SIP, Hospira pharmaceuticals also include intravenous (I.V.) solutions and our global contract manufacturing business.

Intravenous solutions, primarily a North American business, include I.V. solutions and nutritionals—important components in practically every aspect of hospital care.

One2One™, Hospira's global contract manufacturing business, uses our drug delivery, formulation, filling and finishing expertise—and our reputation for quality—to produce injectable products for some of the world's major proprietary pharmaceutical and biotechnology companies.



Our Products

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



Devices

Our medication management systems (MMS) portfolio is designed to help customers improve patient safety, enhance quality of care and streamline clinician workflow to increase productivity. Our globally installed base of approximately 550,000 infusion devices includes Symbiq™, our most advanced general infusion device; the Plum A+™ line of infusion pumps; LifeCare PCA™, Hospira's pain management device; GemStar™, Hospira's ambulatory pump; and other specialty devices. Integral to Hospira's MMS offering is Hospira MedNet™, our drug-dose safety software that helps reduce medication errors related to the I.V. medication administration process. Hospira's integrated MMS solutions offer wireless, networking

and several cross-platform interfacing capabilities to increase hospital utility, cost-effectiveness and interoperability with other hospital IT systems. Our "smart" pumps also offer upgradeable technology options.

Medication management systems is a strategic growth driver for Hospira, given the growing focus in healthcare on improving patient safety and clinical outcomes. We are expanding our MMS portfolio to include Clinical Information Technology platforms that further enhance the medication administration process. Examples include EndoTool™, our sophisticated glucose management system; TheraDoc™ hospital-infection surveillance systems; and VeriScan™, our bar-code point-of-care technology. We are also broadening our offering of the consumable products used in conjunction with our devices.

In addition to MMS, Hospira offers gravity I.V. administration sets and other device products.

Rich Company 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 an independent company, spun off from Abbott Laboratories and 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 the philanthropic arm of Hospira, Inc.
- Launch of LifeCare PCA™ infusion system
- Introduction of VisIV™ next-generation container, the first significantly advanced I.V. bag in 30 years
- Acquisition of BresaGen biotechnology company

- Launch of Symbiq™ next-generation infusion system
- Signing of strategic agreements with Stada and Bioceuticals for a biosimilar product
- Launch of iSecure™ proprietary syringe
- Acquisition of Mayne Pharma Limited
- Launch of Retacrit (epoetin zeta), Hospira's first biosimilar
- Acquisition of VeriScan Rx™ medication administration system
- Acquisition of EndoTool™ glucose management system
- Acquisition of rights to biogeneric filgrastim and related manufacturing facility
- Agreement with Celltrion to develop and market biogeneric drugs, significantly expanding Hospira's biosimilars pipeline into one of the industry's largest
- Industry's first-ever successful integration of infusion pumps with the electronic health record
- Acquisition of TheraDoc™ clinical informatics company
- Announcement of acquisition of Orchid's generic injectable pharmaceuticals business

commitment



to customers and patients

Customers and Patients at the Forefront

As the world's top supplier of generic injectable drugs and a leading provider of medication management systems, Hospira is dedicated to improving the safety, cost and productivity of care. We achieve these objectives by ensuring that our hospital customers have the tools they need to provide optimal patient care. Thousands of times a day around the world Hospira products touch the lives of patients.

While Hospira focuses on transforming our company and business, customers and patients remain top of mind. Hospira's Project Fuel optimization activities focus on operational excellence, process simplification and organizational streamlining—all of which are integral to serving our customers and patients in the ever-changing healthcare environment. As part of Project Fuel, we have also advanced a product-line reduction effort, which has decreased complexity at Hospira and is helping our customers with their own standardization initiatives. This means that we can appropriately focus on serving customers without compromising the quality and comprehensive nature of our offering. At the end of 2009, we had identified approximately 55 percent of Hospira's more than 7,000 product list numbers, or SKUs, that can eventually be eliminated, and eliminated more than 35 percent of them.

Because Project Fuel has helped Hospira realize cost reductions and greater efficiencies, we have been able to liberate resources to further invest in profitable, innovation-driven opportunities through increased research and development efforts and new business development ventures. For example, in 2009 Hospira expanded our capabilities by acquiring rights to a biosimilar product and facility from PLIVA and also announced the acquisition of the generic injectables business of Orchid Chemicals & Pharmaceuticals. Both of these investments will enable Hospira to better serve customers and patients in the future.



Decreasing the Costs of Patient Care

In 2009, Hospira made major strides toward lowering the cost of healthcare for hospitals and patients by launching new generic injectable pharmaceutical products and advancing our related biosimilars business. Hospira increased penetration of our first biosimilar product, Retacrit™, in Europe and helped build support for legislation in the United States that would create a pathway to allow biosimilar approvals.

Biosimilars are to biopharmaceuticals what generics are to small molecule pharmaceuticals. They represent an important longer-term growth driver in the generic injectable space, as a wave of patent expirations over the next several years will open the proprietary biopharmaceuticals market to competition. Biosimilars help provide safe, effective patient care while helping to reduce global healthcare costs. Hospira is the first U.S.-headquartered company to sell a biosimilar in Europe, and is investing to be among the leading biosimilars companies in the U.S. market once the market forms.

The availability of Retacrit, which treats anemia associated with chronic renal failure and chemotherapy, has helped decrease the cost of medications in its drug class by about 20 percent in Europe, and improved patient access to this important therapy. As of the end of 2009, Hospira was selling Retacrit in 16 European countries—including key markets such as Germany, France and the United Kingdom—and had captured more than a 40 percent share of the biosimilars market for its class.

In the United States, Hospira helped drive progress toward opening a regulatory pathway for biosimilars, and ultimately triumphed when the U.S. Congress passed legislation that will eventually allow for biosimilars' introduction. Some economists think biosimilars could save U.S. patients and the country's healthcare system billions of dollars a year, and we expect to launch our first U.S. biosimilar by mid-decade.

Along with biosimilars, Hospira helped reduce the cost of healthcare through key generic injectable pharmaceutical introductions in 2009, including the colon-cancer medication oxaliplatin injection, a new presentation of anti-infective vancomycin and six new presentations of anticoagulant heparin in the United States, as well as the chemotherapy drug

docetaxel in parts of Europe. Hospira's generic products set our organization apart in the marketplace by offering physicians unique dosing options and advanced drug delivery systems such as iSecure™ syringes and ADD-Vantage™ containers, both of which offer safety and clinician convenience features.

Enhancing Safety and Productivity

Our medication management systems business supports hospitals in providing safe medication administration and helping clinicians increase productivity, so they can spend more time caring directly for patients.

In 2009, we propelled our global base of installed infusion pumps past the half-million mark. Hospira also became the first infusion device provider to integrate pumps with the electronic health record (EHR)—achieving I.V. interoperability, or connectivity. The company's Plum A+™ smart pump is currently the only interoperable infusion pump that successfully has been integrated with the EHR in a live clinical setting. Technology-leading institutions with this integrated system installed have reported decreased time programming infusion pumps, streamlined workflow and reduced pump reprogramming—all of which help support safety and clinical productivity in the hospital.

We also added a new product to our devices portfolio in 2009 by acquiring TheraDoc, an enterprise-wide clinical surveillance and decision support system that includes an application considered by many to be the gold standard in monitoring hospital-acquired infections. This represents an addition to our line of clinical information technology offerings—highly sophisticated systems that work to advance the quality and safety of patient care and help streamline clinical workflow.

Our progress on the product front, combined with the additional investments we are able to make as a result of Project Fuel savings, have better equipped us to deliver on our promise of Advancing Wellness, and put us in a position to better serve our customers and patients.

In alignment with our increased focus on supporting strategic initiatives that will help improve healthcare and drive growth, Hospira's total R&D investment in 2009 was \$240.5 million, representing a 13.5 percent increase from 2008.

Product Spotlights

These customer stories highlight the many positive ways in which Hospira products impact hospitals, clinicians and patients.

Biosimilars in Europe

Physicians across Europe are quickly adopting Hospira's biosimilar Retacrit and other biosimilar drugs in its class, delegates at a major medical meeting in Europe learned in 2009. Retacrit and other erythropoietin, or EPO, medications, treat anemia associated with chronic renal failure and chemotherapy.

Sixty-eight percent of delegates attending a symposium at the September 2009 European CanCer Organisation (ECCO) congress reported that their clinics were now using biosimilar EPOs, such as Retacrit.

Professor Stefan Frühauf, from the Department of Hematology/Oncology at the Center for Tumor Diagnostics and Therapy, Osnabrück, Germany, said his clinical experience has shown Retacrit to be effective and well tolerated by patients.

"The use of biosimilars, such as Retacrit, is increasing, and offers greater access to treatment. Switching to (Retacrit) presents no problem to the oncologist or the patient, and the efficacy and tolerability of treatment is well maintained," concluded symposium chairman, Paris Kosmidis, M.D., from Hygeia Hospital, Athens, Greece.



Hamamatsu University Hospital

In Japan, Precedex™, Hospira's proprietary sedative, has been available since 2004, and is growing in popularity with physicians in the country.

Hamamatsu University Hospital, in Hamamatsu, Japan, participated in a so-called "bridging" study earlier in the decade to see if Precedex demonstrated the same efficacy in Japanese patients, making it one of the first institutions in Japan to use the product.

Doctors at the hospital appreciate the clinical usefulness of Precedex, says Matsuyuki Doi, M.D., lecturer, Anesthesiology and Intensive Care Unit, Hamamatsu Medical University Hospital. "One benefit of Precedex is that the drug can help reduce the need for opioid pain-killing drugs without reducing patient comfort during surgical or other procedures," Dr. Doi said.

Another advantage of Precedex, he says, is that it can be used before, during and after the removal, or "extubation," of the endotracheal tube from mechanically ventilated patients that assists in breathing during some medical procedures.

"Treatment with Precedex doesn't have to be stopped after extubation of post-operative patients," Dr. Doi said. Maintaining sedation in patients during the post-extubation period can aid in patient comfort and reduce patient stress.

Another Japanese physician, Makoto Ozaki, M.D., Ph.D., professor and chairman of the Department of Anesthesiology at Tokyo Women's Medical University, praises Precedex for its "excellent features" and was principal investigator for the long-term administration study of Precedex in Japan.



SwedishAmerican Health System

Hospitals in the United States are large contributors to the waste stream, producing a total of at least 6,600 tons of waste each day, but SwedishAmerican Health System in Rockford, Ill., has set out to reduce its environmental impact. The health system began a green initiative through simple measures like distributing recycling bins and launching an electronic waste recycling program. However, one of the system's most effective initiatives was a switch to Hospira's VisIV™ solution containers.

Approximately 90 percent of all hospital patients receive some form of intravenous (I.V.) therapy, which requires the use of many disposable I.V. solution containers and contributes substantially to the waste stream.

VisIV containers, or bags, are unique from traditional PVC (polyvinyl chloride) I.V. containers in that they have no disposable plastic overwrap, are made of recyclable materials, and utilize 40 to 70 percent less plastic.

By switching to VisIV containers, the health system's two hospitals and 20 medical clinics will save an estimated two tons of medical waste each year.

"The VisIV bags certainly meet our green initiative objectives, but even more importantly, the container's features also contribute to improved patient safety," said Jeffrey Pierson, R.Ph., manager of pharmacy operations at SwedishAmerican Health System. "We can feel confident knowing these I.V. bags are safer for even pediatric and neonatal populations, as well as for the environment."

Nebraska Methodist Hospital

When Hospira launched iSecure syringes in 2009, Nebraska Methodist Hospital, a 440-bed teaching hospital in Omaha, Neb., was an early adopter. The hospital appreciates iSecure's convenient, user-friendly attributes.

iSecure syringes are prefilled, ready-to-use disposable syringes that have a self-contained design with tamper-evident technology for safe and easy administration and disposal. Using iSecure is a simple process that requires no additional supplies, helping to streamline workflow and support patient and clinician safety.

Before iSecure, nurses at Nebraska Methodist used prefilled syringe devices that required assembly at the patient's bedside. These products required two separate components—the syringe itself and a holder designed to provide stability during injection. Pharmacists would dispense the holder to nurses on an as-needed basis, but sometimes the holders weren't readily available to the nurses when they needed them. Management of the separate pieces delayed patient care, an important consideration when nurses are trying to give patients the most efficient and satisfying care possible. Also, with the previous device, nurses would sometimes utilize the same holder on different patients, which is a safety concern.

iSecure solves these issues, said Firouzan "Fred" Massoomi, Pharm.D., FASHP, pharmacy operations coordinator, Department of Pharmacy Services, Nebraska Methodist Hospital.

"iSecure is an all-encompassing device," Massoomi said, explaining that it comes with the injection device attached to each dose versus a separate piece requiring dispensing prior to use. "The nurses don't have to go around looking for holders; they know when they get it out of the automated dispensing cabinets that it's ready for use. Not having to look for that device allows the nurse to give the drug immediately to the patient instead of searching for it. This allows nurses and pharmacists to focus on the direct care they're already giving to the patient. In addition, it's one device devoted to each patient, with no components of the device shared among patients."

In addition, Massoomi said, iSecure is smaller than the old device, which allows the hospital to stock more product lines in automatic dispensing cabinets.

Massoomi, who has been in healthcare for 23 years and has worked at Nebraska Methodist Hospital for 19 years, sees iSecure as part of a continued advance in technology.

"It's a good evolutionary step to providing nurses with the most ready-to-use drugs at the bedside," he said.

Lancaster General Health

In 2009, Lancaster General Health in Lancaster, Pa., achieved I.V. interoperability by implementing a fully auto-programmed smart infusion system at the patient bedside—Hospira's Plum A+ infusion





system with Hospira MedNet connected to the Cerner Bridge™ Medication Administration solution. Using individual barcodes on the patient's hospital I.D. wristband, I.V. bag and infusion pump, the auto-programming process pulls

information from the EHR, allowing the nurse to confirm that the right drug and right dose is being administered to the right patient, at the right time and by the right route—often referred to as the “five rights” of medication administration.

Lancaster released data quantifying the benefits of auto-programming. The success the hospital saw post-implementation includes:

- Decreasing the amount of time nurses spend programming infusion pumps by 24.8 percent.
- Streamlining workflow by reducing the number of infusion pump programming steps from 17 to 7.
- Reducing in manual pump programming edits, or reprogramming, by greater than 90 percent.¹

WakeMed Health & Hospitals

Like most healthcare facilities, WakeMed Health & Hospitals, an 870-bed healthcare system in Raleigh, N.C., faces the ongoing challenge of reducing the spread of healthcare-associated infections (HAIs) and other infectious diseases. About 2 million HAIs occur in U.S. hospitals every year, resulting in nearly 100,000 deaths and placing an enormous financial burden on hospitals.² Unfortunately, traditional methods of infection surveillance require manually collecting and reviewing vast amounts of clinical data—a labor-intensive process that makes it impossible to monitor for all types of infections in all areas of the hospital.

To overcome this challenge, WakeMed implemented Hospira's TheraDoc™ Infection Control Assistant. The TheraDoc clinical information system interfaces with key data sources within the hospital and provides real-time, actionable information that

helps infection preventionists identify more infections sooner, improves efficiency, and allows more time for interventions and staff education to stem the spread of infections. More than 300 healthcare institutions in the United States currently use the TheraDoc system for real-time monitoring, prevention and reporting of HAIs and other infectious diseases.

The positive impact of TheraDoc at WakeMed, made up of a flagship community hospital and several other facilities, was immediate. The ability to integrate data from multiple sources and provide real-time reports and alerts enables WakeMed to more quickly identify, track, and address infections. In addition, as soon as infection preventionists become aware of new parameters they need to monitor, an alert can be created, further improving the hospital's infection surveillance capabilities and response to changing infectious disease threats.

Electronic infection surveillance also has allowed WakeMed's infection preventionists to broaden their efforts beyond just high-risk units.

“Historically, we focused our infection prevention efforts on ICU patients, who are at the highest risk for infection,” said Robin Carver, R.N., B.S.N., C.I.C., director of infection prevention at WakeMed. “However, we know that infections happen throughout the organization. TheraDoc allows us to see what is happening hospital-wide, so we are able to make more meaningful progress toward reducing infections.”

Wilson Memorial Hospital

Wilson Memorial Hospital, a full-service community hospital, switched from using paper correction protocols to Hospira's EndoTool™ glucose management system in 2008. The institution used EndoTool to help manage glucose levels in patients with high blood sugar levels, without putting them at risk of hypoglycemia, a condition that occurs when a patient's blood sugar is too low.

Overall, Wilson Memorial clinicians reported that EndoTool allowed rapid and better glucose control, usually achieving target levels within five hours. When administering I.V. insulin, it is typical for clinicians to closely manage hypoglycemia, as they do not want to bring the blood sugar levels down too low; however, Wilson Memorial Hospital reported an 80 percent decrease in hypoglycemia with the use of EndoTool.³

¹Prusch, Amanda E., et al. “Introducing intravenous interoperability: expanding the pharmacist's role in medication administration.” American Society of Health-System Pharmacists Mid-Year Meeting and Exhibition Award Paper Abstracts (December 2009). http://ashpadvantage.com/bestpractices/2009_papers/Prusch.htm Accessed on Dec. 1, 2009.

²Centers for Disease Control and Prevention. Preventing emerging infectious diseases: a strategy for the 21st century. Overview of the updated CDC plan. Morbidity and Mortality Weekly Report. 1998;47 (No. RR-15):1-14.

³Boecker, Sondra, Barhorst, Linda. Taking Control of Hyperglycemia to Improve Patient Care: How one hospital resolved a low benchmark indicator and became a “best practice” site through the use of EndoTool® glycemic control software. 2009.

commitment



to employees

Working at Hospira

Our company focus on providing a positive, engaging and respectful work environment flows directly from our stated commitment to employees in Hospira's guiding principles. This commitment is reinforced through our human resources practices and dedication to continually enhance the company and workplace. As transformation becomes part of our business culture, Hospira recognizes the need to help employees manage through change. This proactive management of change benefits Hospira and our employees, and provides value to customers and shareholders as we effectively transform Hospira to meet our stakeholders' evolving needs.

Making sure employees are informed and linked to leadership is integral to transformation. Hospira uses many communications vehicles to keep employees informed, including a variety of written and electronic communications and semi-annual all-employee meetings. On a quarterly basis, employees attend "Hospira Huddles." Huddles are live meetings led by members of management at all Hospira locations and via conference calls to field-based employees. After short remarks highlighting the company's most recent quarterly results and other relevant topics, employees have a forum in which to ask questions directly to presenters. Huddles are complemented by similar activities many of our senior leaders have adopted, such as town hall meetings, and small group breakfasts and lunches. Hospira has also enlisted a number of new tools and communications vehicles, such as "The Hospira Hub" internal social media platform and Growth Engine video segments, which keep our employees informed and aligned in their understanding of our vision and strategy.



Developing Transformational Leaders

Hospira's leadership development process prepares leaders to successfully navigate change. Our vice presidents participate in modular leadership development workshops that provide the tools and skills necessary to create the mindset for effectively leading transformative change and demonstrating whole leadership. Leadership training also focuses on managing globally, leading through complexity and understanding cross-cultural norms and values. Additionally, Hospira leaders complete state-of-the-art assessment tools and a customized 360° instrument, followed by professional coaching to ensure understanding of leadership preferences and styles as well as how to adapt behavior to increase leadership effectiveness.

We have introduced a standard approach and set of tools to manage change throughout Hospira. These change tools and processes have been rolled out globally to drive consistent, sustainable results worldwide, while ensuring local customization where appropriate. As the Hospira footprint grows, our employees will be equipped to meet future opportunities with confidence and clear purpose.

Growth Through Innovation

Innovation is critical to Hospira's ability to meet customer needs and business growth objectives. We realize that there are multiple forms of innovation, and have introduced our employees to a variety of approaches to help weave innovative thinking into the fiber of our company. In 2008, we began with an externally focused process that examined innovative ways to address customer needs: Outcomes Driven Innovation. In 2009, we launched the Innovation Olympics, a grassroots effort that encourages employees from across the globe to submit innovative ideas for management review. The Hospira Innovation Olympics initiative has been a tremendous success, resulting in the selection of several process, product and people innovations in support of our business strategy, which are being funded for development and implementation.

Our management team recently expanded Hospira's innovation program by assigning leaders within the company to execute on two prioritized innovative growth platforms that are directly supported and sponsored by the senior leadership team.

This top-down approach to innovation has resulted in high-performing cross-functional teams working on what we believe will be the next generation of game-changing business opportunities for Hospira.



Embracing Diversity and Inclusion

Hospira's focus on diversity as a driver of performance and engagement has never been stronger. Diversity is a highlighted priority in our employee commitment statement and our employee programs and representation reflect this.

In support of diversity, employees have organized several resource groups at Hospira that actively drive diversity initiatives. One of these groups is the Hospira Women's Network (HWN), which was officially launched in 2007. The HWN strives to create an environment that ensures that Hospira women have opportunities to optimize their personal levels of success. The network is dedicated to attracting and retaining talented women to drive Hospira's growth, supporting the development of successful women at all levels, providing opportunities for meaningful interaction among women, and identifying and celebrating the successes of Hospira women.

The HWN sponsors programs that support leadership development and mentoring of high-potential female leaders. With the growth of Hospira around the world, the HWN is now embarking on a strategy to build a global structure to leverage the emerging and top talent for our growing company across the globe. All women at Hospira can participate in the HWN, and the advantage of a global network is that it provides exposure for women as opportunities

arise in our emerging markets. Research has shown that fully engaged women in the workforce improve innovation and business success through enthusiastic support of corporate goals and collaborative leadership styles.

A second business group, the Hospira Chinese Resource Network (HCRN), was founded at Hospira's inception. Its mission is to provide a unique resource to Hospira's global business and opportunities for Hospira's Chinese American employees to create values through diversity and inclusion. The HCRN working committee is comprised of employees from various functional areas who volunteer time to organize events and activities. Some of the HCRN core activities include: conducting monthly luncheons, providing company introductions for new Hospira employees, hosting Chinese employees visiting the corporate headquarters from other sites, attending quarterly APAC business briefings, assisting with translating business documents into Chinese, and supporting Hospira's business in China. The HCRN also serves as a liaison for Hospira Chinese employees or non-Chinese employees who are interested in Chinese culture and communities. Through these activities, HCRN enhances employee engagement and at the same time provides meaningful support to Hospira's business. As Hospira expands our business globally, HCRN will be expanding its scope.

Diversity Demographics At A Glance

Approximately 26 percent of Hospira's vice presidents are women and about 20 percent represent U.S. ethnic minorities. The company observed a five percent increase in total female representation at the vice president level and above from 2008 to 2009, and 39 percent of newly appointed vice presidents in 2009 were female. There has been a four percent increase in the number of U.S. minorities in vice president positions at Hospira from 2008 to 2009, with 29 percent of new vice presidents representing U.S. minorities.





Employee Benefits

Hospira is pleased to offer eligible employees and family members a benefits program that is comprehensive and among the best in the industry. Key benefits programs include:

- Consumer-directed healthcare plans that focus on preventive care needs for employees and their families.
- Defined contribution savings accounts with a generous company match to help employees attain their financial goals for the future.
- Insurance programs for employees and families to help secure future income and resources should unforeseen circumstances arise.
- Numerous additional benefits, from tuition reimbursement to adoption assistance.

Hospira's benefits package is a shared investment in the health and welfare of our employees and their families. In 2009, Hospira offered consumer-directed healthcare options to all eligible employees through two levels of Health Reimbursement Accounts and a Health Savings Account.



The Hospira health plans are designed to focus on prevention, promote wellness and encourage informed decision making to help employees safeguard their health. Hospira's dedication to Advancing Wellness carries through to employee health plan designs. Wellness incentives are provided to employees and family members who complete healthy activities such as preventive care check-ups and screenings, online educational programs, health risk assessments and proactive disease management. In addition to receiving supplemental funds for healthcare expenses through these tools, employees can access nurses and coaches online and via phone to assist with managing the complexities of health and the healthcare system.

Hospira works to provide strong health support systems through comprehensive disease management and health education programs. In certain Hospira locations, employees can participate in a diabetes management program and work with a specially trained pharmacist to help them understand and control their medical condition.

Throughout the year, we also provide programs to help employees manage their emotional well being and understand the variety of resources provided through the company's employee assistance/work-life program. Eligible employees can find help for almost any life issue, such as financial planning, budgeting, legal situations, parent or child care and stress, relationship management and other factors that impact an employee's home and work life.

To support healthy lifestyles and habits, Hospira locations offer cafeterias that provide well balanced and healthy choices such as fruit and salad bars, grilled entrees and steamed vegetables daily. Vending machines also carry healthy snacks. Some locations have onsite health clubs for employee use before, during or after work. Where that is not available, employees can often obtain discounts to local gyms or health clubs or to purchase equipment for home use.

Employee Engagement

Hospira believes that employee engagement is critical to the company's delivery of high-quality, life-saving products. That's why in 2009 we conducted our first-ever global employee engagement survey. The project, led by a cross-functional team, created the opportunity for employees around the world to provide feedback on critical workplace issues such as job satisfaction, colleague relationships and recognition. The survey results reinforced Hospira's strengths in the areas of employee pride in the company and commitment to ethical standards, and helped to identify areas to further focus engagement efforts. Employees also participated in follow-up focus groups, which provided qualitative information and generated fresh ideas in support of increased employee engagement. This feedback allowed Hospira to more clearly define the cultural priorities to support our aggressive business goals. These priorities, coupled with our commitment to re-invest Project Fuel savings in critical growth areas, have set the stage for many exciting new talent development programs.

Sales Force Development

The sales force is our face to our customer. Therefore, Hospira made an increased investment in 2009 to empower the U.S. sales force with the tools they need to drive value for the organization. The goal of this Go-To-Market Excellence (GTME) program is to develop and invest in the right programs to help our sales force reach their full potential, and ensure that their interactions with our customers are valuable and a key differentiator in the market.

To that end, training has been essential. New tools have been introduced to the sales force to help drive success in the field, and performance management and feedback programs have been revised. There has also been considerable investment in the devel-

opment of our sales managers and sales trainers. As leaders in our sales organization, their ability to manage both performance and behaviors required to achieve success will be instrumental in the achievement of our overall goals for GTME and the ongoing development of our most important assets—our people. With this U.S. program in full execution, we are launching similar programs worldwide, and training will continue to be a key success factor in driving excellence.

Computer-Based and Experiential Learning and Development

Our view is that learning should transcend the classroom. In 2009, our employees participated in more than 40,000 total hours of Web or computer-based training. Additionally, over the last year

Hospira has funded almost \$1million in tuition costs to more than 125 institutions attended by our employees. To support the global nature of our business and the development of cross-cultural competence, in 2009, 20 employees participated in expatriate or short-term international assignments in places like

Australia and the United Arab Emirates.

These examples represent significant investments in people that Hospira is making in order to build our capabilities and sustain high levels of performance. All of this work, we believe, will result in more highly skilled, engaged and committed employees, and directly impact our ongoing success.



commitment



to communities

Overview

Hospira continues to fulfill our commitment to the global community through three major philanthropic initiatives: Advancing Wellness, Employee Engagement and Community Investments. Since Hospira's inception in 2004 through the end of 2009, our company, the Hospira Foundation and Hospira employees have given more than \$60 million in monetary and product donations to support our global community.

Advancing Wellness

The Hospira Foundation, the company's philanthropic arm, continues to partner with several not-for-profit organizations, employees and the local communities in which Hospira employees live and work. Additionally, Hospira donates millions of dollars worth of product each year to support humanitarian aid and relief efforts.

Partners and product donation and grant beneficiaries in 2009 included:



Hospira took part in some of 2009's largest relief efforts. Supported efforts included:

Australia Bushfires

Bushfires in the State of Victoria in Australia took a devastating toll on homes and property and claimed 209 lives in February 2009. Within and outside of Australia, Hospira employees made generous donations, which the Hospira Foundation matched, in addition to making a donation to the Australian Red Cross in support of the disaster relief efforts.

Earthquake in Italy

On April 6, 2009, a major earthquake struck central Italy, leaving as many as 100,000 people homeless and claiming more than 200 lives. In response to this tragic event, the Hospira Foundation provided a cash grant to the American Red Cross in support of the relief efforts of the Italian Red Cross. Additionally, Hospira donated antibiotics to aid in the medical relief efforts.

Typhoon in Taiwan

In early August 2009, Typhoon Morakot devastated Taiwan, resulting in flooding and mudslides, and claiming at least 461 lives. In response to this tragic event, the Hospira Foundation provided a grant to World Vision International in support of the relief efforts.

Asia's Natural Disasters

In late September 2009, Asia was overwhelmed by natural disasters—earthquakes in Indonesia and flooding and typhoons in the Philippines and Vietnam. The rebuilding efforts in these areas were significant and in response, the Hospira Foundation provided a grant to the Red Cross, to be split equally between the Philippines and the Southeast Asia disaster fund. In addition to the monetary support, Hospira provided product donations through our humanitarian aid partners.

Employee Engagement Through Philanthropy

Hospira's Employee Giving Campaign and partnership with VolunteerMatch, a leading non-profit organization that uses an online database to match volunteers with opportunities, offer Hospira employees a variety of ways to give back to their communities. Below are just a few examples of the many ways in which Hospira employees came together to fulfill their commitment to our communities in 2009:

A group of Hospira employees in Buffalo, N.Y., participated in the United Way of Buffalo and Erie County 17th Annual Day of Caring. Employees from manufacturing, quality and management worked on projects for Habitat for Humanity, building and renovating affordable housing for people in need. >



Volunteers from Lake Forest, Ill., worked with The Center for Enriched Living in Deerfield, Ill., to host the organization's Summer Dinner Dance. The Hospira volunteers assisted with set-up; donated, prepared and served food; socialized with and ran activities for members; and assisted with clean-up. The Center serves people with developmental disabilities or special needs.

Employees in Rocky Mount, N.C., participated in United Way's "Make a Difference" Day. The volunteers painted several areas of the Bassett Center, a local shelter for families in need. >



Hospira employees from Lake Forest, Ill. participated in a golf outing to support the Wounded Warriors Project, a non-profit organization whose mission is to honor and empower wounded servicemen and women. Hospira volunteers coordinated the event, with activities including golf contests, raffles and a silent auction of original artwork.

Hospira employees in Pleasant Prairie, Wis., participated in America Recycles Day—the only nationally recognized day dedicated to encouraging Americans to recycle and to buy recycled products. Employees brought in eyeglasses, batteries, inkjet cartridges, crayons, cell phones and pagers that could be recycled.

The Hospira Women's Network > hosted two events in Lake Forest, Ill., where participants donated material and time to create fleece blankets for Lake County CASA, an organization that supports abused and neglected children in Lake County, and the North Chicago veterans.



< Employees in Leamington Spa, United Kingdom, held a "Wear it Pink" fundraising day for a breast cancer campaign. Employees made monetary donations, wore pink to demonstrate their support, and held a raffle and cake sale, donating all the profits.



A team of employees, family members and friends from Hospira's Mulgrave facility in Australia took part in a 40km fundraising bicycle ride around Melbourne to support the Multiple Sclerosis (MS) Society of Australia which provides support, information and services for individuals, families and friends affected by MS. The Hospira group won the best-dressed team award.

Hospira employees in Dublin, Ireland, demonstrated their commitment to the community by participating in a charity walk, raising funds for the Children's Medical & Research Foundation at Our Lady's Childrens Hospital in Crumlin, Ireland. >



Hospira employees in Australia took part in the Melbourne Nissan/BRW Corporate Triathlon. Overall, more than 5,000 people participated, putting themselves to the test with a 400m swim, 10km bike and 4km run. The event raised money for the Royal Melbourne Hospital, to support medical research and purchase clinical equipment. >



Hospira colleagues in Rocky Mount, N.C., participated in a local Relay for Life event to benefit the American Cancer Society. During the event, the "Hospira Heroes" team walked more than 200 miles, and through their fundraising efforts helped the Nash County Relay For Life exceed its financial goals for the event. >



Community Investments

The Hospira Foundation further enables Hospira's commitment to communities by providing a grant-based program that funds local community causes in the areas where Hospira has a presence and the activity ties to Hospira's vision of Advancing Wellness. In 2009, more than 25 local initiatives received support from the Hospira Foundation. Programs supported included Easter Seals, American Cancer Society, American Heart Association, Ronald McDonald House and the Boys & Girls Club.

commitment



to compliance, quality and public policy

Strong Founding Principles

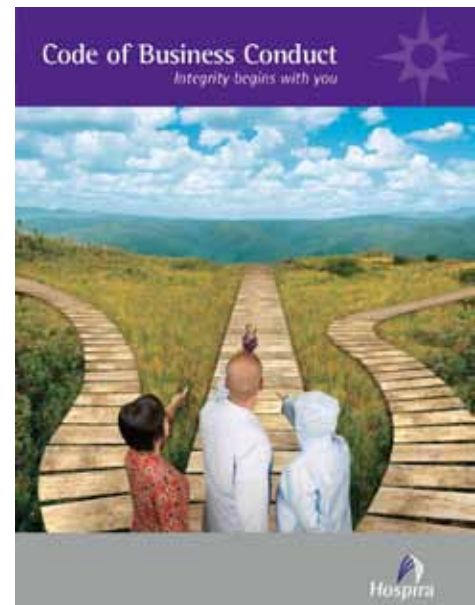
Hospira was founded on a solid and distinct platform with integrity as our core value. The company's values—which also include ownership/accountability, speed and entrepreneurial spirit—are based on the strengths of our business, people and products, as well as the type of company Hospira is committed to be. These values are integral to keeping Hospira employees on an ethical and responsible pathway to achieve our vision of “Advancing Wellness...through the right people and the right products.”

Integrity in Action

Effectively communicating the importance of integrity to Hospira's stakeholders is an important responsibility of the company's Office of Ethics & Compliance (OEC). The OEC works closely with several key groups, including Hospira leaders from Human Resources (HR), Legal, Finance, Internal Audit, Information Technology, Commercial and Procurement. To ensure that our ethics and compliance programs are robust, the OEC has established an Ethics & Compliance Network with management-level employees from business units, functions and regions serving as liaisons. These liaisons work with the OEC to facilitate employee training and communications, identify trends in ethics and compliance matters in their geographies, and provide feedback to the OEC. The Network also helps keep the integrity message at the forefront for employees throughout Hospira.

Hospira invests considerable effort into ensuring that our employees, contractors, agents and other third parties know and understand our requirements and act with integrity. During new-hire orientation or the on-boarding process, employees, hourly contractors and agents are trained on [Hospira's Code of Business Conduct](#). In that training, they become acquainted with the company's Eight Principles of Integrity, which serve as an ethical compass for making the right business and professional decisions. Upon completion of Code training, employees and contractors certify that they understand and will abide by the Code, and will report actual or potential violations of the Code to management, HR, Legal, the OEC or to the Global Ethics & Compliance Helpline.

Throughout employment or time working with Hospira, employees and contractors receive refresher training courses and ongoing communications regarding the Code and the importance of raising questions and/or concerns. For example, five-minute online Ethical Moments videos serve as short reminders about ways to handle common ethical issues. In addition, Hospira's *Know our Code* awareness campaign helps keep the Code top of mind. The campaign, which highlights the Code, the Eight Principles of Integrity and the Helpline, began with an employee video and continues with a series of poster and online communications in multiple languages. On occasion, Hospira leaders publish e-mail messages to employees highlighting ethical subjects relevant to the company.



Interactions with Healthcare Professionals

Pharmaceutical and device companies are subject to strict laws and rigorous scrutiny from regulatory and enforcement authorities across the globe concerning industry interactions with healthcare professionals. For several years Hospira has had in place a set of policies and procedures known as Procedures for Interactions With Healthcare Professionals (PICs) for employees, agents and contractors to follow as they interact with customers. Those policies and procedures have been updated periodically to reflect changing requirements. New tools have also been developed to integrate PICs into everyday employee work processes.

The importance of these procedures in the United States is underscored by increased enforcement of healthcare laws. Hospira is a member of



many industry groups including AdvaMed, the leading medical technology trade association in the United States.

In 2009, AdvaMed revised its Code of Ethics for Interactions with Healthcare Professionals also known as the AdvaMed Code. As one of the early adopters of the AdvaMed Code, we ensured that Hospira met the requirements

of the Code and then certified our compliance with AdvaMed's revision in 2009. More importantly, Hospira's compliance with PICs enables our company to adhere to the many local restrictions, disclosures and requirements. States such as Vermont, Minnesota, Massachusetts, Maine, West Virginia, Nevada and the District of Columbia require companies to restrict and/or track and report their spending on specific categories of healthcare professionals and certify compliance with the state laws, as well as the AdvaMed Code and/or the Pharmaceutical Research and Manufacturers of America (PhRMA) Code.

Compliance monitoring and training related to global interactions with healthcare professionals who work outside of the United States is multifaceted. For example, healthcare professionals outside of the United States are often employees of public health systems, and therefore government employees, which triggers compliance with the U.S. Foreign Corrupt Practices Act. Other anti-bribery laws prohibit all types of bribery, not only that of government employees.

Hospira PICs for regions outside the United States recognize the legal and regulatory requirements and industry codes that apply to those regions. Training, communications and monitoring for compliance with PICs and the anti-bribery laws in all regions of Hospira's global operations is a continuous effort led by OEC in cooperation with the Global Ethics and Compliance Network, and regional and country management. Our centralized monitoring and auditing efforts and supporting systems are subject to continuous improvement to ensure compliance with evolving anti-bribery laws and industry codes.

Supplier and Distributor Compliance

Acting with integrity is often dependent upon the actions of third parties with whom Hospira interacts beyond healthcare professionals/customers. Those third parties include Hospira's suppliers and distributors. In 2009, Hospira issued a revised internal Gifts, Hospitality and Other Interactions Policy and provided online training to groups of employees likely to interact with suppliers. The policy emphasizes that Hospira encourages business interactions with suppliers only in appropriate context. Any types of interactions that would raise a question about conflict of interest or inappropriate inducement of our employees are restricted or prohibited.



In 2009, Hospira introduced a new Supplier Code and certification process to help current or potential Hospira suppliers understand the company's requirements and expectations. The Supplier Code sets forth our requirements on topics that include:

- our management philosophy;
- environment, health and safety;
- conflicts of interest, gifts, meals and entertainment;
- confidential information and sales practices;
- antitrust and competition laws;
- labor laws; and
- the reporting of Supplier Code violations.

As of the posting of this publication, more than 600 suppliers have been certified to comply with the Supplier Code.

Distributors, dealers and wholesalers represent another important Hospira constituency. These entities typically deliver Hospira's products to end users on behalf of Hospira or purchase our products and sell them to end users. Based on AdvaMed Code requirements, Hospira communicated to U.S. distributors, dealers and wholesalers in late 2009 that we expect them to comply with the AdvaMed Code.

Outside of the United States, Hospira has developed a compliance program directed at distributors that purchase and sell Hospira products in more than 70 countries. Hospira assesses the risks represented by these distributors on the basis of several internal criteria and the Transparency International Corruption Index. The Distributor Code establishes requirements and expectations of our distributors, including certification of understanding and compliance with the Distributor Code.



Topics addressed in the Distributor Code include:

- our management philosophy;
- anti-bribery laws;
- sales practices;
- conflicts of interest and anti-trust laws;
- confidential information and data privacy;
- gifts and entertainment;
- import and export laws and labor laws;
- environment, health, safety and energy; and
- questions and reporting concerns.

Training and certification of distributors is underway in each Hospira region.



Bioethics

Hospira has a bioethics policy that guides our decision-making regarding animal and clinical research and development, and production and commercialization of any chemical compound or medical technology for which the benefits to patients and society outweigh the known or predictable risks. Appropriate employees are trained on this policy, and our leadership provides oversight to ensure compliance. The multi-disciplinary committee responsible for review and oversight on bioethics matters is focused on applying the policy carefully and consistently to any bioethics challenges that Hospira may confront in the future.



Emerging Compliance Issues

Certain issues have emerged in recent months that are the focus of attention for the Hospira OEC team and Global Ethics & Compliance Network. The steps these groups are taking now will ensure that the company's compliance programs are effective in mitigating the risks that emerging issues represent.

Anti-bribery is an area of intense focus for legislators and law enforcement authorities throughout the world. The U.S. Department of Justice and the U.S. Securities and Exchange Commission are intensifying efforts to enforce the Foreign Corrupt Practices Act. The pharmaceutical industry has been identified as one where investigations and enforcement of anti-bribery laws will likely increase. The laws in these areas are significant for the medical products industry as many of the customers served by the industry are government employees. In the United Kingdom, a new law, the U.K. Bribery Act, will go into effect in April 2011 and will elevate the focus of authorities in that country concerning commercial bribery as well as bribing of government officials, by any affiliates of companies with United Kingdom operations. Hospira is engaged in extensive training and monitoring efforts to ensure that interactions are in compliance with the various anti-bribery laws.

Supplier Diversity

The power of diverse businesses is economically and socially palpable. According to the *Washington Post*, majority women-owned businesses generated approximately \$3 trillion in revenue in 2009. Meanwhile, the National Veteran-owned Business Association reported a rise in small business ownership. And the U.S. Department of Commerce affirmed that minority-owned businesses export twice as much as the average business. Because of their impact on the economy, diverse suppliers not only have a direct impact on Hospira customers and their patients, but are essential in helping us meet the growing healthcare demands of global markets.

Supplier diversity is more than a competitive advantage for Hospira—it is an extension of our commitment to Advancing Wellness in the communities we serve and an investment in the growth of our customers. We believe that a fundamental way to deliver on that commitment is to do business with entrepreneurs that reflect and represent the communities in which our employees live and our customers serve.

Directed by senior management, our supplier diversity program is committed to diversifying our supply chain through partnership. Internally, supplier diversity partners with senior executives across the organization to ensure that cost-efficient, value-driven diverse suppliers are engaged in procurement opportunities. Externally, Hospira maintains active partnerships with leading organizations like the National Minority Supplier Diversity Council and the Healthcare Supplier Diversity Alliance, to not only reach out to diverse suppliers, but also to take a leadership position on the issues our customers care most about.

Global Quality

Advancing Wellness: Quality Patients Can Count On

At Hospira, every day begins with a renewed commitment to advancing wellness for our patients. We care deeply about our patients and have built our company on an uncompromising dedication to their well-being. That means we deliver *total quality our patients can count on*—high quality and cost-effective products that are accessible to patients when they need them. We are driven by our own high internal standards—we strive for excellence in all that we do and continuously improve to get it right the first time.

Quality is Everyone's Responsibility

We are building an even stronger Global Quality team—an increasingly knowledgeable and experienced group of specialists drawn from some of the best talent in the industry. But we recognize that quality does not exist in the Quality function alone. At Hospira, quality is *everyone's* responsibility. Every employee feels responsible for the quality of our products and processes. Individuals take proactive steps to correct a problem even if it is not within their job responsibility. People speak up when there are issues.



We dedicate time and resources to informing and educating our employees, engaging them in dialogue about what each individual and group can do to increase quality, continuously improve, and accelerate innovation on behalf of our patients. We have launched a Quality Communications Team comprised of leaders from across the organization. The team is responsible for executing an outreach plan to ensure that every group throughout the company is engaged on a regular basis in discussions about improving quality—wherever they work. Our leaders champion quality at all levels.

We are committed to maintaining strong relationships with both internal and external stakeholders—including our customers, regulatory agencies and suppliers—and have programs for staying closely connected to all of these groups.

- We take a hands-on approach to building the trust and confidence of our customers by sending Hospira representatives to customer sites to understand their expectations and needs.
- We also maintain strong working relationships with regulatory agencies around the world through ongoing open dialogue, by participating in trade and industry conferences to share ideas and best practices, and by hosting visits to our facilities.
- As we do for our own products, Hospira sets high quality standards for our suppliers of goods and services. Supplier expectations are clearly communicated and supplier performance enhanced through continuous improvement and collaboration. For example, all direct materials suppliers are required to undergo a quality audit and be qualified prior to becoming an approved supplier. Once a direct supplier is qualified, it must be certified to produce a specific material for a specific Hospira location. To maintain certified status, the supplier must also meet the quality standards stipulated in the supplier's agreement with Hospira. In addition, suppliers are periodically audited to ensure their quality systems have been maintained and updated adequately.

Designing Quality into the Process

Our Global Quality organization structure is aligned with Hospira's value chain to ensure quality is built into and supports core business processes. We believe in "quality by design," building quality in from concept to definition, through development, and in "quality in execution," from submission and qualification through product launch and post-launch. Strategically important scientific and technical communities of expertise are being embedded throughout the organization, and robust quality systems, along with a strong audit function, will continuously increase the reliability of our operations across the enterprise.

In 2009, we added a work method to further enhance our quality systems. This work method is called Lean and supports the concept that simplicity—through streamlining and eliminating waste—improves quality. Lean attacks sources of waste in the process, such as downtime, defects, rework and complexity. Identifying and correcting these sources of waste ensures more consistent and robust processes, which in turn leads to higher quality products. Lean also focuses on standardization to remove variability and ensure that we are making the same high-quality product every time. Lean has been introduced at many of our sites and will become part of how we work at every plant and in every function within the enterprise.

Being Globally Competitive Will Lead to Success For All Our Stakeholders

Like all companies, Hospira faces increasing competitive pressure and regulatory expectations that, along with our own evolving strategy to expand globally and increase the sophistication of our products, demands that we increase the speed and scope of improvement. Our goals include doubling quality performance and productivity by 2014, which we'll achieve in part by increasing production yields, reducing defects and decreasing the cycle time from manufacture to market release. We also are dedicated to enhancing the technical and scientific capability required to support new products and standardize best practices across the company.

Accelerating progress in this direction is the right thing to do for Hospira—but more importantly, it is the right thing to do for customers and patients who count on us.

Government Affairs*

As a leading global specialty pharmaceutical and medication delivery company, many legislative issues impact Hospira's business. Hospira monitors more than 2,000 pieces of U.S., state, federal and global legislation annually. Our Government Affairs team represents the company's interests to government officials, lawmakers and policymakers who can advance and/or protect patient access to Hospira products worldwide. Building from a



strong Washington D.C., presence, in 2008 and 2009 Hospira expanded the government affairs team to include dedicated professionals in Sacramento, Calif., and Canberra, Australia.

Advancing Healthcare Through Employee Support

With healthcare in the United States heavily regulated, fair and balanced laws and regulations are in the public's best interest. An effective way to support this notion is to have our voice heard through a strong employee political action committee (PAC). The Hospira Employee PAC, LLC, is a voluntary, non-partisan, employee-funded organization. The Hospira Employee PAC supports U.S. political candidates who take a stand on

*Hospira previously provided an update on Government Affairs initiatives in the 2007 citizenship report, so this section discusses Government Affairs progress during the years 2008 and 2009.

issues critical to Hospira and our employees, as well as elected officials who either represent Hospira sites or need to hear from the company on issues that will significantly impact our business and future. In 2008, the Hospira PAC made 31 federal contributions totaling nearly \$32,000, with 58 percent of the funds going to Democrats and 42 percent to Republicans. In 2009, the Hospira PAC made 22 political donations totaling about \$28,000, with 73 percent going to Democrats and 27 percent to Republicans.

For more information on the Hospira PAC, go to: http://www.fec.gov/finance/disclosure/disclosure_data_search.shtml.

Major Issues Addressed in 2008 and 2009:

Government Affairs works under the direction of Hospira's internal Public Policy Steering Committee, which defines the priorities and positions on legislative and policy issues affecting the company's business. During 2008 and 2009, Hospira's most important public policy priorities were:

Biosimilars

During the last couple of years, Hospira Government Affairs has focused on the company's most important legislative directive, passing biosimilars (also called biogenerics or biopharmaceuticals) legislation to create an approval pathway at the U.S. Food and Drug Administration (FDA) for these important and cost-saving drugs. Hospira led advocacy efforts to gain passage of legislation to provide the FDA with the authority to approve these generic versions of biologic drugs. The first versions of the legislation were passed out of the House Energy and Commerce Committee and Senate Health, Education, Labor and Pensions committee in July 2008. With the 2009 healthcare reform bill as the legislative vehicle, the U.S. government gave the FDA the green light to create a pathway for biosimilar drug approval.

Hospira is pleased with the passing of the historic legislation, but remains concerned with some aspects of its provisions. Hospira lobbied in Washington for a decrease in the 12-year

market exclusivity for branded biologics manufacturers, a fix to the "evergreening loophole," which facilitates additional market exclusivity for minor changes to branded biologics, and removing mandates such as the requirement for clinical trials for all biosimilars, different International Nonproprietary Names for products, and for changes to the patent resolution process. Hospira participated in workshops, public comment sessions, educational meetings and direct lobbying efforts both individually and with the Coalition for a Competitive Pharmaceutical Marketplace throughout 2008 and 2009. Hospira met with Members of the House and Senate as well as the Congressional Budget Office, FDA, Federal Trade Commission, and White House staffs of both the Bush and Obama administrations.

Medical Device Tax

Another key area of focus for Hospira under the healthcare reform legislation was the proposal for a new tax on the medical device industry as a vehicle to generate revenue to pay for the expansion of healthcare coverage for the uninsured. Hospira opposed the medical device tax and lobbied against it. Hospira believes the added tax will eventually be passed on to healthcare providers in the United States and will therefore add cost to the delivery of care. Hospira, with AdvaMed, lobbied members of Congress to eliminate or, at the very least, reduce the cost of the medical device tax. Ultimately, the medical device tax was reduced from its original proposal of \$4 billion per year to \$2 billion per year, and the implementation date was moved from 2010 to 2013.

Hospira also either worked on or closely followed additional healthcare reform topics, including expansion of 340B drug discounts, increases to generic and branded drug Medicaid rebates, changes to Medicaid average manufacturer price (AMP) calculations, and changes to the delivery of healthcare.





Research and Development Tax Credit

In 2008, Hospira successfully lobbied with members of the R&D Credit Coalition to urge Congress to pass an extension to the R&D tax credit, which provides Hospira with additional funding to continue important research activities and support related jobs. In 2009, Hospira, with coalition members, returned to lobby Congress again for the extension, which was not passed and carried over to 2010. Hospira continues its lobbying efforts urging Congress to pass the 2009 extension and to make the tax credit permanent.

Medication Safety and Health Information Technology

In early 2009, as part of the American Recovery and Reinvestment Act, U.S. legislators passed the Health Information Technology for Economic and Clinical Health Act (HITECH Act). This legislation provided funding incentives and future penalties to hospitals and physicians for the meaningful adoption and use of health information technologies (HIT). As the regulations for HITECH and meaningful use are formulated, Hospira continues to educate stakeholders that meaningful HIT is not limited only to electronic health records (EHRs). Technologies such as closed-loop medication administration systems, which encompass interoperable infusion systems at the patient's bedside, are meaningful technologies that reduce medication errors and improve safety. Other HIT systems, such as electronic surveillance systems that assist hospitals in monitoring infection prevention efforts and proper use of antibiotics, are also key technologies that provide meaningful contributions to patient care and safety. Hospira will continue to focus on the regulatory developments of meaningful use to ensure that the final regulations are inclusive of other safety-focused technologies beyond EHRs.

Pedigree

Hospira worked in California to legislatively change the California Board of Pharmacy's manufacturer requirements to implement drug pedigree activities, which include electronic track and trace and unit-level serialization of all drug products sold in California by the end of 2011. In general, Hospira supported California's pedigree requirements, with some exceptions.

For example, Hospira supported an exclusion of intravenous (I.V.) solutions from drug pedigree requirements because these products are least likely to be counterfeited or diverted because of their high cost to manufacture coupled with their low market value. Because of their weight, these products are shipped directly by the manufacturer versus a wholesaler or other third-party distributor, limiting the likelihood of diverting these products for resale or counterfeiting. In addition, Hospira supported the position of neutrality on the required electronic track and trace technology to be applied to drugs sold in California. Hospira opposed a requirement to mandate RFID (radio-frequency identification) tags on pharmaceuticals due to their high cost and untested use with aqueous solutions, biologics and within hospital inpatient settings with other radio-frequency technologies. Hospira also supported a delay in the pedigree implementation requirements to 2014. Each of the positions Hospira backed were represented in the final pedigree legislation (SB 1307) signed into law by the California governor in the fall of 2008. The new California pedigree requirements were adopted by the state of Maryland and are reflected in draft federal pedigree legislation introduced in November 2008.



Medicare Home Infusion Therapy Coverage Act

With the National Home Infusion Association, Hospira continues to advocate for the passage of the Medicare Home Infusion Therapy Coverage Act, which would give Medicare reimbursement to infusion-related services incurred during home infusion therapy.

California I.V. Tubing/Small Bore Connectors Legislation

In 2009, Hospira worked in California for the passage of Assembly Bill 818, which amended Section 1279.7 of the Health and Safety Code that would require California hospitals to purchase and use unique small bore connectors for enteral feedings, epidurals and other I.V. therapies. Hospira supported the policy, but recommended that the implementation of the requirements be delayed to allow for a new global design standard for small bore connectors to be developed by international design and safety standards organizations such as the Association for the Advancement of Medical Instrumentation, the International Organization for Standardization and the FDA. The legislation was signed into law in the fall of 2009. Hospira believes that allowing time for a new design standard to be approved and implemented will provide a new safety mechanism to prevent accidental tubing misconnections around the world, without disrupting patient care or processes. As originally written, the California legislation would have allowed for hospitals to use any unique small bore connector system, with no uniform requirements across different healthcare settings. This uniqueness could have created a patient safety issue. For example, if an ambulance was equipped with small bore connector design A, and the hospital emergency room that the patient was transported to was equipped with small bore connector design B, the potential incompatibility of the two connectors could lead to a patient safety issue. Hospira worked with AdvaMed and several other manufacturers to pass the legislation.

Australia Manufacturer for Export

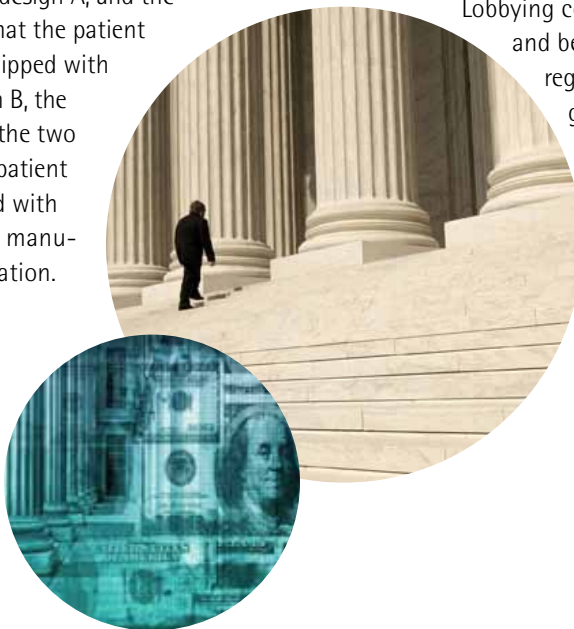
In 2008, Hospira expanded its government affairs activities in Australia to advocate change to the country's manufacture for export (MFE) rules. A cross-functional global team initiated a strategy to drive for legislative changes in the patent extension laws to support generic MFE during the period of the drug patent extension in Australia. With other industry leaders and supporters, Hospira developed and advocated for the policy change. The change was not accepted and Hospira continues to look for new ways to expand generic pharmaceutical manufacturing and access in the Asia-Pacific region.

Lobbying Expenses

Hospira reports lobbying expenditures to the U.S. Congress in accordance with the Lobbying Disclosure Act of 1995. In 2008, Hospira reported \$665,000 for lobbying expenses in Washington, D.C. and \$46,000 in California. Hospira also spent about \$24,000 lobbying in Australia in 2008. In 2009, Hospira spent \$650,000 lobbying in Washington, D.C., approximately \$39,000 in California, and about \$103,000 in Australia.

Reports detailing Hospira's U.S. lobbying expenses can be viewed here: <http://lobbyingdisclosure.house.gov>.

Lobbying costs include salaries and benefits for all employees registered to lobby the U.S. government; use of lobbying consultants; support for lobbying contacts such as planning activities and research; support staff; and the portion of trade association fees associated with federal lobbying.



commitment



to environmental responsibility

Environmental, Health and Safety (EHS) Systems

With EHS matters serving as important drivers of Hospira business decisions, our efforts in this area focus on employing an EHS management system that incorporates measurable goals, stakeholder input and continuous improvement using the "Plan, Do, Check, Act" model. The EHS performance metrics discussed herein are driven by the EHS management system framework.

The EHS leadership team has been focused on integrating EHS management activities for Hospira sites acquired since 2007. Key activities have included increasing resources and providing additional training to support our newer sites in driving EHS compliance to meet Hospira standards.

Adherence to the Hospira EHS management system is verified during internal EHS audits with input from external experts during the audits. Hospira confirms compliance with both applicable regional- and country-specific EHS regulations and the EHS management system. Audits typically involve a three-to-five day site visit using Hospira and external resources. Hospira sites are audited on a three-year schedule. Audit deficiencies are entered into a corrective action database for resolution, with resolution progress reviewed regularly by senior management.

In 2009, Hospira's EHS auditing program expanded from manufacturing and distribution sites to include commercial operation locations. Additional planning is underway to further expand EHS auditing into supply chain activities to facilitate review of associated EHS risks.

Environmental and Safety Data Overview

This report provides EHS information for calendar year 2009, the most current data available at the time of this publication's posting. The data in this section has been gathered from our various operations and is accurate to the best of our knowledge. Where referenced, "operations" refers to Hospira manufacturing locations worldwide.

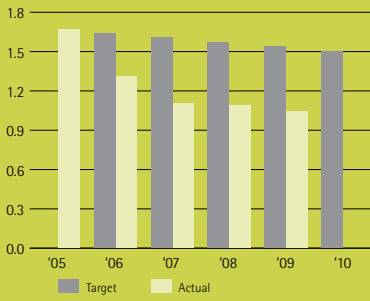
The safety metrics and targets proposed in 2005, the year Hospira established our EHS baseline targets, have not changed. The environmental metrics and targets Hospira proposed in 2005 have been restated to include all Hospira manufacturing operations acquired since 2005. The results of this restatement are reflected in the environmental data graphs and Table 1 on page 35.

Due to successful site-level initiatives and efficiencies realized through Hospira's manufacturing optimization activities, Hospira has met some safety and environmental targets sooner than expected. The EHS organization is currently evaluating more aggressive targets for the next five-year goal period (2011-2016).

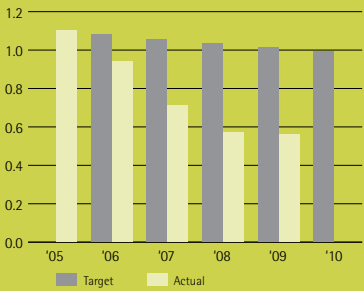


2010 Safety Targets

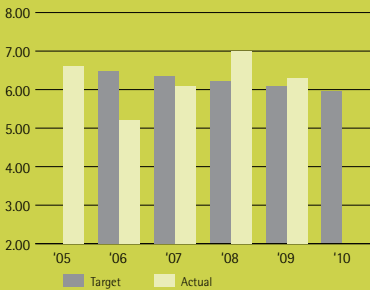
OSHA Injury/Illness Rate
(Per 200,000 Hours Worked)



Lost-Day/Restricted-Day/Transferred-Day Rate
(Per 200,000 Hours Worked)



U.S. Sales Fleet Accident Rates
(Accidents/Million Miles)

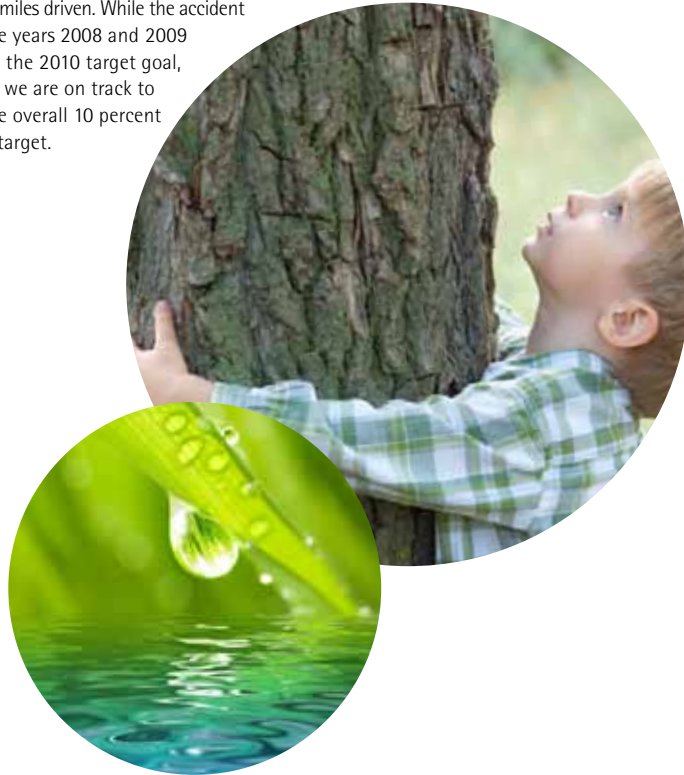


Safety Metrics

While the 2005 baseline safety targets have not been restated to include operations acquired since 2006, the safety data presented in this report for the year 2009 do include facilities acquired since 2006 (reported as APAC/EMEA locations in the 2008 report).

2005–2010 Safety Targets

- **10 percent reduction in the U.S. work-related injury/illness rate**
We are targeting a reduction in the Hospira injury/illness rate by an average of 2 percent per year from the 2005 rate of 1.67. Our 2009 OSHA-recordable injury/illness rate was 1.04 incidents per 200,000 hours worked.
- **10 percent reduction in lost-day/restricted-day/transferred-day (DART) cases**
Our goal is to reduce these cases by an average of 2 percent per year from the 2005 rate of 1.1. In 2009, Hospira employees collectively were away from work at a rate of 0.56 cases per 200,000 hours worked.
- **10 percent reduction in vehicle accidents per million miles driven in the United States**
Our target is to reduce the number of vehicle accidents by an average of 2 percent per year from the 2005 rate of 6.6. In 2009, the sales force posted an accident rate of 6.3 accidents per million miles driven. While the accident rate for the years 2008 and 2009 was above the 2010 target goal, we believe we are on track to achieve the overall 10 percent reduction target.
- **80 percent of Hospira manufacturing facilities achieving Occupational Safety & Health Administration (OSHA) Voluntary Protection Program (VPP) Star status or equivalent**
Hospira has embraced a holistic EHS management system, of which a significant portion is based on the OSHA VPP. The VPP initiative focuses on five key areas: management commitment, employee involvement, worksite analysis, hazard prevention and control, and training. The company is implementing the OSHA VPP approach at all of our U.S. manufacturing locations. Hospira sites outside of the United States are pursuing either the OHSAS 18001, or the Hospira EHS Star certification (both of which are deemed equivalent to the VPP certification). Through the end of 2009, seven manufacturing sites, or 70 percent, had been certified under this initiative. Hospira also certified two distribution centers in 2009.



Environmental Metrics

On an annual basis, Hospira collects data from our global manufacturing locations for a number of environmental parameters. The environmental metrics are then normalized to the annual Hospira sales figures and compared to the environmental targets. Normalizing environmental metrics by annual sales is a common method to ensure that the data accounts for changes in a company's business over time.

Table 1: Environmental Metrics Data For Hospira
Hospira Manufacturing Operations

	2005 Baseline	2009 Metrics	Percent Change
Process Air Emissions (lbs.)	996,313	598,500	(40)
Hazardous Waste ¹ (lbs.)	4,429,963	1,132,000	(75)
Non-Hazardous Waste ¹ (lbs.)	19,842,700	15,600,000	(21)
Wastewater Discharge (gallons)	N/A	830,790,000	N/A
Wastewater Total Suspended Solids ^{2,3} (lbs.)	N/A	291,300	N/A
Wastewater Chemical Oxygen Demand ^{2,3} (lbs.)	N/A	1,569,900	N/A
Wastewater Biological Oxygen Demand ^{2,3} (lbs.)	N/A	537,200	N/A
Ozone Depleting Compounds ² (lbs.)	N/A	1,000	N/A
SO _x (Sulfur Oxides) and NO _x (Nitrogen Oxides) ² (lbs.)	N/A	122,000	N/A
Total Water Use (gallons)	1,178,000,000	1,036,202,000	(12)
Water From On-Site Wells ²	N/A	186,382,000	N/A
Water Supplied by Others ²	N/A	849,820,000	N/A
Total Energy Use (1000 BTUs)	2,953,293,000	2,520,000,000	(15)
Indirect Energy Use ⁴	1,940,313,000	1,740,000,000	(10)
Direct Energy Use ⁵	1,012,980,000	780,000,000	(23)

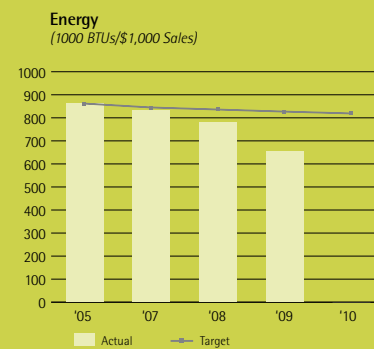
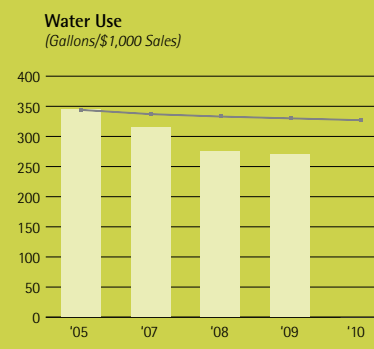
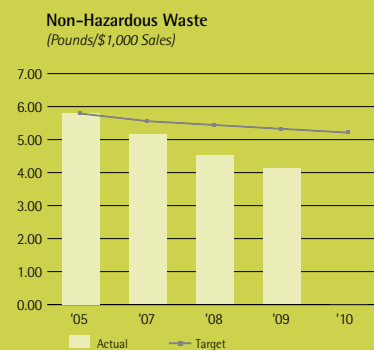
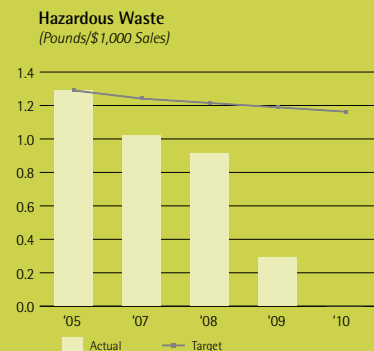
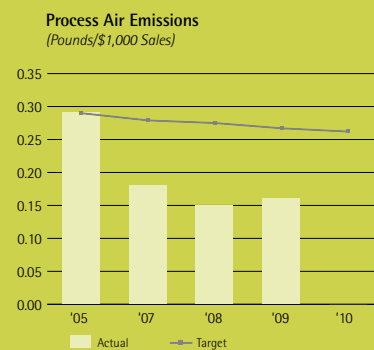
1 Disposed of waste (excludes recycling).
 2 Hospira began collecting data and reporting on this metric in 2009.
 3 Wastewater loading estimates are based on wastewater monitoring required by local regulations.
 4 Indirect energy is energy purchased from other sources (i.e., electricity and steam).
 5 Direct energy is the on-site production of energy in the form of fuel combustion.

2005–2010 Environmental Targets

- 5 percent reduction in packaging material**
 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. The Hospira packaging reduction team leads the company's efforts in this area. Through 2009, more than 3.7 million pounds of packaging reductions were achieved through product-packaging redesign efforts, putting Hospira on track to achieve the 2010 reduction target. *The data in Table 1 highlights the 2005 baseline data and the corresponding 2009 metrics for the environmental targets below. These targets are normalized to sales:*
- 10 percent reduction in process air emissions**
 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 and electrical generators.
- 10 percent reduction in hazardous waste**
 To be consistent with the Global Reporting Initiative sustainability reporting framework, the definition of the hazardous waste category is defined by

national legislation at the point of generation. Hospira continues to track separately special handling wastes, defined as wastes with disposal requirements regulated by other programs (such as infectious waste, waste oil, electronics disposal, etc.).

- 10 percent reduction in non-hazardous waste**
 Non-hazardous waste is solid waste such as cafeteria waste, general rubbish and paper that cannot be recycled. Solid waste does not require any special disposal authorization and is normally sent to the landfill.
- 5 percent reduction in water usage**
 Hospira plants that manufacture injectable pharmaceuticals and solutions use millions of gallons of water each year for inclusion in products and sterilization processes. Our goal is to conserve this valuable resource through increased efficiencies across our manufacturing processes. 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.
- 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 energy use. We expect to see continued reductions in our energy profile.



Global Environmental Health & Safety (GEHS) Organizational Structure

The GEHS team operates on several different levels. The director of GEHS has immediate access to senior-level management in all functional areas. An updated EHS strategic plan is provided to senior management and the Hospira board of directors each year. The GEHS staff 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 with a size or scope that does not necessitate an on-site EHS professional. Additionally, in 2009, Hospira assigned a senior-level EHS professional to provide oversight and support for the commercial activities and locations.

Notices of Violation

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 2009. Both NOV's were issued at the same Hospira manufacturing location for wastewater pH exceeding the permitted limit. Related water-sampling activities were completed by local authorities and a third-party group, so the data was not immediately available to Hospira facility staff. As a result, the root-cause investigations could not be properly completed. The site did not identify any potential cause for the pH excursions during the review of activities, and continues to diligently monitor wastewater pH at the site.

Recycling

Hospira facilities recycled more than 13 million pounds of materials in 2009. 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.

Hybrid Vehicles for U.S. Sales Force

In 2007, Hospira expanded our hybrid vehicle pilot program to replace all automobiles and sport utility vehicles in the U.S. sales fleet with energy-efficient models during regular replacement cycles. Through the end of 2009, nearly 86 percent of the Operations fleet was comprised of hybrid vehicles.



Table 2: CDP—Reported GhG Data

Hospira Worldwide Operations

	2005	2006	2007	2008	2009
Direct (Metric Tons of CO ₂)	48,700	49,505	46,904	50,160	67,640
Indirect (Metric Tons of CO ₂)	N/A	234,589	243,293	242,293	228,671
Electrical Use (MillionWh)	N/A	376,173	390,689	390,000	367,209

Direct GhG/CO₂ emissions are for fuel combustion carbon content only (not the other 5 main GhG), and are based on factors of 161.4 lbs. CO₂/million BTU for fuel oil and 117 lbs. CO₂/million BTU for natural gas.

Indirect GhG/CO₂ emissions for electrical use are calculated using a conversion factor of 1.37 lbs./KW, the typical value given by the U.S. Environmental Protection Agency (EPA).

Carbon Emissions/Green House Gases (GhG)

It is prudent for organizations such as Hospira to measure and assess the magnitude of the company's carbon emissions to evaluate business possibilities and risks related to energy availability and regulatory requirements. Hospira began contributing to the Carbon Disclosure Project (CDP) public reporting database in 2005. The CDP is a voluntary carbon emissions reporting system. The CDP site is used by more than 3,000 of the world's largest companies, and in the last eight years, CDP has become the standard for carbon disclosure methodology and process.

CDP—Reported GhG Data for Hospira

The differences in year-to-year GhG emissions values are primarily due to the acquisition and divestitures of manufacturing plants. Hospira began collecting GhG emissions data for activities beyond manufacturing in 2006. In 2008, the reporting scope was expanded to Hospira corporate headquarters and U.S. product distribution centers, which resulted in a increase in direct GhG emissions. For 2009, the reporting scope was further expanded to include the U.S.-based transportation fleets. Table 2 on page 37 details the CDP reported data for Hospira through 2009.

In support of our energy conservation activities, Hospira is a member of the Chicago Climate Exchange (CCX), which represents organizations that are leaders in GhG management. Chicago Climate Exchange organizations make a voluntary, but legally binding commitment, to meet annual GhG emission reduction targets. Hospira committed to a six percent reduction in GhG emissions from 2006 – 2010. The reductions are being achieved by a combination of actual reductions and purchasing carbon credits through the CCX.

Regulatory Requirements for GhG Reporting

Several geographies where Hospira operates have regulatory requirements for GhG reporting and/or reductions, including the European Union (EU), Australia and the United States.

The EU has a regulatory program requiring reporting and the capping of GhG emissions among large sources. While Hospira has manufacturing facilities located in the EU, current reporting and cap thresholds do not require the company to report or reduce emissions.

Hospira has begun reporting carbon emissions in Australia as required by the National Greenhouse and Energy Reporting System.

In the United States, the Environmental Protection Agency (EPA) has promulgated a carbon reporting regulation. Under the regulations, Hospira will not be required to report site-specific carbon emission to the EPA (see Table 2 for Hospira carbon emission data). The current reporting threshold for a site is 25,000 metric tons/year. Hospira has one U.S. site with annual emissions between 20,000 and 25,000 metric tons/year, and emissions for the remaining sites are considerably below that threshold.

Product Stewardship

Hospira continuously assesses product stewardship topics and trends in relation to customer requirements and evolving industry and regulatory standards. This often results in us modifying a product's composition or providing alternative composition options. For example, Hospira's product portfolio features a variety of latex-free products, such as administration sets, catheters and intravenous (I.V.) containers. In 2002, Hospira began to phase out use of brominated flame retardants (BFRs) in products, and all of our new products comply with U.S. and EU requirements for BFR replacements. Hospira has also been a leader in reducing the Di-2-(ethyl hexyl) phthalate (DEHP) plasticizer in our product line. Additionally, all Hospira products are mercury-free.

Further advancing our commitment to environmental stewardship and decreasing waste in hospitals, in 2009 Hospira launched the next generation of our environmentally responsible VisIV™ containers for I.V. medications. The VisIV line of innovative flexible I.V. containers uses a DEHP-free (di(2-ethylhexyl) phthalate) and non-PVC (polyvinyl chloride) film technology, eliminating the need for plastic over-wrap waste. With the launch of the enhanced VisIV container, Hospira increased the recyclability of the product and expanded the VisIV offering to include additional container sizes.



During 2009, Hospira joined the Healthcare Plastics Recycling Consortium, a group of manufacturers and recyclers dedicated to diverting plastic out of the hospital waste stream. As part of HCRC, Hospira participated in hospital pilot programs, helping set up systems for recycling plastic products. Hospira also continued our work with the Health Research and Educational Trust in 2009, helping develop a Web site toolkit to teach hospital and health system leaders about environmentally sustainable practices. The site describes opportunities for action in the areas of building and construction, chemicals, food, energy, materials management, water and waste. It also includes information on incentives and policy considerations, tips for leading a sustainability initiative, and a checklist and self-assessment.

In another initiative designed to promote sustainability in healthcare, Hospira participated in the 2009 CleanMed conference in Chicago, sponsoring and presenting the first non-DEHP award for hospitals that are showing the greatest efforts in reducing the use of DEHP-containing products.

We are currently monitoring a number of product sustainability issues including, but not limited to, the directive on restriction of hazardous substances (RoHS) in products, the assessment of persistent, bioaccumulative toxins (PBT compounds in products), and the European Community regulation on the registration, evaluation, authorization and restriction of chemical substances (REACH).

During 2009, Hospira evaluated products sold in the EU against the REACH requirements and no significant new impacts were revealed. Although electronic drug delivery systems are exempt from the EU RoHS directive, Hospira has undertaken efforts to make our electronic infusion pumps compliant with the requirements for other devices.

Hospira's EHS team also participates as part of the Business-NGO Working Group for Safer Chemicals and Sustainable Materials, which consists of 50 leaders from businesses and non-governmental organizations that have come together to focus on making products with less hazardous and more sustainable ingredients. Hospira's approach to sustainable product development aligns with the working group's principles on chemical use in products. For example, Hospira discloses chemical product ingredients and avoids hazardous chemicals where possible. We also have a framework in place for reviewing chemicals and evolving our product practices as appropriate.

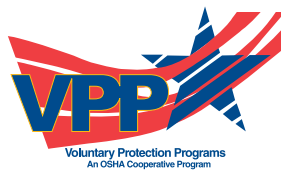




HUMAN
RIGHTS
CAMPAIGN
FOUNDATION



IDS[®]



Awards & Accolades

This page features a snapshot of notable Hospira recognitions and awards.

Corporate

- Human Rights Campaign named Hospira to its Corporate Equality Index, for the fourth consecutive year, as one of the Best Places to Work in 2009.
- Hospira was recognized in the Top 100 in *Newsweek's* 2009 Green Rankings—the publication's exclusive environmental ranking of America's 500 largest corporations.
- Hospira was recognized by the American Heart Association as a Start! Fit Friendly Company for the third consecutive year. This designation recognizes employers who go above and beyond to promote health and wellness to employees.

Product

- Hospira's iSecure™ syringe won the 11th Annual Industrial Designers Society of America (IDSA)/*Plastics News Design* award, as well as the medical category award in the International Plastics Design Competition (IPDC). The IPDC is the first plastics competition to be international in scope and open to a full range of applicants from every industry sector, ranging from appliance and automotive components to consumer products, medical devices and packaging.

Sites

- In 2009, Hospira's manufacturing facility in Austin, Texas, and distribution center in Atlanta, Ga., received the Occupational Safety and Health Administration's (OSHA's) Voluntary Protection Program (VPP) Star Status Certification—an official recognition of the outstanding efforts of employers and employees who have achieved exemplary occupational safety and health.
- Hospira Costa Rica received the Industrial Exporter Effort Award from the Export Chamber of Costa Rica acknowledging the merit of Hospira's hard work and efforts as it relates to exporting quality products.

Global Reporting Initiative (GRI) Index

This report marks the first time Hospira is providing an index comparing our citizenship report to the Global Reporting Initiative (GRI) G3 sustainability reporting guidelines. The table below highlights where to find Hospira information in our Global Citizenship Report or other Hospira stakeholder reports (i.e., Hospira Annual Report, Proxy Statement, etc.) in alignment with the GRI reporting indicators. Those indicators for which Hospira has no related information to report have been excluded.

GRI Indicator	Description	Location in 2009 Hospira Global Citizenship Report or other stakeholder reports
1. Strategy and Analysis		
1.1	Statement from senior decision-maker of the organization	Letter to Stakeholders, page 1
1.2	Description of key impacts, risks and opportunities	Letter to Stakeholders, page 1
2. Organizational Profile		
2.1	Name of the organization	Company Profile, page 3
2.2	Primary brands, products, and/or services	Our Products, page 4
2.3	Operational structure of the organization	Company Profile, page 2 Hospira Around the Globe, page 3 Our Products, page 4
2.4	Location of organization's headquarters	Company Profile, page 2
2.5	Number of countries where the organization operates	Hospira Around the Globe, page 3
2.6	Nature of ownership and legal form	Hospira (HSP) is a publicly traded company listed on the New York Stock Exchange.
2.7	Markets served including geographic breakdown, sectors served and types of customers	Hospira Around the Globe, page 3 Our Products, page 4
2.8	Scale of the organization	Company Profile, page 2 Hospira Around the Globe, page 3
2.9	Significant changes during the reporting period	Letter to Stakeholders, page 1 Rich Company History, page 5
2.10	Awards received	Awards and Accolades, page 40

3. Report Parameters

3.1	Reporting period	Report Overview, Table of Contents, inside front cover
3.2	Date of most recent previous report	Report Overview, Table of Contents, inside front cover
3.3	Reporting cycle	Report Overview, Table of Contents, inside front cover
3.4	Contact point for questions	Report Overview, Table of Contents, inside front cover
3.5	Process for defining report content	Report Overview, Table of Contents, inside front cover
3.6	Boundary of the report	Report Overview, Table of Contents, inside front cover
3.7	Limitations on the scope or boundary of the report	Report Overview, Table of Contents, inside front cover
3.8	Basis for reporting	Report Overview, Table of Contents, inside front cover
3.9	Data measurement techniques and the bases of calculations	Commitment to Environmental Responsibility, pages 33–35
3.10	Explanation of any re-statements of information provided in prior reports	Commitment to Environmental Responsibility, pages 33–35
3.11	Significant changes from previous reporting periods	Commitment to Environmental Responsibility, pages 33–35
3.12	Table identifying the location of the standard disclosures in the report	Global Reporting Initiative (GRI) Index, page 41

4. Governance, Commitments & Engagement

4.1	Governance structure of the organization	Corporate Governance, pages 2–3
4.2	Indicate whether chair of highest governance body is also an executive officer	Hospira, Inc., Corporate Governance Guidelines , page 2
4.3	State the number of members of the highest governance body that are independent and/or non-executive members	Hospira, Inc., Corporate Governance Guidelines , page 1

4.4	Mechanisms for shareholders and employees to provide recommendations or direction to highest governance body	Commitment to Employees, page 17 Commitment to Compliance and Public Policy, page 23 Hospira Annual Report , page 112
4.5	Linkage between compensation and organization's performance	Hospira, Inc. Proxy Statement , pages 19–23
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Hospira, Inc., Corporate Governance Guidelines , pages 8–9
4.7	Processes for determining the qualifications and expertise of the members of the highest governance body	Hospira, Inc., Corporate Governance Guidelines , pages 12–13
4.8	Statements of mission or values, codes of conduct and principles	Vision, Values and Commitment, page 2 Commitment to Compliance and Public Policy, page 23
4.9	Procedures of highest governance body for overseeing the organization's identification and management of economic, environmental and social performance	Corporate Governance, pages 2-3 Commitment to Environmental Responsibility, page 36
4.10	Processes for evaluating the highest governance body's performance	Hospira, Inc., Corporate Governance Guidelines , pages 6–7
4.12	Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives	Commitment to Compliance and Public Policy, page 24 Commitment to Environmental Responsibility, pages 36–37
4.13	Memberships in industry associations	Commitment to Compliance and Public Policy, pages 24, 26, 29 Commitment to Environmental Responsibility, page 37
4.14	List of stakeholder groups engaged by the organization	Vision, Values and Commitment, page 2
4.15	Basis for identification and selection of stakeholders with whom to engage	Vision, Values and Commitment, page 2
4.16	Approaches to stakeholder engagement	Commitment to Employees, page 17 Commitment to Communities, page 19-21 Commitment to Compliance and Public Policy, page 23 Hospira Annual Report , page 112

4.17	Key topics and concerns raised through stakeholder engagement and how organization has responded	Commitment to Employees, page 17 Commitment to Compliance and Public Policy, page 23
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Economic Performance Indicators

	Disclosure of management approach for economic performance	Letter to Stakeholders, page 1 Hospira Around the Globe, page 3 Hospira Annual Report , intro section
EC1	Direct economic value generated and distributed	Hospira Around the Globe, page 3 Commitment to Community, pages 19–21 Hospira Annual Report , intro section
EC2	Financial implications and other risks and opportunities due to climate change	Commitment to Environmental Responsibility, pages 36–37
EC3	Coverage of the defined benefit plan obligations	Hospira Annual Report , page 80
EC8	Development and impact of infrastructure investments and services provided for public benefit	Commitment to Community, pages 19–21

Environmental Performance Indicators

	Disclosure of management approach for environmental performance indicators	Commitment to Environmental Responsibility, pages 33, 36
EN3	Direct energy consumption by primary source	Commitment to Environmental Responsibility, page 35
EN4	Indirect energy consumption by primary source	Commitment to Environmental Responsibility, page 35
EN5	Energy saved due to conservation and efficiency improvements	Commitment to Environmental Responsibility, page 35
EN7	Initiatives to reduce indirect energy consumption	Commitment to Environmental Responsibility, page 35
EN8	Total water withdrawal by source	Commitment to Environmental Responsibility, page 35
EN16	Total direct and indirect greenhouse gas emissions by weight	Commitment to Environmental Responsibility, pages 35–37
EN17	Other relevant indirect greenhouse gas emissions by weight	Commitment to Environmental Responsibility, pages 35–37

EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Commitment to Environmental Responsibility, pages 35–37
EN19	Emissions of ozone-depleting substances by weight	Commitment to Environmental Responsibility, pages 35–37
EN20	NO, SO, and other significant air emissions by type and weight	Commitment to Environmental Responsibility, pages 35–37
EN21	Total water discharge by quality and destination	Commitment to Environmental Responsibility, page 35
EN22	Total weight of waste by type and disposal method	Commitment to Environmental Responsibility, page 35
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous	Commitment to Environmental Responsibility, page 35
EN26	Initiative to mitigate environmental impacts of products and services	Commitment to Customers, page 10 Commitment to Environmental Responsibility, page 37

Labor Practices Indicators

	Disclosure of management approach for labor practices	Commitment to Employees, pages 13–17
LA2	Total workforce by employment type, employment contract and region	Hospira Around the Globe, page 3
LA3	Benefits provided to full-time employees	Commitment to Employees, pages 16–17
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Commitment to Environmental Responsibility, page 34
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Commitment to Employees, page 16
LA11	Programs for skills management and lifelong learning	Commitment to Employees, pages 13, 17
LA13	Composition of governance bodies and breakdown of employees per category	Commitment to Employees, pages 14–15

Social Indicators

	Disclosure of management approach for social practices	Commitment to Employees, pages 13–17 Commitment to Communities, pages 19–21 Commitment to Compliance and Public Policy, pages 23–31
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	Commitment to Communities, pages 19–21
S05	Public policy positions and participation in public policy development and lobbying	Commitment to Compliance and Public Policy, pages 28–31
S06	Total value of financial and in-kind contributions to political parties and politicians	Commitment to Compliance and Public Policy, pages 29, 31

Human Rights Indicators

	Disclosure of management approach for social practices	<i>Hospira Code of Business Conduct</i> , pages 2, 3, 6, 8, 9, 10, 11
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights	Commitment to Compliance and Public Policy, page 25

Product Responsibility

	Disclosure of management approach for product responsibility	Commitment to Environmental Responsibility, page 37
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	Commitment to Environmental Responsibility, page 37
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	Commitment to Compliance and Public Policy, page 24

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