Advancing Wellness™ through the right people and the right products
Safe Harbor

This material contains forward-looking statements within the meaning of the federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the federal securities laws. In some cases, you can identify these statements by our use of forward-looking words such as “may,” “will,” “should,” “anticipate,” “estimate,” “expect,” “plan,” “believe,” “predict,” “potential,” “project,” “intend,” “could” or similar expressions. In particular, statements regarding our plans, strategies, prospects, goals and expectations regarding our business, and statements and projections regarding the markets and industries in which we operate are forward-looking statements. You should be aware that these statements and any other forward-looking statements in this material only reflect our expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Many of these risks, uncertainties and assumptions are beyond our control and may cause actual results and performance to differ materially from our expectations. Important factors that could cause our actual results to be materially different from our expectations include the factors, risks and uncertainties described under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Hospira’s Annual Report on Form 10-K for the year ended Dec. 31, 2006. Accordingly, you should not place undue reliance on the forward-looking statements contained in this material. These forward-looking statements speak only as of the date on which the statements were made. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.
Hospira Overview

- #1 or #2 position in major U.S. product lines
- Global leadership in generic injectables
- Balanced portfolio of products that address customer needs
- Focused on serving the hospital
- $2.7 billion in 2006 sales (excludes Mayne)
  - 2006 pro forma sales*: $3.3 billion
- 18 manufacturing facilities
- 15,000 employees
- Pioneer in innovation and safety

* Includes Mayne
Long-term Investment Opportunity

- Significant accomplishments since spin-off, highlighting our ability to execute
  - Rapidly implementing our strategies for growth
  - Successfully completed the transition from Abbott
- Leveraging our strong market positions
- Driving solid financial performance
  - Excellent cash-flow generation capability
  - Expected operating margin improvement driven by:
    - Sales growth
    - Manufacturing cost improvements
    - Richer product mix
- Transforming Hospira: reigniting growth and building a new culture
Transforming Hospira

- Optimized portfolio through selective M&A
- Careful financial management to drive shareholder value
- Executing Hospira’s two key strategies:
  - Invest for growth
  - Improve margins and cash flow

Transformation from an under-invested, no-growth operating division with declining margins to a company with top-line growth and improving margins
Key Strategies

- **Invest for growth:**
  - Investments in new product pipeline
  - Biogenerics strategy
  - Mayne Pharma acquisition
  - Alliances forged to build SIP portfolio outside the U.S.

- **Improve margins and cash flow:**
  - Exit low-margin businesses
  - Launched manufacturing optimization initiatives

Significant progress over the past three years in executing our two key strategies
Strategy: Invest for Growth

We are increasing our investments in the business to drive long-term profitable growth

- Increase R&D pipeline investment and accelerate new product introductions
  - Medication Management Systems
  - Specialty Injectable Pharmaceuticals
- Expand internationally
- Pursue acquisitions and alliances
## Product Strengths Address Customer Needs

We help reduce healthcare expenses by lowering pharmaceutical costs and improving productivity and safety.

<table>
<thead>
<tr>
<th>Customer Needs</th>
<th>Current Hospira Strengths</th>
<th>Moving Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Solutions to high cost of proprietary pharmaceuticals</strong></td>
<td>Broad portfolio of high quality generic injectable pharmaceuticals</td>
<td>Specialty injectable pharmaceuticals and biogenerics</td>
</tr>
<tr>
<td><strong>Reduction in medication errors:</strong> Errors create an economic burden estimated at $77 billion in the U.S. alone</td>
<td>Innovative solutions from bar coding to drug-infusion monitoring systems help reduce medication errors</td>
<td>Full integration enabling added safety features and enhancements</td>
</tr>
<tr>
<td><strong>Caregiver labor reduction:</strong> Saves time and enables focus on more value-added activities</td>
<td>Networked infusion systems with safety software; proprietary drug delivery systems</td>
<td>iSecure™, VisIV™, new delivery systems in development; auto-programmable infusion systems and incremental services</td>
</tr>
</tbody>
</table>
| **Increased worker safety:**  
  ▪ Needlestick accidents cost an estimated $1 billion annually  
  ▪ Exposure to toxic drugs when mixed in a hospital pharmacy | Comprehensive offering of needleless products | Compounding |
Mayne Pharma Acquisition

- Acquisition aligns powerfully with strategy of investing for growth; addresses two of Hospira’s key long-term growth drivers:
  - Generic injectable product line
  - International expansion

- Significantly accelerates growth of Hospira’s global footprint
  - Doubles international sales to 30% of total sales

- Establishes Hospira as the worldwide leader in generic injectables

- Expands Hospira’s oncology presence and provides additional R&D and manufacturing capabilities

- $2 billion acquisition closed Feb. 2, 2007
Expected Financial Impact of Acquisition

• EPS impact in 2007: slightly accretive to adjusted EPS*, dilutive to GAAP EPS

• Cost synergies: minimum of $50 million annually beginning in 2008

• Financing: ≈ $120 million cash on hand; a $500 million term loan and bonds:
  • $375 million of floating-rate notes due 2010
  • $500 million of 5.55% notes due 2012 and
  • $550 million of 6.05% notes due 2017

• Hospira credit rating remains investment grade

* excludes impact of transaction-related expenses and the amortization of intangible assets related to the transaction, as well as other specified items
Strategy: Improve Margins and Cash Flow

We are taking actions across the entire organization to sustain and expand profitable growth

- Improve product mix
- Optimize manufacturing efficiencies
- Streamline administrative systems / processes
- Advance culture of financial fitness
Hospira’s Products
Hospira’s Product Lines

Global Pharmaceuticals and Global Devices

2006 Hospira Pro Forma Sales*

- Specialty Injectable Pharmaceuticals (SIP)
- IV Solutions/Nutritionals
- Contract Manufacturing

- Medication Management Systems (MMS)
- Critical Care
- Brain-function Monitoring

* Including Mayne
Global Pharmaceuticals

- **Specialty Pharmaceuticals**
  - Generic injectables
  - Advanced delivery systems
  - Biogenerics
  - Specialty proprietary pharma

- **Infusion Therapy**
  - IV solutions
  - Nutritionals
  - Plasma expanders
  - Specialty solutions

- **One 2 One® Contract Manufacturing**
  - Pharma contract manufacturing
  - Delivery system licensing

* Including Mayne
Uniquely Capable to Expand Our Leadership Position in Global Pharmaceuticals

*Long-term Sales Growth Rate Goal: 7 – 9%

- #1 position globally in generic injectables, with a broad portfolio of products and expanding geographic presence

- New differentiated products focused on first-to-market opportunities are key growth drivers

- Robust strategy with multi-pronged approach to the market
  - Balanced risk / reward pipeline
  - Growing participation in proprietary and specialty pharmaceutical segments

- Hospira has the necessary capabilities to succeed, including R&D, regulatory, manufacturing, local market knowledge and relationships with customers

- Low-cost global manufacturing with high product quality and reliability of supply
Specialty Injectable Pharmaceuticals

Our Business is Evolving in New Directions to Drive Growth

- Oncology
- Intellectual Property Strategy
- Proprietary Acute-care Drugs Precedex®
- Geographic Expansion
- Biogenerics
- Super Generics
- Compounding
- New Delivery and Packaging Systems

LEGACY SIP BUSINESS
Traditional small molecule generic injectables
Differentiated packaging systems
Generic Injectables Pipeline

$14 Billion Local Market Value for Small-molecule Compounds

- Estimated total LMV* of molecules filed and awaiting approval is approximately $4.5 billion
- In total, there are 43 molecules in the product pipeline

*LMV (local market value) refers to the annual sales of equivalent products already being sold in the market, whether patented or generic. LMV is not a forecast of Hospira’s expected sales revenue.
Infusion Therapy - VisIV™
Responding to Unmet Healthcare Needs

VisIV’s customer-inspired design expected to help drive organic growth in this core product category

- VisIV addresses an ever-growing market need to provide eco-friendly hospital products that offer health, economic and safety advantages
  - VisIV reduces waste; no outer wrap required
  - Promotes caregiver safety through its needlestick safety feature
  - Bar coded feature promotes patient safety
  - Pre-sterilized ports improve caregiver workflow; drive labor savings

- Premium-priced product in use in more than 400 hospitals in the U.S.
  - Limited product line; planned gradual rollout
An opportunistic business with a focus on higher-margin partnerships

- Partnerships with world’s leading pharmaceutical and biotechnology companies who want:
  - expertise in I.V. drug formulation
  - broad range of delivery systems
  - a focus on quality

- Our strategies for One 2 One:
  - Maximize portfolio synergies – new contract opportunities
  - Balance portfolio to manage development mix with on-market products, late-phase clinical projects and earlier-phase opportunities
Global Devices

- Medication Management Systems (MMS)
  - Infusion pumps
  - Safety software
  - IV drug delivery disposables
  - Client Services

- Critical Care

- Brain-function Monitoring

*Including Mayne

2006 Hospira Pro Forma Sales*
Hospira Aspires to Become the Global Leader in Medication Management Systems

*Long-term Sales Growth Rate Goal: 8 – 10%*

- Hospira is well positioned to grow globally
- Broad portfolio helps customers address medication errors and other needs on a global basis
- Hospira MedNet® drives integration across hospital information systems
- Significant installed base of 400,000 pumps worldwide will help drive global expansion
Hospira’s MMS Product Strengths

- Integrated solutions to medication delivery addressing medication errors
  - Hospira MedNet® System with wireless capability
    - Scalable, upgradeable solutions
    - Interfaces with the hospital information systems using an open-system architecture
  - Broad, bar-coded I.V. product line

- Significant scale and presence in U.S. hospital and alternate site markets

- Strong presence in select markets outside the U.S.; opportunity to more broadly penetrate the global market
Medication Management Systems

Our Business is Evolving in New Directions to Drive Growth

LEGACY MMS BUSINESS

- New Pump Platforms
- Enhanced Hospira MedNet®
- Integration Partnerships
- Client Services
- Global Expansion
- Value-added Disposables
- Adjacent Opportunities
Hospira By Region

The Americas
- U.S.
- Canada / L. America

EMEA
- Pharma
- Devices

APAC
- Australia / N. Zealand
- Japan
- Rest of Region

Top 5 EU Markets

* Including Mayne

2006 Hospira Pro Forma Sales*
Hospira Holds a Leadership Position in the U.S.

*Driven by Our Core Areas of Strength*

- Customer Relationships
- Product Quality and Reliability
- Market Knowledge
- Breadth and Depth of Product Portfolio
- Large, Experienced Sales Force
- Differentiated Products That Address Customer Needs
- Distribution Network
- Customer Access via Multiple Channels
- Superior Service Levels

Hospira’s Leadership Position in the U.S.
## Specialty Injectable Pharmaceuticals: U.S.

### U.S. Market Size (excluding biologics)
- **$5.8B**

### Projected Market Growth
- 5 – 6%

### Hospira Products
- More than 150 compounds in over 780 dosages and formulations

### Dollar Share of U.S. Generic Injectables Market
- **Hospira**: 17%
- **Baxter**: 12%
- **Abraxis**: 11%
- **Bedford**: 8%
- **Other**: 52%

* Including Mayne Pharma
Source: IMS Provider Perspective (U.S.), 2006
Medication Management Systems: U.S.

**Medication Management Systems**

<table>
<thead>
<tr>
<th>U.S. Market Size</th>
<th>$1.2B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Market Growth</td>
<td>4 – 6%</td>
</tr>
<tr>
<td>Market Position</td>
<td>#2</td>
</tr>
</tbody>
</table>

**Key Products**

- Hospira MedNet® System
- Plum A+®
- Symbiq™
- LifeCare PCA®

**Share of Installed Infusion Devices – U.S. Hospitals**

- Baxter 29%
- Cardinal / Alaris 26%
- Hospira 28%
- Other 17%

Source: Market size and growth rate – internal research, company and syndicated market reports; Market share – MDI, 2H 2006
Hospira’s U.S. Strategy

Driving continued market leadership in the U.S. by executing on our core areas of strength

- **U.S. Pharma focus: increasing market share and profitability by:**
  - Capturing market share through first-to-market launches
  - Driving adoption and market penetration of differentiated drug delivery systems
  - Improving profitability of IV solutions through price increases and by driving penetration of VisIV™
  - Increasing penetration across hospital and alternate site channels

- **U.S. Devices focus: accelerating the penetration of Hospira’s leading MMS technology by:**
  - Upgrading Hospira’s installed base of devices to newer technologies
  - Streamlining the contracting and implementation cycles
  - Driving value creation through Hospira’s Client Services
  - Integrating our MMS technology with other hospital information systems and barcode point-of-care systems
Market Environment Outside the U.S.

- Large, fragmented markets at least as large as the U.S.
- Widely diverse markets
- Increasing awareness of safety and medication management issues
  - Significant growth potential
  - Demographic trends in developed countries similar to U.S.
- Hospira currently has presence in more than 70 countries outside the U.S.
  - Through direct sales force or distributor relationships
Hospira’s Strategy Outside the U.S.

- Leverage our product strengths and customer relationships to drive growth
- Leverage U.S. strengths where appropriate
- Leverage Mayne’s strong relationships, market knowledge and leadership positions in specialty injectable pharmaceuticals
- Maximize return on existing product portfolio
- Expand product lines
- Additional acquisitions and alliances possible
Hospira’s Core Strengths

- **Pharmaceutical and device competencies**: Combined capabilities create ability to provide unique, integrated products to customers.
- **Expertise in both generic and proprietary pharmaceuticals**: Going forward, skill sets in both areas will be necessary to be successful in the marketplace.
- **Quality and manufacturing**: Reliability of product and supply is critical to our customers.
- **Sales and distribution**: Deep local market knowledge and strong customer relationships.
- **Breadth and depth of SIP and MMS product lines**: Provides customers with a “one-stop shop”.
- **Speed in decision making**: Ability to move quickly to capitalize on market opportunities.
Financial Performance
Solid Financial Position with Significant Progress Toward Longer-term Goals

- Faster-than-expected improvements since spin-off
- Strong balance sheet
- Solid cash-flow generation
- Priority for available cash is to pay down debt incurred as a result of Mayne Pharma acquisition
Our financial goals for 2008 and beyond remain intact subsequent to the Mayne Pharma acquisition.

- **Net Sales Growth:** High single digits
- **Adjusted Operating Margin:** High teens
- **Adjusted EPS Growth:** Low to mid teens
Faster-than-expected Improvements Since Spin-off

<table>
<thead>
<tr>
<th></th>
<th>(Pre-Spin) 2003**</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales Growth</td>
<td>1%</td>
<td>1%</td>
<td>(1)%</td>
<td>2%</td>
</tr>
<tr>
<td>“Core” Net Sales Growth*</td>
<td>(2)%</td>
<td>1%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Adjusted* Gross Margin</td>
<td>26.7%</td>
<td>29.9%</td>
<td>34.2%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Adjusted* Operating Margin</td>
<td>13.7%</td>
<td>14.9%</td>
<td>16.0%</td>
<td>16.2%</td>
</tr>
<tr>
<td>R&amp;D as % of Sales</td>
<td>4.2%</td>
<td>4.5%</td>
<td>5.3%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Adjusted* Diluted Earnings per Share</td>
<td>$1.67</td>
<td>$1.82</td>
<td>$1.91</td>
<td>$1.94</td>
</tr>
<tr>
<td>Diluted Earnings per Share - GAAP</td>
<td>$1.67</td>
<td>$1.92</td>
<td>$1.46</td>
<td>$1.48</td>
</tr>
</tbody>
</table>

* This is a non-GAAP financial measure. Descriptions of the adjustments made to the nearest GAAP measure and a full reconciliation to the GAAP results can be found at the end of this presentation.

** Other than Core Sales, 2003 numbers have not been adjusted.
Balance Sheet

*Improvements Have Enabled Hospira to Pursue Attractive Opportunities*

$ Millions, except percentages

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Historical</td>
</tr>
<tr>
<td>Cash</td>
<td>$128</td>
<td>$521</td>
<td>$322</td>
</tr>
<tr>
<td>Working Capital</td>
<td>$662</td>
<td>$965</td>
<td>$917</td>
</tr>
<tr>
<td>Total Long-term Debt</td>
<td>$699</td>
<td>$695</td>
<td>$702</td>
</tr>
<tr>
<td>Debt/Capital</td>
<td>41.5%</td>
<td>34.4%</td>
<td>34.0%</td>
</tr>
</tbody>
</table>

* Assumes that the acquisition of Mayne Pharma and the related financing transactions, including the note offering completed on March 23, 2006, occurred on December 31, 2006. For further information, please refer to Exhibit 99.3 to Hospira's amended Current Report on Form 8-K/A filed with the SEC on March 20, 2007. The information presented in Exhibit 99.3 has been further adjusted to assume that the note offering had been completed on Dec. 31, 2006.
We have generated nearly $1.4 billion of Cash Flow from Operations over the last three years.
Long-term Investment Opportunity

- Significant accomplishments since spin-off, highlighting our ability to execute
  - Rapidly implementing our strategies for growth
  - Successfully completed the transition from Abbott
- Leveraging our strong market positions
- Driving solid financial performance
  - Excellent cash-flow generation capability
  - Expected operating margin improvement driven by:
    - Sales growth
    - Manufacturing cost improvements
    - Richer product mix
- Transforming Hospira: reigniting growth and building a new culture
GAAP to Non-GAAP Reconciliations

**Core Net Sales**

($ millions, except for percentages)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated Net Sales - GAAP</strong></td>
<td>$2,689</td>
<td>$2,627</td>
<td>$2,627</td>
<td>$2,645</td>
<td>$2,645</td>
<td>$2,624</td>
<td>$2,624</td>
<td>$2,603</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to Abbott Laboratories</td>
<td>(161)</td>
<td>(169)</td>
<td>(169)</td>
<td>(180)</td>
<td>(180)</td>
<td>(224)</td>
<td>(224)</td>
<td>(197)</td>
</tr>
<tr>
<td>Sales of Berlex imaging agents</td>
<td>-</td>
<td>(67)</td>
<td>(67)</td>
<td>(197)</td>
<td>(197)</td>
<td>(182)</td>
<td>(182)</td>
<td>(166)</td>
</tr>
<tr>
<td>Impact of foreign currency translation vs. prior year</td>
<td>(8)</td>
<td>*</td>
<td>(9)</td>
<td>*</td>
<td>(22)</td>
<td>*</td>
<td>(23)</td>
<td>*</td>
</tr>
<tr>
<td><strong>Core Net Sales</strong></td>
<td>$2,520</td>
<td>$2,391</td>
<td>$2,382</td>
<td>$2,268</td>
<td>$2,246</td>
<td>$2,218</td>
<td>$2,195</td>
<td>$2,240</td>
</tr>
</tbody>
</table>

|                     |      |      |      |      |      |      |      |      |
| Percent change - GAAP | 2.4% | (0.7)% | 0.8% | 0.8% |      |      |      |      |
| Percent change - Core Net Sales | 5.4% | 5.0% | 1.3% | (2.0)% |      |      |      |      |

* Not applicable, as the year-over-year impact of the foreign currency translation is based on the previous year's foreign exchange rates.

The Core Net Sales table presented above reconciles the most comparable Generally Accepted Accounting Principles (GAAP) measures to the non-GAAP Net Core Sales measures presented in Hospira’s current presentations to the investment community.

"Core Net Sales" is a non-GAAP financial measure that refers to Hospira's consolidated net sales excluding: U.S. and international sales to Abbott made pursuant to arrangements entered into at the time of the spin-off, which are more fully described in the Annual Report on Form 10-K filed with the Securities and Exchange Commission; sales of Berlex imaging agents under the arrangement that terminated during the second quarter of 2005; and the impact of foreign exchange translation.

Management believes that presentation of the year-to-year change in core net sales provides investors with an additional measure to assess the underlying sales trend of Hospira’s ongoing business. Management uses this information for operational planning and decision-making purposes.

Non-GAAP financial measures should not be considered a substitute for any GAAP measure. Additionally, non-GAAP financial measures as presented by Hospira may not be comparable to similarly titled measures reported by other companies.
### GAAP to Non-GAAP Reconciliations

#### Other Measures

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjustments</th>
<th>Adjusted</th>
<th>% Change vs. Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$2,527,714</td>
<td>$2,457,588</td>
<td>2.9%</td>
</tr>
<tr>
<td>Net sales to Abbott Laboratories</td>
<td>160,791</td>
<td>169,108</td>
<td>4.9%</td>
</tr>
<tr>
<td>Total Net Sales</td>
<td>$2,688,505</td>
<td>$2,626,686</td>
<td>2.4%</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>$1,749,262</td>
<td>$1,728,918</td>
<td>1.6%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$939,243</td>
<td>$897,778</td>
<td>4.6%</td>
</tr>
<tr>
<td>Research and development</td>
<td>161,621</td>
<td>137,928</td>
<td>14.4%</td>
</tr>
<tr>
<td>Acquired in-process research and development</td>
<td>10,000</td>
<td>nm</td>
<td>nm</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>428,038</td>
<td>897,778</td>
<td>10.7%</td>
</tr>
<tr>
<td>Income From Operations</td>
<td>$339,584</td>
<td>$420,492</td>
<td>0.9%</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$31,024</td>
<td>$28,276</td>
<td>9.7%</td>
</tr>
<tr>
<td>Other (income), net</td>
<td>($16,137)</td>
<td>($13,736)</td>
<td>17.5%</td>
</tr>
<tr>
<td>Income Before Income Taxes</td>
<td>$324,497</td>
<td>$408,952</td>
<td>8.3%</td>
</tr>
<tr>
<td>Net Income</td>
<td>$237,079</td>
<td>$308,524</td>
<td>2.1%</td>
</tr>
<tr>
<td>Earnings Per Common Share:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$1.51</td>
<td>$1.94</td>
<td>2.1%</td>
</tr>
<tr>
<td>Diluted</td>
<td>$1.48</td>
<td>$1.91</td>
<td>1.6%</td>
</tr>
<tr>
<td>Weighted Average Common Shares Outstanding:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>157,368</td>
<td>157,368</td>
<td>(1.2)%</td>
</tr>
<tr>
<td>Diluted</td>
<td>160,424</td>
<td>161,634</td>
<td>(0.7)%</td>
</tr>
</tbody>
</table>

#### Statistics (as a % of Total Net Sales, except for income tax rate)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjustments</th>
<th>Adjusted</th>
<th>% Change vs. Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Profit</td>
<td>34.9%</td>
<td>34.2%</td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td>6.0%</td>
<td>5.3%</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>15.9%</td>
<td>12.9%</td>
<td></td>
</tr>
<tr>
<td>Income From Operations</td>
<td>12.6%</td>
<td>15.5%</td>
<td></td>
</tr>
<tr>
<td>Income Before Income Taxes</td>
<td>12.1%</td>
<td>15.7%</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>8.8%</td>
<td>11.7%</td>
<td></td>
</tr>
<tr>
<td>Income tax rate</td>
<td>26.8%</td>
<td>24.0%</td>
<td></td>
</tr>
</tbody>
</table>

A – Includes costs of $64,251 related to the announced closures of the Donegal, Ireland; Ashland, OH; Montreal, Canada; and North Chicago, IL facilities as part of Hospira's manufacturing optimization initiatives; a reduction of the obligation associated with the sale of the Salt Lake City, UT manufacturing plant to ICU Medical ($6,825); a gain on the sale of the Donegal, Ireland facility ($7,851); integration costs associated with the acquisition of Mayne Pharma of $114; and non-recurring transition costs of $4,536.

B – Acquired in-process research and development related to the acquisition of BresaGen.

C – Acquired transition costs.

D – Includes integration charges of $1,820 related to the acquisition of Mayne Pharma, integration charges of $96 related to the acquisition of BresaGen, and non-recurring transition costs of $26,677.

E – Includes an impairment charge of $2,429 and other charges of $13,754 related to the sale of the Salt Lake City, UT manufacturing plant to ICU Medical; $9,616 related to the closure of the Donegal, Ireland facility as part of Hospira's manufacturing optimization initiatives; impairment charges of $13,074 related to the Montreal, Canada and Ashland, Ohio manufacturing facilities; and non-recurring transition costs of $10,849.

F – Includes $9,139 tax impact of earnings repatriation related to The American Jobs Creation Act.
## GAAP to Non-GAAP Reconciliations

### Other Measures (continued)

Hospira, Inc.
Reconciliation of Statements of Income
(Unaudited)
(dollars and shares in thousands, except per share amounts)

<table>
<thead>
<tr>
<th>Twelve Months Ended December 31</th>
<th>2004*</th>
<th>2003*</th>
<th>% Change vs. Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Adjustments</td>
<td>Adjusted GAAP</td>
<td>Adjusted**</td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$2,465,052</td>
<td>$2,465,052</td>
<td>$2,400,228</td>
</tr>
<tr>
<td>Net sales to Abbott Laboratories</td>
<td>179,964</td>
<td>179,964</td>
<td>223,509</td>
</tr>
<tr>
<td>Total Net Sales</td>
<td>2,645,036</td>
<td>2,645,036</td>
<td>2,623,737</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>1,858,435</td>
<td>(4,819)</td>
<td>A 1,853,616</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>786,601</td>
<td>(4,819)</td>
<td>A 791,420</td>
</tr>
<tr>
<td>Research and development</td>
<td>119,583</td>
<td>(279)</td>
<td>A 119,304</td>
</tr>
<tr>
<td>Selling, general and administrative costs</td>
<td>304,004</td>
<td>(27,123)</td>
<td>A 276,881</td>
</tr>
<tr>
<td>Curtailment of post-retirement medical and dental benefits</td>
<td>(64,636)</td>
<td>(64,636)</td>
<td>B nm</td>
</tr>
<tr>
<td>Income From Operations</td>
<td>427,650</td>
<td>(32,415)</td>
<td>C 395,235</td>
</tr>
<tr>
<td>Interest expense</td>
<td>18,758</td>
<td>18,758</td>
<td>-</td>
</tr>
<tr>
<td>Other (income) expense, net</td>
<td>(2,628)</td>
<td>(189)</td>
<td>A (2,817)</td>
</tr>
<tr>
<td>Income Before Income Taxes</td>
<td>411,526</td>
<td>(32,525)</td>
<td>C 379,294</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>109,968</td>
<td>(16,234)</td>
<td>C 93,734</td>
</tr>
<tr>
<td>Net Income</td>
<td>$301,552</td>
<td>(16,234)</td>
<td>C 285,318</td>
</tr>
<tr>
<td>Earnings Per Common Share:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$1.93</td>
<td>$0.10</td>
<td>$1.83</td>
</tr>
<tr>
<td>Diluted</td>
<td>$1.92</td>
<td>$0.10</td>
<td>$1.82</td>
</tr>
<tr>
<td>Weighted Average Common Shares Outstanding:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>156,187</td>
<td>156,187</td>
<td>156,187</td>
</tr>
<tr>
<td>Diluted</td>
<td>157,160</td>
<td>157,160</td>
<td>157,160</td>
</tr>
</tbody>
</table>

### Statistics (as a % of Total Net Sales, except for Income tax rate)

<table>
<thead>
<tr>
<th></th>
<th>2004*</th>
<th>2003*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>29.7%</td>
<td>29.9%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>4.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>11.1%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Income From Operations</td>
<td>16.2%</td>
<td>14.9%</td>
</tr>
<tr>
<td>Income Before Income Taxes</td>
<td>15.6%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Net Income</td>
<td>11.4%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Income tax rate</td>
<td>26.7%</td>
<td>28.1%</td>
</tr>
</tbody>
</table>

* Hospira spun off from Abbott Laboratories on April 30, 2004. Results for the portion of 2004 after the spin-off reflect the company’s status as an independent public company; the portion of 2004 prior to the spin-off and full-year 2003 performance reflect results for the business operated as a part of Abbott Laboratories. Results for 2003 do not include any of the ongoing, incremental costs of being a standalone public company or any non-recurring transition costs.

** Year-over-year adjusted performance comparisons are between Adjusted Results in 2004 and GAAP results in 2003. Results for 2003 do not include any of the ongoing, incremental costs of being a standalone public company or any non-recurring transition costs.

A – Non-recurring transition costs.
B – Curtailment gain ($64,636).
C – Curtailment gain is tax effected at 37.5%, while non-recurring transition costs are tax effected at 24.7%. Fourth Quarter 2004 includes impact of decreasing overall effective tax rate from 28% to 24.7%.
GAAP to Non-GAAP Reconciliations

Other Measures (continued)

The tables presented on the previous slide reconcile the most comparable Generally Accepted Accounting Principles (GAAP) measures to the non-GAAP financial and operating measures presented in Hospira's current presentations to the investment community.

Adjusted Gross Margin
Adjusted Gross Margin is a non-GAAP financial measure that refers to Hospira's gross profit excluding certain items as noted below, divided by consolidated net sales. The adjusted gross profit excludes: non-recurring transition expenses in 2005 and 2004 that are related to Hospira becoming an independent, stand-alone company, including expenses relating to the establishment of new facilities, the build-out of independent information technology systems, and product registration and re-labeling; charges in 2005 associated with the impairment related to the Montreal, Canada and Ashland, Ohio facilities and the company’s manufacturing optimization initiatives, which included the sale of the Salt Lake City facility to ICU Medical, Inc. and the planned closing of the Donegal, Ireland facility.

Adjusted Operating Margin
Adjusted Operating Margin is a non-GAAP financial measure that refers to Hospira's operating income excluding certain items as noted below, divided by consolidated net sales. The adjusted gross profit excludes: non-recurring transition expenses in 2005 and 2004 that are related to Hospira becoming an independent, stand-alone company, including expenses relating to the establishment of new facilities, the build-out of independent information technology systems, and product registration and re-labeling; charges in 2005 associated with the impairment related to the Montreal, Canada and Ashland, Ohio facilities and the company’s manufacturing optimization initiatives, which included the sale of the Salt Lake City facility to ICU Medical, Inc. and the planned closing of the Donegal, Ireland facility; and a non-cash curtailment gain in 2004 related to the discontinuation of the company's post-retirement medical and dental plans.

Adjusted Diluted Earnings Per Share
Adjusted Diluted Earnings Per Share is a non-GAAP financial measure that refers to Hospira’s diluted earnings per share figures and that exclude, net of tax: the non-recurring transition expenses in 2005 and 2004 that are related to Hospira becoming an independent, stand-alone company, including expenses relating to the establishment of new facilities, the build-out of independent information technology systems, and product registration and re-labeling; charges in 2005 associated with the impairment related to the Montreal, Canada and Ashland, Ohio facilities and the company’s manufacturing optimization initiatives, which in 2005 included the sale of the Salt Lake City facility to ICU Medical, Inc. and the planned closing of the Donegal, Ireland facility; the tax impact related to the company's decision to repatriate undistributed foreign earnings in 2005 of $175.0 million under The Jobs Creation Act of 2004; and a non-cash curtailment gain in 2004 related to discontinuation of the company’s post-retirement medical and dental plans.

Management believes that these non-GAAP financial measures, when presented together with, and reconciled to, the comparable measures presented in accordance with GAAP, are useful to both management and investors in their analysis of the company's ongoing business and operating performance. Management believes that such presentation enables investors to have more complete information with which to assess the company's base results of operation and prospects. Such presentation also facilitates period-to-period comparison of Hospira's base operating results. Management uses this information for operational planning and decision-making purposes. Non-GAAP financial measures should not be considered a substitute for any GAAP measure. Additionally, non-GAAP financial measures as presented by Hospira may not be comparable to similarly titled measures reported by other companies.

The financial information included in this presentation for 2003 and the first four months of 2004 represents a compilation that reflects the results of the businesses that now comprise Hospira as they operated as part of Abbott. It does not reflect Hospira's results of operations had Hospira been a stand-alone company for those periods.
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