Interview with Marcus Blum, Managing Director, Hospira Germany

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Hospira, which was spun-off from Abbott Laboratories in 2004, is a global specialty pharmaceutical and medication delivery company driven by its vision of Advancing Wellness™. Bringing proven leadership and experience, Hospira provides solutions to help improve the productivity, safety and effectiveness of patient care. With its more than 70-year history of excellence, Hospira is built on a solid and distinct platform with a turnover of over US$3.6 billion in 2008. And there is still a great potential for consolidation in the German market. How has Hospira evolved in Germany?

When Hospira first established itself through the acquisition of Mayne Pharma in 2007 in the German market the focus was mainly on the specialty injectable pharmaceuticals with supportive oncology drugs and some antibiotics for hospitals.

The new entity created from this acquisition became bigger and structured in two main business units. The first one is the specialty injectable pharmaceutical (SIP) business including the biosimilar business with Retacrit® (epoetin zeta) being launched in early 2008; the second is the medical devices business with a strong emphasis in medication management systems.

Nowadays the main objective of Hospira is to create and implement high value synergies between the business units and prepare the German organization to promote our integrated product portfolio in hospitals, outpatient clinics and other alternate healthcare sites. One example is the potential enhancement of synergies between the hospital and homecare business since customers could profit using the same medication management system in the homecare setting as they do in the

hospital, opening a much bigger market for Hospira.

Last but not least, Hospira offers high quality consumables focusing on patient's and healthcare professional's safety to reduce the risk of infections and also needle stick injuries.

With Hospira undergoing a strong internationalization process, what is the importance of the German affiliate for the group?

Germany is one of the high potential markets in both areas, the SIP and the devices business. As Hospira wasn't really present with medical devices in the German market in the past there is still a big potential to unfold; this is why one of our objectives is clearly set on the devices business.

In the specialty injectable pharmaceutical area Germany also plays an important role for the group and Hospira is currently a market leader in some molecules such as Paclitaxel.

Hospira's strategy is to keep expanding on the German market medical devices and specialty injectable pharmaceuticals including biosimilars. Thanks to the great synergies between the business units Hospira has a high potential to expand and implement the portfolio and to increase the market presence and market share in both areas, SIP and devices.

How was such strategy converted into numbers and what's your assessment?

Although Hospira does not break out financial performance numbers by specific country, sales in Europe, the Middle East and Africa (EMEA) in 2008 were over $580 million, representing 16 percent of Hospira's global sales, and Germany is one of our top markets in this region. In 2008, sales of Hospira's specialty injectables in the EMEA rose 8 percent. So far in 2009, the focus in specialty injectables for the EMEA has been on Retacrit®, which is now available in 15 European countries, as well as some of our newer drugs, such as piperacillin tazobactam – and Gemcitabine or Irinotecan. Germany has been one of the quickest adopters of biosimilars.

In our Medication Management Systems (MMS), or device product lines, EMEA net sales also rose 8 percent in 2008. There has been continued strength in devices lately, with EMEA net sales in MMS increasing 5 percent during the second quarter of 2009, mainly on continued strength in GemStar®, our ambulatory infusion device. , as well as solid dedicated set sales for our installed Plum® devices.

The strategy behind our success is Hospira's vision that guides everything the company does. 'Advancing' focuses on Hospira's progressive, positive and purposeful approach as it looks to the future. 'Wellness' demonstrates a broad commitment to healthcare, supported by a wide variety of products that help to improve the well being of patients around the world. Wellness also refers to the overall well being of Hospira's customers, employees, shareholders and communities.

The ‘right people’ – Hospira’s employees – are a talented group of dedicated, customer-focused, entrepreneurial individuals who are committed to working under the highest standards of integrity and ethics. Hospira’s broad portfolio of products – the ‘right products’ – provides quality, reliability and cost-effectiveness.

As part of its strategy to improve margins and cash flows, Hospira has taken a number of actions to reduce operating costs and optimize operations.

In March 2009, Hospira announced details of a multi-stage restructuring and optimization plan (‘Project Fuel’) which will occur over the next two years. Project Fuel includes activities like optimizing the product portfolio, evaluating non-strategic assets, and streamlining the organization structure.

It is also based on our sales force effectiveness project and market intelligence that Hospira wants to go one step ahead and become a leader in key account management, and all this together explains our continuous growth. Our reps know what they are providing, to whom they are selling and how to truly suit our clients’ needs. But mostly our reps try to meet their clients’ needs in terms of outcomes. In other words, we don’t ask what products our clients need, but what outcomes they expect from the tools that will be delivered to their patients. This gives us a real picture of our customers’ needs and allows Hospira to shape its products to the taste of our customers.

How do you expect Hospira to change in the German market and what are your main ambitions for the company in the medium-term?

Hospira will achieve its vision and deliver on its commitment through integrity, ownership / accountability, speed and entrepreneurial spirit. We have an unwavering commitment to our customers, employees, shareholders and the communities.

Hospira’s main ambition is to keep improving patients’ and health care professionals’ care, treatment modalities and safety by developing innovative products.

In the United States, Hospira is already active in proprietary products and innovative medical safety products, and the aim is to introduce and further establish these products in the German market as soon as possible. We are confident that Hospira’s booming pipeline will guarantee years of high growth, further penetration and even greater synergies in the German market.

As the head of Hospira Germany, what will be your final message to your partners from the pharmaceutical industry in Germany and abroad?

Hospira’s breadth of offerings help customers address the safety, productivity and cost of patient care. Used by hospitals worldwide, Hospira products are also prevalent in outpatient clinics and other alternate healthcare sites. Hospira is a reliable partner in all areas in which we are active and we will continue our fast consolidation in the German market and those that will benefit the most

out of our success are definitely customers, employees, shareholders and communities.

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