

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

CITY OF STERLING HEIGHTS GENERAL	)	No. 1:11-cv-08332-AJS
EMPLOYEES' RETIREMENT SYSTEM, Individually	)	(Consolidated)
and on Behalf of All Others Similarly Situated,	)	
	)	<u>CLASS ACTION</u>
Plaintiff,	)	
	)	
vs.	)	
	)	
HOSPIRA, INC., et al.,	)	
	)	
Defendants.	)	
	)	

NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT, MOTION FOR ATTORNEYS' FEES AND SETTLEMENT FAIRNESS HEARING

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED HOSPIRA, INC. ("HOSPIRA") PUBLICLY TRADED COMMON SHARES BETWEEN FEBRUARY 4, 2010 AND OCTOBER 17, 2011, INCLUSIVE

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THE SETTLEMENT PROCEEDS, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE **POSTMARKED OR SUBMITTED ONLINE ON OR BEFORE JULY 21, 2014.**

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Northern District of Illinois, Eastern Division (the "Court"). The purpose of this Notice is to inform you of the pendency of this class action and the proposed Settlement of the Action and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, as well as counsel's application for fees and expenses. This Notice describes the rights you may have in connection with your participation in the Settlement, what steps you may take in relation to the Settlement and this class action, and, alternatively, what steps you must take if you wish to be excluded from the Settlement and this Action.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM	The only way to get a payment. Proof of Claim and Release forms must be mailed or submitted online on or before July 21, 2014.
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against the Defendants about the legal claims in this case. Exclusions must be postmarked on or before July 15, 2014.
OBJECT	Write to the Court about why you do not like the Settlement. Objections must be received by the Court and counsel on or before July 15, 2014.
GO TO A HEARING	Ask to speak in Court about the fairness of the Settlement. Requests to speak must be received by the Court and counsel on or before July 15, 2014.
DO NOTHING	Get no payment. Give up your rights.

SUMMARY NOTICE

Statement of Class Recovery

Pursuant to the Settlement described herein, a \$60.0 million Settlement Fund is being provided. Lead Plaintiffs estimate that there were approximately 42 million Hospira common shares which may have been damaged during the Class Period.¹ Lead Plaintiffs estimate that the average recovery under the Settlement is approximately \$1.42 per damaged share before deduction of any taxes on the income thereof, notice and administration costs and the attorneys' fee and expense award as determined by the Court. A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that claimant's Recognized Claim as compared to the total Recognized Claims submitted. An individual Class Member may receive more or less than this average amount depending on the number of claims submitted, when during the Class Period a Class Member purchased or acquired Hospira shares, the purchase price paid, and whether those shares were held at the end of the Class Period or sold during the Class Period,

¹ An allegedly damaged share might have been traded more than once during the Class Period, and the indicated average recovery would be the total for all purchasers of that share.

and, if sold, when they were sold and the amount received. See Plan of Distribution as set forth at pages 6-7 below for more information on your Recognized Claim.

Statement of Potential Outcome of Case

The parties disagree on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if the Class prevailed on each claim alleged. The Defendants deny that they are liable to the Class and deny that the Class has suffered any damages.

Statement of Attorneys' Fees and Expenses Sought

Lead Counsel will apply to the Court for an award of attorneys' fees not to exceed thirty percent (30%) of the Settlement Fund, plus expenses not to exceed \$450,000, plus interest earned on both amounts. Since the Action's inception, Lead Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis and advanced the expenses of the litigation in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees. In addition, the Lead Plaintiffs may seek reimbursement of their time and expenses for representing the Class in the aggregate amount of \$40,000. The requested fees and expenses amount to an average of approximately \$0.44 per damaged share.

Further Information

For further information regarding the Action, this Notice or to review the Settlement Agreement, please contact the Claims Administrator toll-free at 1-877-291-2241, or www.hospirasecuritiessettlement.com.

You may also contact a representative of counsel for the Class: Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, Telephone: 1-800-449-4900.

Reasons for the Settlement

The principal reason for the Settlement is the benefit to be provided to the Class now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased or acquired Hospira publicly traded common shares between February 4, 2010 and October 17, 2011, inclusive ("Class Period").

The Court directed that this Notice be sent to Class Members because they have a right to know about the proposed Settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after objections and appeals, if any, are resolved, the Claims Administrator appointed by the Court will make the payments provided for in the Settlement.

This Notice explains the class action lawsuit, the Settlement, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the Action is the United States District Court for the Northern District of Illinois, and the case is known as *City of Sterling Heights General Employees' Retirement System v. Hospira, Inc., et al.*, No. 1:11-cv-08332-AJS. The case has been assigned to the Honorable Amy J. St. Eve. The pension funds representing the Class are the "Lead Plaintiffs," and the Company and persons they sued and who have now settled are called the Defendants.

2. What is this lawsuit about?

The Third Amended Consolidated Class Action Complaint (the "Complaint") filed in the Action generally alleges, among other things, that during the Class Period, Defendants concealed significant deteriorating conditions, manufacturing and quality control deficiencies at its largest manufacturing facility located in Rocky Mount, North Carolina, and the costly effects of these deficiencies on production capacity. The Complaint also alleges that Defendants misrepresented the effectiveness of an "optimization" initiative which reduced quality control efforts and delayed and increased the cost of necessary remediation at Rocky Mount. The Complaint asserts that these allegedly false and misleading statements artificially inflated the price of Hospira common shares.

The Complaint further alleges that Class Members purchased Hospira common shares during the Class Period at prices artificially inflated as a result of the Defendants' dissemination of materially false and misleading statements, and asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder.

Defendants deny each and all of the claims and contentions alleged by Lead Plaintiffs in the litigation. Defendants contend that they did not make any false or misleading statement, that they disclosed all information required to be disclosed by the federal securities laws, and that any omitted or misstated information was not material. Defendants also contend that any losses suffered by members of the Class were not caused by any false or misleading statements by Defendants and/or were caused by intervening events.

3. Why is this a class action?

In a class action, one or more people called the plaintiff sues on behalf of people who have similar claims. All of the people with similar claims are referred to as a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. Why is there a settlement?

Beginning on November 21, 2011, two related putative class actions alleging violations of federal securities laws were filed in the Court and were subsequently consolidated under the above caption and are referred to herein as the "Action." The Court has appointed the law firms of Robbins Geller Rudman & Dowd LLP and Motley Rice LLC as Lead Counsel.

Lead Plaintiffs allege that Class Members purchased Hospira common shares during the Class Period at prices artificially inflated as a result of the Defendants' dissemination of allegedly materially false and misleading statements. Defendants moved to dismiss Lead Plaintiffs' complaint, and Lead Plaintiffs opposed the motion and filed a motion to strike certain documents Defendants filed along with their motion. Defendants opposed Lead Plaintiffs' motion to strike. On February 13, 2013, the Court entered an order granting Lead Plaintiffs' motion to strike, and granting in part, and denying in part, Defendants' motion to dismiss. On April 15, 2013, Lead Plaintiffs filed the Complaint, which conformed to the Court's February 13, 2013 Order on the motion to dismiss. Defendants filed their answer to the Complaint on May 13, 2013, and on August 12, 2013, Lead Plaintiffs filed their motion for class certification.

The parties attended a mediation on July 23, 2013, but were unable to resolve the case. The parties continued their discussions with the assistance of the mediator, and following several months of arm's-length negotiations, reached an agreement-in-principle to settle the litigation on the terms set forth herein.

The Defendants deny any liability to the Class. They deny any wrongdoing whatsoever and their agreement to settle this Action shall in no event be construed as or deemed to be evidence of an admission or concession on the part of the Defendants with respect to any claim of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Defendants have asserted.

The Court did not decide in favor of the Defendants or of the Class. Instead, both sides agreed to the Settlement to avoid the risks and cost of further litigation, and Lead Plaintiffs agreed to the Settlement in order to ensure that Class Members will receive compensation. Continuing to litigate the case would require all parties to expend substantial resources. If the litigation continued, both sides would engage in extensive document and deposition discovery and likely engage experts, and Lead Plaintiffs believe much of the proof would be highly technical, making the outcome of any trial unpredictable. Lead Plaintiffs and Lead Counsel believe the Settlement is in the best interest of all Class Members in light of the possibility that continued litigation could result in no recovery at all.

WHO IS IN THE SETTLEMENT

To see if you will get money from this Settlement, you first have to decide if you are a Class Member.

5. How do I know if I am part of the Settlement?

The Court directed that everyone who fits this description is a Class Member: ***all persons who purchased or otherwise acquired publicly traded Hospira common shares between February 4, 2010 and October 17, 2011, inclusive***, except those persons and entities that are excluded, as described below.

6. Are there exceptions to being included?

Excluded from the Class are the Defendants, the officers and directors of Hospira during the Class Period, members of their immediate families, and their legal representatives, heirs, successors, or assigns, and any entity in which a Defendant has or had a controlling interest. Also excluded from the Class are any Class Members who exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in question 13 below.

If one of your mutual funds owns publicly traded Hospira common shares, that alone does not make you a Class Member. You are a Class Member only if you directly purchased or acquired publicly traded Hospira common shares during the Class Period. Contact your broker to see if you have or held Hospira common shares.

If you sold Hospira common shares during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you ***purchased or acquired*** Hospira common shares, as defined above.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator toll-free at 1-877-291-2241, or you can fill out and return the Proof of Claim and Release form enclosed with this Notice package, to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

8. What does the Settlement provide?

In exchange for the Settlement and dismissal of the Action, the Defendants have agreed that a payment of \$60.0 million will be made by Defendants (or on their behalf) to be divided, after taxes, fees, and expenses, among all Class Members who send in a valid Proof of Claim and Release form.

9. How much will my payment be?

Your share of the fund will depend on the total Recognized Claims represented by the valid Proof of Claim and Release forms that Class Members send in, the number of shares of publicly traded Hospira common shares you purchased or acquired, and when you purchased or acquired and sold them.

By following the instructions in the Plan of Distribution, you can calculate what is called your Recognized Claim. It is unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their Proof of Claim and Release forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Claim divided by the total of everyone's Recognized Claim. See the Plan of Distribution at pages 6 - 7 hereof for more information on your Recognized Claim.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

10. How can I get a payment?

To qualify for a payment, you must submit a Proof of Claim and Release form. A Proof of Claim and Release form is enclosed with this Notice or it may be downloaded at www.hospirasecuritiessettlement.com. Read the instructions carefully, fill out the Proof of Claim and Release form, include all the documents the form asks for, sign it, and mail or submit it online no later than July 21, 2014. The claim form may be submitted online at www.hospirasecuritiessettlement.com.

11. When would I get my payment?

The Court will hold a Settlement Hearing on August 5, 2014, to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim and Release to be processed. Please be patient.

12. What am I giving up to get a payment or to stay in the Class?

Unless you exclude yourself, you will remain a Class Member, and that means that, if the Settlement is approved, you will release all "Released Claims" (as defined below), including "Unknown Claims" (as defined below), against the "Released Persons" (as defined below):

- "Released Claims" means any and all claims, causes of action, rights, actions, suits, obligations, debts, demands, judgments, agreements, promises, liabilities, damages, losses, controversies, costs, expenses or attorney fees, of every nature and description whatsoever that were, may have been, or could have been asserted in the Action and whether direct or indirect, now known or unknown, suspected or unsuspected, accrued or unaccrued, in law or in equity whether having arisen or yet to arise, including, without limitation, any claims of violations of federal or state securities laws and any federal or state claims of fraud, intentional misrepresentation, negligent misrepresentation, negligence, gross negligence, breach of duty of care and/or breach of duty of loyalty, breach of fiduciary duty, or violations of any state or federal statutes, rules or regulations (including "Unknown Claims" as defined below), that have been or could have been alleged or asserted now or in the future by the Lead Plaintiffs or any Class Member against the Defendants or any of them or any of the Released Persons in this Action or in any other court action or before any administrative body, tribunal, arbitration panel, or other adjudicatory body, arising out of, relating to, or in connection with both a Class Member's purchase(s), acquisition(s), or sale(s) of Hospira common stock during the Class Period and from the acts, facts, transactions, events, occurrences, disclosures, statements, omissions, or failures to act that were alleged, may have been alleged, or could have been alleged in the Action. For the avoidance of doubt, Released Claims does not include any derivative claims brought on behalf of Hospira against any of its directors or officers, or any claims alleging violation of the Employee Retirement Income Security Act ("ERISA"), that are related to the claims asserted in the Action.
- "Released Persons" means each and all of Defendants and each and all of their Related Persons.
- "Unknown Claims" means any Released Claims which Lead Plaintiffs or any Class Members do not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs shall expressly, and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived to the fullest extent permitted by law the provisions, rights, and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs shall expressly, and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542. Lead Plaintiffs and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiffs shall expressly, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts, whether or not previously or currently asserted in any action. Lead Plaintiffs acknowledge, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and an essential term of the Settlement of which this release is a part.

If you remain a member of the Class, all of the Court's orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep the right to sue one or more of the Defendants and the other Released Persons, on your own, about the legal issues in this case, then you must take steps to remove yourself from the Settlement. This is called excluding yourself – or is sometimes referred to as “opting out.”

13. How do I get out of the proposed Settlement?

To exclude yourself from the Class, you must send a letter by First-Class Mail stating that you “request exclusion from the Class in the *Hospira Securities Litigation*.” Your letter must include the date(s), price(s), and number(s) of all purchases, acquisitions and sales of publicly traded Hospira common shares during the Class Period. In addition, you must include your name, address, telephone number, and your signature. You must submit your exclusion request **postmarked no later than July 15, 2014** to:

Hospira Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

If you ask to be excluded, you will not get any payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue the Defendants and the other Released Persons in the future.

14. If I do not exclude myself, can I sue the Defendants and the other Released Persons for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue the Defendants and the other Released Persons for any and all Released Claims. If you have a pending lawsuit against the Released Persons speak to your lawyer in that case immediately. You must exclude yourself from this Action to continue your own lawsuit. Remember, the exclusion deadline is **July 15, 2014**.

15. If I exclude myself, can I get money from the proposed Settlement?

No. If you exclude yourself, you may not send in a Proof of Claim and Release form to ask for any money. But, you may sue or be part of a different lawsuit against the Defendants and the other Released Persons.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court ordered that the law firms of Robbins Geller Rudman & Dowd LLP and Motley Rice LLC represent the Class Members, including you. These lawyers are called Lead Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Lead Counsel are moving the Court to award attorneys' fees in an amount not greater than thirty percent (30%) of the Settlement Fund and for expenses in an amount not to exceed \$450,000, which were incurred in connection with the litigation. In addition, the Lead Plaintiffs may seek reimbursement of their time and expenses incurred in representing the Class in an amount not to exceed \$40,000, in the aggregate. Such sums as may be approved by the Court will be paid from the Settlement Fund.

OBJECTING TO THE SETTLEMENT

18. How do I tell the Court that I do not like the proposed Settlement?

If you are a Class Member, you can object to the proposed Settlement. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed Settlement in the *Hospira Securities Litigation*. Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s), and number(s) of publicly traded Hospira common shares you purchased or acquired and sold during the Class Period, and state the reasons why you object to the proposed Settlement. Mail the objection to each of the following addresses such that it is received no later than **July 15, 2014**:

COURT

Clerk of the Court
United States District Court
Northern District of Illinois
Everett McKinley Dirksen
United States Courthouse
219 South Dearborn Street
Chicago, IL 60604

LEAD COUNSEL

ROBBINS GELLER RUDMAN
& DOWD LLP
Ellen Gusikoff Stewart
655 West Broadway, Suite 1900
San Diego, CA 92101

MOTLEY RICE LLC
James M. Hughes
28 Bridgeside Blvd.
Mount Pleasant, SC 29464

DEFENDANTS' COUNSEL

KIRKLAND & ELLIS LLP
Joshua Z. Rabinovitz
300 North LaSalle
Chicago, IL 60654

19. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend and you may ask to speak, but you do not have to.

20. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a settlement hearing at **8:30 a.m., on Tuesday, August 5, 2014**, at the United States District Court for the Northern District of Illinois, Everett McKinley Dirksen United States Courthouse, Courtroom 1241, 219 South Dearborn Street, Chicago, IL 60604 (the "Settlement Hearing"). At the hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay to Lead Counsel and the Lead Plaintiffs. After the Settlement Hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

21. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

22. May I speak at the hearing?

If you object to the Settlement, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (see question 18 above) a statement saying that it is your "Notice of Intention to Appear in the *Hospira Securities Litigation*." Persons who intend to object to the Settlement, the Plan of Distribution, and/or the application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the hearing if you excluded yourself.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement. But, unless you exclude yourself, you will not be able to start a lawsuit or be part of any other lawsuit against the Released Persons about the legal issues in this case, ever again.

GETTING MORE INFORMATION

24. Are there more details about the proposed Settlement?

This Notice summarizes the proposed Settlement. More details are in a Settlement Agreement dated March 27, 2014 (the "Stipulation"). You can get a copy of the Stipulation and obtain answers to common questions regarding the proposed Settlement by contacting the Claims Administrator toll-free at 1-877-291-2241. A copy of the Stipulation is also available on the Claims Administrator's website at www.hospirasecuritiessettlement.com.

25. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the Northern District of Illinois, Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, IL 60604, during regular business hours. For a fee, all papers filed in this Action are available at www.pacer.gov.

PLAN OF DISTRIBUTION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The Settlement amount of \$60.0 million and any interest earned thereon shall be the "Settlement Fund." The Settlement Fund, less all taxes, approved costs, fees, and expenses (the "Net Settlement Fund") shall be distributed to Class Members who submit timely and valid Proof of Claim and Release forms to the Claims Administrator ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Claim." The Recognized Claim formula is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

"Recognized Claims" will be calculated for purposes of the Settlement as follows:

For shares of Hospira common stock ***purchased, or acquired, on or between February 4, 2010 through September 7, 2011***, the claim per share shall be as follows:

- (a) If sold prior to September 8, 2011, the claim per share is zero.
- (b) If sold on September 8, 2011 through October 17, 2011, the claim per share shall be the lesser of (i) \$2.29 (September 8, 2011 Price Decline), or (ii) the difference between the purchase price and the selling price.
- (c) If retained at the end of October 17, 2011 and sold before January 13, 2012, the claim per share shall be the lesser of (i) \$10.14 (September 8, 2011 and October 18, 2011 Price Declines), or (ii) the difference between the purchase price and the selling price, or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.
- (d) If retained, or sold, on or after January 13, 2012, the claim per share shall be the lesser of (i) \$10.14 (September 8, 2011 and October 18, 2011 Price Declines), or (ii) the difference between the purchase price per share and \$30.16 per share.

For shares of Hospira common stock ***purchased, or acquired, on or between September 8, 2011 through October 17, 2011***, the claim per share shall be as follows:

- (a) If sold prior to October 18, 2011, the claim per share is zero.
- (b) If retained at the end of October 17, 2011 and sold before January 13, 2012, the claim per share shall be the lesser of (i) \$7.85 (October 18, 2011 Price Decline), or (ii) the difference between the purchase price and the selling price, or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.
- (c) If retained, or sold, on or after January 13, 2012, the claim per share shall be the lesser of (i) \$7.85 (October 18, 2011 Price Decline), or (ii) the difference between the purchase price per share and \$30.16 per share.

Date	Closing Price	Average Closing Price	Date	Closing Price	Average Closing Price
18-Oct-11	\$29.51	\$29.51	1-Dec-11	\$28.29	\$30.65
19-Oct-11	\$29.64	\$29.58	2-Dec-11	\$27.64	\$30.56
20-Oct-11	\$28.67	\$29.27	5-Dec-11	\$27.92	\$30.48
21-Oct-11	\$29.39	\$29.30	6-Dec-11	\$28.14	\$30.42
24-Oct-11	\$30.65	\$29.57	7-Dec-11	\$27.86	\$30.35
25-Oct-11	\$30.32	\$29.70	8-Dec-11	\$27.29	\$30.26
26-Oct-11	\$29.97	\$29.74	9-Dec-11	\$28.07	\$30.21
27-Oct-11	\$31.18	\$29.92	12-Dec-11	\$27.92	\$30.15
28-Oct-11	\$31.71	\$30.12	13-Dec-11	\$28.07	\$30.10
31-Oct-11	\$31.45	\$30.25	14-Dec-11	\$28.21	\$30.05
1-Nov-11	\$30.92	\$30.31	15-Dec-11	\$28.84	\$30.02
2-Nov-11	\$31.46	\$30.41	16-Dec-11	\$28.92	\$30.00
3-Nov-11	\$31.94	\$30.52	19-Dec-11	\$28.64	\$29.96
4-Nov-11	\$31.31	\$30.58	20-Dec-11	\$29.20	\$29.95
7-Nov-11	\$31.98	\$30.67	21-Dec-11	\$29.28	\$29.93
8-Nov-11	\$32.95	\$30.82	22-Dec-11	\$30.45	\$29.94
9-Nov-11	\$31.41	\$30.85	23-Dec-11	\$30.92	\$29.96
10-Nov-11	\$31.63	\$30.89	27-Dec-11	\$30.54	\$29.98
11-Nov-11	\$32.39	\$30.97	28-Dec-11	\$30.16	\$29.98
14-Nov-11	\$31.20	\$30.98	29-Dec-11	\$30.62	\$29.99
15-Nov-11	\$31.26	\$31.00	30-Dec-11	\$30.37	\$30.00
16-Nov-11	\$30.98	\$31.00	3-Jan-12	\$31.36	\$30.03
17-Nov-11	\$30.87	\$30.99	4-Jan-12	\$31.34	\$30.05
18-Nov-11	\$30.90	\$30.99	5-Jan-12	\$30.90	\$30.06
21-Nov-11	\$30.77	\$30.98	6-Jan-12	\$30.31	\$30.07
22-Nov-11	\$30.57	\$30.96	9-Jan-12	\$30.14	\$30.07
23-Nov-11	\$30.18	\$30.93	10-Jan-12	\$30.35	\$30.08
25-Nov-11	\$30.07	\$30.90	11-Jan-12	\$31.81	\$30.10
28-Nov-11	\$30.98	\$30.91	12-Jan-12	\$32.28	\$30.14
29-Nov-11	\$28.17	\$30.81	13-Jan-12	\$31.51	\$30.16
30-Nov-11	\$28.19	\$30.73			

In the event a Class Member has more than one purchase, acquisition or sale of Hospira common shares during the Class Period, all purchases, acquisitions and sales within the Class Period shall be matched on a First-In, First-Out ("FIFO") basis. Under the FIFO method, sales of Hospira common shares during the Class Period will be matched, in chronological order, first against Hospira common shares held at the beginning of the Class Period. The remaining sales of Hospira common shares during the Class Period will then be matched, in chronological order, against Hospira common shares purchased or acquired during the Class Period. A purchase, acquisition or sale of Hospira common shares shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, devise or operation of law of Hospira common shares during the Class Period shall not be deemed a purchase, acquisition or sale of Hospira common shares for the calculation of an Authorized Claimant's Recognized Claim nor shall it be deemed an assignment of any claim relating to the purchase or acquisition of such shares unless specifically provided in the instrument of gift or assignment. The receipt of Hospira common shares during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase, acquisition or sale of Hospira common shares.

To the extent a claimant had a gain from his, her or its overall transactions in Hospira common shares during the Class Period, the value of the Recognized Claim will be zero.

Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants. No distribution will be made to Class Members who would otherwise receive a distribution of less than \$10.00.

Class Members who do not submit acceptable Proofs of Claim and Release will not share in the Settlement proceeds. The Settlement and the Final Judgment and Order of Dismissal with Prejudice dismissing this Action will nevertheless bind Class Members who do not either submit a request for exclusion or submit an acceptable Proof of Claim and Release.

Please contact the Claims Administrator or Lead Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim and Release. If you are unsatisfied with the result, you may ask the Court, which retains jurisdiction over the claims administration process, to decide the issue by submitting a written request.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of un-cashed distribution checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (a) first, to pay any amounts mistakenly omitted from the initial disbursement; (b) second, to pay any additional settlement administration fees and expenses, including those of Lead Counsel as may be approved by the Court; and (c) finally, to make a second distribution to claimants who cashed their checks from the initial distribution and who would receive at least \$10.00, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. If after six (6) months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be distributed to a non-sectarian, not-for-profit, 501(c)(3) organization identified by Lead Counsel.

SPECIAL NOTICE TO BANKS, BROKERS AND OTHER NOMINEES

If you purchased or acquired Hospira common shares during the Class Period for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN TEN (10) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or acquired such securities during such time period or (b) request additional copies of this Notice and the Proof of Claim and Release form, which will be provided to you free of charge, and within ten (10) days mail the Notice and Proof of Claim and Release form directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (b), the Court has requested that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

Hospira Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040
1-877-291-2241
www.hospirasecuritiessettlement.com

Dated: April 1, 2014

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS