

Nominations and Compensation Committee

The Nominations and Compensation Committee of the Board of Directors of Hospira, Inc. (the “Company”) shall assist the Board in carrying out certain responsibilities of the Board relating to (a) nominations of directors and executive officers of the Company, (b) corporate governance of the Company and (c) compensation of directors and executive officers of the Company.

Organization.

The Nominations and Compensation Committee shall consist of no fewer than three members. All members of the Nominations and Compensation Committee must:

- satisfy the independence requirements of the New York Stock Exchange, as such requirements are interpreted by the Board in its business judgment;
- meet the definition of “non-employee director” under Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “Securities Exchange Act”); and
- be an “outside director” for the purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Company’s Board shall appoint, and may remove, members of the Nominations and Compensation Committee and the Committee’s Chairman. The members of the Nominations and Compensation Committee shall serve until their successors are appointed and qualify. Except as expressly provided in this Charter, the by-laws of the Company or the corporate governance guidelines of the Company, or as otherwise provided by law or the listing rules of the New York Stock Exchange, the Nominations and Compensation Committee shall fix its own rules of procedure.

Authority and Responsibilities.

The Nominations and Compensation Committee shall report to the Board, as appropriate. The Nominations and Compensation Committee may delegate any of its responsibilities and duties to one or more members of the Committee, except to the extent such delegation would be inconsistent with the requirements of the Securities Exchange Act, or the rules and regulations promulgated thereunder, or the listing rules of the New York Stock Exchange or the Company’s by-laws.

To assist it in the conduct of its responsibilities, the Nominations and Compensation Committee, to the extent it deems necessary or appropriate, may consult with management, may seek advice and assistance from Company employees and shall have the authority to obtain advice and assistance from internal or external legal, accounting, compensation or other advisors.

a. Authority and Responsibilities Relating to Nominations and Corporate Governance.

With respect to nominations and corporate governance issues, the Nominations and Compensation Committee shall:

- Have the sole authority to retain and terminate any search firm to be used to identify director candidates and have the sole authority to approve such firm's fees and other terms of retention.
- Develop general criteria for the selection of and qualifications desirable in members of the Board and reflect such directorship qualifications criteria in an Outline for Directorship Qualifications, which is included as an exhibit to the Company's Corporate Governance Guidelines.
- Consistent with the directorship qualifications criteria as approved by the Board, assist the Board in identifying and attracting candidates qualified to become Board members and annually recommend to the Board the nominees for election as directors who meet the Company's directorship qualifications criteria, the Company's corporate governance guidelines, and any other requirements established by this Committee and, from time to time, recommend persons to fill vacancies on the Board. In this regard, the Nominations and Compensation Committee shall consider potential nominees recommended by stockholders of the Company, but the Committee has no obligation to recommend such candidates.
- Annually review the membership of the Board so as to ensure that a majority of the members of the Board satisfy the independence requirements of the listing rules of the New York Stock Exchange.
- Review annually the membership qualifications, requirements, membership, structure, operations (including the authority to delegate to subcommittees) and performance of the committees of the Board, including the Nominations and Compensation Committee, and make recommendations to the Board regarding committee membership and chairmanship and other matters, as appropriate.
- Recommend to the Board persons to be elected as executive officers of the Company.
- Oversee the annual evaluation of the performance of members of the Board and executive officers of the Company and make recommendations to the Board, as appropriate.
- Serve in an advisory capacity to the Board and Chairman of the Board on matters of organization, management succession plans, major changes in the organizational structure of the Company and the conduct of Board activities.
- Review and assess the adequacy of the Company's corporate governance guidelines and recommend amendments to the Board, as appropriate.

b. Authority and Responsibilities Relating to Compensation.

With respect to compensation issues, the Nominations and Compensation Committee shall:

- Have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, Chief Executive Officer or other executive officer compensation and have the sole authority to approve such consultant's fees and other terms of retention.
- Review and approve corporate goals and objectives relevant to executive officer compensation, evaluate the executive officers' performance in light of those goals and objectives, and, either as a Committee or together with the other independent directors (as directed by the Board), determine and approve the executive officers' compensation level based on this evaluation. Nothing herein precludes general discussions of the executive officers' compensation among the full Board of Directors.
- In determining the long-term incentive component of executive officer compensation, consider the Company's performance and relative stockholder return, the value of similar incentive awards to executive officers at comparable companies, and the awards given to the Company's executive officers in past years.
- Make recommendations to the Board with respect to incentive compensation plans and equity-based plans of the Company that are subject to Board approval.
- Review, approve, and administer the incentive compensation plans in which any executive officer of the Company participates and all equity-based plans of the Company. The Nominations and Compensation Committee may delegate responsibilities to administer and make grants under such plans to management to the extent contemplated by the documents governing such plans, except to the extent such delegation would be inconsistent with applicable laws or regulations or with the listing rules of the New York Stock Exchange. The Nominations and Compensation Committee may approve awards (with ratification of the Board) as may be required to comply with applicable tax rules.
- Establish director compensation guidelines and review them as appropriate, and review, at least annually, the compensation of directors who are not then serving as full-time employees of the Company or any of its subsidiaries and recommend for approval by the Board any change in the compensation of such directors. In recommending director compensation, the Nominations and Compensation Committee shall take comparable director fees into account and shall review any arrangement that could be viewed as indirect director compensation. The Nominations and Compensation Committee will review, as appropriate, charitable contributions made to organizations with which a director is affiliated and any consulting contracts with, or other indirect forms of compensation to, a director, when determining the form and amount of director compensation.

- Produce an annual report on executive officer compensation for inclusion in the Company's proxy statement, in accordance with the applicable rules and regulations.

Annual Performance Evaluation.

The Nominations and Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board, as appropriate. The Nominations and Compensation Committee shall also annually evaluate its own performance and shall report the results of the evaluation to the Board.

Mr. Bailey (chair), Dr. Sokolov and Mr. Weiss serve on the nominations and compensation committee.