



Orchid Chemicals & Pharmaceuticals Ltd.

Transaction Announcement



December 15, 2009





Transaction Overview

- **Orchid and Hospira have entered into a Business Transfer Agreement under aegis of which Orchid would transfer its generic injectable pharmaceuticals business to Hospira**
- **Total consideration of US\$ 400 million in cash to be paid by Hospira to Orchid upon Close of the Transaction**
- **Transaction will be structured as a transfer of a business**
 - **Business to be transferred include:**
 - **Orchid's beta-lactam manufacturing complex (comprising cephalosporin, penicillin and carbapenem facilities)**
 - **Pharmaceutical R&D facility**
 - **Generic injectable product portfolio and product pipeline**
 - **Around 450 employees of Orchid will transfer to Hospira along with the business**
- **Hospira has executed a long term agreement with Orchid for procurement of APIs**
- **The Transaction is subject to approval of Orchid's shareholders under Section 293(1)(a) of the Indian Companies Act, 1956**
- **Expected Closing in fourth quarter of fiscal year ending March 31, 2010**

Irungattukottai (Chennai) Generics Complex for Advanced Markets



- Large state-of-the-art sterile dosage forms complex with discrete multi-therapeutic facilities
- World-class facilities with US FDA, UK MHRA, DMA and other international regulatory approvals
- High throughput cephalosporin dry powder injection facilities
- Unique betalactam vial lyophilisation facility, also capable of dry powder injections
- Sterile carbapenem dry powder injection facility
- Global scale capacity of close to 90 million vials across three therapeutic categories

Manufacturing Facilities - Cephalosporins, Penicillins, Carbapenems and Pharma R&D Facility





Transaction Rationale for Orchid

■ Strategic Rationale

- Underlines its ability to develop value-added, niche skill-sets in the global pharmaceuticals value chain, and monetize them
- Further fortifies its business model with long-term contractual API revenue streams;
- Enhances its financial flexibility to pursue new growth opportunities; and
- Creates a roadmap to continue delivering shareholder value.

■ Use of Proceeds

- De-lever Balance Sheet and support new growth opportunities including strategic acquisitions

■ Further Expand Relationship with Hospira

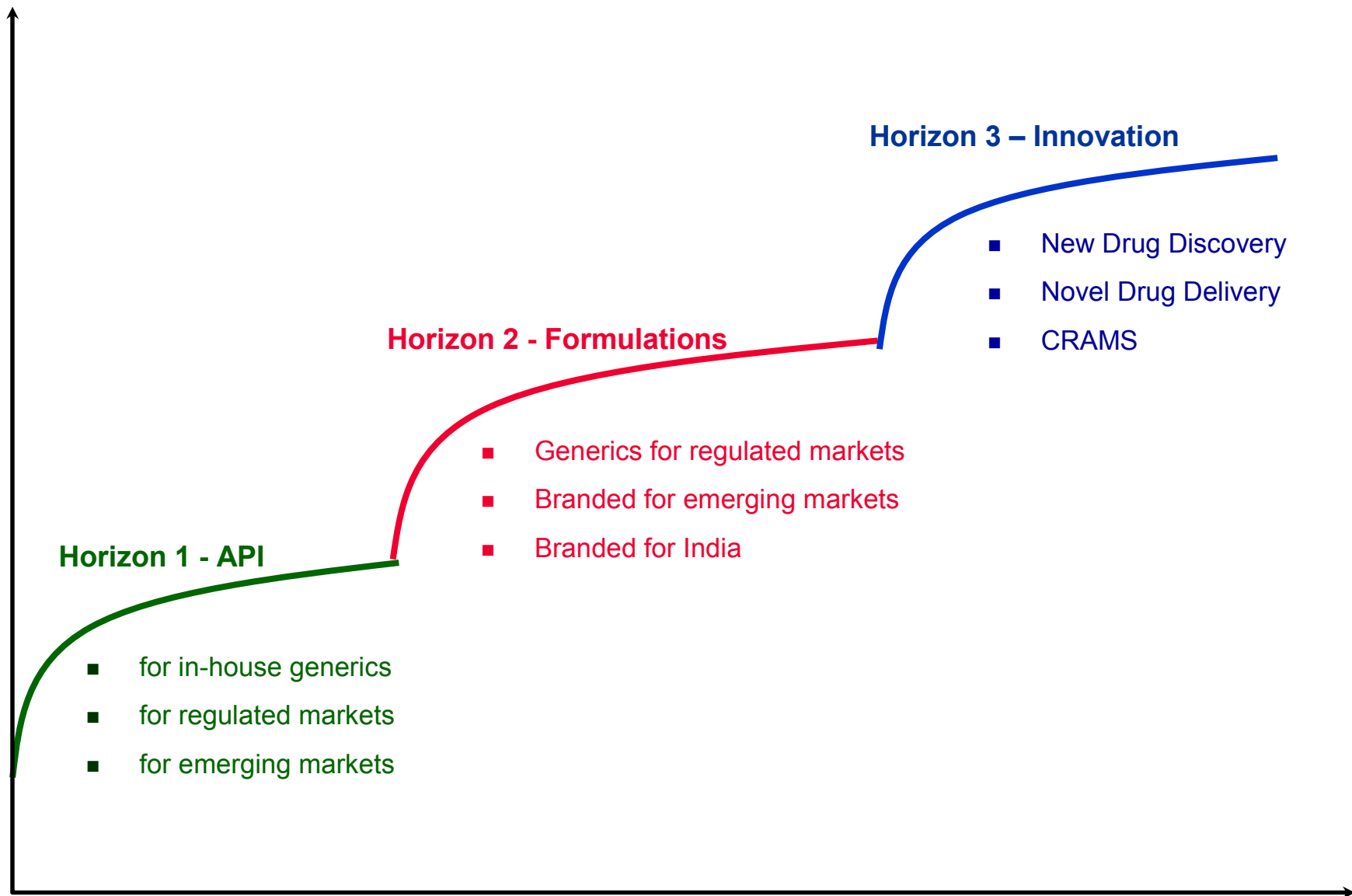
- Builds upon existing product development and commercialization relationship between Hospira and Orchid
- Long term API contract provides revenue assurance to Orchid and further solidifies Orchid's business model
- Hospira's formidable presence in global injectables market should translate into higher demand for formulations and hence for Orchid's APIs



Transaction rationale for Hospira

- Provides a world-class, cost-competitive generic injectables manufacturing site with approvals from international regulatory authorities including US FDA
- Provides a modern pharmaceutical R&D facility with experience of developing complex formulations
- Assures a talented base of human resources to support Hospira's development and manufacturing plans
- Strengthens Hospira's primary beta-lactam portfolio and pipeline, integrating beyond the current distribution partnerships, reinforces Hospira's position in generic injectables
- The long term API supply arrangement with Orchid provides supply chain assurance
- Establishes a direct presence in India, providing a platform for future commercial growth

Orchid's multi-horizon strategy would focus on a larger basket of oral products and new value adding niche opportunities





Orchid's Value Proposition

Orchid's Presence in the Pharmaceuticals Value Chain Post Transaction

API	Formulations		Innovation		
GLOBAL APIs	DOMESTIC FORMULATIONS	GLOBAL GENERICS (ORAL)	CRAMS	NDDS	NCEs

- State-of-the-art manufacturing infrastructure; two API sites, one oral generic formulations facility for advanced markets , two formulations facilities for certain emerging markets and R&D and drug discovery facilities
- Global regulatory compliance, including US FDA, UK MHRA and DMA
- Multi-therapeutic product portfolio, with an increased focus on oral cephalosporin and non-penicillin, non-cephalosporin (NPNC) products
- Long term contract with Hospira for supply of APIs with assured capacity utilization
- Integrated drug discovery capabilities with proprietary NCE pipeline as well as custom research and collaborative drug discovery
- Financial flexibility to identify growth opportunities across the value chain



THANK YOU

For any information or clarifications, please visit www.orchidpharma.com

or call

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