Acquisition of Talecris Biotherapeutics: Creating a world leading integrated plasma company
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Forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of GRIFOLS.
1. Transaction highlights

2. Strategic rationale

3. Transaction impact

4. Conclusion
1. Transaction highlights
Transaction summary

- Agreement to acquire 100% of Talecris for a combination of cash and newly issued Grifols non-voting shares
  - $19.00 in cash plus 0.641 Grifols non-voting shares per Talecris share
  - Implied offer price of $26.16\(^{(1)}\) per Talecris share, representing a premium of 53% to the average Talecris closing share price over the last 30 days
  - Implied Offer Value of $3.4bn and Enterprise Value of $4.0bn

- **Strong transaction rationale**
  - Fully complementary business models with clear industrial and commercial logic, and R&D optimisation opportunities
  - Perfect geographic fit, with enhanced US presence

- **Strong financial logic for shareholders**
  - Meaningful operating synergies of c.$230m per annum
  - Immediate EPS accretion, reaching over 30% by year two
  - Fully committed financing arranged by Deutsche Bank, Nomura, BBVA, BNP Paribas, HSBC and Morgan Stanley

- **Transaction effected through a one-step merger structure**

- **Closing subject to shareholder approvals and regulatory review**

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Notes:
1. Using Grifols’ ordinary shares closing stock price of €9.267 as of 4 June 2010 and $/€ exchange rate of 1.2060 as of 4 June 2010 as published by the ECB.
Transaction benefits

- Increased availability of plasma therapies
  - Increase in combined utilisation of fractionation capacity
  - Combined protein purification capacity increase
  - Capex rationalization
  - Plasma procurement optimization
  - Protein yield improvement
  - Complementary testing labs
  - Inventories rationalization

- Enhanced marketplace stability
  - Broader portfolio of products
  - Excellent geographical fit
  - Increased availability of products
  - Complementary R&D projects
  - Powerful regulatory functions
  - Enhanced pipeline
  - Recombinant opportunities
## Expected timetable

<table>
<thead>
<tr>
<th>Timing</th>
<th>Key milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2010</td>
<td>• Deal announcement</td>
</tr>
<tr>
<td></td>
<td>• Filing HSR statements, merger proxy and F-4 with SEC</td>
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<tr>
<td></td>
<td>• Filing folleto for non-voting shares with CNMV (Spain)</td>
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<td></td>
<td>• Regulatory approval (assuming no 2\textsuperscript{nd} request)</td>
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<tr>
<td></td>
<td>• Proxy submission to Talecris shareholders</td>
</tr>
<tr>
<td></td>
<td>• Talecris Shareholder vote to approve merger</td>
</tr>
<tr>
<td></td>
<td>• Grifols shareholder vote to issue new shares</td>
</tr>
<tr>
<td>H2 2010</td>
<td>• Regulatory approval (assuming 2\textsuperscript{nd} request)</td>
</tr>
<tr>
<td>Q1 2011</td>
<td>• Closing</td>
</tr>
</tbody>
</table>
2. Strategic rationale
Plasma industry fundamentals

- Global plasma industry estimated to be US$12bn\(^{(1)}\) in 2009
- Some core markets still under diagnosed and under supplied
- Unmet need in emerging markets

- Continued R&D for use in new indications
- Continued R&D for new proteins
- Established safety and quality record

- Improved plasma availability and utilization
- Investment in new capacity to address the growing demand
- Manufacturing efficiencies enhance supply

Notes:
1. Source: MRB.
Grifols at a glance

Company overview

- Founded in 1940 in Barcelona, listed on the Spanish Stock Exchange since 2006. An IBEX 35 company
- Fully integrated business model:
  - Bioscience (c. 77%): plasma and its derivatives
  - Diagnostic (c. 11%): equipment, instrumentation and reagents for IVD and Blood Typing, as well as blood collection bags
  - Hospital (c. 9%): pharmaceutical products (IV solutions, nutrition products etc), software and devices for hospitals
- Dedicated Engineering Company for biologic process systems
- Well established infrastructure:
  - Source plasma self sufficiency
  - Fractionation capacity: 4.3m litres across two FDA-approved manufacturing sites (Barcelona, Spain; Los Angeles, US)
  - Product registrations and sales in more than 90 countries
- 2009 revenues of €913m and EBITDA of €266m
- Over 6,000 employees

Business overview

2009 Revenues by product

- IVIG 33%
- Factor VIII 16%
- Albumin 15%
- Diagn. 11%
- Hospital 9%
- Other Proteins 13%
- Other 3%

2009 Revenues by geography

- US 32%
- Europe 47%
- Rest of World 21%
Company overview

- One of the five largest players in the sector
- Established in 2005 through the acquisition of Bayer BP’s assets and the additional fractionation capacity and contract manufacturing services of PS
- Premium products in key segments
  - Gamunex: strongly branded, exclusive neurological indication
  - Prolastin: first A1PI approved and premiere global therapy
- Well established infrastructure:
  - Developing source plasma self sufficiency
  - Fractionation capacity of 4.2m litres across two US manufacturing sites (Clayton, NC; Melville, NY)
- 2009 revenues $1.5bn, adjusted EBITDA of $372m
- Approximately 5,000 employees
- Headquartered in North Carolina, with regional headquarters in Canada and Germany

Business overview

2009 Revenues by product
- IVIG 54%
- A1PI 21%
- Factor VIII 3%
- Other Proteins 16%
- Fraction V 6%
- Other 3%

2009 Revenues by geography
- US 66%
- Canada 14%
- Canada 14%
- EU 12%
- Rest of World 8%
Strategic rationale

- Number 3 ranked vertically integrated plasma derivatives producer
- Expanded plasma collection and fractionation capabilities
- Only company to offer 5% and 10% IVIG solution
- Enhanced US presence and global footprint
- Complementary R&D pipeline
- Significant synergies expected

- US market leader in IVIG 5% solution
- Existing and available FDA licensed manufacturing capacity
- Extensive international sales, marketing and logistics network
- Well established, premiere source plasma collection operation
- Serological testing laboratory with additional capacity coming on-line
- Dedicated engineering company for biologic facility design and construction

- Well established IVIG 10% and A1PI brand recognition in the United States
- Manufacturing capacity constraints for near to mid term
- Strong native clinical research program including subcutaneous IG and recombinant plasmin
- Developing source plasma collection operation not-yet self sufficient
- Broad portfolio of hyperimmune and specialty immune globulin therapies
Number 3 ranked vertically integrated plasma derivatives producer

2009 worldwide revenues

($) million

Baxter (1) 5,573
CSL (2) 2,924
Grifols + Talecris 2,803
Talecris 1,533
Octapharma 1,403
GRIFOLS 1,270
Biotest 612
Other (3)

Note: Figures converted to USD with an average 2009 USD/€ exchange rate of 1.3906 and average 2009 AUD/USD exchange rate of 1.3368 (for FY end June 2009).
Source: public filings.
1. Baxter financials refer to Bioscience division.
2. CSL financials refer to CSL Behring division.
3. Other companies include: LFB, Kedrion, BPL, Kamada and Omrix.
Balanced and diversified product portfolio

2009 revenue breakdown by geography

- **Combined**
  - US 50%
  - EU 28%
  - Canada 8%
  - Rest of World 14%

2009 revenue breakdown by product family

- **Combined**
  - IVIG 47%
  - Other Proteins 14%
  - Hospital 4%
  - A1PI 13%
  - Other 1%

- **GRIFOLS**
  - IVIG 33%
  - Albumin 15%
  - Factor VIII 16%
  - Diagn. 11%
  - Other Proteins 13%
  - Hospital 9%
  - Other 3%

- **Talecris**
  - A1PI 21%
  - Fraction V 6%
  - Factor VIII 3%
  - Other Proteins 16%
  - IVIG 55%
  - Other 4%
  - Other Proteins 14%
  - Factor VIII 8%
Grifols worldwide presence

- Australia
- Mexico
- Chile
- Brasil
- Colombia
- USA
- Argentina
- Switzerland
- Scandinavia
- Germany
- Poland
- Czech Rep
- Slovakia
- Spain
- Portugal
- France
- Italy
- Singapore
- Malaysia
- Thailand
- China
- Japan
- UK
- UK
- Portugal
- GRIFOLS

Grifols presence
Grifols manufacturing facility
Talecris worldwide presence

Canada

USA

Germany

Talecris presence  Talecris manufacturing facility
Enhanced US presence and global footprint

- Canada
- USA
- Mexico
- Colombia
- Brasil
- Chile
- Argentina
- UK
- Switzerland
- Scandinavia
- Germany
- Poland
- Czech Rep
- Slovakia
- France
- Spain
- Portugal
- Italy
- Singapore
- Malaysia
- Australia
- Japan
- China
- Thailand

- Grifols & Talecris presence
- Grifols presence
- Talecris presence
- Grifols manufacturing facility
- Talecris manufacturing facility
Complementary R&D pipeline

**Grifols: R&D pipeline**

<table>
<thead>
<tr>
<th>Product</th>
<th>Phase Preclinical</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Approved</th>
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</thead>
<tbody>
<tr>
<td>Fibrin Sealant</td>
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<tr>
<td>TA: Biosurgery</td>
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<tr>
<td>Uses: Vascular and Soft Tissues surgery</td>
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<tr>
<td>Albumin / IVIG</td>
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<tr>
<td>TA: Neurology</td>
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<tr>
<td>Uses: Alzheimer</td>
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<tr>
<td>Albumin</td>
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<tr>
<td>TA: Hepatology</td>
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<td>Uses: Liver Cirrhosis</td>
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<td>IV Fibrinogen</td>
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<td>TA: Haematology</td>
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<tr>
<td>Uses: Haemorrhages</td>
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**Talecris: R&D pipeline**

<table>
<thead>
<tr>
<th>Product</th>
<th>Approved</th>
<th>Phase III</th>
<th>Phase II</th>
<th>Phase I</th>
<th>Preclinical</th>
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<tbody>
<tr>
<td>Immune globuline, subcutaneous</td>
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<td>TA: Immunology and Neurology</td>
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<tr>
<td>Uses: Primary Immune Deficiency</td>
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<td>Plasmin, plasma derived</td>
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<td>TA: Thrombolytic</td>
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<td>Uses: Peripheral arterial occlusion</td>
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<td>Alpha-1 protease inhibitor, aerosol delivery</td>
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<tr>
<td>TA: Respiratory</td>
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<tr>
<td>Uses: AAT deficiency</td>
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<tr>
<td>Plasmin, recombinant</td>
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<tr>
<td>TA: Thrombolytic</td>
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<tr>
<td>Uses: Vascular occlusion</td>
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No Overlapping R&D
Significant synergies expected

- **Plasma collection**
  - Create more efficient plasma collection network
  - Cross licensing of products and facilities
  - Utilize processes with highest production yield
  - Immediate utilization of available manufacturing capacity

- **Optimized manufacturing**

- **SG&A / R&D**
  - Optimize corporate functions
  - Shared sales and marketing expertise
  - Integrate IT and networks
  - Shared R&D expertise

**c. $230m cost synergies p.a.**

- 0% ~ 15%
- 20% ~ 45%
- 40% ~ 40%
- 60% ~ 100%

Synergies expected to be realized progressively over 4 years with one off costs estimated at $100m
Additional synergies

Key actions

- Optimize capex plan by eliminating duplication
- Optimize plasma utilization and efficiencies
- Optimize use and development of inventories
- Transfer Grifols source plasma to Talecris
- Increased customer with access to broad product range
- Increased product availability

Sizing

- c. $300m over 2010-2014
- $40-70m p.a.
- Potential upside revenue synergies not factored in
Immediate action plan ready to be launched after announcement

- Application for cross manufacturing of intermediates of both companies submitted for FDA approval
- Conformance lots for validation purposes
- Grifols to provide technical support in order to optimize capex related to Talecris new fractionation and purification facilities
- Grifols to apply “best practice” found in the combined group across all operating business functions
- Focus on synergy realization
- Seamless integration from the client and consumer point of view
- Combined management team dedicated to integration process

Medium-term integration plan (after closing)
3. Transaction impact
Proforma impact on Grifols - 2009

- Balanced business profile
- Synergies of approximately $230m p.a. Realised progressively over 2-4 years from closing
- Immediate EPS accretion, growing to over 30% by year 2 driven by increasing realization of synergies
- Rapidly deleveraging profile through significant cash flow generation

Notes:
1. Assumes an average 2009. $/€ exchange rate of 1.3906.
2. 2009 Adjusted EBITDA excluding merger termination fee.
3. Run-rate synergies estimate of $230m.
Transaction financing

**Cash ($2.5bn)**

- Cash portion of the consideration ($2.5bn), together with backstop of existing debt of Grifols and Talecris (if required) financed through:
  - Cash at hand
  - Committed 5/6 year term loan facilities arranged by Deutsche Bank, Nomura, BBVA, BNP Paribas, HSBC and Morgan Stanley
  - Committed bridge to long-term bond financing arranged by Deutsche Bank, Nomura, BBVA, BNP Paribas, HSBC and Morgan Stanley

- Acquisition facility provides permanent financing structure and is quickly repaid through internal cash flow generation:
  - Initial pro-forma 2010 Net Debt / EBITDA of ~5x
  - Net Debt / EBITDA decreasing to ~3x by 2012 and below 2x by 2014

- Grifols is firmly committed to retaining a robust and flexible capital structure

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**Offer consideration**

- **Cash ($2.5bn)**
- **Grifols non-voting shares ($0.9bn)**

**Key considerations**

- **Cash ($2.5bn)**
- **Grifols non-voting shares ($0.9bn)**

**Notes:**
1. Using Grifols' ordinary shares closing stock price of €9.267 as of 4 June 2010 and $/€ exchange rate of 1.2060 as of 4 June 2010 as published by the ECB.
Grifols non-voting shares to be issued

<table>
<thead>
<tr>
<th>Offer consideration</th>
<th>Key considerations</th>
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</thead>
<tbody>
<tr>
<td>Cash ($ 2.5bn)</td>
<td>Stock portion of the consideration to be paid in the form of newly issued Grifols non-voting shares</td>
</tr>
<tr>
<td></td>
<td>– 0.641 Grifols non-voting shares for each Talecris share</td>
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<td>– Represents an aggregate of approximately 84 million newly issued Grifols non-voting shares</td>
</tr>
<tr>
<td>Grifols non-voting shares ($ 0.9bn)</td>
<td>Key characteristics of the non-voting shares</td>
</tr>
<tr>
<td></td>
<td>– Do not carry any voting rights</td>
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<td></td>
<td>– Entitled to the same dividend and other economic rights attributable to the existing Grifols ordinary shares(2)</td>
</tr>
<tr>
<td></td>
<td>– Preferential liquidation order vs. Grifols ordinary voting shares</td>
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<td></td>
<td>– Listed on NASDAQ and Mercado Continuo (Spanish stock exchange)</td>
</tr>
</tbody>
</table>

Notes:
1. Using Grifols’ ordinary shares closing stock price of €9.267 as of 4 June 2010 and $/€ exchange rate of 1.2060 as of 4 June 2010 as published by the ECB.
2. In addition, holders of non-voting shares shall also be entitled to a minimum annual dividend of €0.01 per share.
4. Conclusions
Conclusions

- Clear strategic rationale
- Significant run-rate synergy potential of c.$230 million per annum
- Immediate EPS accretion, becoming over 30% by year two
- Opportunity for Talecris shareholders to realise value and share the upside from the combined group
- Committed medium-term acquisition financing
- Manageable initial leverage and rapid deleveraging
- Committed combined management team to effect a seamless combination
- Strengthened competitive environment benefitting patients