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This presentation includes forward-looking statements concerning Baxter’s financial results, R&D pipeline, including planned product launches (many of which are subject to regulatory approval) and results of clinical trials, business development activities, capital structure, cost savings initiatives, Baxter’s long range plan (which includes financial outlook for 2018, 2020 and 2023) and other growth strategies. The statements are based on assumptions about many important factors, including the following, which could cause actual results to differ materially from those in the forward-looking statements: demand for and market acceptance of risks for new and existing products; product development risks; product quality or patient safety concerns; continuity, availability and pricing of acceptable raw materials and component supply; inability to create additional production capacity in a timely manner or the occurrence of other manufacturing or supply difficulties (including as a result of a natural disaster or otherwise); breaches or failures of Baxter’s information technology systems, including by cyberattack; future actions of regulatory bodies and other governmental authorities, including FDA, the Department of Justice, the New York Attorney General and foreign regulatory agencies; failures with respect to compliance programs; future actions of third parties, including payers; U.S. healthcare reform and other global austerity measures; pricing, reimbursement, taxation and rebate policies of government agencies and private payers; the impact of competitive products and pricing, including generic competition, drug reimportation and disruptive technologies; global, trade and tax policies; accurate identification of and execution on business development and R&D opportunities and realization of anticipated benefits (including the recent acquisitions of Claris Injectables and two surgical products from Mallinckrodt plc); the ability to enforce owned or in-licensed patents or the patents of third parties preventing or restricting manufacture, sale or use of affected products or technology; the impact of global economic conditions; fluctuations in foreign exchange and interest rates; any change in law concerning the taxation of income (including current or future tax reform), including income earned outside the United States; actions taken by tax authorities in connection with ongoing tax audits; loss of key employees or inability to identify and recruit new employees; the outcome of pending or future litigation; the adequacy of Baxter’s cash flows from operations to meet its ongoing cash obligations and fund its investment program; and other risks identified in Baxter’s most recent filing on Form 10-K and other Securities and Exchange Commission filings, all of which are available on Baxter’s website. Baxter does not undertake to update its forward-looking statements.
Advanced Surgery Market Overview

Global Market Size

- **2018**: ~$3.1B
  - CAGR: 7% - 8%
  - 4% - 5%
- **2023**: $3.8B+

**MicroSurgery**
Implants and instruments for microvascular anastomosis

**Hemostats & Sealants (H&S)**
Absorbable surgical hemostats, sealants and adhesion prevention products

Advanced Surgery Market Is Expected To Grow 4% - 5% Through 2023

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Market estimates and Baxter position based on internal estimates. 2018 – 2023 Compounded Annual Growth Rate.
Market Dynamics\(^1\)

- **Global Demographic Trends**: Support stable long-term surgical procedure growth.

- **Outpatient Utilization**: Outpacing inpatient surgeries for ortho, spine and gyn in U.S.

- **Health Expenditure**: Growth of 4% - 5% on a global per capita basis.

- **Minimally Invasive Growth**: In robotics and laparoscopic outpacing open procedures.

Positioned To Capitalize On Market Trends, Drive Growth And Address Customer Needs

\(^1\)See slide 17 for reference.
Advanced Surgery Portfolio

Hemostats and Sealants

- Floseal
- TISSEEL
- Coseal
- Hemophane
- RECOTHROM
- PREVELEAK

$707M
2017 Sales

83%
11%
6%
Other

MicroSurgery

Broad Portfolio To Address Multiple Surgical Applications
Strategic Growth Drivers

Portfolio Innovation

~$80M

2023 New Product Revenue\(^1\)

Rebuilt product pipeline to establish annual launch cadence

Market Development

Optimized commercial organization

Generating evidence of clinical & economic outcomes

Enter Adjacencies

Enter Basic Hemostat and Synthetic segments

Expand MicroSurgery offering

Innovation, Market Development And Commercial Excellence Drive Above-Market Growth Of 6% - 7% Through 2023\(^2\)

\(^1\)All references to “new products” in this presentation include new product launches, line extensions and geographic expansions, unless otherwise noted.\(^2\)All references in this presentation to future financial expectations assume commercial execution and regulatory approvals, as applicable, consistent with Baxter’s plans. CAGRs for years 2018 -2023 assume constant foreign exchange rates.
Advanced Surgery Pipeline

**Actifuse Flow**

**Floseal Advanced Applicators**

**TISSEEL PRIMA Syringe**

**Neurotube**

**Flow Coupler Remote Monitor**

**Altapore Spine**

**Altapore Shape**

**Advanced Buttress**

**TISSEEL Advanced Applicators**

**Floseal Fast Prep**

**Floseal Advanced Delivery System**

**Arterial Coupling**

**Next Generation Hemostats & Sealants**

**Hemostats & Sealants Advanced Delivery Systems**

**Sealing Indication Expansion**

**Next Generation Tissue & Orthobiologics Products**

**MicroSurgery Product Expansions**

**Japan / China: Hemostats & Sealants**

2018 2019 2020 - 2023

- **New Product**
- **GEO Expansion**
- **Key Launch**

Delivering ~$80 Million Of New Product Sales In 2023
Evolving Floseal

Reduction Time To Table Will Increase Floseal Utilization

Operating Room Time
~$40/min\textsuperscript{1}

Preparation Time
- Original
- Needle Free
- Full Sterile Prep
- Fast Prep
- Ready to Use (RTU)

1999 2012 2017 2019 2020

\textsuperscript{1}See slide 17 for reference.
Optimize Commercial Organization

**Intensified Focus On Performance Management**
- Built a new leadership team; restructured U.S. and OUS salesforce
- Restructured compensation program to better align with KPIs

**Concentration On Medical Education And Clinical Evidence**
- Trained 5,000 HCPs in 2017; trained 4,000 HCPs in Q1 2018
- Launched web-based engagement platform

**Expand Presence In Japan & China**
- Two largest H&S markets OUS
- Currently only 1 product in China and in Japan, respectively

Optimized Organization, Education And Geo-Expansion Yields Enhanced Performance

1See slide 17 for reference.
Strong Evidence Story

Published Clinical Studies¹

- Floseal
  Hemostatic Matrix
  187

- SURGIFLO
  Hemostatic Matrix
  17

Published Clinical + Preclinical Studies²

- TISSEEL
  (Fibrin Sealant)
  2,034

- EVICEL
  Fibrin Sealant
  299

¹²See slide 17 for references.
Strong Evidence Story

Net Cost Benefit\textsuperscript{1,2} From Using FLOSEAL:

\textasciitilde \textdollar 5 Million Potential Annual Savings

\textit{Vital Edge} Expands Our Customer Base Beyond the Operating Room Surgeon

\textsuperscript{1,2}See slide 17 for references.
Enter Adjacencies

Recothrom & Preveleak

Entrance into the U.S. Basic Hemostat segment
Complementary to existing portfolio

MicroSurgery

Utilize well-established MicroSurgery footprint to expand the portfolio and enter new segments

Augmenting Portfolio Through Acquisition And Internal R&D To Yield New Opportunities
Reconstructive MicroSurgery

Venous Connection

Baxter Benefit

Reduces Vein Anastomoses Time And Improves Patient Outcomes

1See slide 17 for reference.
Reconstructive MicroSurgery

Potential To Double MicroSurgery Annual Revenue By 2023

Venous Coupling
Arterial Coupling (2019)
Flow Coupler
Remote Monitoring (2018)
Baxter Nerve Repair (2018)
Neurotube

Enter Adjacencies
Portfolio Innovation
Market Development
Transformative Innovation

Deepen Penetration In Targeted Surgical Specialties By Utilizing Robust Salesforce
Advanced Surgery Summary

**Leadership position** in growing markets with multiple expansion opportunities

Well-positioned to deliver on sustainable **growth of 6% - 7%** through innovation, **market development & commercial excellence**

Targeting key growth segments to **accelerate the portfolio reach** and deliver above planned commitments

Focused on **transforming the business** to extend deeper into specific medical device segments
References

**Market Dynamics (Slide 4)**

**Evolving Floseal (Slide 8)**

**Optimize Commercial Organization (Slide 9)**
1) Key Performance Indicators

**Strong Evidence Story (Slide 10)**
1) Source: Brand name search in PubMed (filters: human, as of 12-Apr-2018)
2) Source: Brand name search in Medline (1946-Jan 2018) and Embase (1974-Jan 2018)

**Strong Evidence Story (Slide 11)**

**Reconstructive Microsurgery (Slide 13)**
1) Reference: Head LK, McKay DR, Economic Comparison of Hand Sutured and Coupler Assisted Microvascular Anastomoses, J Reconstr Microsurg, 2018 Jan;34(1):71-76