

BAXTER INTERNATIONAL INC.
SECURITIES TRADING POLICY
EFFECTIVE AS OF MARCH 24, 2015

Policy Overview

This Policy is intended to articulate the principles and policies of Baxter International Inc. (including its subsidiaries, referred to hereafter as the “Company”) regarding compliance with federal, state and foreign securities laws and regulations relating to trading in Company and third-party securities and to provide a general understanding of these securities laws to prevent even unintentional violations of such laws and regulations.

Statement of Principles and Policies

Summary

Federal and state securities laws impose important trading restrictions on certain individuals who learn of material, non-public information regarding a company. These restrictions apply to Company employees who learn of material, non-public information, as well as non-employees who learn of such information as a result of their relationship with the Company.

The principal restriction on an individual with material, non-public information is that he or she may not buy or sell securities on the basis of such information, or “tip” others about such information. Violation of this restriction can carry both criminal and civil penalties.

This Policy reflects the Company’s commitment to maintain compliance with the securities laws. Because the securities laws are comprehensive, far-reaching and constantly evolving, this Policy does not attempt to deal with all of the considerations which may be applicable to securities transactions. If you have a specific question, you should contact the General Counsel or Corporate Secretary and abstain from the conduct in question until you have been informed that the conduct is permissible.

Material, Non-public Information

“Material information” generally means information which if disclosed could reasonably have an effect on the price of a company’s securities or which is likely to be considered important by a reasonable investor in determining whether to buy or sell such securities (or otherwise alter his or her market behavior). However, there is no precise definition and, as such, individuals covered under this Policy are encouraged to take a broad and cautious view when evaluating whether a particular piece of information is “material.”

Information related to the following *may* be considered “material information” in certain circumstances:

- acquisitions of other companies, dispositions of existing operations or a new joint venture or termination thereof;
- internal financial projections or a change in financial results, including earnings, earnings estimates or operating results;
- products or product development milestones (such as major clinical trial results or FDA approvals or other actions)
- a change in senior executive management or board composition or a change in control of the Company;
- initiation or resolution of significant litigation (including disputes with customers, suppliers or contractors) or government investigations;
- significant new contracts or changes in existing contractual relationships or loss of business;

- significant raw material shortages; or
- other information which could result in substantial market share and/or revenue gains or losses.

Please note that this list is merely illustrative and is not exhaustive; other types of information may be material at any particular time depending upon the circumstances.

“Non-public information” is information that has not yet been the subject of an official announcement (for example, having been included in a public filing with securities regulatory authorities or in a press release) or otherwise sufficiently publicized and widely reported in the media. Further, information does not cease to be “non-public” until investors have had a reasonable period of time to absorb and react to the information (often considered to be two trading days after public release of the information). For the purposes of this Policy, information does not cease to be “non-public” as a result of being the subject of rumors or other unofficial statements in the marketplace. Information related to the Company can be “non-public” even where such information was obtained by a Company employee from a source outside of the Company.

Covered Persons

The Policy applies to all Company employees (regardless of role or title), directors, consultants, contract workers and temporary staff worldwide. All Company employees are responsible for ensuring that their family members (including spouses, minor children, and any other family members living in the same household) also comply with this Policy.

Please note that many countries in addition to the U.S. have laws regarding insider trading. This policy applies to all individuals described above, even if the activities prohibited in this Policy are not illegal in the country where any particular person is located.

Prohibition on Certain Activities

Insider Trading

Securities laws and this Policy require that an individual who is in possession of material, non-public information related to the Company (referred to hereafter as an “Insider”) is prohibited from (i) trading in any securities (including those issued by another company, if such information could affect the price of such securities) on the basis of such material non-public information or (ii) “tipping” such information to another person.

The fact that an Insider may have relied on other factors in purchasing or selling securities while in the possession of material non-public information is *not* an exception to this prohibition. It is no excuse that the Insider (i) would have traded anyway, (ii) considered himself/herself under a duty (for example, as a trustee) to trade or to disclose information, or (iii) did not intend to defraud anyone. If an Insider is in possession of such information, he or she must refrain from any transaction in the subject securities.

Though its definition is complex under securities laws and regulations, for purposes of this Policy a “security” should be understood to mean the common stock, or any preferred stock that is listed on any national securities exchange or any put, call, option contract, hedge or other derivative securities relating to any such stock, of a publicly traded company.

Furthermore, the Policy should be understood to extend to a number of market activities. “Trading” for the purposes of this Policy includes not just buying or selling securities in the open market, but also executing a “cashless” option exercise, writing or purchasing a put or call option, entering into any “short sale,” or the execution of any of such actions pursuant to prearranged instructions (e.g., limit orders) regardless of when such instruction was given. With respect to Company stock, “trading” also includes transferring funds into or out of

the Baxter Common Stock Fund or changing elections under the employee stock purchase plan (“ESPP”). As discussed below, certain trading activities involving Company securities are entirely prohibited under this Policy, regardless of whether or not an individual is in possession of material, non-public information. Please see below for a list of market activities which are not considered “trading” for the purposes of this Policy.

Tipping

Insiders may not give, or “tip,” such information to an outsider for the improper purpose of exploiting the information for personal gain. “Tipping” is the unauthorized communication of material, non-public information. A “tipper” is a person who divulges such information; a “tippee” is one who receives such information.

Examples of Prohibited Insider Trading

The following are hypothetical examples of insider trading violations. They are not intended to reflect the actual activities or business of the Company or any other entity.

- *Trading By an Insider:* An employee in the accounting department of R Corp. learns that the quarterly earnings to be reported by R Corp. will be substantially lower than forecasted. Prior to the public announcement of this information, the employee sells a small portion of his R Corp stock. This is a violation of U.S. securities laws and the Policy. The employee is subject to both criminal prosecution, which could result in substantial fines and jail time, and civil suits.
- *Trading By a Tippee:* An officer of S Corp. tells her neighbor that S Corp. is about to publicly announce that it received an unsolicited offer to be purchased by one of its major customers. This tip causes the neighbor to purchase S Corp.’s stock in advance of the announcement. This may be a violation of U.S. securities laws and the Policy. The officer may be jointly liable with her neighbor for all of the neighbor’s profits and each is liable for all penalties. In addition, the officer and her neighbor are subject to criminal prosecution, which could result in substantial fines and jail time, and civil suits.

Other Aggressive Trading Activities

This Policy also prohibits covered persons from directly or indirectly participating in certain trading activities with respect to Company securities that by their nature are aggressive or speculative or may give rise to an appearance of impropriety. Such prohibited activities include:

- Same-day or short-term trading (i.e., “day trading”);
- Selling stock that the seller does not own or a sale that is completed by delivery of borrowed stock (i.e., a “short sale”);
- Purchasing or holding Company securities on margin;
- Pledging Company securities as collateral for a loan; or
- Entering into any derivative (including purchasing, selling or writing put or call options, forward contracts, “equity” or “performance” swap or any similar agreements denominated in Company securities) or similar transactions.

Pre-clearance and Blackout Policy

The following are the most likely people to be in possession of material, non-public information or to be charged with insider trading:

- “Executive Officers” are Company officers who are required to file reports with the Securities and Exchange Commission indicating all of their transactions in Company securities;
- “Directors” are the members of the board of directors of Baxter International Inc.; and

- “Designated Insiders” includes all other Company employees who are not officers, but are routinely exposed to information that would necessarily be considered material (such as financial information or important press releases) before it is released to the public. A list of Designated Insiders is maintained by the Corporate Secretary and each of such persons is aware that he/she is on such list.

Accordingly, the Company has imposed a mandatory trading pre-clearance procedure on certain of these persons (referred to hereafter as “Pre-clearance Persons”), each of whom is aware that he or she is subject to such restrictions. All Pre-clearance Persons must receive pre-clearance from the Corporate Secretary or General Counsel prior to effecting any transaction in Company securities. Such pre-clearance is valid for 2 days but terminates immediately if the Pre-clearance Person acquires any material, non-public information.

Additionally, certain specific periods of the year are designated as “no trading periods” with respect to Company securities for all Designated Insiders. These “blackouts” on trading (as defined above) begin two weeks prior to a quarter-end and end on the third business day after the quarter’s earnings release is issued to the public. Further, from time to time the General Counsel or Corporate Secretary may institute other specific “blackout” periods with respect to certain securities as warranted by business developments. In such instances, the Company will notify the applicable individuals in writing that they are subject to a blackout on a particular security. After receiving such notice, that person must not trade in the blacked out security for the period of time specified in the notice. A notified person must not discuss the fact that the security is blacked out with any person (other than the General Counsel or Corporate Secretary to the extent necessary for the resolution of any questions or issues).

Please see below for a description of the exception to the pre-clearance and blackout policies under a Rule 10b5-1(c) trading plan.

Prohibition on Executive Officers and Directors Holding Company Securities in Street Name

Executive Officers and Directors (as defined above) are prohibited from carrying or placing Company securities in “street name” (that is, in the name of a broker) without written notification to the Corporate Secretary and must report changes in street name holdings.

Certain Exceptions to Trading Prohibitions

Activities Not Considered “Trading” for the Purposes of this Policy

The Policy generally does not prohibit:

- exercising Company stock options by paying the full exercise price in cash (but note that none of the shares of Company common stock received upon such exercise may be sold while the holder is aware of material non-public information, whether to fund the exercise, pay taxes or otherwise);
- making ongoing investments in the Company’s incentive investment plan or ESPP pursuant to existing investment elections;
- purchasing Company securities on a covered person’s behalf by the Company under the ESPP; or
- buying or selling investments in publicly traded mutual funds.

Rule 10b5-1(c) Trading Plan Exception to Pre-clearance and Black-out Policy

The “pre-clearance” and “blackout” policies do not apply to transactions pursuant to a previously established and approved “Rule 10b5-1(c) trading plan.” A Rule 10b5-1(c) trading plan:

- can only be established or amended at a time when the covered person does not possess material, non-public information;

- cannot be established or amended during a trading “blackout” period;
- must include an interval of at least 30 days between establishment or modification of a trading plan and a transaction under that plan, unless otherwise approved by the General Counsel or Corporate Secretary; and
- cannot be established, terminated or amended without prior approval by the General Counsel or Corporate Secretary.

Penalties

Professional Consequences

Company policy prohibits all misuse of confidential information obtained by employees in connection with their employment, including any securities trading based on such information. This is in addition to, and should be distinguished from, certain trading activities that also violate the law. Please review the Company’s Code of Conduct for a description of the Company’s policies regarding business conduct and practices, including, among other things, the use of confidential information, conflicts of interest and a summary of this Policy and consequences to employees in the event they violate Company policies (including this Policy). Company policy prohibits any illegal activity and, as such, insider trading may result in termination for cause.

Legal Consequences

The seriousness of insider trading is reflected in the penalties that it carries. Potential legal penalties include liability for the Company itself and individual directors, officers or employees. For an individual, insider trading may result in criminal penalties, including fines, jail time or both. The U.S. Securities and Exchange Commission also has the authority to seek civil monetary penalties.

The SEC may also impose liability on the Company as a controlling person of an insider trading violator if the Company recklessly disregards the likelihood that a controlled person was going to engage in a violation and fails to take steps to prevent the action before it occurs. The SEC is authorized to pay bounties to persons providing information leading to the imposition of a penalty.

In addition, private parties may also bring civil actions seeking damages against any person purchasing or selling a security while in the possession of material, non-public information. The total amount of damages recoverable may not exceed the profit gained or loss avoided in such a transaction.

Questions

If you have a question as to whether certain information is material or has been adequately disclosed to the public, you should contact the General Counsel or Corporate Secretary and abstain from trading or disclosing the information in question until you have been informed that the information is not material or has been sufficiently disclosed to the public.