

BAXTER INTERNATIONAL INC

Form DEF 14A

March 26, 2019

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

CHECK THE APPROPRIATE BOX:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

**Baxter International Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
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- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- 1) Amount previously paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:

4) Date Filed:

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Notice of 2019

Annual Meeting

of Stockholders

and Proxy Statement

May 7, 2019

Baxter International Inc.

Headquarters

One Baxter Parkway

Deerfield, Illinois 60015

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Baxter International Inc.

One Baxter Parkway

Deerfield, Illinois 60015

March 26, 2019

Dear Fellow Stockholder:

It is my pleasure to invite you to attend Baxter's Annual Meeting of Stockholders on Tuesday, May 7, 2019 at 9:00 a.m., Central Daylight Time, at our corporate headquarters located at One Baxter Parkway, Deerfield, Illinois 60015. Registration will begin at 8:00 a.m.

Baxter's mission is unchanging and enduring: Save and Sustain Lives. It is a constant that defines our emphasis on medically necessary products as well as the commitment of our employees. What does change, in contrast, is how we bring this mission to life. For the past three years, we have been on a journey of transformation to deliver enhanced value for our stakeholders.

We continue investing to renew the pace of high-potential innovation across the company. This is an essential part of our commitment to patients, and equally essential to delivering increased value for our investors. Building on our recent progress, we intend to continue accelerating innovation through our internal research and development pipeline, business development, and by expanding into new adjacencies, from prevention through recovery. We are employing a highly disciplined business development strategy, assessing opportunities of varying scope and scale. We are focused on ensuring a complementary fit—whether through adjacencies or even new healthcare lines beyond our current core—as well as a return on investment in line with our current standards and expectations.

Simultaneously, we will maintain our tenacious focus on operational efficiency, which has been key to increasing our margins and cash flow over the past three years. Our focus on operational excellence has been a defining element of our ongoing transformation. Zero-based organization and spending initiatives have helped usher in a new era of efficiency, agility and spending discipline across all corners of the

business.

An evolving culture has played a crucial role in Baxter's broader transformation over the past three years. Our longtime mission to Save and Sustain Lives is being pursued with a new sense of dynamism and urgency, powered by levers like speed, simplicity, courage and collaboration. This charge will continue in order to maintain and accelerate our renewed trajectory.

Our 50,000 employees<sup>1</sup> make it all possible. Our globe-spanning diversity is matched only by the commitments we share including our passion for patients, our drive to innovate, and our belief in reaching beyond today's goals and expectations. As much as any strategy, these traits will continue to form our future and the impact we deliver for our stakeholders.

As Baxter's Chairman and CEO, it is gratifying to help channel this energy into meaningful results. We have already accomplished a great deal; but I am convinced that this is prologue for what is to come. There are so many opportunities within our reach to advance healthcare, refine our operations and deliver enhanced value for investors. Now it is time to deliver on the potential we have worked hard to create. Many thanks for your ongoing support and confidence as this journey continues.

We hope that you join us at the Annual Meeting of Stockholders to discuss our results and learn more about our strategic agenda. Details of the business to be conducted at the Annual Meeting are included in the attached Notice of Annual Meeting of Stockholders and Proxy Statement, which we encourage you to read carefully. If you plan to attend the Annual Meeting, please review the information on attendance provided on page 73 of the proxy statement.

Your vote is very important to us. Whether or not you plan to attend in person, I urge you to vote your shares as promptly as possible. You may vote your shares by Internet or by telephone. If you received a paper copy of the proxy card by mail, you may sign, date and return the proxy card in the enclosed envelope. If you attend the Annual Meeting, you may revoke your proxy and vote in person.

On behalf of the Board of Directors and our management team, thank you for your continued support of Baxter and your participation in this year's Annual Meeting of Stockholders.

Very truly yours,

José (Joe) E. Almeida

Chairman of the Board,

President and Chief Executive Officer

<sup>1</sup> As of December 31, 2018.

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Baxter International Inc.

One Baxter Parkway

Deerfield, Illinois 60015

March 26, 2019

Dear Stockholder:

It has been my privilege to serve as Baxter's lead independent director during 2018. I also enjoyed meeting with several of our investors as part of our stockholder engagement program in late 2018 (as described on p.32 of the proxy statement). I look forward to continuing to engage in productive dialogue with our stockholders in 2019 and beyond.

Your Board plays a key advisory role in the mission and strategic direction of the company, and we are actively committed to our oversight responsibilities across all areas of the company. The Board includes diverse and independent directors with a wide range of skills and experiences that support Baxter's strategy and help to position the company for long-term success in the complex and rapidly changing healthcare environment.

As a lead director, I liaise closely with the other independent directors to help ensure their input is incorporated into the Board meetings and work closely with Joe Almeida to develop the agenda topics. Additionally, I provide an independent channel for investors and other stakeholders to access the Board and Baxter generally. There were many developments in our Board and governance practices in 2018, including:

*Board Refreshment* We welcomed two new Board members: Patricia (Patty) Morrison and Amy Wendell. Their appointments were the result of our ongoing board refreshment activities, which included (for the first time) the use of a third party to help oversee our annual self-assessment process. Both Amy and Patty bring critical experience in the areas of information technology and cybersecurity and M&A, respectively, which complement Baxter's strategies and potential transformation activities. Ms. Carole Shapazian and Mr. Munib Islam have announced their decisions to depart from the Board effective May 6<sup>th</sup>. We are grateful for their years of service and contributions to Baxter.



*Stockholder Engagement* We continued to build upon our year-round engagement program with stockholders to better understand their perspectives on a variety of relevant issues, including strategy, performance, governance, compensation, corporate responsibility and Board composition, refreshment and leadership.

*Governance Improvements* Consistent with feedback received from several investors and in light of the company's increased focus on digital health, we amended our Committee charters in February 2019 to assign oversight responsibility for IT functions (including non-product related cybersecurity matters) to the Audit Committee. The Quality, Compliance & Technology Committee is now responsible for cybersecurity as it relates to Baxter products and services. Ms. Morrison has been added to the Audit Committee in light of her significant expertise in these areas.

I am confident that Baxter will continue to build on its growing momentum with the Board's active involvement, valuable input and support. I am equally confident that we currently have the proper structures in place to help accomplish the company's long term strategic goals.

Best regards,

Thomas T. Stallkamp

Lead Director

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Notice of 2019 Annual Meeting of Stockholders and Proxy Statement

1

**Notice of 2019 Annual Meeting of Stockholders and Proxy Statement**

The 2019 Annual Meeting of Stockholders of Baxter International Inc. (the Annual Meeting) will be held at our corporate headquarters located at One Baxter Parkway, Deerfield, Illinois 60015, on Tuesday, May 7, 2019 at 9:00 a.m., Central Daylight Time, for the following purposes:

To elect the 12 directors named in the attached proxy statement.

To approve named executive officer compensation for 2018.

To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for Baxter International Inc. (Baxter or the company) in 2019.

To vote on the two stockholder proposals as described in the proxy statement, if such proposals are properly presented at the Annual Meeting.

To transact any other business that may properly come before the meeting.

The Board of Directors recommends that stockholders vote FOR Items 1, 2 and 3. The Board of Directors recommends that stockholders vote AGAINST each of the stockholder proposals referred to in Item 4. Stockholders of record at the close of business on March 14, 2019 will be entitled to vote at the meeting.

By order of the Board of Directors,

Ellen K. McIntosh

Corporate Secretary

### **How Do I Vote?**

By Internet, following the instructions on the Notice of Internet Availability of Proxy Materials or the proxy card;

By telephone, using the telephone number printed on the proxy card; or

By mail (if you received your proxy materials by mail), using the enclosed proxy card and return envelope.

**Important Notice Regarding  
the Availability of Proxy Materials for  
the Annual Meeting of Stockholders  
to be Held on May 7, 2019**

The proxy statement relating to the  
Annual Meeting and the  
Annual Report to Stockholders for the year  
ended December 31, 2018 are available at  
<http://materials.proxyvote.com/071813>.

### **Proxy Statement**

The accompanying proxy is solicited on behalf of the Board of Directors for use at the Annual Meeting to be held on Tuesday, May 7, 2019. On or about March 26, 2019, Baxter began mailing to stockholders of record a Notice of Internet Availability of Proxy Materials providing instructions on how to access proxy materials via the Internet and how to vote online ([www.proxyvote.com](http://www.proxyvote.com)). Stockholders who did not receive the Notice of Internet Availability of Proxy Materials as a result of a previous election will receive a paper or electronic copy of the proxy materials, which Baxter also began sending on or about March 26, 2019.

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Proxy Statement Highlights

**Proxy Statement Highlights**

To assist you in reviewing the proposals to be acted upon at the Annual Meeting, this section presents concise detail about each non-routine voting item. For more complete information, please review our Annual Report on Form 10-K for the year ended December 31, 2018 and the complete proxy statement.

PROPOSAL 1

[Election of Directors](#)

[What am I voting on?](#)

You are asked to vote for the reelection of the 12 directors set forth below for a term of one year.

[What is the Board's recommendation?](#)

**The Board recommends a vote **FOR** the election of each of the director nominees.**

The Board believes that the 12 directors standing for reelection possess a desirable mix of professional and industry experience and qualifications, reflective of the Board's ongoing board refreshment efforts. The Board has demonstrated an ability to effectively consult with management on the company's strategic and operational plans and oversee the company's performance. See below for additional information regarding the qualifications, experiences and backgrounds of the Board (including the director nominees) and recent Board developments.

[Where can I find more information?](#)



Concise supporting information is presented below.

See also Corporate Governance at Baxter International Inc. Proposal 1 Election of Directors for additional information.

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Name	Age	Director Since	Independent Y/N	Key Attributes and Skills	A	C	CG	QCT
José (Joe) E. Almeida	56	2016	N	Significant experience in the medical device industry				
Chairman, President and Chief Executive				Extensive experience leading and helping to transform global, multi-faceted corporations				
Officer, Baxter International Inc.								
Thomas F. Chen	69	2012	Y	Extensive international business experience in hospital products and pharmaceuticals				
Senior Vice President and President of International Nutrition,				Global perspective				
Abbott Laboratories (retired)								
John D. Forsyth	71	2003	Y	Significant experience in the healthcare industry, including with leading payors				
Chairman and CEO, Wellmark Blue Cross Blue Shield				Understanding of large, complex organizations, including healthcare payors				
James R. Gavin III, M.D., Ph.D.	73	2003	Y	Significant experience in the healthcare industry, including with leading healthcare providers				
Chief Executive Officer and Chief Medical Officer				Extensive scientific and medical expertise, including as a practicing endocrinologist				
Healing our Village, Inc.								
Peter S. Hellman	69	2005	Y	Extensive financial and capital markets experience				
President and Chief Financial and Administrative Officer				Significant experience leading global industrial companies, including a multi-billion dollar information				

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	Nordson Corporation (retired)				technology business
	<a href="#">Michael F. Mahoney</a>	54	2015	Y	Extensive experience leading global, medical products companies, including most recently as a Chairman and CEO
	Chairman, President and CEO, Boston Scientific Corporation				
New	<a href="#">Patricia B. Morrison</a>	59	2019	Y	Significant experience in information technology and cybersecurity at global healthcare companies
	Executive Vice President, Customer Support Services & Chief Information Officer, Cardinal Health, Inc. (retired)				
	<a href="#">Stephen N. Oesterle, M.D.</a>	68	2017	Y	Significant experience in the medical products and healthcare industries
	Healthcare Consultant, former Senior Vice President, Medicine and Technology, Medtronic plc				Strong scientific and medical background, including as a practicing cardiologist
	<a href="#">Cathy R. Smith</a>	55	2017	Y	Significant financial expertise and corporate leadership experience, including in response to cybersecurity incidents
	Executive Vice President and Chief				
	Financial Officer, Target Corporation				
	<a href="#">Thomas T. Stallkamp (Lead Director)</a>	72	2000	Y	Extensive experience leading global corporations, including global manufacturers
	Founder and Principal, Collaborative Management LLC				Significant business development and supply chain experience
	<a href="#">Albert P.L. Stroucken</a>	71	2004	Y	Extensive experience leading large, complex organizations
	Chairman and Chief Executive Officer, Owens-Illinois Inc. (retired)				Significant financial expertise
New	<a href="#">Amy A. Wendell</a>	58	2019	Y	Extensive experience in business development and strategy in healthcare industry, including significant restructuring and integration experience
	Senior Advisor, Parella Weinberg Partners L.P., former Senior Vice President of Strategy and Business Development, Covidien				

Key

Committee Chairperson  
Committee Member

**A** Audit Committee  
**C** Compensation Committee

**CG** Corporate Governance Committee  
**QCT** Quality, Compliance and  
Technology Committee

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Proxy Statement Highlights

**2018 Board and Governance Highlights**

**Board Refreshment Activities**

See pages 18 and 32

Heightened focus by the Board on refreshment and diversity led to the appointment of two new directors as described below

Two directors, Munib Islam and Carole Shapazian, have announced their departure from the Board, effective May 6th

Continued outreach to many of our large institutional investors. Thomas Stallkamp, the lead independent director, participated in several of these discussions.

Expanded the scope of the Board's annual self-assessment review, as described below

\* Calculated after giving effect to Mses. Morrison's and Wendell's appointments and the previously announced departures of Mr. Islam and Ms. Shapazian from the Board, effective May 6, 2019

\*\*Calculated as of March 26, 2019, after giving effect to the upcoming departures of Mr. Islam and Ms. Shapazian from the Board

**Governance Practices**

See page 32

Continued to augment Baxter's stockholder engagement program, with continued involvement from members of the Board and senior management. In 2018, Thomas Stallkamp, as lead independent director, participated in several of these discussions.

Since the 2018 annual meeting, the company has approached stockholders holding over 50% of the company's outstanding shares to engage in discussions. The company will continue having these conversations with interested investors.

Topics discussed with stockholders included company strategy and performance, corporate governance matters (including Board composition and refreshment), board leadership structure, executive compensation and corporate responsibility initiatives (including company culture and diversity).

Consistent with feedback shared by several stockholders in these discussions and in light of the company's increased focus on digital health, amended the Audit and Quality, Compliance & Technology Committee charters in February 2019 to assign oversight responsibility for IT functions (including non-product related cybersecurity matters) to the Audit Committee. The Quality, Compliance & Technology Committee is now responsible for cybersecurity as it relates to Baxter products and services.

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Proxy Statement Highlights

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**Board Qualifications, Experiences and Backgrounds**

The following chart sets forth the varied qualifications, experiences and backgrounds of the director nominees in the aggregate. Each chevron represents a director nominee who possesses the specific attribute or experience. See

Corporate Governance at Baxter International Inc. Nominees for Election as Directors and Board of Directors Director Qualifications for additional information.

**Advisory Vote to Approve Named Executive Officer Compensation**

**What am I voting on?**

You are asked to cast a non-binding advisory vote to approve Baxter's compensation programs as described in the Executive Compensation Compensation Discussion and Analysis section of the proxy statement.

**What is the Board's recommendation?**

**The Board recommends a vote **FOR** this proposal.**

The Board and the Compensation Committee believe that Baxter's executive compensation programs appropriately align executives' interests with Baxter's strategies and long-term objectives, including Baxter's ongoing pursuit of top quartile financial performance. See Performance Highlights below for additional information regarding 2018 financial and operational highlights.

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Proxy Statement Highlights

Where can I find more information?

Concise supporting information is presented below.

See Executive Compensation Proposal 2 Advisory Vote to Approve Named Executive Officer Compensation for additional information.

**Performance Highlights**

Development or Highlight

Strong financial results and stockholder returns for 2018

Further

Information

See pages 30, 36 and 39

<sup>1</sup> For purposes of calculating performance under the company's 2018 annual incentive plan, net sales were calculated at budgeted exchange rates (as of January 1, 2018) and were adjusted to exclude results associated with sales of the company's newly acquired RECOTHROM and PREVELEAK products. Adjusted earnings from continuing operations per share and adjusted operating margin were further adjusted (for purposes of performance calculations under the company's 2018 annual and long-term incentive plans) to exclude the results associated with RECOTHROM and PREVELEAK. We refer to these measures as used in the proxy statement as adjusted net sales, further adjusted earnings per share or further adjusted EPS and further adjusted operating margin, respectively. These amounts totaled \$11.6 billion in adjusted net sales, \$3.01 in further adjusted EPS and 17.2% in further adjusted operating margin. See Executive Compensation Compensation Discussion and Analysis Structure of Compensation Program Financial Targets and Performance Over the Long Term Performance Against Adjusted Operating Margin Target for a reconciliation of the amounts listed in the graphics above along with further adjusted amounts (as described in this paragraph) to the applicable measures calculated in accordance with U.S. generally accepted accounting principles (GAAP).



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Compensation Design for 2018

See page 35

*Base Salary*

Provides a base level of competitive compensation

Used to attract and retain executive talent

*Annual Incentive Program*

Motivates and rewards executives for company and individual performance against annually established financial targets and individual objectives

Financial targets and relative weightings for 2018 included:

Adjusted earnings per share (50%)

Net sales (30%)

Free cash flow (20%)

*Long-Term Incentive Program (LTI)*

*Performance Share Units (PSUs) (50%)*

Motivates and rewards executives for company performance against financial targets and incorporates an assessment of the executive's past performance and future potential. All PSU awards are subject to a three-year vesting period

PSUs recognize that a portion of an executive's equity awards should be completely at-risk

Financial objectives for 2018 PSU awards included:

Adjusted operating margin (50%) based on company performance as compared to the applicable annual financial target, in each case subject to completion of the three-year vesting period across all three tranches of awards

Three-year total shareholder return (formerly known as growth in shareholder value) (TSR) (50%) based on company performance as compared to an indexed industry benchmark over a three-year period

#### Stock Options (50%)

Motivates and rewards an executive's contributions to helping to achieve the company's long-term objectives and increasing stockholder value

Stock options recognize that it is in the best interests of the company to provide equity that will vest as long as the executive continues to serve at Baxter and are valued, at least in part, on the company's performance during that period

The company did not issue any restricted stock units (RSUs) to any executive officers in 2018, consistent with the structure of its executive compensation program generally.

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Proxy Statement Highlights

[Independent Board Chairman](#)

[What am I voting on?](#)

If properly presented, you will be asked to vote on a stockholder proposal that asks the Board to amend the company's governing documents to require the Chairman of the Board, whenever possible, to be an independent member of the Board.

[What is the Board's recommendation?](#)

**The Board of Directors recommends a vote **AGAINST** the stockholder proposal.**

[Where can I find more information?](#)

Concise supporting information is presented below.

See [Stockholder Proposals](#) [Proposal 4](#) [Independent Board Chairman](#) for additional information.

[Items to consider when evaluating this proposal:](#)

**Existing Governance Structure:** The company's existing governance structure allows the Board flexibility to make changes in the company's leadership structure in accordance with the best interests of the company and its stockholders

**Consistent Communication and Coordination Through Transformation:** Having Mr. Almeida serve as Chief Executive Officer and Chairman allows consistent communication and coordination throughout the company and effective and efficient implementation of corporate strategy

**Established Independent Oversight:** The existing leadership structure and corporate governance practices provide strong independent oversight of the Board, including the regular evaluation and review of the leadership structure by

the Board. In 2018, the Board augmented this review process through the use of a third party to oversee its annual self-assessment process. This process resulted in the appointment of two new independent directors, Patricia Morrison and Amy Wendell, to the Board

**Strong Lead Director:** The responsibilities of the lead director are significant and include functioning as the primary liaison between the independent directors and the Chief Executive Officer and Chairman. Additionally, Mr. Stalkamp, who has served in the role since 2014, has helped oversee the company and Board through significant milestones and periods of transition, including the July 2015 spin-off of Baxalta Incorporated (Baxalta) and the recruitment and appointment of Joe Almeida as Chief Executive Officer and Chairman beginning January 1, 2016

| 2019 Annual Meeting of Stockholders and Proxy Statement

### [Right to Act by Written Consent](#)

#### [What am I voting on?](#)

If properly presented, you will be asked to vote on a stockholder proposal that asks the Board to undertake such steps as may be necessary to permit stockholders to act by written consent.

#### [What is the Board's recommendation?](#)

**The Board of Directors recommends a vote **AGAINST** the stockholder proposal.**

#### [Where can I find more information?](#)

Concise supporting information is presented below.

See [Stockholder Proposals](#) [Proposal 5](#) [Right to Act by Written Consent](#) for additional information.

#### [Items to consider when evaluating this proposal:](#)

**Baxter Stockholders Have the Right to Call a Special Meeting:** The company's organizational documents allow holders of 25% of the outstanding shares of the company's common stock to call a special meeting. This is approximately one-half of the percentage that would be required to act by written consent under the proposal

**Minority Stockholders May be Left Out of the Written Consent Process:** The proposal does not include a requirement that all stockholders be given prior notice and an opportunity to be heard. Furthermore, stockholders holding a mere majority of the company's outstanding voting shares could adopt an action by written consent that is binding on the company and the company's stockholders. In contrast, holders of just 25% of the outstanding shares of the company's common stock are already permitted to call a special meeting which requires prior notice and gives all stockholders the opportunity to participate in the process

**The Quality, Compliance & Technology Committee Provides Strong Oversight Over Product and Safety Matters:** The Quality, Compliance & Technology Committee is responsible for the oversight of risk management in the areas of product quality and safety at Baxter. It has overseen a significant reduction in product recalls and the elimination of multiple Warning Letters since 2015

**Committed to Maintaining Strong Corporate Governance Practices and Protecting Stockholder Rights:** This commitment is evidenced by, among other things, Baxter's proxy access bylaw, the ability of stockholders to call a special meeting, the complete declassification of the Board, majority voting standard for directors, the removal of super-majority voting provisions from Baxter's organizational documents and Board composition and refreshment efforts

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Corporate Governance at Baxter International Inc.

**Corporate Governance at Baxter International Inc.****Election of Directors**

The Board currently consists of 14 members. Mr. Munib Islam's resignation and Ms. Carole Shapazian's retirement from the Board will become effective on May 6, 2019, the day prior to the Annual Meeting. After giving effect to these departures, the Board has nominated all of the remaining directors for reelection as directors for a term of one year.

**The Board of Directors recommends a vote **FOR** the election of each of the director nominees named below under **Nominees for Election as Directors.****

Baxter's Bylaws require each director to be elected by the majority of the votes cast with respect to that director in uncontested elections; that is, the number of shares voted for a director must exceed 50% of the number of votes cast with respect to that director. Abstentions will not be considered votes cast. In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the shares represented in person or by proxy and entitled to vote on the election of directors. If a nominee who is serving as a director is not elected at an annual meeting of stockholders, under Delaware law the director would continue to serve on the Board as a holdover director. However, under the company's Bylaws, any incumbent director who fails to be reelected at an annual meeting must offer his or her resignation to the Board. The Corporate Governance Committee would then make a recommendation to the Board whether to accept or reject the resignation, or whether other action should be taken. In accordance with the Bylaws, the Board would act on the Corporate Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date that the election results are certified. The director who offers his or her resignation would not participate in the Board's decision.

All of the nominees have indicated their willingness to serve if elected, but if any should be unable or unwilling to stand for election, proxies may be voted for a substitute nominee designated by the Board. No nominations for directors were received from stockholders (including as a result of any proxy access nominations), and no other



candidates are eligible for election as directors at the Annual Meeting. Accordingly, there is no director election contest and each director nominee must receive a majority of the votes cast with respect to that director in order to be reelected to the Board. Unless proxy cards are marked otherwise, the individuals named as proxies intend to vote the shares represented by proxy in favor of all of the Board's nominees.

Set forth below under "Nominees for Election as Directors" is information concerning the nominees for election.

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Corporate Governance at Baxter International Inc.

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**Nominees for Election as Directors**

José (Joe) E. Almeida

Thomas F. Chen

**Chairman of the Board, President and CEO****Independent Director**

Age 56

Age 69

Director since 2016

Director since 2012

**Biography**

Committees: Corporate Governance and Quality, Compliance and Technology

Mr. Almeida was appointed Chairman of the Board, President and Chief Executive Officer effective January 1, 2016. He began serving as an executive officer of the company in October 2015. He served as Senior Advisor with The Carlyle Group, a multinational private equity, alternative asset management and financial services corporation, from May 2015 to October 2015. Previously, he served as the Chairman, President and Chief Executive Officer of Covidien plc (Covidien), a global health care products company, from March 2012 through January 2015, prior to the acquisition of Covidien by Medtronic plc (Medtronic), and President and Chief Executive Officer of Covidien from July 2011 to March 2012. Mr. Almeida is a member of the Board of Directors of Walgreens Boots Alliance, Inc. and Ortho-Clinical

**Biography**

Mr. Chen served as Senior Vice President and President of International Nutrition of Abbott Laboratories (Abbott), a global health care company, before retiring in 2010. During his 22-year career at Abbott, Mr. Chen served in a number of roles with expanding responsibilities, primarily in Pacific/Asia/Africa where he oversaw expansion into emerging markets. Prior to Abbott, he held several management positions at American Cyanamid Company, which later merged with Pfizer Inc. Mr. Chen currently serves as a director of Stericycle, Inc. and an advisor to Cooperation

Diagnostics, Inc., a Carlyle Group company. Mr. Almeida served on the board of directors of State Street Corporation from October 2013 to November 2015, Analog Devices, Inc. from December 2014 to November 2015 and EMC Corporation from January 2015 to November 2015. He previously served as director and chairman of the board for The Advanced Medical Technology Association (AdvaMed).

### **Key Attributes, Experience and Skills**

Substantial knowledge of the medical device industry and extensive experience leading, operating and transforming global corporations as a result of his roles as Chairman and Chief Executive Officer at Baxter and Covidien and in other senior management roles at other medical device companies.

Fund, a partnership between Goldman Sachs and the sovereign fund, China Investment Cooperation, to bolster U.S. manufacturers' market presence in China. Mr. Chen previously served as a director of Cyanotech Corporation.

### **Key Attributes, Experience and Skills**

Extensive international business experience in pharmaceuticals, hospital products and nutritionals through his 22-year career at Abbott, with a distinct global perspective resulting from his focus on emerging markets, particularly in China, India and other Asia Pacific regions.

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Corporate Governance at Baxter International Inc.

John D. Forsyth

James R. Gavin III, M.D., Ph.D.

**Independent Director**

**Independent Director**

Age 71

Age 73

Director since 2003

Director since 2003

Committees: Compensation and Corporate  
Governance

Committees: Corporate Governance and Quality,  
Compliance and Technology

**Biography**

**Biography**

Mr. Forsyth has been Chairman of Wellmark Blue Cross Blue Shield, a healthcare insurance provider for residents of Iowa and South Dakota, since 2000 and Chief Executive Officer since 1996. Prior to that, he spent 26 years at the University of Michigan, holding various positions, including President and Chief Executive Officer of the University of Michigan Health System. Mr. Forsyth currently serves as a director of the National Institute of Healthcare Management and previously served as a director of Baxalta, until its merger with Shire plc (Shire).

Dr. Gavin is Chief Medical Officer of Healing Our Village, Inc., a healthcare corporation that specializes in targeted advocacy, training, education, disease management and outreach for healthcare professionals and minority communities, having previously served as Executive Vice President for Clinical Affairs at Healing Our Village from 2005 to 2007. Dr. Gavin is also Clinical Professor of Medicine and Senior Advisor of Health Affairs at Emory University, a position he has held since 2005, and Clinical Professor of Medicine at Indiana University School of Medicine in Indianapolis, a position he has held since 2008. From 2002 to 2005, Dr. Gavin was President of the Morehouse School of Medicine and from 1991 to 2002 he served as Senior Science Officer at

**Key Attributes, Experience and Skills**

Extensive experience in the healthcare industry and with healthcare payors. An understanding of the challenges associated with leading and operating within large, complex organizations as current Chairman and Chief Executive Officer of Wellmark Blue Cross Blue Shield and given his 26 years of management experience in the University of Michigan Health System.

Howard Hughes Medical Institute, a non-profit medical research organization. He previously served as a director of Amylin Pharmaceuticals, Inc. and Baxalta, until its merger with Shire.

**Key Attributes, Experience and Skills**

Extensive experience with, and medical and scientific expertise and knowledge of, the healthcare industry and its providers as a result of the positions he has held at Emory and Indiana Universities, the Morehouse School of Medicine and Howard Hughes Medical Institute as well as significant leadership experience as Chief Executive Officer and Chief Medical Officer of Healing Our Village, Inc.

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Corporate Governance at Baxter International Inc.

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Peter S. Hellman

Michael F. Mahoney

**Independent Director****Independent Director**

Age 69

Age 54

Director since 2005

Director since 2015

Committees: Audit and Compensation

Committees: Compensation and Quality,

Compliance and Technology

**Biography**

From 2000 until his retirement in 2008, Mr. Hellman held various positions at Nordson Corporation, a manufacturer of systems that apply adhesives, sealants and coatings during manufacturing operations, the most recent of which was President and Chief Financial and Administrative Officer. From 1989 to 1999, Mr. Hellman held various positions with TRW Inc., the most recent of which was President and Chief Operating Officer. Mr. Hellman currently serves as a director of The Goodyear Tire & Rubber Company and Owens-Illinois, Inc. Mr. Hellman previously served as a director of Qwest Communications International Inc.

**Biography**

Mr. Mahoney is Chairman, President and Chief Executive Officer of Boston Scientific Corporation (Boston Scientific), a global developer, manufacturer and marketer of medical devices. He has served in that role since 2016. Between 2012 and 2016, he served as President and Chief Executive Officer of Boston Scientific. He first joined Boston Scientific in 2011, with a 24-year track record of building medical device, capital equipment and healthcare IT businesses. Prior to joining Boston Scientific, Mr. Mahoney served as Worldwide Chairman of Johnson & Johnson Medical Devices and Diagnostics Division and as

Worldwide Group Chairman of Johnson & Johnson's DePuy Orthopedics and Neuro Science Business. He serves as a director of AdvaMed.

**Key Attributes, Experience and Skills**

Significant experience leading global industrial companies and a multi-billion dollar information technology business and overseeing global supply operations, manufacturing and distribution practices. Extensive financial, capital markets and operational expertise and experience leading complex corporations with a considerable global presence as a result of the various senior positions held at Nordson Corporation and TRW Inc. as well as extensive experience serving on public company boards, including as the audit committee chair of The Goodyear Tire & Rubber Company and Owens-Illinois, Inc.

**Key Attributes, Experience and Skills**

Significant knowledge of the global medical products business and extensive experience leading and operating within global, multi-faceted medical products companies as a result of his roles at Boston Scientific and Johnson & Johnson. These experiences includes significant merger and acquisition activity.

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Corporate Governance at Baxter International Inc.

Patricia B. Morrison

Stephen N. Oesterle, M.D.

**Independent Director**

**Independent Director**

Age 59

Age 68

Director since 2019

Director since 2017

Committees: Audit

Committees: Corporate Governance and Quality, Compliance and Technology

**Biography**

**Biography**

From 2009 to 2018, Ms. Morrison served as Executive Vice President, Customer Support Services and Chief Information Officer (CIO), of Cardinal Health Inc. (Cardinal), a global, integrated healthcare services and products company. At Cardinal, she led global information technology (IT) operations, which included the transformation of multiple business segments, acquisition integration and digital strategy. Prior to Cardinal, Ms. Morrison served as CIO of both Motorola, Inc. and Office Depot, Inc. and held senior-level IT positions at General Electric Company, PepsiCo, Inc., The Procter & Gamble Company, and The Quaker Oats Company. She currently serves as a director of Aramark Corporation and Splunk Inc.

Dr. Oesterle is a consultant and provides advisory services to private equity and operating companies in the healthcare industry. From 2002 to 2015, he served as a member of the Executive Committee of Medtronic (Medtronic), a global medical technology, services and solutions company, and as Senior Vice President, Medicine and Technology of Medtronic. Previously, he served as an Associate Professor of Medicine and Director of Invasive Cardiology Services at each of Massachusetts General Hospital (1998 to 2002), Stanford University Medical Center (1992 to 1998) and Georgetown University Medical Center (1991 to 1992). He served as a director of HeartWare



**Key Attributes, Experience and Skills**

Extensive experience of across diverse global industries overseeing strategic, operational and financial aspects of information technology including cybersecurity, global IT master planning and digital transformation. Most recently, this experience included work in the medical products industry while at Cardinal.

International, Inc. (HeartWare) from January 2016 to November 2016, prior to Medtronic's acquisition of HeartWare. He served as a director of REVA Medical, Inc. (REVA) from February 2018 through March 2019.

**Key Attributes, Experience and Skills**

Extensive experience in the medical products and healthcare industries with a strong scientific and medical background. Substantial knowledge of the medical device industry and extensive medical and leadership experience as a result of his role as Senior Vice President, Medicine and Technology at Medtronic and as a director at HeartWare and REVA as well as positions held at Harvard Medical School, Stanford University Medical Center and other leading hospitals.

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Corporate Governance at Baxter International Inc.

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Cathy R. Smith

Thomas T. Stallkamp

**Independent Director****Lead Independent Director**

Age 55

Age 72

Director since 2017

Director since 2000

Committee: Audit

**Lead Director since 2014**

Committees: Audit and Compensation

**Biography**

Ms. Smith is Executive Vice President and Chief Financial Officer at Target Corporation (Target), a retailer. As previously disclosed by Target, Ms. Smith has announced her intention to retire from Target effective May 1, 2020. She will continue serving as Target's Chief Financial Officer until her successor has been appointed, after which time she has agreed to provide strategic advisory services through her retirement date. Prior to joining Target in 2015, Ms. Smith served as Executive Vice President and Chief Financial Officer at Express Scripts Holding Company, (Express Scripts), an independent pharmacy benefits management company, from 2014 to 2015 and as Executive Vice President, Strategy and Chief Financial Officer at Walmart International (Walmart), a division of Walmart Stores Inc., a

**Biography**

Mr. Stallkamp is the current lead independent director and has been elected annually as such by the other independent directors since May 2014. Mr. Stallkamp is the founder and principal of Collaborative Management LLC, a private supply chain consulting firm. From 2004 to 2010, Mr. Stallkamp was an Industrial Partner in Ripplewood Holdings L.L.C., a New York private equity group. From 2003 to 2004, Mr. Stallkamp served as Chairman of MSX International, Inc. (MSX), a global provider of technology-driven engineering, business and specialized staffing services, and from 2000 to 2003, he served as Vice-Chairman and Chief Executive Officer of MSX. From 1980 to 1999, Mr. Stallkamp held

discount retailer, from 2010 to 2014.

### **Key Attributes, Experience and Skills**

Significant financial expertise and corporate leadership experience as a result of her senior positions held at Target, Express Scripts and Walmart. This experience includes work helping to oversee cybersecurity incident response.

various positions with DaimlerChrysler Corporation and its predecessor Chrysler Corporation, the most recent of which was Vice Chairman and President. Mr. Stallkamp serves as a director of BorgWarner Inc.

### **Key Attributes, Experience and Skills**

Extensive experience leading complex, global organizations, including global manufacturers, through his senior management roles at DaimlerChrysler Corporation and its predecessor Chrysler Corporation and MSX. Significant financial and business development expertise with Ripplewood Holdings L.L.C. and supply chain expertise as founder and principal of Collaborative Management LLC.

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Corporate Governance at Baxter International Inc.

Albert P.L. Stroucken

Amy A. Wendell

**Independent Director****Independent Director**

Age 71

Age 58

Director since 2004

Director since 2019

Committees: Audit and Corporate Governance

Committees: Quality, Compliance and Technology

**Biography****Biography**

Mr. Stroucken served as Executive Chairman of the Board of Owens-Illinois, Inc. (Owens-Illinois), a glass packaging company, from January 1 to June 30, 2016, having served as Chairman, President and Chief Executive Officer from 2006 until 2015. From 1998 to 2006, Mr. Stroucken served as President and Chief Executive Officer of H.B. Fuller Company, a manufacturer of adhesives, sealants, coatings, paints and other specialty chemicals. Mr. Stroucken served as Chairman of H.B. Fuller Company from 1999 to 2006. From 1997 to 1998, he was General Manager of the Inorganics Division of Bayer AG. From 1992 to 1997, Mr. Stroucken was Executive Vice President and President of the Industrial Chemicals Division of Bayer Corporation. Mr. Stroucken previously served as a director of Baxalta and as a director of

Ms. Wendell is Senior Advisor at Perella Weinberg Partners L.P., consulting on strategy, corporate finance and investing practices in the healthcare industry, which she joined in 2016. She previously served as Senior Vice President of strategy and business development at Covidien from 2006 to 2015, where she led the company's strategy and portfolio management initiatives and managed business development activities. From 1986 to 2015, Ms. Wendell held prior roles of increasing responsibility at Covidien (including its predecessors, Tyco International plc and Kendall Healthcare Products Company), from engineering to product management and business development. She serves as a director of Hologic, Inc. and Axogen, Inc.

Shire until its recent acquisition by Takeda  
Pharmaceutical Company Ltd.

**Key Attributes, Experience and Skills**

Substantial experience leading and operating large, complex corporations and significant financial expertise through his leadership roles with Owens-Illinois, Inc. and H.B. Fuller Company as well as through positions at Bayer Corporation.

**Key Attributes, Experience and Skills**

Extensive expertise in the healthcare section in the areas of global business development and licensing, portfolio management, mergers and acquisitions, resource allocation, and identifying new market opportunities, as a result of h