icumedical
human connections

Hospira

Creating a Leading Pure-Play Infusion Therapy Company

October 6, 2016

Disclaimers

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and may often be identified by the use of words such as "will", "may", "could", "should", "would,", "project", "believe", "anticipate", "expect", "plan", "estimate", "forecast", "potential", "intend", "continue", "target", "build", "expand" or the negative thereof or comparable terminology, and may include (without limitation) information regarding the Company's expectations, goals or intentions regarding the future, including, but not limited to, its full year 2016 guidance, the transaction, the expected timetable for completing the transaction, benefits and synergies of the combined business or the transaction, future opportunities for the Company and products and any other statements regarding the Company's and the combined business's future operations, anticipated business levels, future earnings, planned activities, anticipated growth, market opportunities, strategies, competition, and other expectations and targets for future periods. These forward-looking statements are based on Management's current expectations, estimates, forecasts and projections about the Company and assumptions Management believes are reasonable, all of which are subject to risks and uncertainties that could cause actual results and events to differ materially from those stated in the forward-looking statements. These risks and uncertainties include, but are not limited to, decreased demand for the Company's products; decreased free cash flow; the inability to recapture conversion delays or part/resource shortages on anticipated timing, or at all; changes in product mix; increased competition from competitors; lack of continued growth or improving efficiencies; unexpected changes in the Company's arrangements with its largest customers; the parties' ability to meet expectations regarding the timing, completion and accounting and tax treatments of the transaction; changes in relevant tax and other laws; the parties' ability to consummate the transaction; the conditions to the completion of the transaction; the regulatory approvals required for the transaction not being obtained on the terms expected or on the anticipated schedule; inherent uncertainties involved in the estimates and judgments used in the preparation of financial statements, and the providing of estimates of financial measures, in accordance with GAAP and related standards or on an adjusted basis; the integration of the acquired business by the Company being more difficult, time-consuming or costly than expected; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) being greater than expected following the transaction; the retention of certain key employees of the business being difficult; the Company's and the business's expected or targeted future financial and operating performance and results; the scope, timing and outcome of any ongoing legal proceedings and the impact of any such proceedings on the Company's and the business's consolidated financial condition, results of operations or cash flows; the Company's and the business's ability to protect their intellectual property and preserve their intellectual property rights; the effect of any changes in customer and supplier relationships and customer purchasing patterns; the ability to attract and retain key personnel; changes in third-party relationships; the impacts of competition; changes in economic and financial conditions of the Company's business or the business; uncertainties and matters beyond the control of management; and the possibility that the Company may be unable to achieve expected synergies and operating efficiencies in connection with the Transaction within the expected time-frames or at all and to successfully integrate the business. For more detailed information on the risks and uncertainties, associated with the Company's business activities, see the risks described in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission (the "SEC"). You can access the Company's Form 10-K through the SEC website at www.sec.gov, and the Company strongly encourages you to do so. The Company undertakes no obligation to update any statements herein for revisions or changes after the date of this communication.

Transaction Highlights

Transaction Overview	> ICU Medical will acquire the Hospira Infusion Systems (HIS) business from Pfizer for $1 billion in cash and stock. > The combined businesses will create the leading pure-play infusion therapy company with LTM June 2016 pro forma revenues estimated to be approximately $1.45 billion
Consideration	> 3.2 million shares of newly issued ICU Medical common stock, valued at approximately $400 million (16.6% primary ownership) > $600 million in cash split between $90 million in retained working capital and $510 million from ICU Medical
Funding and Leverage	> ICU Medical total cash outlay including fees approximately $530 million at closing > $300 million committed financing from Wells Fargo and Barclays plus an unfunded $100 million revolver > Pro forma net leverage expected to be less than 1x at closing (ICU to retain ~$140 million cash on hand)
Timing	> The transaction is subject to customary closing conditions including regulatory approvals and is expected to close first quarter 2017

Natural Evolution of a Productive Partnership

20+ Years of Working Together

icumedical human connections + Hospira Infusion Systems

A Leading Pure-Play Infusion Therapy Company

- Approximately $1.45 billion in combined revenues
- Nearly 9,000 employees worldwide
- Significant focus and scale in the core IV business segment globally

> **Complementary Product Portfolios** will provide customers with a full suite of IV therapy devices and solutions

> **Unified distribution channel with a full product offering for the US market** as a completely vertically integrated supplier

> **Significant OUS Presence** allows us to compete more successfully on a global scale as the category develops

> **Compelling Economics** enabling us to provide meaningful value for customers, employees, and shareholders worldwide

Hospira Infusion Systems At-a-Glance

Business Segments	> IV pumps, dedicated sets, and software--$457 million revenues > IV non-dedicated sets and accessories--$298 million revenues > IV solutions--$462 million revenues
Financials	> Total revenue $1.2 billion > Gross margin 27.8%, $338 million > Adjusted EBITDA $158 million
Geographic Mix	> US $962 million > OUS $254 million
Key Sites	> Chicago IL, Austin TX, Costa Rica, Dominican Republic
Employees	> ~ 6,000

* All financials LTM June 2016 excluding stand-up costs

ICU Medical Infusion Therapy Today

Dedicated Administration Set Components

- Y-sites
- Bulk connectors

Non-Dedicated Administration Sets And Accessories Finished Goods

- Needlefree connectors
- Gravity & extension sets
- Disinfecting caps

ICU Infusion Therapy with Hospira

IV Solutions

- Sterile solutions, irrigation solutions, and certain nutritionals

Dedicated Administration Sets. Finished Goods And Components

- Y-sites
- Bulk connectors

Infusion Pumps/Sets/Software

- Large volume, ambulatory & PCA pumps

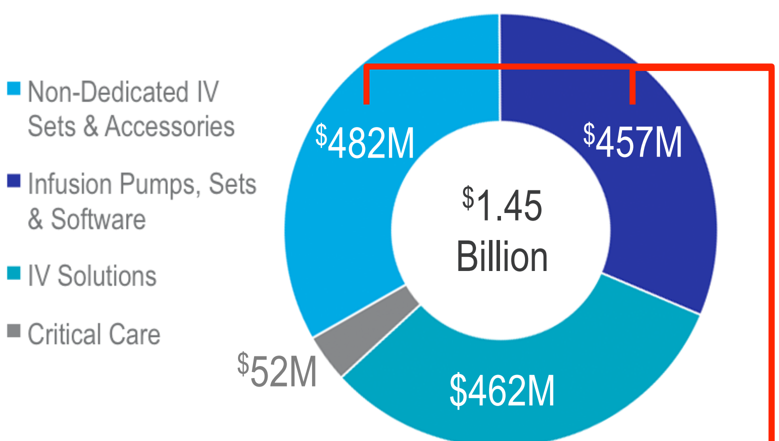
Non-Dedicated Administration Sets And Accessories Finished Goods

- Needlefree connectors
- Gravity & extension sets
- Disinfecting caps

Post Acquisition Products, Brands, and Mix

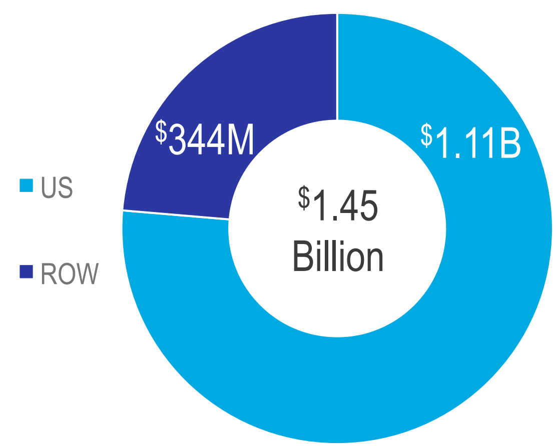
	Global Infusion Pumps	Global IV Sets and Accessories	US-Only IV Solutions
Description	Includes large volume pumps, ambulatory pumps, PCA pumps, dedicated sets, safety software and field service	Includes gravity sets, connectors, closed system drug transfer systems, IV catheters, and disinfectant caps	Includes sterile solutions, irrigation solutions, and certain nutritionals
Key Products			
Key Brands	Plum™, Saphire™, LifeCare™, MedNet™	Clave®, MicroClave®, NanoClave® Neutron®, ChemoClave®, LifeShield™ ChemoLock®	LifeCare™, VisIV™

Pro Forma Revenue by Category*



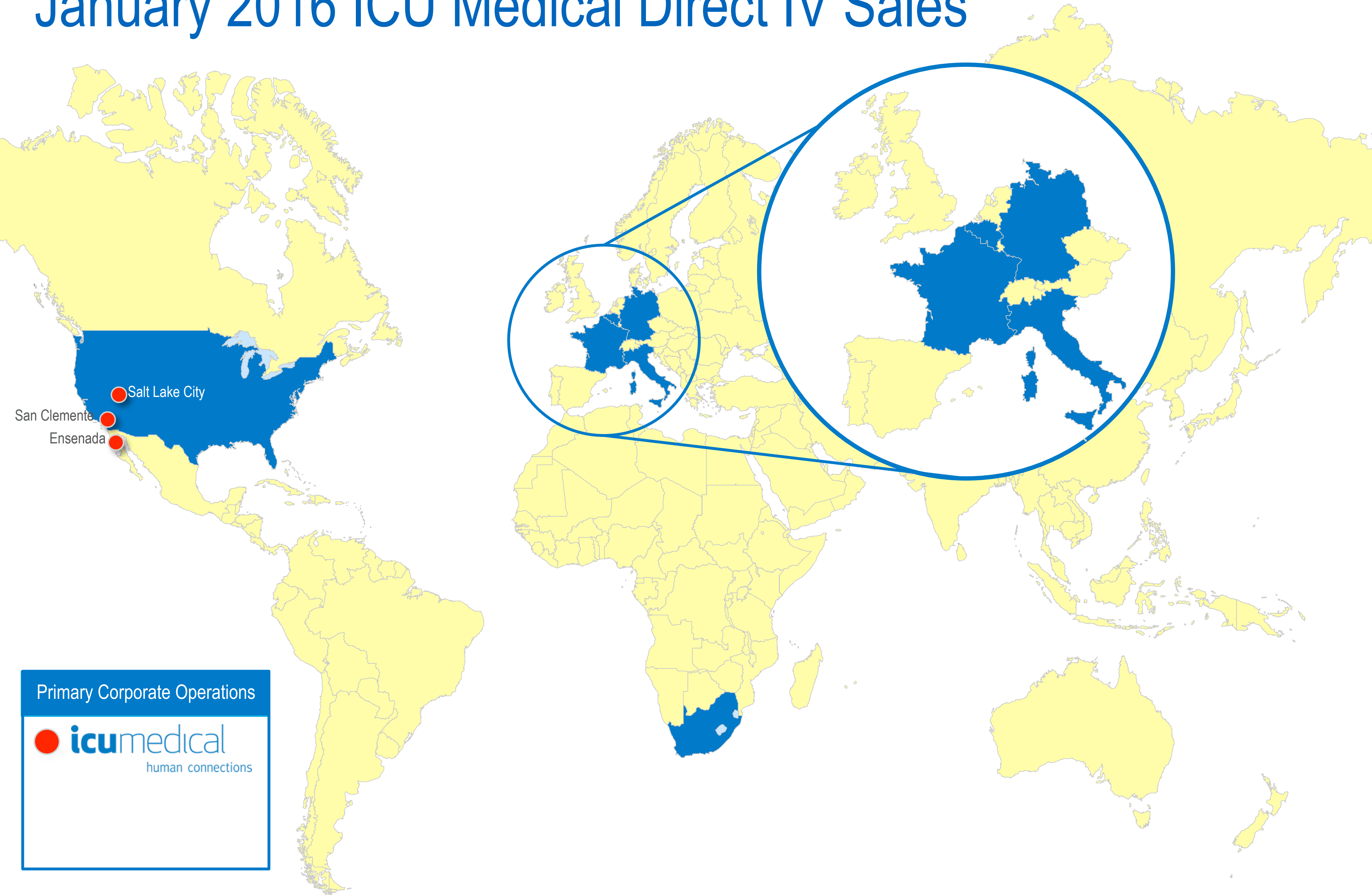
Total IV Disposables ~ $775 million
(~ $550m HSP, ~ $225m net ICU)

Pro Forma Revenue by Geography*

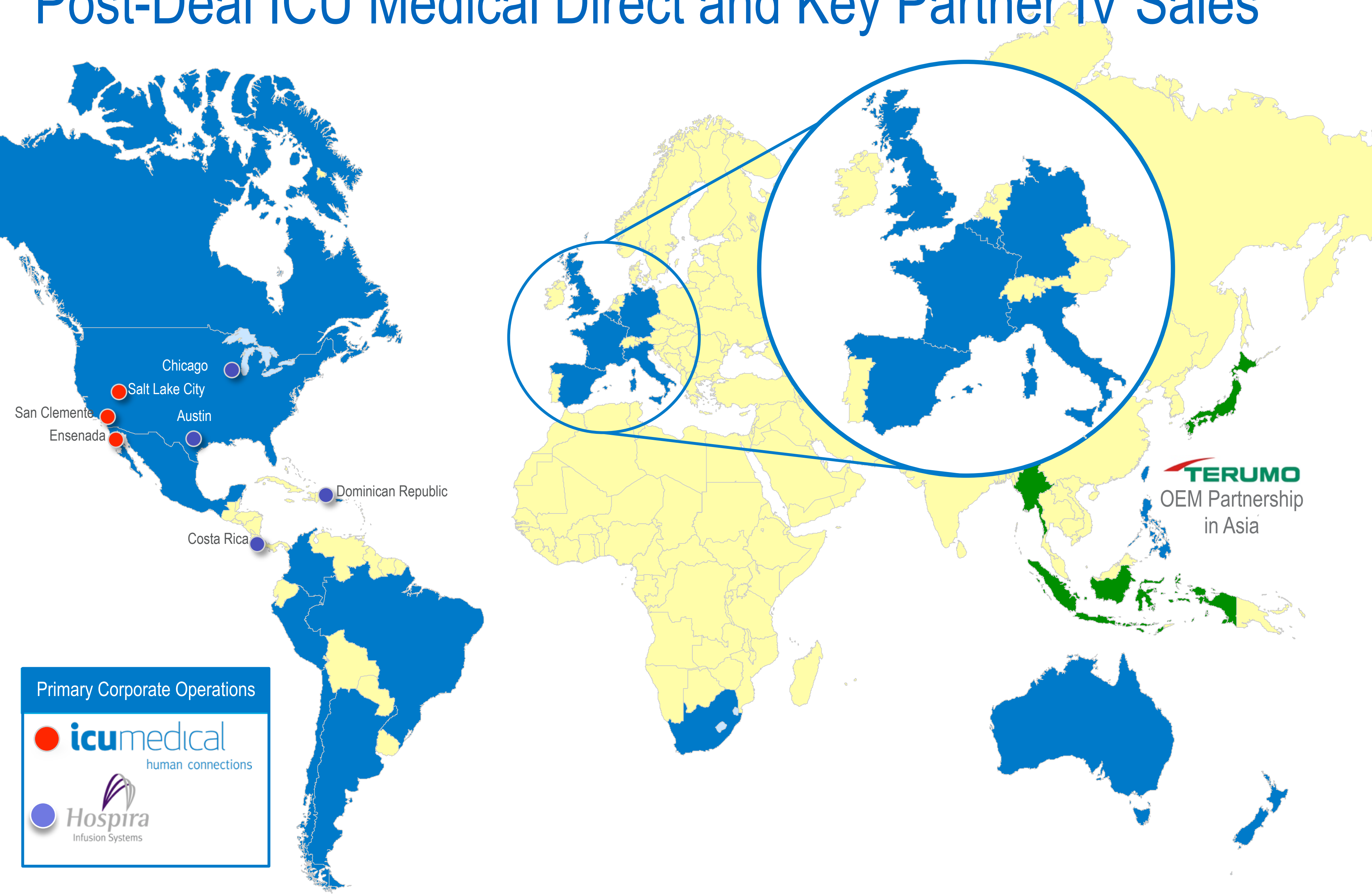


* LTM June 30, 2016 and excludes OEM contract manufacturing business

January 2016 ICU Medical Direct IV Sales



Post-Deal ICU Medical Direct and Key Partner IV Sales



Deal and Pro Forma

Historical Performance of HIS

(LTM June 30, 2016 excluding stand-up costs)

Device Revenue	$755 million
IV Solution Revenue	$462 million
Gross Profit	$338 million
Adjusted EBITDA	$158 million
Adjusted EBIT	$111 million

2017 Standalone Full-Year Estimates for HIS

Total Revenue*	$1.1 billion
Adjusted EBITDA	$75 million

Year-over-year operating adjustments:

- Significant stand up costs in separation from PFE
- Annualization of loss of certain key customer contracts

Pro Forma Combined 2018 and Beyond Long Term Goals*

Mid single digit growth

High 30s – low 40s % gross margin

~ $300 million EBITDA business

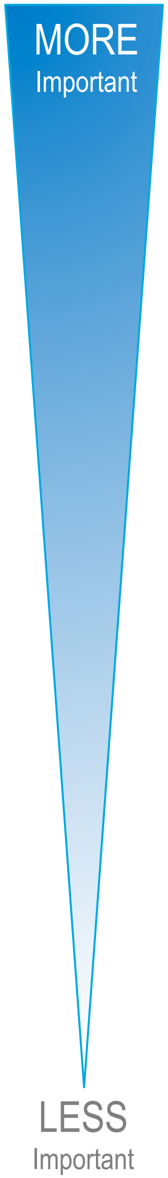
Synergies to offset stand-up costs over time

CapEx and D&A to offset after initial 18 month investment

2018 adjusted EPS expected to be between $7.50 and $8.50

* Excludes OEM contract manufacturing business

How Did We Think About Value?



> Value was not predicated on dramatic revenue growth assumptions

> ROIC and Cost of Capital

- Will deliver greater than 8% ROIC in year 3

> Strategic value

- Removing single customer concentration issue—effect on strategic value, a consistent new investor concern
- Small companies either get bigger or are consolidated—very difficult to get bigger in maturing market
- ICU would have likely accepted 16.6% equity dilution to secure 35% of EBIT from HIS in perpetuity, independent of a transaction
- Capital deployment into a logical adjacency, inside the circle of what we understand

> Relative to tangible assets and recent history

- Acquired $377 million inventory, $297 million in net PP&E and other current liabilities
- $300 million cost of replacing an IV solutions factory
- $412 million invested over the past four years in remediation and improvements

> Relative to our own valuation

- ICU currently valued at $1.6 billion EV with $70 million forecasted free cash flow
- Opportunity to drive equal free cash flow from acquired assets

> Accretion/dilution

Pfizer Ownership

- Pfizer will receive 3.2 million common shares for consideration of approximately $400 million and become ICU Medical's largest shareholder
- Pfizer and ICU have agreed to enter into a shareholders agreement that will give Pfizer the right to nominate a seat on the ICU Medical Board of Directors as long as Pfizer maintains a minimum 10% ownership position, and also includes an agreement on voting and an 18 month lock-up strongly correlated with the timing of transition services
- Doug Giordano, SVP Pfizer Worldwide Business Development, will be Pfizer's initial nominee to the ICU Board

ICU is excited and grateful for Pfizer's support and ownership as we plan and execute on integration of a complicated business carve-out in which Pfizer's continued ownership helps align incentives

---

Between Pfizer and ICU Medical Founder George Lopez, 25% of our equity ownership is represented on our Board of Directors

What Will Be Our Commercial Focus?

> Customer first

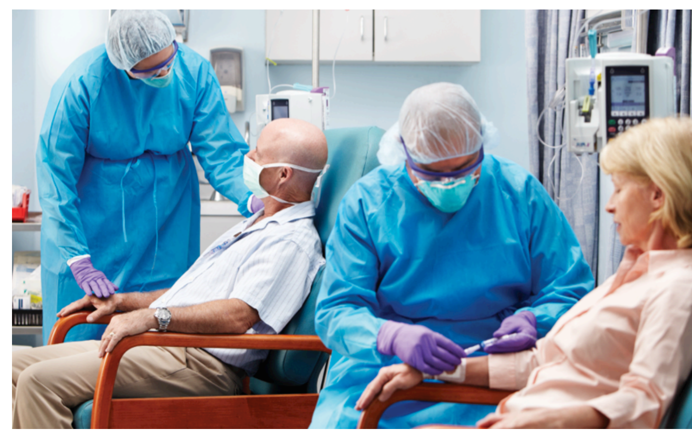
- Provide high quality, clinically preferred products at price points that deliver value
- Operate with transparency
- Invest in long-term relationships
- Recognize that every customer has a boss and a budget—we must add value to the system

> Make economically rational decisions

- Not going to sell products at a loss
- Understand the value of our excess capacity
- Brutally manage our costs

> Act very locally, market by market

- Big enough to be global, focused enough to be nimble



Transition/Integration

Legacy ICU Medical management team will keep running the day-to-day ICU business	Newer ICU Medical team members to focus on integration, augmented by new Hospira colleagues
• Alison Burcar, VP/GM of Infusion—*21 years at ICU* • Steve Riggs, VP of Operations—*24 years at ICU* • Greg Pratt, VP of Sales—*20 years at ICU* • Scott Lamb, CFO—*13 years at ICU* (previously GE Medical, various start-ups) • Tom McCall, VP/GM of Critical Care—*6 years at ICU* (previously Masimo and Welch Allyn)	• Christian Voigtlander, VP of Business Development (previously CareFusion, Cardinal Health, and Philips) —*direct experience in corporate carve-outs* • Virginia Sanzone, VP, General Counsel (previously CareFusion, Cardinal Health, and MoFo)—*direct experience in corporate carve-outs* • Krishna Uppugonduri, VP of Quality and Regulatory Affairs (previously CareFusion, Avon, and Boston Scientific)—*direct experience in infusion pump QA/RA*

Focused team. Expect minimal other corporate M&A activity for the next 18 months.

What to Expect in 2017 and Beyond

- > Next checkpoint at the JP Morgan Healthcare Conference in January. Will be able to provide more detailed information at that time
- > Expect slightly increased investor conference participation
- > 2017 will be a bumpy year, numerous transaction-related accounting adjustments and significant systems integration to be done
- > First few quarters unlikely to be sequentially predictive as local distribution decisions made, customer losses annualized
- > Visible cash flow from the acquisition resulting in increasing bank balances will not show until sometime in 2018
- > Likely very similar to ICU Medical recent history: once all actions have been taken and pieces are in place, returns could be generated quickly

ICU Medical Q3 and FY 2016 Guidance

	Expected Q3 2016 Results*	FY 2016 Guidance As Of August 8, 2016	Current FY 2016 View
Revenues	~ $96 million	$360 - $370 million	Slightly Above $370 million
Adjusted EBITDA	~ $33.5 million	$127 - $131 million	Slightly Above $131 million
Adjusted EPS	~ $1.20	$4.45 - $4.60	Slightly Above $4.60

*See resolution of GAAP to Non-GAAP financial measures (Unaudited) on next slide

Use of Non-GAAP Financial Information

This presentation contains financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). The non-GAAP financial measures should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. There are material limitations in using these non-GAAP financial measures because they are not prepared in accordance with GAAP and may not be comparable to similarly titled non-GAAP financial measures used by other companies, including peer companies. Our management believes that the non-GAAP data provides useful supplemental information to management and investors regarding our performance and facilitates a more meaningful comparison of results of operations between current and prior periods. We use non-GAAP financial measures in addition to and in conjunction with GAAP financial measures to analyze and assess the overall performance of our business, in making financial, operating and planning decisions, and in determining executive incentive compensation. The non-GAAP financial measures included in this presentation are adjusted EBITDA and adjusted diluted earnings per share ("Adjusted Diluted EPS").

Adjusted EBITDA excludes the following items: Intangible asset amortization expense: We do not acquire businesses or capitalize certain patent costs on a predictable cycle. The amount of purchase price allocated to intangible assets and the term of amortization can vary significantly and are unique to each acquisition. Capitalized patent costs can vary significantly based on our current level of development activities. We believe that excluding amortization of intangible assets provides the users of our financial statements with a consistent basis for comparison across accounting periods.

Depreciation expense: We exclude depreciation expense in deriving adjusted EBITDA because companies utilize productive assets of different ages and the depreciable lives can vary significantly resulting in considerable variability in depreciation expense among companies.

Stock compensation expense: Stock-based compensation is generally fixed at the time the stock-based instrument is granted and amortized over a period of several years. The value of stock options is determined using a complex formula that incorporates factors, such as market volatility, that are beyond our control. The value of our restricted stock awards is determined using the grant date stock price, which may not be indicative of our operational performance over the expense period. Additionally, in order to establish the fair value of performance-based stock awards, which are currently an element of our ongoing stock-based compensation, we are required to apply judgment to estimate the probability of the extent to which performance objectives will be achieved. Based on the above factors, we believe it is useful to exclude stock-based compensation in order to better understand our operating performance.

Restructuring and strategic transaction: We incur restructuring and strategic transaction charges that result from events, which arise from unforeseen circumstances and/or often occur outside of the ordinary course of our ongoing business. Although these events are reflected in our GAAP financial statements, these unique transactions may limit the comparability of our ongoing operations with prior and future periods.

Adjusted Diluted EPS excludes, net of tax, intangible asset amortization expense, stock compensation expense, restructuring and strategic transaction, legal settlement and bargain purchase gain, which was tax free. We apply our GAAP consolidated effective tax rate to our non-GAAP financial measures, other than when the underlying item has a materially different tax treatment. From time to time in the future, there may be other items that we may exclude if we believe that doing so is consistent with the goal of providing useful information to investors and management.

The following tables reconcile our expected GAAP and non-GAAP financial measures:

Resolution of GAAP to Non-GAAP Q3 Guidance

ICU MEDICAL, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Financial Measures (Unaudited)
(In thousands, except per share data)

	Expected **Adjusted EBITDA** **Three months ended September 30, 2016**	
GAAP net income	$	17,501
Non-GAAP adjustments:		
Stock compensation expense		3,824
Depreciation and amortization expense		4,863
Restructuring and strategic transaction expense		520
Provision for income taxes		6,793
Total non-GAAP adjustments		16,000
Adjusted EBITDA	$	33,500

	Adjusted diluted earnings per share **Three months ended September 30, 2016**	
GAAP diluted earnings per share	$	1.01
Non-GAAP adjustments:		
Stock compensation expense	$	0.22
Amortization expense	$	0.04
Restructuring and strategic transaction expense	$	0.03
Estimated income tax impact from adjustments	$	(0.11)
Adjusted diluted earnings per share	$	1.20