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BAXTER ANNOUNCES FILING OF FORM 10 REGISTRATION STATEMENT IN CONNECTION WITH PLANNED SPIN OFF OF BIOPHARMACEUTICALS BUSINESS

Separation Remains on Track for Mid-2015

DEERFIELD, Ill., December 10, 2014 — Baxter International Inc. (NYSE:BAX) announced the filing of an initial Form 10 Registration Statement with the U.S. Securities and Exchange Commission (SEC) in connection with the company's previously announced plan to spin off its biopharmaceutical business. The filing is an important step in creating two premier global healthcare companies: Baxter International Inc., which will focus on lifesaving medical products; and Baxalta Incorporated, which will focus on developing and marketing innovative biopharmaceuticals.

The Form 10 filing outlines Baxter's intent to spin off at least 80 percent of the outstanding common stock of Baxalta through a tax-free distribution to Baxter shareholders, with Baxter retaining the remaining shares. The retained equity stake by Baxter of up to 20 percent of Baxalta's shares provides additional flexibility in the capital structures of the two new companies and enhanced value for shareholders. Baxter plans to dispose of the Baxalta common stock in a disciplined manner over a period of time not to exceed five years.

“This spin off reflects our confidence in the exciting prospects of Baxalta as an independent, leading biopharmaceutical company,” said Robert L. Parkinson, Jr., chairman and chief executive officer of Baxter. “The separation will enhance strategic focus for each company, increasing our ability to drive innovation and deliver enhanced value for all stakeholders.”

“Baxalta will debut as a new, world-class biopharmaceutical company, carrying forward our heritage as an innovator and legacy of global leadership as part of Baxter International,” said Ludwig Hantson, Ph.D., president of Baxter BioScience, and future chief executive officer of Baxalta. “As we move forward on this journey to create a new company, our experienced management team remains committed to delivering on the needs of our patients, while maximizing value for customers, employees and shareholders.”

The Form 10 filing provides information related to Baxalta’s business, as well as historical financial statements for fiscal years 2011, 2012 and 2013 and the nine months ended September 30, 2014. Historical financial results may not necessarily reflect what Baxalta’s results from operations would have been had it been a separate, independent company. Baxalta will operate as a wholly-owned subsidiary of Baxter until the planned separation.

Subsequent amendments to the Form 10 are expected to be filed in conjunction with SEC review and an expected declaration of effectiveness by the SEC closer to separation. A copy of the Form 10 can be accessed from the SEC’s website at www.sec.gov or from www.baxter.com/transition.

The transaction is expected to be completed by mid-year 2015, subject to market, regulatory and certain other conditions, including final approval by the Baxter Board of Directors, receipt of a favorable opinion and/or rulings with respect to the tax-free nature of the transaction, and the effectiveness of the Form 10 registration statement filed with the Securities and Exchange Commission.

Baxter International Inc., through its subsidiaries, develops, manufactures and markets products that save and sustain the lives of people with hemophilia, immune disorders, cancer, infectious diseases, kidney disease, trauma and other chronic and acute medical conditions. As a global, diversified healthcare company, Baxter applies a unique combination of expertise in medical devices, pharmaceuticals and biotechnology to create products that advance patient care worldwide.

This release includes forward-looking statements concerning the planned separation of Baxter's biopharmaceutical and medical products businesses and the expected business prospects and capital structure of the two resulting companies after the separation, including plans with respect to Baxter's ownership of Baxalta stock and Baxalta's filings with the SEC. 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: the ability to successfully separate the businesses on the terms or timeline currently contemplated, if at all, and achieve the intended results; a material adverse change in either the biopharmaceutical or the medical products businesses; actions of regulatory bodies and other governmental authorities; changes in laws and regulations; product quality or patient safety concerns; and other risks identified in Baxalta's Form 10 and 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.

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