



FOR IMMEDIATE RELEASE

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**BAXTER TO FORM NEW GLOBAL INNOVATION AND R&D CENTER
NEAR BOSTON FOR ITS BIOPHARMACEUTICALS BUSINESS**

DEERFIELD, Ill., September 29, 2014 – Baxter International Inc. (NYSE:BAX) today announced plans to form a new global innovation and research and development (R&D) center in Cambridge, Mass., for Baxter's biopharmaceuticals business, which is expected to become a separate, independent global company known as Baxalta Incorporated in mid-2015.

The business selected the Cambridge biotech community as the primary location for its global innovation and R&D operations after a global search. The new location will position the company to enhance patient care by advancing and building its robust innovation pipeline, which is centered on core areas of expertise in hematology, immunology, and through technology platforms like gene therapy and biosimilars.

The company expects to bring together approximately 400 R&D employees at the innovation center, as well as its business development, oncology and biosimilars teams. The R&D positions that will relocate to the new center are currently based in California and Europe. The new biopharmaceutical company will maintain certain R&D operations at its location in Vienna, Austria, and will have its corporate headquarters in northern Illinois.

**BAXTER TO FORM NEW GLOBAL INNOVATION AND R&D CENTER
NEAR BOSTON FOR ITS BIOPHARMACEUTICALS BUSINESS – PAGE TWO**

"Critical elements to our success as an independent biopharmaceuticals company will be our ability to accelerate innovation, optimize R&D productivity, and deliver on our promise to patients. Joining this unmatched biotech community is an important step," said Ludwig Hantson, Ph.D., president of Baxter BioScience.

"Our new innovation center will increase R&D collaboration and efficiency, connect us directly to a rich pool of talent in new and emerging biotech areas, and strengthen our ability to drive programs forward in cooperation with current and future partners," said John Orloff, M.D., vice president and global head of research and development for Baxter BioScience.

The company expects to open the first phase of the 200,000-square feet in leased space later this year, and will continue to transition work to the new facility over the next two years to ensure continuity of current programs.

About Baxter BioScience

Baxter BioScience is a leading provider of therapeutic treatments that save, sustain and improve the lives of people with rare conditions, chronic diseases or limited treatment options. Supported by advanced technical and manufacturing expertise, Baxter BioScience has a broad pipeline built on a legacy of innovation in bleeding disorders and immunology and is expanding to address emerging opportunities in niche areas of oncology as well as technology platforms such as biosimilars.

**BAXTER TO FORM NEW GLOBAL INNOVATION AND R&D CENTER
NEAR BOSTON FOR ITS BIOPHARMACEUTICALS BUSINESS – PAGE THREE**

About Baxter International Inc.

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 Baxter's plan to open a new global innovation and R&D center in Cambridge, Mass., as well as the planned separation of Baxter's biopharmaceutical and medical products businesses. 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: continued strength in Baxter's financial position, including cash flows; the ability to successfully separate the businesses on the terms or timeline currently contemplated, if at all, and achieve the intended result; 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 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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