

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS
OF BAXTER INTERNATIONAL INC.**

Statement of Purpose

The Compensation Committee (the “Committee”) shall discharge the responsibilities of the Board of Directors (the “Board”) of Baxter International Inc. (“Baxter” or the “Corporation”) relating to employee benefit plans and the compensation of Baxter’s executives and shall produce an annual report on executive compensation for inclusion in Baxter’s proxy statement in accordance with applicable rules and regulations.

Organization and Meetings

The Committee shall consist of three or more members of the Board, all of whom shall satisfy the independence requirements of the New York Stock Exchange and the Corporation’s Corporate Governance Guidelines, meet the definition of “non-employee director” under Rule 16b-3 under the Securities Exchange Act of 1934 and “outside director” for purposes of Section 162(m) of the Internal Revenue code of 1986. The Board shall appoint the members and chairperson of the Committee. The members shall serve until their successors are appointed and qualified. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to new member(s) satisfying the above requirements. The Committee shall report its actions and recommendations to the Board at the next meeting of the Board following each Committee meeting.

The Committee shall have the authority to meet in executive session without any management personnel present, and may form and delegate authority to subcommittees when appropriate.

Responsibilities and Authority

The Committee shall have the following authority and responsibilities:

1. Make recommendations for consideration by the Board, in executive session, concerning the compensation (including, but not limited to, base salary, cash bonuses, long-term incentives, and perquisites) of the Chairman of the Board and Chief Executive Officer. In determining the long-term incentive component of compensation of the Chief Executive Officer, the Committee should consider, among other things, the Corporation’s performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the Corporation’s Chief Executive Officer in the past years.
2. Determine the compensation (including, but not limited to, base salary, cash bonuses, long-term incentives, and perquisites) of executive officers, other than the Chairman of the Board and Chief Executive Officer, and advise the Board of such determination.

3. Advise the Board and the Chief Executive Officer on other compensation and benefit matters.
4. Make recommendations to the Board with respect to incentive compensation plans and equity-based plans and exercise the authority of the Board concerning benefit plans, including those plans which are limited in their application to officers and senior management.
5. Make recommendations to the Board concerning compensation payable for Board membership, as well as other benefits available to Board members.
6. Serve as the administration committee of the Corporation's stock option plans and exercise the authority of the Board to issue stock of the Corporation as compensation or as an incentive to non-employee directors, officers, employees, consultants or advisors.
7. Have such other duties and authority as shall be assigned or granted by the Chairman of the Board or Chief Executive Officer or delegated to it by the Board or be required or granted by (i) specific benefit plans; (ii) law; (iii) the rules of the NYSE; or (iv) the Corporation's certificate of incorporation or bylaws.
8. Have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of any senior executive compensation (including the CEO) and have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
9. Appoint the members of the Corporation's Administrative Committee, which is comprised of management and is responsible for administrative matters with respect to benefit plans maintained for the benefit of employees of the Corporation and its subsidiaries.
10. Conduct an annual performance evaluation of the Committee, and review the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.
11. Have such other duties and authority as shall be assigned or granted to it from time to time by the Chief Executive Officer or the Board.

Approved and adopted by the Baxter International Inc. Board of Directors on February 25, 2003 and as amended on February 24, 2004, February 22, 2005 and May 9, 2006.