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**BAXTER REPORTS SECOND QUARTER FINANCIAL RESULTS
IN LINE WITH GUIDANCE**

Company Confirms Full-Year Outlook

DEERFIELD, Ill., July 22, 2010 – Baxter International Inc. (NYSE:BAX) today announced its financial results for the second quarter of 2010, reporting earnings in line with the company's previously issued guidance of \$0.90 to \$0.93 per diluted share.

Baxter reported net income of \$535 million, which declined 9 percent from \$587 million reported in the second quarter of 2009. Earnings per diluted share of \$0.90 declined 6 percent from \$0.96 per diluted share reported in the prior-year period. These results included an after-tax charge of \$22 million (or \$0.03 per diluted share) for the write-down of certain accounts receivable in anticipation of a settlement with the government of Greece. On an adjusted basis, excluding the special charge, the company reported second quarter net income of \$557 million or \$0.93 per diluted share.

Worldwide sales in the second quarter totaled \$3.2 billion and increased 2 percent over the same period last year. Excluding the impact of foreign currency, worldwide sales were comparable to the prior year. Sales within the United States increased 2 percent to \$1.4 billion and international sales grew

2 percent to \$1.8 billion. Excluding the impact of foreign currency, international sales declined 2 percent.

By business, BioScience revenues totaled \$1.4 billion and declined 4 percent from the same period last year (or declined 5 percent excluding the impact of foreign currency), primarily due to the increase in Medicaid rebates required by manufacturers of drugs and biologics under recently enacted U.S. healthcare reform legislation, as well as lower revenues derived from antibody therapies, vaccines, and international hemophilia tenders. Partially offsetting this decline was continued growth of ADVATE [Antihemophilic Factor (Recombinant), Plasma/Albumin-Free Method] for the treatment of hemophilia and ARALAST NP [Alpha 1-Proteinase Inhibitor (Human)] for the treatment of hereditary emphysema, as well as strong sales of biosurgery products.

Medication Delivery sales increased 9 percent (or 6 percent excluding the impact of foreign currency) to \$1.2 billion, driven by growth of parenteral nutrition and intravenous therapies, anesthesia products, and sales of the Sigma SPECTRUM infusion pump and certain injectable drugs. Renal sales of \$585 million increased 6 percent (or 1 percent excluding the impact of foreign currency), as the company continued to post solid gains in peritoneal dialysis patients, particularly in the United States, Latin America and Asia, and benefited from the recently acquired continuous renal replacement therapy business.

Six-Month Results

For the first six months of 2010, Baxter reported net income of \$472 million or \$0.78 per diluted share, compared to net income of \$1.1 billion or \$1.79 per

diluted share from the same period last year. On an adjusted basis, excluding special charges of \$649 million, Baxter's net income for the six-month period increased 2 percent to \$1.1 billion, and earnings per diluted share increased 4 percent to \$1.86 per share.

Baxter's worldwide sales totaled \$6.1 billion for the first half of 2010, including the prior-quarter revenue adjustment of \$213 million associated with the COLLEAGUE infusion pump recall. On an adjusted basis, Baxter's worldwide sales totaled \$6.3 billion, an increase of 7 percent over the prior year (or a 2 percent increase excluding the impact of foreign currency).

Baxter generated strong cash flow in the first six months of 2010, with cash flows from operations totaling \$1.1 billion, after a \$300 million contribution to the company's U.S. pension fund in the first quarter. In addition, the company repurchased 23 million shares of common stock for approximately \$1.1 billion, and paid dividends totaling \$348 million, which represents a 12 percent per share increase versus the prior year period.

"Despite a number of challenges, we were pleased to deliver financial results in line with our guidance," said Robert L. Parkinson, Jr., chairman and chief executive officer. "We remain committed to accelerating earnings growth in the future by leveraging our diversified healthcare model, broad geographic reach, and strong new product pipeline."

Recent Highlights

Baxter continues to expand its pipeline through investments in research and development as evidenced by a number of recent achievements:

- Extending leadership in hemophilia with the initiation of a global Phase I/II clinical trial studying the safety and tolerability of BAX 817, an on-demand recombinant Factor VIIa therapy for patients with hemophilia A or B with an inhibitor.
- Initiation of a Phase I clinical trial for recombinant Factor IX, a treatment for patients with hemophilia B.
- Acceptance by the U.S. Food and Drug Administration (FDA) of Baxter's Biologics License Application (BLA) for its 10% liquid immunoglobulin therapy for subcutaneous administration in patients with primary immune deficiency. The BLA is supported by clinical trial data which demonstrated efficacy, tolerability and safety of the subcutaneous formulation that were comparable to intravenous therapy.
- Approval in Europe and Canada for the first and only 30-gram dose vial for GAMMAGARD LIQUID (marketed as KIOVIG in Europe). This new dosage form is the most frequently prescribed dose and will enhance user convenience.

In addition, the company recently announced final details from the FDA order to recall COLLEAGUE infusion pumps in the U.S. market. Baxter will offer replacement Sigma SPECTRUM infusion pumps or refunds to owners of COLLEAGUE pumps and will execute the recall over the next two years to minimize disruption to patient care.

Third Quarter and Full-Year 2010 Outlook

Baxter also provided financial guidance for the third quarter and confirmed its outlook for the full-year 2010. For the third quarter of 2010, the company expects sales growth of 1 to 3 percent, excluding the impact of foreign currency, and earnings of \$0.96 to \$0.99 per diluted share, before any special items.

For full-year 2010, Baxter's outlook includes sales growth of 1 to 3 percent, excluding the impact of foreign exchange and the first quarter COLLEAGUE

adjustment, and earnings of \$3.93 to \$3.98 per diluted share, before any special items. In addition, the company reiterated its projection to generate cash flow from operations of approximately \$2.7 billion.

A webcast of Baxter's second quarter conference call for investors can be accessed live from a link on the company's website at www.baxter.com beginning at 7:30 a.m. CDT on July 22, 2010. Please visit Baxter's website for more information regarding this and future investor events and webcasts.

Baxter International Inc., through its subsidiaries, develops, manufactures and markets products that save and sustain the lives of people with hemophilia, immune disorders, 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 company's financial results and outlook for 2010. 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: demand for and market acceptance risks for new and existing products, such as ADVATE, and other technologies; future actions of regulatory bodies and other governmental authorities, including with respect to the company's implementation of the COLLEAGUE recall, that could delay, limit or suspend product development, manufacturing or sales or result in sanctions; product quality or patient safety concerns leading to product recalls, withdrawals, launch delays, litigation, or declining sales; Sigma's ability to build production capacity to meet customer demand; future actions of governmental authorities and other third parties as recently adopted U.S. healthcare reform legislation is implemented; additional legislation, regulation and other governmental pressures, which may affect pricing, reimbursement and rebate policies of government agencies and private payers or other elements of the company's business; product development risks; inventory reductions or fluctuations in buying patterns by wholesalers or distributors; the impact of geographic and product mix on the company's sales; the impact of competitive products and pricing, including generic competition, drug reimportation and disruptive technologies; the availability of acceptable raw

materials and component supply; the ability to enforce company patents; patents of third parties preventing or restricting the company's manufacture, sale or use of affected products or technology; any impact of the commercial and credit environment on Baxter and its customers; foreign currency fluctuations and other risks identified in the company's most recent filing on Form 10-K and other Securities and Exchange Commission filings, all of which are available on the company's website. The company does not undertake to update its forward-looking statements. Financial schedules are attached to this release and available on the company's website.

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