

FOR IMMEDIATE RELEASE

Media Contact:

Deborah Spak, (847) 948-2349

Investor Contacts:

Mary Kay Ladone, (847) 948-3371

Clare Trachtman, (847) 948-3085

**BAXTER REPORTS SALES AND EPS
FOR FOURTH QUARTER AND FULL-YEAR 2011 IN LINE WITH GUIDANCE**

Company Achieves Record Sales and Earnings in 2011

Baxter Provides Financial Outlook For 2012

DEERFIELD, Ill., January 26, 2012 – Baxter International Inc. (NYSE:BAX) today announced its financial results for the fourth quarter of 2011, and provided its financial outlook for the first quarter and full-year 2012.

Baxter reported net income in the fourth quarter of \$463 million, which advanced 9 percent from \$423 million reported in the prior-year period. Earnings per diluted share of \$0.82 compares to \$0.72 per diluted share reported in the fourth quarter of 2010, reflecting an increase of 14 percent. The fourth quarter 2011 results included special after-tax charges of approximately \$200 million (or \$0.35 per diluted share) principally related to costs resulting from a business optimization initiative and certain asset impairments. After-tax special charges in the fourth quarter of 2010 totaled \$227 million (or \$0.39 per diluted share).

On an adjusted basis, excluding special items in both periods, Baxter's net income of \$662 million increased 2 percent in the fourth quarter from \$650 million in the prior-year period. Adjusted earnings per diluted share of \$1.17 advanced

5 percent from \$1.11 per diluted share reported in the fourth quarter of 2010.

These results were in line with the company's previously issued earnings guidance of \$1.15 to \$1.18 per diluted share.

Worldwide revenues in the fourth quarter totaled \$3.59 billion compared to \$3.50 billion in the fourth quarter of 2010, representing an increase of 3 percent. Adjusting for the divestiture of the U.S. multi-source generic injectables business which was completed in the second quarter of 2011, worldwide revenues advanced 4 percent. Sales within the United States of \$1.47 billion grew 2 percent (or 6 percent adjusting for the divestiture) and international sales grew 3 percent to \$2.13 billion.

BioScience revenues totaled \$1.58 billion and rose 3 percent from the comparable prior-year period. Driving this performance was robust demand for products used for the treatment of hemophilia and immune disorders, including ADVATE [Antihemophilic Factor (Recombinant), Plasma/Albumin-Free Method] and GAMMAGARD LIQUID [Immune Globulin Intravenous (Human)] (marketed as KIOVIG outside of the United States), as well as for other specialty plasma-based therapeutics and select biosurgery products.

Medical Products sales exceeded \$2.01 billion and increased 3 percent over the prior-year period. Adjusting for the U.S. multi-source generic injectables divestiture, Medical Products sales advanced 6 percent driven primarily by gains in peritoneal dialysis patients, as well as growth in intravenous therapies (including the company's parenteral nutrition products), certain injectable drugs and critical care products.

Full-Year 2011 Results

For the full year 2011, Baxter reported net income of \$2.22 billion or \$3.88 per diluted share, compared to net income of \$1.42 billion or \$2.39 per diluted share in 2010. On an adjusted basis, excluding special charges in both years, Baxter's net income was \$2.47 billion in 2011, which represents an increase of 4 percent over the prior year, and earnings per diluted share of \$4.31 rose 8 percent from earnings per diluted share of \$3.98 reported in 2010.

Baxter's worldwide sales totaled \$13.89 billion for full-year 2011 and increased 8 percent (or 6 percent excluding the impact of foreign currency). Excluding the 2010 COLLEAGUE revenue adjustment and the 2011 divestiture of the U.S. multi-source generic injectables business, Baxter's worldwide sales also rose 8 percent over the prior year (or 5 percent excluding the impact of foreign currency).

Baxter generated strong cash flows from operations in 2011 and returned significant value to shareholders in the form of dividends and share repurchases. Cash flows from operations exceeded \$2.81 billion (including a \$150 million contribution to the company's U.S. pension plan during the year). In addition, Baxter returned approximately \$2.29 billion to shareholders during the year, a 7 percent increase from 2010, through dividends totaling \$709 million and share repurchases of approximately \$1.58 billion (or approximately 30 million shares). Over the last five years, the company has returned approximately \$11.4 billion to shareholders in the form of dividends and share repurchases.

“2011 was a very successful year for Baxter as we continue to fulfill our mission of providing innovative life-saving and life-sustaining therapies that

advance patient care worldwide,” said Robert L. Parkinson, Jr., chairman and chief executive officer. “I’m pleased that despite a challenging, global macro-economic environment, our company delivered strong financial and operational performance, while accelerating investments in innovation, advancing our new product pipeline and pursuing other initiatives to enhance long-term growth, while returning significant value to our shareholders.”

Baxter continued its commitment to innovation and enhanced its new product pipeline during 2011 with record-level investments in research and development of \$946 million, an increase of 7 percent over the prior-year period (after excluding special items). Also over the last several months, the company has accelerated the pace of business development with a number of business partnerships and acquisitions that complement Baxter’s current businesses, broaden its global product portfolio and leverage key scientific, manufacturing and commercial capabilities. Recent achievements include the following:

- Announcement of plans to initiate a second confirmatory trial assessing the safety and effectiveness of GAMMAGARD LIQUID as a potential treatment for signs and symptoms associated with Alzheimer’s disease following successful completion of a futility analysis by the Data Safety Monitoring Board for the company’s first, ongoing Phase III Gammaglobulin Alzheimer’s Partnership trial.
- U.S. Food and Drug Administration (FDA) approval for the use of ADVATE for routine prophylaxis to prevent and reduce the frequency of bleeding episodes in patients with hemophilia A. ADVATE is the only antihemophilic factor approved in the United States for prophylactic use in both adults and children. The approval is based on a Phase IV prophylaxis study demonstrating that ADVATE for routine prophylaxis significantly reduced annual bleed rates in hemophilia A patients, from 44 to one, as compared to an on-demand regimen. Of two ADVATE prophylactic regimens approved for use, the dosing schedule of every three days, a pharmacokinetic-driven regimen based on patient's clinical response, offers some patients the option of fewer infusions.

- Initiation of a Phase I clinical trial of lead investigational candidate, BAX 855, a longer-acting (PEGylated) form of a full-length recombinant factor VIII (rFVIII) protein. BAX 855 is based on Baxter's ADVATE full-length rFVIII molecule and plasma/albumin-free manufacturing process. The Phase I results will serve as the foundation for advancing this important program through clinical development and determining whether BAX 855 can offer a treatment regimen requiring fewer infusions than ADVATE.
- Submission of a supplemental biologics license application to the FDA to expand the indication of GAMMAGARD LIQUID to include multifocal motor neuropathy, or MMN. Baxter has been granted Orphan Drug Designation for this indication in the United States. If approved, GAMMAGARD LIQUID will be the first immunoglobulin product approved to treat this chronic neurological condition in both the United States and Europe.
- Presentation of Phase III study data during the American College of Allergy, Asthma and Immunology annual meeting for HyQ, an investigational combination immunoglobulin product which allows for enhanced delivery of GAMMAGARD LIQUID subcutaneously for patients with primary immunodeficiencies. The study evaluated efficacy and safety as well as the pharmacokinetics, infusion volumes, intervals and rates compared to patients' previous intravenous immunoglobulin administration. The company completed regulatory filings for HyQ in the United States, Europe and Canada during 2011.
- Initiation of the clinical program for Baxter's investigational home hemodialysis device, which is currently enrolling patients as part of a U.S. clinical study to assess performance and safety. An additional study will be conducted in Canada, which will focus on device performance and safety in a nocturnal setting.
- The European launch of NUMETA (emulsion for infusion), the first and only triple-chamber system with formulations specifically designed to meet the range of intravenous (IV) nutritional requirements of neonatal and pediatric patients (preterm newborns through age 18). This ready-to-use nutrition system provides neonatal and pediatric patients with a balanced formulation of amino acids (protein), glucose (carbohydrates), lipids (fats) and electrolytes in a triple-chamber container.
- Completion of the acquisition of Baxa Corporation, a privately-held global company that develops pharmacy technology to enhance the efficiency and safety of oral and IV dose preparation and delivery. The acquisition demonstrates Baxter's long-term commitment to nutrition and patient safety, and enables Baxter to offer a broader range of solutions for the safe preparation and delivery of IV medications.
- Clearance under the Hart-Scott-Rodino Antitrust Improvements Act for Baxter's previously announced acquisition of Synovis Life Technologies, Inc.,

a publicly-traded medical device company based in St. Paul, Minn. Synovis develops, manufactures and markets biological and mechanical products used by surgeons for the repair of soft tissue damaged or destroyed by disease or injury. Pending approval from Synovis' shareholders, the transaction is expected to close in the first quarter of 2012. The acquisition complements and expands Baxter's biosurgery portfolio, which includes a number of devices and biological products for hemostasis and tissue sealing.

- Collaboration agreement with Momenta Pharmaceuticals of Cambridge, Mass., to develop and commercialize biosimilars. The agreement builds on Baxter's leadership in clinical development, biologic and sterile injectable manufacturing expertise, and global commercial capabilities. Momenta offers expertise in high-resolution analytics, characterization, and product and process development.

Outlook for First Quarter, Full-Year 2012

Baxter also announced today its outlook for the first quarter and full-year 2012. For full-year 2012, Baxter expects sales growth of 4 to 5 percent, excluding the impact of foreign exchange. Including the impact of foreign exchange, sales growth is expected to be approximately 2 percent. Also, for the full year, Baxter expects earnings of \$4.47 to \$4.57 per diluted share, before any special items, and cash flows from operations to exceed \$3.0 billion.

For the first quarter of 2012, the company expects sales growth of approximately 2 percent, excluding the impact of foreign currency. Including the impact of foreign exchange, sales are expected to be comparable to the level achieved in the first quarter of 2011. In addition, Baxter expects earnings of \$0.98 to \$1.00 per diluted share, before any special items.

"Our 2012 guidance reflects the ongoing strength of our businesses and ability to deliver sustainable growth despite a number of non-operational headwinds," said Robert J. Hombach, chief financial officer. "Although we are

operating in a volatile and challenging macro-environment, we remain focused on delivering growth while making appropriate investments for the future.”

A webcast of Baxter’s fourth 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. CST on January 26, 2012. Please visit www.baxter.com 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, business development activities, outlook for 2012 and R&D pipeline. 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 U.S. healthcare reform legislation and other austerity measures are 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; fluctuations in supply and demand and the pricing of plasma-based therapies; 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 current economic conditions 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.

#