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Media Contact:
Deborah Spak, (224) 948-2349

Investor Contact:
Clare Trachtman, (224) 948-3085

BAXTER ANNOUNCES FOURTH QUARTER RESULTS AND PROVIDES 2016 FINANCIAL OUTLOOK

Post-Spin Margin Expansion Efforts Gain Momentum and Contribute to Strong Fourth Quarter Performance

Sales and Earnings Per Share Exceed Guidance for the Quarter

DEERFIELD, Ill., February 2, 2016 – Baxter International Inc. (NYSE:BAX) today reported results for the fourth quarter of 2015 that exceeded the company's previously issued guidance.

Baxter reported income from continuing operations of $190 million, or $0.34 per diluted share, on a GAAP (Generally Accepted Accounting Principles) basis. These results included net after-tax special items totaling $46 million (or $0.09 per diluted share) primarily related to costs associated with the company's July 1, 2015 spin-off of Baxalta Incorporated (Baxalta), business optimization initiatives, intangible asset amortization and Gambro AB integration efforts. These costs were partially offset by certain business development and product related items.

On an adjusted basis, excluding special items, Baxter's fourth quarter income from continuing operations totaled $236 million, or $0.43 per diluted share, exceeding the company's previous guidance of $0.30 to $0.32 per diluted share.

Worldwide sales totaled $2.6 billion, an increase of 2 percent on a constant currency basis as compared to the prior year period, and also exceeded the company's previously issued guidance. On a reported basis, sales declined 7 points as foreign exchange negatively impacted sales by nine percentage points in the quarter. Sales within the United States increased 1 percent to $1.1 billion, while international sales totaled $1.5 billion, representing a 2 percent increase on a constant currency basis, and a 12 percent decline on a reported basis. Adjusting for the impact of foreign exchange and a generic market entrant in the United States for the company's oncology injectable, cyclophosphamide, Baxter's global sales rose 4 percent in the fourth quarter.

By business, Hospital Products sales of $1.6 billion increased 2 percent on a constant currency basis and declined 5 percent on a reported basis. Adjusting for the impact of foreign exchange and U.S. cyclophosphamide, Hospital Products sales advanced 5 percent from the prior year period. Hospital Products performance in the quarter benefited from strong sales of infusion systems and IV solutions in the United States, as well as increased demand for the company's parenteral nutrition products and injectable drug compounding services.

Baxter's Renal Products sales totaled $984 million, representing a 1 percent increase on a constant currency basis, and a 9 percent decline on a reported basis. Sales growth in the quarter benefited from increased demand for peritoneal dialysis products and continuous renal replacement therapies.

"Our fourth quarter performance clearly reflects the positive impact of our initial post-spin margin expansion programs, and we continue to build upon the momentum that has been established across the organization," said José E.

Almeida, chairman and chief executive officer. “Going forward, I see continued opportunity to deliver improved performance through optimization of the portfolio, enhanced operational excellence and disciplined execution of our capital allocation initiatives, including the successful disposition of our retained Baxalta equity stake.”

Summary of Full-Year 2015 Results

Baxter’s GAAP income from continuing operations totaled $400 million, or $0.73 per diluted share, in 2015. Excluding special items and discontinued operations, Baxter’s adjusted income from continuing operations totaled $755 million, and adjusted earnings per diluted share were $1.38.

Baxter’s worldwide revenues in 2015 totaled $10 billion and declined 7 percent. Adjusting for the impact of foreign exchange and U.S. cyclophosphamide sales, Baxter’s revenues increased 3 percent. Sales within the United States totaled $4 billion, while international sales totaled $6 billion.

By business, sales within Hospital Products totaled $6.2 billion, a decline of 6 percent on a reported basis. Adjusting for the impact of foreign exchange and U.S. cyclophosphamide, Hospital Products sales rose 5 percent from the prior year period. Baxter’s Renal Products sales totaled $3.8 billion, and increased 1 percent after adjusting sales for a 10 percentage point negative impact from foreign exchange.

Business Highlights

In addition to successfully completing the spin-off of Baxalta in 2015, Baxter achieved a number of significant pipeline and commercial milestones during the year, including:

- The launch of Baxter's next-generation SIGMA SPECTRUM infusion pump in the U.S., Puerto Rico and Canada. This latest generation pump includes a number of innovative features, including an enhanced Master Drug Library, which helps to reduce pump-related adverse drug events and improve patient safety.

- Regulatory approval and launch of two new automated peritoneal dialysis (APD) systems, HOMECHOICE CLARIA with SHARESOURCE and AMIA with SHARESOURCE. SHARESOURCE is a two-way, web-based remote connectivity platform for home therapy that allows physicians to more readily access their home patients' historical treatment data and deliver individual treatment settings remotely. These new APD systems incorporate advanced technology and additional patient and provider-centric improvements, enhancing Baxter's PD leadership.

- The launch of AK-98, Baxter's new in-center hemodialysis system in several countries in Eastern and Central Europe, Middle East and Africa, Latin America and Asia Pacific. This new system provides dialysis clinics improved usability including user-friendly touchscreen monitor, reliability, and lower total cost of operation.

- Completion of a limited controlled distribution in preparation for the market introduction of CE-marked PrismaLung in 2016. PrismaLung is a low-flow carbon dioxide removal device, used on patients undergoing mechanical ventilation in the intensive care unit in conjunction with Baxter's market leading, Prismaflex monitor.

- Launch of Nutryelt, a multi-trace element for parenteral nutrition, in seven European countries. Nutryelt is a nine- trace-mineral product, which allows patients on daily parenteral nutrition therapy to receive adequate trace mineral vitamin supplementation. Baxter has an exclusive global licensing and distribution agreement with the product's manufacturer, Laboratoire Aguettant.

- Expansion of Baxter's ready-to-use, flexible premix intravenous drug portfolio with the launch of Cefazolin injection in GALAXY Container (2 g/100 mL) in the U.S., and U.S. Food and Drug Administration (FDA) approval for Vancomycin Injection, USP in 0.9% Sodium Chloride in 100 and 200 mL GALAXY Containers. These products leverage Baxter's proprietary GALAXY container platform and provide healthcare providers with additional supply options for therapies on the FDA's drug shortage list.

Financial Outlook

Baxter also provided its outlook for the full-year and first quarter of 2016.

For the full-year 2016, Baxter expects sales to increase 2 to 3 percent excluding

the impact of foreign exchange, and after adjusting for the impact of both foreign exchange and increased U.S. competition for cyclophosphamide, the company expects full-year sales growth of 3 to 4 percent. On a reported basis, including the impact of foreign exchange, Baxter expects sales to decline approximately 1 percent. The company expects earnings from continuing operations, before special items, of $1.46 to $1.54 per diluted share for the full-year.

For the first quarter, the company expects sales to grow 3 to 4 percent, on a constant currency basis. On a reported basis, including the impact of foreign exchange, the company expects sales to decline approximately 2 percent. Baxter expects earnings from continuing operations, before special items, of $0.28 to $0.30 per diluted share for the first quarter of 2016.

The earnings guidance for the first quarter of 2016 and full-year 2016 excludes approximately $3.47 and $8.19, respectively, per diluted share of realized gains related to the planned use of the Baxalta retained stake (based on the December 31, 2015 market value of the retained stake and excluding anticipated transaction costs), $0.06 and $0.23, respectively, per diluted share of intangible asset amortization expense and an estimated $0.04 to $0.05 and $0.22 to $0.27, respectively, per diluted share related to Gambro AB integration, business optimization and Baxalta separation-related expense activities. These estimates are based on information reasonably available at the time of this release and future events or new information may result in different actual results. Reconciling for the inclusion of these items results in GAAP earnings of $3.64 to $3.67 per share for the first quarter of 2016 and $9.15 to $9.28 per diluted share for full-year 2016.

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 February 2, 2016. Please visit Baxter's website for more information regarding this and future investor events and webcasts.

Baxter provides a broad portfolio of essential renal and hospital products, including home, acute and in-center dialysis; sterile IV solutions; infusion systems and devices; parenteral nutrition; biosurgery products and anesthetics; and pharmacy automation, software and services. The company's global footprint and the critical nature of its products and services play a key role in expanding access to healthcare in emerging and developed countries. Baxter's employees worldwide are building upon the company's rich heritage of medical breakthroughs to advance the next generation of healthcare innovations that enable patient care.

This release includes forward-looking statements concerning the company's financial results, business development activities, capital structure, cost savings initiatives, R&D pipeline including results of clinical trials and planned product launches, and outlook for 2016. 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 of risks for new and existing products, and the impact of those products on quality or patient safety concerns; product development risks; product quality or patient safety concerns; future actions of regulatory bodies and other governmental authorities, including the FDA and foreign counterparts; failures with respect to compliance programs; future actions of third-parties, including payers; US healthcare reform and other global austerity measures; pricing, reimbursement, taxation and rebate policies of government agencies and private payers; the impact of competitive products and pricing, including generic competition, drug reimportation and disruptive technologies; global, trade and tax policies; accurate identification of and execution on business development and R&D opportunities and realization of anticipated benefits; fluctuations in supply and demand; the availability of acceptable raw materials and component supply; the inability to create timely production capacity or other manufacturing supply difficulties; the ability to achieve the intended results (including targeted margin improvements) associated with the recent separation of the biopharmaceutical and medical products businesses and the associated disposition of the company's retained stake in Baxalta; the ability to enforce owned or in-licensed patents or the patents of third parties preventing or restricting manufacture, sale or use of affected products or technology; the impact of global economic conditions; fluctuations in foreign exchange and interest rates (including with respect to emerging market

currencies); any change in law concerning the taxation of income, including income earned outside the United States; actions taken by tax authorities in connection with ongoing tax audits; breaches or failures of the company's information technology systems; loss of key employees or inability to identify and recruit new employees; the outcome of pending or future litigation; the adequacy of the company's cash flows from operations to meet its ongoing cash obligations and fund its investment program; 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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