

FOR IMMEDIATE RELEASE

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**BAXTER HIGHLIGHTS BUSINESS STRATEGIES AND INNOVATION
AT 2016 INVESTOR CONFERENCE**

Company Provides Financial Outlook for 2018 and 2020

NEW YORK, May 9, 2016 – Baxter International Inc. (NYSE:BAX), a leading global provider of essential healthcare products, today at its investor conference outlined its strategy to drive profitable growth to support the company’s aspiration of delivering top-quartile performance. The company defined its top quartile goals around three core areas: quality and safety for patients and their healthcare providers; best place to work for its employees; and industry-leading performance and returns for investors.

“Baxter’s strong portfolio of products, promising pipeline, channel strength, and global presence position the company to deliver important medical innovations to drive growth and deliver returns in line with our aspirations,” said Baxter Chairman and CEO José (Joe) Almeida. “We’re pleased to update our financial outlook, which represents a meaningful improvement compared to our prior expectations. Baxter’s goals build on the strength of our recent performance and our prospects for growth.”

2018 Outlook

The company expects to grow sales 3 to 4 percent on a compounded annual basis at constant currency rates from 2016 through 2018. The company expects a 2018 adjusted operating margin of 14 to 15 percent and 2018 adjusted diluted earnings of \$2.10 to \$2.25 per share. Baxter also expects free cash flow (operating cash flow less capital expenditures) of approximately \$1.0 billion in 2018.

2020 Outlook

In 2020, the company expects sales to grow approximately 4 percent on a compounded annual basis at constant currency rates from 2016 to 2020. Through its focus on cost optimization and portfolio management, the company anticipates an adjusted operating margin of 17 to 18 percent and adjusted diluted earnings of \$2.75 to \$3.00 per share. Baxter expects to generate free cash flow of approximately \$1.75 billion in 2020.

“In addition to our updated financial outlook, the successful deployment of Baxter’s retained stake in Baxalta provides the flexibility to invest directly in the business to support our growth aspirations while also returning value to shareholders through dividends and opportunistic share repurchases,” said Baxter’s Chief Financial Officer Jay Saccaro.

A replay of today’s presentations and accompanying slides can be accessed via Baxter’s corporate website at www.baxter.com.

The non-GAAP measures set forth above reflect the impact of several known items. The reconciliation of adjusted operating margin for known intangible asset amortization expense of approximately 1 percent results in operating margin

between 13 and 14 percent in 2018 and between 16 and 17 percent in 2020. Additionally, the reconciliation of adjusted diluted earnings per share for known intangible asset amortization expense (\$0.18 in 2018 and \$0.17 in 2020) results in diluted earnings per share between \$1.92 and \$2.07, and between \$2.58 and \$2.83, respectively. The reconciliation of free cash flow for estimated capital expenditures of approximately \$825 million in 2018 and \$750 million in 2020 results in operating cash flow of approximately \$1.8 billion and approximately \$2.5 billion, respectively.

About Baxter

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.

Forward-looking statement

This release includes forward-looking statements concerning the company's financial results, business development activities, capital structure (including after giving effect to the proposed disposition of the company's retained stake in Baxalta Incorporated (Baxalta)), cost savings initiatives, R&D pipeline, including results of clinical trials and planned product launches, and outlook for 2018 and aspirations for 2020. 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;

BAXTER HIGHLIGHTS BUSINESS STRATEGIES AND INNOVATION AT 2016 INVESTOR CONFERENCE – Page 4

failures with respect to compliance programs; future actions of third-parties, including payers; U.S. 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) from the separation of the company's biopharmaceutical and medical product businesses and the associated disposition of the company's retained stake in Baxalta on a tax-free basis; the ability to complete the disposition of the remainder of the Baxalta retained stake on a tax-free basis (including as a result of delays in obtaining regulatory approvals or the impact of recently issued US Treasury regulations on the proposed Baxalta – Shire plc merger); 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. Information regarding non-GAAP financial measures used in this release is included on Baxter's website at www.baxter.com.

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