

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Baxter International Inc.		2 Issuer's employer identification number (EIN) 36-0781620	
3 Name of contact for additional information Clare M Trachtman	4 Telephone No. of contact 224-948-3085	5 Email address of contact clare_trachtman@baxter.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact One Baxter Parkway		7 City, town, or post office, state, and Zip code of contact Deerfield IL 60015	
8 Date of action May 26, 2016		9 Classification and description Exchange of Baxter common stock for Baxalta common stock	
10 CUSIP number 071813109	11 Serial number(s)	12 Ticker symbol BAX	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On May 26, 2016 Baxter International Inc. ("Baxter") exchanged 13,360,527 shares of common stock of Baxalta Incorporated ("Baxalta"), for 11,526,638 shares of Baxter common stock by way of an exchange offer that expired on May 18, 2016 (the "Exchange"). A total of 283,708,484 shares of Baxter common stock were validly tendered and not validly withdrawn in the Exchange, including 1,309,723 odd-lot shares that were not subject to proration. Because the exchange offer was oversubscribed, Baxter accepted tendered shares of Baxter common stock on a pro rata basis using a proration factor of 3.6178959%. In the Exchange, subject to the proration described above, each holder of Baxter common stock who validly tendered and did not validly withdraw shares of Baxter common stock before the expiration of the exchange offer (a "Participating Baxter Stockholder") received 1.1591 shares of Baxalta common stock for each share of Baxter common stock accepted by Baxter. All fractional shares resulting from the Exchange were aggregated and sold by the exchange agent on behalf of the Participating Baxter Stockholders; the proceeds (less any commissions or other fees) were distributed to the applicable Participating Baxter Stockholder in accordance with their fractional interest in the aggregate number of shares sold. Shares of Baxter common stock that were validly tendered but not accepted for exchange were returned to the applicable tendering Baxter stockholder.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **Immediately after the Exchange, the aggregate tax basis of a Participating Baxter Stockholder in the shares of Baxalta common stock received in the Exchange, including any fractional shares of Baxalta common stock deemed received by the stockholder, will generally equal such stockholder's aggregate tax basis in the Baxter common stock exchanged therefor. Participating Baxter Stockholders who acquired Baxter common stock at different times or different prices will need to identify which particular share(s) (or portion of share) of Baxalta common stock was received in exchange for a particular share of Baxter common stock. A Participating Baxter Stockholder who is not able to do so may designate which particular share(s) (or portion of a share) of Baxalta common stock was received in exchange for a particular share of Baxter common stock. Generally, such designation must be made on or before the date on which the basis of a share of Baxter common stock or Baxalta common stock becomes relevant (for example, the date on which such Participating Baxter Stockholder sells, transfers, or otherwise disposes of the Baxalta common stock received in the Exchange).**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **See answer to question 15, above.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
Sections 355(a), 358(a), 358(b), and (to the extent cash was received in lieu of fractional shares) section 1001 of the Internal Revenue Code.

18 Can any resulting loss be recognized? ▶
Participating Baxter Stockholders will not recognize gain or loss for U.S. federal income tax purposes upon the receipt of shares of Baxalta common stock in the Exchange.

A Participating Baxter Stockholder who receives cash in lieu of a fractional share of Baxalta common stock in the Split-Off will recognize capital gain or loss measured by the difference between the tax basis of the fractional share deemed to be received, and the amount of cash received in respect thereof.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
The Exchange occurred in 2016.

Please consult your own tax advisor regarding the particular tax consequences of the Exchange to you, including the applicability and effect of all U.S. federal, state, local, and foreign tax laws.

The information in this document does not constitute tax advice. It is not intended to, and cannot, be used for the purpose of avoiding penalties under the Internal Revenue Code.

Please read the prospectus dated May 13, 2016 filed by Baxter with the Securities and Exchange Commission for more information, particularly the section starting on page 194 called "U.S. Federal Income Tax Consequences." The prospectus is available at https://www.sec.gov/Archives/edgar/data/1620546/000119312516590564/d98425d424b3.htm#toc98425_17

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ 

Date ▶ 6-8-16

Print your name ▶ James K. Saccaro

Title ▶ Chief Financial Officer

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶		Phone no.	
Firm's address ▶				