Form **8937**(December 2011) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-2224

Part I Reporting Issuer		
1 Issuer's name		2 Issuer's employer identification number (EIN)
-		26.0761620
Baxter International Inc.	A Tillian Alexander	36-0781620
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact
Clare M. Trachtman	224-948-3085	clare_trachtman@baxter.com
6 Number and street (or P.O. box if mail is not	delivered to street address) of contact	7 City, town, or post office, state, and Zip code of contact
One Baxter Parkway		Deerfield, IL 60015
8 Date of action	9 Classification and description	
June 30, 2015	Common stock	
10 CUSIP number 11 Serial number	(s) 12 Ticker symbol	13 Account number(s)
074042400	DAY	
071813109 Part II Organizational Action Atta	BAX ch additional statements if needed.	See back of form for additional questions.
		date against which shareholders' ownership is measured for
the action ► See attached	approadic, the date of the detterner are	uate against miter or a site of the site o
occ attached		
15 Describe the quantitative effect of the organishare or as a percentage of old basis ► s		curity in the hands of a U.S. taxpayer as an adjustment per
· · · · · ·		
Describe the calculation of the change in valuation dates ► See attached	basis and the data that supports the cal	culation, such as the market values of securities and the

Part		Organizational Action (cont	inued)		
		applicable Internal Revenue Code : and 368	section(s) and subsection(s) upon w	hich the tax treatment is based I	Internal Revenue Code

18 C	an any	/ resulting loss be recognized? ▶	Although the distribution will qua	lify for nonrecognition treatme	ent under section 355 of the
Internal	Reve	nue Code, gain or loss will be re	cognized by shareholders with re-	spect to cash received in lieu o	of fractional shares of
		ational Inc.			

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19 Pi	rovide	any other information necessary to	implement the adjustment, such as	s the reportable tax year > See	attached
, .		any other mornialism necessary is		<u></u>	
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	Unde	r penalties of perjury, I declare that I ha I it is true, correct, and complete. Decla	ive examined this/return, including accordation of preparer (other than officer) is b	mpanying schedules and statements ased on all information of which prec	, and to the best of my knowledge and parer has any knowledge.
C:) School	, it is true, contout, and complete. Beeld	ranon or propagar (origin angir orindor, io b	adda on an anomalan o man prop	4 - 4
Sign					7/10/15
Here	Signa	ature >	<i></i>	Date ▶	17101.2
			7/		
	Print	your name ► James K. Saccaro		· · · · · · · · · · · · · · · · · · ·	ancial Officer
Paid		Print/Type preparer's name	Preparer's signature	Date	Check if PTIN
Prepa	arer				self-employed
Use C		Firm's name ▶			Firm's EIN ▶
		Firm's address ▶			Phone no.
Send Fo	orm 89	37 (including accompanying state	ments) to: Department of the Treasu	ıry, Internal Revenue Service, Og	den, UT 84201-0054

U.S. Federal Income Tax Information Relating to Baxter International Inc.'s Distribution of Baxalta Incorporated Common Stock on July 1, 2015

If you did not receive the Distribution (as defined below) of Baxalta Incorporated ("Baxalta") common stock on July 1, 2015, you may disregard this notice. Additionally, this notice does not apply to Baxter International Inc. ("Baxter") common shares sold, exchanged, or otherwise disposed of prior to the Distribution.

On July 1, 2015, Baxter distributed (the "Distribution") approximately 80.5 percent of the outstanding shares of common stock of Baxalta, a Delaware corporation, to the holders of record of Baxter common stock that were issued and outstanding as of the close of business on June 17, 2015 (each a "Baxter Shareholder"). Each Baxter Shareholder who did not otherwise dispose of its Baxter common stock prior to the Distribution received one share of Baxalta common stock for every share of Baxter common stock held by such shareholder. Baxter Shareholders also received cash in lieu of any fractional share of Baxalta common stock resulting from the Distribution (except for any fractional shares associated with any Baxter dividend reinvestment account).

Baxter common shares continue to trade on the New York Stock Exchange ("NYSE") under the ticker symbol "BAX." Shares of Baxalta common stock now trade on the NYSE under the ticker symbol "BXLT."

Baxter Shareholders will be required to allocate the aggregate tax basis in their Baxter common stock held immediately prior to the Distribution among the shares of Baxalta common stock received (including the fractional shares for which cash or fractional shares were received) in the Distribution and their shares of Baxter common stock. The excess of the cash received in lieu of a fraction of a share of Baxalta common stock over the basis allocable to such fractional share will be treated as capital gain from the sale of such fractional share, provided such fractional share was held by such shareholder as a capital asset. You should consult your tax advisor to determine whether a fractional share was held as a capital asset.

A Baxter Shareholder's aggregate tax basis in his, her or its shares of Baxter common stock held prior to the Distribution should be allocated in proportion to the fair market value of the Baxalta common stock received (including any fractional share of Baxalta common stock received or for which cash was received) and the Baxter common stock in respect of which such Baxalta common stock was received. There is no direct guidance under U.S. federal income tax law as to the proper approach or method for determining the fair market value of shares of stock for purposes of such tax basis allocation. Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. You should consult your tax advisor to determine what measure of fair market value is appropriate.

One potential approach to determining the fair market value of the Baxter common stock and the Baxalta common stock is to utilize the closing price quoted on the NYSE on the day of the Distribution for both Baxter common stock, which was \$38.86 per share, and Baxalta common stock, which was \$31.50 per share. Based on such values and the distribution ratio of one share of Baxalta common stock for each share of Baxter common stock in the Distribution and as set forth below, approximately 55.2% of a Baxter Shareholder's aggregate tax basis in his or her shares of Baxter common stock prior to the Distribution should be allocated to such Baxter Shareholder's shares of Baxter common stock and approximately 44.8% should be allocated to such Baxter Shareholder's shares of Baxalta common stock (including the fractional share of Baxalta common stock for which cash was received).

The following is an **example** provided solely for illustrative purposes of how the basis allocation would be so applied:

Assumptions:

Shares of Baxter common stock owned	100
Baxter Shareholder's aggregate tax basis (@ \$50 per share) (A)	\$5,000
Shares of Baxalta common stock received in the Distribution (including the fractional share for which cash was received) (100 shares of Baxter common stock x 1:1 distribution ratio)	100

Tax Basis Allocation:

	# Shares Owned	NYSE Closing Price (7/1/2015)	Fair Market Value (7/1/2015)	Percentage of Total Fair Market Value (7/1/2015)	Allocated Tax Basis = (A) x (B)
Baxter Common Stock	100	\$38.86	\$3,886	55.2%	\$2,762 (55.2% of \$5,000)
Baxalta Common Stock	100	\$31.50 ⁽¹⁾	\$3,150	44.8%	\$2,238 (44.8% of \$5,000)
Totals			\$7,036	100%	\$5,000

(1) In accordance with the Separation and Distribution Agreement between Baxter and Baxalta dated June 30, 2015, the distribution agent aggregated all fractional shares not otherwise attributable to a Baxter dividend reinvestment account into whole shares, sold the whole shares in the open market at the prevailing market price and distributed the aggregate cash proceeds of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the Distribution.

The information contained herein does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. It does not purport to be complete or to describe the consequences that apply to particular categories of Baxter Shareholders (e.g., it does not address Baxter Shareholders who did not hold their shares of Baxter common stock continuously from the close of business on the record date until the time of the Distribution, who sold shares of Baxalta common stock or who acquired blocks of Baxter common stock at different times and prices). Baxter Shareholders are encouraged to consult with their tax advisors for questions on their own specific tax position.