DEERFIELD, Ill., July 13, 2010 – Baxter International Inc. announced today that the U.S. Food and Drug Administration (FDA) has issued its final order regarding the previously communicated recall of COLLEAGUE infusion pumps from the U.S. market. Baxter will offer replacement infusion pumps or refunds to owners of COLLEAGUE pumps and will execute the recall over the next two years to minimize disruption to patient care.

The replacement option permits customers to exchange COLLEAGUE infusion pumps for Sigma SPECTRUM next-generation smart pumps. Alternatively, COLLEAGUE pump owners may receive the lesser of the pump’s depreciated value, which will be no less than $1,500 per single-channel pump and $3,000 per triple-channel pump, or the purchase price. Customers who did not purchase their pumps directly from Baxter must provide proof of purchase to verify the purchase price in order
to qualify for a refund. Baxter will also permit U.S. pump lessees to terminate their leases without penalty upon the return of the devices.

“Baxter’s goal is to support a seamless transition by providing choices that best address the needs of our hospital customers and minimize disruption to the delivery of patient care,” said Peter J. Arduini, president of Baxter’s Medication Delivery business. “We are continuing to work with Sigma to increase production capacity of the SPECTRUM pump in order to meet the anticipated demand for this device.”

During the 24-month transition period, customers may continue to use COLLEAGUE infusion pumps and receive service and support provided that a certificate of medical necessity form has been completed. Baxter will be providing a transition guide to help customers in replacing COLLEAGUE infusion pumps. Customers should continue to visit www.baxter.com for more information regarding COLLEAGUE activities.

This recall is specific to the U.S. market. Outside the U.S., Baxter has continued to update the COLLEAGUE device and will be initiating an additional program to provide customers with enhanced COLLEAGUE devices that contain a new battery management system, as well as further upgrades to software and mechanical systems to improve the product’s user interface and performance.
“Our actions in the U.S. as well as our planned COLLEAGUE exchange program outside the United States are intended to demonstrate our commitment to customers and patients around the world,” said Arduini.

Financial Information

In the first quarter of 2010, Baxter recorded a charge of $588 million in connection with the COLLEAGUE infusion pump recall and additional actions the company intends to take outside the U.S. The reserve included asset impairments and cash costs, including an estimate of cash refunds or replacement infusion pumps, costs associated with execution of the recall program and certain customer accommodations. At this time, the company believes that the charge is adequate.

About COLLEAGUE Infusion Pumps

Baxter introduced the COLLEAGUE infusion pump in 1997. The COLLEAGUE pump is a large volume infusion pump used to deliver medication and fluids intravenously to patients throughout a broad range of clinical settings, most frequently in hospitals. In 2006, Baxter entered into a consent decree with FDA under which the company had been pursuing remediation of the infusion pumps. The COLLEAGUE pump can continue to be used safely and effectively in accordance with the operator’s
manual and additional instructions contained in field corrective actions (customer letters).

**About Sigma SPECTRUM Pumps**

Baxter is the exclusive distributor of the SPECTRUM infusion pump, a next-generation smart pump manufactured by SIGMA International, of which Baxter is a minority owner. Weighing approximately 2.5 pounds and measuring 1/10 the size of many other large volume pumps, the SPECTRUM pump features technology intended to help reduce pump-related adverse drug events through the use of drug libraries that eliminate the need for clinicians to manually enter commonly used drugs and dosage rates, and features a wireless connectivity option. SPECTRUM, which is currently available in the U.S., uses standard, low-cost intravenous administration sets (the tubing that delivers fluid through the infusion pump to the patient) such as those manufactured by Baxter.

**About Baxter**

Baxter Healthcare Corporation is the principal domestic operating subsidiary of Baxter International Inc. (NYSE: BAX). 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
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 recall of its COLLEAGUE infusion pumps from the U.S. market, including expectations with respect to the implementation of the recall, the adequacy of the related charge and customer accommodations outside of the U.S. 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: customer preferences with respect to electing to receive replacement Sigma SPECTRUM infusion pumps or cash refunds; Sigma’s ability to build production capacity to meet customer demand; future actions of the FDA with respect to the company’s implementation of the recall pursuant to the consent decree, including any sanctions available under the consent decree; future actions of the FDA or any other regulatory body or government authority that could delay, limit or suspend product development, manufacturing or sale or result in seizures, injunctions, monetary sanctions or criminal or civil liabilities; product quality or patient safety issues; the financial impact of the recall; and other risks identified in the company’s most recent filing on Form 10-K and other SEC filings, all of which are available on the company’s website. The company does not undertake to update its forward-looking statements.

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