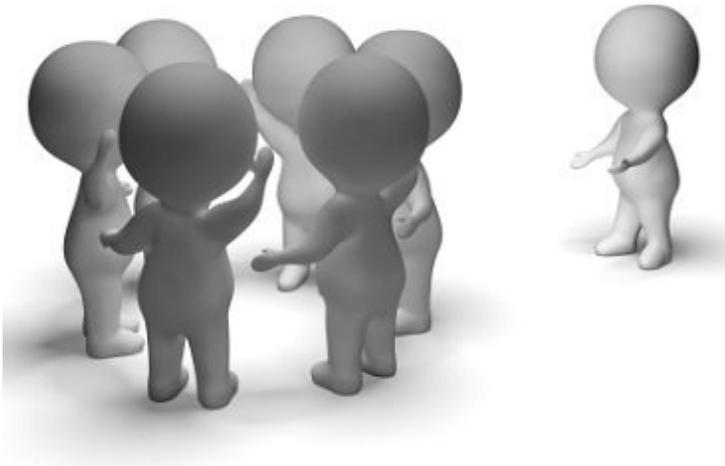


Baxter to demerge its biopharmaceuticals business

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Baxter International has announced that its Board of Directors has approved the planned separation of its biopharmaceuticals business, which will be known as Baxalta Incorporated. The company has declared a special dividend distribution of 80.5 percent of the outstanding shares of Baxalta common stock.

Baxter will retain a 19.5 percent ownership stake in Baxalta immediately following the distribution.

For each share of Baxter common stock held of record as of the close of business on June 17, 2015, Baxter shareholders will receive one share of Baxalta common stock. Shareholders will receive cash in lieu of fractional shares. The special dividend is expected to be paid on July 1, 2015.

The distribution of Baxalta common stock will complete the proposed separation and Baxalta expects to begin trading regular way as an independent company beginning July 1, 2015 on the New York Stock Exchange (NYSE) under the ticker symbol BXLT. Baxter expects "when-issued" trading for both Baxter and Baxalta to begin on the NYSE on June 15, 2015 under the symbol "BAX WI" for Baxter and "BXLT WI" for Baxalta.

"This announcement marks an important milestone towards the creation of two global independent healthcare companies that share a common heritage of saving and sustaining lives," said Robert L Parkinson, Jr., Baxter's chief executive officer. He added, "The spin-off underscores Baxter's commitment to ensuring its long-term strategic priorities remain aligned with shareholders' best interests while creating enhanced value for patients, healthcare providers and other key stakeholders."

The spin-off has been structured to qualify as a tax-free distribution to the US holders of Baxter's common stock for the US federal income tax purposes. However, cash received in lieu of fractional shares may be taxable to such shareholders. Shareholders should consult their tax advisors with respect to the US federal, state, local and non-US tax consequences of the separation and distribution of Baxalta.

No action is required by Baxter shareholders to receive shares of Baxalta common stock as part of this special dividend. Any holder of Baxter common stock who sells shares of Baxter common stock on or before the distribution date may be selling the entitlement to receive shares of Baxalta common stock.

Following the separation, Baxter will have a broad global footprint built around fluid systems, renal therapies, parenteral nutrition, inhalation anesthetics and biosurgery products. It will be focused on developing new healthcare solutions in hospital, in-center and home based therapies.