

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS
OF BAXTER INTERNATIONAL INC.**

Statement of Purpose

The Compensation Committee (the “Committee”) shall discharge the responsibilities of the Board of Directors (the “Board”) of Baxter International Inc. (“Baxter” or the “Company”) relating to employee benefit and equity-based plans and the compensation of the Company’s officers.

Organization and Meetings

The Committee shall consist of three or more members of the Board, all of whom shall satisfy the independence requirements of the New York Stock Exchange and the Company’s Corporate Governance Guidelines. All Committee members shall also meet the definitions of “non-employee director” under Rule 16b-3 of the Securities Exchange Act of 1934 and “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986. The Board shall appoint the members and chairperson of the Committee. The members shall serve until their successors are appointed and qualified. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to new member(s) satisfying the above requirements. The Committee shall report its actions and recommendations to the Board at the next meeting of the Board following each Committee meeting.

The Committee shall have the authority to meet in executive session without any management personnel present, and may form and delegate authority to subcommittees when appropriate.

Responsibilities and Authority

The Committee shall have the following authority and responsibilities:

1. Make recommendations for consideration by the Board, in executive session, concerning the compensation (including, but not limited to, base salary, cash bonuses, long-term incentives, and perquisites) of the Chairman of the Board and Chief Executive Officer. In determining the long-term incentive component of compensation of the Chief Executive Officer, the Committee should consider, among other things, the Company’s performance and relative shareholder return, the value of similar incentive awards at comparable companies and the awards given to the Company’s Chief Executive Officer in the past years.
2. Determine the compensation (including, but not limited to, base salary, cash bonuses, long-term incentives, and perquisites) of the Company’s officers, other than the Chairman of the Board and Chief Executive Officer, and advise the Board of such determination.

3. Advise the Board and the Chief Executive Officer on other compensation and benefit matters.
4. Make recommendations to the Board with respect to incentive compensation plans and equity-based plans and exercise the authority of the Board concerning benefit plans, including those plans which are limited in their application to officers and senior management.
5. Make recommendations to the Board concerning the compensation of the Company's directors.
6. Serve as the administration committee of the Company's stock option and other equity-based plans and exercise the authority of the Board to issue stock of the Company as compensation or as an incentive to non-employee directors, officers, employees, consultants or advisors.
7. Oversee the Company's compensation philosophy and strategy and at least annually assess the Company's risk relating to its compensation policies and practices.
8. Review and discuss with management the Compensation Discussion and Analysis required to be included in the Company's annual proxy statement pursuant to rules of the Securities and Exchange Commission.
9. Prepare the report of the Committee required to be included in the Company's annual proxy statement pursuant to rules of the Securities and Exchange Commission.
10. Oversee the Company's submissions to shareholders on executive compensation matters, including advisory votes on executive compensation and the frequency of such votes.
11. Have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of any senior executive compensation (including the Chief Executive Officer) and have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
12. Review the adequacy of the Company's stock ownership guidelines for officers and directors and periodically assess compliance with such guidelines.
13. Appoint the members of the Company's Administrative Committee, which is comprised of management and is responsible for administrative matters with respect to benefit plans maintained for the benefit of employees of the Company and its subsidiaries.

14. Conduct an annual performance evaluation of the Committee, and review the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.
15. Have such other duties and authority as shall be assigned or granted to it from time to time by the Board.

Revised and approved by the Board of Directors of Baxter International Inc. on February 21, 2012