



September 24, 2014

Baxter and Merrimack Pharmaceuticals Enter into Exclusive Ex-U.S. Licensing Agreement to Develop and Commercialize Novel Cancer Compound MM-398

Merrimack receives \$100 million on closing, retains commercialization rights in U.S.; Baxter gains exclusive commercialization rights for all potential indications of MM-398 in all other geographies outside Taiwan

Merrimack Conference Call Scheduled for 8:30 a.m. ET Today

DEERFIELD, Ill. & CAMBRIDGE, Mass.--(BUSINESS WIRE)-- Baxter International Inc. (NYSE:BAX) and Merrimack Pharmaceuticals, Inc. (Nasdaq:MACK) today jointly announced an exclusive license and collaboration agreement for the development and commercialization of MM-398 (nanoliposomal irinotecan injection), also known as "nal-IRI." Through the agreement, Baxter gains exclusive commercialization rights for all potential indications of MM-398 outside the United States and Taiwan, and Merrimack retains commercialization rights in the United States; the rights in Taiwan are held separately.

MM-398 is an investigational drug candidate for which Merrimack is preparing a New Drug Application in the United States for the treatment of patients with metastatic pancreatic cancer previously treated with a gemcitabine-based therapy. Pancreatic cancer is a rare and deadly disease that is difficult to diagnose and has limited treatment options available today.

"Oncology represents an exciting new area and growth driver for our biopharmaceutical business," said Ludwig Hantson, Ph.D., president of Baxter BioScience. "With this new collaboration with Merrimack on MM-398, a promising new anti-cancer agent, we continue to augment our growing pipeline focused on challenging diseases with significant unmet needs, while capitalizing on our broad global reach."

Under the terms of the agreement, Merrimack receives a \$100 million upfront payment from Baxter, which will be recorded by Baxter as a special pre-tax in-process research and development charge in the third quarter of 2014. Merrimack is also eligible to receive \$120 million in regulatory milestone payments related to the first pancreatic cancer indication as these milestones are achieved, and \$280 million in development and regulatory milestone payments for a second pancreatic cancer indication.

Merrimack is also eligible to receive \$220 million in future development and regulatory milestone payments related to two additional indications. Merrimack has the potential to receive \$250 million in sales milestone payments, as well as tiered royalties on net sales of MM-398 in the licensed geographies.

"Baxter possesses the commercial and technical expertise, experience and vision to obtain market approval and accelerate the global commercialization of MM-398 in markets all over the world for patients with metastatic pancreatic cancer who have few treatment options following gemcitabine-based therapy," said Robert Mulroy, President and CEO at Merrimack. "This partnership also complements our strategy by allowing us to develop our own commercial efforts in the United States while aggressively pursuing the development of MM-398 across multiple cancer indications."

MM-398 is a novel encapsulation of irinotecan in a long-circulating nanoliposomal formulation designed to increase drug deposition and prolong cytotoxic effects, with the goal of improving its anti-cancer properties. In May 2014, Merrimack announced that the Phase 3 trial, known as NAPOLI-1, studying MM-398 in combination with 5-fluorouracil (5-FU) and leucovorin achieved its primary and secondary endpoints for patients with metastatic pancreatic cancer who were previously treated with a gemcitabine-based therapy. In the study, the combination of MM-398 with 5-FU and leucovorin demonstrated a statistically significant improvement in overall survival, progression free survival and overall response rate compared to the control arm of 5-FU and leucovorin alone. This was the first positive global Phase 3 study in a post-gemcitabine setting to show a survival benefit in this aggressive disease.

The U.S. Food and Drug Administration (FDA) and European Medicines Agency have granted MM-398 orphan drug designation in metastatic pancreatic cancer. Merrimack is planning to submit a New Drug Application for MM-398 with the FDA in 2014. Baxter expects to submit for regulatory approvals outside of the United States beginning in 2015.

Merrimack to Host Conference Call

Merrimack will host an investor conference call and webcast at 8:30 a.m., Eastern Time, today, September 24, where it will review the details of the partnership. Investors and the general public are invited to listen to the call by dialing (877) 564-1301 (domestic) or (224) 357-2394 (international) five minutes prior to the start of the call and providing the passcode 8174452.

A listen-only webcast of the call can be accessed in the Investors section of Merrimack's website, <http://investors.merrimackpharma.com>, and a replay of the call will be archived there for six weeks.

About MM-398

MM-398 (irinotecan liposome injection), also known as "nal-IRI," is a nanoliposomal encapsulation of the chemotherapeutic irinotecan. MM-398 has demonstrated extended circulation in comparison to free irinotecan in the clinical setting. The activated form of irinotecan is SN-38, which functions by inhibiting topoisomerase I (an essential enzyme involved in DNA transcription and replication) and promoting cell death.

A Phase 1 clinical trial is assessing a potential companion diagnostic for MM-398 in patients with multiple cancer types as a first step toward determining which patients are most likely to benefit from treatment with the drug.

NAPOLI-1 Trial Design

NAPOLI-1 (**NA**noli**PO**soma**L** Irinotecan) was a randomized, open label Phase 3 study in patients with metastatic pancreatic cancer who were previously treated with a gemcitabine-based therapy. The study evaluated two MM-398 regimens, 80 mg/m² combined with 5-FU and leucovorin every two weeks, and 120 mg/m² as a monotherapy every three weeks. Each arm was compared to a control arm of 5-FU and leucovorin. A total of 417 patients were randomized across the three arms. Each MM-398 regimen was compared against the control arm on the primary endpoint of overall survival. Patients were enrolled at over 100 sites in North America, South America, Europe, Asia and Australia.

About Pancreatic Cancer^{1,2}

Pancreatic cancer is rare and deadly, accounting for only three percent of all cancer cases worldwide but is the fourth leading cause of cancer death. An estimated 140,000 new cases are diagnosed every year around the world, two-thirds of which are among people aged 65 or older. In the United States alone, approximately 46,000 people are diagnosed with pancreatic cancer and about 40,000 patients die annually.

Because the signs and symptoms of pancreatic cancer are non-specific and may not appear until the disease has spread to other sites, approximately 80% of patients are diagnosed with late stage disease and are not candidates for surgery, instead receiving chemotherapy as the mainstay of their therapy. As a result, the five year survival rate is less than six percent; fewer than 20 percent of newly diagnosed patients survive more than two years. There is no consensus on the standard of care for patients with metastatic pancreatic cancer previously treated with a gemcitabine-based therapy.

About Baxter International Inc.

Baxter International Inc., through its subsidiaries, develops, manufactures and markets products that save and sustain the lives of people with hemophilia, immune disorders, cancer, infectious diseases, kidney disease, trauma and other chronic and acute medical conditions. As a global, diversified healthcare company, Baxter applies a unique combination of expertise in medical devices, pharmaceuticals and biotechnology to create products that advance patient care worldwide.

About Merrimack Pharmaceuticals

Merrimack is a biopharmaceutical company discovering, developing and preparing to commercialize innovative medicines paired with companion diagnostics for the treatment of cancer. Merrimack seeks to gain a deeper understanding of underlying cancer biology through its systems biology-based approach and develop new insights, therapeutics and diagnostics to improve outcomes for cancer patients. Merrimack currently has six oncology therapeutics in clinical development and three additional candidates in late stage preclinical development. Merrimack's lead product candidate, MM-398, recently completed a Phase 3 trial in post-gemcitabine pancreatic cancer. Based on the results of this trial, Merrimack plans to submit a New Drug Application for MM-398 in 2014. For more information, please visit Merrimack's website at www.merrimackpharma.com.

PharmaEngine, Inc. (Taipei, Taiwan) holds the rights to commercialize MM-398 in Taiwan under the terms of a 2011 agreement with Merrimack.

Forward-Looking Statements

This release includes forward-looking statements concerning a license and collaboration agreement between Baxter International Inc. and Merrimack Pharmaceuticals, Inc., including expectations with regard to the financial impact of such agreement on Baxter and Merrimack, as well as future potential milestone payments and planned regulatory filings. 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: satisfaction of regulatory and other requirements; actions of

regulatory bodies and other governmental authorities; clinical trial results; changes in laws and regulations; product quality or patient safety issues; and other risks identified in Baxter's and Merrimack's most recent filings on Form 10-K and other SEC filings. Neither Baxter nor Merrimack undertakes to update their forward-looking statements.

1 American Cancer Society. Cancer Facts and Figures 2014. Atlanta: American Cancer Society; 2014.

2 World Health Organization. GLOBOCAN 2012: Estimated Cancer Incidence, Mortality and Prevalence Worldwide in 2012; Lyon, Fr.: International Agency for Research on Cancer; 2012.

Photos/Multimedia Gallery Available: <http://www.businesswire.com/multimedia/home/20140924005186/en/>

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