Baxalta Incorporated (NYSE: BXLT) is a global biopharmaceutical leader developing, manufacturing and commercializing therapies for orphan diseases and underserved conditions in hematology, immunology and oncology. Driven by passion to make a meaningful impact on patients’ lives, Baxalta’s broad and diverse pipeline includes biologics with novel mechanisms and advanced technology platforms such as gene therapy. Launched in 2015 following separation from Baxter International, Baxalta’s heritage in biopharmaceuticals spans decades. Baxalta’s therapies are available in more than 100 countries and it has advanced biological manufacturing operations across 12 facilities, including state-of-the-art recombinant production and plasma fractionation. Headquartered in Northern Illinois, with its Global Innovation Center in Cambridge, Massachusetts, Baxalta employs 17,000 employees worldwide.

Cover: Victor, who lives with hemophilia, is part of the Baxalta Global Ambassador program.

Serving patients is our inspiration and we are passionate about improving lives.
we have expanded our leadership and advanced our portfolio with the launch of ADYNOVATE, an enhanced treatment option for the hemophilia A community that delivers bleed protection while also providing dosing flexibility for patients around prophylactic treatment. We also received FDA approval in the fourth quarter for VONVENDI, the first and only recombinant treatment for adults living with von Willebrand disease—the world’s most common bleeding disorder. The treatment is the first major therapeutic innovation for von Willebrand disease in more than a decade, and an important addition to our broadening portfolio of differentiated products to help address challenging bleeding disorders.

In immunology, transformative therapies like HYQVIA, for patients with primary immunodeficiency (PI), are supporting our transition to a patient-centered, personalized model. We launched HYQVIA in 2014 and continue to see great results; we have expanded our presence in the PI segment in the United States and in select European countries, and initiated a Phase III study to expand its label to address unmet needs for chronic inflammatory demyelinating polyneuropathy (CIDP) patients.

**TO OUR SHAREHOLDERS**

In launching Baxalta, it was apparent from the start that the driving force behind the success of our company was our employees and our patients:

Our teams who possess a tremendous passion for the patients they serve; the scientists who go to great lengths to understand the impact that diseases and therapies have on families and communities; and the manufacturing teams who wake up every day knowing that each vial has the potential to save a life.

We’ve made extraordinary progress, transforming a valuable business into a focused leader in rare diseases operating from a position of strength in many of our key markets. While our structure as an independent company facilitated our transition, the culture we have built will be the spark that will allow Baxalta to continue on our path as a global biopharmaceutical leader advancing innovative therapies that improve patients’ lives. This focus on purpose-driven performance is reflected in our 2015 results.

**Our Foundation is Strong**

We are an orphan disease company driven to make a difference for patients by creating sustainable businesses in hematology, immunology and oncology. I am very proud of the progress we have made in each of these areas since becoming a stand-alone company.

In hematology, we have an incredible 60-year legacy of best-in-class therapies and expertise, which has driven our pursuit of a world free of bleeds for hemophilia patients. In the past six months,
We are on a Unique Path
Building on these recent successes, we are committed to driving sustainable growth across all three businesses. We drove double-digit sales growth (at constant currency) for full-year 2015, and with approximately 20 new product launches by 2020, we expect to deliver value to both patients and shareholders. This “20 by 2020” journey is well underway. We have received 10 key regulatory approvals with two new products currently under regulatory review. We are leveraging promising science through new external collaborations to build our immuno-oncology pipeline with disruptive technologies that have the potential to redefine care for a range of underserved cancers. We continue to broaden our hemophilia pipeline with a particular emphasis on gene therapy technology, which, based on the premise of direct factor replacement, holds the promise of achieving a long-term therapeutic solution for people with hemophilia. And we are leveraging our global development, manufacturing and commercial capabilities to work with partners on a pipeline of biosimilars that will make leading biologics more accessible for patients.

We are Positioned to Lead
Overall, we are in a strong position to deliver on our promise to patients—bringing innovative therapies to market so that our patients can make their diseases the smallest part of their lives. Inspired by this promise, in 2015 we delivered outstanding results that created value for all of our stakeholders, made significant steps toward our product launch goals and advanced novel new mechanisms and approaches for challenging conditions.

Innovating for patients and putting them at the center: these concepts are not only at our core, they are essential for our financial performance and long-term success. It takes time and commitment to understand the unique needs of our patients. As we embark on this next phase in Baxalta’s journey as a combined organization with Shire, if our success has proven anything, it’s that when we do what’s right for our patients, we’re doing what’s right for our business and for our shareholders.

Ludwig Hantson, Ph.D.
President and CEO
MESSAGE FROM THE CHAIRMAN

When we launched Baxalta in July 2015, our mission was clear—to become one of the leading global biopharmaceutical companies dedicated to advancing the lives of people affected by rare and underserved conditions.

Since separating from Baxter International on July 1, 2015, we have made significant progress in unlocking the promise made to our patients, customers and shareholders. During our short time as an independent company, we have become an attractive innovation partner, employer and investment.

We knew we were building something of great value, with teams committed to growing and driving innovation on behalf of our patients. We never expected it to result in an offer at such an early stage (as of this writing, we have a merger agreement in place), but the pillars of what we created are enduring and critical to our success, and we are committed to ensuring they live on.

Purpose-Driven Performance
Baxalta employees are inspired by a sense of purpose-driven performance. Our teams are accountable to achieve our commitments, and we deliver on behalf of the patients who rely on us. We have proven this by achieving our strategic and financial objectives with disciplined execution, and established a solid foundation for the future.

Sustainable Growth
Our patient focus compels us to remain strong as a company, execute well and lead in our markets, so that we can continue to do what we do best—serve our patients and innovate to make their lives better in the future. Our pipeline, which includes promising and potentially disruptive technologies, is the engine that will drive sustainable growth. In 2015 alone, we achieved three major product approvals, which is a tribute to our strong commitment to launch excellence.

Leader in Orphan and Underserved Diseases
We are applying our expertise and deep understanding of the patient experience to develop transformative therapies to treat orphan diseases and underserved conditions in hematology, immunology and oncology, our three global businesses. Our highly targeted innovation strategy and cutting-edge science, combined with strategic partnerships, come together to spark discovery for patients with limited treatment options. Our Global Innovation Center in Cambridge, Massachusetts, which opened in December, will further enable us to pioneer breakthroughs for patients with unmet needs.

Thank you for joining us on this exciting journey that will allow us to continue fulfilling our mission. I am confident that our team, along with our new colleagues at Shire, will work to combine the best of both organizations and foster a new, shared culture that has the resources, the passion and the commitment to continue to make a meaningful difference in the lives of our patients and their families.

Wayne T. Hockmeyer, Ph.D.
Chairman of the Board
Creating opportunities for joy

Just before her fourth birthday, Taylor was diagnosed with acute lymphoblastic leukemia (ALL), which required her to be hospitalized for 250 days over the following three years. Her diagnosis also made it impossible for her to participate in sports and other physical activities she loved. But even at that age, Taylor was determined—with equal enthusiasm she turned to the arts and discovered new talents. She found joy in drawing, painting, singing and playing instruments.

Today, Taylor has been cancer-free for more than a decade and devotes much of her time to cancer-related charities and retreats. Having defeated her illness, Taylor looks forward to an unhindered, music- and art-filled life ahead.

Our promise. Her passion.
Inspiring big dreams

Gabe was diagnosed with hemophilia not long after he was born. But that has never stopped him from pursuing his dreams. When one door would close, he would just open another. So, for instance, after being kneed in the thigh during a basketball game that put him out of commission for three months, he proved his resilience by taking up swimming.

In fact, his passion for swimming not only helped him to control his weight and bleeds, but to develop a vigilance about his well-being overall that’s made him an even better athlete and student. Today he’s the top student in his biology class and an elite swimmer on his team. Smart and ambitious, Gabe hopes to become an ER physician someday.

Our promise. His future.
Enabling imagination to take flight

Tasheka spent nearly 40 years of her life undiagnosed for primary immunodeficiency. She never knew why she was suffering from severe ear, nose and throat infections and bronchitis up to 10 times a year, missing over 40 days of work due to illness in one year alone.

Since she was diagnosed and began treating her condition, Tasheka has cut work absences in half and is able to focus on what she loves most: reading. Not surprisingly, she never goes anywhere without her Kindle. Tasheka can now dream of salsa dancing and singing, international travel and, someday, marriage. With her new diagnosis and treatment regimen, she feels more optimistic about her future than ever before.

Our promise. Her determination.
**DRIVING SUSTAINABLE GROWTH AND VALUE**

**LEADERSHIP**

$6 BILLION
global biopharmaceutical leader

100+
countries of operation

~20 NEW
product launches expected by 2020

**2015 SALES BY PRODUCT CATEGORY**

<table>
<thead>
<tr>
<th>Category</th>
<th>Sales (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEMOPHILIA</td>
<td>$2,840</td>
</tr>
<tr>
<td>INHIBITOR THERAPIES</td>
<td>$787</td>
</tr>
<tr>
<td>IMMUNOGLOBULIN THERAPIES</td>
<td>$1,750</td>
</tr>
<tr>
<td>BIOThERAPEUTICS</td>
<td>$766</td>
</tr>
<tr>
<td>ONCOLOGY</td>
<td>$87</td>
</tr>
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**2015 SALES BY GEOGRAPHY**

<table>
<thead>
<tr>
<th>Geographic Region</th>
<th>Sales (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>$3,315</td>
</tr>
<tr>
<td>INTERNATIONAL</td>
<td>$2,915</td>
</tr>
</tbody>
</table>

*Growth compares to 2014 pro forma sales; 1H 2015 results include pro forma adjustments

**EXCEEDING SALES EXPECTATIONS ACROSS ALL PRODUCT CATEGORIES**

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2015 Actual Results*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hemophilia</td>
<td>+4%</td>
</tr>
<tr>
<td>Inhibitor Therapies</td>
<td>+16%</td>
</tr>
<tr>
<td>Hematology</td>
<td>+7%</td>
</tr>
<tr>
<td>Immunoglobulin Therapies</td>
<td>+9%</td>
</tr>
<tr>
<td>BioTherapeutics</td>
<td>+16%</td>
</tr>
<tr>
<td>Immunology</td>
<td>+11%</td>
</tr>
<tr>
<td>Oncology</td>
<td>$87M</td>
</tr>
<tr>
<td>Baxalta</td>
<td>+10%</td>
</tr>
</tbody>
</table>

*Growth is at constant currency and compares to 2014 pro forma sales; 1H 2015 results include pro forma adjustments
GENERATING POSITIVE MOMENTUM ACROSS PORTFOLIO*

HEMATOLOGY

+7% FY 2015

IMMUNOLOGY

+11% FY 2015

ONCOLOGY

$87M FY 2015

*Growth is at constant currency and compares to 2014 pro forma sales; 1H 2015 includes pro forma adjustments

BUILDING A ROBUST AND DIVERSE PIPELINE: KEY PROGRAMS*

*Reflects information as of April 2016. Key Programs = programs with $200M+ peak sales potential

Sales growth measures are presented throughout this annual report on a constant currency and pro forma basis. Sales figures are presented on a pro forma basis. Please see the company’s website for financial schedules presenting sales growth at actual currency rates and reconciliations from GAAP to pro forma sales.
BOARD OF DIRECTORS

from left to right

Wayne T. Hockmeyer, Ph.D.
Chairman of the Board
Blake E. Devitt
Director
Karen Ferrante, M.D.
Director
John D. Forsyth
Director
Gail D. Fosler
Director
James R. Gavin III, M.D., Ph.D.
Director
Ludwig N. Hantson, Ph.D.
Director, Chief Executive Officer and President
François Nader, M.D.
Director
Albert P.L. Stroucken
Director

EXECUTIVE OFFICERS

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Chief Executive Officer and President
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Executive Vice President and General Counsel
John Glasspool
Executive Vice President and Head of Corporate Strategy and Customer Operations
Brian Goff
Executive Vice President and President, Hematology
Robert J. Hombach
Executive Vice President, Chief Financial Officer and Chief Operations Officer
Anne-Marie Law
Executive Vice President and Head of Human Resources
Jacopo Leonardi
Executive Vice President and President, Immunology
David D. Meek
Executive Vice President and President, Oncology
John J. Orloff, M.D.
Executive Vice President, Head of Research and Development and Chief Scientific Officer
Dagmar Rosa-Björkeson
Executive Vice President and President, Biosimilars
Patrice Zagame, M.D.
Executive Vice President and President, Intercontinental

CORPORATE OFFICERS

Eric W. Foster
Senior Vice President and Chief Information Officer
John Furey
Senior Vice President and Head of Global Operations
Mary Kay Ladone
Senior Vice President and Head of Investor Relations
John A. McCoy
Senior Vice President and Controller
Stephanie D. Miller
Senior Vice President, Associate General Counsel and Corporate Secretary
Todd S. Young
Senior Vice President and Treasurer
CORPORATE INFORMATION

Transfer Agent and Registrar
Baxalta shareholders of record may direct questions concerning stock accounts, transfers, lost or missing certificates, dividend checks or other service matters to Baxalta’s transfer agent, Computershare.

Internet Access
View account balances and values, purchase and sell shares, review or change your dividend options, request shareholder materials, print forms, make address changes or send email through Computershare’s website (password required for account access): www.computershare.com/investor.

Telephone Services
Representatives are available weekdays 9:00a.m.–5:00p.m. (ET) and an automated voice response system is available 24 hours a day: (866) 433-8297.

Mailing Address
Shareholder correspondence should be mailed to:
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College Station, TX 77842-3170

Investor Relations
Analysts, portfolio managers and current and prospective shareholders seeking additional investor information can contact the Baxalta Incorporated Investor Relations Department.

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Lorna Williams
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Corporate Communications
Geoffrey Mogilner
(224) 940-8619
Our Promise

Serving patients is our inspiration and we are passionate about improving their lives. No matter what we do or where we work, we all strive for excellence on behalf of patients, caregivers and healthcare providers. We seek to understand their journey. Through our insights, we will deliver breakthrough therapies and personalized services.

We see a world with endless possibilities, where our imagination is inspired and harnessed with purpose. We embrace the bold and diverse ideas of one another and the world around us. We build and empower agile, high-performing teams where we can be ourselves. We hold ourselves and each other accountable to the highest standards of ethics, integrity and performance. We take the time to celebrate success.

This is how we serve, with our hearts and our heads. This is how we make a meaningful difference so that our patients can dream big and experience life to the fullest. At Baxalta, your life is our inspiration.