

BAXTER INTERNATIONAL INC.
Consolidated Statements of Income
Three Months Ended December 31, 2013 and 2012
(unaudited)
(in millions, except per share and percentage data)

	Three Months Ended December 31,		Change
	2013	2012	
NET SALES	\$4,368	\$3,753	16%
COST OF SALES	2,414	1,848	31%
GROSS MARGIN	1,954	1,905	3%
<i>% of Net Sales</i>	<i>44.7%</i>	<i>50.8%</i>	<i>(6.1 pts)</i>
MARKETING AND ADMINISTRATIVE EXPENSES	1,064	1,040	2%
<i>% of Net Sales</i>	<i>24.4%</i>	<i>27.7%</i>	<i>(3.3 pts)</i>
RESEARCH AND DEVELOPMENT EXPENSES	437	291	50%
<i>% of Net Sales</i>	<i>10.0%</i>	<i>7.8%</i>	<i>2.2 pts</i>
NET INTEREST EXPENSE	41	22	86%
OTHER INCOME, NET	(19)	(22)	N/M
PRE-TAX INCOME	431	574	(25%)
INCOME TAX EXPENSE	105	80	31%
<i>% of Pre-Tax Income</i>	<i>24.4%</i>	<i>13.9%</i>	<i>10.5 pts</i>
NET INCOME	\$326	\$494	(34%)
BASIC EPS	\$0.60	\$0.90	(33%)
DILUTED EPS	\$0.59	\$0.89	(34%)
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	543	548	
Diluted	548	555	
ADJUSTED PRE-TAX INCOME (excluding special items)	\$902 ^A	\$894 ^A	1%
ADJUSTED NET INCOME (excluding special items)	\$692 ^A	\$700 ^A	(1%)
ADJUSTED DILUTED EPS (excluding special items)	\$1.26 ^A	\$1.26 ^A	0%

^A Refer to page 10 for a description of the adjustments and a reconciliation to generally accepted accounting principles (GAAP) measures.

BAXTER INTERNATIONAL INC.
Note to Consolidated Statements of Income
Three Months Ended December 31, 2013 and 2012
Description of Adjustments and Reconciliation of GAAP to Non-GAAP Measures
(unaudited)
(in millions, except per share and percentage data)

The company's GAAP results for the three months ended December 31, 2013 and 2012 included special items which impacted the GAAP measures as follows:

	Three Months Ended December 31,		Change
	2013	2012	
Gross Margin	\$1,954	\$1,905	3%
Gambro acquisition and integration items ¹	47	-	
Business optimization items ²	145	62	
Product-related items ³	17	-	
Adjusted Gross Margin	\$2,163	\$1,967	10%
% of Net Sales	49.5%	52.4%	(2.9 pts)
Marketing and Administrative Expenses	\$1,064	\$1,040	2%
Gambro acquisition and integration items ¹	(42)	-	
Business optimization items ²	(82)	(60)	
Pension settlement items ⁵	-	(170)	
Adjusted Marketing and Administrative Expenses	\$940	\$810	16%
% of Net Sales	21.5%	21.6%	(0.1 pts)
Research and Development Expenses	\$437	\$291	50%
Business development items ⁴	(78)	-	
Business optimization items ²	(55)	(28)	
Adjusted Research and Development Expenses	\$304	\$263	16%
% of Net Sales	7.0%	7.0%	0 pts
Other Income, Net	\$(19)	\$(22)	N/M
Gambro acquisition and integration items ¹	(5)	-	
Adjusted Other Income, Net	\$(24)	\$(22)	N/M
Pre-Tax Income	\$431	\$574	(25%)
Impact of special items	471	320	
Adjusted Pre-Tax Income	\$902	\$894	1%
Income Tax Expense	\$105	\$80	31%
Impact of special items	105	114	
Adjusted Income Tax Expense	\$210	\$194	8%
% of Adjusted Pre-Tax Income	23.3%	21.7%	1.6 pts
Net Income	\$326	\$494	(34%)
Impact of special items	366	206	
Adjusted Net Income	\$692	\$700	(1%)
Diluted EPS	\$0.59	\$0.89	(34%)
Impact of special items	0.67	0.37	
Adjusted Diluted EPS	\$1.26	\$1.26	0%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Diluted	548	555	

¹ Cost of sales, marketing and administrative expenses and other income, net in 2013 included total charges of \$94 million (\$79 million, or \$0.14 per diluted share, on an after-tax basis) principally related to the acquisition and integration of Gambro AB (Gambro).

² The company undertook business optimization initiatives resulting in charges totaling \$282 million (\$212 million, or \$0.39 per diluted share, on an after-tax basis) and \$150 million (\$101 million, or \$0.18 per diluted share, on an after-tax basis) in 2013 and 2012, respectively.

³ Cost of sales in 2013 included total charges of \$17 million (\$10 million, or \$0.02 per diluted share, on an after-tax basis) principally related to remediation efforts associated with modifications to the SIGMA Spectrum Infusion Pump in conjunction with re-filing for 510(k) clearance.

⁴ The company incurred business development charges in 2013 totaling \$78 million (\$65 million, or \$0.12 per diluted share, on an after-tax basis) which related to R&D charges of \$45 million associated with the company's collaboration with Coherus Biosciences, Inc. (Coherus) and \$33 million associated with the company's collaboration with Cell Therapeutics, Inc. (Cell Therapeutics).

⁵ Marketing and administrative expenses in 2012 included a charge totaling \$170 million (\$105 million, or \$0.19 per diluted share, on an after-tax basis) primarily related to the settlement of certain pension obligations in the United States.

For more information on the company's use of non-GAAP financial measures in this press release, please see the company's Current Report on Form 8-K filed with the Securities and Exchange Commission on the date of this press release.

BAXTER INTERNATIONAL INC.
Consolidated Statements of Income
Twelve Months Ended December 31, 2013 and 2012
(unaudited)
(in millions, except per share and percentage data)

	Twelve Months Ended December 31,		Change
	2013	2012	
NET SALES	\$15,259	\$14,190	8%
COST OF SALES	7,664	6,889	11%
GROSS MARGIN	7,595	7,301	4%
<i>% of Net Sales</i>	<i>49.8%</i>	<i>51.5%</i>	<i>(1.7 pts)</i>
MARKETING AND ADMINISTRATIVE EXPENSES	3,681	3,324	11%
<i>% of Net Sales</i>	<i>24.1%</i>	<i>23.4%</i>	<i>0.7 pts</i>
RESEARCH AND DEVELOPMENT EXPENSES	1,246	1,156	8%
<i>% of Net Sales</i>	<i>8.2%</i>	<i>8.1%</i>	<i>0.1 pts</i>
NET INTEREST EXPENSE	128	87	47%
OTHER INCOME, NET	(9)	(155)	N/M
PRE-TAX INCOME	2,549	2,889	(12%)
INCOME TAX EXPENSE	537	563	(5%)
<i>% of Pre-Tax Income</i>	<i>21.1%</i>	<i>19.5%</i>	<i>1.6 pts</i>
NET INCOME	\$2,012	\$2,326	(13%)
BASIC EPS	\$3.70	\$4.22	(12%)
DILUTED EPS	\$3.66	\$4.18	(12%)
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	543	551	
Diluted	549	556	
ADJUSTED PRE-TAX INCOME (excluding special items)	\$3,293 ^A	\$3,223 ^A	2%
ADJUSTED NET INCOME (excluding special items)	\$2,567 ^A	\$2,516 ^A	2%
ADJUSTED DILUTED EPS (excluding special items)	\$4.67 ^A	\$4.53 ^A	3%

^A Refer to page 12 for a description of the adjustments and a reconciliation to GAAP measures.

BAXTER INTERNATIONAL INC.
Note to Consolidated Statements of Income
Twelve Months Ended December 31, 2013 and 2012
Description of Adjustments and Reconciliation of GAAP to Non-GAAP Measures
(unaudited)
(in millions, except per share and percentage data)

The company's GAAP results for the twelve months ended December 31, 2013 and 2012 included special items which impacted the GAAP measures as follows:

	Twelve Months Ended December 31,		Change
	2013	2012	
Gross Margin	\$7,595	\$7,301	4%
Gambro acquisition and integration items ¹	62	-	
Currency-related items ²	1	-	
Business optimization items ³	125	62	
Product-related items ⁴	17	-	
Business development items ⁶	-	6	
Reserve adjustments ⁷	-	(23)	
Adjusted Gross Margin	\$7,800	\$7,346	6%
% of Net Sales	51.1%	51.8%	(0.7 pts)
Marketing and Administrative Expenses	\$3,681	\$3,324	11%
Gambro acquisition and integration items ¹	(115)	-	
Business optimization items ³	(82)	(60)	
Tax and legal reserves ⁵	(124)	-	
Business development items ⁶	-	(9)	
Pension settlement items ⁸	-	(170)	
Adjusted Marketing and Administrative Expenses	\$3,360	\$3,085	9%
% of Net Sales	22.0%	21.7%	0.3 pts
Research and Development Expenses	\$1,246	\$1,156	8%
Business optimization items ³	(73)	(28)	
Business development items ⁶	(103)	(113)	
Adjusted Research and Development Expenses	\$1,070	\$1,015	5%
% of Net Sales	7.0%	7.2%	(0.2 pts)
Other Income, Net	\$(9)	\$(155)	N/M
Gambro acquisition and integration items ¹	(15)	-	
Currency-related items ²	(62)	-	
Tax and legal reserves ⁵	35	-	
Reserve adjustments ⁷	-	91	
Adjusted Other Income, Net	\$(51)	\$(64)	N/M
Pre-Tax Income	\$2,549	\$2,889	(12%)
Impact of special items	744	334	
Adjusted Pre-Tax Income	\$3,293	\$3,223	2%
Income Tax Expense	\$537	\$563	(5%)
Impact of special items	189	144	
Adjusted Income Tax Expense	\$726	\$707	3%
% of Adjusted Pre-Tax Income	22.0%	21.9%	0.1 pts
Net Income	\$2,012	\$2,326	(13%)
Impact of special items	555	190	
Adjusted Net Income	\$2,567	\$2,516	2%
Diluted EPS	\$3.66	\$4.18	(12%)
Impact of special items	1.01	0.35	
Adjusted Diluted EPS	\$4.67	\$4.53	3%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Diluted	549	556	

- 1 Cost of sales, marketing and administrative expenses and other income, net in 2013 included total charges of \$192 million (\$157 million, or \$0.28 per diluted share, on an after-tax basis) principally related to the acquisition and integration of Gambro.
- 2 Cost of sales and other income, net in 2013 included a charge of \$11 million (\$7 million, or \$0.01 per diluted share, on an after-tax basis) related to the Venezuelan currency devaluation announced by the government of Venezuela in February 2013. Additionally, other income, net in 2013 included a net loss of \$52 million (\$33 million, or \$0.06 per diluted share, on an after-tax basis) principally related to the company's derivative instruments used to hedge the anticipated foreign currency cash outflows for the Gambro acquisition.
- 3 The company undertook business optimization initiatives resulting in a net charge of \$280 million (\$212 million, or \$0.39 per diluted share, on an after-tax basis) in 2013, which included a net benefit of \$2 million in the second quarter of 2013 associated with a benefit of \$20 million related to an adjustment to a previous business optimization reserve and a charge of \$18 million primarily related to the discontinuation of the company's Alzheimer's disease program. In 2012, the company had charges totaling \$150 million (\$101 million, or \$0.18 per diluted share, on an after-tax basis) related to business optimization initiatives.
- 4 Cost of sales in 2013 included total charges of \$17 million (\$10 million, or \$0.02 per diluted share, on an after-tax basis) principally related to remediation efforts associated with modifications to the SIGMA Spectrum Infusion Pump in conjunction with re-filing for 510(k) clearance.
- 5 Marketing and administrative expenses in 2013 included charges totaling \$124 million (\$95 million, or \$0.17 per diluted share, on an after-tax basis) related to tax and legal reserves associated with VAT matters in Turkey and existing class-action and other related litigation, including litigation fees. Income tax expense in 2013 included a net benefit of \$6 million (\$0.01 per diluted share) related to uncertain tax positions in Switzerland and Turkey. Other income, net in 2013 included the offsetting impact of \$35 million (\$0.06 per diluted share) in noncontrolling interest for the VAT and tax items above associated with the company's non-wholly owned subsidiary in Turkey.
- 6 The company incurred business development charges in 2013 totaling \$103 million (\$82 million, or \$0.15 per diluted share, on an after-tax basis) which related to R&D charges of \$45 million associated with the company's collaboration with Coherus, \$33 million associated with the company's collaboration with Cell Therapeutics, and \$25 million related to the company's collaboration agreement with JW Holdings. In 2012, the company incurred business development charges totaling \$128 million (\$102 million, or \$0.19 per diluted share, on an after-tax basis) which principally related to R&D charges of \$33 million associated with the company's global collaboration with Momenta Pharmaceuticals, Inc. (Momenta), \$30 million associated with the company's global collaboration with Chatham Therapeutics, LLC (Chatham), and \$50 million associated with the company's licensing agreement with Onconova.
- 7 Cost of sales in 2012 included a net benefit of \$23 million (\$27 million, or \$0.05 per diluted share, on an after-tax basis) primarily related to an adjustment to the COLLEAGUE infusion pump reserves as the company substantially completed its recall activities in the United States. Other income, net in 2012 included a benefit of \$91 million, or \$0.16 per diluted share, consisting of gains of \$53 million and \$38 million for the reduction of certain contingent payment liabilities related to the prior acquisitions of Prism Pharmaceuticals, Inc. and ApaTech Limited, respectively, for which there was no tax expense recognized.
- 8 Marketing and administrative expenses in 2012 included a charge totaling \$170 million (\$105 million, or \$0.19 per diluted share, on an after-tax basis) primarily related to the settlement of certain pension obligations in the United States.

For more information on the company's use of non-GAAP financial measures in this press release, please see the company's Current Report on Form 8-K filed with the Securities and Exchange Commission on the date of this press release.

BAXTER INTERNATIONAL INC.
Reconciliation of GAAP to Non-GAAP Measures - Adjusted Results Excluding Amortization Expense¹
(unaudited)
(in millions, except per share and percentage data)

	Three Months Ended				Twelve Months Ended
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	December 31, 2013
Gross Margin	\$1,756	\$1,939	\$1,946	\$1,954	\$7,595
Impact of special items	1	(20)	15	209	205
Adjusted Gross Margin	\$1,757	\$1,919	\$1,961	\$2,163	\$7,800
Intangible asset amortization expense	25	25	34	46	130
Adjusted Gross Margin, excluding amortization expense	\$1,782	\$1,944	\$1,995	\$2,209	\$7,930
Pre-Tax Income	\$693	\$743	\$682	\$431	\$2,549
Impact of special items	45	76	152	471	744
Adjusted Pre-Tax Income	\$738	\$819	\$834	\$902	\$3,293
Intangible asset amortization expense	25	25	34	46	130
Adjusted Pre-Tax Income, excluding amortization expense	\$763	\$844	\$868	\$948	\$3,423
Income Tax Expense	\$141	\$153	\$138	\$105	\$537
Impact of special items	16	27	41	105	189
Adjusted Income Tax Expense	\$157	\$180	\$179	\$210	\$726
Intangible asset amortization expense ²	5	5	7	11	28
Adjusted Income Tax Expense, excluding amortization expense	\$162	\$185	\$186	\$221	\$754
% of Adjusted Pre-Tax Income	21.3%	22.0%	21.5%	23.3%	22.0%
Net Income	\$552	\$590	\$544	\$326	\$2,012
Impact of special items	29	49	111	366	555
Adjusted Net Income	\$581	\$639	\$655	\$692	\$2,567
Intangible asset amortization expense	20	20	27	35	102
Adjusted Net Income, excluding amortization expense	\$601	\$659	\$682	\$727	\$2,669
Diluted EPS	\$1.00	\$1.07	\$0.99	\$0.59	\$3.66
Impact of special items	0.05	0.09	0.20	0.67	1.01
Adjusted Diluted EPS	\$1.05	\$1.16	\$1.19	\$1.26	\$4.67
Intangible asset amortization expense	0.04	0.04	0.05	0.06	0.19
Adjusted Diluted EPS, excluding amortization expense	\$1.09	\$1.20	\$1.24	\$1.32	\$4.86
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING					
Diluted	551	549	549	548	549

¹ Reconciliation of historical financial results, on a reported and adjusted basis, to Baxter's new non-GAAP presentation of adjusted results excluding amortization expense.

² The company's overall effective tax rate has been used to determine the tax effect of intangible asset amortization expense.

For more information on the company's use of non-GAAP financial measures in this press release, please see the company's Current Report on Form 8-K filed with the Securities and Exchange Commission on the date of this press release.

BAXTER INTERNATIONAL INC.
Cash Flows from Operations and Changes in Net Debt
(unaudited)
(\$ in millions)

Cash Flows from Operations (Brackets denote cash outflows)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
Net income	\$326	\$494	\$2,012	\$2,326
Adjustments				
Depreciation and amortization	250	178	823	712
Deferred income taxes	(309)	(214)	(224)	(17)
Stock compensation	39	33	150	130
Realized excess tax benefits from stock issued under employee benefit plans	(2)	(10)	(34)	(24)
Business optimization items	282	150	282	150
Other	80	5	82	(42)
Changes in balance sheet items				
Accounts and other current receivables, net	(106)	(113)	(36)	(41)
Inventories	101	7	(311)	(129)
Accounts payable and accrued liabilities	405	300	349	18
Business optimization and infusion pump payments	(44)	(57)	(125)	(283)
Other	61	172	230	306
Cash flows from operations	\$1,083	\$945	\$3,198	\$3,106

Changes in Net Debt Increase (decrease)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
Net debt, beginning of period ^A	\$6,690	\$2,756	\$2,660	\$2,290
Cash flows from operations	(1,083)	(945)	(3,198)	(3,106)
Capital expenditures	488	399	1,525	1,161
Dividends	266	246	1,023	804
Proceeds from stock issued under employee benefit plans	(38)	(195)	(474)	(488)
Purchases of treasury stock	50	415	913	1,480
Acquisitions and investments	79	20	3,851	605
Sales of investments and other investing activities	-	(21)	(14)	(107)
Payment of assumed Gambro debt	-	-	221	-
Other, including the effect of exchange rate changes	(19)	(15)	(74)	21
(Decrease) increase in net debt	(257)	(96)	3,773	370
Net debt, December 31 ^A	\$6,433	\$2,660	\$6,433	\$2,660

Key statistics, December 31:				
Days sales outstanding	55.9 ^B	53.3	55.9 ^B	53.3
Inventory turns	2.7	2.5	2.7	2.5

^A Net debt is a non-GAAP measure, refer to page 16 for a description of net debt and a reconciliation to GAAP measures.

^B Includes the impact from the acquisition of Gambro in September 2013. Excluding Gambro, the company's days sales outstanding was 52.5 days as of December 31, 2013.

BAXTER INTERNATIONAL INC.
Total Debt to Net Debt Reconciliation
(unaudited)
(\$ in millions)

Total Debt to Net Debt Reconciliation ^A					
	December 31, 2013	September 30, 2013	December 31, 2012	September 30, 2012	December 31, 2011
Short-term debt	\$181	\$42	\$27	\$16	\$256
Current maturities of long-term debt and lease obligations	859	372	323	317	190
Long-term debt and lease obligations	8,126	8,652	5,580	5,614	4,749
Total debt	9,166	9,066	5,930	5,947	5,195
Less: Cash and equivalents	(2,733)	(2,376)	(3,270)	(3,191)	(2,905)
Total net debt	\$6,433	\$6,690	\$2,660	\$2,756	\$2,290

^A Net debt represents the difference between total debt (defined as short-term debt, current maturities of long-term debt and lease obligations, and long-term debt and lease obligations as presented on the company's consolidated balance sheets) and cash and equivalents.

For more information on the company's use of non-GAAP financial measures in this press release, please see the company's Current Report on Form 8-K filed with the Securities and Exchange Commission on the date of this press release.

BAXTER INTERNATIONAL INC.
Net Sales
Periods Ending December 31, 2013 and 2012
(unaudited)
(\$ in millions)

	Q4 2013	Q4 2012	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2013	YTD 2012	% Growth @ Actual Rates	% Growth @ Constant Rates
BioScience								
United States	\$891	\$825	8%	8%	\$3,277	\$3,087	6%	6%
International	885	862	3%	4%	3,287	3,150	4%	5%
Total BioScience	\$1,776	\$1,687	5%	6%	\$6,564	\$6,237	5%	6%
Medical Products								
United States	\$890	\$747	19%	19%	\$3,174	\$2,969	7%	7%
International	1,702	1,319	29%	31%	5,521	4,984	11%	12%
Total Medical Products¹	\$2,592	\$2,066	25%	27%	\$8,695	\$7,953	9%	10%
Baxter International Inc.								
United States	\$1,781	\$1,572	13%	13%	\$6,451	\$6,056	7%	7%
International	2,587	2,181	19%	20%	8,808	8,134	8%	9%
Total Baxter¹	\$4,368	\$3,753	16%	17%	\$15,259	\$14,190	8%	8%

¹ Includes Gambro net sales of \$413 million in the fourth quarter of 2013 and \$513 million since the acquisition of Gambro in September 2013. Medical Products net sales excluding Gambro grew at 5% at actual rates and 7% at constant rates during the fourth quarter of 2013, and grew at 3% at actual rates and 4% at constant rates during the year ended December 31, 2013. Total Baxter net sales grew at 5% at actual rates and 6% at constant rates during the fourth quarter of 2013, and grew at 4% at both actual and constant rates during the year ended December 31, 2013.

BAXTER INTERNATIONAL INC.
Sales by Franchise ¹
Periods Ending December 31, 2013 and 2012
(unaudited)
(\$ in millions)

	Q4 2013	Q4 2012	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2013	YTD 2012	% Growth @ Actual Rates	% Growth @ Constant Rates
BioScience								
Hemophilia ²	\$972	\$887	10%	11%	\$3,437	\$3,241	6%	7%
BioTherapeutics ³	564	571	(1%)	(2%)	2,118	2,069	2%	2%
BioSurgery ⁴	194	180	8%	7%	717	673	7%	6%
Vaccines ⁵	46	49	(6%)	- %	292	254	15%	18%
Total BioScience	\$1,776	\$1,687	5%	6%	\$6,564	\$6,237	5%	6%
Medical Products								
Fluid Systems ⁶	\$819	\$775	6%	6%	\$3,106	\$2,937	6%	6%
Renal ⁷	1,099	675	63%	66%	3,089	2,527	22%	24%
Specialty Pharmaceuticals ⁸	407	376	8%	8%	1,508	1,475	2%	2%
BioPharma Solutions ⁹	267	240	11%	12%	992	1,014	(2%)	(2%)
Total Medical Products	\$2,592	\$2,066	25%	27%	\$8,695	\$7,953	9%	10%
Total Baxter	\$4,368	\$3,753	16%	17%	\$15,259	\$14,190	8%	8%

¹ Effective January 1, 2013, Baxter has transitioned to a commercial franchise structure for reporting net sales. Prior period net sales have been reclassified to reflect the new commercial franchise structure. See Notes 2 - 9 below for a description of each commercial franchise.

² Includes sales of recombinant FVIII products (ADVATE and RECOMBINATE) and plasma-derived hemophilia products (primarily FVII, FVIII and FEIBA). Recombinant and plasma-based products were previously reported separately.

³ Includes sales of the company's liquid formulation of the antibody-replacement therapy immunoglobulin product (GAMMAGARD LIQUID) and other plasma-based therapies such as albumin and alpha-1 antitrypsin products. Antibody therapies and plasma-based products were previously reported separately.

⁴ Consists of biological products and delivery devices used for hemostasis, tissue sealing, adhesion reduction and hard tissue regeneration, as well as soft tissue repair and microsurgery products.

⁵ Consists of vaccines for seasonal and pandemic influenza, as well as meningitis C and tick-borne encephalitis.

⁶ Principally includes IV therapies, infusion pumps, administration sets and premixed drugs platforms. IV therapies were previously reported with nutrition products in IV Therapies, and Infusion Systems and Global Injectables were previously reported separately.

⁷ Consists of PD and HD therapies, and includes Gambro net sales of \$413 million in the fourth quarter of 2013 and \$513 million since the acquisition of Gambro in September 2013. Renal sales excluding Gambro grew 2% at actual rates and 5% at constant rates during the fourth quarter of 2013, and grew 2% at actual rates and 4% at constant rates during the year ended December 31, 2013.

⁸ Principally includes nutrition and anesthesia products. Nutrition products were previously reported with IV therapies in IV Therapies and anesthesia products were previously reported separately.

⁹ Principally includes sales from the pharmaceutical partnering business and pharmacy compounding services, which were previously reported with Global Injectables. Also includes revenues associated with manufacturing, distribution and other services provided by the company to the buyer of the Transfusion Therapies business after the February 2007 divestiture.

BAXTER INTERNATIONAL INC.
Franchise Sales by U.S. and International¹
Three-Month Periods Ending December 31, 2013 and 2012
(unaudited)
(\$ in millions)

	Q4 2013			Q4 2012			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
BioScience									
Hemophilia	\$382	\$590	\$972	\$336	\$551	\$887	14%	7%	10%
BioTherapeutics	400	164	564	374	197	571	7%	(17%)	(1%)
BioSurgery	109	85	194	102	78	180	7%	9%	8%
Vaccines	-	46	46	13	36	49	- %	28%	(6%)
Total BioScience	\$891	\$885	\$1,776	\$825	\$862	\$1,687	8%	3%	5%
Medical Products									
Fluid Systems	\$435	\$384	\$819	\$380	\$395	\$775	14%	(3%)	6%
Renal ²	178	921	1,099	109	566	675	63%	63%	63%
Specialty Pharmaceuticals	176	231	407	171	205	376	3%	13%	8%
BioPharma Solutions	101	166	267	87	153	240	16%	8%	11%
Total Medical Products²	\$890	\$1,702	\$2,592	\$747	\$1,319	\$2,066	19%	29%	25%
Total Baxter²	\$1,781	\$2,587	\$4,368	\$1,572	\$2,181	\$3,753	13%	19%	16%

¹ Effective January 1, 2013, Baxter has transitioned to a commercial franchise structure for reporting net sales. Prior period net sales have been reclassified to reflect the new commercial franchise structure. Refer to page 18 for additional details.

² Includes Gambro net sales of \$413 million in the fourth quarter of 2013. Renal sales excluding Gambro grew 2% at actual rates and 5% at constant rates during the fourth quarter of 2013. Medical Products net sales excluding Gambro grew at 5% at actual rates and 7% at constant rates during the fourth quarter of 2013. Total Baxter net sales grew at 5% at actual rates and 6% at constant rates during the fourth quarter of 2013.