

BAXTER INTERNATIONAL INC.
Consolidated Statements of Income
Three Months Ended September 30, 2014 and 2013
(unaudited)
(in millions, except per share and percentage data)

	Three Months Ended September 30,		
	2014	2013	Change
NET SALES	\$4,197	\$3,710	13%
COST OF SALES	2,124	1,804	18%
GROSS MARGIN	2,073	1,906	9%
<i>% of Net Sales</i>	<i>49.4%</i>	<i>51.4%</i>	<i>(2 pts)</i>
MARKETING AND ADMINISTRATIVE EXPENSES	1,040	975	7%
<i>% of Net Sales</i>	<i>24.8%</i>	<i>26.3%</i>	<i>(1.5 pts)</i>
RESEARCH AND DEVELOPMENT EXPENSES	455	277	64%
<i>% of Net Sales</i>	<i>10.8%</i>	<i>7.5%</i>	<i>3.3 pts</i>
NET INTEREST EXPENSE	31	45	N/M
OTHER INCOME, NET	(39)	(55)	N/M
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	586	664	(12%)
INCOME TAX EXPENSE	139	136	2%
<i>% of Income from Continuing Operations before Income Taxes</i>	<i>23.7%</i>	<i>20.5%</i>	<i>3.2 pts</i>
INCOME FROM CONTINUING OPERATIONS	447	528	(15%)
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX ^A	21	16	31%
NET INCOME	\$468	\$544	(14%)
INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$0.83	\$0.97	(14%)
Diluted	\$0.82	\$0.96	(15%)
INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	\$0.03	\$0.03	0%
Diluted	\$0.04	\$0.03	33%
NET INCOME PER COMMON SHARE			
Basic	\$0.86	\$1.00	(14%)
Diluted	\$0.86	\$0.99	(13%)
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	542	543	
Diluted	547	549	
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$914 ^B	\$849 ^B	8%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$715 ^B	\$664 ^B	8%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$1.31 ^B	\$1.21 ^B	8%

^A Operating results from the company's vaccines franchise are classified as discontinued operations for all periods presented.

^B 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 September 30, 2014 and 2013
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 September 30, 2014 and 2013 included special items which impacted the GAAP measures as follows:

	Three Months Ended September 30,		Change
	2014	2013	
Gross Margin	\$2,073	\$1,906	9%
Intangible asset amortization expense ¹	45	33	
Gambro acquisition and integration items ²	-	15	
Separation-related costs ³	1	-	
Adjusted Gross Margin	\$2,119	\$1,954	8%
% of Net Sales	50.5%	52.7%	(2.2 pts)
Marketing and Administrative Expenses	\$1,040	\$975	7%
Reserve items and adjustments ⁴	-	(124)	
Branded Prescription Drug Fee ⁵	(29)	-	
Business optimization items ⁶	(3)	-	
Gambro acquisition and integration items ²	(39)	(33)	
Separation-related costs ³	(48)	-	
Adjusted Marketing and Administrative Expenses	\$921	\$818	13%
% of Net Sales	21.9%	22.0%	(0.1 pts)
Research and Development Expenses	\$455	\$277	64%
Business optimization items ⁶	(25)	-	
Business development items ⁷	(138)	(25)	
Adjusted Research and Development Expenses	\$292	\$252	16%
% of Net Sales	7.0%	6.8%	0.2 pts
Other Income, Net	\$(39)	\$(55)	N/M
Gambro acquisition and integration items ²	-	10	
Reserve items and adjustments ⁴	-	35	
Adjusted Other Income, Net	\$(39)	\$(10)	N/M
Pre-Tax Income from Continuing Operations	\$586	\$664	(12%)
Impact of special items	328	185	
Adjusted Pre-Tax Income from Continuing Operations	\$914	\$849	8%
Income Tax Expense	\$139	\$136	2%
Impact of special items	60	49	
Adjusted Income Tax Expense	\$199	\$185	8%
% of Adjusted Pre-Tax Income from Continuing Operations	21.8%	21.8%	0 pts
Income from Continuing Operations	\$447	\$528	(15%)
Impact of special items	268	136	
Adjusted Income from Continuing Operations	\$715	\$664	8%
Adjusted Income from Discontinued Operations	26	17	
Adjusted Net Income	\$741	\$681	9%
Diluted EPS from Continuing Operations	\$0.82	\$0.96	(15%)
Impact of special items	0.49	0.25	
Adjusted Diluted EPS from Continuing Operations	\$1.31	\$1.21	8%
Adjusted Diluted EPS from Discontinued Operations	0.04	0.03	
Adjusted Diluted EPS	\$1.35	\$1.24	9%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Diluted	547	549	

- ¹ Effective January 1, 2014, Baxter has updated its non-GAAP measures above to exclude intangible asset amortization expense. Prior period non-GAAP measures have been revised to reflect the updated measures. Intangible asset amortization expense totaled \$45 million (\$36 million, or \$0.07 per diluted share, on an after-tax basis) and \$33 million (\$25 million, or \$0.05 per diluted share, on an after-tax basis) in 2014 and 2013, respectively.
- ² The company's results in 2014 included total charges of \$39 million (\$28 million, or \$0.05 per diluted share, on an after-tax basis) principally related to the integration of Gambro AB (Gambro). The company's results in 2013 included total charges of \$38 million (\$40 million, or \$0.07 per diluted share, on an after-tax basis) principally related to the acquisition and integration of Gambro and a net gain from the derivative instruments used to hedge the anticipated foreign currency cash outflows for the planned acquisition of Gambro.
- ³ The company's results in 2014 included separation-related costs of \$49 million (\$46 million, or \$0.08 per diluted share, on an after-tax basis) for the planned separation of Baxter's biopharmaceutical and medical products businesses.
- ⁴ The company's results in 2013 included a net expense of \$89 million (\$54 million, or \$0.10 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.
- ⁵ The company's results in 2014 included a charge of \$29 million (\$29 million, or \$0.05 per diluted share, on an after-tax basis) to account for an additional year of the Branded Prescription Drug Fee in accordance with final regulations issued in the third quarter by the Internal Revenue Service.
- ⁶ The company's results in 2014 included business optimization charges of \$28 million (\$22 million, or \$0.04 per diluted share, on an after-tax basis).
- ⁷ The company's results in 2014 and 2013 included charges of \$138 million (\$107 million, or \$0.20 per diluted share, on an after-tax basis) and \$25 million (\$17 million, or \$0.03 per diluted share, on an after-tax basis), respectively, primarily related to upfront and milestone payments associated with the company's collaboration arrangements.

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
Nine Months Ended September 30, 2014 and 2013
(unaudited)
(in millions, except per share and percentage data)

	Nine Months Ended September 30,		
	2014	2013	Change
NET SALES	\$12,199	\$10,645	15%
COST OF SALES	6,266	5,169	21%
GROSS MARGIN	5,933	5,476	8%
<i>% of Net Sales</i>	<i>48.6%</i>	<i>51.4%</i>	<i>(2.8 pts)</i>
MARKETING AND ADMINISTRATIVE EXPENSES	2,938	2,588	14%
<i>% of Net Sales</i>	<i>24.1%</i>	<i>24.3%</i>	<i>(0.2 pts)</i>
RESEARCH AND DEVELOPMENT EXPENSES	1,086	769	41%
<i>% of Net Sales</i>	<i>8.9%</i>	<i>7.2%</i>	<i>1.7 pts</i>
NET INTEREST EXPENSE	116	87	N/M
OTHER (INCOME) EXPENSE, NET	(48)	10	N/M
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,841	2,022	(9%)
INCOME TAX EXPENSE	419	419	0%
<i>% of Income from Continuing Operations before Income Taxes</i>	<i>22.8%</i>	<i>20.7%</i>	<i>2.1 pts</i>
INCOME FROM CONTINUING OPERATIONS	1,422	1,603	(11%)
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX ^A	122	83	47%
NET INCOME	\$1,544	\$1,686	(8%)
INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$2.62	\$2.95	(11%)
Diluted	\$2.60	\$2.91	(11%)
INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	\$0.23	\$0.15	53%
Diluted	\$0.22	\$0.15	47%
NET INCOME PER COMMON SHARE			
Basic	\$2.85	\$3.10	(8%)
Diluted	\$2.82	\$3.06	(8%)
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	542	543	
Diluted	548	550	
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$2,505 ^B	\$2,378 ^B	5%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$1,950 ^B	\$1,857 ^B	5%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$3.56 ^B	\$3.38 ^B	5%

^A Operating results from the company's vaccines franchise are classified as discontinued operations for all periods presented.

^B 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
Nine Months Ended September 30, 2014 and 2013
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 nine months ended September 30, 2014 and 2013 included special items which impacted the GAAP measures as follows:

	Nine Months Ended September 30,		Change
	2014	2013	
Gross Margin	\$5,933	\$5,476	8%
Intangible asset amortization expense ¹	135	83	
Business optimization items ²	(10)	(20)	
Product-related items ³	89	-	
Gambro acquisition and integration items ⁴	-	16	
Separation-related costs ⁵	1	-	
Adjusted Gross Margin	\$6,148	\$5,555	11%
% of Net Sales	50.4%	52.2%	(1.8 pts)
Marketing and Administrative Expenses	\$2,938	\$2,588	14%
Reserve items and adjustments ⁶	10	(124)	
Branded Prescription Drug Fee ⁷	(29)	-	
Business optimization items ²	3	-	
Product-related items ³	(4)	-	
Gambro acquisition and integration items ⁴	(83)	(73)	
Separation-related costs ⁵	(70)	-	
Adjusted Marketing and Administrative Expenses	\$2,765	\$2,391	16%
% of Net Sales	22.7%	22.5%	0.2 pts
Research and Development Expenses	\$1,086	\$769	41%
Business development items ⁸	(198)	(25)	
Business optimization items ²	(29)	(18)	
Adjusted Research and Development Expenses	\$859	\$726	18%
% of Net Sales	7.0%	6.8%	0.2 pts
Other (Income) Expense, Net	\$(48)	\$10	N/M
Gambro acquisition and integration items ⁴	(19)	(72)	
Reserve items and adjustments ⁶	(30)	35	
Adjusted Other Income, Net	\$(97)	\$(27)	N/M
Pre-Tax Income from Continuing Operations	\$1,841	\$2,022	(9%)
Impact of special items	664	356	
Adjusted Pre-Tax Income from Continuing Operations	\$2,505	\$2,378	5%
Income Tax Expense	\$419	\$419	0%
Impact of special items	136	102	
Adjusted Income Tax Expense	\$555	\$521	7%
% of Adjusted Pre-Tax Income from Continuing Operations	22.2%	21.9%	0.3 pts
Income from Continuing Operations	\$1,422	\$1,603	(11%)
Impact of special items	528	254	
Adjusted Income from Continuing Operations	\$1,950	\$1,857	5%
Adjusted Income from Discontinued Operations	135	84	
Adjusted Net Income	\$2,085	\$1,941	7%
Diluted EPS from Continuing Operations	\$2.60	\$2.91	(11%)
Impact of special items	0.96	0.47	
Adjusted Diluted EPS from Continuing Operations	\$3.56	\$3.38	5%
Adjusted Diluted EPS from Discontinued Operations	0.25	0.15	
Adjusted Diluted EPS	\$3.81	\$3.53	8%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Diluted	548	550	

- ¹ Effective January 1, 2014, Baxter has updated its non-GAAP measures above to exclude intangible asset amortization expense. Prior period non-GAAP measures have been revised to reflect the updated measures. Intangible asset amortization expense totaled \$135 million (\$105 million, or \$0.19 per diluted share, on an after-tax basis) and \$83 million (\$65 million, or \$0.12 per diluted share, on an after-tax basis) in 2014 and 2013, respectively.
- ² The company's results in 2014 included a net charge of \$16 million (\$17 million, or \$0.03 per diluted share, on an after-tax basis) primarily related to business optimization charges of \$53 million, partially offset by an adjustment of \$37 million to a previous business optimization reserve that is no longer probable of being utilized. The company's results in 2013 included a net benefit of \$2 million (\$0 million, or \$0.00 per diluted share, on an after-tax basis) primarily related to an adjustment of \$20 million to a previous business optimization reserve that is no longer probable of being utilized, partially offset by additional business optimization charges of \$18 million.
- ³ The company's results in 2014 included total charges of \$93 million (\$58 million, or \$0.10 per diluted share, on an after-tax basis) principally related to product remediation efforts for the SIGMA Spectrum Infusion Pump.
- ⁴ The company's results in 2014 included total charges of \$102 million (\$75 million, or \$0.14 per diluted share, on an after-tax basis) principally related to the integration of Gambro. The company's results in 2013 included total charges of \$161 million (\$118 million, or \$0.22 per diluted share, on an after-tax basis) principally related to the acquisition and integration of Gambro and losses from the derivative instruments used to hedge the anticipated foreign currency cash outflows for the planned acquisition of Gambro.
- ⁵ The company's results in 2014 included separation-related costs of \$71 million (\$67 million, or \$0.12 per diluted share, on an after-tax basis) for the planned separation of Baxter's biopharmaceutical and medical products businesses.
- ⁶ The company's results in 2014 included a net expense of \$20 million (\$17 million, or \$0.03 per diluted share, on an after-tax basis) primarily related to an increase in the estimated fair value of acquisition-related contingent payment liabilities, partially offset by third-party recoveries and reversals of prior litigation reserves. The company's results in 2013 included a net expense of \$89 million (\$54 million, or \$0.10 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.
- ⁷ The company's results in 2014 included a charge of \$29 million (\$29 million, or \$0.05 per diluted share, on an after-tax basis) to account for an additional year of the Branded Prescription Drug Fee in accordance with final regulations issued in the third quarter by the Internal Revenue Service.
- ⁸ The company's results in 2014 and 2013 included charges of \$198 million (\$160 million, or \$0.30 per diluted share, on an after-tax basis) and \$25 million (\$17 million, or \$0.03 per diluted share, on an after-tax basis), respectively, primarily related to upfront and milestone payments associated with the company's collaboration arrangements.

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 ^A				
(Brackets denote cash outflows)				
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Net income	\$468	\$544	\$1,544	\$1,686
Adjustments				
Depreciation and amortization	258	207	747	573
Deferred income taxes	66	148	35	85
Stock compensation	43	39	115	111
Realized excess tax benefits from stock issued under employee benefit plans	(4)	(13)	(21)	(32)
Business optimization charges	28	14	24	12
Net periodic pension benefit and OPEB costs	70	95	211	282
Infusion pump and other product-related charges	-	-	93	-
Other	139	(52)	217	2
Changes in balance sheet items				
Accounts and other current receivables, net	(38)	58	(35)	70
Inventories	(108)	(106)	(468)	(412)
Accounts payable and accrued liabilities	68	115	(154)	(56)
Business optimization and infusion pump payments	(35)	(29)	(118)	(81)
Other	(41)	(54)	(118)	(125)
Cash flows from operations ^A	\$914	\$966	\$2,072	\$2,115
Changes in Net Debt				
Increase (decrease)				
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Net debt, beginning of period ^B	\$6,973	\$3,046	\$6,433	\$2,660
Cash flows from operations	(914)	(966)	(2,072)	(2,115)
Capital expenditures	481	398	1,325	1,037
Dividends	282	267	813	757
Proceeds from stock issued under employee benefit plans	(67)	(114)	(299)	(436)
Purchases of treasury stock	50	146	500	863
Acquisitions and investments	147	3,685 ^C	323	3,772 ^C
Sales of investments and other investing activities	(9)	(4)	(103)	(14)
Payment of assumed Gambro debt	-	221	-	221
Finance lease obligation	263	-	263	-
Other, including the effect of exchange rate changes	(16)	11	7	(55)
Increase in net debt	217	3,644	757	4,030
Net debt, September 30 ^B	\$7,190	\$6,690	\$7,190	\$6,690
Key statistics, September 30:				
Days sales outstanding	55.9 ^D	59.4 ^D	55.9 ^D	59.4 ^D
Inventory turns	2.2	2.1	2.2	2.1

^A The company's cash flows from operations include both continuing and discontinued operations.

^B Net debt is a non-GAAP measure, refer to page 14 for a description of net debt and a reconciliation to GAAP measures.

^C Acquisitions and investments in 2013 includes \$3.6 billion for the third quarter 2013 acquisition of Gambro (net of cash acquired).

^D Includes the impact from the acquisition of Gambro. Excluding Gambro, the company's days sales outstanding was 52.7 and 55.1 days as of September 30, 2014 and 2013, respectively.

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

Total Debt to Net Debt Reconciliation ^A								
	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012
Short-term debt	\$392	\$186	\$49	\$181	\$42	\$33	\$333	\$27
Current maturities of long-term debt and lease obligations	1,123	1,125	1,128	859	372	378	377	323
Long-term debt and lease obligations	7,753	7,528	7,517	8,126	8,652	8,624	5,157	5,580
Total debt	9,268	8,839	8,694	9,166	9,066	9,035	5,867	5,930
Less: Cash and equivalents	(2,078)	(1,866)	(2,049)	(2,733)	(2,376)	(5,989)	(2,689)	(3,270)
Total net debt	\$7,190	\$6,973	\$6,645	\$6,433	\$6,690	\$3,046	\$3,178	\$2,660

^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 September 30, 2014 and 2013
(unaudited)
(\$ in millions)

	Q3 2014	Q3 2013	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2014	YTD 2013	% Growth @ Actual Rates	% Growth @ Constant Rates
BioScience								
United States	\$844	\$824	2%	2%	\$2,484	\$2,379	4%	4%
International	829	732	13%	14%	2,335	2,163	8%	8%
Total BioScience	\$1,673	\$1,556	8%	8%	\$4,819	\$4,542	6%	6%
Vaccines	54	64	(16%)	(17%)	267	246	9%	7%
Total BioScience including Vaccines ¹	\$1,727	\$1,620	7%	7%	\$5,086	\$4,788	6%	6%
Medical Products								
United States	\$911	\$811	12%	12%	\$2,644	\$2,284	16%	16%
International	1,613	1,343	20%	21%	4,736	3,819	24%	25%
Total Medical Products ²	\$2,524	\$2,154	17%	18%	\$7,380	\$6,103	21%	22%
Baxter International Inc.								
United States	\$1,755	\$1,635	7%	7%	\$5,128	\$4,663	10%	10%
International	2,442	2,075	18%	18%	7,071	5,982	18%	19%
Total Baxter ²	\$4,197	\$3,710	13%	13%	\$12,199	\$10,645	15%	15%
Total Baxter including Vaccines ¹	\$4,251	\$3,774	13%	13%	\$12,466	\$10,891	14%	15%

¹ Net sales from the company's vaccines franchise are classified as discontinued operations for all periods presented.

² Includes Gambro net sales of \$391 million in the third quarter of 2014 and \$1.2 billion for the nine months ended September 30, 2014. Medical Products net sales excluding Gambro grew 4% at both actual rates and constant rates during the third quarter of 2014. Total Baxter net sales excluding Gambro grew 5% at actual rates and 6% at constant rates during the third quarter of 2014. Medical Products net sales excluding Gambro grew 3% at actual rates and 4% at constant rates for the nine months ended September 30, 2014. Total Baxter net sales excluding Gambro grew 4% at actual rates and 5% at constant rates for the nine months ended September 30, 2014.

BAXTER INTERNATIONAL INC.
Sales by Franchise
Periods Ending September 30, 2014 and 2013
(unaudited)
(\$ in millions)

	Q3 2014	Q3 2013	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2014	YTD 2013	% Growth @ Actual Rates	% Growth @ Constant Rates
BioScience								
Hemophilia	\$942	\$851	11%	11%	\$2,673	\$2,465	8%	9%
BioTherapeutics	546	532	3%	4%	1,596	1,554	3%	3%
BioSurgery	185	173	7%	6%	550	523	5%	5%
Total BioScience	\$1,673	\$1,556	8%	8%	\$4,819	\$4,542	6%	6%
Vaccines	54	\$64	(16%)	(17%)	267	\$246	9%	7%
Total BioScience including Vaccines ¹	\$1,727	\$1,620	7%	7%	\$5,086	\$4,788	6%	6%
Medical Products								
Fluid Systems	\$827	\$792	4%	5%	\$2,400	\$2,287	5%	5%
Renal ²	1,055	746	41%	43%	3,090	1,990	55%	57%
Specialty Pharmaceuticals	386	372	4%	3%	1,157	1,101	5%	5%
BioPharma Solutions	256	244	5%	3%	733	725	1%	1%
Total Medical Products	\$2,524	\$2,154	17%	18%	\$7,380	\$6,103	21%	22%
Total Baxter	\$4,197	\$3,710	13%	13%	\$12,199	\$10,645	15%	15%
Total Baxter including Vaccines ¹	\$4,251	\$3,774	13%	13%	\$12,466	\$10,891	14%	15%

¹ Net sales from the company's vaccines franchise are classified as discontinued operations for all periods presented.

² Consists of PD and HD therapies, and includes Gambro net sales of \$391 million in the third quarter of 2014 and \$1.2 billion for the nine months ended September 30, 2014. Renal sales excluding Gambro grew 3% at actual rates and 4% at constant rates during the third quarter of 2014. Renal sales excluding Gambro remained flat at actual rates and grew 2% at constant rates for the nine months ended September 30, 2014.

BAXTER INTERNATIONAL INC.
Franchise Sales by U.S. and International
Three-Month Periods Ending September 30, 2014 and 2013
(unaudited)
(\$ in millions)

	Q3 2014			Q3 2013			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
BioScience									
Hemophilia	\$373	\$569	\$942	\$350	\$501	\$851	7%	14%	11%
BioTherapeutics	365	181	546	374	158	532	(2%)	15%	3%
BioSurgery	106	79	185	100	73	173	6%	8%	7%
Total BioScience	\$844	\$829	\$1,673	\$824	\$732	\$1,556	2%	13%	8%
Vaccines	-	54	54	7	57	64	N/M	(5%)	(16%)
Total BioScience including Vaccines ¹	\$844	\$883	\$1,727	\$831	\$789	\$1,620	2%	12%	7%
Medical Products									
Fluid Systems	\$455	\$372	\$827	\$427	\$365	\$792	7%	2%	4%
Renal ²	189	866	1,055	130	616	746	45%	41%	41%
Specialty Pharmaceuticals	172	214	386	159	213	372	8%	0%	4%
BioPharma Solutions	95	161	256	95	149	244	0%	8%	5%
Total Medical Products ²	\$911	\$1,613	\$2,524	\$811	\$1,343	\$2,154	12%	20%	17%
Total Baxter ²	\$1,755	\$2,442	\$4,197	\$1,635	\$2,075	\$3,710	7%	18%	13%
Total Baxter including Vaccines ¹	\$1,755	\$2,496	\$4,251	\$1,642	\$2,132	\$3,774	7%	17%	13%

¹ Net sales from the company's vaccines franchise are classified as discontinued operations for all periods presented.

² Includes Gambro net sales of \$391 million in the third quarter of 2014. Renal sales excluding Gambro grew 3% at actual rates and 4% at constant rates during the third quarter of 2014. Medical Products net sales excluding Gambro grew 4% at both actual rates and constant rates during the third quarter of 2014. Total Baxter net sales excluding Gambro grew 5% at actual rates and 6% at constant rates during the third quarter of 2014.