

**BAXTER INTERNATIONAL INC.**  
**Consolidated Statements of Income**  
**Three Months Ended December 31, 2015 and 2014**  
**(unaudited)**  
**(in millions, except per share and percentage data)**

	Three Months Ended December 31,		Change
	2015	2014	
NET SALES	\$2,603	\$2,789	(7%)
COST OF SALES	1,531	1,582	(3%)
<b>GROSS MARGIN</b>	<b>1,072</b>	<b>1,207</b>	<b>(11%)</b>
<i>% of Net Sales</i>	<b>41.2%</b>	43.3%	<i>(2.1 pts)</i>
MARKETING AND ADMINISTRATIVE EXPENSES	733	860	(15%)
<i>% of Net Sales</i>	<b>28.2%</b>	30.8%	<i>(2.6 pts)</i>
RESEARCH AND DEVELOPMENT EXPENSES	161	156	3%
<i>% of Net Sales</i>	<b>6.2%</b>	5.6%	<i>0.6 pts</i>
<b>OPERATING INCOME</b>	<b>178</b>	<b>191</b>	<b>(7%)</b>
<i>% of Net Sales</i>	<b>6.8%</b>	6.8%	<i>0 pts</i>
NET INTEREST EXPENSE	32	29	10%
OTHER (INCOME) EXPENSE, NET	(59)	53	NM
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<b>205</b>	<b>109</b>	<b>88%</b>
INCOME TAX (BENEFIT) EXPENSE	15	(18)	NM
<i>% of (Loss) Income from Continuing Operations before Income Taxes</i>	<b>7.3%</b>	-16.5%	<i>23.8 pts</i>
INCOME FROM CONTINUING OPERATIONS	190	127	50%
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX <sup>A</sup>	15	826	(98%)
<b>NET INCOME</b>	<b>\$205</b>	<b>\$953</b>	<b>(78%)</b>
<b>INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE</b>			
Basic	\$0.34	\$0.23	48%
Diluted	\$0.34	\$0.23	48%
<b>INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE</b>			
Basic	\$0.03	\$1.53	(98%)
Diluted	\$0.03	\$1.51	(98%)
<b>NET INCOME PER COMMON SHARE</b>			
Basic	\$0.37	\$1.76	(79%)
Diluted	\$0.37	\$1.74	(79%)
<b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
Basic	547	542	
Diluted	550	547	
ADJUSTED OPERATING INCOME (excluding special items)	\$279 <sup>B</sup>	\$260 <sup>B</sup>	7%
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$283 <sup>B</sup>	\$199 <sup>B</sup>	42%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$236 <sup>B</sup>	\$155 <sup>B</sup>	52%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$0.43 <sup>B</sup>	\$0.28 <sup>B</sup>	54%

<sup>A</sup> Operating results from Baxalta are classified as discontinued operations for all periods presented.

<sup>B</sup> Refer to page 9 for a description of the adjustments and a reconciliation to generally accepted accounting principles (GAAP) measures.

NM - Not Meaningful

**BAXTER INTERNATIONAL INC.**  
**Note to Consolidated Statements of Income**  
**Three Months Ended December 31, 2015 and 2014**  
**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, 2015 and 2014 included special items which impacted the GAAP measures as follows:

	Three Months Ended December 31,		Change
	2015	2014	
<b>Gross Margin</b>	<b>\$1,072</b>	<b>\$1,207</b>	<b>(11%)</b>
Intangible asset amortization expense <sup>1</sup>	38	43	
Business optimization items <sup>2</sup>	10	1	
Separation-related costs <sup>4</sup>	(1)	-	
Product-related items <sup>5</sup>	(10)	(25)	
<b>Adjusted Gross Margin</b>	<b>\$1,109</b>	<b>\$1,226</b>	<b>(10%)</b>
<b>% of Net Sales</b>	<b>42.6%</b>	<b>44.0%</b>	<b>(1.4 pts)</b>
<b>Marketing and Administrative Expenses</b>	<b>\$733</b>	<b>\$860</b>	<b>(15%)</b>
Gambro integration items <sup>6</sup>	(23)	(36)	
Business optimization items <sup>2</sup>	(16)	(2)	
Separation-related costs <sup>4</sup>	(22)	(11)	
<b>Adjusted Marketing and Administrative Expenses</b>	<b>\$672</b>	<b>\$811</b>	<b>(17%)</b>
<b>% of Net Sales</b>	<b>25.8%</b>	<b>29.1%</b>	<b>(3.3 pts)</b>
<b>Research and Development Expenses</b>	<b>\$161</b>	<b>\$156</b>	<b>3%</b>
Business optimization items <sup>2</sup>	(2)	(1)	
Separation-related costs <sup>4</sup>	(1)	-	
<b>Adjusted Research and Development Expenses</b>	<b>\$158</b>	<b>\$155</b>	<b>2%</b>
<b>% of Net Sales</b>	<b>6.1%</b>	<b>5.6%</b>	<b>0.5 pts</b>
<b>Operating Income</b>	<b>\$178</b>	<b>\$191</b>	<b>(7%)</b>
Impact of special items	101	69	
<b>Adjusted Operating Income</b>	<b>\$279</b>	<b>\$260</b>	<b>7%</b>
<b>% of Net Sales</b>	<b>10.7%</b>	<b>9.3%</b>	<b>1.4 pts</b>
<b>Other (Income) Expense, Net</b>	<b>\$(59)</b>	<b>\$53</b>	<b>NM</b>
Business optimization items <sup>2</sup>	3	-	
Business development items <sup>3</sup>	20	-	
Gambro integration items <sup>6</sup>	-	(6)	
Reserve items and adjustments <sup>7</sup>	-	(15)	
<b>Adjusted Other (Income) Expense, Net</b>	<b>\$(36)</b>	<b>\$32</b>	<b>NM</b>
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$205</b>	<b>\$109</b>	<b>88%</b>
Impact of special items	78	90	
<b>Adjusted Pre-Tax Income from Continuing Operations</b>	<b>\$283</b>	<b>\$199</b>	<b>42%</b>
<b>Income Tax (Benefit) Expense</b>	<b>\$15</b>	<b>\$(18)</b>	<b>NM</b>
Impact of special items	32	62	
<b>Adjusted Income Tax Expense</b>	<b>\$47</b>	<b>\$44</b>	<b>7%</b>
<b>% of Adjusted Pre-Tax Income from Continuing Operations</b>	<b>16.6%</b>	<b>22.1%</b>	<b>(5.5 pts)</b>
<b>Income from Continuing Operations</b>	<b>\$190</b>	<b>\$127</b>	<b>50%</b>
Impact of special items	46	28	
<b>Adjusted Income from Continuing Operations</b>	<b>\$236</b>	<b>\$155</b>	<b>52%</b>
<b>Diluted EPS from Continuing Operations</b>	<b>\$0.34</b>	<b>\$0.23</b>	<b>48%</b>
Impact of special items	0.09	0.05	
<b>Adjusted Diluted EPS from Continuing Operations</b>	<b>\$0.43</b>	<b>\$0.28</b>	<b>54%</b>
<b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
<b>Diluted</b>	<b>550</b>	<b>547</b>	

<sup>1</sup> The company's results in 2015 and 2014 included intangible asset amortization expense of \$38 million (\$29 million, or \$0.06 per diluted share, on an after-tax basis) and \$43 million (\$34 million, or \$0.06 per diluted share, on an after-tax basis), respectively.

<sup>2</sup> The company's results in 2015 included a net charge of \$25 million (\$18 million, or \$0.03 per diluted share, on an after-tax basis) primarily related to business optimization charges. The company's results in 2014 included business optimization charges of \$4 million (\$3 million, or \$0.01 per diluted share, on an after-tax basis).

<sup>3</sup> The company's results in 2015 included a benefit of \$20 million (\$18 million or \$0.03 per diluted share on an after-tax basis) relating to the reversal of contingent consideration milestone liabilities.

<sup>4</sup> The company's results in 2015 included costs related to the Baxalta separation of \$22 million (\$16 million, or \$0.03 per diluted share, on an after-tax basis). The company's results in 2014 included costs related to the Baxalta separation of \$11 million (\$3 million, or \$0.01 per diluted share, on an after-tax basis).

<sup>5</sup> The company's results in 2015 included a net benefit of \$10 million (\$15 million, or \$0.03 per diluted share, on an after-tax basis) primarily related to adjustments to the SIGMA SPECTRUM infusion pump reserves. The company's results in 2014 included a net charge of \$25 million or \$0.05 per diluted share primarily related to adjustments to the COLLEAGUE infusion pump reserves.

<sup>6</sup> The company's results in 2015 and 2014 included total charges of \$23 million (\$16 million, or \$0.03 per diluted share, on an after-tax basis) and \$42 million (\$28 million, or \$0.05 per diluted share, on an after-tax basis), respectively, primarily related to the integration of Gambro AB (Gambro).

<sup>7</sup> The company's results in 2014 included a benefit of \$15 million or \$0.03 per diluted share relating to the reversal of tax reserves in Turkey.

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, 2015 and 2014**  
**(unaudited)**  
**(in millions, except per share and percentage data)**

	Twelve Months Ended December 31,		Change
	2015	2014	
NET SALES	\$9,968	\$10,719	(7%)
COST OF SALES	5,822	6,138	(5%)
<b>GROSS MARGIN</b>	<b>4,146</b>	<b>4,581</b>	<b>(9%)</b>
<i>% of Net Sales</i>	<i>41.6%</i>	<i>42.7%</i>	<i>(1.1 pts)</i>
MARKETING AND ADMINISTRATIVE EXPENSES	3,094	3,315	(7%)
<i>% of Net Sales</i>	<i>31.0%</i>	<i>30.9%</i>	<i>0.1 pts</i>
RESEARCH AND DEVELOPMENT EXPENSES	603	610	(1%)
<i>% of Net Sales</i>	<i>6.0%</i>	<i>5.7%</i>	<i>0.3 pts</i>
<b>OPERATING INCOME</b>	<b>449</b>	<b>656</b>	<b>(32%)</b>
<i>% of Net Sales</i>	<i>4.5%</i>	<i>6.1%</i>	<i>(1.6 pts)</i>
NET INTEREST EXPENSE	126	145	(13%)
OTHER (INCOME) EXPENSE, NET	(105)	21	NM
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<b>428</b>	<b>490</b>	<b>(13%)</b>
INCOME TAX EXPENSE	28	33	(15%)
<i>% of Income from Continuing Operations before Income Taxes</i>	<i>6.5%</i>	<i>6.7%</i>	<i>(0.2 pts)</i>
INCOME FROM CONTINUING OPERATIONS	400	457	(12%)
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX <sup>A</sup>	568	2,040	(72%)
<b>NET INCOME</b>	<b>\$968</b>	<b>\$2,497</b>	<b>(61%)</b>
<b>INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE</b>			
Basic	\$0.74	\$0.84	(12%)
Diluted	\$0.73	\$0.83	(12%)
<b>INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE</b>			
Basic	\$1.04	\$3.77	(72%)
Diluted	\$1.03	\$3.73	(72%)
<b>NET INCOME PER COMMON SHARE</b>			
Basic	\$1.78	\$4.61	(61%)
Diluted	\$1.76	\$4.56	(61%)
<b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
Basic	545	542	
Diluted	549	547	
ADJUSTED OPERATING INCOME (excluding special items)	\$893 <sup>B</sup>	\$1,012 <sup>B</sup>	(12%)
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$927 <sup>B</sup>	\$872 <sup>B</sup>	6%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$755 <sup>B</sup>	\$702 <sup>B</sup>	8%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$1.38 <sup>B</sup>	\$1.28 <sup>B</sup>	8%

<sup>A</sup> Operating results from Baxalta are classified as discontinued operations for all periods presented.

<sup>B</sup> Refer to page 11 for a description of the adjustments and a reconciliation to GAAP measures.

NM - Not Meaningful

**BAXTER INTERNATIONAL INC.**  
**Note to Consolidated Statements of Income**  
**Twelve Months Ended December 31, 2015 and 2014**  
**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, 2015 and 2014 included special items which impacted the GAAP measures as follows:

	Twelve Months Ended		Change
	December 31,		
	2015	2014	
<b>Gross Margin</b>	<b>\$4,146</b>	<b>\$4,581</b>	<b>(9%)</b>
Intangible asset amortization expense <sup>1</sup>	158	168	
Business optimization items <sup>2</sup>	38	(11)	
Product-related items <sup>4</sup>	(28)	64	
<b>Adjusted Gross Margin</b>	<b>\$4,314</b>	<b>\$4,802</b>	<b>(10%)</b>
<b>% of Net Sales</b>	<b>43.3%</b>	<b>44.8%</b>	<b>(1.5 pts)</b>
<b>Marketing and Administrative Expenses</b>	<b>\$3,094</b>	<b>\$3,315</b>	<b>(7%)</b>
Gambro integration items <sup>5</sup>	(73)	(119)	
Branded Prescription Drug Fee <sup>6</sup>	-	(3)	
Business optimization items <sup>2</sup>	(79)	4	
Separation-related costs <sup>3</sup>	(110)	(11)	
Product-related items <sup>4</sup>	-	(4)	
<b>Adjusted Marketing and Administrative Expenses</b>	<b>\$2,832</b>	<b>\$3,182</b>	<b>(11%)</b>
<b>% of Net Sales</b>	<b>28.4%</b>	<b>29.7%</b>	<b>(1.3 pts)</b>
<b>Research and Development Expenses</b>	<b>\$603</b>	<b>\$610</b>	<b>(1%)</b>
Separation-related costs <sup>3</sup>	(1)	-	
Business optimization items <sup>2</sup>	(13)	(2)	
<b>Adjusted Research and Development Expenses</b>	<b>\$589</b>	<b>\$608</b>	<b>(3%)</b>
<b>% of Net Sales</b>	<b>5.9%</b>	<b>5.7%</b>	<b>0.2 pts</b>
<b>Operating Income</b>	<b>\$449</b>	<b>\$656</b>	<b>(32%)</b>
Impact of special items	444	356	
<b>Adjusted Operating Income</b>	<b>\$893</b>	<b>\$1,012</b>	<b>(12%)</b>
<b>% of Net Sales</b>	<b>9.0%</b>	<b>9.4%</b>	<b>(0.4 pts)</b>
<b>Other (Income) Expense, Net</b>	<b>\$(105)</b>	<b>\$21</b>	<b>NM</b>
Reserve items and adjustments <sup>7</sup>	52	(1)	
Loss on debt extinguishment <sup>8</sup>	(130)	-	
Business optimization items <sup>2</sup>	3	-	
Business development items <sup>9</sup>	20	-	
Gambro integration items <sup>5</sup>	-	(25)	
<b>Adjusted Other Income, Net</b>	<b>\$(160)</b>	<b>\$(5)</b>	<b>NM</b>
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$428</b>	<b>\$490</b>	<b>(13%)</b>
Impact of special items	499	382	
<b>Adjusted Pre-Tax Income from Continuing Operations</b>	<b>\$927</b>	<b>\$872</b>	<b>6%</b>
<b>Income Tax Expense</b>	<b>\$28</b>	<b>\$33</b>	<b>(15%)</b>
Impact of special items	144	137	
<b>Adjusted Income Tax Expense</b>	<b>\$172</b>	<b>\$170</b>	<b>1%</b>
<b>% of Adjusted Pre-Tax Income from Continuing Operations</b>	<b>18.6%</b>	<b>19.5%</b>	<b>(0.9 pts)</b>
<b>Income from Continuing Operations</b>	<b>\$400</b>	<b>\$457</b>	<b>(12%)</b>
Impact of special items	355	245	
<b>Adjusted Income from Continuing Operations</b>	<b>\$755</b>	<b>\$702</b>	<b>8%</b>
<b>Diluted EPS from Continuing Operations</b>	<b>\$0.73</b>	<b>\$0.83</b>	<b>(12%)</b>
Impact of special items	0.65	0.45	
<b>Adjusted Diluted EPS from Continuing Operations</b>	<b>\$1.38</b>	<b>\$1.28</b>	<b>8%</b>
<b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
Diluted	549	547	

- <sup>1</sup> The company's results in 2015 and 2014 included intangible asset amortization expense of \$158 million (\$126 million, or \$0.23 per diluted share, on an after-tax basis) and \$168 million (\$133 million, or \$0.24 per diluted share, on an after-tax basis), respectively.
- <sup>2</sup> The company's results in 2015 included a net charge of \$127 million (\$89 million, or \$0.16 per diluted share, on an after-tax basis) primarily related to business optimization charges. The company's results in 2014 included a net benefit of \$13 million (\$6 million, or \$0.01 per diluted share, on an after-tax basis) related to business optimization charges.
- <sup>3</sup> The company's results in 2015 included costs related to the Baxalta separation of \$111 million (\$83 million, or \$0.15 per diluted share, on an after-tax basis) and \$11 million (\$3 million or \$0.01 per diluted share on an after tax basis) in 2014.
- <sup>4</sup> The company's results 2015 included a net benefit of \$28 million (\$26 million, or \$0.05 per diluted share, on an after-tax basis) primarily related to adjustments to the COLLEAGUE and SIGMA SPECTRUM infusion pump reserves. The company's results in 2014 included net charges of \$68 million (\$33 million, or \$0.06 per diluted share, on an after-tax basis) resulting from total charges of \$93 million for SIGMA SPECTRUM infusion pump product remediation efforts, partially offset by a benefit of \$25 million for an adjustment to the COLLEAGUE infusion pump reserves.
- <sup>5</sup> The company's results in 2015 and 2014 included total charges of \$73 million (\$52 million, or \$0.10 per diluted share, on an after-tax basis) and \$144 million (\$103 million, or \$0.19 per diluted share, on an after-tax basis), respectively, primarily related to the integration of Gambro.
- <sup>6</sup> The company's results in 2014 included a charge of \$3 million, or \$0.01 per diluted share, to account for an additional year of the Branded Prescription Drug Fee in accordance with final regulations issued in the third quarter of 2014 by the Internal Revenue Service.
- <sup>7</sup> The company's results in 2015 included income, net of expenses, of \$52 million (\$33 million, or \$0.06 per diluted share, on an after-tax basis) related to a litigation settlement in which Baxter was the beneficiary. The company's results in 2014 included a charge of \$1 million (\$24 million, or \$0.04 per diluted share, on an after-tax basis) related to third-party recoveries and reversals of prior litigation reserves.
- <sup>8</sup> The company's results in 2015 included a loss of \$130 million (\$82 million, or \$0.15 per diluted share, on an after-tax basis) related to the July 2015 debt tender offers for certain company indebtedness.
- <sup>9</sup> The company's results in 2015 included a benefit of \$20 million (\$18 million or \$0.03 per diluted share on an after-tax basis) relating to the reversal of contingent consideration milestone liabilities.

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, 2015 and 2014**  
**(unaudited)**  
**(\$ in millions)**

	Q4 2015	Q4 2014	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2015	YTD 2014	% Growth @ Actual Rates	% Growth @ Constant Rates
<b>Renal</b>								
United States	\$207	\$195	6%	6%	\$782	\$750	4%	4%
International	777	887	(12%)	0%	3,007	3,422	(12%)	1%
<b>Total Renal</b>	<b>\$984</b>	<b>\$1,082</b>	<b>(9%)</b>	<b>1%</b>	<b>\$3,789</b>	<b>\$4,172</b>	<b>(9%)</b>	<b>1%</b>
<b>Hospital Products</b>								
United States	\$856	\$853	0%	0%	\$3,219	\$3,249	(1%)	(1%)
International	763	854	(11%)	4%	2,960	3,298	(10%)	4%
<b>Total Hospital Products</b>	<b>\$1,619</b>	<b>\$1,707</b>	<b>(5%)</b>	<b>2%</b>	<b>\$6,179</b>	<b>\$6,547</b>	<b>(6%)</b>	<b>1%</b>
<b>Baxter International Inc.</b>								
United States	\$1,063	\$1,048	1%	1%	\$4,001	\$3,999	0%	0%
International	1,540	1,741	(12%)	2%	5,967	6,720	(11%)	2%
<b>Total Baxter</b>	<b>\$2,603</b>	<b>\$2,789</b>	<b>(7%)</b>	<b>2%</b>	<b>\$9,968</b>	<b>\$10,719</b>	<b>(7%)</b>	<b>1%</b>

**BAXTER INTERNATIONAL INC.**  
**Sales by Franchise <sup>1</sup>**  
**Periods Ending December 31, 2015 and 2014**  
**(unaudited)**  
**(\$ in millions)**

	Q4 2015	Q4 2014	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2015	YTD 2014	% Growth @ Actual Rates	% Growth @ Constant Rates
<b>Total Renal <sup>2</sup></b>	<b>\$984</b>	<b>\$1,082</b>	<b>(9%)</b>	<b>1%</b>	<b>\$3,789</b>	<b>\$4,172</b>	<b>(9%)</b>	<b>1%</b>
<b>Hospital Products</b>								
Fluid Systems <sup>3</sup>	\$569	\$547	4%	12%	\$2,106	\$2,129	(1%)	6%
Integrated Pharmacy Solutions <sup>4</sup>	595	648	(8%)	0%	2,297	2,535	(9%)	(2%)
Surgical Care <sup>5</sup>	346	366	(5%)	0%	1,323	1,373	(4%)	3%
Other <sup>6</sup>	109	146	(25%)	(22%)	453	510	(11%)	(5%)
<b>Total Hospital Products</b>	<b>\$1,619</b>	<b>\$1,707</b>	<b>(5%)</b>	<b>2%</b>	<b>\$6,179</b>	<b>\$6,547</b>	<b>(6%)</b>	<b>1%</b>
<b>Total Baxter</b>	<b>\$2,603</b>	<b>\$2,789</b>	<b>(7%)</b>	<b>2%</b>	<b>\$9,968</b>	<b>\$10,719</b>	<b>(7%)</b>	<b>1%</b>

<sup>1</sup> Effective January 1, 2015, Baxter has transitioned to a new commercial franchise structure for reporting net sales. Prior period net sales have been recast to reflect the new commercial franchise structure. See Notes 2 - 6 below for a description of each commercial franchise.

<sup>2</sup> Includes sales of the company's peritoneal dialysis, hemodialysis and continuous renal replacement therapies.

<sup>3</sup> Includes sales of the company's IV therapies, infusion pumps and administration sets.

<sup>4</sup> Includes sales of the company's premixed and oncology drug platforms, nutrition products and pharmacy compounding services.

<sup>5</sup> Includes sales of the company's inhaled anesthesia products as well as biological products and medical devices used in surgical procedures for hemostasis, tissue sealing and adhesion prevention.

<sup>6</sup> Includes sales primarily from the company's pharmaceutical partnering business.

**BAXTER INTERNATIONAL INC.**  
**Franchise Sales by U.S. and International**<sup>1</sup>  
**Three-Month Periods Ending December 31, 2015 and 2014**  
**(unaudited)**  
**(\$ in millions)**

	Q4 2015			Q4 2014			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
<b>Total Renal</b>	<b>\$207</b>	<b>\$777</b>	<b>\$984</b>	<b>\$195</b>	<b>\$887</b>	<b>\$1,082</b>	<b>6%</b>	<b>(12%)</b>	<b>(9%)</b>
<b>Hospital Products</b>									
Fluid Systems	\$296	\$273	\$569	\$233	\$314	\$547	27%	(13%)	4%
Integrated Pharmacy Solutions	286	309	595	312	336	648	(8%)	(8%)	(8%)
Surgical Care	202	144	346	205	161	366	(1%)	(11%)	(5%)
Other	72	37	109	103	43	146	(30%)	(14%)	(25%)
<b>Total Hospital Products</b>	<b>\$856</b>	<b>\$763</b>	<b>\$1,619</b>	<b>\$853</b>	<b>\$854</b>	<b>\$1,707</b>	<b>0%</b>	<b>(11%)</b>	<b>(5%)</b>
<b>Total Baxter</b>	<b>\$1,063</b>	<b>\$1,540</b>	<b>\$2,603</b>	<b>\$1,048</b>	<b>\$1,741</b>	<b>\$2,789</b>	<b>1%</b>	<b>(12%)</b>	<b>(7%)</b>

<sup>1</sup> Effective January 1, 2015, Baxter has transitioned to a new commercial franchise structure for reporting net sales. Prior period net sales have been recast to reflect the new commercial franchise structure. Refer to page 13 for additional details.

**BAXTER INTERNATIONAL INC.**  
**Franchise Sales by U.S. and International <sup>1</sup>**  
**Periods Ending December 31, 2015 and 2014**  
**(unaudited)**  
**(\$ in millions)**

	YTD 2015			YTD 2014			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
<b>Total Renal</b>	<b>\$782</b>	<b>\$3,007</b>	<b>\$3,789</b>	<b>\$750</b>	<b>\$3,422</b>	<b>\$4,172</b>	<b>4%</b>	<b>(12%)</b>	<b>(9%)</b>
<b>Hospital Products</b>									
Fluid Systems	\$1,041	\$1,065	\$2,106	\$906	\$1,223	\$2,129	15%	(13%)	(1%)
Integrated Pharmacy Solutions	1,104	1,193	2,297	1,225	1,310	2,535	(10%)	(9%)	(9%)
Surgical Care	771	552	1,323	766	607	1,373	1%	(9%)	(4%)
Other	303	150	453	352	158	510	(14%)	(5%)	(11%)
<b>Total Hospital Products</b>	<b>\$3,219</b>	<b>\$2,960</b>	<b>\$6,179</b>	<b>\$3,249</b>	<b>\$3,298</b>	<b>\$6,547</b>	<b>(1%)</b>	<b>(10%)</b>	<b>(6%)</b>
<b>Total Baxter</b>	<b>\$4,001</b>	<b>\$5,967</b>	<b>\$9,968</b>	<b>\$3,999</b>	<b>\$6,720</b>	<b>\$10,719</b>	<b>0%</b>	<b>(11%)</b>	<b>(7%)</b>

<sup>1</sup> Effective January 1, 2015, Baxter has transitioned to a new commercial franchise structure for reporting net sales. Prior period net sales have been recast to reflect the new commercial franchise structure. Refer to page 13 for additional details.