

**BAXTER INTERNATIONAL INC.**  
**Consolidated Statements of Income**  
**Three Months Ended December 31, 2018 and 2017**  
**(unaudited)**  
**(in millions, except per share and percentage data)**

	Three Months Ended December 31,		Change
	2018	2017	
NET SALES	\$2,841	\$2,774	2%
COST OF SALES	1,649	1,610	2%
<b>GROSS MARGIN</b>	<b>1,192</b>	<b>1,164</b>	<b>2%</b>
<i>% of Net Sales</i>	<b>42.0%</b>	42.0%	0.0 pts
MARKETING AND ADMINISTRATIVE EXPENSES	629	692	(9%)
<i>% of Net Sales</i>	<b>22.1%</b>	24.9%	(2.8 pts)
RESEARCH AND DEVELOPMENT EXPENSES	175	181	(3%)
<i>% of Net Sales</i>	<b>6.2%</b>	6.5%	(0.3 pts)
OTHER OPERATING INCOME	(10)	-	NM
<b>OPERATING INCOME</b>	<b>398</b>	291	<b>37%</b>
<i>% of Net Sales</i>	<b>14.0%</b>	10.5%	3.5 pts
NET INTEREST EXPENSE	11	14	(21%)
OTHER INCOME, NET	(58)	(16)	NM
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<b>445</b>	293	<b>52%</b>
INCOME TAX EXPENSE	91	354	(74%)
<i>% of Income from Continuing Operations before Income Taxes</i>	20.4%	120.8%	(100.4 pts)
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<b>354</b>	(61)	NM
<b>LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX</b>	<b>(6)</b>	(10)	NM
<b>NET INCOME (LOSS)</b>	<b>\$348</b>	(\$71)	NM
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS PER COMMON SHARE</b>			
Basic	\$0.67	(\$0.11)	NM
Diluted	\$0.66	(\$0.11)	NM
<b>LOSS FROM DISCONTINUED OPERATIONS PER COMMON SHARE</b>			
Basic	(\$0.01)	(\$0.02)	NM
Diluted	(\$0.01)	(\$0.02)	NM
<b>NET INCOME (LOSS) PER COMMON SHARE</b>			
Basic	\$0.66	(\$0.13)	NM
Diluted	\$0.65	(\$0.13)	NM
<b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
Basic	528	543	
Diluted	538	556	
ADJUSTED OPERATING INCOME (excluding special items)	\$496 <sup>A</sup>	\$428 <sup>A</sup>	16%
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$519 <sup>A</sup>	\$430 <sup>A</sup>	21%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$421 <sup>A</sup>	\$354 <sup>A</sup>	19%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$0.78 <sup>A</sup>	\$0.64 <sup>A</sup>	22%

<sup>A</sup> Refer to page 9 for a description of the adjustments and a reconciliation to GAAP measures.

NM - Not Meaningful

**BAXTER INTERNATIONAL INC.**  
**Note to Consolidated Statements of Income**  
**Three Months Ended December 31, 2018 and 2017**  
**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, 2018 and 2017 included special items which impacted the GAAP measures as follows:

	Three Months Ended		Change
	December 31,		
	2018	2017	
<b>Gross Margin</b>	<b>\$1,192</b>	<b>\$1,164</b>	2%
Intangible asset amortization expense <sup>1</sup>	42	42	
Business optimization items <sup>2</sup>	19	11	
Hurricane Maria (benefits) costs <sup>3</sup>	(9)	11	
Acquisition and integration expenses <sup>4</sup>	11	4	
Product-related items <sup>5</sup>	(9)	-	
European medical devices regulation <sup>6</sup>	0	-	
<b>Adjusted Gross Margin</b>	<b>\$1,250</b>	<b>\$1,232</b>	2%
<b>% of Net Sales</b>	<b>44.3%</b>	44.4%	(0.1 pts)
<b>Marketing and Administrative Expenses</b>	<b>\$629</b>	<b>\$692</b>	(9%)
Business optimization items <sup>2</sup>	(23)	(42)	
Separation-related costs <sup>7</sup>	-	(2)	
Acquisition and integration expenses <sup>4</sup>	(9)	(4)	
Litigation and contractual disputes <sup>8</sup>	-	(21)	
<b>Adjusted Marketing and Administrative Expenses</b>	<b>\$597</b>	<b>\$523</b>	(4%)
<b>% of Net Sales</b>	<b>21.0%</b>	22.5%	(1.5 pts)
<b>Research and Development Expenses</b>	<b>\$175</b>	<b>\$181</b>	(3%)
Business optimization items <sup>2</sup>	(3)	-	
Acquisition and integration expenses <sup>4</sup>	(7)	-	
<b>Adjusted Research and Development Expenses</b>	<b>\$165</b>	<b>\$181</b>	(9%)
<b>% of Net Sales</b>	<b>5.8%</b>	6.5%	(0.7 pts)
<b>Other Operating Income</b>	<b>\$(10)</b>	\$-	NM
Hurricane Maria benefits <sup>3</sup>	10	-	
<b>Adjusted Other Operating Income</b>	<b>\$-</b>	\$-	NM
<b>% of Net Sales</b>	<b>0.0%</b>	0.0%	0 pts
<b>Operating Income</b>	<b>\$398</b>	<b>\$291</b>	37%
Impact of special items	98	137	
<b>Adjusted Operating Income</b>	<b>\$496</b>	<b>\$428</b>	16%
<b>% of Net Sales</b>	<b>17.5%</b>	15.4%	2.1 pts
<b>Other Income, Net</b>	<b>\$(58)</b>	\$(16)	NM
Acquisition and integration benefits <sup>4</sup>	24	-	
<b>Adjusted Other Income, Net</b>	<b>\$(34)</b>	\$(16)	NM
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$445</b>	<b>\$293</b>	52%
Impact of special items	74	137	
<b>Adjusted Pre-Tax Income from Continuing Operations</b>	<b>\$519</b>	<b>\$430</b>	21%
<b>Income Tax Expense</b>	<b>\$91</b>	<b>\$354</b>	(74%)
Impact of special items <sup>9</sup>	7	(278)	
<b>Adjusted Income Tax Expense</b>	<b>\$89</b>	<b>\$76</b>	29%
<b>% of Adjusted Pre-Tax Income from Continuing Operations</b>	<b>18.9%</b>	17.7%	1.2 pts
<b>Income (loss) from Continuing Operations</b>	<b>\$354</b>	\$(61)	NM
Impact of special items	67	415	
<b>Adjusted Income from Continuing Operations</b>	<b>\$421</b>	<b>\$354</b>	19%
<b>Diluted EPS from Continuing Operations</b>	<b>\$0.66</b>	\$(0.11)	NM
Impact of special items	0.12	0.75	
<b>Adjusted Diluted EPS from Continuing Operations</b>	<b>\$0.78</b>	\$0.64	22%
<b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
<b>Diluted</b>	<b>538</b>	556	

<sup>1</sup> The company's results in 2018 and 2017 included intangible asset amortization expense of \$42 million (\$33 million, or \$0.06 per diluted share, on an after-tax basis) and \$42 million (\$27 million, or \$0.05 per diluted share, on an after-tax basis), respectively.

<sup>2</sup> The company's results in 2018 included charges of \$45 million (\$35 million, or \$0.07 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a charge of \$21 million related to restructuring activities, \$20 million of costs to implement business optimization programs which primarily included external consulting and project employee costs, and \$4 million of accelerated depreciation associated with facilities to be closed. The \$21 million of restructuring charges included \$14 million of employee termination costs, \$4 million of contract termination and other costs and \$3 million of asset impairment costs.

The company's results in 2017 included charges of \$53 million (\$35 million, or \$0.06 per diluted share, on an after-tax basis) related to business optimization initiatives. This included charges of \$20 million related to restructuring activities, \$31 million of costs to implement business optimization programs which primarily included external consulting and project employee costs and \$2 million of accelerated depreciation associated with facilities to be closed. The \$20 million of restructuring charges were comprised of \$19 million of employee termination costs and \$1 million of asset impairment charges primarily related to facility closures.

<sup>3</sup> The company's results in 2018 included a benefit of \$19 million (\$13 million, or \$0.03 per diluted share, on an after-tax basis) related to insurance recoveries as a result of losses incurred due to Hurricane Maria.

The company's results in 2017 included charges of \$11 million (\$11 million, or \$0.02 per diluted share, on an after-tax basis) related to the impact of Hurricane Maria on the company's operations in Puerto Rico. The costs primarily included idle facility costs.

<sup>4</sup> The company's results in 2018 included acquisition and integration costs related to the company's acquisitions of Claris Injectables Limited and the RECOTHROM and PREVELEAK products of \$20 million (\$16 million, or \$0.03 per diluted share, on an after-tax basis), upfront payments related to R&D collaborations and license agreements of \$7 million (\$6 million, or \$0.01 per diluted share, on an after-tax basis) and a gain of \$24 million (\$24 million, or \$0.04 per diluted share, on an after-tax basis) from remeasuring its previously held investment to fair value upon acquisition of a controlling interest in its joint venture in Saudi Arabia.

The company's results in 2017 included acquisition and integration costs of \$8 million (\$6 million, or \$0.01 per diluted share, on an after-tax basis) related to the company's acquisition of Claris Injectables Limited.

<sup>5</sup> The company's results in 2018 included a net benefit of \$3 million (\$2 million, or \$0.00 per diluted share, on an after-tax basis) related to an adjustment to its accrual for SIGMA SPECTRUM infusion pump inspection and remediation activities.

<sup>6</sup> The company's results in 2018 included costs of \$6 million (\$4 million, or \$0.00 per diluted share, on an after-tax basis) specific to updating its quality systems and product labeling to comply with the new medical device reporting regulations and other requirements of the European Union's regulations for medical devices that will become effective in 2020.

<sup>7</sup> The company's results in 2017 included costs incurred related to the Baxalta separation totaling \$2 million (\$1 million, or \$0.00 per diluted share, on an after-tax basis).

<sup>8</sup> The company's results in 2017 included charges of \$21 million (\$13 million, or \$0.03 per diluted share, on an after-tax basis) related to litigation and contractual disputes for businesses or arrangements in which the company is no longer engaged or a party thereto.

<sup>9</sup> Reflected in this item for 2018 is the tax impact of the special items identified in this table as well as net tax expense of \$12 million, or \$0.02 per diluted share, primarily related to an update to the estimated impact of U.S. federal tax reform previously made by the company. The tax effect of each adjustment is based on the jurisdiction in which the adjustment is incurred and the tax laws in effect for each such jurisdiction.

Reflected in this item for 2017 is the tax impact of the special items identified in this table as well as a net tax expense of \$322 million, or \$0.58 per diluted share, related to the estimated impact of U.S. tax reform on the company's tax-related assets and liabilities. The tax effect of each adjustment is based on the jurisdiction in which the adjustment is incurred and the tax laws in effect for each such jurisdiction.

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

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**BAXTER INTERNATIONAL INC.**  
**Consolidated Statements of Income**  
**Twelve Months Ended December 31, 2018 and 2017**  
**(unaudited)**  
**(in millions, except per share and percentage data)**

	Twelve Months Ended December 31,		Change
	2018	2017	
NET SALES	\$11,127	\$10,561	5%
COST OF SALES	6,346	6,091	4%
GROSS MARGIN	4,781	4,470	7%
<i>% of Net Sales</i>	43.0%	42.3%	0.7 pts
MARKETING AND ADMINISTRATIVE EXPENSES	2,617	2,566	2%
<i>% of Net Sales</i>	23.5%	24.3%	(0.8 pts)
RESEARCH AND DEVELOPMENT EXPENSES	655	613	7%
<i>% of Net Sales</i>	5.9%	5.8%	0.1 pts
OTHER OPERATING INCOME	(90)	-	NM
OPERATING INCOME	1,599	1,291	24%
<i>% of Net Sales</i>	14.4%	12.2%	2.2 pts
NET INTEREST EXPENSE	45	55	(18%)
OTHER (INCOME) EXPENSE, NET	(139)	19	NM
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,693	1,217	39%
INCOME TAX EXPENSE	63	493	(87%)
<i>% of Income from Continuing Operations before Income Taxes</i>	3.7%	40.5%	(36.8 pts)
INCOME FROM CONTINUING OPERATIONS	1,630	724	125%
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	(6)	(7)	(14%)
NET INCOME	\$1,624	\$717	126%
INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$3.05	\$1.33	129%
Diluted	\$2.99	\$1.30	130%
LOSS FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	(\$0.01)	(\$0.01)	NM
Diluted	(\$0.02)	(\$0.01)	NM
NET INCOME PER COMMON SHARE			
Basic	\$3.04	\$1.32	130%
Diluted	\$2.97	\$1.29	130%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	534	543	
Diluted	546	555	
ADJUSTED OPERATING INCOME (excluding special items)	\$1,936 <sup>A</sup>	\$1,719 <sup>A</sup>	13%
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$2,006 <sup>A</sup>	\$1,678 <sup>A</sup>	20%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$1,666 <sup>A</sup>	\$1,376 <sup>A</sup>	21%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$3.05 <sup>A</sup>	\$2.48 <sup>A</sup>	23%

<sup>A</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, 2018 and 2017**  
**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, 2018 and 2017 included special items which impacted the GAAP measures as follows:

	Twelve Months Ended December 31,		Change
	2018	2017	
<b>Gross Margin</b>	<b>\$4,765</b>	\$4,470	7%
Intangible asset amortization expense <sup>1</sup>	169	154	
Business optimization items <sup>2</sup>	49	53	
Acquisition and integration expenses <sup>3</sup>	27	8	
Litigation and contractual disputes <sup>4</sup>	8	-	
Product-related items <sup>5</sup>	(6)	17	
Separation-related costs <sup>6</sup>	-	1	
Hurricane Maria (benefits) costs <sup>7</sup>	(32)	32	
European medical devices regulation <sup>8</sup>	6	-	
<b>Adjusted Gross Margin</b>	<b>\$5,002</b>	\$4,735	6%
<b>% of Net Sales</b>	<b>46.0%</b>	44.8%	0.2 pts
<b>Marketing and Administrative Expenses</b>	<b>\$2,617</b>	\$2,566	2%
Business optimization items <sup>2</sup>	(146)	(116)	
Separation-related costs <sup>6</sup>	-	(18)	
Acquisition and integration expenses <sup>3</sup>	(23)	(20)	
Historical rebate and discount adjustments <sup>9</sup>	-	12	
Litigation and contractual disputes <sup>4</sup>	(2)	(21)	
<b>Adjusted Marketing and Administrative Expenses</b>	<b>\$2,447</b>	\$2,403	2%
<b>% of Net Sales</b>	<b>22.0%</b>	22.8%	(0.8 pts)
<b>Research and Development Expenses</b>	<b>\$655</b>	\$613	7%
Business optimization items <sup>2</sup>	(28)	-	
Acquisition and integration expenses <sup>3</sup>	(7)	-	
European medical devices regulation <sup>8</sup>	(3)	-	
<b>Adjusted Research and Development Expenses</b>	<b>\$619</b>	\$613	1%
<b>% of Net Sales</b>	<b>5.6%</b>	5.8%	(0.2 pts)
<b>Other Operating Income</b>	<b>\$(90)</b>	\$-	NM
Caris settlement <sup>10</sup>	80	-	
Hurricane Maria benefits <sup>7</sup>	10	-	
<b>Adjusted Other Operating Income</b>	<b>\$-</b>	\$-	NM
<b>% of Net Sales</b>	<b>0.0%</b>	0.0%	0.0 pts
<b>Operating Income</b>	<b>\$1,599</b>	\$1,291	24%
Impact of special items	337	428	
<b>Adjusted Operating Income</b>	<b>\$1,936</b>	\$1,719	13%
<b>% of Net Sales</b>	<b>17.4%</b>	16.3%	1.1 pts
<b>Other (Income) Expense, Net</b>	<b>\$(139)</b>	\$19	NM
Venezuelan deconsolidation <sup>11</sup>	-	(33)	
Acquisition and integration benefits <sup>3</sup>	24	-	
<b>Adjusted Other Income, Net</b>	<b>\$(115)</b>	\$(14)	NM
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$1,693</b>	\$1,217	39%
Impact of special items	313	461	
<b>Adjusted Pre-Tax Income from Continuing Operations</b>	<b>\$2,006</b>	\$1,678	20%
<b>Income Tax Expense</b>	<b>\$63</b>	\$493	(87)%
Impact of special items <sup>12</sup>	277	(191)	
<b>Adjusted Income Tax Expense</b>	<b>\$340</b>	\$302	13%
<b>% of Adjusted Pre-Tax Income from Continuing Operations</b>	<b>16.9%</b>	18.0%	(1.1 pts)
<b>Income from Continuing Operations</b>	<b>\$1,630</b>	\$724	125%
Impact of special items	36	652	
<b>Adjusted Income from Continuing Operations</b>	<b>\$1,666</b>	\$1,376	21%
<b>Diluted EPS from Continuing Operations</b>	<b>\$2.99</b>	\$1.30	130%
Impact of special items	0.06	1.18	
<b>Adjusted Diluted EPS from Continuing Operations</b>	<b>\$3.05</b>	\$2.48	23%
<b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
<b>Diluted</b>	<b>546</b>	555	

- <sup>1</sup> The company's results in 2018 and 2017 included intangible asset amortization expense of \$169 million (\$133 million, or \$0.25 per diluted share, on an after-tax basis) and \$154 million (\$108 million, or \$0.19 per diluted share, on an after-tax basis), respectively.
- <sup>2</sup> The company's results in 2018 included a charge of \$220 million (\$174 million, or \$0.32 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a charge of \$117 million related to restructuring activities, \$94 million of costs to implement business optimization programs which primarily included external consulting and project employee costs, and \$9 million of accelerated depreciation associated with facilities to be closed. The \$117 million of restructuring charges included \$100 million of employee termination costs, \$10 million of contract termination and other costs and \$7 million of asset impairment charges primarily related to facility closures.
- The company's results in 2017 included a charge of \$169 million (\$119 million, or \$0.21 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a charge of \$70 million related to restructuring activities, \$89 million of costs to implement business optimization programs which primarily included external consulting and project employee costs, and \$10 million of accelerated depreciation associated with facilities to be closed. The \$70 million of restructuring charges included \$59 million of employee termination costs, \$5 million of contract termination costs, and \$6 million of asset impairment charges primarily related to facility closures.
- <sup>3</sup> The company's results in 2018 included acquisition and integration costs related to the company's acquisitions of Caris Injectables Limited and the RECOThROM and PREVELEAK products of \$50 million (\$40 million, or \$0.07 per diluted share, on an after-tax basis), upfront payments related to R&D collaborations and license agreements of \$7 million (\$6 million, or \$0.01 per diluted share, on an after-tax basis) and a gain of \$24 million (\$24 million, or \$0.04 per diluted share, on an after-tax basis) from remeasuring its previously held investment to fair value upon acquisition of a controlling interest in its joint venture in Saudi Arabia.
- The company's results in 2017 included acquisition and integration costs of \$28 million (\$20 million, or \$0.04 per diluted share, on an after-tax basis) related to the company's acquisition of Caris Injectables Limited.
- <sup>4</sup> The company's results in 2018 included a charge of \$10 million (\$9 million, or \$0.01 per diluted share, on an after-tax basis) related to certain product litigation.
- The company's results in 2017 included charges of \$13 million (\$13 million, or \$0.03 per diluted share, on an after-tax basis) related to litigation and contractual disputes for businesses or arrangements in which the company is no longer engaged or a party thereto.
- <sup>5</sup> The company's results in 2018 included a net benefit of \$6 million (\$4 million, or \$0.01 per diluted share, on an after-tax basis) related to an adjustment to its accrual for SIGMA SPECTRUM infusion pump inspection and remediation activities.
- The company's results in 2017 included a net charge of \$17 million (\$11 million, or \$0.02 per diluted share, on an after-tax basis) related to SIGMA SPECTRUM infusion pump inspection and remediation activities, partially offset by a benefit related to an adjustment to historical product reserves.
- <sup>6</sup> The company's results in 2017 included costs incurred related to the Baxalta separation totaling \$19 million (\$13 million, or \$0.02 per diluted share, on an after-tax basis).
- <sup>7</sup> The company's results in 2018 included a benefit of \$42 million (\$31 million, or \$0.06 per diluted share, on an after-tax basis) related to insurance recoveries as a result of losses incurred due to Hurricane Maria.
- The company's results in 2017 included charges of \$32 million (\$31 million, or \$0.06 per diluted share, on an after-tax basis) related to the impact of Hurricane Maria on the company's operations in Puerto Rico. The costs primarily included inventory and fixed asset impairments as well as idle facility costs.
- <sup>8</sup> The company's results in 2018 included costs of \$9 million (\$7 million, or \$0.01 per diluted share, on an after-tax basis) specific to updating its quality systems and product labeling to comply with the new medical device reporting regulations and other requirements of the European Union's regulations for medical devices that will become effective in 2020.
- <sup>9</sup> The company's results in 2017 included a benefit of \$12 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis) related to an adjustment to the company's historical rebates and discount reserve.
- <sup>10</sup> The company's results in 2018 included a benefit of \$80 million (\$78 million, or \$0.14 per diluted share, on an after-tax basis) for the settlement of certain claims related to the acquired operations of Caris Injectables Limited.
- <sup>11</sup> The company's results in 2017 included a charge of \$33 million (\$24 million, or \$0.04 per diluted share, on an after-tax basis) related to the deconsolidation of its Venezuelan operations.
- <sup>12</sup> Reflected in this item in 2018 is the tax impact of the special items identified in this table as well as a net tax benefit of \$196 million, or \$0.36 per diluted share, primarily related to an update to the estimated impact of U.S. federal tax reform previously made by the company. The tax effect of each adjustment is based on the jurisdiction in which the adjustment is incurred and the tax laws in effect for each such jurisdiction.
- Reflected in this item in 2017 is the tax impact of the special items identified in this table as well as a net tax expense of \$322 million, or \$0.58 per diluted share, related to the estimated impact of tax reform on the company's tax related assets and liabilities. The tax effect of each adjustment is based on the jurisdiction in which the adjustment is incurred and the tax laws in effect for each such jurisdiction.

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

NM - Not Meaningful

**BAXTER INTERNATIONAL INC.**  
**Sales by Operating Segment**  
**Periods Ending December 31, 2018 and 2017**  
**(unaudited)**  
**(\$ in millions)**

	Q4 2018	Q4 2017	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2018	YTD 2017	% Growth @ Actual Rates	% Growth @ Constant Rates
Americas	\$1,495	\$1,456	3%	4%	\$5,959	\$5,720	4%	5%
EMEA	772	753	3%	6%	2,961	2,732	8%	4%
APAC	574	565	2%	6%	2,207	2,109	5%	4%
<b>Total Baxter</b>	<b>\$2,841</b>	<b>\$2,774</b>	<b>2%</b>	<b>5%</b>	<b>\$11,127</b>	<b>\$10,561</b>	<b>5%</b>	<b>4%</b>

**BAXTER INTERNATIONAL INC.**  
**Sales by GBU**  
**Periods Ending December 31, 2018 and 2017**  
**(unaudited)**  
**(\$ in millions)**

	Q4 2018	Q4 2017	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2018	YTD 2017	% Growth @ Actual Rates	% Growth @ Constant Rates
Renal Care <sup>1</sup>	\$953	\$941	1%	5%	\$3,662	\$3,480	5%	4%
Medication Delivery <sup>2</sup>	660	672	(2%)	(0%)	2,669	2,698	(1%)	(2%)
Pharmaceuticals <sup>3</sup>	540	508	6%	9%	2,092	1,883	11%	10%
Clinical Nutrition <sup>4</sup>	215	231	(7%)	(5%)	877	882	(1%)	(3%)
Advanced Surgery <sup>5</sup>	214	186	15%	17%	800	707	13%	12%
Acute Therapies <sup>6</sup>	137	126	9%	12%	517	456	13%	11%
Other <sup>7</sup>	122	110	11%	14%	510	455	12%	10%
<b>Total Baxter</b>	<b>\$2,841</b>	<b>\$2,774</b>	<b>2%</b>	<b>5%</b>	<b>\$11,127</b>	<b>\$10,561</b>	<b>5%</b>	<b>4%</b>

<sup>1</sup> Includes sales of the company's peritoneal dialysis (PD) and hemodialysis (HD) and additional dialysis therapies and services.

<sup>2</sup> Includes sales of the company's IV therapies, infusion pumps, administration sets and drug reconstitution devices.

<sup>3</sup> Includes sales of the company's premixed and oncology drug platforms, inhaled anesthesia and critical care products and pharmacy compounding services.

<sup>4</sup> Includes sales of the company's parenteral nutrition (PN) therapies.

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

<sup>6</sup> Includes sales of the company's continuous renal replacement therapies (CRRT) and other organ support therapies focused in the ICU.

<sup>7</sup> Includes sales primarily from the company's pharmaceutical partnering business.

**BAXTER INTERNATIONAL INC.**  
**GBU Sales by U.S. and International**  
**Periods Ending December 31, 2018 and 2017**  
**(unaudited)**  
**(\$ in millions)**

	Q4 2018			Q4 2017			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$207	\$746	\$953	\$193	\$748	\$941	7%	(0%)	1%
Medication Delivery	410	250	660	408	264	672	0%	(5%)	(2%)
Pharmaceuticals	251	289	540	240	268	508	5%	8%	6%
Clinical Nutrition	78	137	215	84	147	231	(7%)	(7%)	(7%)
Advanced Surgery	127	87	214	106	80	186	20%	9%	15%
Acute Therapies	45	92	137	39	87	126	15%	6%	9%
Other	54	68	122	58	52	110	(7%)	31%	11%
<b>Total Baxter</b>	<b>\$1,172</b>	<b>\$1,669</b>	<b>\$2,841</b>	<b>\$1,128</b>	<b>\$1,646</b>	<b>\$2,774</b>	<b>4%</b>	<b>1%</b>	<b>2%</b>

**BAXTER INTERNATIONAL INC.**  
**GBU Sales by U.S. and International**  
**Periods Ending December 31, 2018 and 2017**  
**(unaudited)**  
**(\$ in millions)**

	YTD 2018			YTD 2017			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$816	\$2,846	\$3,662	\$754	\$2,726	\$3,480	8%	4%	5%
Medication Delivery	1,690	979	2,669	1,698	1,000	2,698	(0%)	(2%)	(1%)
Pharmaceuticals	996	1,096	2,092	892	991	1,883	12%	11%	11%
Clinical Nutrition	321	556	877	359	523	882	(11%)	6%	(1%)
Advanced Surgery	466	334	800	403	304	707	16%	10%	13%
Acute Therapies	174	343	517	147	309	456	18%	11%	13%
Other	260	250	510	257	198	455	1%	26%	12%
<b>Total Baxter</b>	<b>\$4,723</b>	<b>\$6,404</b>	<b>\$11,127</b>	<b>\$4,510</b>	<b>\$6,051</b>	<b>\$10,561</b>	<b>5%</b>	<b>6%</b>	<b>5%</b>



**BAXTER INTERNATIONAL INC.**  
**Free Cash Flow Reconciliation**  
**(unaudited)**  
**(\$ in millions)**

	Twelve Months Ended December 31,	
	2018	2017
Cash flows from operations - continuing operations	\$2,096	\$1,853
Capital expenditures	(681)	(634)
<b>Free cash flow - continuing operations</b>	<b>\$1,415</b>	<b>\$1,219</b>

**BAXTER INTERNATIONAL INC.**  
**Reconciliation of Non-GAAP Financial Measure**  
**Change in Net Sales As Reported to Operational Sales**  
**From The Three Months Ended December 31, 2017 to The Three Months Ended December 31, 2018**  
**(unaudited)**

	Q4 2018 QTD*					
	Net sales As Reported	US Cyclophosphamide	Acquisitions	FX	Operational Sales	
Renal Care	1%	0%	0%	4%	5%	
Medication Delivery	(2%)	0%	0%	2%	(0%)	
Pharmaceuticals	6%	2%	0%	3%	11%	
Clinical Nutrition	(7%)	0%	0%	2%	(5%)	
Advanced Surgery	15%	0%	(11%)	2%	5%	
Acute Therapies	9%	0%	0%	3%	12%	
Other	11%	0%	0%	3%	14%	
<b>Total Baxter</b>	<b>2%</b>	<b>0%</b>	<b>(1%)</b>	<b>3%</b>	<b>5%</b>	
U.S.	4%	1%	(2%)	0%	2%	
International	1%	0%	0%	5%	6%	

\*Totals may not foot due to rounding

**BAXTER INTERNATIONAL INC.**  
**Reconciliation of Non-GAAP Financial Measure**  
**Change in Net Sales As Reported to Operational Sales**  
**From The Twelve Months Ended December 31, 2017 to The Twelve Months Ended December 31, 2018**  
**(unaudited)**

	Q4 2018 YTD*					Operational Sales
	Net sales As Reported	US Cyclophosphamide	Acquisitions	FX		
Renal Care	5%	0%	0%	(1%)	4%	
Medication Delivery	(1%)	0%	0%	(1%)	(2%)	
Pharmaceuticals	11%	2%	(4%)	(1%)	8%	
Clinical Nutrition	(1%)	0%	0%	(2%)	(3%)	
Advanced Surgery	13%	0%	(7%)	(1%)	5%	
Acute Therapies	13%	0%	0%	(2%)	11%	
Other	12%	0%	0%	(2%)	10%	
<b>Total Baxter</b>	<b>5%</b>	<b>0%</b>	<b>(1%)</b>	<b>(1%)</b>	<b>3%</b>	
U.S.	5%	1%	(2%)	0%	3%	
International	6%	0%	0%	(2%)	4%	

\*Totals may not foot due to rounding

**BAXTER INTERNATIONAL INC.**  
**Reconciliation of Non-GAAP Financial Measures**  
**Projected 2019 Adjusted Earnings Per Share and Projected GAAP Earnings Per Share, and**  
**Projected 2019 Adjusted Sales Growth and Projected GAAP Sales Growth**  
**(unaudited)**

<b>2019 Earnings Per Share Guidance</b>	<b>Q1 2019</b>	<b>FY 2019</b>
<b>Earnings per Diluted Share – Adjusted</b>	<b>\$0.66 - \$0.68</b>	<b>\$3.22 - \$3.30</b>
Estimated intangible asset amortization	\$0.07	\$0.26
Estimated business optimization charges	\$0.03 - \$0.04	\$0.12 - \$0.15
Estimated Acquisition and integration expenses	\$0.01	\$0.04
Estimated European medical devices regulation	\$0.02	\$0.08
<b>Earnings per Diluted Share - GAAP</b>	<b>\$0.52 - \$0.55</b>	<b>\$2.69 - \$2.80</b>

<b>2019 Sales Growth Guidance</b>	<b>Q1 2019</b>	<b>FY 2019</b>
<b>Sales Growth – Operational</b>	<b>1% - 2%</b>	<b>3% - 4%</b>
U.S. cyclophosphamide	(1%)	(1%) - 0%
Foreign exchange	(3%) - (4%)	(2%) - (3%)
<b>Sales Growth - GAAP</b>	<b>(3%)</b>	<b>0% - 1%</b>