

**BAXTER INTERNATIONAL INC.**  
**Consolidated Statements of Income**  
**Three Months Ended September 30, 2018 and 2017**  
**(unaudited)**  
**(in millions, except per share and percentage data)**

	Three Months Ended September 30,		Change
	2018	2017	
NET SALES	\$2,767	\$2,707	2%
COST OF SALES	1,531	1,577	(3%)
<b>GROSS MARGIN</b>	<b>1,236</b>	<b>1,130</b>	<b>9%</b>
<i>% of Net Sales</i>	<b>44.7%</b>	41.7%	3.0 pts
MARKETING AND ADMINISTRATIVE EXPENSES	685	680	1%
<i>% of Net Sales</i>	<b>24.8%</b>	25.1%	(0.3 pts)
RESEARCH AND DEVELOPMENT EXPENSES	166	150	11%
<i>% of Net Sales</i>	<b>6.0%</b>	5.5%	0.5 pts
<b>OPERATING INCOME</b>	<b>385</b>	<b>300</b>	<b>28%</b>
<i>% of Net Sales</i>	<b>13.9%</b>	11.1%	2.8 pts
NET INTEREST EXPENSE	11	14	(21%)
OTHER INCOME, NET	(32)	(4)	NM
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<b>406</b>	<b>290</b>	<b>40%</b>
INCOME TAX (BENEFIT) EXPENSE	(138)	42	NM
<i>% of Income from Continuing Operations before Income Taxes</i>	<b>(34.0)%</b>	14.5%	(48.5 pts)
INCOME FROM CONTINUING OPERATIONS	544	248	119%
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	-	3	NM
<b>NET INCOME</b>	<b>\$544</b>	<b>\$251</b>	<b>117%</b>
<b>INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE</b>			
Basic	\$1.02	\$0.46	122%
Diluted	\$1.00	\$0.45	122%
<b>INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE</b>			
Basic	\$0.00	\$0.00	NM
Diluted	\$0.00	\$0.00	NM
<b>NET INCOME PER COMMON SHARE</b>			
Basic	\$1.02	\$0.46	122%
Diluted	\$1.00	\$0.45	122%
<b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
Basic	534	545	
Diluted	546	557	
ADJUSTED OPERATING INCOME (excluding special items)	\$505 <sup>A</sup>	\$449 <sup>A</sup>	12%
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$526 <sup>A</sup>	\$439 <sup>A</sup>	20%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$436 <sup>A</sup>	\$356 <sup>A</sup>	22%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$0.80 <sup>A</sup>	\$0.64 <sup>A</sup>	25%

<sup>A</sup> Refer to page 8 for a description of the adjustments and a reconciliation to GAAP measures.

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**BAXTER INTERNATIONAL INC.**  
**Note to Consolidated Statements of Income**  
**Three Months Ended September 30, 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 September 30, 2018 and 2017 included special items which impacted the GAAP measures as follows:

	Three Months Ended September 30,		Change
	2018	2017	
<b>Gross Margin</b>	<b>\$1,236</b>	\$1,130	9%
Intangible asset amortization expense <sup>1</sup>	42	38	
Business optimization items <sup>2</sup>	21	12	
Hurricane Maria (benefits) costs <sup>6</sup>	(23)	21	
Acquisition and integration expenses <sup>3</sup>	7	4	
Product-related items <sup>4</sup>	(3)	21	
<b>Adjusted Gross Margin</b>	<b>\$1,280</b>	\$1,226	4%
<b>% of Net Sales</b>	<b>46.3%</b>	45.3%	1.0 pts
<b>Marketing and Administrative Expenses</b>	<b>\$685</b>	\$680	1%
Business optimization items <sup>2</sup>	(59)	(39)	
Separation-related costs <sup>5</sup>	-	(2)	
Acquisition and integration expenses <sup>3</sup>	(4)	(11)	
<b>Adjusted Marketing and Administrative Expenses</b>	<b>\$622</b>	\$628	(1%)
<b>% of Net Sales</b>	<b>22.5%</b>	23.2%	(0.7 pts)
<b>Research and Development Expenses</b>	<b>\$166</b>	\$150	11%
Business optimization items <sup>2</sup>	(10)	(1)	
European medical devices regulation <sup>7</sup>	(3)	-	
<b>Adjusted Research and Development Expenses</b>	<b>\$153</b>	\$149	3%
<b>% of Net Sales</b>	<b>5.5%</b>	5.5%	0.0 pts
<b>Operating Income</b>	<b>\$385</b>	\$300	28%
Impact of special items	120	149	
<b>Adjusted Operating Income</b>	<b>\$505</b>	\$449	12%
<b>% of Net Sales</b>	<b>18.3%</b>	16.6%	1.7 pts
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$406</b>	\$290	40%
Impact of special items	120	149	
<b>Adjusted Pre-Tax Income from Continuing Operations</b>	<b>\$526</b>	\$439	20%
<b>Income Tax (Benefit) Expense</b>	<b>\$(138)</b>	\$42	NM
Impact of special items <sup>8</sup>	228	41	
<b>Adjusted Income Tax Expense</b>	<b>\$90</b>	\$83	8%
<b>% of Adjusted Pre-Tax Income from Continuing Operations</b>	<b>17.1%</b>	18.9%	(1.8 pts)
<b>Income from Continuing Operations</b>	<b>\$544</b>	\$248	119%
Impact of special items	(108)	108	
<b>Adjusted Income from Continuing Operations</b>	<b>\$436</b>	\$356	22%
<b>Diluted EPS from Continuing Operations</b>	<b>\$1.00</b>	\$0.45	122%
Impact of special items	(0.20)	0.19	
<b>Adjusted Diluted EPS from Continuing Operations</b>	<b>\$0.80</b>	\$0.64	25%
<b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
Diluted	546	557	

<sup>1</sup> The company's results in 2018 and 2017 included intangible asset amortization expense of \$42 million (\$30 million, or \$0.05 per diluted share, on an after-tax basis) and \$38 million (\$26 million, or \$0.05 per diluted share, on an after-tax basis), respectively.

<sup>2</sup> The company's results in 2018 included a charge of \$90 million (\$71 million, or \$0.13 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a charge of \$63 million related to restructuring activities, \$24 million of costs to implement business optimization programs which primarily included external consulting and project employee costs, and \$3 million of accelerated depreciation associated with facilities to be closed. The \$63 million of net restructuring charges included \$58 million of employee termination costs, \$4 million of contract termination and other costs and \$1 million of asset impairment costs.

The company's results in 2017 included a charge of \$52 million (\$36 million, or \$0.06 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a net charge of \$31 million related to restructuring activities and \$21 million of costs to implement business optimization programs which primarily included external consulting and project employee costs. The \$31 million of restructuring charges were comprised of employee termination costs.

<sup>3</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 \$11 million (\$8 million, or \$0.01 per diluted share, on an after-tax basis).

The company's results in 2017 included acquisition and integration costs of \$15 million (\$10 million, or \$0.02 per diluted share, on an after-tax basis) related to the company's acquisition of Claris Injectables Limited.

<sup>4</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.

The company's results in 2017 included a net charge of \$21 million (\$14 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>5</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>6</sup> The company's results in 2018 included a benefit of \$23 million (\$18 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 \$21 million (\$21 million, or \$0.04 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 include inventory and fixed asset impairments as well as idle facility costs.

<sup>7</sup> The company's results in 2018 included costs of \$3 million (\$3 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>8</sup> Reflected in this item is the tax impact of the special items identified in this table as well as a benefit of \$200 million, or \$0.37 per diluted share, in the third quarter of 2018 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.

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**  
**Nine Months Ended September 30, 2018 and 2017**  
**(unaudited)**  
**(in millions, except per share and percentage data)**

	Nine Months Ended September 30,		Change
	2018	2017	
NET SALES	\$8,286	\$7,787	6%
COST OF SALES	4,697	4,481	5%
<b>GROSS MARGIN</b>	<b>3,589</b>	<b>3,306</b>	<b>9%</b>
<i>% of Net Sales</i>	<b>43.3%</b>	42.5%	0.8 pts
MARKETING AND ADMINISTRATIVE EXPENSES	1,988	1,874	6%
<i>% of Net Sales</i>	<b>24.0%</b>	24.1%	(0.1 pts)
RESEARCH AND DEVELOPMENT EXPENSES	480	432	11%
<i>% of Net Sales</i>	<b>5.8%</b>	5.5%	0.3 pts
CLARIS SETTLEMENT	(80)	-	NM
<b>OPERATING INCOME</b>	<b>1,201</b>	<b>1,000</b>	<b>20%</b>
<i>% of Net Sales</i>	<b>14.5%</b>	12.8%	1.7 pts
NET INTEREST EXPENSE	34	41	(17%)
OTHER (INCOME) EXPENSE, NET	(81)	35	NM
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<b>1,248</b>	<b>924</b>	<b>35%</b>
INCOME TAX (BENEFIT) EXPENSE	(28)	139	NM
<i>% of Income from Continuing Operations before Income Taxes</i>	<b>(2.2)%</b>	15.0%	(17.2 pts)
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>1,276</b>	<b>785</b>	<b>63%</b>
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	-	3	NM
<b>NET INCOME</b>	<b>\$1,276</b>	<b>\$788</b>	<b>62%</b>
<b>INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE</b>			
Basic	<b>\$2.38</b>	\$1.45	64%
Diluted	<b>\$2.33</b>	\$1.42	64%
<b>INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE</b>			
Basic	<b>\$0.00</b>	\$0.00	NM
Diluted	<b>\$0.00</b>	\$0.00	NM
<b>NET INCOME PER COMMON SHARE</b>			
Basic	<b>\$2.38</b>	\$1.45	64%
Diluted	<b>\$2.33</b>	\$1.42	64%
<b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
Basic	<b>536</b>	543	
Diluted	<b>548</b>	554	
ADJUSTED OPERATING INCOME (excluding special items)	<b>\$1,440</b> <sup>A</sup>	\$1,291 <sup>A</sup>	12%
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	<b>\$1,487</b> <sup>A</sup>	\$1,248 <sup>A</sup>	19%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	<b>\$1,245</b> <sup>A</sup>	\$1,022 <sup>A</sup>	22%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	<b>\$2.27</b> <sup>A</sup>	\$1.84 <sup>A</sup>	23%

<sup>A</sup> Refer to page 10 for a description of the adjustments and a reconciliation to GAAP measures.

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**BAXTER INTERNATIONAL INC.**  
**Note to Consolidated Statements of Income**  
**Nine Months Ended September 30, 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 nine months ended September 30, 2018 and 2017 included special items which impacted the GAAP measures as follows:

	Nine Months Ended		Change
	2018	2017	
<b>Gross Margin</b>	<b>\$3,589</b>	\$3,306	9%
Intangible asset amortization expense <sup>1</sup>	127	112	
Business optimization items <sup>2</sup>	30	42	
Acquisition and integration expenses <sup>3</sup>	16	4	
Litigation <sup>4</sup>	8	-	
Product-related items <sup>5</sup>	(3)	17	
Separation-related costs <sup>6</sup>	-	1	
Hurricane Maria (benefits) costs <sup>10</sup>	(23)	21	
<b>Adjusted Gross Margin</b>	<b>\$3,744</b>	\$3,503	7%
<b>% of Net Sales</b>	<b>45.2%</b>	45.0%	0.2 pts
<b>Marketing and Administrative Expenses</b>	<b>\$1,998</b>	\$1,874	6%
Business optimization items <sup>2</sup>	(122)	(74)	
Separation-related costs <sup>6</sup>	-	(18)	
Acquisition and integration expenses <sup>3</sup>	(14)	(16)	
Historical rebate and discount adjustments <sup>7</sup>	-	12	
Litigation <sup>4</sup>	(2)	-	
<b>Adjusted Marketing and Administrative Expenses</b>	<b>\$1,850</b>	\$1,780	4%
<b>% of Net Sales</b>	<b>22.3%</b>	22.9%	(0.6 pts)
<b>Research and Development Expenses</b>	<b>\$490</b>	\$432	11%
Business optimization items <sup>2</sup>	(23)	-	
European medical devices regulation <sup>11</sup>	(3)	-	
<b>Adjusted Research and Development Expenses</b>	<b>\$454</b>	\$432	5%
<b>% of Net Sales</b>	<b>5.5%</b>	5.5%	0.0 pts
<b>Claris Settlement</b>	<b>\$(80)</b>	\$-	NM
Claris Settlement <sup>8</sup>	80	-	
<b>Adjusted Claris Settlement</b>	<b>\$-</b>	\$-	0%
<b>% of Net Sales</b>	<b>0.0%</b>	0.0%	0.0 pts
<b>Operating Income</b>	<b>\$1,201</b>	\$1,000	20%
Impact of special items	239	291	
<b>Adjusted Operating Income</b>	<b>\$1,440</b>	\$1,291	12%
<b>% of Net Sales</b>	<b>17.4%</b>	16.6%	0.8 pts
<b>Other (Income) Expense, Net</b>	<b>\$(81)</b>	\$35	NM
Venezuelan deconsolidation <sup>9</sup>	-	(33)	
<b>Adjusted Other (Income) Expense, Net</b>	<b>\$(81)</b>	\$2	NM
<b>Pre-Tax Income from Continuing Operations</b>	<b>\$1,248</b>	\$924	35%
Impact of special items	239	324	
<b>Adjusted Pre-Tax Income from Continuing Operations</b>	<b>\$1,487</b>	\$1,248	19%
<b>Income Tax (Benefit) Expense</b>	<b>\$(28)</b>	\$139	NM
Impact of special items <sup>12</sup>	270	87	
<b>Adjusted Income Tax Expense</b>	<b>\$242</b>	\$226	7%
<b>% of Adjusted Pre-Tax Income from Continuing Operations</b>	<b>16.3%</b>	18.1%	(1.8 pts)
<b>Income from Continuing Operations</b>	<b>\$1,276</b>	\$785	63%
Impact of special items	(31)	237	
<b>Adjusted Income from Continuing Operations</b>	<b>\$1,245</b>	\$1,022	22%
<b>Diluted EPS from Continuing Operations</b>	<b>\$2.33</b>	\$1.42	64%
Impact of special items	(0.06)	0.42	
<b>Adjusted Diluted EPS from Continuing Operations</b>	<b>\$2.27</b>	\$1.84	23%
<b>WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
Diluted	548	554	

- The company's results in 2018 and 2017 included intangible asset amortization expense of \$127 million (\$100 million, or \$0.18 per diluted share, on an after-tax basis) and \$112 million (\$80 million, or \$0.14 per diluted share, on an after-tax basis), respectively.
- The company's results in 2018 included a net charge of \$175 million (\$139 million, or \$0.24 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a net charge of \$96 million related to restructuring activities, \$74 million of costs to implement business optimization programs which primarily included external consulting and project employee costs, and \$5 million of accelerated depreciation associated with facilities to be closed. The \$96 million of net restructuring charges included \$86 million of employee termination costs, \$6 million of contract termination and other costs and \$4 million of asset impairment charges primarily related to facility closures.  
The company's results in 2017 included a net charge of \$116 million (\$83 million, or \$0.15 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a net charge of \$50 million related to restructuring activities, \$58 million of costs to implement business optimization programs which primarily included external consulting and project employee costs, and \$8 million of accelerated depreciation associated with facilities to be closed. The \$50 million of net restructuring charges included \$40 million of employee termination costs, \$5 million of contract termination costs, and \$5 million of asset impairment charges primarily related to facility closures.
- The company's results in 2018 included acquisition and integration costs related to the company's acquisitions of Claris Injectables Limited and the RECO THROM and PREVELEAK products of \$30 million (\$24 million, or \$0.04 per diluted share, on an after-tax basis).  
The company's results in 2017 included acquisition and integration costs of \$20 million (\$15 million, or \$0.03 per diluted share, on an after-tax basis) related to the company's acquisition of Claris Injectables Limited.
- The company's results in 2018 included a charge of \$10 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis) related to certain product litigation.
- 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.  
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.
- The company's results in 2017 included costs incurred related to the Baxalta separation totaling \$17 million (\$12 million, or \$0.02 per diluted share, on an after-tax basis).
- 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.
- 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 Claris Injectables Limited.
- 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.
- The company's results in 2018 included a benefit of \$23 million (\$18 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 \$21 million (\$21 million, or \$0.04 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 include inventory and fixed asset impairments as well as idle facility costs.
- The company's results in 2018 included costs of \$3 million (\$3 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.
- Reflected in this item is the tax impact of the special items identified in this table as well as a benefit of \$208 million, or \$0.38 per diluted share, 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.

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.**  
**Sales by Operating Segment**  
**Periods Ending September 30, 2018 and 2017**  
**(unaudited)**  
**(\$ in millions)**

	<b>Q3 2018</b>	<b>Q3 2017</b>	<b>% Growth @ Actual Rates</b>	<b>% Growth @ Constant Rates</b>	<b>YTD 2018</b>	<b>YTD 2017</b>	<b>% Growth @ Actual Rates</b>	<b>% Growth @ Constant Rates</b>
Americas	\$1,497	\$1,458	3%	4%	\$4,464	\$4,264	5%	5%
EMEA	707	682	4%	4%	2,189	1,979	11%	3%
APAC	563	567	(1%)	0%	1,633	1,544	6%	3%
<b>Total Baxter</b>	<b>\$2,767</b>	<b>\$2,707</b>	<b>2%</b>	<b>3%</b>	<b>\$8,286</b>	<b>\$7,787</b>	<b>6%</b>	<b>4%</b>

**BAXTER INTERNATIONAL INC.**  
**Sales by GBU**  
**Periods Ending September 30, 2018 and 2017**  
**(unaudited)**  
**(\$ in millions)**

	Q3	Q3	% Growth @	% Growth @	YTD	YTD	% Growth @	% Growth @
	2018	2017	Actual Rates	Constant Rates	2018	2017	Actual Rates	Constant Rates
Renal Care <sup>1</sup>	\$910	\$896	2%	3%	\$2,709	\$2,539	7%	4%
Medication Delivery <sup>2</sup>	652	679	(4%)	(3%)	2,009	2,026	(1%)	(2%)
Pharmaceuticals <sup>3</sup>	519	498	4%	5%	1,552	1,375	13%	11%
Clinical Nutrition <sup>4</sup>	218	223	(2%)	(2%)	662	651	2%	(2%)
Advanced Surgery <sup>5</sup>	200	175	14%	15%	586	521	12%	10%
Acute Therapies <sup>6</sup>	122	112	9%	10%	380	330	15%	11%
Other <sup>7</sup>	146	124	18%	17%	388	345	12%	9%
<b>Total Baxter</b>	<b>\$2,767</b>	<b>\$2,707</b>	<b>2%</b>	<b>3%</b>	<b>\$8,286</b>	<b>\$7,787</b>	<b>6%</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 September 30, 2018 and 2017**  
**(unaudited)**  
**(\$ in millions)**

	Q3 2018			Q3 2017			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$209	\$701	\$910	\$192	\$704	\$896	9%	0%	2%
Medication Delivery	418	234	652	430	249	679	(3%)	(6%)	(4%)
Pharmaceuticals	240	279	519	223	275	498	8%	1%	4%
Clinical Nutrition	80	138	218	91	132	223	(12%)	5%	(2%)
Advanced Surgery	122	78	200	99	76	175	23%	3%	14%
Acute Therapies	41	81	122	36	76	112	14%	7%	9%
Other	84	62	146	77	47	124	9%	32%	18%
<b>Total Baxter</b>	<b>\$1,194</b>	<b>\$1,573</b>	<b>\$2,767</b>	<b>\$1,148</b>	<b>\$1,559</b>	<b>\$2,707</b>	<b>4%</b>	<b>1%</b>	<b>2%</b>

**BAXTER INTERNATIONAL INC.**  
**GBU Sales by U.S. and International**  
**Periods Ending September 30, 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	\$609	\$2,100	\$2,709	\$561	\$1,978	\$2,539	9%	6%	7%
Medication Delivery	1,280	729	2,009	1,290	736	2,026	(1%)	(1%)	(1%)
Pharmaceuticals	745	807	1,552	652	723	1,375	14%	12%	13%
Clinical Nutrition	243	419	662	275	376	651	(12%)	11%	2%
Advanced Surgery	339	247	586	297	224	521	14%	10%	12%
Acute Therapies	129	251	380	108	222	330	19%	13%	15%
Other	206	182	388	199	146	345	4%	25%	12%
<b>Total Baxter</b>	<b>\$3,551</b>	<b>\$4,735</b>	<b>\$8,286</b>	<b>\$3,382</b>	<b>\$4,405</b>	<b>\$7,787</b>	<b>5%</b>	<b>7%</b>	<b>6%</b>

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

	Nine Months Ended	
	September 30,	
	2018	2017
<b>Cash flows from operations - continuing operations</b>	<b>\$1,341</b>	<b>\$1,343</b>
Capital expenditures	(468)	(410)
<b>Free cash flow - continuing operations</b>	<b>\$873</b>	<b>\$933</b>

**BAXTER INTERNATIONAL INC.**  
**Reconciliation of Non-GAAP Financial Measure**  
**Change in Net Sales As Reported to Operational Sales**  
**From The Three Months Ended September 30, 2017 to The Three Months Ended September 30, 2018**  
**(unaudited)**

	Q3 2018 QTD*					Operational Sales
	Net sales As Reported	US Cyclophosphamide	Acquisitions	FX		
Renal Care	2%	0%	0%	1%	3%	
Medication Delivery	(4%)	0%	0%	1%	(3%)	
Pharmaceuticals	4%	2%	(2%)	1%	5%	
Clinical Nutrition	(2%)	0%	0%	0%	(2%)	
Advanced Surgery	14%	0%	(8%)	1%	7%	
Acute Therapies	9%	0%	0%	1%	10%	
Other	18%	0%	0%	(1%)	17%	
<b>Total Baxter</b>	<b>2%</b>	<b>0%</b>	<b>(1%)</b>	<b>1%</b>	<b>3%</b>	
U.S.	4%	1%	(2%)	0%	3%	
International	1%	0%	0%	1%	2%	

\*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 Nine Months Ended September 30, 2017 to The Nine Months Ended September 30, 2018**  
**(unaudited)**

	Q3 2018 YTD*					Operational Sales
	Net sales As Reported	US Cyclophosphamide	Acquisitions	FX		
Renal Care	7%	0%	0%	(3%)		4%
Medication Delivery	(1%)	0%	0%	(1%)		(2%)
Pharmaceuticals	13%	3%	(6%)	(2%)		7%
Clinical Nutrition	2%	0%	0%	(4%)		(2%)
Advanced Surgery	12%	0%	(6%)	(2%)		4%
Acute Therapies	15%	0%	0%	(4%)		11%
Other	12%	0%	0%	(3%)		9%
<b>Total Baxter</b>	<b>6%</b>	<b>0%</b>	<b>(1%)</b>	<b>(2%)</b>		<b>3%</b>
U.S.	5%	1%	(3%)	0%		3%
International	7%	0%	(1%)	(4%)		3%

\*Totals may not foot due to rounding

**BAXTER INTERNATIONAL INC.**  
**Reconciliation of Non-GAAP Financial Measures**  
**Projected 2018 Adjusted Earnings Per Share and Projected GAAP Earnings Per Share, and**  
**Projected 2018 Adjusted Sales Growth and Projected GAAP Sales Growth**  
**(unaudited)**

<b>2018 Earnings Per Share Guidance</b>	<b>Q4 2018</b>	<b>FY 2018</b>
<b>Earnings per Diluted Share - Adjusted</b>	<b>\$0.71 - \$0.73</b>	<b>\$2.98 - \$3.00</b>
Estimated intangible asset amortization	\$0.06	\$0.24
Estimated business optimization charges	\$0.04 - \$0.06	\$0.28 - \$0.30
Litigation costs	-	\$0.02
Acquisition and integration expenses	\$0.01	\$0.06
Claris settlement	-	(\$0.14)
U.S. tax reform	-	(\$0.38)
Hurricane Maria	-	(\$0.03)
European medical devices regulation	\$0.01	\$0.01
<b>Earnings per Diluted Share - GAAP</b>	<b>\$0.57 - \$0.61</b>	<b>\$2.90 - \$2.94</b>

<b>2018 Sales Growth Guidance</b>	<b>Q4 2018</b>	<b>FY 2018</b>
<b>Sales Growth - Operational</b>	<b>3% - 4%</b>	<b>3%</b>
U.S. cyclophosphamide	(1%) - 0%	(1%) - 0%
Acquisitions	0% - 1%	1%
Foreign exchange	(2%) - (3%)	1%
<b>Sales Growth - GAAP</b>	<b>1%</b>	<b>5%</b>