

**BAXTER INTERNATIONAL INC.**  
**Consolidated Statements of Income**  
**(unaudited)**  
**(in millions, except per share and percentage data)**

	Three Months Ended June 30,		
	2020	2019 (As Restated)	Change
<b>NET SALES</b>	\$ 2,718	\$ 2,834	(4)%
<b>COST OF SALES</b>	1,680	1,681	— %
<b>GROSS MARGIN</b>	1,038	1,153	(10)%
<i>% of Net Sales</i>	38.2 %	40.7 %	(2.5 pts)
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	590	641	(8)%
<i>% of Net Sales</i>	21.7 %	22.6 %	(0.9 pts)
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>	117	166	(30)%
<i>% of Net Sales</i>	4.3 %	5.9 %	(1.6 pts)
<b>OTHER OPERATING INCOME, NET</b>	—	(4)	NM
<b>OPERATING INCOME</b>	331	350	(5)%
<i>% of Net Sales</i>	12.2 %	12.4 %	(0.2 pts)
<b>INTEREST EXPENSE, NET</b>	36	20	80 %
<b>OTHER EXPENSE, NET</b>	6	4	50 %
<b>INCOME BEFORE INCOME TAXES</b>	289	326	(11)%
<b>INCOME TAX EXPENSE</b>	42	13	223 %
<i>% of Income Before Income Taxes</i>	14.5 %	4.0 %	10.5 pts
<b>NET INCOME</b>	247	313	(21)%
<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>	1	—	NM
<b>NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS</b>	\$ 246	\$ 313	(21)%
<b>EARNINGS PER SHARE</b>			
<b>Basic</b>	\$ 0.48	\$ 0.61	(21)%
<b>Diluted</b>	\$ 0.48	\$ 0.60	(20)%
<b>WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING</b>			
<b>Basic</b>	509	510	
<b>Diluted</b>	517	519	
<b>ADJUSTED OPERATING INCOME (excluding special items)<sup>1</sup></b>	\$ 436	\$ 507	(14)%
<b>ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)<sup>1</sup></b>	\$ 394	\$ 483	(18)%
<b>ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)<sup>1</sup></b>	\$ 329	\$ 436	(25)%
<b>ADJUSTED DILUTED EPS (excluding special items)<sup>1</sup></b>	\$ 0.64	\$ 0.84	(24)%

<sup>1</sup> Refer to page 9 for a description of the adjustments and a reconciliation to U.S. GAAP measures.

NM - Not Meaningful

**BAXTER INTERNATIONAL INC.**  
**Description of Adjustments and Reconciliation of U.S. GAAP to Non-GAAP Measures**  
**(unaudited, in millions)**

The company's U.S. GAAP results for the three months ended June 30, 2020 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Other Operating Income, Net	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share
<b>Reported</b>	<b>\$ 1,038</b>	<b>\$ 590</b>	<b>\$ 117</b>	<b>\$ —</b>	<b>\$ 331</b>	<b>\$ 289</b>	<b>\$ 42</b>	<b>\$ 247</b>	<b>\$ 246</b>	<b>\$ 0.48</b>
Reported percent of net sales (or percent of income before income taxes for income tax expense)	38.2 %	21.7 %	4.3 %	— %	12.2 %	10.6 %	14.5 %	9.1 %	9.1 %	
Intangible asset amortization <sup>1</sup>	56	—	—	—	56	56	12	44	44	0.09
Business optimization items <sup>2</sup>	8	(7)	2	—	13	13	2	11	11	0.02
Acquisition and integration expenses <sup>3</sup>	4	(4)	(1)	—	9	9	2	7	7	0.01
European medical devices regulation <sup>4</sup>	8	—	—	—	8	8	2	6	6	0.01
Investigation and related costs <sup>5</sup>	—	(2)	—	—	2	2	—	2	2	0.00
Intangible asset impairment <sup>6</sup>	17	—	—	—	17	17	4	13	13	0.03
<b>Adjusted</b>	<b>\$ 1,131</b>	<b>\$ 577</b>	<b>\$ 118</b>	<b>\$ —</b>	<b>\$ 436</b>	<b>\$ 394</b>	<b>\$ 64</b>	<b>\$ 330</b>	<b>\$ 329</b>	<b>\$ 0.64</b>
Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense)	41.6 %	21.2 %	4.3 %	— %	16.0 %	14.5 %	16.2 %	12.1 %	12.1 %	

The company's U.S. GAAP results for the three months ended June 30, 2019 included special items which impacted the U.S. GAAP measures as follows:

	As Restated									
	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Other Operating Income, Net	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share
<b>Reported</b>	<b>\$1,153</b>	<b>\$ 641</b>	<b>\$ 166</b>	<b>\$ (4)</b>	<b>\$ 350</b>	<b>\$ 326</b>	<b>\$ 13</b>	<b>\$ 313</b>	<b>\$ 313</b>	<b>\$ 0.60</b>
Reported percent of net sales (or percent of income before income taxes for income tax expense)	40.7 %	22.6 %	5.9 %	(0.1)%	12.4 %	11.5 %	4.0 %	11.0 %	11.0 %	
Intangible asset amortization <sup>1</sup>	45	—	—	—	45	45	9	36	36	0.07
Business optimization items <sup>2</sup>	10	(32)	(23)	—	65	65	13	52	52	0.10
Acquisition and integration expenses <sup>3</sup>	12	—	(2)	4	10	10	3	7	7	0.01
European medical devices regulation <sup>4</sup>	6	—	—	—	6	6	2	4	4	0.01
Intangible asset impairment <sup>6</sup>	31	—	—	—	31	31	7	24	24	0.05
<b>Adjusted</b>	<b>\$1,257</b>	<b>\$ 609</b>	<b>\$ 141</b>	<b>\$ —</b>	<b>\$ 507</b>	<b>\$ 483</b>	<b>\$ 47</b>	<b>\$ 436</b>	<b>\$ 436</b>	<b>\$ 0.84</b>
Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense)	44.4 %	21.5 %	5.0 %	— %	17.9 %	17.0 %	9.7 %	15.4 %	15.4 %	

<sup>1</sup> The company's results in 2020 and 2019 included intangible asset amortization expense of \$56 million (\$44 million, or \$0.09 per diluted share, on an after-tax basis) and \$45 million (\$36 million, or \$0.07 per diluted share, on an after-tax basis), respectively.

<sup>2</sup> The company's results in 2020 and 2019 included charges of \$13 million (\$11 million, or \$0.02 per diluted share, on an after-tax basis) and \$65 million (\$52 million, or \$0.10 per diluted share, on an after-tax basis), respectively, associated with its programs to optimize its organization and cost structure on a global basis.

<sup>3</sup> The company's results in 2020 included \$9 million (\$7 million, or \$0.01 per diluted share, on an after-tax basis) of acquisition and integration expenses. This included acquisition and integration expenses related to the company's acquisitions of Cheetah Medical and **Seprafilm** and the purchase of an in-process R&D asset. The company's results in 2019 included \$10 million (\$7 million, or \$0.01 per diluted share, on an after-tax basis) of acquisition and integration expenses. This included acquisition and integration expenses related to the company's acquisitions of Claris and the RECOTHROM and PREVELEAK products in prior periods and the purchase of in-process R&D assets, partially offset by the change in the estimated fair value of contingent consideration liabilities.

<sup>4</sup> The company's results in 2020 and 2019 included costs of \$8 million (\$6 million, or \$0.01 per diluted share, on an after-tax basis) and \$6 million (\$4 million, or \$0.01 per diluted share, on an after-tax basis) related to updating its quality systems and product labeling to comply with the new medical device reporting regulation and other requirements of the European Union's regulations for medical devices that are scheduled to become effective in 2021.

<sup>5</sup> The company's results in 2020 included costs of \$2 million (\$2 million, or \$0.00 per diluted share, on an after-tax basis) for investigation and related costs. This included costs related to the company's investigation of foreign exchange gains and losses associated with certain intra-company transactions and related legal matters.

<sup>6</sup> The company's results in 2020 and 2019 included charges of \$17 million (\$13 million, or \$0.03 per diluted share, on an after-tax basis) and \$31 million (\$24 million, or \$0.05 per diluted share, on an after-tax basis) for asset impairments related to developed-technology intangible assets.

For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

**BAXTER INTERNATIONAL INC.**  
**Consolidated Statements of Income**  
**(unaudited)**  
**(in millions, except per share and percentage data)**

	Six Months Ended June 30,		Change
	2020	2019 (As Restated)	
<b>NET SALES</b>	\$ 5,520	\$ 5,472	1 %
<b>COST OF SALES</b>	3,319	3,239	2 %
<b>GROSS MARGIN</b>	2,201	2,233	(1)%
<i>% of Net Sales</i>	39.9 %	40.8 %	(0.9 pts)
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	1,218	1,242	(2)%
<i>% of Net Sales</i>	22.1 %	22.7 %	(0.6 pts)
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>	263	295	(11)%
<i>% of Net Sales</i>	4.8 %	5.4 %	(0.6 pts)
<b>OTHER OPERATING INCOME, NET</b>	(20)	(37)	(46)%
<b>OPERATING INCOME</b>	740	733	1 %
<i>% of Net Sales</i>	13.4 %	13.4 %	0.0 pts
<b>INTEREST EXPENSE, NET</b>	57	38	50 %
<b>OTHER (INCOME) EXPENSE, NET</b>	16	(17)	NM
<b>INCOME BEFORE INCOME TAXES</b>	667	712	(6)%
<b>INCOME TAX EXPENSE</b>	87	57	53 %
<i>% of Income Before Income Taxes</i>	13.0 %	8.0 %	5.0 pts
<b>NET INCOME</b>	580	655	(11)%
<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>	2	—	NM
<b>NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS</b>	\$ 578	\$ 655	(12)%
<b>EARNINGS PER SHARE</b>			
<b>Basic</b>	\$ 1.14	\$ 1.28	(11)%
<b>Diluted</b>	\$ 1.12	\$ 1.26	(11)%
<b>WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING</b>			
<b>Basic</b>	508	511	
<b>Diluted</b>	517	520	
<b>ADJUSTED OPERATING INCOME (excluding special items)<sup>1</sup></b>	\$ 964	\$ 956	1 %
<b>ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)<sup>1</sup></b>	\$ 891	\$ 935	(5)%
<b>ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)<sup>1</sup></b>	\$ 754	\$ 830	(9)%
<b>ADJUSTED DILUTED EPS (excluding special items)<sup>1</sup></b>	\$ 1.46	\$ 1.60	(9)%

<sup>1</sup> Refer to page 11 for a description of the adjustments and a reconciliation to U.S. GAAP measures.

NM - Not Meaningful

**BAXTER INTERNATIONAL INC.**  
**Description of Adjustments and Reconciliation of U.S. GAAP to Non-GAAP Measures**  
**(unaudited, in millions)**

The company's U.S. GAAP results for the six months ended June 30, 2020 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Other Operating Income, Net	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share
<b>Reported</b>	<b>\$ 2,201</b>	<b>\$ 1,218</b>	<b>\$ 263</b>	<b>\$ (20)</b>	<b>\$ 740</b>	<b>\$ 667</b>	<b>\$ 87</b>	<b>\$ 580</b>	<b>\$ 578</b>	<b>\$ 1.12</b>
Reported percent of net sales (or percent of income before income taxes for income tax expense)	39.9 %	22.1 %	4.8 %	(0.4)%	13.4 %	12.1 %	13.0 %	10.5 %	10.5 %	
Intangible asset amortization <sup>1</sup>	108	—	—	—	108	108	23	85	85	0.16
Business optimization items <sup>2</sup>	18	(28)	1	17	28	28	5	23	23	0.04
Acquisition and integration expenses <sup>3</sup>	11	(7)	(22)	3	37	37	8	29	29	0.06
European medical devices regulation <sup>4</sup>	14	—	—	—	14	14	4	10	10	0.02
Investigation and related costs <sup>5</sup>	3	(16)	(1)	—	20	20	4	16	16	0.03
Intangible asset impairment <sup>6</sup>	17	—	—	—	17	17	4	13	13	0.03
<b>Adjusted</b>	<b>\$ 2,372</b>	<b>\$ 1,167</b>	<b>\$ 241</b>	<b>\$ —</b>	<b>\$ 964</b>	<b>\$ 891</b>	<b>\$ 135</b>	<b>\$ 756</b>	<b>\$ 754</b>	<b>\$ 1.46</b>
Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense)	43.0 %	21.1 %	4.4 %	— %	17.5 %	16.1 %	15.2 %	13.7 %	13.7 %	

The company's U.S. GAAP results for the six months ended June 30, 2019 included special items which impacted the U.S. GAAP measures as follows:

	As Restated									
	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Other Operating Income, Net	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share
<b>Reported</b>	<b>\$ 2,233</b>	<b>\$ 1,242</b>	<b>\$ 295</b>	<b>\$ (37)</b>	<b>\$ 733</b>	<b>\$ 712</b>	<b>\$ 57</b>	<b>\$ 655</b>	<b>\$ 655</b>	<b>\$ 1.26</b>
Reported percent of net sales (or percent of income before income taxes for income tax expense)	40.8 %	22.7 %	5.4 %	(0.7)%	13.4 %	13.0 %	8.0 %	12.0 %	12.0 %	
Intangible asset amortization <sup>1</sup>	88	—	—	—	88	88	19	69	69	0.13
Business optimization items <sup>2</sup>	29	(40)	(34)	—	103	103	21	82	82	0.16
Acquisition and integration expenses <sup>3</sup>	17	(5)	(6)	4	24	24	6	18	18	0.04
European medical devices regulation <sup>4</sup>	10	—	—	—	10	10	3	7	7	0.01
Intangible asset impairment <sup>6</sup>	31	—	—	—	31	31	7	24	24	0.05
Insurance recoveries from a legacy product-related matter <sup>7</sup>	—	—	—	33	(33)	(33)	(8)	(25)	(25)	(0.05)
<b>Adjusted</b>	<b>\$ 2,408</b>	<b>\$ 1,197</b>	<b>\$ 255</b>	<b>\$ —</b>	<b>\$ 956</b>	<b>\$ 935</b>	<b>\$ 105</b>	<b>\$ 830</b>	<b>\$ 830</b>	<b>\$ 1.60</b>
Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense)	44.0 %	21.9 %	4.7 %	— %	17.5 %	17.1 %	11.2 %	15.2 %	15.2 %	

<sup>1.</sup> The company's results in 2020 and 2019 included intangible asset amortization expense of \$108 million (\$85 million, or \$0.16 per diluted share, on an after-tax basis) and \$88 million (\$69 million, or \$0.13 per diluted share, on an after-tax basis), respectively.

<sup>2.</sup> The company's results in 2020 and 2019 included charges of \$45 million (\$40 million, or \$0.07 per diluted share, on an after-tax basis) and \$103 million (\$82 million, or \$0.16 per diluted share, on an after-tax basis), respectively, associated with its programs to optimize its organization and cost structure on a global basis. Additionally, we recorded a gain of \$17 million (\$17 million, or \$0.03 per diluted share, on an after-tax basis) in 2020 for property we sold in conjunction with our business optimization initiatives.

<sup>3.</sup> The company's results in 2020 included \$37 million (\$29 million, or \$0.06 per diluted share, on an after-tax basis) of acquisition and integration expenses. This included acquisition and integration expenses related to the company's acquisitions of Cheetah Medical and **Seprafilm** and the purchase of in-process R&D assets, partially offset by the change in the estimated fair value of contingent consideration liabilities. The company's results in 2019 included \$24 million (\$18 million, or \$0.04 per diluted share, on an after-tax basis) of acquisition and integration expenses. This included acquisition and integration expenses related to the company's acquisitions of Claris and the RECOTHROM and PREVELEAK products in prior periods and the purchase of in-process R&D assets, partially offset by the change in the estimated fair value of contingent consideration liabilities.

<sup>4.</sup> The company's results in 2020 and 2019 included costs of \$14 million (\$10 million, or \$0.02 per diluted share, on an after-tax basis) and \$10 million (\$7 million, or \$0.01 per diluted share, on an after-tax basis) related to updating its quality systems and product labeling to comply with the new medical device reporting regulation and other requirements of the European Union's regulations for medical devices that are scheduled to become effective in 2021.

<sup>5.</sup> The company's results in 2020 included costs of \$20 million (\$16 million, or \$0.03 per diluted share, on an after-tax basis) for investigation and related costs. This included costs related to the company's investigation of foreign exchange gains and losses associated with certain intra-company transactions and related legal matters.

Additionally, the company recorded incremental stock compensation expense as it extended the terms of certain stock options that were scheduled to expire in the first quarter of 2020.

6. The company's results in 2020 and 2019 included charges of \$17 million (\$13 million, or \$0.03 per diluted share, on an after-tax basis) and \$31 million (\$24 million, or \$0.05 per diluted share, on an after-tax basis) for asset impairments related to developed-technology intangible assets.
7. The company's results in 2019 included a benefit of \$33 million (\$25 million, or \$0.05 per diluted share, on an after-tax basis) related to its allocation of insurance proceeds received pursuant to a settlement and cost-sharing agreement for a legacy product-related matter.

For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

**BAXTER INTERNATIONAL INC.**  
**Sales by Operating Segment**  
**(unaudited)**  
**(\$ in millions)**

	<u>Three Months Ended June 30,</u>				<u>Six Months Ended June 30,</u>			
	<u>2020</u>	<u>2019 (As Restated)</u>	<u>% Growth @ Actual Rates</u>	<u>% Growth @ Constant Rates</u>	<u>2020</u>	<u>2019 (As Restated)</u>	<u>% Growth @ Actual Rates</u>	<u>% Growth @ Constant Rates</u>
Americas	\$ 1,407	\$ 1,519	(7)%	(5)%	\$ 2,906	\$ 2,928	(1)%	1 %
EMEA	731	742	(1)%	1 %	1,485	1,449	2 %	5 %
APAC	580	573	1 %	5 %	1,129	1,095	3 %	7 %
<b>Total Baxter</b>	<b>\$ 2,718</b>	<b>\$ 2,834</b>	<b>(4)%</b>	<b>(1)%</b>	<b>\$ 5,520</b>	<b>\$ 5,472</b>	<b>1 %</b>	<b>3 %</b>

Constant currency growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

**BAXTER INTERNATIONAL INC.**  
**Sales by GBU**  
**(unaudited)**  
**(\$ in millions)**

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020	2019 (As Restated)	% Growth @ Actual Rates	% Growth @ Constant Rates	2020	2019 (As Restated)	% Growth @ Actual Rates	% Growth @ Constant Rates
Renal Care <sup>1</sup>	\$ 919	\$ 907	1 %	5 %	\$ 1,789	\$ 1,761	2 %	5 %
Medication Delivery <sup>2</sup>	612	689	(11) %	(9) %	1,302	1,323	(2) %	0 %
Pharmaceuticals <sup>3</sup>	485	538	(10) %	(7) %	1,012	1,048	(3) %	(1) %
Clinical Nutrition <sup>4</sup>	219	215	2 %	5 %	439	420	5 %	7 %
Advanced Surgery <sup>5</sup>	168	231	(27) %	(27) %	392	430	(9) %	(8) %
Acute Therapies <sup>6</sup>	186	132	41 %	45 %	342	261	31 %	34 %
Other <sup>7</sup>	129	122	6 %	7 %	244	229	7 %	8 %
<b>Total Baxter</b>	<b>\$ 2,718</b>	<b>\$ 2,834</b>	<b>(4) %</b>	<b>(1) %</b>	<b>\$ 5,520</b>	<b>\$ 5,472</b>	<b>1 %</b>	<b>3 %</b>

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

<sup>2</sup> Includes sales of the company's intravenous (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 and related products.

<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 intensive care unit (ICU).

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

Constant currency growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

**BAXTER INTERNATIONAL INC.**  
**GBU Sales by U.S. and International**  
**(unaudited)**  
**(\$ in millions)**

	Three Months Ended June 30,								
	2020			2019 (As Restated)			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$ 209	\$ 710	\$ 919	\$ 196	\$ 711	\$ 907	7 %	(0) %	1 %
Medication Delivery	401	211	612	441	248	689	(9) %	(15) %	(11) %
Pharmaceuticals	212	273	485	235	303	538	(10) %	(10) %	(10) %
Clinical Nutrition	78	141	219	79	136	215	(1) %	4 %	2 %
Advanced Surgery	94	74	168	143	88	231	(34) %	(16) %	(27) %
Acute Therapies	72	114	186	44	88	132	64 %	30 %	41 %
Other	61	68	129	55	67	122	11 %	1 %	6 %
<b>Total Baxter</b>	<b>\$ 1,127</b>	<b>\$ 1,591</b>	<b>\$ 2,718</b>	<b>\$ 1,193</b>	<b>\$ 1,641</b>	<b>\$ 2,834</b>	<b>(6) %</b>	<b>(3) %</b>	<b>(4) %</b>

**BAXTER INTERNATIONAL INC.**  
**GBU Sales by U.S. and International**  
**(unaudited)**  
**(\$ in millions)**

	Six Months Ended June 30,								
	2020			2019 (As Restated)			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$ 413	\$ 1,376	\$ 1,789	\$ 388	\$ 1,373	\$ 1,761	6 %	0 %	2 %
Medication Delivery	862	440	1,302	847	476	1,323	2 %	(8) %	(2) %
Pharmaceuticals	443	569	1,012	467	581	1,048	(5) %	(2) %	(3) %
Clinical Nutrition	160	279	439	156	264	420	3 %	6 %	5 %
Advanced Surgery	231	161	392	263	167	430	(12) %	(4) %	(9) %
Acute Therapies	132	210	342	92	169	261	43 %	24 %	31 %
Other	103	141	244	100	129	229	3 %	9 %	7 %
<b>Total Baxter</b>	<b>\$ 2,344</b>	<b>\$ 3,176</b>	<b>\$ 5,520</b>	<b>\$ 2,313</b>	<b>\$ 3,159</b>	<b>\$ 5,472</b>	<b>1 %</b>	<b>1 %</b>	<b>1 %</b>

**BAXTER INTERNATIONAL INC.**  
**Reconciliation of Non-GAAP Financial Measure**  
**Operating Cash Flow to Free Cash Flow**  
**(unaudited)**  
**(\$ in millions)**

	Six Months Ended June 30,	
	2020	2019 (As Restated)
<b>Cash flows from operations - continuing operations</b>	<b>\$ 648</b>	<b>\$ 580</b>
Capital expenditures	(316)	(338)
<b>Free cash flow - continuing operations</b>	<b>\$ 332</b>	<b>\$ 242</b>

Free cash flow is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

**BAXTER INTERNATIONAL INC.**  
**Reconciliation of Non-GAAP Financial Measure**  
**Change in Net Sales Growth As Reported to Operational Sales Growth**  
**From The Three Months Ended June 30, 2019 to The Three Months Ended June 30, 2020**  
**(unaudited)**

	<b>Net Sales Growth As Reported</b>	<b>Seprafilm</b>	<b>FX</b>	<b>Operational Sales Growth*</b>
Renal Care	1 %	0 %	4 %	5 %
Medication Delivery	(11)%	0 %	2 %	(9)%
Pharmaceuticals	(10)%	0 %	3 %	(7)%
Clinical Nutrition	2 %	0 %	3 %	5 %
Advanced Surgery	(27)%	(10)%	0 %	(37)%
Acute Therapies	41 %	0 %	4 %	45 %
Other	6 %	0 %	1 %	7 %
<b>Total Baxter</b>	<b>(4)%</b>	<b>(1)%</b>	<b>3 %</b>	<b>(2)%</b>
U.S.	(6)%	(1)%	0 %	(7)%
International	(3)%	(1)%	4 %	1 %

\*Totals may not add across due to rounding

Operational sales growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

**BAXTER INTERNATIONAL INC.**  
**Reconciliation of Non-GAAP Financial Measure**  
**Change in Net Sales Growth As Reported to Operational Sales Growth**  
**From The Six Months Ended June 30, 2019 to The Six Months Ended June 30, 2020**  
**(unaudited)**

	Net Sales Growth As Reported	Septrafilm	FX	Operational Sales Growth*
Renal Care	2 %	0 %	3 %	5 %
Medication Delivery	(2)%	0 %	2 %	0 %
Pharmaceuticals	(3)%	0 %	2 %	(1)%
Clinical Nutrition	5 %	0 %	2 %	7 %
Advanced Surgery	(9)%	(8)%	1 %	(16)%
Acute Therapies	31 %	0 %	3 %	34 %
Other	7 %	0 %	1 %	8 %
<b>Total Baxter</b>	<b>1 %</b>	<b>(1)%</b>	<b>2 %</b>	<b>3 %</b>
U.S.	1 %	(1)%	0 %	0 %
International	1 %	0 %	4 %	4 %

\*Totals may not add across due to rounding

Operational sales growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

**BAXTER INTERNATIONAL INC.**  
**Reconciliation of Non-GAAP Financial Measures**  
**Projected Full Year 2020 U.S. GAAP Sales Growth to Projected Operational Sales Growth, and**  
**Projected Full Year 2020 U.S. GAAP Earnings Per Share to Projected Adjusted Earnings Per Share**  
**(unaudited)**

<b>Sales Growth Guidance</b>	<b>FY 2020*</b>
<b>Sales Growth - U.S. GAAP</b>	<b>(1)% - 1%</b>
Seprafilm	(1)% - 0%
Foreign exchange	1% - 2%
<b>Sales Growth - Operational</b>	<b>0% - 3%</b>

\*Totals may not foot due to rounding

<b>Earnings Per Share Guidance</b>	<b>FY 2020*</b>
<b>Earnings per Diluted Share - U.S. GAAP</b>	<b>\$2.40 - \$2.50</b>
Estimated intangible asset amortization	\$0.34
Estimated business optimization charges	\$0.08
Estimated acquisition and integration expenses	\$0.07
Estimated investigation and related costs	\$0.04
Estimated European medical devices regulation	\$0.05
Intangible asset impairment	\$0.03
<b>Earnings per Diluted Share - Adjusted</b>	<b>\$3.00 - 3.10</b>

\*Totals may not foot due to rounding

The company's outlook for U.S. GAAP earnings per share only includes the impact of special items that are known or expected as of the date of this release. Accordingly, actual U.S. GAAP earnings per share for the full year of 2020 may differ significantly from those amounts. For example, the company's outlook does not reflect the potential impact of future business or asset acquisitions or dispositions, intangible asset impairments, restructuring actions, developments related to gain or loss contingencies, or unusual or infrequently occurring items that may occur in 2020.