

BAXTER INTERNATIONAL INC.
Consolidated Statements of Income
Twelve Months Ended December 31, 2014 and 2013
(unaudited)
(in millions, except per share and percentage data)

	Twelve Months Ended December 31,		Change
	2014	2013	
NET SALES	\$16,671	\$14,967	11%
COST OF SALES	8,514	7,495	14%
GROSS MARGIN	8,157	7,472	9%
<i>% of Net Sales</i>	<i>48.9%</i>	<i>49.9%</i>	<i>(1 pts)</i>
MARKETING AND ADMINISTRATIVE EXPENSES	4,029	3,642	11%
<i>% of Net Sales</i>	<i>24.2%</i>	<i>24.3%</i>	<i>(0.1 pts)</i>
RESEARCH AND DEVELOPMENT EXPENSES	1,421	1,165	22%
<i>% of Net Sales</i>	<i>8.5%</i>	<i>7.8%</i>	<i>0.7 pts</i>
NET INTEREST EXPENSE	145	128	13%
OTHER EXPENSE (INCOME), NET	123	(9)	N/M
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	2,439	2,546	(4%)
INCOME TAX EXPENSE	493	534	(8%)
<i>% of Income from Continuing Operations before Income Taxes</i>	<i>20.2%</i>	<i>21.0%</i>	<i>(0.8 pts)</i>
INCOME FROM CONTINUING OPERATIONS	1,946	2,012	(3%)
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX ^A	551	0	N/M
NET INCOME	\$2,497	\$2,012	24%
INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$3.59	\$3.70	(3%)
Diluted	\$3.56	\$3.66	(3%)
INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	\$1.02	\$0.00	N/M
Diluted	\$1.00	\$0.00	N/M
NET INCOME PER COMMON SHARE			
Basic	\$4.61	\$3.70	25%
Diluted	\$4.56	\$3.66	25%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	542	543	
Diluted	547	549	
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$3,427 ^B	\$3,319 ^B	3%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$2,683 ^B	\$2,577 ^B	4%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$4.90 ^B	\$4.69 ^B	4%

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

^B Refer to page 11 for a description of the adjustments and a reconciliation to GAAP measures.