

**BAXTER INTERNATIONAL INC.**  
**Consolidated Statements of Income**  
**Three Months Ended December 31, 2019 and 2018 (As Restated)**  
**(unaudited)**  
**(in millions, except per share and percentage data)**

	Three Months Ended December 31,		Change
	2019	2018	
NET SALES	\$3,039	\$2,833	7%
COST OF SALES	1,741	1,650	6%
<b>GROSS MARGIN</b>	<b>1,298</b>	<b>1,183</b>	<b>10%</b>
<i>% of Net Sales</i>	<b>42.7%</b>	41.8%	0.9 pts
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	666	627	6%
<i>% of Net Sales</i>	<b>21.9%</b>	22.1%	(0.2 pts)
RESEARCH AND DEVELOPMENT EXPENSES	156	175	(11%)
<i>% of Net Sales</i>	<b>5.1%</b>	6.2%	(1.1 pts)
OTHER OPERATING INCOME, NET	(60)	(10)	NM
<b>OPERATING INCOME</b>	<b>536</b>	<b>391</b>	<b>37%</b>
<i>% of Net Sales</i>	<b>17.6%</b>	13.8%	3.8 pts
INTEREST EXPENSE, NET	20	11	82%
OTHER EXPENSE (INCOME), NET	739	(33)	NM
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(223)	413	(154%)
INCOME TAX (BENEFIT) EXPENSE	(204)	102	(300%)
<i>% of Income Before Income Taxes</i>	<b>91.5%</b>	24.7%	66.8 pts
(LOSS) INCOME FROM CONTINUING OPERATIONS	(19)	311	(106%)
LOSS FROM DISCONTINUED OPERATIONS	-	(6)	NM
NET (LOSS) INCOME	(19)	305	(106%)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	4	-	NM
<b>NET (LOSS) INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS</b>	<b>(\$23)</b>	<b>\$305</b>	<b>(108%)</b>
(LOSS) EARNINGS PER SHARE FROM CONTINUING OPERATIONS			
Basic	(\$0.05)	\$0.59	(108%)
Diluted	(\$0.05)	\$0.58	(109%)
LOSS PER SHARE FROM DISCONTINUED OPERATIONS			
Basic	\$0.00	(\$0.01)	(100%)
Diluted	\$0.00	(\$0.01)	(100%)
(LOSS) EARNINGS PER SHARE			
Basic	(\$0.05)	\$0.58	(109%)
Diluted	(\$0.05)	\$0.57	(109%)
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic	506	528	
Diluted	506	538	
ADJUSTED OPERATING INCOME (excluding special items)	\$609 <sup>A</sup>	\$489 <sup>A</sup>	25%
ADJUSTED INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (excluding special items)	\$605 <sup>A</sup>	\$487 <sup>A</sup>	24%
ADJUSTED INCOME FROM CONTINUING OPERATIONS ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)	\$501 <sup>A</sup>	\$384 <sup>A</sup>	30%
ADJUSTED DILUTED EPS (excluding special items)	\$0.97 <sup>A</sup>	\$0.71 <sup>A</sup>	37%
ADJUSTED WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING FOR ADJUSTED DILUTED EPS	515	538	

<sup>A</sup> Refer to page 13 for a description of the adjustments and a reconciliation to the applicable 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 December 31, 2019 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	Other (Income) Expense, Net	Income Before Taxes	Income Tax Expense	Income From Continuing Operations	Income From Continuing Operations Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations
<b>Reported</b>	<b>\$ 1,298</b>	<b>\$ 666</b>	<b>\$ 156</b>	<b>\$ (60)</b>	<b>\$ 596</b>	<b>\$ 739</b>	<b>\$ (223)</b>	<b>\$ (204)</b>	<b>\$ (19)</b>	<b>\$ (23)</b>	<b>\$ (0.05)</b>
Reported percent of net sales (or percent of income before taxes for income tax expense)	42.7%	21.9%	5.1%	(2.0%)	17.6%	24.3%	(7.3%)	91.5%	(0.6%)	(0.8%)	
Intangible asset amortization <sup>1</sup>	47	-	-	-	47	-	47	8	39	39	0.09
Business optimization items <sup>2</sup>	30	(20)	(3)	-	53	-	53	8	45	45	0.09
Acquisition and integration expenses <sup>3</sup>	5	(12)	-	-	17	-	17	3	14	14	0.03
European medical devices regulation <sup>4</sup>	8	-	-	-	8	-	8	2	6	6	0.01
Hurricane Maria insurance recoveries <sup>5</sup>	-	-	-	60	(60)	-	(60)	(15)	(45)	(45)	(0.09)
Investigation costs <sup>6</sup>	-	(8)	-	-	8	-	8	2	6	6	0.01
U.S. pension settlement <sup>7</sup>	-	-	-	-	-	(755)	755	187	568	568	1.10
Swiss and India tax reform <sup>8</sup>	-	-	-	-	-	-	-	109	(109)	(109)	(0.22)
<b>Adjusted</b>	<b>\$ 1,388</b>	<b>\$ 626</b>	<b>\$ 153</b>	<b>\$ -</b>	<b>\$ 609</b>	<b>\$ (16)</b>	<b>\$ 605</b>	<b>\$ 100</b>	<b>\$ 505</b>	<b>\$ 501</b>	<b>\$ 0.97</b>
Adjusted percent of net sales (or adjusted percent of income before taxes for income tax expense)	45.7%	20.6%	5.0%	0.0%	20.0%	(0.5%)	19.9%	16.5%	16.6%	16.5%	
Weighted-average diluted shares as reported	506										
Effect of dilutive securities that were anti-dilutive to diluted EPS as reported	9										
Weighted-average diluted shares as adjusted	515										

The company's U.S. GAAP results for the three months ended December 31, 2018 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	Other (Income) Expense, Net	Income Before Taxes	Income Tax Expense	Income From Continuing Operations	Income From Continuing Operations Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations
<b>Reported</b>	<b>\$ 1,183</b>	<b>\$ 627</b>	<b>\$ 175</b>	<b>\$ (10)</b>	<b>\$ 391</b>	<b>\$ (33)</b>	<b>\$ 413</b>	<b>\$ 102</b>	<b>\$ 311</b>	<b>\$ 311</b>	<b>\$ 0.58</b>
Reported percent of net sales (or percent of income before taxes for income tax expense)	41.6%	22.1%	6.2%	(0.4%)	13.8%	(1.2%)	14.6%	24.7%	11.0%	11.0%	
Intangible asset amortization <sup>1</sup>	42	-	-	-	42	-	42	7	35	35	0.06
Business optimization items <sup>2</sup>	19	(23)	(3)	-	45	-	45	7	38	38	0.06
Acquisition and integration expenses <sup>3</sup>	11	(9)	(7)	-	27	24	3	4	(1)	(1)	0.00
European medical devices regulation <sup>4</sup>	6	-	-	-	6	-	6	2	4	4	0.01
Product-related items <sup>5</sup>	(3)	-	-	-	(3)	-	(3)	(1)	(2)	(2)	0.00
Hurricane Maria insurance recoveries <sup>6</sup>	(9)	-	-	10	(19)	-	(19)	(6)	(13)	(13)	(0.02)
U.S. tax reform <sup>7</sup>	-	-	-	-	-	-	-	(12)	12	12	0.02
<b>Adjusted</b>	<b>\$ 1,249</b>	<b>\$ 595</b>	<b>\$ 165</b>	<b>\$ -</b>	<b>\$ 489</b>	<b>\$ (9)</b>	<b>\$ 487</b>	<b>\$ 103</b>	<b>\$ 384</b>	<b>\$ 384</b>	<b>\$ 0.71</b>
Adjusted percent of net sales (or adjusted percent of income before taxes for income tax expense)	44.1%	21.0%	5.6%	0.0%	17.3%	(0.3%)	17.2%	21.1%	13.6%	13.6%	

<sup>1</sup> The company's results in 2019 and 2018 included intangible asset amortization expense of \$47 million (\$39 million, or \$0.09 per diluted share, on an after-tax basis) and \$42 million (\$35 million, or \$0.06 per diluted share, on an after-tax basis), respectively.

<sup>2</sup> The company's results in 2019 and 2018 included charges of \$53 million (\$45 million, or \$0.09 per diluted share, on an after-tax basis) and \$45 million (\$38 million, or \$0.06 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 2019 included \$17 million (\$14 million, or \$0.03 per diluted share, on an after-tax basis) of acquisition and integration expenses. This included integration expenses related to its acquisitions of Claris and the RECOTHROM and PREVELEAK products in prior periods. The company's results in 2018 included acquisition and integration costs related to the company's acquisitions of Claris and the RECOTHROM and PREVELEAK products of \$20 million (\$17 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.

<sup>4</sup> The company's results in 2019 and 2018 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 will become effective in 2020.

<sup>5</sup> The company's results in 2019 and 2018 included benefits of \$60 million (\$45 million, or \$0.09 per diluted share, on an after-tax basis) and \$19 million (\$13 million, or \$0.02 per diluted share, on an after-tax basis) related to insurance recoveries as a result of losses incurred due to Hurricane Maria.

<sup>6</sup> The company's results in 2019 included costs of \$8 million (\$6 million, or \$0.01 per diluted share, on an after-tax basis) related to its internal investigation of certain intra-company transactions that impacted its previously reported foreign exchange gains and losses.

<sup>7</sup> The company's results in 2019 included a charge of \$755 million (\$568 million, or \$1.10 per diluted share, on an after-tax basis) related to the annuitization of a portion of the company's U.S. pension plan.

<sup>8</sup> The company's results in 2019 included a benefit of \$109 million, or \$0.22 per diluted share, related to income tax reform in Switzerland and India.

<sup>9</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>10</sup> The company's results in 2018 included updates to the estimated impact of U.S. federal tax reform previously made by the company of \$12 million, or \$0.02 per diluted share.

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**  
**Years Ended December 31, 2019 and 2018 (As Restated)**  
**(unaudited)**  
**(in millions, except per share and percentage data)**

	<u>Years Ended December 31,</u>		<u>Change</u>
	<u>2019</u>	<u>2018</u>	
NET SALES	\$11,362	\$11,099	2%
COST OF SALES	6,601	6,340	4%
<b>GROSS MARGIN</b>	<b>4,761</b>	<b>4,759</b>	<b>0%</b>
<i>% of Net Sales</i>	<b>41.9%</b>	42.9%	<i>(1 pts)</i>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,535	2,620	(3%)
<i>% of Net Sales</i>	<b>22.3%</b>	23.6%	<i>(1.3 pts)</i>
RESEARCH AND DEVELOPMENT EXPENSES	595	654	(9%)
<i>% of Net Sales</i>	<b>5.2%</b>	5.9%	<i>(0.7 pts)</i>
OTHER OPERATING INCOME, NET	(141)	(99)	42%
<b>OPERATING INCOME</b>	<b>1,772</b>	<b>1,584</b>	<b>12%</b>
<i>% of Net Sales</i>	<b>15.6%</b>	14.3%	<i>1.3 pts</i>
INTEREST EXPENSE, NET	71	45	58%
OTHER EXPENSE (INCOME), NET	731	(78)	NM
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<b>970</b>	<b>1,617</b>	<b>(40%)</b>
INCOME TAX (BENEFIT) EXPENSE	(41)	65	(163%)
<i>% of Income Before Income Taxes</i>	<b>-4.2%</b>	4.0%	<i>(8.2 pts)</i>
INCOME FROM CONTINUING OPERATIONS	1,011	1,552	(35%)
LOSS FROM DISCONTINUED OPERATIONS	-	(6)	NM
NET INCOME	1,011	1,546	(35%)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	10	-	NM
NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS	<b>\$1,001</b>	<b>\$1,546</b>	<b>(35%)</b>
<b>EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>			
Basic	<b>\$1.97</b>	\$2.91	(32%)
Diluted	<b>\$1.93</b>	\$2.84	(32%)
<b>LOSS PER SHARE FROM DISCONTINUED OPERATIONS</b>			
Basic	<b>\$0.00</b>	(\$0.01)	(100%)
Diluted	<b>\$0.00</b>	(\$0.01)	(100%)
<b>EARNINGS PER SHARE</b>			
Basic	<b>\$1.97</b>	\$2.90	(32%)
Diluted	<b>\$1.93</b>	\$2.83	(32%)
<b>WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING</b>			
Basic	<b>509</b>	534	
Diluted	<b>519</b>	546	
ADJUSTED OPERATING INCOME (excluding special items)	<b>\$2,120</b> <sup>A</sup>	\$1,921 <sup>A</sup>	10%
ADJUSTED INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (excluding special items)	<b>\$2,073</b> <sup>A</sup>	\$1,930 <sup>A</sup>	7%
ADJUSTED INCOME FROM CONTINUING OPERATIONS ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)	<b>\$1,717</b> <sup>A</sup>	\$1,588 <sup>A</sup>	8%
ADJUSTED DILUTED EPS (excluding special items)	<b>\$3.31</b> <sup>A</sup>	\$2.91 <sup>A</sup>	14%

<sup>A</sup> Refer to page 15 for a description of the adjustments and a reconciliation to the applicable 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 year ended December 31, 2019 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	Other (Income) Expense, Net	Income Before Taxes	Income Tax Expense	Income From Continuing Operations	Income From Operations Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations
<b>Reported</b>	<b>\$ 4,761</b>	<b>\$ 2,535</b>	<b>\$ 595</b>	<b>\$ (141)</b>	<b>\$ 1,772</b>	<b>\$ 731</b>	<b>\$ 970</b>	<b>\$ (41)</b>	<b>\$ 1,011</b>	<b>\$ 1,001</b>	<b>\$ 1.93</b>
Reported percent of net sales (or percent of income before taxes for income tax expense)	41.9%	22.3%	5.2%	(1.2%)	15.6%	6.4%	8.5%	(4.2%)	8.9%	8.8%	
Intangible asset amortization <sup>1</sup>	183	-	-	-	183	-	183	42	141	141	0.27
Business optimization items <sup>2</sup>	69	(70)	(45)	-	184	-	184	37	147	147	0.28
Acquisition and integration expenses <sup>3</sup>	30	(20)	(8)	4	54	-	54	14	40	40	0.08
European medical devices regulation <sup>4</sup>	25	-	-	-	25	-	25	6	19	19	0.04
Intangible asset impairment <sup>5</sup>	31	-	-	-	31	-	31	7	24	24	0.05
Insurance recoveries from a legacy product-related matter <sup>6</sup>	-	-	-	37	(37)	-	(37)	(8)	(29)	(29)	(0.05)
Hurricane Maria insurance recoveries <sup>7</sup>	-	-	-	100	(100)	-	(100)	(25)	(75)	(75)	(0.15)
Investigation costs <sup>8</sup>	-	(8)	-	-	8	-	8	2	6	6	0.01
U.S. pension settlement <sup>9</sup>	-	-	-	-	-	(755)	755	187	568	568	1.09
Swiss and India tax reform <sup>10</sup>	-	-	-	-	-	-	-	109	(109)	(109)	(0.21)
U.S. tax reform <sup>11</sup>	-	-	-	-	-	-	-	16	(16)	(16)	(0.03)
<b>Adjusted</b>	<b>\$ 5,099</b>	<b>\$ 2,437</b>	<b>\$ 542</b>	<b>\$ -</b>	<b>\$ 2,120</b>	<b>\$ (24)</b>	<b>\$ 2,073</b>	<b>\$ 346</b>	<b>\$ 1,727</b>	<b>\$ 1,717</b>	<b>\$ 3.31</b>
Adjusted percent of net sales (or adjusted percent of income before taxes for income tax expense)	44.9%	21.4%	4.8%	0.0%	18.7%	(0.2%)	18.2%	16.7%	15.2%	15.1%	

The company's U.S. GAAP results for the year ended December 31, 2018 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	Other (Income) Expense, Net	Income Before Taxes	Income Tax Expense	Income From Continuing Operations	Income From Operations Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations
<b>Reported</b>	<b>\$ 4,759</b>	<b>\$ 2,620</b>	<b>\$ 654</b>	<b>\$ (99)</b>	<b>\$ 1,584</b>	<b>\$ (78)</b>	<b>\$ 1,617</b>	<b>\$ 65</b>	<b>\$ 1,552</b>	<b>\$ 1,552</b>	<b>\$ 2.84</b>
Reported percent of net sales (or percent of income before taxes for income tax expense)	42.9%	23.6%	5.9%	(0.9%)	14.3%	(0.7%)	14.6%	4.0%	14.0%	14.0%	
Intangible asset amortization <sup>1</sup>	169	-	-	-	169	-	169	36	133	133	0.24
Business optimization items <sup>2</sup>	49	(145)	(26)	-	220	-	220	46	174	174	0.32
Acquisition and integration expenses <sup>3</sup>	27	(23)	(7)	-	57	24	33	11	22	22	0.04
European medical devices regulation <sup>4</sup>	6	-	(3)	-	9	-	9	2	7	7	0.01
Product-related items <sup>5</sup>	(6)	-	-	-	(6)	-	(6)	(2)	(4)	(4)	(0.01)
Hurricane Maria insurance recoveries <sup>7</sup>	(32)	-	-	10	(42)	-	(42)	(11)	(31)	(31)	(0.05)
Claris Settlement <sup>13</sup>	-	-	-	80	(80)	-	(80)	(2)	(78)	(78)	(0.14)
Litigation <sup>14</sup>	8	(2)	-	-	10	-	10	1	9	9	0.02
U.S. tax reform <sup>11</sup>	-	-	-	-	-	-	-	196	(196)	(196)	(0.36)
<b>Adjusted</b>	<b>\$ 4,980</b>	<b>\$ 2,450</b>	<b>\$ 618</b>	<b>\$ (9)</b>	<b>\$ 1,921</b>	<b>\$ (64)</b>	<b>\$ 1,930</b>	<b>\$ 342</b>	<b>\$ 1,588</b>	<b>\$ 1,588</b>	<b>\$ 2.91</b>
Adjusted percent of net sales (or adjusted percent of income before taxes for income tax expense)	44.9%	22.1%	5.6%	(0.1%)	17.3%	(0.5%)	17.4%	17.7%	14.3%	14.3%	

<sup>1</sup> The company's results in 2019 and 2018 included intangible asset amortization expense of \$183 million (\$141 million, or \$0.27 per diluted share, on an after-tax basis) and \$169 million (\$133 million, or \$0.24 per diluted share, on an after-tax basis), respectively.

<sup>2</sup> The company's results in 2019 and 2018 included charges of \$184 million (\$147 million, or \$0.28 per diluted share, on an after-tax basis) and \$220 million (\$174 million, or \$0.32 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 2019 included \$54 million (\$40 million, or \$0.08 per diluted share, on an after-tax basis) of acquisition and integration expenses. This included integration expenses related to the company's acquisitions of Claris and the RECOTHROM and PREVELEAK products in prior periods as well as the 2019 acquisitions of in-process research and development assets, partially offset by a benefit related to the change in fair value of contingent consideration liabilities from acquisitions that occurred in prior periods. The company's results in 2018 included acquisition and integration costs related to the company's acquisitions of Claris 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.

<sup>4</sup> The company's results in 2019 and 2018 included costs of \$25 million (\$19 million, or \$0.04 per diluted share, on an after-tax basis) and \$9 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 will become effective in 2020.

<sup>5</sup> The company's results in 2019 included a charge of \$31 million (\$24 million, or \$0.05 per diluted share, on an after-tax basis) for an asset impairment related to a developed-technology intangible asset.

<sup>6</sup> The company's results in 2019 included a benefit of \$37 million (\$29 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.

<sup>7</sup> The company's results in 2019 and 2018 included benefits of \$100 million (\$75 million, or \$0.15 per diluted share, on an after-tax basis) and \$42 million (\$31 million, or \$0.05 per diluted share, on an after-tax basis) related to insurance recoveries as a result of losses incurred due to Hurricane Maria.

<sup>8</sup> The company's results in 2019 included costs of \$8 million (\$6 million, or \$0.01 per diluted share, on an after-tax basis) related to its internal investigation of certain intra-company transactions that impacted its previously reported foreign exchange gains and losses.

<sup>9</sup> The company's results in 2019 included a charge of \$755 million (\$568 million, or \$1.09 per diluted share, on an after-tax basis) related to the annuitization of a portion of the company's U.S. pension plan.

<sup>10</sup> The company's results in 2019 included a benefit of \$109 million, or \$0.21 per diluted share, related to income tax reform in Switzerland and India.

<sup>11</sup> The company's results in 2019 and 2018 included updates to the impact of U.S. federal tax reform previously made by the company of \$16 million, or \$0.03 per diluted share, and \$196 million, or \$0.36 per diluted share.

<sup>12</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.

<sup>13</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 Claris.

<sup>14</sup> 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.

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.**  
**Sales by Operating Segment**  
**Periods Ending December 31, 2019 and 2018 (As Restated)**  
**(unaudited)**  
**(\$ in millions)**

	<b>Q4 2019</b>	<b>Q4 2018</b>	<b>% Growth @ Actual Rates</b>	<b>% Growth @ Constant Rates</b>	<b>YTD 2019</b>	<b>YTD 2018</b>	<b>% Growth @ Actual Rates</b>	<b>% Growth @ Constant Rates</b>
Americas	\$1,632	\$1,492	9%	10%	\$6,094	\$5,951	2%	3%
EMEA	789	766	3%	5%	2,968	2,946	1%	6%
APAC	618	575	7%	9%	2,300	2,202	4%	8%
<b>Total Baxter</b>	<b>\$3,039</b>	<b>\$2,833</b>	<b>7%</b>	<b>8%</b>	<b>\$11,362</b>	<b>\$11,099</b>	<b>2%</b>	<b>5%</b>

Constant currency growth is a non-GAAP measure. 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.**  
**Sales by GBU**  
**Periods Ending December 31, 2019 and 2018 (As Restated)**  
**(unaudited)**  
**(\$ in millions)**

	Q4 2019	Q4 2018	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2019	YTD 2018	% Growth @ Actual Rates	% Growth @ Constant Rates
Renal Care <sup>1</sup>	\$960	\$951	1%	2%	\$3,639	\$3,651	(0%)	3%
Medication Delivery <sup>2</sup>	775	658	18%	19%	2,799	2,664	5%	7%
Pharmaceuticals <sup>3</sup>	580	539	8%	9%	2,155	2,087	3%	6%
Clinical Nutrition <sup>4</sup>	233	215	8%	10%	872	875	(0%)	3%
Advanced Surgery <sup>5</sup>	231	213	8%	10%	877	798	10%	12%
Acute Therapies <sup>6</sup>	144	136	6%	7%	535	515	4%	7%
Other <sup>7</sup>	116	121	(4%)	(3%)	485	509	(5%)	(2%)
<b>Total Baxter</b>	<b>\$3,039</b>	<b>\$2,833</b>	<b>7%</b>	<b>8%</b>	<b>\$11,362</b>	<b>\$11,099</b>	<b>2%</b>	<b>5%</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 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.**  
**GBU Sales by U.S. and International**  
**Periods Ending December 31, 2019 and 2018 (As Restated)**  
**(unaudited)**  
**(\$ in millions)**

	Q4 2019			Q4 2018			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$204	\$756	\$960	\$207	\$744	\$951	(1%)	2%	1%
Medication Delivery	514	261	775	410	248	658	25%	5%	18%
Pharmaceuticals	250	330	580	251	288	539	(0%)	15%	8%
Clinical Nutrition	84	149	233	78	137	215	8%	9%	8%
Advanced Surgery	138	93	231	127	86	213	9%	8%	8%
Acute Therapies	48	96	144	45	91	136	7%	5%	6%
Other	51	65	116	54	67	121	(6%)	(3%)	(4%)
<b>Total Baxter</b>	<b>\$1,289</b>	<b>\$1,750</b>	<b>\$3,039</b>	<b>\$1,172</b>	<b>\$1,661</b>	<b>\$2,833</b>	<b>10%</b>	<b>5%</b>	<b>7%</b>

**BAXTER INTERNATIONAL INC.**  
**GBU Sales by U.S. and International**  
**Periods Ending December 31, 2019 and 2018 (As Restated)**  
**(unaudited)**  
**(\$ in millions)**

	YTD 2019			YTD 2018			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$791	\$2,848	\$3,639	\$816	\$2,835	\$3,651	(3%)	0%	(0%)
Medication Delivery	1,822	977	2,799	1,690	974	2,664	8%	0%	5%
Pharmaceuticals	940	1,215	2,155	996	1,091	2,087	(6%)	11%	3%
Clinical Nutrition	320	552	872	321	554	875	(0%)	(0%)	(0%)
Advanced Surgery	535	342	877	466	332	798	15%	3%	10%
Acute Therapies	184	351	535	174	341	515	6%	3%	4%
Other	234	251	485	260	249	509	(10%)	1%	(5%)
<b>Total Baxter</b>	<b>\$4,826</b>	<b>\$6,536</b>	<b>\$11,362</b>	<b>\$4,723</b>	<b>\$6,376</b>	<b>\$11,099</b>	<b>2%</b>	<b>3%</b>	<b>2%</b>



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

	Years Ended December 31,	
	2019	2018 (As Restated)
<b>Cash flows from operations - continuing operations</b>	<b>\$2,110</b>	<b>\$2,017</b>
Capital expenditures	(696)	(659)
<b>Free cash flow - continuing operations</b>	<b>\$1,414</b>	<b>\$1,358</b>

Free cash flow is a non-GAAP measure. 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.**  
**Reconciliation of Non-GAAP Financial Measure**  
**Change in Net Sales As Reported to Operational Sales**  
**From The Three Months Ended December 31, 2018 to The Three Months Ended December 31, 2019**  
**(unaudited)**

	Q4 2019*			
	Net Sales As Reported	U.S. Cyclophosphamide	FX	Operational Sales
Renal Care	1%	0%	1%	2%
Medication Delivery	18%	0%	1%	19%
Pharmaceuticals	8%	1%	1%	10%
Clinical Nutrition	8%	0%	2%	10%
Advanced Surgery	8%	0%	2%	10%
Acute Therapies	6%	0%	1%	7%
Other	(4%)	0%	1%	(3%)
<b>Total Baxter</b>	<b>7%</b>	<b>0%</b>	<b>1%</b>	<b>9%</b>
U.S.	10%	0%	0%	10%
International	5%	0%	2%	7%

\*Totals may not add across due to rounding

Change in operational sales is a non-GAAP measure. 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.**  
**Reconciliation of Non-GAAP Financial Measure**  
**Change in Net Sales As Reported to Operational Sales**  
**From The Year Ended December 31, 2018 to The Year Ended December 31, 2019**  
**(unaudited)**

	YTD 2019*			
	Net Sales As Reported	U.S. Cyclophosphamide	FX	Operational Sales
Renal Care	(0%)	0%	3%	3%
Medication Delivery	5%	0%	2%	7%
Pharmaceuticals	3%	1%	3%	7%
Clinical Nutrition	(0%)	0%	3%	3%
Advanced Surgery	10%	0%	2%	12%
Acute Therapies	4%	0%	3%	7%
Other	(5%)	0%	3%	(2%)
<b>Total Baxter</b>	<b>2%</b>	<b>0%</b>	<b>3%</b>	<b>5%</b>
U.S.	2%	0%	0%	3%
International	3%	0%	4%	7%

\*Totals may not add across due to rounding

Change in operational sales is a non-GAAP measure. 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.**  
**Reconciliation of Non-GAAP Financial Measures**  
**Projected Q1 2020 U.S. GAAP Sales Growth and Projected Adjusted Sales Growth, and**  
**Projected Q1 2020 U.S. GAAP Earnings Per Share and Projected Adjusted Earnings Per Share**  
**(unaudited)**

Sales Growth Guidance	Q1 2020
Sales Growth – U.S. GAAP	4% - 5%
Seprafilm	0%
Foreign exchange	1%
Sales Growth - Operational	5% - 6%

Earnings Per Share Guidance	Q1 2020
Earnings per Diluted Share – U.S. GAAP	\$0.39 - \$0.41
Estimated intangible asset amortization	\$0.29
Estimated business optimization charges	\$0.01
Estimated acquisition and integration expenses	\$0.01
Estimated investigation costs	\$0.01
Estimated European medical devices regulation	\$0.01
Earnings per Diluted Share - Adjusted	\$0.72 - \$0.74

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 first quarter 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.