

BAXTER INTERNATIONAL INC.
Consolidated Statements of Income
Three Months Ended December 31, 2017 and 2016
(unaudited)
(in millions, except per share and percentage data)

	Three Months Ended December 31,		Change
	2017	2016	
NET SALES	\$2,774	\$2,645	5%
COST OF SALES	1,612	1,543	4%
GROSS MARGIN	1,162	1,102	5%
<i>% of Net Sales</i>	<i>41.9%</i>	<i>41.7%</i>	<i>0.2 pts</i>
MARKETING AND ADMINISTRATIVE EXPENSES	697	663	5%
<i>% of Net Sales</i>	<i>25.1%</i>	<i>25.1%</i>	<i>0 pts</i>
RESEARCH AND DEVELOPMENT EXPENSES	182	157	16%
<i>% of Net Sales</i>	<i>6.6%</i>	<i>5.9%</i>	<i>0.7 pts</i>
OPERATING INCOME	283	282	0%
<i>% of Net Sales</i>	<i>10.2%</i>	<i>10.7%</i>	<i>(0.5 pts)</i>
NET INTEREST EXPENSE	14	13	8%
OTHER INCOME, NET	(24)	(10)	140%
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	293	279	5%
INCOME TAX EXPENSE	354	39	NM
<i>% of Income from Continuing Operations before Income Taxes</i>	<i>120.8%</i>	<i>14.0%</i>	<i>106.8 pts</i>
(LOSS) INCOME FROM CONTINUING OPERATIONS	(61)	240	NM
(LOSS) INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	(10)	3	NM
NET (LOSS) INCOME	(\$71)	\$243	NM
(LOSS) INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	(\$0.11)	\$0.44	NM
Diluted	(\$0.11)	\$0.44	NM
(LOSS) INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	(\$0.02)	\$0.01	NM
Diluted	(\$0.02)	\$0.00	NM
NET (LOSS) INCOME PER COMMON SHARE			
Basic	(\$0.13)	\$0.45	NM
Diluted	(\$0.13)	\$0.44	NM
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	543	542	
Diluted	556	549	
ADJUSTED OPERATING INCOME (excluding special items)	\$420 ^A	\$407 ^A	3%
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$430 ^A	\$413 ^A	4%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$354 ^A	\$312 ^A	14%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$0.64 ^A	\$0.57 ^A	12%

^A Refer to page 12 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, 2017 and 2016
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, 2017 and 2016 included special items which impacted the GAAP measures as follows:

	Three Months Ended		Change
	December 31,		
	2017	2016	
Gross Margin	\$1,162	\$1,102	5%
Intangible asset amortization expense ¹	42	39	
Business optimization items ²	11	43	
Hurricane Maria costs ³	11	-	
Product-related items ⁴	-	(6)	
Clarix acquisition and integration expenses ⁵	4	-	
Adjusted Gross Margin	\$1,230	\$1,178	4%
% of Net Sales	44.3%	44.5%	<i>(0.2 pts)</i>
Marketing and Administrative Expenses	\$697	\$663	5%
Business optimization items ²	(42)	(36)	
Baxalta separation-related costs ⁶	(2)	(8)	
Clarix acquisition and integration expenses ⁵	(4)	-	
Litigation and contractual disputes ⁷	(21)	-	
Adjusted Marketing and Administrative Expenses	\$628	\$619	2%
% of Net Sales	22.6%	23.4%	<i>(0.8 pts)</i>
Research and Development Expenses	\$182	\$157	16%
Business optimization items ²	-	(5)	
Adjusted Research and Development Expenses	\$182	\$152	20%
% of Net Sales	6.6%	5.7%	<i>0.9 pts</i>
Operating Income	\$283	\$282	0%
Impact of special items	137	125	
Adjusted Operating Income	\$420	\$407	3%
% of Net Sales	15.1%	15.4%	<i>(0.3 pts)</i>
Other Income, Net	\$(24)	\$(10)	140%
Tax matter ⁸	-	(9)	
Adjusted Other Income, Net	\$(24)	\$(19)	26%
Pre-Tax Income from Continuing Operations	\$293	\$279	5%
Impact of special items	137	134	
Adjusted Pre-Tax Income from Continuing Operations	\$430	\$413	4%
Income Tax Expense	\$354	\$39	NM
Impact of special items ⁹	(278)	62	
Adjusted Income Tax Expense	\$76	\$101	(25%)
% of Adjusted Pre-Tax Income from Continuing Operations	17.7%	24.5%	<i>(6.8 pts)</i>
Loss (Income) from Continuing Operations	\$(61)	\$240	NM
Impact of special items	415	72	
Adjusted Income from Continuing Operations	\$354	\$312	14%
Diluted EPS from Continuing Operations	\$(0.11)	\$0.44	NM
Impact of special items	0.75	0.13	
Adjusted Diluted EPS from Continuing Operations	\$0.64	\$0.57	12%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Diluted	556	549	

¹ The company's results in 2017 and 2016 included intangible asset amortization expense of \$42 million (\$27 million, or \$0.05 per diluted share, on an after-tax basis) and \$39 million (\$25 million, or \$0.05 per diluted share, on an after-tax basis), respectively.

² The company's results in 2017 included a charge of \$53 million (\$35 million, or \$0.06 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a net charge 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 net restructuring charges included \$19 million of employee termination costs and \$1 million of asset impairment charges primarily related to facility closures.

The company's results in 2016 included a net charge of \$84 million (\$48 million, or \$0.08 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a charge of \$48 million related to restructuring activities, \$21 million of costs to implement business optimization programs which primarily included external consulting and project employee costs, \$8 million of accelerated depreciation associated with facilities to be closed and \$7 million of Gambre integration costs. The \$48 million of restructuring charges included \$36 million of employee termination costs, \$10 million of asset impairment charges primarily related to a facility closure and \$2 million of other exit costs.

³ 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 include idle facility costs.

⁴ The company's results in 2016 included a net benefit of \$6 million (\$4 million, or \$0.01 per diluted share, on an after-tax basis) related to the SIGMA SPECTRUM infusion pump reserves.

⁵ 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 Clarix Injectables Limited.

⁶ The company's results in 2017 and 2016 included costs incurred related to the Baxalta separation totaling \$2 million (\$1 million, or \$0.00 per diluted share, on an after-tax basis) and \$8 million (\$3 million, or \$0.01 per diluted share, on an after-tax basis), respectively.

⁷ 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.

⁸ The company's results in 2016 included a net benefit to income tax of \$9 million offset by \$9 million recorded in other income due to the settlement of an income tax matter related to the company's non-controlling interest in a joint venture in Turkey.

⁹ The company's results in 2017 included 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.

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.

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BAXTER INTERNATIONAL INC.
Consolidated Statements of Income
Twelve Months Ended December 31, 2017 and 2016
(unaudited)
(in millions, except per share and percentage data)

	Twelve Months Ended December 31,		Change
	2017	2016	
NET SALES	\$10,561	\$10,163	4%
COST OF SALES	6,099	6,053	1%
GROSS MARGIN	4,462	4,110	9%
<i>% of Net Sales</i>	<i>42.2%</i>	<i>40.4%</i>	<i>1.8 pts</i>
MARKETING AND ADMINISTRATIVE EXPENSES	2,587	2,739	(6%)
<i>% of Net Sales</i>	<i>24.5%</i>	<i>27.0%</i>	<i>(2.5 pts)</i>
RESEARCH AND DEVELOPMENT EXPENSES	617	647	(5%)
<i>% of Net Sales</i>	<i>5.8%</i>	<i>6.4%</i>	<i>(0.6 pts)</i>
OPERATING INCOME	1,258	724	74%
<i>% of Net Sales</i>	<i>11.9%</i>	<i>7.1%</i>	<i>4.8 pts</i>
NET INTEREST EXPENSE	55	66	(17%)
OTHER INCOME, NET ^A	(14)	(4,296)	(100%)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,217	4,954	(75%)
INCOME TAX EXPENSE (BENEFIT)	493	(12)	NM
<i>% of Income from Continuing Operations before Income Taxes</i>	<i>40.5%</i>	<i>(0.2%)</i>	<i>40.7 pts</i>
INCOME FROM CONTINUING OPERATIONS	724	4,966	(85%)
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	(7)	(1)	NM
NET INCOME	\$717	\$4,965	(86%)
INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$1.33	\$9.10	(85%)
Diluted	\$1.30	\$9.01	(86%)
LOSS FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	(\$0.01)	(\$0.01)	NM
Diluted	(\$0.01)	\$0.00	NM
NET INCOME PER COMMON SHARE			
Basic	\$1.32	\$9.09	(85%)
Diluted	\$1.29	\$9.01	(86%)
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	543	546	
Diluted	555	551	
ADJUSTED OPERATING INCOME (excluding special items)	\$1,686 ^B	\$1,383 ^B	22%
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$1,678 ^B	\$1,380 ^B	22%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$1,376 ^B	\$1,078 ^B	28%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$2.48 ^B	\$1.96 ^B	27%

^A *Other Income, net* for the period ended December 31, 2016 includes \$4.4 billion net realized gains on the Baxalta retained shares transactions and a \$149 million net debt extinguishment loss.

^B Refer to page 14 for a description of the adjustments and a reconciliation to GAAP measures.

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Twelve Months Ended December 31, 2017 and 2016
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, 2017 and 2016 included special items which impacted the GAAP measures as follows:

	Twelve Months Ended December 31,		Change
	2017	2016	
Gross Margin	\$4,462	\$4,110	9%
Intangible asset amortization expense ¹	154	163	
Business optimization items ²	53	156	
Intangible asset impairment ³	-	51	
Baxalta separation-related costs ⁴	1	1	
Product-related items ⁵	17	(18)	
Claris acquisition and integration expenses ⁶	8	-	
Hurricane Maria costs ⁷	32	-	
Adjusted Gross Margin	\$4,727	\$4,463	6%
% of Net Sales	44.8%	43.9%	0.9 pts
Marketing and Administrative Expenses	\$2,587	\$2,739	(6%)
Business optimization items ²	(116)	(173)	
Baxalta separation-related costs ⁴	(18)	(53)	
Historical rebate and discount adjustments ⁸	12	-	
Claris acquisition and integration expenses ⁶	(20)	-	
Litigation and contractual disputes ⁹	(21)	-	
Adjusted Marketing and Administrative Expenses	\$2,424	\$2,513	(4%)
% of Net Sales	23.0%	24.7%	(1.7 pts)
Research and Development Expenses	\$617	\$647	(5%)
Business optimization items ²	-	(80)	
Adjusted Research and Development Expenses	\$617	\$567	9%
% of Net Sales	5.8%	5.6%	0.2 pts
Operating Income	\$1,258	\$724	74%
Impact of special items	428	659	
Adjusted Operating Income	\$1,686	\$1,383	22%
% of Net Sales	16.0%	13.6%	2.4 pts
Other Income, Net	\$(14)	\$(4,296)	(100%)
Net realized gains on Baxalta Retained Shares transactions ¹⁰	-	4,391	
Loss on debt extinguishment ¹¹	-	(149)	
Venezuelan deconsolidation ¹²	(33)	-	
Tax matter ¹³	-	(9)	
Adjusted Other Income, Net	\$(47)	\$(63)	(25%)
Pre-Tax Income from Continuing Operations	\$1,217	\$4,954	(75%)
Impact of special items	461	(3,574)	
Adjusted Pre-Tax Income from Continuing Operations	\$1,678	\$1,380	22%
Income Tax (Benefit) Expense	\$493	\$(12)	NM
Impact of special items ¹⁴	(191)	314	
Adjusted Income Tax Expense	\$302	\$302	0%
% of Adjusted Pre-Tax Income from Continuing Operations	18.0%	21.9%	(3.9 pts)
Income from Continuing Operations	\$724	\$4,966	(85%)
Impact of special items	652	(3,888)	
Adjusted Income from Continuing Operations	\$1,376	\$1,078	28%
Diluted EPS from Continuing Operations	\$1.30	\$0.01	(86%)
Impact of special items	1.18	(7.05)	
Adjusted Diluted EPS from Continuing Operations	\$2.48	\$1.96	27%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Diluted	555	551	

¹ The company's results in 2017 and 2016 included intangible asset amortization expense of \$154 million (\$108 million, or \$0.19 per diluted share, on an after-tax basis) and \$163 million (\$116 million, or \$0.21 per diluted share, on an after-tax basis), respectively.

² The company's results in 2017 included a net 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 net charge of \$70 million related to restructuring activities, \$69 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 net 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.

The company's results in 2016 included a net charge of \$409 million (\$290 million, or \$0.53 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a net charge of \$285 million related to restructuring activities, \$65 million of costs to implement business optimization programs which primarily included external consulting and project employee costs, \$33 million of accelerated depreciation associated with facilities to be closed, and \$26 million of Gambre integration costs. The \$285 million of net restructuring charges included net \$180 million of employee termination costs, \$54 million of costs related to the discontinuance of the VIVIA home hemodialysis development program, \$47 million of asset impairment charges related to acquired in-process R&D and facility closure costs, and net \$4 million of other exit costs.

³ The company's results in 2016 included a \$51 million (\$37 million, or \$0.07 per diluted share, on an after-tax basis) impairment primarily related to developed technology.

⁴ The company's results in 2017 and 2016 included costs incurred related to the Baxalta separation totaling \$19 million (\$13 million, or \$0.02 per diluted share, on an after-tax basis) and \$54 million (\$37 million, or \$0.07 per diluted share, on an after-tax basis), respectively.

⁵ 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 2016 included a benefit of \$18 million (\$13 million, or \$0.02 per diluted share, on an after-tax basis) related to an adjustment to the SIGMA SPECTRUM infusion pump reserves.

⁶ 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 Claris Injectables Limited.

⁷ 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 include inventory and fixed asset impairments as well as idle facility costs.

⁸ The company's results in 2017 include 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 reserves.

⁹ 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.

¹⁰ The company's results in 2016 included net realized gains of \$4.4 billion (\$4.4 billion, or \$8.07 per diluted share, on an after-tax basis), related to the debt-for-equity exchanges of the company's retained shares in Baxalta for certain company indebtedness, the exchange of retained shares in Baxalta for Baxter shares and the contribution of retained shares in Baxalta to Baxter's U.S. pension fund. A tax benefit of \$54 million was recognized as a result of these transactions.

¹¹ The company's results in 2016 included a net debt extinguishment loss totaling \$149 million (\$100 million, or \$0.18 per diluted share, on an after-tax basis) related to the March 2016 debt-for-equity exchange for certain company indebtedness and certain debt redemptions.

¹² 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.

¹³ The company's results in 2016 included a net after-tax benefit of \$10 million, or \$0.02 per diluted share, related to the settlement of an income tax matter in the company's non-wholly owned joint venture in Turkey. This amount was comprised of \$19 million included in income tax expense offset by \$9 million in non-controlling interest recorded in other income.

¹⁴ The company's results in 2017 included 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.

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.

NM - Not Meaningful

BAXTER INTERNATIONAL INC.
Net Sales
Periods Ending December 31, 2017 and 2016
(unaudited)
(\$ in millions)

	Q4 2017	Q4 2016	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2017	YTD 2016	% Growth @ Actual Rates	% Growth @ Constant Rates
Renal								
United States	\$232	\$222	5%	5%	\$902	\$846	7%	7%
International	837	793	6%	2%	3,041	3,009	1%	1%
Total Renal	\$1,069	\$1,015	5%	3%	\$3,943	\$3,855	2%	2%
Hospital Products								
United States	\$896	\$895	0%	0%	\$3,608	\$3,413	6%	6%
International	809	735	10%	5%	3,010	2,895	4%	4%
Total Hospital Products	\$1,705	\$1,630	5%	3%	\$6,618	\$6,308	5%	5%
Baxter International Inc.								
United States	\$1,128	\$1,117	1%	1%	\$4,510	\$4,259	6%	6%
International	1,646	1,528	8%	4%	6,051	5,904	2%	2%
Total Baxter	\$2,774	\$2,645	5%	3%	\$10,561	\$10,163	4%	4%

BAXTER INTERNATIONAL INC.
Sales by Franchise
Periods Ending December 31, 2017 and 2016
(unaudited)
(\$ in millions)

	Q4 2017	Q4 2016	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2017	YTD 2016	% Growth @ Actual Rates	% Growth @ Constant Rates
Total Renal ¹	\$1,069	\$1,015	5%	3%	\$3,943	\$3,855	2%	2%
Hospital Products								
Fluid Systems ²	\$632	\$614	3%	1%	\$2,434	\$2,300	6%	6%
Integrated Pharmacy Solutions ³	602	563	7%	4%	2,349	2,245	5%	4%
Surgical Care ⁴	363	349	4%	3%	1,387	1,321	5%	5%
Other ⁵	108	104	4%	1%	448	442	1%	1%
Total Hospital Products	\$1,705	\$1,630	5%	3%	\$6,618	\$6,308	5%	5%
Total Baxter	\$2,774	\$2,645	5%	3%	\$10,561	\$10,163	4%	4%

¹ Includes sales of the company's peritoneal dialysis, hemodialysis and continuous renal replacement therapies.

² Includes sales of the company's IV therapies, infusion pumps and administration sets.

³ Includes sales of the company's premixed and oncology drug platforms, nutrition products and pharmacy compounding services.

⁴ Includes sales of the company's inhaled anesthesia products as well as biological products and medical devices used in surgical procedures for hemostasis, tissue sealing and adhesion prevention.

⁵ Includes sales primarily from the company's pharmaceutical partnering business.

BAXTER INTERNATIONAL INC.
Franchise Sales by U.S. and International
Three-Month Periods Ending December 31, 2017 and 2016
(unaudited)
(\$ in millions)

	Q4 2017			Q4 2016			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Total Renal	\$232	\$837	\$1,069	\$222	\$793	\$1,015	5%	6%	5%
Hospital Products									
Fluid Systems	\$379	\$253	\$632	\$353	\$261	\$614	7%	(3%)	3%
Integrated Pharmacy Solutions	250	352	602	264	299	563	(5%)	18%	7%
Surgical Care	209	154	363	206	143	349	1%	8%	4%
Other	58	50	108	72	32	104	(19%)	56%	4%
Total Hospital Products	\$896	\$809	\$1,705	\$895	\$735	\$1,630	0%	10%	5%
Total Baxter	\$1,128	\$1,646	\$2,774	\$1,117	\$1,528	\$2,645	1%	8%	5%

BAXTER INTERNATIONAL INC.
Franchise Sales by U.S. and International
Periods Ending December 31, 2017 and 2016
(unaudited)
(\$ in millions)

	YTD 2017			YTD 2016			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Total Renal	\$902	\$3,041	\$3,943	\$846	\$3,009	\$3,855	7%	1%	2%
Hospital Products									
Fluid Systems	\$1,472	\$962	\$2,434	\$1,307	\$993	\$2,300	13%	(3%)	6%
Integrated Pharmacy Solutions	1,074	1,275	2,349	1,048	1,197	2,245	2%	7%	5%
Surgical Care	806	581	1,387	775	546	1,321	4%	6%	5%
Other	256	192	448	283	159	442	(10%)	21%	1%
Total Hospital Products	\$3,608	\$3,010	\$6,618	\$3,413	\$2,895	\$6,308	6%	4%	5%
Total Baxter	\$4,510	\$6,051	\$10,561	\$4,259	\$5,904	\$10,163	6%	2%	4%

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

	Years Ended December 31,	
	2017	2016
Cash flows from operations - continuing operations	\$1,853	\$1,624
Capital expenditures	(634)	(719)
Free cash flow - continuing operations	\$1,219	\$905

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measure
Change in Net Sales As Reported to Operational Sales
From The Three and Twelve Months Ended December 31, 2016 to The Three and Twelve Months Ended December 31, 2017
(unaudited)

	Q4 2017*					Operational Sales
	Net sales As Reported	US Cyclophosphamide	Claris	Product Exits	FX	
Total Renal	5%	0%	0%	1%	(2%)	4%
Hospital Products						
Fluid Systems	3%	0%	0%	1%	(2%)	2%
Integrated Pharmacy Solutions	7%	1%	(5%)	0%	(3%)	0%
Surgical Care	4%	0%	0%	0%	(1%)	3%
Other	4%	0%	0%	0%	(3%)	1%
Total Hospital Products	5%	0%	(2%)	0%	(2%)	1%
Baxter International Inc.						
United States	1%	1%	(2%)	0%	0%	0%
International	8%	0%	(1%)	1%	(4%)	4%
Total Baxter	5%	0%	(1%)	1%	(2%)	2%

	YTD 2017*					Operational Sales
	Net sales As Reported	US Cyclophosphamide	Claris	Product Exits	FX	
Total Renal	2%	0%	0%	1%	0%	4%
Hospital Products						
Fluid Systems	6%	0%	0%	1%	0%	7%
Integrated Pharmacy Solutions	5%	2%	(3%)	0%	(1%)	4%
Surgical Care	5%	0%	0%	1%	0%	5%
Other	1%	0%	0%	0%	0%	1%
Total Hospital Products	5%	1%	(1%)	1%	0%	5%
Baxter International Inc.						
United States	6%	1%	(1%)	0%	0%	6%
International	2%	0%	0%	2%	0%	4%
Total Baxter	4%	0%	(1%)	1%	0%	5%

*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)

2018 Earnings Per Share Guidance	Q1 2018	FY 2018
Earnings per Diluted Share – Adjusted	\$0.60 - \$0.62	\$2.72 - \$2.80
Estimated intangible asset amortization	\$0.06	\$0.23
Estimated business optimization charges	\$0.07 - \$0.09	\$0.19 - \$0.24
Earnings per Diluted Share - GAAP	\$0.45 - \$0.49	\$2.25 - \$2.38

2018 Sales Growth Guidance	Q1 2018	FY 2018
Sales Growth – Operational	0% - 1%	4%
U.S. cyclophosphamide	0%	-1%
Claris acquisition	1%	1%
Foreign exchange	4%	2% - 3%
Sales Growth - GAAP	5% - 6%	6% - 7%