

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

	<b>Three Months Ended December 31,</b>		<b>Change</b>
	<b>2020</b>	<b>2019</b>	
<b>NET SALES</b>	\$ 3,181	\$ 3,039	5 %
<b>COST OF SALES</b>	1,990	1,741	14 %
<b>GROSS MARGIN</b>	1,191	1,298	(8)%
<i>% of Net Sales</i>	37.4 %	42.7 %	(5.3 pts)
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	650	666	(2)%
<i>% of Net Sales</i>	20.4 %	21.9 %	(1.5 pts)
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>	135	156	(13)%
<i>% of Net Sales</i>	4.2 %	5.1 %	(0.9 pts)
<b>OTHER OPERATING INCOME, NET</b>	—	(60)	NM
<b>OPERATING INCOME</b>	406	536	(24)%
<i>% of Net Sales</i>	12.8 %	17.6 %	(4.8 pts)
<b>INTEREST EXPENSE, NET</b>	38	20	90 %
<b>OTHER EXPENSE, NET</b>	158	739	(79)%
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	210	(223)	NM
<b>INCOME TAX EXPENSE (BENEFIT)</b>	39	(204)	NM
<i>% of Income (Loss) Before Income Taxes</i>	18.6 %	91.5 %	(72.9 pts)
<b>NET INCOME (LOSS)</b>	171	(19)	NM
<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>	3	4	(25)%
<b>NET INCOME (LOSS) ATTRIBUTABLE TO BAXTER STOCKHOLDERS</b>	\$ 168	\$ (23)	NM
<b>EARNINGS (LOSS) PER SHARE</b>			
<b>Basic</b>	\$ 0.33	\$ (0.05)	NM
<b>Diluted</b>	\$ 0.33	\$ (0.05)	NM
<b>WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING</b>			
<b>Basic</b>	510	506	
<b>Diluted</b>	516	506	
<b>ADJUSTED OPERATING INCOME (excluding special items)<sup>1</sup></b>	\$ 563	\$ 609	(8)%
<b>ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)<sup>1</sup></b>	\$ 520	\$ 605	(14)%
<b>ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)<sup>1</sup></b>	\$ 412	\$ 501	(18)%
<b>ADJUSTED DILUTED EPS (excluding special items)<sup>1</sup></b>	\$ 0.80	\$ 0.97	(18)%
<b>ADJUSTED WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING FOR ADJUSTED DILUTED EPS<sup>1</sup></b>	516	515	

<sup>1</sup> Refer to page 12 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 December 31, 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	Other Expense, Net	Income (Loss) Before Income Taxes	Income Tax Expense (Benefit)	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings (Loss) Per Share
<b>Reported</b>	<b>\$ 1,191</b>	<b>\$ 650</b>	<b>\$ 135</b>	<b>\$ —</b>	<b>\$ 406</b>	<b>\$ 158</b>	<b>\$ 210</b>	<b>\$ 39</b>	<b>\$ 171</b>	<b>\$ 168</b>	<b>\$ 0.33</b>
Reported percent of net sales (or percent of income (loss) before income taxes for income tax expense (benefit))	37.4 %	20.4 %	4.2 %	0.0 %	12.8 %	5.0 %	6.6 %	18.6 %	5.4 %	5.3 %	
Intangible asset amortization <sup>1</sup>	57	—	—	—	57	—	57	13	44	44	0.09
Business optimization items <sup>2</sup>	29	(25)	(3)	—	57	—	57	14	43	43	0.08
Acquisition and integration expenses <sup>3</sup>	—	(2)	—	—	2	—	2	—	2	2	0.00
European medical devices regulation <sup>4</sup>	11	—	—	—	11	—	11	2	9	9	0.02
Investigation and related costs <sup>5</sup>	—	(1)	—	—	1	—	1	—	1	1	0.00
Pension settlement <sup>7</sup>	—	—	—	—	—	(43)	43	10	33	33	0.06
Loss on debt extinguishment <sup>8</sup>	—	—	—	—	—	(110)	110	20	90	90	0.17
Product-related items <sup>9</sup>	29	—	—	—	29	—	29	7	22	22	0.04
<b>Adjusted</b>	<b>\$ 1,317</b>	<b>\$ 622</b>	<b>\$ 132</b>	<b>\$ —</b>	<b>\$ 563</b>	<b>\$ 5</b>	<b>\$ 520</b>	<b>\$ 105</b>	<b>\$ 415</b>	<b>\$ 412</b>	<b>\$ 0.80</b>
Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense)	41.4 %	19.6 %	4.1 %	0.0 %	17.7 %	0.2 %	16.3 %	20.2 %	13.0 %	13.0 %	

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 Expense, Net	Income (Loss) Before Income Taxes	Income Tax Expense (Benefit)	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings (Loss) Per Share
<b>Reported</b>	<b>\$1,298</b>	<b>\$ 666</b>	<b>\$ 156</b>	<b>\$ (60)</b>	<b>\$ 536</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 (loss) before income taxes for income tax expense (benefit))	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
Investigation and related costs <sup>5</sup>	—	(8)	—	—	8	—	8	2	6	6	0.01
Hurricane Maria insurance recoveries <sup>6</sup>	—	—	—	60	(60)	—	(60)	(15)	(45)	(45)	(0.09)
Pension settlement <sup>7</sup>	—	—	—	—	—	(755)	755	187	568	568	1.10
Swiss and India tax reform <sup>10</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 income 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										

<sup>1</sup> The company's results in 2020 and 2019 included intangible asset amortization expense of \$57 million (\$44 million, or \$0.09 per diluted share, on an after-tax basis) and \$47 million (\$39 million, or \$0.09 per diluted share, on an after-tax basis), respectively.

<sup>2</sup> The company's results in 2020 and 2019 included charges of \$57 million (\$43 million, or \$0.08 per diluted share, on an after-tax basis) and \$53 million (\$45 million, or \$0.09 per diluted share, on an after-tax basis), respectively, associated with its programs to optimize its organization and cost structure.

- <sup>3</sup> The company's results in 2020 included \$2 million (\$2 million, or \$0.00 per diluted share, on an after-tax basis) of acquisition and integration expenses related to the acquisition of **Seprafilm**. 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 acquisition and integration expenses related to the company's acquisitions of Claris and the **Recothrom** and **Preveleak** products in prior periods.
- <sup>4</sup> The company's results in 2020 and 2019 included costs of \$11 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis) and \$8 million (\$6 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 and 2019 included costs of \$1 million (\$1 million, or \$0.00 per diluted share, on an after-tax basis) and \$8 million (\$6 million, or \$0.01 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 2019 included a benefit of \$60 million (\$45 million, or \$0.09 per diluted share, on an after-tax basis) related to insurance recoveries as a result of losses incurred due to Hurricane Maria.
- <sup>7</sup> The company's results in 2020 included a charge of \$43 million (\$33 million, or \$0.06 per diluted share, on an after-tax basis) related to lump-sum settlement distributions made to certain former U.S. employees with vested pension benefits. 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 2020 included a loss of \$110 million (\$90 million, or \$0.17 per diluted share, on an after-tax basis) on the November 2020 early extinguishment of \$750 million of 3.75% senior notes that were issued in March 2020.
- <sup>9</sup> The company's results in 2020 included a net charge of \$29 million (\$22 million, or \$0.04 per diluted share, on an after-tax basis) related to **Sigma Spectrum** infusion pump inspection and remediation activities.
- <sup>10</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.

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)**

	Years Ended December 31,		Change
	2020	2019	
<b>NET SALES</b>	\$ 11,673	\$ 11,362	3 %
<b>COST OF SALES</b>	7,086	6,601	7 %
<b>GROSS MARGIN</b>	4,587	4,761	(4)%
<i>% of Net Sales</i>	39.3 %	41.9 %	(2.6 pts)
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	2,469	2,535	(3)%
<i>% of Net Sales</i>	21.2 %	22.3 %	(1.1 pts)
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>	521	595	(12)%
<i>% of Net Sales</i>	4.5 %	5.2 %	(0.7 pts)
<b>OTHER OPERATING INCOME, NET</b>	(19)	(141)	(87)%
<b>OPERATING INCOME</b>	1,616	1,772	(9)%
<i>% of Net Sales</i>	13.8 %	15.6 %	(1.8 pts)
<b>INTEREST EXPENSE, NET</b>	134	71	89 %
<b>OTHER EXPENSE, NET</b>	190	731	(74)%
<b>INCOME BEFORE INCOME TAXES</b>	1,292	970	33 %
<b>INCOME TAX EXPENSE (BENEFIT)</b>	182	(41)	NM
<i>% of Income Before Income Taxes</i>	14.1 %	(4.2)%	18.3 pts
<b>NET INCOME</b>	1,110	1,011	10 %
<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>	8	10	(20)%
<b>NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS</b>	\$ 1,102	\$ 1,001	10 %
<b>EARNINGS PER SHARE</b>			
<b>Basic</b>	\$ 2.17	\$ 1.97	10 %
<b>Diluted</b>	\$ 2.13	\$ 1.93	10 %
<b>WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING</b>			
<b>Basic</b>	509	509	
<b>Diluted</b>	517	519	
<b>ADJUSTED OPERATING INCOME (excluding special items)<sup>1</sup></b>	\$ 2,097	\$ 2,120	(1)%
<b>ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)<sup>1</sup></b>	\$ 1,926	\$ 2,073	(7)%
<b>ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)<sup>1</sup></b>	\$ 1,597	\$ 1,717	(7)%
<b>ADJUSTED DILUTED EPS (excluding special items)<sup>1</sup></b>	\$ 3.09	\$ 3.31	(7)%

<sup>1</sup> Refer to page 14 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 year ended December 31, 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	Other Expense, Net	Income Before Income Taxes	Income Tax Expense (Benefit)	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share
<b>Reported</b>	<b>\$4,587</b>	<b>\$ 2,469</b>	<b>\$ 521</b>	<b>\$ (19)</b>	<b>\$ 1,616</b>	<b>\$ 190</b>	<b>\$1,292</b>	<b>\$ 182</b>	<b>\$1,110</b>	<b>\$ 1,102</b>	<b>\$ 2.13</b>
Reported percent of net sales (or percent of income before income taxes for income tax expense (benefit))	39.3 %	21.2 %	4.5 %	(0.2)%	13.8 %	1.6 %	11.1 %	14.1 %	9.5 %	9.4 %	
Intangible asset amortization <sup>1</sup>	222	—	—	—	222	—	222	51	171	171	0.33
Business optimization items <sup>2</sup>	53	(78)	(3)	17	117	—	117	27	90	90	0.17
Acquisition and integration expenses <sup>3</sup>	11	(9)	(22)	2	40	—	40	8	32	32	0.06
European medical devices regulation <sup>4</sup>	33	—	—	—	33	—	33	8	25	25	0.05
Investigation and related costs <sup>5</sup>	3	(19)	(1)	—	23	—	23	4	19	19	0.04
Intangible asset impairment <sup>6</sup>	17	—	—	—	17	—	17	4	13	13	0.03
Pension settlement <sup>9</sup>	—	—	—	—	—	(43)	43	10	33	33	0.06
Loss on debt extinguishment <sup>10</sup>	—	—	—	—	—	(110)	110	20	90	90	0.17
Product-related items <sup>11</sup>	29	—	—	—	29	—	29	7	22	22	0.04
<b>Adjusted</b>	<b>\$4,955</b>	<b>\$ 2,363</b>	<b>\$ 495</b>	<b>\$ —</b>	<b>\$ 2,097</b>	<b>\$ 37</b>	<b>\$1,926</b>	<b>\$ 321</b>	<b>\$1,605</b>	<b>\$ 1,597</b>	<b>\$ 3.09</b>
Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense)	42.4 %	20.2 %	4.2 %	0.0 %	18.0 %	0.3 %	16.5 %	16.7 %	13.7 %	13.7 %	

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 Expense, Net	Income Before Income Taxes	Income Tax Expense (Benefit)	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share
<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 income taxes for income tax expense (benefit))	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
Investigation and related costs <sup>5</sup>	—	(8)	—	—	8	—	8	2	6	6	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>	—	—	—	37	(37)	—	(37)	(8)	(29)	(29)	(0.05)
Hurricane Maria insurance recoveries <sup>8</sup>	—	—	—	100	(100)	—	(100)	(25)	(75)	(75)	(0.15)
Pension settlement <sup>9</sup>	—	—	—	—	—	(755)	755	187	568	568	1.09
Swiss and India tax reform <sup>12</sup>	—	—	—	—	—	—	—	109	(109)	(109)	(0.21)
U.S. tax reform <sup>13</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 income 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 results in 2020 and 2019 included intangible asset amortization expense of \$222 million (\$171 million, or \$0.33 per diluted share, on an after-tax basis) and \$183 million (\$141 million, or \$0.27 per diluted share, on an after-tax basis), respectively.
- The company's results in 2020 and 2019 included charges of \$134 million (\$107 million, or \$0.20 per diluted share, on an after-tax basis) and \$184 million (\$147 million, or \$0.28 per diluted share, on an after-tax basis), respectively, associated with its programs to optimize its organization and cost structure. 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.
- The company's results in 2020 included \$40 million (\$32 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 a benefit related to the change in the estimated fair value of contingent consideration liabilities. 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 acquisition of in-process R&D assets, partially offset by a benefit related to the change in the estimated fair value of contingent consideration liabilities.

4. The company's results in 2020 and 2019 included costs of \$33 million (\$25 million, or \$0.05 per diluted share, on an after-tax basis) and \$25 million (\$19 million, or \$0.04 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.
5. The company's results in 2020 and 2019 included costs of \$23 million (\$19 million, or \$0.04 per diluted share, on an after-tax basis) and \$8 million (\$6 million, or \$0.01 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 \$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.
8. The company's results in 2019 included a benefit of \$100 million (\$75 million, or \$0.15 per diluted share, on an after-tax basis) related to insurance recoveries as a result of losses incurred due to Hurricane Maria.
9. The company's results in 2020 included a charge of \$43 million (\$33 million, or \$0.06 per diluted share, on an after-tax basis) related to lump-sum settlement distributions made to certain former U.S. employees with vested pension benefits. 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.
10. The company's results in 2020 included a loss of \$110 million (\$90 million, or \$0.17 per diluted share, on an after-tax basis) on the November 2020 early extinguishment of \$750 million of 3.75% senior notes that were issued in March 2020.
11. The company's results in 2020 included a net charge of \$29 million (\$22 million, or \$0.04 per diluted share, on an after-tax basis) related to **Sigma Spectrum** infusion pump inspection and remediation activities.
12. 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.
13. The company's results in 2019 included updates to the estimated impact of U.S. federal tax reform previously made by the company of \$16 million, or \$0.03 per diluted share.

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)**

	Three Months Ended December 31,		% Growth @ Actual Rates	% Growth @ Constant Rates	Years Ended December 31,		% Growth @ Actual Rates	% Growth @ Constant Rates
	2020	2019			2020	2019		
Americas	\$ 1,614	\$ 1,632	(1) %	0 %	\$ 6,069	\$ 6,094	(0) %	1 %
EMEA	867	789	10 %	5 %	3,129	2,968	5 %	5 %
APAC	700	618	13 %	8 %	2,475	2,300	8 %	7 %
<b>Total Baxter</b>	<b>\$ 3,181</b>	<b>\$ 3,039</b>	<b>5 %</b>	<b>3 %</b>	<b>\$ 11,673</b>	<b>\$ 11,362</b>	<b>3 %</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 December 31,		% Growth @ Actual Rates	% Growth @ Constant Rates	Years Ended December 31,		% Growth @ Actual Rates	% Growth @ Constant Rates
	2020	2019			2020	2019		
Renal Care <sup>1</sup>	\$ 1,013	\$ 960	6 %	4 %	\$ 3,757	\$ 3,639	3 %	4 %
Medication Delivery <sup>2</sup>	753	775	(3) %	(3) %	2,735	2,799	(2) %	(2) %
Pharmaceuticals <sup>3</sup>	571	580	(2) %	(4) %	2,123	2,155	(1) %	(1) %
Clinical Nutrition <sup>4</sup>	246	233	6 %	4 %	922	872	6 %	6 %
Advanced Surgery <sup>5</sup>	260	231	13 %	10 %	888	877	1 %	1 %
Acute Therapies <sup>6</sup>	221	144	53 %	50 %	740	535	38 %	39 %
Other <sup>7</sup>	117	116	1 %	(4) %	508	485	5 %	4 %
<b>Total Baxter</b>	<b>\$ 3,181</b>	<b>\$ 3,039</b>	<b>5 %</b>	<b>3 %</b>	<b>\$ 11,673</b>	<b>\$ 11,362</b>	<b>3 %</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 December 31,								
	2020			2019			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$ 219	\$ 794	\$ 1,013	\$ 204	\$ 756	\$ 960	7 %	5 %	6 %
Medication Delivery	486	267	753	514	261	775	(5)%	2 %	(3)%
Pharmaceuticals	221	350	571	250	330	580	(12)%	6 %	(2)%
Clinical Nutrition	92	154	246	84	149	233	10 %	3 %	6 %
Advanced Surgery	148	112	260	138	93	231	7 %	20 %	13 %
Acute Therapies	82	139	221	48	96	144	71 %	45 %	53 %
Other	42	75	117	51	65	116	(18)%	15 %	1 %
<b>Total Baxter</b>	<b>\$ 1,290</b>	<b>\$ 1,891</b>	<b>\$ 3,181</b>	<b>\$ 1,289</b>	<b>\$ 1,750</b>	<b>\$ 3,039</b>	<b>0 %</b>	<b>8 %</b>	<b>5 %</b>

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

	Years Ended December 31,								
	2020			2019			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$ 848	\$ 2,909	\$ 3,757	\$ 791	\$ 2,848	\$ 3,639	7 %	2 %	3 %
Medication Delivery	1,782	953	2,735	1,822	977	2,799	(2)%	(2)%	(2)%
Pharmaceuticals	874	1,249	2,123	940	1,215	2,155	(7)%	3 %	(1)%
Clinical Nutrition	342	580	922	320	552	872	7 %	5 %	6 %
Advanced Surgery	518	370	888	535	342	877	(3)%	8 %	1 %
Acute Therapies	286	454	740	184	351	535	55 %	29 %	38 %
Other	228	280	508	234	251	485	(3)%	12 %	5 %
<b>Total Baxter</b>	<b>\$ 4,878</b>	<b>\$ 6,795</b>	<b>\$ 11,673</b>	<b>\$ 4,826</b>	<b>\$ 6,536</b>	<b>\$ 11,362</b>	<b>1 %</b>	<b>4 %</b>	<b>3 %</b>

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

	Years Ended December 31,	
	2020	2019
<b>Cash flows from operations - continuing operations</b>	<b>\$ 1,870</b>	<b>\$ 2,110</b>
Capital expenditures	(709)	(696)
<b>Free cash flow - continuing operations</b>	<b>\$ 1,161</b>	<b>\$ 1,414</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 December 31, 2019 to The Three Months Ended December 31, 2020**  
**(unaudited)**

	<b>Net Sales Growth As Reported</b>	<b>Seprafilm</b>	<b>FX</b>	<b>Operational Sales Growth*</b>
Renal Care	6 %	0 %	(2)%	4 %
Medication Delivery	(3)%	0 %	0 %	(3)%
Pharmaceuticals	(2)%	0 %	(2)%	(4)%
Clinical Nutrition	6 %	0 %	(2)%	4 %
Advanced Surgery	13 %	(12)%	(3)%	(2)%
Acute Therapies	53 %	0 %	(3)%	50 %
Other	1 %	0 %	(5)%	(4)%
<b>Total Baxter</b>	<b>5 %</b>	<b>(1)%</b>	<b>(2)%</b>	<b>2 %</b>
U.S.	0 %	(1)%	0 %	(1)%
International	8 %	(1)%	(3)%	4 %
Americas	(1)%	(1)%	1 %	(1)%
EMEA	10 %	0 %	(5)%	5 %
APAC	13 %	(2)%	(5)%	6 %

\*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 Year Ended December 31, 2019 to The Year Ended December 31, 2020**  
**(unaudited)**

	Net Sales Growth As Reported	Septrafilm	FX	Operational Sales Growth*
Renal Care	3 %	0 %	1 %	4 %
Medication Delivery	(2)%	0 %	0 %	(2)%
Pharmaceuticals	(1)%	0 %	0 %	(1)%
Clinical Nutrition	6 %	0 %	0 %	6 %
Advanced Surgery	1 %	(11)%	0 %	(10)%
Acute Therapies	38 %	0 %	1 %	39 %
Other	5 %	0 %	(1)%	4 %
<b>Total Baxter</b>	<b>3 %</b>	<b>(1)%</b>	<b>0 %</b>	<b>2 %</b>
U.S.	1 %	(1)%	0 %	(0)%
International	4 %	(1)%	1 %	4 %
Americas	(0)%	(1)%	1 %	0 %
EMEA	5 %	0 %	0 %	5 %
APAC	8 %	(2)%	(1)%	5 %

\*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**  
**Projected First Quarter and Full Year 2021 U.S. GAAP Earnings Per Share to Projected Adjusted Earnings Per Share**  
**(unaudited)**

<b>Earnings Per Share Guidance</b>	<b>Q1 2021*</b>	<b>FY 2021*</b>
<b>Earnings per Diluted Share - U.S. GAAP</b>	<b>\$0.53 - \$0.55</b>	<b>\$2.91 - \$2.99</b>
Estimated intangible asset amortization	\$0.09	\$0.35
Estimated business optimization charges	\$0.00	\$0.02
Estimated investigation and related costs	\$0.00	\$0.01
Estimated European medical devices regulation	\$0.01	\$0.06
<b>Earnings per Diluted Share - Adjusted</b>	<b>\$0.63 - \$0.65</b>	<b>\$3.35 - \$3.43</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 2021 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, debt extinguishment gains or losses, or unusual or infrequently occurring items that may occur during 2021.