

BAXTER INTERNATIONAL INC.
Consolidated Statements of Income
Three Months Ended June 30, 2017 and 2016
(unaudited)
(in millions, except per share and percentage data)

	Three Months Ended June 30,		Change
	2017	2016	
NET SALES	\$2,605	\$2,585	1%
COST OF SALES	1,475	1,613	(9%)
GROSS MARGIN	1,130	972	16%
<i>% of Net Sales</i>	<i>43.4%</i>	<i>37.6%</i>	<i>5.8 pts</i>
MARKETING AND ADMINISTRATIVE EXPENSES	635	709	(10%)
<i>% of Net Sales</i>	<i>24.4%</i>	<i>27.4%</i>	<i>(3 pts)</i>
RESEARCH AND DEVELOPMENT EXPENSES	156	195	(20%)
<i>% of Net Sales</i>	<i>6.0%</i>	<i>7.5%</i>	<i>(1.5 pts)</i>
OPERATING INCOME	339	68	NM
<i>% of Net Sales</i>	<i>13.0%</i>	<i>2.6%</i>	<i>10.4 pts</i>
NET INTEREST EXPENSE	13	11	18%
OTHER EXPENSE (INCOME), NET	20	(1,161)	(102%)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	306	1,218	(75%)
INCOME TAX EXPENSE	42	6	NM
<i>% of Income from Continuing Operations before Income Taxes</i>	<i>13.7%</i>	<i>0.5%</i>	<i>13.2 pts</i>
INCOME FROM CONTINUING OPERATIONS	264	1,212	(78%)
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	1	-	NM
NET INCOME	\$265	\$1,212	(78%)
INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$0.49	\$2.21	(78%)
Diluted	\$0.48	\$2.19	(78%)
INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	\$0.00	\$0.00	NM
Diluted	\$0.00	\$0.00	NM
NET INCOME PER COMMON SHARE			
Basic	\$0.49	\$2.21	(78%)
Diluted	\$0.48	\$2.19	(78%)
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	544	548	
Diluted	555	553	
ADJUSTED OPERATING INCOME (excluding special items)	\$419 ^A	\$318 ^A	32%
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$419 ^A	\$320 ^A	31%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$348 ^A	\$256 ^A	36%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$0.63 ^A	\$0.46 ^A	37%

^A Refer to page 10 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 June 30, 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 June 30, 2017 and 2016 included special items which impacted the GAAP measures as follows:

	Three Months Ended June 30,		Change
	2017	2016	
Gross Margin	\$1,130	\$972	16%
Intangible asset amortization expense ¹	36	42	
Business optimization items ²	14	66	
Intangible asset impairment ³	-	51	
Baxalta separation-related costs ⁴	1	-	
Product-related items ⁵	(4)	-	
Adjusted Gross Margin	\$1,177	\$1,131	4%
% of Net Sales	45.2%	43.8%	1.4 pts
Marketing and Administrative Expenses	\$635	\$709	(10%)
Business optimization items ²	(20)	(28)	
Baxalta separation-related costs ⁴	(7)	(18)	
Claris acquisition and integration expenses ⁶	(5)	-	
Adjusted Marketing and Administrative Expenses	\$603	\$663	(9%)
% of Net Sales	23.1%	25.6%	(2.5 pts)
Research and Development Expenses	\$156	\$195	(20%)
Business optimization items ²	(1)	(45)	
Adjusted Research and Development Expenses	\$155	\$150	3%
% of Net Sales	6.0%	5.8%	0.2 pts
Operating Income	\$339	\$68	NM
Impact of special items	80	250	
Adjusted Operating Income	\$419	\$318	32%
% of Net Sales	16.1%	12.3%	3.8 pts
Other Expense (Income), Net	\$20	\$(1,161)	(102%)
Net realized gains on Baxalta Retained Share transactions ⁷	-	1,148	
Venezuela deconsolidation ⁸	(33)	-	
Adjusted Other Income, Net	\$(13)	\$(13)	0%
Pre-Tax Income from Continuing Operations	\$306	\$1,218	(75%)
Impact of special items	113	(898)	
Adjusted Pre-Tax Income from Continuing Operations	\$419	\$320	31%
Income Tax Expense	\$42	\$6	NM
Impact of special items	29	58	
Adjusted Income Tax Expense	\$71	\$64	11%
% of Adjusted Pre-Tax Income from Continuing Operations	16.9%	20.0%	(3.1 pts)
Income from Continuing Operations	\$264	\$1,212	(78%)
Impact of special items	84	(956)	
Adjusted Income from Continuing Operations	\$348	\$256	36%
Diluted EPS from Continuing Operations	\$0.48	\$2.19	(78%)
Impact of special items	0.15	(1.73)	
Adjusted Diluted EPS from Continuing Operations	\$0.63	\$0.46	37%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Diluted	555	553	

¹ The company's results in 2017 and 2016 included intangible asset amortization expense of \$36 million (\$27 million, or \$0.05 per diluted share, on an after-tax basis) and \$42 million (\$32 million, or \$0.06 per diluted share, on an after-tax basis), respectively.

² The company's results in 2017 included a charge of \$35 million (\$26 million, or \$0.05 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a charge of \$16 million related to restructuring activities, \$16 million of costs to implement business optimization programs which primarily included external consulting and project employee costs, and \$3 million of accelerated depreciation associated with facilities to be closed. The \$16 million of restructuring charges included \$7 million of employee termination costs, \$4 million of contract termination costs, and \$5 million of asset impairment charges primarily related to facility closures.

The company's results in 2016 included a net charge of \$139 million (\$107 million, or \$0.19 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a net charge of \$103 million related to restructuring activities, \$15 million of costs to implement business optimization programs which included external consulting and employee salary and related costs, \$14 million of accelerated depreciation associated with facilities to be closed, and \$7 million of Gambro integration costs. The \$103 million of restructuring activities included \$40 million of employee termination costs, \$58 million of costs related to the discontinuance of the VIVIA home hemodialysis development program, and \$5 million of other exit costs.

³ The company's results in 2016 included a \$51 million (\$39 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 \$8 million (\$6 million, or \$0.01 per diluted share, on an after-tax basis) and \$18 million (\$14 million, or \$0.03 per diluted share, on an after-tax basis), respectively.

⁵ The company's results in 2017 included a benefit of \$4 million (\$3 million, or \$0.01 per diluted share, on an after-tax basis) related to an adjustment to historical product reserves.

⁶ The company's results in 2017 included acquisition and integration costs of \$5 million (\$4 million, or \$0.01 per diluted share, on an after-tax basis) related to the company's pending acquisition of Claris Injectables Limited.

⁷ The company's results in 2016 included net realized gains of \$1.1 billion (\$1.1 billion, or \$2.08 per diluted share, on an after-tax basis), related to the exchange of the company's retained shares of Baxalta for Baxter shares and the contribution of retained shares in Baxalta to Baxter's U.S. pension fund.

⁸ 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.

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.
Consolidated Statements of Income
Six Months Ended June 30, 2017 and 2016
(unaudited)
(in millions, except per share and percentage data)

	Six Months Ended June 30,		Change
	2017	2016	
NET SALES	\$5,080	\$4,960	2%
COST OF SALES	2,908	3,023	(4%)
GROSS MARGIN	2,172	1,937	12%
<i>% of Net Sales</i>	42.8%	39.1%	3.7 pts
MARKETING AND ADMINISTRATIVE EXPENSES	1,205	1,350	(11%)
<i>% of Net Sales</i>	23.7%	27.2%	(3.5 pts)
RESEARCH AND DEVELOPMENT EXPENSES	284	331	(14%)
<i>% of Net Sales</i>	5.6%	6.7%	(1.1 pts)
OPERATING INCOME	683	256	167%
<i>% of Net Sales</i>	13.4%	5.2%	8.2 pts
NET INTEREST EXPENSE	27	39	(31%)
OTHER EXPENSE (INCOME), NET ^A	22	(4,330)	(101%)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	634	4,547	(86%)
INCOME TAX EXPENSE (BENEFIT)	97	(52)	NM
<i>% of Income from Continuing Operations before Income Taxes</i>	15.3%	(1.1%)	16.4 pts
INCOME FROM CONTINUING OPERATIONS	537	4,599	(88%)
(LOSS) INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	-	(7)	(100%)
NET INCOME	\$537	\$4,592	(88%)
INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$0.99	\$8.39	(88%)
Diluted	\$0.97	\$8.33	(88%)
(LOSS) INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	\$0.00	(\$0.01)	(100%)
Diluted	\$0.00	(\$0.01)	(100%)
NET INCOME PER COMMON SHARE			
Basic	\$0.99	\$8.38	(88%)
Diluted	\$0.97	\$8.32	(88%)
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	542	548	
Diluted	553	552	
ADJUSTED OPERATING INCOME (excluding special items)	\$825 ^B	\$567 ^B	46%
ADJUSTED PRE-TAX INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$809 ^B	\$568 ^B	42%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)	\$666 ^B	\$455 ^B	46%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)	\$1.20 ^B	\$0.82 ^B	46%

^A Other Income, net for the period ended June 30, 2016 includes \$4.4 billion net realized gains on the Baxalta retained shares transactions and a \$101 million net debt extinguishment loss.

^B 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
Six Months Ended June 30, 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 six months ended June 30, 2017 and 2016 included special items which impacted the GAAP measures as follows:

	Six Months Ended June 30,		Change
	2017	2016	
Gross Margin	\$2,172	\$1,937	12%
Intangible asset amortization expense ¹	74	82	
Business optimization items ²	30	78	
Intangible asset impairment ³	-	51	
Baxalta separation-related costs ⁴	1	-	
Product-related items ⁵	(4)	(12)	
Adjusted Gross Margin	\$2,273	\$2,136	6%
% of Net Sales	44.7%	43.1%	1.6 pts
Marketing and Administrative Expenses	\$1,205	\$1,350	(11%)
Business optimization items ²	(35)	(31)	
Baxalta separation-related costs ⁴	(14)	(36)	
Historical rebate and discount adjustments ⁶	12	-	
Claris acquisition and integration expenses ⁷	(5)	-	
Adjusted Marketing and Administrative Expenses	\$1,163	\$1,283	(9%)
% of Net Sales	22.9%	25.9%	(3 pts)
Research and Development Expenses	\$284	\$331	(14%)
Business optimization items ²	1	(45)	
Adjusted Research and Development Expenses	\$285	\$286	0%
% of Net Sales	5.6%	5.8%	(0.2 pts)
Operating Income	\$683	\$256	167%
Impact of special items	142	311	
Adjusted Operating Income	\$825	\$567	46%
% of Net Sales	16.2%	11.4%	4.8 pts
Other Expense (Income), Net	\$22	\$(4,330)	(101%)
Net realized gains on Baxalta Retained Shares transactions ⁸	-	4,391	
Loss on debt extinguishment ⁹	-	(101)	
Venezuelan deconsolidation ¹⁰	(33)	-	
Adjusted Other Income, Net	\$(11)	\$(40)	(73%)
Pre-Tax Income from Continuing Operations	\$634	\$4,547	(86%)
Impact of special items	175	(3,979)	
Adjusted Pre-Tax Income from Continuing Operations	\$809	\$568	42%
Income Tax Expense (Benefit)	\$97	\$(52)	NM
Impact of special items	46	165	
Adjusted Income Tax Expense	\$143	\$113	27%
% of Adjusted Pre-Tax Income from Continuing Operations	17.7%	19.9%	(2.2 pts)
Income from Continuing Operations	\$537	\$4,599	(88%)
Impact of special items	129	(4,144)	
Adjusted Income from Continuing Operations	\$666	\$455	46%
Diluted EPS from Continuing Operations	\$0.97	\$8.33	(88%)
Impact of special items	0.23	(7.51)	
Adjusted Diluted EPS from Continuing Operations	\$1.20	\$0.82	46%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Diluted	553	552	

¹ The company's results in 2017 and 2016 included intangible asset amortization expense of \$74 million (\$55 million, or \$0.10 per diluted share, on an after-tax basis) and \$82 million (\$62 million, or \$0.11 per diluted share, on an after-tax basis), respectively.

² The company's results in 2017 included a net charge of \$64 million (\$47 million, or \$0.08 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a net charge of \$19 million related to restructuring activities, \$37 million of costs to implement business optimization programs which primarily included external consulting and project employee costs, and \$8 million of accelerated depreciation associated with facilities to be closed. The \$19 million of net restructuring charges included \$9 million of employee termination costs, \$5 million of contract termination costs, and \$5 million of asset impairment charges primarily related to facility closures.

The company's results in 2016 included a net charge of \$154 million (\$117 million, or \$0.21 per diluted share, on an after-tax basis) related to business optimization initiatives. This included a net charge of \$107 million related to restructuring activities, \$19 million of costs to implement business optimization programs which included external consulting and employee salary and related costs, \$14 million of accelerated depreciation associated with facilities to be closed, and \$14 million of Gambro integration costs. The \$107 million of restructuring activities included \$44 million of employee termination costs, \$58 million of costs related to the discontinuance of the VIVIA home hemodialysis development program, and \$5 million of other exit costs.

³ The company's results in 2016 included a \$51 million (\$39 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 \$15 million (\$11 million, or \$0.02 per diluted share, on an after-tax basis) and \$36 million (\$27 million, or \$0.05 per diluted share, on an after-tax basis), respectively.

⁵ The company's results in 2017 include a benefit of \$4 million (\$3 million, or \$0.01 per diluted share, on an after-tax basis) related to an adjustment to historical product reserves. The company's results in 2016 included benefits related to adjustments to the SIGMA SPECTRUM infusion pump reserves of \$12 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis).

⁶ The company's results in 2017 included 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.

⁷ The company's results in 2017 included acquisition and integration costs of \$5 million (\$4 million, or \$0.01 per diluted share, on an after-tax basis) related to the company's pending acquisition of Claris Injectables Limited.

⁸ The company's results in 2016 included net realized gains of \$4.4 billion (\$4.4 billion, or \$8.05 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 indebtedness, the exchange of the company's retained shares of 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 the Retained Shares transactions.

⁹ The company's results in 2016 included a net debt extinguishment loss totaling \$101 million (\$65 million, or \$0.12 per diluted share, on an after-tax basis) related to the March 2016 debt-for-equity exchange for certain company indebtedness in a Retained Shares transaction.

¹⁰ The company's results in 2017 included a charge of \$33 million (\$24 million, or \$0.05 per diluted share, on an after-tax basis) related to the deconsolidation of its Venezuelan operations.

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 June 30, 2017 and 2016
(unaudited)
(\$ in millions)

	Q2 2017	Q2 2016	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2017	YTD 2016	% Growth @ Actual Rates	% Growth @ Constant Rates
Renal								
United States	\$225	\$210	7%	7%	\$441	\$411	7%	7%
International	743	755	(2%)	1%	1,423	1,452	(2%)	0%
Total Renal	\$968	\$965	0%	3%	\$1,864	\$1,863	0%	2%
Hospital Products								
United States	\$906	\$873	4%	4%	\$1,793	\$1,664	8%	8%
International	731	747	(2%)	1%	1,423	1,433	(1%)	1%
Total Hospital Products	\$1,637	\$1,620	1%	2%	\$3,216	\$3,097	4%	5%
Baxter International Inc.								
United States	\$1,131	\$1,083	4%	4%	\$2,234	\$2,075	8%	8%
International	1,474	1,502	(2%)	1%	2,846	2,885	(1%)	1%
Total Baxter	\$2,605	\$2,585	1%	2%	\$5,080	\$4,960	2%	4%

BAXTER INTERNATIONAL INC.
Sales by Franchise
Periods Ending June 30, 2017 and 2016
(unaudited)
(\$ in millions)

	Q2 2017	Q2 2016	% Growth @ Actual Rates	% Growth @ Constant Rates	YTD 2017	YTD 2016	% Growth @ Actual Rates	% Growth @ Constant Rates
Total Renal ¹	\$968	\$965	0%	3%	\$1,864	\$1,863	0%	2%
Hospital Products								
Fluid Systems ²	\$607	\$586	4%	5%	\$1,192	\$1,110	7%	8%
Integrated Pharmacy Solutions ³	568	563	1%	3%	1,120	1,119	0%	1%
Surgical Care ⁴	352	347	1%	2%	686	652	5%	6%
Other ⁵	110	124	(11%)	(10%)	218	216	1%	2%
Total Hospital Products	\$1,637	\$1,620	1%	2%	\$3,216	\$3,097	4%	5%
Total Baxter	\$2,605	\$2,585	1%	2%	\$5,080	\$4,960	2%	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 June 30, 2017 and 2016
(unaudited)
(\$ in millions)

	Q2 2017			Q2 2016			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Total Renal	\$225	\$743	\$968	\$210	\$755	\$965	7%	(2%)	0%
Hospital Products									
Fluid Systems	\$365	\$242	\$607	\$329	\$257	\$586	11%	(6%)	4%
Integrated Pharmacy Solutions	275	293	568	261	302	563	5%	(3%)	1%
Surgical Care	204	148	352	200	147	347	2%	1%	1%
Other	62	48	110	83	41	124	(25%)	17%	(11%)
Total Hospital Products	\$906	\$731	\$1,637	\$873	\$747	\$1,620	4%	(2%)	1%
Total Baxter	\$1,131	\$1,474	\$2,605	\$1,083	\$1,502	\$2,585	4%	(2%)	1%

BAXTER INTERNATIONAL INC.
Franchise Sales by U.S. and International
Periods Ending June 30, 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	\$441	\$1,423	\$1,864	\$411	\$1,452	\$1,863	7%	(2%)	0%
Hospital Products									
Fluid Systems	\$724	\$468	\$1,192	\$627	\$483	\$1,110	15%	(3%)	7%
Integrated Pharmacy Solutions	541	579	1,120	525	594	1,119	3%	(3%)	0%
Surgical Care	406	280	686	381	271	652	7%	3%	5%
Other	122	96	218	131	85	216	(7%)	13%	1%
Total Hospital Products	\$1,793	\$1,423	\$3,216	\$1,664	\$1,433	\$3,097	8%	(1%)	4%
Total Baxter	\$2,234	\$2,846	\$5,080	\$2,075	\$2,885	\$4,960	8%	(1%)	2%

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

	Six Months Ended June 30,	
	2017	2016
Cash flows from operations - continuing operations	\$767	\$401
Capital expenditures	(279)	(352)
Free cash flow - continuing operations	\$488	\$49

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measure
Change in Net Sales As Reported to Operational Sales
From The Three and Six Months Ended June 30, 2016 to The Three and Six Months Ended June 30, 2017
(unaudited)

	Q2 2017				
	Net sales As Reported	US Cyclophosphamide	Product Exits	FX	Operational Sales
Total Renal	0%	0%	0%	3%	3%
Hospital Products					
Fluid Systems	4%	0%	1%	1%	6%
Integrated Pharmacy Solutions	1%	1%	0%	2%	4%
Surgical Care	1%	0%	1%	1%	3%
Other	(11%)	0%	0%	1%	(10%)
Total Hospital Products	1%	1%	1%	1%	4%
Baxter International Inc.					
United States	4%	1%	0%	0%	5%
International	(2%)	0%	1%	3%	2%
Total Baxter	1%	0%	1%	1%	3%

	YTD 2017				
	Net sales As Reported	US Cyclophosphamide	Product Exits	FX	Operational Sales
Total Renal	0%	0%	1%	2%	3%
Hospital Products					
Fluid Systems	7%	0%	1%	1%	9%
Integrated Pharmacy Solutions	0%	2%	1%	1%	4%
Surgical Care	5%	0%	1%	1%	7%
Other	1%	0%	0%	1%	2%
Total Hospital Products	4%	0%	1%	1%	6%
Baxter International Inc.					
United States	8%	1%	0%	0%	9%
International	(1%)	0%	1%	2%	2%
Total Baxter	2%	0%	1%	2%	5%

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measures
Projected 2017 Adjusted Earnings Per Share and Projected GAAP Earnings Per Share, and
Projected 2017 Adjusted Sales Growth and Projected GAAP Sales Growth
(unaudited)

2017 Earnings Per Share Guidance	Q3 2017	FY 2017
Earnings per Diluted Share – Adjusted	\$0.58 - \$0.60	\$2.34 - \$2.40
Estimated intangible asset amortization	\$0.05	\$0.19
Estimated business optimization charges	\$0.06 - \$0.07	\$0.19 - \$0.23
Estimated Baxalta separation-related expenses	-	\$0.02
Historical rebate and discount adjustments	-	(\$0.01)
Product-related items	-	(\$0.01)
Venezuela deconsolidation	-	\$0.04
Claris acquisition and integration expenses	\$0.02	\$0.03
Earnings per Diluted Share - GAAP	\$0.44 - \$0.47	\$1.85 - \$1.95

2017 Sales Growth Guidance	Q3 2017	FY 2017
Sales Growth – Adjusted	6%	5%
U.S. cyclophosphamide	(1%)	(1%)
Strategic product exits	(1%)	(1%)
Claris acquisition	1%	1%
Foreign exchange	(1%)	(1%)
Sales Growth - GAAP	4%	3%