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DELTA REPORT

10-K

BAX WI - BAXTER INTERNATIONAL INC

10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	11531
CHANGES	574
DELETIONS	2749
ADDITIONS	8208

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

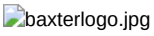
For the fiscal year ended December 31, 2023 December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-4448



Baxter International Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware		**36-0781620**
(State or Other Jurisdiction of Incorporation or Organization)		**(I.R.S. Employer Identification No.)**
One Baxter Parkway, Deerfield,	**Illinois**	**60015**
(Address of Principal Executive Offices)		**(Zip Code)**

Registrant's telephone number, including area code 224.948.2000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, $1.00 par value	BAX (NYSE)	New York Stock Exchange
		Chicago Stock Exchange
0.4% Global Notes due 2024	BAX 24	New York Stock Exchange
1.3% Global Notes due 2025	BAX 25	New York Stock Exchange
1.3% Global Notes due 2029	BAX 29	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files) Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

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Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the voting common equity held by non-affiliates of the registrant as of June 30, 2023 June 30, 2024 (the last business day of the registrant's most recently completed second fiscal quarter), based on the per share closing sale price of $45.56 on that date and the assumption for the purpose of this computation only that all of the registrant's directors and executive officers are affiliates, was approximately $23 $17 billion. The number of shares of the registrant's common stock, $1.00 par value, outstanding as of January 31, 2024 February 13, 2025 was 507,827,437. 511,624,996.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive 2024 proxy statement for use in connection with its Annual Meeting of Stockholders expected to be held on May 7, 2024 May 6, 2025 are incorporated by reference into Part III of this report.

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PART I

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Item 1. ***Business.***

Company Overview

Baxter International Inc., through its subsidiaries, provides a broad portfolio of essential healthcare products, including acute and chronic dialysis therapies; sterile intravenous (IV) solutions; infusion systems and devices; parenteral nutrition therapies; inhaled anesthetics; generic injectable pharmaceuticals; surgical hemostat and sealant products, advanced surgical equipment; smart bed systems; patient monitoring and diagnostic technologies; and respiratory health devices. These products are used by hospitals, kidney dialysis centers, nursing homes, rehabilitation centers, ambulatory surgery centers, doctors' offices, kidney dialysis centers and patients at home under physician supervision. Our global footprint and the critical nature of our products and services play a key role in expanding access to healthcare in emerging and developed countries. As of December 31, 2023 December 31, 2024, after giving effect to the recent sale of our Kidney Care business (as discussed below), we manufactured products in over 20 countries and sold them in over 100 countries.

Baxter International Inc. was incorporated under Delaware law in 1931. As used in this report, "Baxter International" means Baxter International Inc. and "we", "our" or "us" means Baxter International and its consolidated subsidiaries, unless the context otherwise requires.

Recent Strategic Actions

In mid-2022, our Board of Directors authorized a strategic review of our business portfolio, with the goal of increasing stockholder value. As part of that review process, we identified and evaluated a range of potential strategic actions, including opportunities for sales and other separation transactions. In January 2023, following the completion of that review, we announced the following a number of planned strategic actions, that as discussed below, which are intended to enhance our operational effectiveness, accelerate innovation and drive additional stockholder value: (a) a proposed spinoff value. We completed the last of these strategic actions on January 31, 2025 in connection with the sale of our Kidney Care business.

Sale of Kidney Care Business

On August 12, 2024, we entered into an Equity Purchase Agreement (EPA) with certain affiliates of Carlyle Group Inc. (Carlyle) to sell our Kidney Care business. That business, which is now known as Vantive Health LLC (Vantive) is comprised of our former Kidney Care segment and provides chronic and acute dialysis therapies and services, including peritoneal dialysis, hemodialysis, continuous renal replacement therapies, and other organ support therapies. On January 31, 2025, we completed the sale of our Kidney Care business into to Carlyle for an independent publicly traded company focused on kidney care aggregate purchase price of $3.80 billion in cash, subject to certain closing cash, working capital and organ support (the proposed spinoff), (b) our development debt adjustments. After giving effect to certain adjustments, we received approximately $3.71 billion pre-tax cash proceeds at closing of a new operating model to simplify our operations and better align our manufacturing and supply chain to our commercial activities and (c) our pursuit of strategic alternatives for our BioPharma Solutions (BPS) business.

Following these actions, we intend to emerge as a stronger hospital solutions and connected care company. As a more focused business, we expect the transaction with the net after tax proceeds currently estimated to be better positioned approximately $3.4 billion, subject to make strategic investments to accelerate our vision and to deliver differentiated value to our stakeholders with our unique combination of products, therapies and connected care platforms.

Proposed Separation of Kidney Care Business

certain post-closing adjustments. We are working to complete the proposed separation of determined that our Kidney Care business met the criteria to be classified as held-for-sale in August 2024, and we also concluded that it met the interest of establishing an independent company focused on kidney care and organ support. While we continue conditions to evaluate all strategic options in the interest of maximizing stockholder value, we continue to progress towards our current target of July 2024 for completion of the proposed spinoff of this business. In both 2023 and 2022 we generated $4.45 billion of net sales from be reported as a discontinued operation at that time. Accordingly, our Kidney Care segment, representing approximately 30% and 31%, respectively, of our business is reported in discontinued operations in the accompanying consolidated net sales. We intend for the proposed spinoff to qualify as tax-free to Baxter financial systems, and our stockholders for U.S. federal income tax purposes. The proposed spinoff is subject prior period results have been adjusted to the satisfaction of customary conditions, including final approval from our Board of Directors, the filing and effectiveness of a registration statement on Form 10, receipt of an Internal Revenue Service (IRS) ruling or related tax opinions from counsel, satisfactory completion of financing arrangements, consultations with works councils and other employee representative bodies and any necessary regulatory approvals.

There can be no guarantees that the proposed separation will be completed in the form of a spinoff or over the timeframe described above, or at all.

reflect discontinued operations presentation.

Implementation of New Operating Model and Resulting Segment Change

Our reportable segments were previously comprised of the following geographic segments related to our legacy Baxter business: Americas (North and South America), EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific), and a global segment for our Hillrom business. the Hill-Rom Holdings, Inc. (Hillrom) business we acquired in December 2021. In the third quarter of 2023, we completed the implementation of a new operating model intended to simplify and streamline our operations and better align our manufacturing and supply chain to our commercial activities. Under this new operating model, our business is currently comprised of four three reportable segments: Medical Products and & Therapies, Healthcare Systems & Technologies, and Technologies (formerly referred to as our Hillrom segment), Pharmaceuticals and Kidney Care (which would become an independent publicly traded company following the completion of the proposed spinoff transaction). Pharmaceuticals. Our segment reporting was changed during the third quarter of 2023 to align with our new operating model, and prior period segment disclosures have been revised to reflect all periods presented are under the new segments.operating model.

Sale of BPS Business

On September 29, 2023, we completed the sale of our BPS BioPharma Solutions (BPS) business and received cash proceeds of $3.96 billion from that transaction. The financial position, results of operations and cash flows of our BPS business, including the $2.88 billion pre-tax gain ($2.59 billion net of tax) from the sale of that business and the related cash proceeds received, are reported as discontinued operations in the accompanying consolidated financial statements. We intend to use used substantially all of the after-tax

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proceeds from this transaction to repay certain of our debt obligations, including $514 million of commercial paper borrowings and $2.28 billion of long-term debt that we repaid during the fourth quarter of 2023.

Acquisition 2023, as well as €750 million of Hillrom

On December 13, 2021, senior notes that we completed our acquisition repaid during the second quarter of all outstanding equity interests of Hill-Rom Holdings, Inc. (Hillrom) for a purchase price of $10.48 billion. Including the assumption of Hillrom's outstanding debt obligations, the enterprise value of the transaction was $12.84 billion. Hillrom was a global medical technology leader and its products and services help enable earlier diagnosis and treatment, optimize surgical efficiency, and accelerate patient recovery while simplifying clinical communication and shifting care closer to home. Hillrom made those outcomes possible through digital and connected care solutions and collaboration tools, including smart bed systems, patient monitoring and diagnostic technologies, respiratory health devices, advanced equipment for the surgical space and more, delivering actionable, real-time insights at the point of care. In 2023 and 2022, our Healthcare Systems and Technologies segment generated net sales of $3.01 billion and $2.94 billion, respectively. During 2022, we also recognized $2.81 billion of goodwill impairments and $332 million of indefinite-lived intangible asset impairments related to goodwill and trade name intangible assets that arose from the Hillrom acquisition. See Notes 3, 5, 6 and 18 in Item 8 of this Annual Report on Form 10-K for additional information about the Hillrom acquisition, goodwill and intangible asset impairments, Hillrom acquisition financing arrangements and the Healthcare Systems and Technologies segment results, respectively. 2024.

Business Segments and Products

We currently manage our global operations based on four three reportable segments: Medical Products and & Therapies, Healthcare Systems & Technologies and Technologies, Pharmaceuticals and Kidney Care. Pharmaceuticals.

The Medical Products and & Therapies segment includes sales of our sterile IV solutions, infusion systems, administration sets, parenteral nutrition therapies and surgical hemostat, sealant and adhesion prevention products. The Healthcare Systems and & Technologies segment includes sales of our connected care solutions and collaboration tools, including smart bed systems, patient monitoring systems and diagnostic technologies, respiratory health devices and advanced equipment for the surgical space, including surgical video technologies, precision positioning devices and other accessories. The Pharmaceuticals segment includes sales of specialty injectable pharmaceuticals, inhaled anesthesia anesthetics and drug compounding. The Kidney Care segment includes sales of chronic and acute dialysis therapies and services, including peritoneal dialysis (PD), hemodialysis (HD), continuous renal replacement therapies (CRRT) and other organ support therapies. compounding services.

For financial information about our segments, see Note 18 in Item 8 of this Annual Report on Form 10-K.

Business Strategy

Our business strategy is focused on driving sustainable growth and innovation aligned with our mission to save and sustain lives and our vision to transform healthcare with a customer focus to help improve patient outcomes, enhance workflow efficiency, and enable cost-effective care. Our diversified and broad portfolio of medical products that treat acute or chronic conditions and our global presence are core components of our strategy as we work to achieve these objectives. We are focused on four key strategic pillars as part of our pursuit of industry leading performance: innovation; market expansion; operational efficiency; and capital allocation.

Innovation

Our innovation strategy, which encompasses both organic and inorganic initiatives, is focused on accelerating our sales growth through the introduction of new connected care and core therapies therapy offerings. Connected care offerings include devices or software that can digitally connect, communicate and/or analyze data to help transform healthcare and improve patient outcomes. Through our acquisition of Hillrom, outcomes, and we are continuing to build out our connected care portfolio offerings, as its product portfolio which includes digital and connected care solutions and collaboration tools such as smart bed systems, infusion pumps, patient monitoring and diagnostic technologies, respiratory health devices and advanced equipment for the surgical space. Our core therapies therapy product offerings include pharmaceuticals and consumable medical products designed to address essential patient and provider needs across the continuum of care.

As part of this strategy, we are prioritizing investments that drive innovation in product areas where we believe we have compelling opportunities to better serve patients and healthcare professionals, particularly in markets with higher growth rates. We are working to accelerate the pace at which we bring these advances to market to support our future growth. We are in the midst of launching (or have recently launched) several new products, geographic expansions and line extensions in areas such as smart pump technology, hospital pharmaceuticals and nutritionals, surgical sealants, smart beds, respiratory vests chronic and acute renal care and more. These comprise a mix of entirely new product offerings and meaningful improvements to existing technologies.

Market Expansion Portfolio Optimization

Our strategy also involves active portfolio management in the interest of maximizing value for Baxter stockholders and best positioning Baxter for long-term success. The market expansion component recent Kidney Care sale has given us enhanced flexibility to deploy (or in some cases redeploy) capital toward opportunities that seek to accelerate our growth objectives,

whether as a result of our strategy includes innovation or expanding our portfolio geographically broadening our portfolio through or as a result of channel expansion and increasing utilization of our products and therapies through or market development activities. These initiatives include using Baxter's geographic footprint to introduce the Healthcare Systems and Technologies product portfolio into new markets, as well as expanding value-added services, increasing adoption of underpenetrated therapies and providing education and advocacy to improve access to our products.

Operational Excellence

As discussed above under "Recent Strategic Actions," in the third quarter of 2023, we recently implemented a new operating model intended to simplify and streamline our operations and better align our manufacturing and supply chain to our commercial activities. Going forward we expect We believe these changes will allow us to be a more integrated and nimble organization that can respond more effectively to operational challenges and changes in the macroeconomic environment while enhancing our ability to drive innovation in our product portfolio. We also continue to focus on increasing efficiencies through automation and digitization and delivering on the targeted cost synergies expected to

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be achieved from our acquisition of Hillrom. digitization. We intend to continue to actively manage our cost structure and strive to commit resources to the highest value uses. Such high value activities include supporting innovation, building out actively managing the portfolio, expanding patient access and accelerating growth for our stockholders.

Maintaining Disciplined and Balanced Capital Allocation

Subject to market conditions and our investment grade targets, our capital allocation strategies currently include the following:

- debt repayments to support our deleveraging commitments;
- active portfolio management through the identification of attractive acquisition and divestiture transactions, including the recent divestiture divestitures of our BPS business and the proposed Kidney Care separation; businesses; and
- returning capital to stockholders through dividends, while balancing any returns with other strategic actions we take. We also intend to reinstate share repurchases over the longer term.

We paid down $2.80 billion $3.65 billion of net debt during 2023, 2024 and through February 21, 2025 using proceeds from the sale sales of our BPS business, and Kidney Care businesses, and we are committed to retaining our investment grade rating, including taking actions toward achieving a 2.75x net leverage target in 2025. of approximately 3.0x by the end of 2025 through ongoing debt repayment and financing activities. During this deleveraging period, we currently intend to continue paying a dividend (which we reduced in November 2024), not make any share repurchases and be highly selective with respect to any potential acquisitions.

Sales and Distribution

We have our own direct sales force and also make sales to and through independent distributors, drug wholesalers acting as sales agents and specialty pharmacy or other alternate site providers. In the United States, third parties, such as Cardinal Health, Inc., warehouse and ship a significant portion of our products through their distribution centers. These centers are generally stocked with adequate inventories to facilitate prompt customer service. Sales and distribution methods include frequent contact by sales and customer service representatives, automated communications via various electronic purchasing systems, circulation of catalogs and merchandising bulletins, direct-mail campaigns, trade publication presence and advertising.

Sales are made and products are distributed on a direct basis or through independent distributors or sales agents in more than 100 countries as of December 31, 2023. December 31, 2024, giving effect to the sale of our Kidney Care business.

International Operations

The majority A significant portion of our revenues are generated outside of the United States and thoughtful geographic expansion remains a key component of our strategy, particularly with respect to our Healthcare Systems and Technologies business. strategy. Our international presence includes operations in Europe, the Middle East, Africa, Asia-Pacific, Latin America and Canada. We are subject to certain risks inherent in conducting business outside the United States. For more information on these risks, see the information under the captions “Risks Relating to Our Business—We are subject to risks associated with doing business globally” and “—Changes in foreign currency exchange rates and interest rates have had, and may in the future have, an adverse effect on our results of operations, financial condition, cash flows and liquidity” in Item 1A. Risk Factors of this Annual Report on Form 10-K.

For financial information about our foreign and domestic revenues and segment information, see Note 18, in Item 8 of this Annual Report on Form 10-K. For more information regarding foreign currency exchange risk, refer to the discussion under the caption entitled “Financial Instrument Market Risk” in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K.

Contractual Arrangements

Our products are sold through contracts with customers, both within and outside the United States. Some of these contracts have terms of more than one year and place limits on our ability to increase prices. In the case of hospitals, governments and other facilities, these contracts may specify minimum quantities of a particular product or categories of products to be purchased by the customer.

In keeping with the increased emphasis on cost-effectiveness in healthcare delivery, many hospitals and other customers of medical products in the United States have joined group purchasing organizations (GPOs), or formed integrated delivery networks (IDNs), to enhance purchasing power. GPOs and IDNs negotiate pricing arrangements with manufacturers and distributors and the negotiated prices are made available to members. We have purchasing agreements with several of the major GPOs in the United States, which are subject to renewal from time to time. GPOs may have agreements with more than one supplier for certain products. Accordingly, in these cases, we face competition from other suppliers even where a customer is a member of a GPO under contract with us, which may constrain our ability to secure negotiated price increases. Purchasing power is similarly consolidated in many other countries. For example, public contracting authorities often act as the purchasing entities for the hospitals and other customers of medical products in their region and many hospitals and other customers have joined joint procurement entities and buying consortia. The result is that demand for healthcare products is increasingly concentrated across our markets globally. Additionally, our contractual pricing arrangements with GPOs, IDNs and public contracting authorities can sometimes limit our ability to increase prices in order to offset raw materials or component price increases or otherwise. Some of these agreements contain failure to supply clauses with varying remedies, inclusive of limited termination rights.

Raw Materials and Component Parts

Raw materials and component parts essential to our business are purchased from numerous suppliers worldwide in the ordinary course of business. While many of these materials are generally available, we have experienced and may in the future experience shortages of supply. Additionally, certain of these materials are secured from single source suppliers or on a spot basis and not pursuant to a contractual arrangement. In recent periods, we have experienced increased costs and shortages of raw materials and component parts (including resins and electromechanical devices), which has had a negative impact on our profit margins and on our sales for certain product categories, due to our inability to fully satisfy demand.

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In an effort to manage risk associated with raw materials and component supply, we work closely with our suppliers to help ensure availability and continuity of supply while maintaining high quality and reliability. We also seek to develop new and alternative sources of supply where beneficial to our overall raw materials procurement strategy. Refer to Item 1A. Risk Factors of this Annual Report on Form 10-K for further information regarding risks related to the supply chain, raw materials and component parts (including with respect to the qualification of any new or alternative supplier).

We are not always able to recover cost increases for raw materials and component parts through customer pricing due to contractual limits, where applicable, and market forces. For example, during 2022 and 2023, our profit margins were adversely impacted because we were unable to fully offset all related cost increases resulting from the high inflationary environment through customer pricing adjustments or other pricing actions. Additionally, our profit margins were negatively impacted in the fourth quarter of 2024 (and may continue to be negatively impacted in the short term) because we were unable to fully offset the increased supply chain costs associated with our ongoing North Cove recovery efforts (including as a result of importing additional product from outside the United States to support IV solutions demand). We seek to utilize long-term supply contracts with some suppliers to help maintain continuity of supply and manage the risk of price increases. Our ability to do so in the face of limited supply of certain raw materials and component parts and inflationary environment has been and may in the future be limited.

Competition and Healthcare Cost Containment

Our businesses benefit from a number of competitive advantages, including the breadth and depth of our product offerings and our strong relationships with customers, including hospitals and clinics, GPOs, IDNs, physicians and patients, many of whom self-administer home-based therapies that we supply. We also benefit from efficiencies and cost advantages resulting from shared manufacturing facilities and the technological advantages of our products.

Although no single company competes with us in all of our businesses, we face substantial competition in each of our segments from international and domestic healthcare, medical products and pharmaceutical companies and providers of all sizes, and these competitors often differ across our businesses. In addition, global and regional competitors continue to expand their manufacturing capacity and sales and marketing channels. We believe customer purchasing decisions are primarily focused on cost-effectiveness, price, service, product performance and technological innovation. There has been consolidation in our customer base and by our competitors, which has resulted and continues to result in pricing and market pressures.

1. Global efforts toward healthcare cost containment continue to exert pressure on product pricing. Governments around the world use various mechanisms to control healthcare expenditures, such as price controls, the formation of public contracting authorities, product formularies (lists of recommended or approved products), and competitive tenders which require the submission of a bid to sell products. Sales of our products are dependent, in part, on the availability of reimbursement by government agencies and healthcare programs, as well as insurance companies and other private payers. In the United States, the federal government and many states have adopted or proposed initiatives relating to Medicaid and other health programs that may limit reimbursement or increase rebates that we and other providers are required to pay to the state. In addition to government regulation, managed care organizations in the United States, which include medical insurance companies, medical plan administrators, health-maintenance organizations, hospital and physician alliances and pharmacy benefit managers, continue to put pressure on the price and usage of healthcare products. Managed care organizations seek to contain healthcare expenditures, and their purchasing strength has been increasing due to their consolidation into fewer, larger organizations and a growing number of enrolled patients. We face similar issues outside of the United States. In Europe and Latin America, for example, the government provides healthcare at low cost to patients, and controls its expenditures by purchasing products through public tenders, collective purchasing, regulating prices, setting reference prices in public tenders or limiting reimbursement or patient access to certain products. Additionally, China has been implementing volume-based procurement policies and a series of centralized reforms on both a national and regional basis which have resulted in significant price cuts for pharmaceuticals and medical consumables. For further discussion, refer to Item 1A. Risk Factors of this Annual Report on Form 10-K.

Intellectual Property

Patents and other proprietary rights are essential to our business. We rely on patents, trademarks, copyrights, trade secrets, know-how and confidentiality agreements to develop, maintain and strengthen our competitive position. We own numerous patents and trademarks throughout the world and have entered into license arrangements relating to various third-party patents and technologies. Products manufactured by us are sold primarily under our own trademarks and trade names. Some products distributed by us are sold under our trade names, while others are sold under trade names owned by our suppliers or partners. Trade secret protection of unpatented confidential and proprietary information is also important to us. We maintain certain details about our processes, products and technology as trade secrets and generally require employees, consultants, and business partners to enter into confidentiality agreements. These agreements may be breached and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. To the extent that our employees, consultants, and business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Our policy is to protect our products and technology through patents and trademarks on a worldwide basis. This protection is sought in a manner that balances the cost of such protection against obtaining the greatest value for us. We also recognize the need to promote the enforcement of our patents and trademarks and take commercially reasonable steps to enforce our patents and trademarks around the world against potential infringers, including judicial or administrative action where appropriate.

We operate in an industry susceptible to significant patent litigation. At any given time, we are involved as either a plaintiff or defendant in a number of patent infringement and other intellectual property-related actions. Such litigation can result in significant royalty or other payments or result in injunctions that can prevent the sale of products. For more information on patent and other litigation, see Note 8 in Item 8 of this Annual Report on Form 10-K.

Research and Development

We believe our investment in research and development (R&D), consistent with our portfolio optimization and capital allocation strategies, will help fuel our future growth and our ability to remain competitive. Accordingly, we continue to focus our investment on select R&D programs to enhance future growth through clinical differentiation. Expenditures for our R&D activities were $667 million $590 million in 2024, $518 million in 2023, $602 million and $450 million in 2022, and $531 million in 2021. 2022. These expenditures include costs associated with R&D activities performed at our R&D centers located around the world, which include facilities in Belgium, China, Germany, India, Italy, Japan, Sweden Malta and the United States, as well as in-licensing, milestone and reimbursement payments made to partners for R&D work performed at non-Baxter locations. As discussed above in under

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"Recent Strategic Actions," in the third quarter of 2023, we have recently implemented a new operating model intended to simplify and streamline our operations, including with respect to our R&D activities. We are also working to create a more resilient supply chain and better align our manufacturing footprint and supply chain to our commercial activities. These activities may result in the consolidation of one or more R&D facilities.

For more information on our R&D activities, refer to the discussion under the caption entitled “Strategic Objectives” in Item 7. Management's Discussion of Analysis and Financial Condition and Results of Operations of this Annual Report on Form 10-K.

Quality Management

Our continued success depends upon the quality of our products. Quality management plays an essential role in determining and meeting customer requirements, helping to prevent defects, facilitating continuing improvement of our processes, products and services, and helping to assure the safety and efficacy of our products. Our quality system enables the design, development, manufacturing, packaging, sterilization, handling, distribution and labeling of our products to help ensure that they conform to customer requirements. In order to consistently improve the effectiveness and efficiency of our quality system, various measurement, monitoring and analysis methods, such as management reviews and internal, external and vendor audits, are employed at local and central levels.

Each product that we market is required to meet specific quality standards, both in packaging and in product integrity and quality. If any of those is determined to be compromised at any time, we endeavor to take corrective and preventive actions designed to ensure compliance with regulatory requirements and to meet customer expectations. For more information on corrective actions taken by us, refer to the discussion under the caption entitled “Certain Regulatory Matters” in Item 7. Management's Discussion of Analysis and Financial Condition and Results of Operations of this Annual Report on Form 10-K.

Corporate Responsibility

Driven by our mission to save and sustain lives, Baxter's corporate responsibility strategy focuses on addressing the environmental, social and governance (ESG) issues corporate responsibility matters that affect our patients, customers, employees, communities and other critical stakeholders worldwide. Our corporate responsibility approach supports our business priorities to achieve top quartile results relative to industry peers and other comparators across four dimensions: patient safety and quality, growth through innovation, best place to work and industry-leading performance. Advancing our corporate responsibility goals contributes to business, social and economic value, including attraction and retention of employees, enhanced operational efficiency and implementation of enterprise risk management strategies, among others.

In 2021, we launched our 2030 Corporate Responsibility Commitment featuring ten strategic goals for focused action. Our Commitment is anchored by three pillars - Empower Our our Patients, Protect Our our Planet and Champion Our our People and Communities - and bolstered by our approach to the foundational principles of Ethics and Compliance, Human Rights, Diversity, Equity and Inclusion and Privacy and Data Protection. Communities. The 2030 Corporate Responsibility Commitment and Goals highlight Baxter's corporate responsibility focus and help to further advance our ESG corporate responsibility performance. We expect to announce a refreshed Corporate Responsibility commitment and goal set after the issuance of our 2024 Corporate Responsibility Report (to be issued in June 2025), either in a separate announcement or as part of the 2025 Corporate Responsibility Report. This timing should allow for a new, permanent CEO to have the opportunity to review and contribute to our commitment and goals and to reflect recent operational and other developments (including the recent Kidney Care sale). Our progress against these our current goals and commitments is published annually in our Corporate Responsibility Report which is available on our website under "Our Story-Corporate Responsibility." The Corporate Responsibility Report is not incorporated by reference into this Annual Report on Form 10-K or any other document filed with the SEC.

Government Regulation

As a medical products company, our operations and many of the products manufactured or sold by us are subject to extensive regulation by numerous government agencies, both within and outside the United States. The Food and Drug Administration (FDA) in the United States, the European Medicines Agency (EMA) and the Medicines &

Healthcare products Regulatory Agency (MHRA) in Europe, the China Food and Drug National Medical Products Administration (CFDA) (NMPA) in China and other government agencies, inside and outside of the United States, administer requirements covering the testing, safety, effectiveness, manufacturing, labeling, promotion and advertising, distribution and post-market surveillance of our products. We must obtain specific clearance, approval or other marketing authorization from FDA and non-U.S. regulatory authorities before we can market and sell most of our products in a particular country. Even after we obtain regulatory approval authorization to market a product, additional regulatory authorization may be necessary to maintain the product in the market, including additional 501(k) clearances, new drug approval (NDA) supplements, and our other regulatory submissions. In addition, the raw materials, manufacturing facilities, processes and quality systems used in the manufacture of a product are subject to continued review by FDA and other regulatory authorities globally, including additional 510(k) and other regulatory submissions, and approvals or the time needed to secure approvals are not certain. globally. State agencies in the United States also regulate our facilities, operations, employees, products and services within their respective states. We, along with our facilities, are subject to periodic inspections and possible administrative and legal actions by FDA and other regulatory agencies inside and outside the United States. Such actions may include warning letters, product recalls or seizures, monetary sanctions, injunctions to halt the manufacture and distribution of products, civil or criminal sanctions, refusal of a government to grant approvals or licenses, restrictions on operations or withdrawal of existing approvals and licenses. As situations require, we take steps to ensure the safety and efficacy of our products, such as removing products from the market that are found not to meet applicable requirements and improving the effectiveness of quality systems. For more information on compliance actions taken by us, refer to the discussion under the caption entitled “Certain Regulatory Matters” in Item 7. Management's Discussion of Analysis and Financial Condition and Results of Operations of this Annual Report on Form 10-K.

We are also subject to various laws inside and outside the United States concerning our relationships with healthcare professionals and government officials, price reporting and regulation, the promotion, sales and marketing of our products and services, the importation and exportation of products, the operation of our facilities and the distribution of products. In the United States, we are subject to the oversight of FDA, Office of the Inspector General within the Department of Health and Human Services (OIG), the Center for Medicare/Medicaid Services (CMS), the Department of Justice (DOJ), Environmental Protection Agency, Department of Defense and Customs and Border Protection in addition to others. We supply products and services to healthcare providers that are reimbursed by federally funded programs such as Medicare. As a result, our activities are subject to regulation by CMS and enforcement by OIG and DOJ. In each jurisdiction outside the United States, our activities are subject to regulation by government agencies including the EMA and MHRA in Europe, CFDA NMPA in China and other agencies in other jurisdictions. Many of the agencies enforcing these laws have increased their enforcement activities with respect to healthcare companies in recent years. These actions appear to be part of a general trend toward increased enforcement activity globally.

Our operations involve the use of substances regulated under environmental laws, primarily in manufacturing and sterilization processes. Our environmental policies require compliance with all applicable environmental regulations and contemplate, among other things, appropriate capital expenditures for environmental protection. For example, we

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made $6 million and $33 million of capital expenditures in 2022 and 2021, respectively, related to a new ethylene oxide emissions control system at our Mountain Home, Arkansas facility that was substantially completed in 2022.

Human Capital Management

As of December 31, 2023 December 31, 2024, after giving effect to the Kidney Care sale, we employed approximately 60,000 38,000 people globally, with approximately 41,000 15,000 employees in the United States and approximately 19,000 23,000 employees outside of the United States. Our employees set the foundation for our ability to achieve our strategic objectives. They contribute to our success and are instrumental in driving operational execution and our ability to deliver strong financial performance, advancing innovation and maintaining a strong quality and compliance program across our organization.

The success and growth of our business depends in large part on our ability to attract, retain and develop a diverse population of talented and high-performing employees at all levels of our organization with a myriad of backgrounds and experiences, including the individuals who comprise our global workforce as well as executive officers and other key personnel. To succeed in a competitive labor market, we have developed recruitment and retention strategies, objectives and measures that we focus on as part of the overall management of our business. These strategies, objectives and measures form our human capital management framework and are advanced through the following programs, policies and initiatives:

- **Competitive Pay and Benefits.** Our compensation programs are designed to align the compensation of our employees with our performance and to provide the proper incentives to attract, retain and motivate

  employees to achieve superior results. The structure of our compensation programs balances incentive earnings for both short-term and long-term performance.
- **Activating Change Today.** Building on the success of our nine business resource groups (BRGs), one such BRG, Baxter's Black Alliance, joined forces with colleagues across the company to introduce Activating Change Today (ACT), a multidimensional program to advance inclusion and racial justice.ACT is focused on driving results across four key areas – Workforce, Workplace, Community and Marketplace – encompassing employees, external stakeholders and the markets and communities we serve.
- **Health and Safety.** Health and safety are firmly rooted across our global footprint. We aim for a zero-harm workplace and prioritize the elimination of risks and incident precursors to drive improvement. In 2023, 2024, Baxter focused on employee engagement, hazard identification and accelerated technology deployment to better understand and address top health and safety risk areas. We have continued to mobilize our hazard identification program for our operational workforce, in concert with a centralized corrective action tracking tool. These improvements have enabled us to implement predictive analytics, harvest actionable insights, support ergonomic evaluations and introduce active implement safety control technology for improved operation of our powered industrial vehicles.
- **Recruitment, Training and Development.** We use recruitment vehicles to attract diverse talent to our organization and we prioritize learning opportunities that foster a growth mindset. Our formal offerings include a tuition reimbursement program, an e-learning platform known as BaxU and virtual workshops that support our culture, strategy and the development of crucial skills. To assess the impact of the investments we make in our people, and to help us consistently improve our human resources programs, we regularly conduct anonymous surveys of our global workforce to seek feedback on a variety of topics including confidence in our leadership, competitiveness of our compensation and benefits packages, career growth opportunities and improvements on how we can make our company an employer of choice. Administered and analyzed by an independent third-party, the survey results are reviewed by our senior leaders, which include our executive officers. Summaries of select surveys are also provided to our Board of Directors. The results of this engagement survey are also shared with individual managers, who are then tasked with taking action based on their employees' anonymous feedback.

Available Information

We make available free of charge on our website at www.baxter.com our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), as soon as reasonably practicable after electronically filing or furnishing such material with the Securities and Exchange Commission. These reports are also available free of charge via EDGAR through the Securities and Exchange Commission website (www.sec.gov). In addition, our Corporate Governance Guidelines, Code of Conduct, and the charters for the committees of our Board of Directors are available on our website at www.baxter.com under "Our Story — Our Governance." All the foregoing materials will be made available to stockholders in print upon request by writing to: Corporate Secretary, Baxter International Inc., One Baxter Parkway, Deerfield, Illinois 60015. Information contained on our website shall not be deemed incorporated into, or to be a part of, this Annual Report on Form 10-K.

Item 1A. ***Risk Factors.***

In addition to the other information in this Annual Report on Form 10-K, stockholders or prospective investors should carefully consider the following risk factors for a description of the principal risks that we face. If any of the events described below occurs, our business, results of operations, financial condition, cash flows, future growth prospects and stock price could suffer. Further, other unknown or unpredictable factors could also have material adverse effects on our future results.

Risk Factors Summary

This summary of risks below is intended to provide an overview of the risks we face and should not be considered a substitute for the more detailed risk factors discussed immediately following this summary.

Risks Relating to Our Strategic Actions

- The proposed spinoff of our Kidney Care business may not be completed on the terms, structure or timeline we have announced, if at all.
- We are exposed to new risks as a result of the proposed spinoff and other our strategic actions, we are undertaking. including the recent sale of our Kidney Care business.
- We may continue to experience difficulties with our ongoing integration of Hillrom or fail to realize the anticipated benefits of the Hillrom acquisition.
- If our business strategy and development activities are unsuccessful, our business, results of operations, financial condition and cash flows could be adversely affected.

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Risks Relating to Our Financial Performance and Our Common Stock

- Global economic conditions, including inflation and supply chain disruptions, have adversely affected, and could continue to adversely affect, our operations.
- Our operating results and financial condition have fluctuated and may in the future continue to fluctuate.
- We may not achieve our financial goals.
- We incurred Our common stock price has fluctuated significantly and may continue to do so.
- Our significant indebtedness requires us to use a substantial amount of our cash flow for debt service and could constrain our flexibility in connection with the Hillrom acquisition, which could responding to unanticipated or adverse business conditions and adversely affect our business, results of operations, financial condition and cash flows.
- Changes in foreign currency exchange rates and interest rates have had, and may in the future have, an adverse effect on our results of operations, financial condition, cash flows and liquidity.
- Our common stock price has fluctuated significantly and may continue to do so.
- Future material impairments in the value of our goodwill, intangible assets and other long-lived assets, would negatively affect our operating results.

Other • We cannot guarantee that in the future we will not further reduce the amount of dividends we pay.

Risks Relating to Our Business

- If we are unable to successfully introduce or monetize new and existing products or services, or fail to keep pace with changing consumer preferences and needs or advances in technology, our business, results of operations, financial condition and cash flows could be adversely affected.
- Issues with quality management or product quality could, among other things, have an adverse effect on our business or cause a loss of customer confidence in us or our products.
- There is substantial competition in the product markets in which we operate and the risk of declining demand and pricing pressures could adversely affect our business, results of operations, financial condition and cash flows.
- If we fail to attract, develop, retain and engage key employees, including a permanent Chief Executive Officer (CEO) and other members of our senior management, our business may suffer.
- Pandemics and other public health emergencies, or the fear thereof, have had, and may in the future have, a material adverse effect on our business.
- If we fail to attract, develop, retain and engage key employees, our business may suffer.

Risks Relating to Our Business Operations

- Segments of our business are significantly dependent on major contracts with GPOs, IDNs, and certain other distributors and purchasers.
- We may not be successful in achieving expected operating efficiencies and sustaining or improving operating expense reductions and might may experience business disruptions and adverse tax consequences associated with restructuring, realignment and cost reduction activities.
- If we are unable to obtain sufficient components or raw materials on a timely basis or for a cost-effective price or if we experience other manufacturing, sterilization, supply or distribution difficulties, our business, results of operations, financial condition and cash flows may be adversely affected.
- Breaches and breakdowns affecting our information technology systems or protected information, including from obsolescence, cyber security breaches and data leakage, could have a material adverse effect on us.
- Incorporating artificial intelligence, machine learning and other emerging technologies into our products, services and operations exposes us to legal and regulatory risks and could result in reputational harm or have other adverse consequences to our business, financial condition or results of operations.
- Climate change, or legal, regulatory or market measures to address climate change, could adversely affect our business, results of operations, financial condition and cash flows.
- Breaches Our commitments, goals and breakdowns affecting disclosures related to corporate responsibility matters, and the perception of our information technology systems or protected information could have a material adverse effect on us. activities in these areas, may adversely impact the company, including through reputational harm.
- We are subject to risks associated with doing business globally.
- A portion of our workforce is unionized, and we could face labor disruptions that would interfere with our operations.

Risks Relating to Legal and Regulatory Matters

- We are subject to a number of laws and regulations, and we are susceptible to a changing regulatory environment.
- Increasing regulatory focus on, privacy and cybersecurity issues and expanding laws relating to, privacy, artificial intelligence and cybersecurity could impact our business and expose us to increased liability.

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- If reimbursement or other payment for our current or future products is reduced or modified in the United States or in foreign countries or there are changes to policies with respect to pricing, taxation or rebates, our business could suffer.
- We could be subject to fines or damages and possible exclusion from participation in federal or state healthcare programs if we fail to comply with the laws and regulations applicable to our business.
- If we are unable to protect or enforce our patents or other proprietary rights, or if we become subject to claims or litigation alleging infringement of the patents or other proprietary rights of others, our competitiveness and business prospects may be materially damaged.
- Changes in tax laws or exposure to additional income tax liabilities may have a negative impact on our operating results.
- We are party to a number of pending lawsuits and other disputes which may have an adverse impact on our business, results of operations, financial condition and cash flows.
- Our Amended and Restated By-Laws designate certain courts in the State of Delaware or the federal district courts of the United States will be the sole and exclusive could limit our stockholders' ability to choose their preferred judicial forum for substantially all disputes between with us and or our stockholders. directors, officers, or employees.

Risks Relating to Our Recent and Ongoing Strategic Actions

The proposed spinoff of our Kidney Care business may not be completed on the terms, structure or timeline we have announced, if at all.

In January 2023, we announced a series of strategic actions, including, among other things, the proposed spinoff of our Kidney Care business into an independent company (the proposed spinoff) and plans to implement a simplified operating model and manufacturing footprint. While we have completed implementation of the new operating model, we may encounter challenges to executing the proposed spinoff on the terms, structure and within the timeframe we have announced, or at all. The proposed spinoff will be subject to the satisfaction of a number of customary conditions, including final approval from Baxter's Board of Directors. The failure to satisfy any of the required conditions could delay the completion of the proposed spinoff for a significant period of time or prevent it from occurring at all. Additionally, the proposed spinoff is complex in nature, and unanticipated developments or changes, including disruptions in general market conditions, changes in law, challenges or complexities in executing the spinoff of the two businesses or developments of viable medical, pharmacological and technological advances (as further discussed in "Other Risks Relating to Our Business If we are unable to successfully introduce or monetize new and existing products or services, or fail to keep pace with changing consumer preferences and needs or advances in technology, our business, results of operations, financial condition and cash flows could be adversely affected") may affect our ability to complete the proposed spinoff on the terms or on the timeline we have announced, or at all. The terms and conditions of the required regulatory authorizations and consents that are granted, if any, may also impose requirements, limitations or costs, or place restrictions on the conduct of the independent companies or impact our ability to complete the proposed spinoff on the terms or timeline we have announced, or at all.

Although we intend for the proposed spinoff to be tax-free to Baxter's stockholders for U.S. federal income tax purposes, we have initiated the preparatory restructuring, which has generated, and we expect to continue to generate, non-U.S. tax liabilities and may also generate potential impairments of deferred tax assets. Moreover, there can be no assurance that the proposed spinoff will qualify as tax-free for U.S. federal income tax purposes. The IRS ruling and tax opinion mentioned above will be based upon various factual representations and assumptions, as well as certain undertakings made by Baxter and the new independent company. If any of these factual representations or assumptions are, or become, untrue or incomplete in any material respect, an undertaking is not complied with, or the facts upon which the opinion or ruling are based are materially different from the actual facts relating to the proposed spinoff, reliance on the opinion or ruling may be jeopardized. If the proposed spinoff were ultimately determined to be taxable for U.S. federal income tax purposes, we would incur a significant tax liability, while the distributions to Baxter's stockholders would become taxable and the new company could incur income tax liabilities as well.

We are exposed to new risks as a result of the proposed spinoff and other our strategic actions, we are undertaking. Our strategic actions may not achieve their anticipated benefits,or including the recent sale of our costs may exceed our estimates. Kidney Care business.

Our businesses have begun to face, and will continue to face, material challenges in connection with the proposed spinoff sale of our Kidney Care business and the other strategic actions we are undertaking have undertaken (includingthe recent implementation of a simplified operating model and the ongoing simplification of our manufacturing footprint). These The success of the sale of our Kidney Care business depends on, among other things, our ability to effectively transition the Kidney Care business to Carlyle in a manner that: minimizes disruption to our customers, employees, other personnel and operations; realizes the expected tax benefits; avoids potential liabilities or claims; and enables us to achieve related cost savings initiatives. The Kidney Care sale may result in challenges include, without limitation, such as: the diversion of management's attention from our ongoing business concerns; appropriately allocating assets concerns and liabilities among the companies to be separated in the proposed spinoff, particularly given the complex nature of the proposed spinoff; any newly identified strategic initiatives; attracting, retaining and motivating key management and other employees; retaining existing, or attracting new, business and operational relationships, including with customers, suppliers, employees and other counterparties; maintaining our relationships with regulators; assigning customer contracts the potential for disputes or litigation with Carlyle or Vantive, as applicable, arising from the transaction, the EPA or the various agreements (including a transition services agreement and intellectual property a manufacturing and supply agreement) that we entered into with Vantive in connection with the Kidney Care closing (as further described below) and liabilities and obligations otherwise related to each of the transaction, the EPA or the other agreements described in this paragraph; the potential for exposure related to certain pre-closing Kidney Care liabilities we retained; the potential for adverse tax consequences or changes in tax laws or regulations that could affect our remaining businesses; the potential for regulatory actions or investigations related to the transaction or the businesses involved; and potential negative reactions from the financial markets. markets, ratings agencies, customers, employees, other personnel or other stakeholders.

In particular, addition, in the last few years, we have undertaken other strategic and business transformation actions (including the recent divestiture of our BPS business, the acquisition of Hillrom and cost reduction initiatives) that have entailed changes across our organizational structure, senior leadership, culture, functional alignment, outsourcing and other areas. This poses These actions pose risks in the form of personnel capacity constraints and institutional knowledge loss that has led to, and could in the future lead to, missed performance or of financial targets (including those related to cost savings initiatives) and harm to our reputation, and these risks are heightened reputation.

In connection with the additional interdependent actions closing of the Kidney Care sale, we entered into certain agreements as described above (including a transition services agreement and a manufacturing and supply agreement). These agreements provide for the performance of services, and the provision of certain dialysis-related products, other products and product components, by each company for the benefit of the other for a period of time. If Vantive is unable to satisfy its obligations under these agreements, including its supply and indemnification obligations, we could incur losses. Additionally, in the event that will be needed to complete the proposed spinoff Vantive asserts claims for breaches of any of these agreements, our indemnity obligations and other strategic actions we are currently implementing liabilities to Vantive under these agreements could be significant. These arrangements could also lead to disputes over rights to certain shared property and pursing rights and over the allocation of costs and revenues for products and operations.

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Our inability to effectively manage these activities and related events could adversely affect our business, financial condition or which we may pursue in the future. results of operations.

We have incurred, and will continue to incur, significant expenses in connection with the proposed spinoff sale of our Kidney Care business. For example, we will continue to incur the costs of providing transition services, products and product components to Vantive under the agreements described above and other strategic actions stranded costs that we are undertaking. These will no longer be able to share with the Kidney Care business and which we may not be able to fully offset. Such expenses have been significant, and may continue to grow, and may not yield a discernible benefit if the actions are not completed on schedule or at all. grow. In addition, the anticipated benefits of these actions the sale are based on a number of assumptions, some of which may prove incorrect, and we cannot predict with certainty when the expected benefits will occur, or the extent to which they will be achieved. As a result, even if with the proposed spinoff or other strategic actions are completed they sale of the Kidney Care business, we may not achieve some or all of the anticipated strategic, financial, operational or other benefits in the expected timeframe, or at all, which could adversely impact our business, results of operations, financial condition and cash flows.

Further, even if the proposed spinoff is completed, we cannot assure you that each separate company will be successful. Completion sale of the proposed spinoff will result Kidney Care business results in independent companies that are a smaller, less diversified companies, company, with more limited and concentrated businesses concentrated in their respective industries than Baxter. As a result, each company will be before the transaction, which may leave us more vulnerable to changing market conditions, which could have a material adverse effect on its business, results of operations, financial conditions and cash flows. In addition, the diversification of revenues, costs and cash flows will diminish, such that each company's results of operations, cash flows, working capital, effective tax rate and financing requirements may be subject to increased volatility, and each company's ability to fund capital expenditures and investments, pay dividends and meet debt obligations and other liabilities may be diminished. Following completion of the proposed spinoff, each company will also incur one-time and ongoing costs, including the costs of operating as independent companies, that the separated businesses will no longer be able to share. In addition, conditions.

Additionally, until the market has fully analyzed our valuation following the values sale of the separate companies, Kidney Care business, the price of our common stock and common stock may continue to fluctuate even after a sufficient amount of time has passed for the market to fully analyze our valuation following the sale of the new company may experience volatility. Kidney Care business. Our common stock or the common stock of the new company may not match some holders' investment strategies or meet minimum criteria for inclusion in stock market indices or portfolios, which could cause causing certain investors to sell their shares, which could in turn lead to declines in the trading price of such stock. As a result Furthermore, with the sale having decreased the diversification of any of the foregoing or other risks, the combined value of the common stock of the two publicly traded companies our revenues, costs and cash flows, our operations, cash flows, working capital, effective tax rate and financing requirements may be less than what the value of subject to increased volatility, and our common stock would have been absent the proposed spinoff. ability to fund capital expenditures and investments, pay dividends and meet debt obligations and other liabilities may be diminished.

We may continue to experience difficulties with our ongoing integration of Hillrom or fail to realize the anticipated benefits of the Hillrom acquisition.

During 2021, we completed the acquisition of Hillrom. The success of this acquisition depends on, among other things, our ability to integrate complete the integration of Hillrom in a manner that facilitates growth opportunities, realizes anticipated cost and revenue synergies and achieves certain previously communicated net leverage targets without adversely affecting current revenues and investments in future growth. If we are not able to successfully achieve these objectives (including completing the ongoing integration), the anticipated benefits of the Hillrom acquisition may not be realized fully, or at all, or may take longer to realize than expected.

There is a significant degree of difficulty and management distraction inherent in the process of integrating an acquisition. The integration of Hillrom into our operations is complex and time-consuming and certain aspects have taken longer than originally anticipated and have required more effort than was originally planned. Challenges associated with our integration efforts are also heightened due to the other strategic actions we are pursuing. have recently completed (including the sale of our Kidney Care business). This has resulted in, and may continue to result in, additional expenses and other difficulties as we work to complete our ongoing strategic initiatives, the integration, including challenges consolidating certain operations and functions (including regulatory and other corporate functions), integrating technologies (including

(including differing information technology systems and processes), organizations, procedures, policies and operations and addressing differences in the business cultures of the two companies, and retaining key personnel, any of which could adversely affect our ability to achieve the anticipated benefits of the acquisition. The integration process and other disruptions resulting from the Hillrom acquisition and our ongoing recently completed strategic initiatives also disrupt our ongoing businesses and could cause inconsistencies in standards, controls, procedures and policies that adversely affect our relationships with market participants, employees, regulators and others with whom we have business or other dealings. Any failure to successfully or cost-effectively integrate Hillrom could have a material adverse effect on our business and cause reputational harm.

If our business strategy and development activities are unsuccessful, our business, results of operations, financial condition and cash flows could be adversely affected.

While we remain committed to deleveraging, we expect to engage in significant business development activities over the longer term (once we have satisfied in a manner that is consistent with our net leverage targets), targets, including evaluating acquisitions, joint development opportunities, technology licensing arrangements and other opportunities, such as potential divestitures and targeted market exits as we look to optimize our product portfolio and improve our operating margins. These activities may result in substantial investment of our resources (including resources currently focused on our ongoing strategic initiatives, such as the proposed spinoff). resources. Our success developing products, expanding into new markets and optimizing our market presence from such activities will depend on a number of factors, including our ability to find suitable opportunities or partners for acquisition, investment, alliance or divestiture; competition from other companies in the industries in which we operate that are seeking similar opportunities; whether we are able to complete an acquisition, investment, alliance or divestiture on terms that are satisfactory to us or at all; the strength of the underlying technology and products of any of the other parties involved in a transaction, as well as their ability to execute their business strategies; any intellectual property and litigation related to any other party's products or technology; and our ability to successfully integrate the acquired company, business, product, technology or research into our existing operations (or to divest such company, business, product, technology or research from our existing operations), including the ability to adequately fund acquired in-process R&D projects and to maintain adequate controls over the combined operations. Certain of these activities are subject to antitrust and competition laws, which could impact our ability to pursue strategic transactions and could result in mandated divestitures in the context of proposed acquisitions. Additionally, certain divestitures could result in negative market or regulatory reactions. If we are unsuccessful in our business development activities, we may not realize the intended benefits of such activities, including that acquisition and integration or divestiture costs may be greater than expected or the possibility that the expected return on investment, synergies and accretion will not be realized or will not be realized within the expected timeframes. For more information, see Note 3 in Item 8 of this Annual Report on Form 10-K.

Risks Relating to Our Financial Performance and Our Common Stock

Global economic conditions, including inflation and supply chain disruptions, have adversely affected, and could continue to adversely affect, our operations.

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General global economic downturns and macroeconomic trends, including heightened inflation, capital markets volatility, interest rate and currency rate fluctuations, changes in monetary policy and economic slowdown or recession, have resulted in, and may continue to result in, unfavorable conditions that negatively affect demand for our products and exacerbate other risks described in this “Risk Factors” section that affect our business, results of operations, financial condition and cash flows. Both domestic and international markets have been experiencing significant inflationary pressures in recent years and inflation rates in the U.S., as well as in other countries in which we operate, are currently expected to continue at elevated levels for the near term. In addition, the Federal Reserve increases in the U.S. and other central banks in various countries have raised, and may again raise, interest rates in response to concerns about inflation, which, coupled with reduced government spending and volatility in financial markets, has had, currency exchange rates have negatively impacted, and may continue to have, the effect negatively impact, our results of further increasing economic uncertainty operations. See “Risks Relating to Our Financial Performance and heightening these risks. Interest rate increases or other government actions taken to reduce inflation have resulted Our Common Stock – Changes in and may continue to result in, recessionary pressures in many parts of the world. Furthermore, foreign currency exchange rates and interest rates have been especially volatile had, and may in the recent past, future have, an adverse effect on our results of operations, financial condition, cash flows and these currency fluctuations have affected, and may continue to affect, the reported value of our assets and liabilities, as well as our cash flows. liquidity”.

We have experienced significant challenges to our global supply chain in recent periods, including production delays and interruptions, increased costs and shortages of raw materials and component parts (including resins and electromechanical devices), heightened inventory levels to reduce the risk of patient supply disruption and higher transportation and labor costs, resulting from COVID-19 and other exogenous factors including significant weather events (including Hurricane Helene), elevated inflation levels, disruptions to certain ports of call around the world, the war in Ukraine, the conflict in the Middle East (including recent attacks on merchant ships in the Red Sea), tensions between China and Taiwan and other geopolitical events. Due to the nature of our products, which include dense consumable medical products such as IV fluids, and the geographic locations of our manufacturing, storage and distribution facilities, which were further consolidated in anticipation of the recent Kidney Care sale and which often require us to transport our products long distances, and which are being further consolidated in anticipation of the proposed spinoff, we may be more susceptible to increases in freight costs and other supply chain challenges than certain of our industry peers. We expect to experience some of these and other challenges related to our supply chain in future periods. These challenges, including the unavailability of certain raw materials and component parts, have also had a negative impact on our sales for certain product categories due to our inability to fully satisfy demand and may continue to have a negative impact on our sales in the future. They have also made it increasingly difficult to model accurately our short-term and long-term financial objectives and may continue to do so in the future.

Our ability to generate cash flows from operations has been affected, and could continue to be affected, if there is a material decline in the demand for our products or, in the solvency or planned capital expenditures of our customers or suppliers, or if there is deterioration in our key financial ratios or credit ratings. Current or worsening economic conditions may impact the ability of our customers (including governments) to pay for our products and services and the amount spent on healthcare generally, which could result in decreased demand for our products and services, a decline in cash flows, longer sales cycles, increased inventory levels, slower adoption of new technologies and increased price competition. These conditions may also adversely affect certain of our suppliers, which could disrupt our ability to produce products. We continue to do business with foreign governments in certain countries that have experienced deterioration in credit and economic conditions. While global economic conditions to date have not significantly impacted our ability to collect receivables, liquidity issues in certain countries have resulted, and may continue to result, in delays in the collection of receivables and credit losses and may also impact the stability of the U.S. Dollar, Euro, Renminbi or other currencies.

Our operating results and financial condition have fluctuated and may in the future continue to fluctuate.

Our operating results and financial condition have, and may in the future, fluctuate from quarter-to-quarter and year-to-year for a number of reasons. Events, such as changes to our expectations, strategy or forecasts (including as a result of evolving global macroeconomic conditions, and updated expectations regarding the timing of new regulatory approvals) approvals or the impact or timing of our cost savings initiatives) or even a relatively small revenue shortfall or increase in supply chain or other costs which we are unable to offset have, and may in the future, cause financial results for a period to be below our expectations or projections. As a result, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful, nor should they be relied upon as an indication of future performance. Our operating results and financial condition are also subject to fluctuation from all of the risks described throughout this section. These fluctuations may adversely affect our results of operations and financial condition and our stock price.

We may not achieve our financial goals.

We continue to evaluate and refine both our short-term and long-term financial objectives, including our stated commitment to achieve certain net leverage targets. targets and to fully offset the stranded costs related to the recent sale of our Kidney Care business. Our ability to achieve these targets anticipated benefits depends, in part, on our ability to realize the anticipated benefits of the Hillrom acquisition and Kidney Care sale (and related cost and revenue synergy targets) while working to execute on our stated portfolio management and other ongoing strategic initiatives including the proposed spinoff. initiatives. We may fail to achieve our targeted financial results if we are unsuccessful in implementing our strategies or if our estimates or assumptions change or for any other reason. Our failure to achieve our financial goals could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We incurred Our common stock price has fluctuated significantly and may continue to do so in the future.

The price of our common stock has fluctuated significantly and may continue to do so in the future for a number of reasons, including the following:

- market perceptions of any strategic actions or other developments related to our business including, for example, the Kidney Care sale;
- variations in our net sales, earnings or other financial results from investors’ expectations or our previously issued guidance;
- departure of key personnel;
- fluctuations in the results of our operations and general conditions in the economy, our market, and the markets served by our customers, including with respect to technological advances; and
- the operating and stock performance of comparable companies or related industries.

In addition, prices in the stock market have generally been volatile in recent years, and may continue to be volatile. In certain cases, the fluctuations have been unrelated to the operating performance of the affected companies. As a result, the price of our common stock could also fluctuate in the future without regard to our operating performance.

Our significant indebtedness requires us to use a substantial amount of our cash flow for debt service and could constrain our flexibility in connection with the Hillrom acquisition, which could responding to unanticipated or adverse business conditions and adversely affect our business, results of operations, financial condition and cash flows.

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We incurred acquisition-related debt financing As of $11.80 December 31, 2024, we had approximately $13.13 billion to fund the cash consideration for the Hillrom acquisition, refinance certain of indebtedness outstanding and, as of Hillrom and pay related fees and expenses. February 21, 2025 have paid down approximately $3.13 billion. Our substantially increased indebtedness and higher debt-to-equity ratio following the acquisition has the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and has increased our borrowing costs (including as a result of the downgrades in our senior debt credit ratings since 2021). The increased significant level of indebtedness and our future financial performance could also reduce requires us to use a substantial amount of our cash flow for debt service and reduces funds available (under our credit facilities or otherwise) for investments in product development, capital expenditures, dividend payments, acquisitions, share repurchases and other activities and may create competitive disadvantages for us relative to other companies with lower debt levels. Our level of indebtedness can also constrain our flexibility in responding to unanticipated or adverse business conditions. If we are unable to repay our indebtedness in accordance with our stated objectives, or at all, or if credit ratings agencies do not believe we are repaying our indebtedness promptly, they may further reduce our senior debt credit ratings. In addition, until we achieve our stated commitment to reduce regarding the reduction of our indebtedness, following the Hillrom acquisition, our capital allocation activities and operational flexibility is limited. There can be no assurance that we will be successful in doing so achieving that commitment on a timely basis or at all. Further, difficulties in, or the inability to, refinance our indebtedness, or to do so upon attractive terms, could materially and adversely affect our business, prospects, results of operations, financial condition and cash flows, and make us vulnerable to adverse industry and general economic conditions.

Changes in foreign currency exchange rates and interest rates have had, and may in the future have, an adverse effect on our results of operations, financial condition, cash flows and liquidity.

We generate the majority a meaningful portion of our net sales and profit outside the United States. States and currency exchange rates have been especially volatile in recent years.As a result, currency fluctuations have affected, and may continue to affect, the reported value of our assets and liabilities, as well as our cash flows and results of operations have been, and may in the future be, adversely affected by fluctuations in foreign currency exchange rates. We cannot predict with any certainty changes in foreign currency exchange rates or our ability to mitigate these risks. We have experienced, and may continue to experience, additional volatility as a result of inflation and other macroeconomic factors, including in emerging market countries. We are also exposed to changes in interest rates, and our ability to access the money markets and capital markets on terms that are favorable to us, or at all, could be impeded if market conditions are not favorable. For example, the Federal Reserve in the U.S. and other central banks in various countries have raised, and may again raise, interest rates in response to concerns about inflation, which, coupled with reduced government spending and volatility in financial markets, has had, and may continue to have, the effect of further increasing economic uncertainty and heightening these risks. Interest rate increases or other government actions taken to reduce inflation have resulted in, and may continue to result in, recessionary pressures in many parts of the world. For more information see “Financial Instrument Market Risk” in Item 7. Management's Discussion of Analysis and Financial Condition and Results of Operations of this Annual Report on Form 10-K.

Our common stock price has fluctuated significantly and may continue to do so in the future.

The price of our common stock has fluctuated significantly and may continue to do so in the future for a number of reasons, including, but not limited to:

- market perceptions of any strategic actions or other developments related to our business including, for example, the proposed spinoff;
- variations in our net sales, earnings or other financial results from investors’ expectations or our previously issued guidance;
- departure of key personnel;
- fluctuations in the results of our operations and general conditions in the economy, our market, and the markets served by our customers, including with respect to technological advances; and
- the operating and stock performance of comparable companies or related industries.

In addition, prices in the stock market have generally been volatile in recent years. In certain cases, the fluctuations have been unrelated to the operating performance of the affected companies. As a result, the price of our common stock could also fluctuate in the future without regard to our operating performance.

Future material impairments in the value of our goodwill, intangible assets and other long-lived assets would negatively affect our operating results.

We regularly review our goodwill, intangible assets and property, plant and equipment for potential impairment. Goodwill and indefinite-lived intangible assets are subject to impairment reviews on an annual basis and or whenever potential impairment indicators are present. Intangible assets subject to amortization and property, plant and equipment are reviewed for potential impairment when there is an indication that an impairment may have occurred. Adverse changes to macroeconomic conditions or our earnings forecasts, as well as changes in our strategic goals or business direction, could lead to impairment charges. In addition, we may, from time to time, pursue the sale of assets that we determine are not critical to our strategy, including in connection with strategic exits, such as the proposed spinoff. Kidney Care sale. Such transactions could result in impairment charges if the estimated fair value of the assets, less costs to sell, is less than their related carrying amount. Material impairment charges would negatively affect our results of operations.

For example, as described in more detail in Note 4 5 of Item 8 of this Annual Report, we recorded a $425 million goodwill impairment related to our Front Line Care reporting unit within our Healthcare Systems & Technologies segment and an impairment charge of $50 million to reduce the carrying amount of an in-process research & development (IPR&D) asset to its fair value during 2024. Previously, as described in more detail in Note 3 of Item 8 of this Annual Report, we recognized $510 million of long-lived asset impairment charges related to the HD business within our Kidney Care segment during 2023. Additionally, as described in more detail in Note 5 of Item 8 of this Annual Report, we recognized $2.81 billion $2.81 billion of goodwill impairments and $332 million of indefinite-lived intangible asset impairments during 2022, both related to Healthcare Systems & Technologies assets acquired in connection with our December 2021 acquisition of Hillrom. Further adverse changes to macroeconomic conditions or our earnings forecasts could lead to additional goodwill or intangible asset impairment charges in future periods and such charges could be material to our results of operations. For more information on the valuation of goodwill and intangible assets, see “Critical Accounting Policies” in Item 7. Management's Discussion of Analysis and Financial Condition and Results of Operations of this Annual Report on Form 10-K.

Other We cannot guarantee that in the future we will not further reduce the amount of dividends we pay.

The timing, declaration, amount and payment of any future dividends fall within the discretion of our Board of Directors and will depend on many factors, including our available cash, estimated cash needs, earnings, financial condition, operating results, capital requirements, limitations in our contractual agreements, applicable law, regulatory constraints, industry practice and other business considerations that our Board of Directors considers relevant. In November 2024, we announced a reduction in our quarterly dividend in anticipation of the sale of our Kidney Care business and the corresponding reduction to our earnings and cash flows. Any further change in our dividend program could have an adverse effect on the market price of our common stock.

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Risks Relating to Our Business

If we are unable to successfully introduce or monetize new and existing products or services, or fail to keep pace with changing consumer preferences and needs or advances in technology, our business, results of operations, financial condition and cash flows could be adversely affected.

We need to successfully introduce or monetize new and existing products and services to achieve our strategic business objectives. We can provide no assurances that we will be able to develop new products and services, that our new products and services will achieve commercial acceptance in the marketplace, or that we will be able to separately bill for new or existing services. In addition, difficulties in manufacturing or in obtaining or maintaining regulatory approvals have delayed, and may in the future delay or prohibit, the introduction of new or maintenance of existing products into the marketplace. We may not be able to obtain patent protection on our new products or be able to defend our intellectual property rights globally. See "Risks Relating to Legal and Regulatory Matters – If we are unable to protect or enforce our patents or other proprietary rights, or if we become subject to claims or litigation alleging infringement of the patents or other proprietary rights of others, our competitiveness and business prospects may be materially damaged." Warranty claims and service costs relating to our new products might be greater than anticipated, and we might be required to devote significant resources to address any quality issues associated with our new products, which could reduce the resources available for further new product development and other matters. In addition, the introduction of new products and services might also cause customers to defer purchases of existing products or services. Our future financial performance will also depend in part on our ability to influence, anticipate, identify and respond to changing consumer preferences and needs. We might not correctly anticipate or identify trends in customer preferences or needs or might identify or react to them later than competitors do.

In order to successfully introduce or monetize new and existing products and services, we must commit, and continue to commit, substantial funds and other resources to R&D. &D and innovation initiatives. Failure to successfully introduce new products or services in a cost-effective manner, or delays in customer purchasing decisions related to the evaluation of new products or services, could cause us to lose market share and could materially adversely affect our business. Furthermore, product development requires substantial investment and there is inherent risk in the R&D process.A

successful product development process further depends on many other factors, including our ability to adapt to new technologies, demonstrate satisfactory clinical results and differentiate our products from those of our competitors. If we cannot successfully introduce new competitive products or adapt to changing technologies, our products may become obsolete and our net sales and profitability could suffer.

Issues with quality management or product quality could have an adverse effect on our business or cause a loss of customer confidence in us or our products, among other negative consequences.

The development of new or enhanced products involves a lengthy regulatory process and is capital intensive. As a result, our ability to match our production levels and capacity to market demand is imprecise and may result in a failure to meet market demand or satisfy customer requirements for our products or, alternatively, an oversupply of inventory. Increased costs relating to freight, raw materials or component parts and difficulties hiring and retaining staff have had, and may continue to have, a negative impact on product supply. Failure to meet market demand may result in customers transitioning to available competitive products, loss of market share, negative publicity, reputational damage, loss of customer confidence or other negative consequences (including a decline in stock price).

Our success also depends on our ability to maintain and routinely improve product quality and our quality management program. Quality management plays an essential role in meeting customer requirements, preventing defects, improving our products and services and assuring the safety and efficacy of our products. While we have a quality system that covers the lifecycle of our products, quality and safety issues have occurred, and may in the future occur, with respect to our products. For example, we have experienced certain Class I recalls, including related to our Novum IQ Syringe and infusion systems, SIGMA Spectrum pump and Life2000 Ventilator. New or unintended uses of our products (for example, in response to changing clinical practice) may also raise quality or safety issues. In addition, our customers' use of third parties to service or repair our products has caused, and may in the future cause, quality or safety issues, including due to such third parties' lack of knowledge of or training on our products. A quality or safety issue may result in negative publicity, product recalls (either voluntary or required by the FDA or similar governmental authorities in other countries), adverse regulatory site inspection reports, voluntary or official action indicated classifications, warning letters, import bans or seizures, monetary sanctions, injunctions to halt manufacture and distribution of products, civil or criminal sanctions (which may include corporate integrity agreements), costly litigation, refusal of a government to grant approvals and licenses, restrictions on operations or withdrawal of existing approvals and licenses. See "—Risks "Risks Relating to Legal and Regulatory Matters." An inability to address a quality or safety issue in an effective and timely manner may also cause negative publicity, potentially leading to a loss of customer confidence in us or our current or future products, which may result in the loss of sales and difficulty in successfully launching new products. Additionally, we have made, and could in the future make, significant investments in assets, including inventory and property, plant and equipment, which relate to potential new products or modifications to existing products. Product quality or safety issues may restrict us from being able to realize the expected returns from these investments, potentially resulting in asset impairments in the future.

Unaffiliated third-party suppliers provide a number of goods and services to our R&D, clinical and manufacturing organizations, many of whom do so on a spot basis and not pursuant to a contractual arrangement. Our ability to receive goods or services at all, or on reasonable financial terms, from these third parties will be impacted if they are unable or refuse to supply or service us. Moreover, we may have limited or no recourse if the goods or services are not subject to contractual terms. If we are unable to identify or secure regulatory approval for an alternative provider on reasonable terms, our ability to meet our obligations to our customers could be negatively impacted, which could adversely affect our financial results and our reputation. Additionally, third-party suppliers are required to comply with our quality standards and those of applicable regulatory bodies. Failure of a third-party supplier to provide compliant raw materials, component parts or supplies, give us adequate notice of issues or help us secure all required regulatory approvals for the use of their products or services has resulted in delays, service interruptions and quality-related issues, and may do so again in the future, and may negatively impact our business results and results of operations.

There is substantial competition in the product markets in which we operate and the risk of declining demand and pricing pressures could adversely affect our business, results of operations, financial condition and cash flows.

Although no single company competes with us in all of our businesses, we We face substantial competition in all of our markets from international and domestic healthcare medical products and pharmaceutical companies and providers of all sizes, and these competitors often differ across our businesses. Competition is primarily focused on cost-effectiveness, price, service, product performance and technological innovation.

Competition may increase further as additional companies begin to enter our markets, launch new products or modify their existing products to compete directly with ours. If our competitors respond more quickly to new or emerging technologies and changes in customer requirements, or we do not introduce new versions or upgrades to

our product portfolio in response to those requirements, our products may be rendered obsolete or non-competitive. If our competitors develop more effective or affordable products or achieve earlier patent protection or product commercialization than we do, our business, results of operations, financial condition and cash flows will likely be negatively affected.

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For example, new developments such as pharmaceuticals that reduce the progression of chronic kidney disease into ESRD or reduce its incidence (including through weight loss), as well as innovations in technology and care delivery models could materially adversely affect the demand for and future pricing and sale of our products and services.Furthermore, if we are forced to reduce our prices due to increased competition, our business could become less profitable.

In addition, many healthcare industry companies, including healthcare systems, distributors, manufacturers, providers and insurers, are consolidating or have formed strategic alliances. As the healthcare industry consolidates and new entrants emerge, competition to provide goods and services to industry participants has become, and will continue to become, more intense. Further, this consolidation creates larger enterprises with greater negotiating power, which they can use to negotiate price concessions. If we face an increase in costs or are unable to achieve targeted price increases because of industry consolidation or otherwise, the long-term nature of our customer contracts or for other reasons, or if we lose customers as a result of consolidation, our business, results of operations, financial condition and cash flows could be adversely affected.

Demand for our products and services, depends and our overall growth, depend in large part on overall demand and growth in the healthcare market. With the healthcare market's increased focus on asset and resource efficiency, as well as reimbursement constraints and competitive dynamics, we have seen margins for some of our products decline and they may continue to do so over time. Any decline or lower-than-expected growth in the markets (or portions thereof) in which we operate or intend to operate could diminish demand for our products and services, which may adversely affect our financial performance. Further, the competitive pressures in our industry could cause us to lose market share unless we increase our commercial investments or reduce our prices, which could adversely impact our operating results. These factors, along with possible legislative, regulatory, macroeconomic and other developments, might result in significant shifts in market share among the industry's major participants, which includes us. Accordingly, if we are unable to effectively differentiate ourselves from our competitors in terms of new products and diversification of our product portfolio, then our market share, sales and profitability could be adversely impacted through lower volume or decreased prices.

If we fail to attract, develop, retain and engage key employees, including a permanent CEO and other members of our senior management, our business may suffer.

Our ability to compete effectively depends on our ability to attract, develop, retain and engage key employees, including people in senior management, sales, marketing, information technology and R&D positions. Competition for top talent in the healthcare industry can be intense, especially for experienced management and technical and professional employees, which could increase costs associated with identifying, attracting and retaining such individuals. Our ability to recruit, develop, retain and engage such talent depends on a number of factors, including hiring practices of our competitors, compensation and benefits (as may be impacted by any financial performance challenges, including any related impact on outstanding equity awards), work location, work environment (including our competitors' policies regarding remote or hybrid work arrangements), the market's perception of our strategic initiatives, including the recently completed Kidney Care sale, and industry economic conditions. Further, a lack of employee engagement could lead to loss of productivity and increased employee burnout, turnover, absenteeism, product quality incidents and decreased customer and patient satisfaction.

In addition, the loss of services of our senior management or other key employees could delay or prevent the achievement of our financial, operating or strategic objectives. In February 2025, we announced that José Almeida had ceased serving as Chair, President and CEO and the appointment of Brent Shafer, the former lead independent director of our Board of Directors, as Chair and interim CEO. We also announced the Board's initiation of a search for a permanent CEO. The timeline for identifying, retaining and integrating a new CEO is currently unknown. Any failure to timely identify and hire a new CEO and successfully integrate and transition that person into their new role within our company could adversely impact our ability to achieve our long-term financial, operating or strategic objectives. We have also experienced, and may continue to experience, attrition among our senior management team and key employees in recent years, including during the CEO search process. These leadership changes may be difficult to manage and may result in additional costs, uncertainty concerning our future direction, changes to our corporate culture, lower employee morale or the loss of personnel with deep institutional knowledge and industry relationships. Further, we have increased our dependency on the remaining members of our executive management team during the transition process. Our executive officers could terminate their employment with us at any time, and any such departure could be particularly disruptive in light of the recent leadership changes. The replacement of any of our senior management or other key employees involves significant time and costs, and any loss of services of any such key employee for any reason could significantly delay or prevent the achievement of our financial, operating or strategic objectives. If we are unable to mitigate these or other similar risks, our business, results of operations and financial condition may be adversely affected.

Pandemics and other public health emergencies, or the fear thereof, have had, and may in the future have, a material adverse effect on our business. The nature and extent of future impacts are uncertain and unpredictable.

Our global operations expose us to risks associated with public health emergencies, including epidemics and pandemics, such as the COVID-19 pandemic. Pandemics or other public health emergencies have adversely impacted, and may continue to adversely impact, our operations, supply chains and distribution systems, and have increased, and may continue to increase, our expenses, including due to preventive and precautionary measures that we, other businesses and governments have taken and may continue to take.

A The COVID-19 pandemic or other public health emergency has adversely affected and many continue to adversely affect, our business in many ways, including but not limited to, the following:

- During the COVID-19 pandemic, we experienced significant and unpredictable reductions and increases in demand for certain of our products, as healthcare increased difficulty in serving customers, re-prioritized the treatment of patients. Some of our products are particularly sensitive disruptions to reductions in elective medical procedures. For example, many elective procedures were suspended or postponed in our principal markets as hospital systems prioritized treatment of COVID-19 patients or otherwise were required to comply with changing government guidelines. If patients manufacturing and hospital systems de-prioritize, delay or cancel elective procedures in the future, our business, financial condition supply chains, and results of operations may be negatively affected. Additionally, through the pandemic, certain portions of our patient populations (including End Stage Renal Disease patients) have experienced heightened mortality levels. Demand for related products and services may not rebound to pre-pandemic levels in light of these increased mortality rates.
- A significant number of our customers, suppliers, manufacturers, distributors and vendors were adversely affected by the COVID-19 pandemic, including obstacles relating to their ability to maintain the continuity of their on-site operations, which impacted demand for negative effects on certain of our products and services. These impacts caused interruptions and delays in our supply chain, and may do so in the future, resulting in more expensive alternative sources of labor and materials and heightened supply chain costs. Any delay or shortage in the supply of components or materials or other operational or logistical challenges may impact our ability to satisfy consumer demand for our products in a timely manner or at all, which could harm our reputation, future sales and profitability. For example, we have experienced supply constraints for amino acid raw materials used in our parenteral nutrition products, as such materials are being used to produce

  COVID-19 vaccines. These constraints have resulted in certain product backorders and may do so in the future.
- We have experienced, and may continue to experience, a loss of sales or profitability due to delayed payments, reduced demand or capital constraints (including potential insolvency) of healthcare professionals, hospitals and other customers, company's operations as well as the operations of its suppliers, distributors, customers,

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manufacturers and vendors facing liquidity other third-party vendors. Further, pandemics or other financial issues. These liquidity issues, as well as other financial issues, could be exacerbated if prolonged high levels of unemployment or loss of insurance coverage public health emergencies may impact, patients' ability to access treatments that use our products and services.

- during COVID-19 adversely impacted, the continued service global economy, including negatively impacting economic growth, financial and availability of skilled personnel necessary to run our operations (and those of our customers).

capital markets, inflation rates, foreign currency exchange rates, interest rates, and the global supply chain. Any of these and other impacts have had, and could in the future have, a material adverse effect on our business, results of operations, financial condition and cash flows. The scope and duration of any future public health emergency will depend on a number of factors, including the potential emergence of a new or extended pandemic, new variants of COVID-19, the pace at which government restrictions are imposed and lifted and the extent of such restrictions, the scope of additional actions taken to mitigate the spread of disease and the availability and effectiveness and acceptance of vaccines. The effect of such a health emergency on our business will also vary based on the speed with and extent to which global markets and utilization rates for our products fully recover from the disruptions caused by such a public health emergency. The impact of these and other factors on our business, results of operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be predicted with confidence. Finally, to the extent COVID-19 or any future public health emergency adversely affects our operations and global economic conditions more generally, many of the other risks described in this "Risk Factors" section may be heightened.

If we fail to attract, develop, retain and engage key employees, our business may suffer.

Our ability to compete effectively depends on our ability to attract, develop, retain and engage key employees, including people in senior management, sales, marketing, information technology and R&D positions, as well as our ability to transfer the knowledge and expertise of our workforce to new employees as our employees retire or we otherwise experience employee turnover (including in connection with the completion of acquisitions or divestitures or the proposed spinoff). Competition for top talent in the healthcare industry can be intense, especially for experienced management and technical and professional employees, which could increase costs associated with identifying, attracting and retaining such individuals. Our ability to recruit, develop, retain and engage such talent will depend on a number of factors, including hiring practices of our competitors, compensation and benefits (as may be impacted by any financial performance challenges), work location, work environment (including our competitors' policies regarding remote or hybrid work arrangements), the market's perception of our ongoing strategic initiatives, including the proposed spinoff, and industry economic conditions. Further, a lack of employee engagement could lead to loss of productivity and increased employee burnout, turnover, absenteeism, product quality incidents and decreased customer and patient satisfaction. If we cannot effectively recruit, develop, retain and engage qualified employees, our business and results of operations could be adversely impacted.

Risks Relating to Our Business Operations

Segments of our business are significantly dependent on major contracts with GPOs, IDNs and certain other distributors and purchasers.

A portion of our U.S. hospital sales and rentals are made pursuant to contracts with hospital GPOs. At any given time, we are typically at various stages of responding to bids, negotiating and renewing expiring GPO agreements. agreements, some of which contain failure to supply clauses with varying remedies, inclusive of limited termination rights. Failure to be awarded or to maintain certain of these agreements could have a material adverse effect on our business, including product sales and service and rental revenue. In addition, we have faced and continue to face challenges related to increasing costs associated with these agreements (associated with ongoing supply chain challenges and inflation), which have negatively impacted our revenues and may continue to do so in the future.

Our participation in these agreements often requires increased discounting or restrictions on our ability to raise prices, and failure to participate or to be awarded these agreements might result in a reduction of sales to the member hospitals. In addition, in recent years, select market participants have shown an increased focus on individual GPO members negotiating directly with manufacturers on committed contracts. IDNs and health systems, when negotiating directly with manufacturers, often request additional discounts or other enhancements. Further, certain other distributors and purchasers have similar processes to the GPOs and IDNs and failure to be included in agreements with these other purchasers could have a material adverse effect on our business.

We may not be successful in achieving expected operating efficiencies and sustaining or improving operating expense reductions and might may experience business disruptions and adverse tax consequences associated with restructuring, realignment and cost reduction activities.

Portions of our business have been, and may in the future be, the subject of restructuring, realignment and cost reduction initiatives. For example, we recently divested our BPS business and Kidney Care businesses and have implemented a simplified operating model and we continue to work toward simplifying our manufacturing footprint and completing the proposed spinoff. model. While we are undertaking these actions, as well as any future initiatives, with the goal of realizing potential efficiencies, we may not be successful in achieving efficiencies and cost reduction benefits we expect in full or at all. Further, such benefits might be realized later than expected, and the ongoing costs of implementing these measures might be greater than anticipated. If these measures are not successful or sustainable, we might undertake additional realignment and cost reduction efforts, which could result in future charges. Moreover, our ability to achieve our other strategic goals and business plans might be adversely affected, and we could experience business disruptions, if our restructuring and realignment efforts and our cost reduction activities prove ineffective. These actions, the resulting costs, and potential delays or potential lower than anticipated benefits might also impact our foreign tax positions and might require us to record tax reserves against certain deferred tax assets in our international business.

If we are unable to obtain sufficient components or raw materials on a timely basis or for a cost-effective price or if we experience other manufacturing, sterilization, supply or distribution difficulties, our business, results of operations, financial condition and cash flows may be adversely affected.

The manufacture of our products requires, among other things, the timely supply or delivery of sufficient amounts of quality components and raw materials. We manufacture our products in approximately 60 40 principal manufacturing locations. We acquire our components, raw materials and other requirements for manufacturing from many suppliers and vendors in various countries, including sometimes from ourselves for self-supplied requirements. We

endeavor, either alone or working closely with our suppliers, to ensure the continuity of our inputs and supplies, but we cannot guarantee these efforts will may not always be successful.

Further, while efforts are made to diversify certain of our sources of components and raw materials, in certain instances we have made a strategic determination to use a single source or supplier or there is only a sole source or supplier with no acceptable alternatives yet identified and, as applicable, qualified. This reliance on sole or limited source suppliers exposes us to several risks that could adversely affect our business, financial condition and results of operations. The disruption or termination of the supply of these components could cause significant production interruptions, delays and inefficiencies. In the event of a disruption, establishing additional or replacement suppliers for such materials or components may not be timely or cost-effective due to market constraints or regulatory requirements. The process of qualifying new suppliers may be lengthy and

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complex, requiring approval of materials and components prior to their use in our products from governmental agencies, such as FDA and other worldwide regulatory agencies. As a result, we may experience lengthy delays in resuming production of affected products, which could lead to lost sales, loss of market share and harm to our reputation. Our reliance on sole source suppliers may also lead to increased costs. If we are unable to pass these cost increases on to our customers, our business and results of operations could be adversely impacted.

Additionally, we obtain certain components and materials on a spot basis from third party third-party suppliers with whom we do not have contractual arrangements. For most of our components and raw materials for which a single source or supplier is used, alternative sources or suppliers may exist, but we have made a strategic determination to use the single source or supplier. Although we carry strategic inventory and maintain insurance to help mitigate the potential risk related to supply disruption, such measures may not be sufficient or effective. A reduction, interruption or suspension in supply, other supply chain issues, including those due to the revocation of distribution facilities' licenses or as a result of our ongoing recently completed strategic initiatives (including the recent sale of our Kidney Care business), and our inability to quickly develop acceptable alternative sources for such supply could adversely affect our ability to manufacture, distribute and sell our products in a timely or cost-effective mannerand manner. Such supply chain issues could also prevent us from satisfying obligations under one or more of our customer contracts or arrangements, which could result in significant failure to supply penalties. penalties, which in some instances include contract termination rights or may prevent us from participating in future tenders. We have faced, and may in the future face, difficulties obtaining supplies of key materials, such as electromechanical components, active ingredients for pharmaceuticals and resins, due to supply chain disruptions and global pandemics. Moreover, changes in regulation, world trade policies, international taxes and government-to-government relations and issues with export and import activities could negatively impact our ability to distribute products within a country and across countries. See "—Risks "Risks Relating to Legal and Regulatory Matters."

Additionally, our success depends upon the availability and quality of our products and the underlying raw materials and component parts. The medical products and pharmaceutical industries are competitive and subject to complex market dynamics and varying demand levels. These levels vary in response to economic conditions, regulatory requirements, seasonality, natural disasters, wars, acts of terrorism, pandemics, epidemics and other matters.

Significant increases in the cost of raw materials, sub-assemblies or materials used in the production of our products that cannot be recovered through increased prices of our products (or the unavailability of those raw materials, sub-assemblies or production materials) have adversely affected our business, results of operations, financial condition and cash flows and may continue to do so in the future. There can be no assurance that the marketplace will support higher prices or that such prices and productivity gains will fully offset any commodity cost increases in the future. From time to time, we enter into fixed price supply contracts with respect to raw material purchases. Future decisions not to enter into fixed price supply contracts may result in increased cost volatility, potentially adversely impacting our profitability. Volatility in the demand for our products or our costs of energy, transportation, freight, raw materials and component parts and other supply, manufacturing, distribution and warehousing or storage costs have adversely affected, and could in the future adversely affect, our business, results of operations, financial condition and cash flows and have prevented, and may continue to prevent, suppliers from providing goods and services to us on reasonable terms or at all. See also "Risks Relating to Our Financial Performance and Our Common Stock—Global economic conditions, including inflation and supply chain disruptions, have adversely affected, and could continue to adversely affect, our operations."

Many of our products are difficult to manufacture. This is due to the complex nature of manufacturing devices and pharmaceuticals, including biologics, as well as the strict regulatory regime governing our manufacturing operations. Variations in the manufacturing process may result in production failures, which could lead to launch delays, product shortage, unanticipated costs, lost revenues and damage to our reputation. A failure to identify and address manufacturing problems prior to the release of products to our customers may also result in a quality or safety issue of the type discussed in the "Risk Factors" section.

We rely heavily on a limited number of providers of transport services for reliable and secure point-to-point transport of our products to our customers and patients and for tracking of these shipments, and from time to time we require warehousing for our products. If any of these providers were to encounter delivery performance issues such as loss, damage or destruction of any systems or machines, it would be costly to replace such systems or machines in a timely manner and such occurrences may damage our reputation and lead to decreased demand for our products and increased cost and expense to our business.

Some of our products are manufactured at a single manufacturing facility or stored at a single storage site. Additionally, some of our manufacturing facilities are located in the same geographic area. Loss or damage to, or closure of, a manufacturing facility or storage site due to a natural disaster, such as we experienced as a result of Hurricane Maria, a pandemic, such as COVID-19, Helene, war, or acts of terrorism or otherwise has adversely affected, and could in the future adversely affect, our ability to manufacture sufficient quantities of key products or deliver products to meet customer demand or contractual requirements, which has resulted, and may in the future result, in a loss of revenue and other adverse business consequences, including those identified in the paragraphs above. We may be unable to transfer manufacturing of the relevant products to another facility or location in a cost-effective or timely manner, if at all. This potential inability to transfer production could occur for several reasons, including but not limited to, a lack of necessary relevant manufacturing capability at another facility, or the regulatory requirements of FDA or other governmental regulatory bodies. Such an event could materially negatively impact our business, results of operations, financial condition and cash flows.

In addition, several of our manufacturing facilities are leased and we may not be able to renew leases on favorable terms or at all. Because of the time required to approve and license a manufacturing facility, a third-party manufacturer may not be available on a timely basis (if at all) to replace production capacity in the event we lose manufacturing capacity or products are otherwise unavailable. Any of the foregoing could adversely affect our business, results of operations, financial condition and cash flows.

Some of our products require sterilization prior to sale or distribution, and we utilize both Baxter-owned and third-party facilities for this process. If an event occurs that results in damage to or closure, whether temporarily or permanent, of one or more of these facilities, we may be unable to manufacture or sterilize the relevant products at prior levels or at all, and a third party may not be available on a timely basis (if at all) to replace sterilization capacity.

For example, in September 2024, Hurricane Helene brought unprecedented rain and extensive flooding to Western North Carolina, which impacted our North Cove facility. We temporarily closed our North Cove facility to undertake remediation efforts, some of which remain ongoing. Further, in 2021, our facility in Mountain Home, Arkansas entered into a Consent Administrative Order with the Arkansas Division of Environmental Quality relating to certain air emissions control technology used to reduce ethylene oxide emissions from sterilization equipment. Although the These and other events giving rise to the Consent Administrative Order only caused a temporary pause in operations, these events or other disruptions of manufacturing or sterilization processes that we or third parties may experience, whether due to a lack of capacity, environmental, regulatory or compliance issues (including evolving regulatory requirements) , catastrophic events or otherwise, have resulted in, and could in the future result in, product shortage, unanticipated costs, loss of revenues, operational restrictions, additional capital expenditure requirements, litigation and damage to our reputation, all of which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Breaches and breakdowns affecting our information technology systems or protected information, including from obsolescence, cyber security breaches and data leakage, could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and competitive position.

We rely upon information technology systems and infrastructure, including services provided by our partners and third parties, to support our business, facilities, products and customers. For example, we routinely rely on technology systems and infrastructure in the collection, use, storage and transfer, disclosure and other processing of voluminous amounts of protected information, including personal data, protected health information, and sensitive data (of patients, employees, customers and third parties) as well as

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confidential, business, financial, and other sensitive information (collectively, Protected Information). We also rely on systems for our business model, including product development, manufacturing, order management, distribution, customer service, regulatory compliance and various other matters. Certain of our products and systems collect Protected Information regarding patients and their therapies and some are internet enabled or connect to our systems for maintenance and other purposes. The acquisition of Hillrom in December 2021 meaningfully increased the number of these products and systems within our portfolio. Some of our products connect to the internet, hospital networks, electronic medical record systems or electronic health record systems. Further, we expect that the breadth and complexity of our information and technology systems and infrastructure will increase as we expand our product offerings to utilize and generate data analytics and potentially artificial intelligence (AI) (which create emerging enterprise risks, including cybersecurity, monitoring, and oversight). See “Risks Relating to Our Operations – Incorporating artificial intelligence, machine learning and other emerging technologies into our products, services and operations may result in legal and regulatory risks, reputational harm or have other adverse consequences to our business, financial condition or results of operations”. The continuing evolution of technology we use, including cloud-based computing and data hosting as well as AI, and reliance on third parties and Software as a Service solutions, whom may also use cloud-based computing and data hosting or AI tools, create additional opportunities for the unintentional, intentional, unauthorized or unlawful disclosure, exposure, dissemination, loss, alteration, access or destruction of Protected Information stored or processed in our devices, systems, servers, infrastructure and products (collectively, Technology). Security threats, including cyber and other attacks, have become very sophisticated, frequent and adaptive.

Our Technology is vulnerable to breakdown, interruption, cyber and other security attacks, system malfunction, unauthorized access, inadvertent exposure or disclosure of information, theft and other events and requires at times requires the manual application of security upgrades or patches on each machine or device that utilizes the Technology. Third-party systems and solutions that we rely upon are also vulnerable to the same risks and may contain defects in design or manufacture or other problems that could result in system disruption or compromise the information security of our own systems and products. Any such vulnerability could compromise our Technology and could expose Protected Information to unauthorized third parties and/or cause temporary or permanent loss or unavailability of such Protected Information. In addition, our Technology may cause product functionality issues that could result in risk to patient safety, field actions or product recalls. We, like other global companies, have experienced cyber incidents in the past (including ones related to the unauthorized access to or disclosure of data), and may experience them in the future. These events have exposed and may continue to expose vulnerabilities in our information technology systems. There is no assurance that our investments in the protection of data and Technology (i) have prevented or will prevent future breakdowns, attacks or breaches in our Technology, cyber incidents or other incidents or (ii) ensure compliance with all applicable cybersecurity and privacy laws, regulations and standards, including with respect to third-party service providers that host or process Protected Information on our behalf. Any failure to protect against such incidents or non-compliance with applicable security and privacy laws, regulations and standards could lead to substantial and material regulatory fines and penalties, business disruption, reputational harm, financial loss or litigation, as well as other damages. Misappropriation or other loss of our intellectual property from any of the foregoing may have an adverse effect on our competitive position and may cause us to incur substantial litigation costs. See “Risks Relating to Legal and Regulatory Matters.” As our customers and FDA and other global regulators, including data protection authorities or supervisory bodies, become more sensitive to risks related to cybersecurity, our ability to meet certain information technology safety standards or evolving customer demands could affect our products’ marketability and competitiveness. We could also suffer strained relationships with customers, business partners, physicians and other healthcare professionals, increased costs (for security measures, remediation or otherwise), litigation (including class actions and stockholder derivative actions) or other negative consequences (including a decline in stock price) as a result of breaches, cyber and other security attacks, industrial espionage, ransomware, phishing scams, malware or other cyber incidents, which could compromise our system infrastructure and/or lead to data leakage, including at our third-party providers or other business partners. The insurance we have procured related to cybersecurity risks may not cover a particular cyber incident or such coverage may be insufficient.

In addition, Technology management issues arise from time-to-time as we continue to consolidate and outsource certain information technology support activities and certain computer operations and application support activities as a result of our ongoing business transformation activities and cost saving initiatives.

Additionally, our ongoing integration of Hillrom and the recent sale of our Kidney Care business, as well as a number of our employees having fully remote or hybrid work arrangements expose us to, among other things, heightened risks related to our information technology systems and networks, including cyber attacks, computer viruses, malicious software, security breaches and telecommunication failures, both for systems and networks we control directly and for those that employees and third-party developers rely on to work remotely. We also face all of the same risks listed above and other heightened risks when acquiring a company, in particular if we need to transition or implement certain processes or controls with the acquired company. For example, as we continue to integrate Hillrom into our business, we have identified certain potential areas of vulnerability as we transition its information technology systems, products and processes to our processes and controls, including with respect to cybersecurity and privacy matters. We are also subject to risks associated with Vantive’s information technology systems, which we will help support during the period of the related transition services agreement. For example, there may be additional risks during the term of such agreement related to data protection, cyber attacks and information technology system provisioning relating to Vantive, its customers and its vendors. While we are working to fully address those vulnerabilities (consistent with our processes and controls), any such vulnerabilities (or any others) if unidentified or unremediated could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Incorporating artificial intelligence, machine learning and other emerging technologies into our products, services and operations may result in legal and regulatory risks, reputational harm or have other adverse consequences to our business, financial condition or results of operations.

We use AI and machine learning (ML) technologies to support our operations and anticipate integrating such technology in select products and services in the future. We further anticipate that AI and ML will become increasingly important to our innovation and competitiveness in the future. However, we face risks and uncertainties related to the development, adoption and use of AI, ML and other emerging technologies, including complying with an increasingly large amount of complex global regulations related specifically to AI and ML.

We may not be able to successfully develop, integrate or deploy AI or ML technologies in our products and services, or we may face delays, increased costs or technical difficulties in doing so. We may also encounter difficulties in obtaining or maintaining the necessary regulatory approvals or clearances for these products and services, or face increased scrutiny or liability from regulators, customers, or other stakeholders regarding the safety, effectiveness, accuracy, reliability, security or ethical implications of such technology. We also may have more difficulty protecting or enforcing our data and intellectual property rights as a result of these technologies, and there may be a risk of infringing on the intellectual property rights of others which could lead to litigation, arbitration or other disputes over the ownership, validity, scope or enforcement of our or others’ patents, trademarks, copyrights, trade secrets or other proprietary rights related to AI and ML technologies. Such disputes could be costly, time-consuming and disruptive to our business. See “Risks Relating to Legal and Regulatory Matters – If we are unable to protect or enforce our patents or other proprietary rights, or if we become subject to claims or litigation alleging infringement of the patents or other proprietary rights of others, our competitiveness and business prospects may be materially damaged”

We may experience breaches, failures or disruptions of information technology systems or products (whether ours or those of third parties on which we rely) that use or rely on AI, ML or emerging technologies We have also experienced and may experience in the future unauthorized or unlawful access, use, disclosure, alteration or destruction of the data or information that we collect, store, process or transmit for our applications, including data or information provided to us by third parties. These events could result from cyber attacks, human error, natural disasters, power outages, sabotage or other causes, and could compromise the confidentiality, integrity or availability of our or our customers' data or information, or the functionality or performance of our AI and ML-enabled products and services. These events could result in loss of customer confidence, reputational harm, regulatory investigations or actions, legal claims or liabilities, remediation costs or other negative consequences.

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Climate change, or legal, regulatory or market measures to address climate change, could adversely affect our business, results of operations, financial condition and cash flows.

The long-term effects of climate change are difficult to predict and may be widespread. The impacts of climate change may include physical risks (such as water scarcity, rising sea levels or frequency and severity of extreme weather conditions, including natural disasters such as hurricanes, cyclones and typhoons), social and human effects (such as population dislocations or harm to health and well-being), compliance costs and transition risks (including due to regulatory or technology changes), shifts in market trends (for example if customers increasingly prioritize purchasing products that are sustainably made and that can be reused or recycled) and other adverse effects. Such impacts, such as damage to manufacturing facilities (including as a result of Hurricane Helene), local infrastructure and utilities (including as a result of Hurricane Maria) have disrupted, and may in the future disrupt, our supply chain and manufacturing operations by adversely affecting our ability to procure goods or services required for the operation of our business at the quantities and levels we require due to impairment of the availability and increases in the cost of certain products, materials, commodities and energy. For example, material or sustained increases in the price of oil have had an adverse impact on the cost of many of the plastic materials or resins we use to make and package our products, as well as our transportation/freight costs. Further, the impacts of climate change, particularly severe weather events and droughts, may have negatively impacted, and may in the future negatively impact, our ability to obtain material energy and water sources and other resources, including employee availability and access to shipping routes. Any of these outcomes may, in turn, result in customers transitioning to available competitive products, loss of market share, negative publicity, reputational damage, loss of customer confidence or other negative consequences, such as a decline in stock price. Further, any perceived increase in the potential of severe weather events and business interruption may put an upward pressure on the cost of our risk insurance premiums, which could adversely impact our business, results of operations, financial condition and cash flows.

In addition, the increasing concern over climate change has resulted in, and is expected to may continue to result in, more local, state, regional, federal and global legal and regulatory requirements relating to climate change, including regulating greenhouse gas emissions and related reporting requirements (and the establishment of enhanced internal processes or systems to track them), alternative energy policies and sustainability initiatives. Legislation and regulations have been, and are expected to may continue to be, enacted and promulgated in the United States, United Kingdom, EU or in any other jurisdictions in which we do business that impose more stringent restrictions and requirements than our current legal or regulatory obligations (as a result of our publicly disclosed corporate responsibility (CR) goals or otherwise), we may experience disruptions in, or increases in the costs associated with research, development, sourcing, manufacturing and distributing our products. Additionally, rising climate change concerns have led to, and could continue to lead to, additional regulation that could increase our compliance costs. As a result, any such regulatory changes could have a significant adverse effect on our business, financial condition, result of operations and cash flows.

Furthermore, companies across all industries are facing increasing scrutiny from investors, regulators, and other stakeholders related to their ESG CR commitments, performance, and disclosures, including those related to climate change, diversity and inclusion, social matters, and governance standards. Investor advocacy groups, See “Risks Relating to Our Operations – Our commitments, goals and disclosures related to corporate responsibility matters, and the perception of our activities in these areas, may adversely impact the company, including reputational harm.”

Our commitments, goals and disclosures related to corporate responsibility matters, and the perception of our activities in these areas, may adversely impact us, including through reputational harm.

Governmental authorities, investors, customers, employees, certain institutional investors, lenders investment funds, and other influential investors stakeholders are increasingly focused on companies’ ESG CR commitments, (including our corporate responsibility goals), practices, performance and disclosures, and in recent years have placed increasing importance on social costs and related implications of their investments. Our CR goals, some of which may be reset or reframed or reset in connection with the issuance of our 2024 Corporate Responsibility Report or otherwise, reflect our current plans and aspirations and are not guarantees that we will be able to achieve them.

We risk negative stockholder reaction, as well as damage to our brand and reputation and other potential costs, if we fail to meet our goals and initiatives, if we fail to accurately measure or report our progress with respect to our goals and initiatives or if we are perceived to not be acting responsibly in key CR areas, including product quality and safety, environmental stewardship, support for local communities, corporate governance and transparency, and addressing human capital factors in our operations. Responding to these CR considerations and implementation of our CR goals and initiatives involves risks and uncertainties, requires investments (some of which still need to be funded or identified), and depends in part on our relative performance (or perceived performance) against third-parties that is beyond our control.

Additionally, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their respective approaches to ESG CR matters, which are increasingly being employed by investors, lenders, and customers to inform their investment, financing, or purchasing decisions. A failure to adequately meet stakeholder expectations, which may differ or conflict, may result in the loss of business, reputational impacts, diluted market valuation, an inability to attract customers, and an inability to attract and retain top talent.

Breaches In addition, some stakeholders may disagree with our CR goals and breakdowns affecting initiatives. If we do not meet the evolving and varied CR expectations of our information technology systems or protected information, including from cyber security breaches and data leakage, could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and competitive position.

We rely upon information technology systems and infrastructure, including services provided by our partners and third parties, to support our business, products and customers. For example, we routinely rely on technology systems and infrastructure in the collection, use, storage and transfer, disclosure investors, customers, employees and other processing stakeholders, we could experience reduced demand for our products, loss of voluminous amounts of protected information, including personal data, protected health information, and sensitive data (of patients, employees, customers and third parties) as well as confidential, business, financial, employees and suffer other sensitive information (collectively, “Protected Information”). We also rely on systems for manufacturing, customer orders, shipping, regulatory compliance and various other matters. Certain of our products and systems collect Protected Information regarding patients and their therapies and some are internet enabled or connect negative impacts to our systems for maintenance and other purposes. The acquisition of Hillrom in December 2021 increased the number of these products and systems within our portfolio. Some of our products connect to the internet, hospital networks, electronic medical record systems or electronic health record systems. Further, we expect that the breadth and complexity of our information and technology systems and infrastructure will increase as we expand our product offerings to utilize and generate data analytics and potentially artificial intelligence (which create emerging enterprise risks, including but not limited to cybersecurity, monitoring, and oversight). The continuing evolution of technology we use, including cloud-based computing and data hosting as well as artificial intelligence, and reliance on third parties, whom may also use cloud-based computing and data hosting or artificial intelligence tools, create additional opportunities for the unintentional, intentional, unauthorized or unlawful disclosure, exposure, dissemination, loss, alteration, access or destruction of Protected Information stored or processed in our devices, systems, servers, infrastructure and products (collectively, “Technology”). Security threats, including cyber and other attacks, have become very sophisticated, frequent and adaptive.

Our Technology is vulnerable to breakdown, interruption, cyber and other security attacks, system malfunction, unauthorized access, inadvertent exposure or disclosure of information, theft and other events. Third-party systems that we rely upon are also vulnerable to the same risks and may contain defects in design or manufacture or other problems that could result in system disruption or compromise the information security of our own systems. Any such vulnerability could compromise our Technology and could expose Protected Information to unauthorized third parties and/or cause temporary or permanent loss or unavailability of such Protected Information. In addition, our Technology may cause

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product functionality issues that could result in risk to patient safety, field actions or product recalls. We, like other large multi-national companies, have experienced cyber incidents in the past and may experience them in the future which have exposed and may continue to expose vulnerabilities in our information technology systems. Although the prior incidents have not had a material effect on our business and we have invested and continue to invest in the protection of data and Technology, there can be no assurance that our efforts (i) have prevented or will prevent future breakdowns, attacks, breaches in our Technology, cyber incidents or other incidents or (ii) ensure compliance with all applicable cybersecurity and privacy laws, regulations and standards, including with respect to third-party service providers that host or process Protected Information on our behalf. Any failure to protect against such incidentsor non-compliance with applicable security and privacy laws, regulations and standards could lead to substantial and material regulatory fines and penalties, business disruption, reputational harm, financial loss or litigation, as well as other damages. Misappropriation or other loss of our intellectual property from any of the foregoing may have an adverse effect on our competitive position and may cause us to incur substantial litigation costs. See “Risks Relating to Legal and Regulatory Matters.” As our customers and FDA and other global regulators, including data protection authorities or supervisory bodies, become more sensitive to risks related to cybersecurity, our ability to meet certain information technology safety standards could affect our products’ marketability and competitiveness. We could also suffer strained relationships with customers, business partners, physicians and other healthcare professionals, increased costs (for security measures, remediation or otherwise), litigation (including class actions and stockholder derivative actions) or other negative consequences (including a decline in stock price) as a result of breaches, cyber and other security attacks, industrial espionage, ransomware, phishing scams, malware or other cyber incidents, which could compromise our system infrastructure and/or lead to data leakage, including at our third-party providers or other business partners.Although we maintain insurance related to cybersecurity risks, there can be no assurance that our insurance will cover a particular cyber incident at issue or that such coverage will be sufficient.

In addition, significant implementation issues may arise as we continue to consolidate and outsource certain computer operations and application support activities, including as a result of our ongoing business transformation activities and in connection with the ongoing Hillrom integration and our other ongoing strategic initiatives, including the proposed spinoff). Further, a number of our employees have fully remote or hybrid work arrangements, which, among other things, expose us to heightened risks related to our information technology systems and networks, including cyber attacks, computer viruses, malicious software, security breaches and telecommunication failures, both for systems and networks we control directly and for those that employees and third-party developers rely on to work remotely.We also face all of the same risks listed above and other heightened risks when acquiring a company, in particular if we need to transition or implement certain processes or controls with the acquired company. For example, as we continue to integrate Hillrom into our business, we have identified certain potential areas of vulnerability as we transition its information technology systems, products and processes to our processes and controls, including with respect to cybersecurity and privacy matters. While we are working to fully address those vulnerabilities (consistent with our processes and controls) we do not believe any of them present any material risks to our business or operations (including with respect to our Technology). Any such vulnerabilities (or any others) if unidentified or unremediated could have a material adverse effect on our business, results of operations, financial condition and cash flows.operations.

We are subject to risks associated with doing business globally.

Our operations are subject to risks inherent in conducting business globally and under the laws, regulations and customs of various jurisdictions and geographies. These risks include changes in exchange controls and other governmental actions, loss of business in government and public tenders that are held annually in many cases, increasingly complex labor environments, availability of raw materials and component parts, changes in taxation, tariffs, sanctions, embargos, export control restrictions, changes in or violations of U.S. or local laws, dependence on a few government entities as customers, pricing restrictions, economic and political instability, monetary or currency volatility or instability (including as it relates to the U.S. Dollar, the Euro, the Renminbi Mexican Peso and currencies in emerging market countries), disputes between countries, trade relationships and conflicts, diminished or insufficient protection of intellectual property, and disruption or destruction of operations in a significant geographic region regardless of cause, including natural disaster, pandemic, power loss, cyber attack, data breach, war, terrorism, riot, labor disruption, civil insurrection or social unrest. Failure to comply with, or material changes to, the laws and regulations that affect our global operations could have an adverse effect on our business, results of operations, financial condition and cash flows.

The escalating global economic competition and trade tensions among the United States and its trading partners (including China and Russia Russia) could have an adverse effect on our business, results of operations, financial condition and cash flows. Although we have been able to mitigate some of the impact from increased duties imposed by these countries (through petitioning the governments for tariff exclusions flows, and other mitigations), the there is risk remains of additional tariffs and other kinds of restrictions. restrictions, including in connection with the transition to new political administrations. Tariff exclusions awarded to us by the United States Government require annual renewal, and policies for granting exclusions could shift. The United States China and Russia other countries could impose other types of restrictions such as limitations on government procurement or technology export restrictions, which could affect our access to the markets. See also “Risks Relating to Legal and Regulatory Matters—We are subject to a number of laws and regulations, non-compliance with which could adversely affect our business, results of operations, financial condition and cash flows, and we are susceptible to a changing regulatory environment.”

More generally, several governments have raised the possibility of policies to induce “re-shoring” of supply chains, less reliance on imported supplies and greater national production. For example, the Chinese government has issued a series of policies in the past several years to promote local medical devices or suggest government procurement budgets for local products. Another example is the stronger “Buy American” requirements in the U.S. (pursuant to a U.S. executive order on January 25, 2021). If such steps triggered retaliation in other markets, such as by restricting access to foreign products by their government-owned healthcare systems, the outcomes could have an adverse effect on our business, results of operations, financial condition and cash flows.

A portion of our workforce is unionized, and we could face labor disruptions that would interfere with our operations.

Some of our employees both in and outside of the United States work under collective bargaining agreements or national trade union agreements or are subject to works councils. Although we have not recently experienced any significant Significant work stoppages as a result of labor disagreements we cannot ensure that such a stoppage will not may occur in the future. For example, future, including as a result of any failure to maintain the collective bargaining agreement agreements we have in place for one of our U.S. manufacturing facilities is (which are scheduled to expire in January 2025. 2027 and January 2029). Our inability to negotiate satisfactory new agreements or a labor disturbance at any of our manufacturing facilities could have a material adverse effect on our operations.

Risks Relating to Legal and Regulatory Matters

We are subject to a number of laws and regulations, non-compliance with which could adversely affect our business, results of operations, financial condition and cash flows, and we are susceptible to a changing regulatory environment.

As a participant in the healthcare industry, our operations and products, and those of our customers, are regulated by numerous government agencies, both inside and outside the United States.

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Laws and regulations, such as the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the Healthcare Reform Act), which aim to decrease costs through comparative effectiveness research and pilot programs to evaluate alternative payment methodologies. Compliance with these and similar regulations could result in pricing pressure or negatively impact the demand for our products. In a number of situations, even though specific laws and regulations may not directly apply to us, our products must be capable of being used by our customers in a manner that complies with those laws and regulations.

The manufacture, distribution, marketing and use of our products are subject to extensive regulation and scrutiny by FDA and other regulatory authorities globally. Any globally, and such regulations require that we obtain specific approval, clearance, or certifications from FDA or applicable non-U.S. regulatory authorities or notified bodies before we can market and sell most of our products in a particular country. Failure to obtain or maintain those approvals, clearances or certifications have had, and could in the future have, an adverse impact on our business, including with respect to our ability to compete in the product markets in which we currently operate. Specific new product products must undergo lengthy and rigorous testing and other extensive, costly, and time-consuming procedures mandated by FDA and foreign regulatory authorities. The same testing and procedures sometimes apply to our products that are up for require authorization or renewal or are subject to changes in laws or regulations. For example, our medical devices that are sold or distributed in the EU have to comply with the EU Medical Device Regulation that entered into force in May 2021. This Medical Device Regulation currently provides a staggered phase-in period for manufacturers to comply with related regulations through December 2028. These regulations require companies that wish to manufacture and distribute medical devices in EU member states to meet certain quality system and safety requirements and ongoing product monitoring responsibilities and obtain a “CE” marking (i.e., a mandatory conformity marking for certain products sold within the European Economic Area) for their products. Various penalties exist for non-compliance with the laws implementing the European Medical Device Regulations which, if incurred, could have a material adverse impact on portions of our business, results of operations, financial condition and cash flows. Changes to current products may be subject to vigorous review, including additional FDA 510(k) and other regulatory submissions, and approvals marketing authorization or the time needed to secure approvals are not certain. We may not be able to obtain such approvals on the timing or conditions we expect, or at all. Our facilities must be registered, approved and and/or licensed prior to production and remain subject to inspection from time to time thereafter. Failure to comply with the requirements of FDA or other regulatory authorities, including a failed inspection or a failure in our requirements related to good manufacturing practice and adverse event reporting, system, has resulted in, and could in the future result in, adverse inspection reports, voluntary or official action indicated, warning letters, import bans, restrictions, product recalls or seizures, monetary sanctions, reputational damage, injunctions to halt the manufacture and distribution of products, civil or criminal sanctions, refusal of a government to grant approvals or licenses, restrictions on operations or withdrawal of existing approvals and licenses. The failure of our suppliers to comply with applicable regulations could also adversely affect segments of our business as regulatory actions taken by FDA or other regulatory authorities against those manufacturers, or actions we are required to take to comply with regulatory requirements with respect to services and goods furnished by our suppliers, can result in product shortages, recalls or modifications. Any of these actions could cause a loss of customer confidence in us and our products, which could adversely affect our sales. Further, legislation in the European Union is being enacted to require companies to conduct risk assessments on the sustainability practices and procedures of their suppliers and mitigate certain sustainability risks, including the EU Deforestation Regulation and EU Corporate Sustainability Due Diligence Directive. If our suppliers, including those outside of the European Union, are unable or unwilling to comply with the sustainability standards under the legislation, or if we fail to comply with the risk assessment requirements, we may experience an adverse impact on our ability to manufacture or supply certain products as well as increased costs and interruptions in the supply chain. We could be subject to litigation, substantial fines and other damages if we fail to comply with the risk assessment requirements, which could adversely impact our financial condition and results of operations.

Our business is also subject to risks associated with U.S. and foreign legislation, regulations and trade agreements (including those resulting from the transition to new political administrations) relating to the materials we import, including quotas, duties, tariffs or taxes, and other charges or restrictions on imports and the nature of materials that can be used in our products, which could adversely affect our operations and our ability to import materials used in our products at current or increased levels. For example, the United States has recently enacted and proposed to enact significant new tariffs, including a 25% tariff on imports from Mexico and Canada into the United States. While these tariffs are currently suspended while negotiations take place for a long-term agreement, there continues to exist significant uncertainty about the future relationship between the U.S. and other countries (including China) with respect to trade policies, treaties and tariffs. These developments, or the perception that they could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted countries. Additionally, as we currently have manufacturing operations in Mexico in support of our Healthcare Systems & Technologies and Medical Products & Therapies businesses, a 25% tariff on all imports from Mexico would increase the cost of our products manufactured in Mexico and adversely impact our business, results of operations, financial condition and cash flows.

We cannot predict whether additional U.S. and foreign customs quotas, duties (including antidumping or countervailing duties), tariffs and any retaliatory counter measures, taxes or other charges or restrictions, requirements as to where raw materials and component parts must be purchased, additional workplace regulations or other restrictions on our imports will be imposed in the future or adversely modified, or what effect such actions would have on our costs of operations. Future Recently imposed or future quotas, duties or tariffs and any retaliatory counter measures may have a material adverse effect on the cost of our business, results of operations, financial condition products and cash flows. the related components and raw materials and our ability to sell products and services outside the United States. Future trade agreements or modifications to existing trade agreements could also provide our competitors with an advantage over us, or increase our costs, either of which could have a material adverse effect on our business, results of operations, financial condition and cash flows. The ultimate impact of any tariffs and any retaliatory counter measures will depend on various factors, including if any tariffs are ultimately implemented, the timing of implementation, and the amount, scope and nature of the tariffs. See also “Risks Relating to Our Business Operations—We are subject to risks associated with doing business globally.”

The sales, marketing and pricing of products and relationships that medical device and pharmaceutical companies have with healthcare providers are under increased scrutiny by federal, state and foreign government agencies. Compliance with the Anti-Kickback Statute, False Claims Act, Food, Drug and Cosmetic Act (including as these laws relate to off-label promotion of products) and other healthcare-related laws, as well as competition and export and import laws, is under increased focus by the agencies charged with overseeing such activities. The Department of Justice (the “DOJ”) and the SEC are focused on the enforcement of the U.S. Foreign Corrupt Practices Act (the “FCPA”) (FCPA), particularly as it relates to the conduct of medical product and pharmaceutical companies. The FCPA and similar anti-bribery laws generally prohibit companies and their employees, contractors or agents from making improper payments to government officials for the purpose of obtaining or retaining business. Healthcare professionals in many countries are employed by the government and consequently may be considered government officials. Foreign governments are also focused on examining medical product and pharmaceutical companies’ sales and marketing activities and relationships with healthcare providers and competitive practices generally. The laws and standards governing the promotion, pricing, sale and reimbursement of our products and those governing our relationships with healthcare providers and governments, including the Physician Payments Sunshine Act, are complicated, subject to frequent change and may be violated unknowingly. Compliance with these and similar laws (or failure to comply with these laws) could have a material adverse effect on our business, results of operations, financial condition and cash flows. Additionally, failure to comply with applicable laws or our internal policies has resulted in, and may result in the future result in, the departure or termination of key personnel, which has the potential of disrupting our operations or future performance. Furthermore, governments have chosen (as in the case of the Chinese government) or may choose to prioritize anti-corruption efforts in the healthcare sector as part of their law enforcement activities.

We are also subject to environmental laws, which are becoming more stringent throughout the world. For example, the Environmental Protection Agency (the “EPA”) regulates the use of ethylene oxide for sterilization of medical devices and is increasingly focused on reducing emissions from the ethylene oxide sterilization process, which has increased our costs of operations and necessitated changes to our manufacturing plants and processes. Additionally, the European Economic Area (the “EEA”) is phasing out (EEA) has banned

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the use of Bis(2-ethylhexyl) phthalate (DEHP) in the immediate packaging of medicinal products, unless an authorization is granted. There is no guarantee that we will be able to obtain and maintain such authorization. The EEA is also phasing out the use of DEHP in medical devices by 2030 and is considering imposing restrictions on the EEA is also considering regulations on use of per- and polyfluoroalkyl substances, and polyvinyl chloride and its additives. Further, the EEA has prohibited the use of desflurane as an inhalation anesthetic by 2026, except in instances where alternatives cannot be used for medical grounds, and this legislation also requires fluorinated gases and Polyvinyl Chloride. to be captured. Other governments globally have limited or prohibited, or are considering limiting or prohibiting, the use of certain chemicals, including Polyvinyl Chloride polyvinyl chloride, diethyl phthalate and Diethyl

Phthalate. DEHP. These regulatory changes could materially adversely impact our ability to manufacture or supply certain products. Moreover, increased regulatory scrutiny around potential impurities, such as nitrosamines, in our products could lead to regulatory and legal actions, product recalls and seizures, fines and penalties, interruption of production leading to product shortages, import bans or denials of import certifications, delays or denials in new product approvals or line extensions or supplemental approvals of current products pending resolution of the EEA. issues, and reputational harm, any of which could adversely affect our business. Other environmental laws may have similar consequences for us or our suppliers, or result in liability to us.

Additionally, the U.S. Department of the Treasury's Office of Foreign Assets Control and the Bureau of Industry and Security at the U.S. Department of Commerce administer laws and regulations that restrict U.S. persons and, in some instances, non- U.S. persons, in conducting activities, transacting business or making investments in certain countries or regions, or with governments, entities and individuals subject to U.S. economic sanctions. From time to time, certain of our subsidiaries have limited business dealings with and/or provide humanitarian donations to countries jurisdictions subject to comprehensive sanctions and/or embargoes, including Afghanistan, Belarus, Cuba, Russia, Syria and Venezuela. embargoes. These dealings represent an insignificant amount of our combined net sales and income but expose us to an increased risk of operating in these countries, jurisdictions, including foreign exchange risks or restrictions or limitations on our ability to access funds generated in these jurisdictions or the risk of violating applicable sanctions or regulations, which are complex and subject to frequent change.

Our ethics and compliance programs, training, monitoring and policies may not always protect us from conduct by individual employees that violate these laws. Violations or allegations of violations of these laws may result in large civil and criminal penalties, debarment or exclusion from participating in government programs, diversion of management time, attention and resources and may otherwise have an adverse effect on our business, results of operations, financial condition and cash flows.

The laws and regulations discussed above are broad in scope and subject to evolving interpretations and changes, which may be violated unknowingly, could require us to incur substantial costs regarding compliance or to alter our sales and marketing practices and may subject us to enforcement actions or litigation, and of which could adversely affect our business, results of operations, financial condition and cash flows. We cannot predict with certainty what laws, regulations and healthcare initiatives, if any, will be implemented, or what the ultimate effect of healthcare reform or any future legislation or regulation will have on us. For more information related to ongoing government investigations, see Note 8 in Item 8 of this Annual Report on Form 10-K. For more information on regulatory matters currently affecting us, including quality-related matters, see "Certain Regulatory Matters" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K.

Increasing regulatory focus on privacy, artificial intelligence and cybersecurity issues and expanding laws could impact our business and expose us to increased liability.

As a global company, we are subject to global data privacy, AI and cybersecurity laws, regulations and codes of conduct that apply to our businesses. We are required to comply with increasingly complex and changing legal and regulatory requirements and frameworks in the United States and in other countries that govern not only the collection, use, storage, security, transfer, disclosure and other processing of protected health information and personal and sensitive data, but also the development and use of AI, the sharing of certain data and timely disclosure of cybersecurity incidents. Further, new and emerging digital and technology laws are gradually being implemented globally and have a strong interplay with data, privacy, AI and cybersecurity rules, which contributes to the complexity of the regulatory landscape. In the United States, we are subject to the Health Insurance Portability and Accountability Act, as amended (HIPAA), the Health Information Technology for Economic and Clinical Health Act and the California Consumer Privacy Act (the CCPA) and California Privacy Rights Act (CPRA) as well as other new and emerging state laws. HIPAA imposes stringent data privacy and security requirements, and the regulatory authority has imposed significant fines and penalties on organizations found to be out of compliance. The CCPA provides consumers with a private right of action against companies that have a security breach due to a lack of appropriate security measures. In addition, to the HHS U.S. Department of Health and Human Services and the Federal Trade Commission's (FTC) enforcement activity has become more intense, with higher fines, in areas related to heath data that are out of scope of HIPAA.Further, we are, or will be, subject to the EU's General Data Protection Regulation (the GDPR) the EU Data Act, the Artificial Intelligence Act, and the NIS2 Directive, an EU wide cybersecurity legislation, which will be became fully in force in 2024. The GDPR imposes stringent EU data protection requirements and provides for significant penalties for noncompliance, including heightened fines as compared to prior years. The EU Data Act sets regulatory requirements for data access, sharing, and usage while the AI Act will impose significant obligations on the development and use of AI systems, both of which will impact how we develop medical devices for the EU market. Governmental bodies are increasingly imposing cyber-incident AI related regulation as well as cyber incident disclosure regulations with differing criteria for what incidents must be reported as well as the timelines in which to report them.

We or our third-party providers and business partners may also be subjected to audits or investigations by one or more domestic or foreign government agencies relating to compliance with information security and privacy laws and regulations, and noncompliance with such laws and regulations could result in substantial and material fines or class action litigation.

If reimbursement or other payment for our current or future products is reduced or modified in the United States or in foreign countries, including through the implementation or repeal of government-sponsored healthcare reform or other similar actions, cost containment measures, or there are changes to policies with respect to pricing, taxation or rebates, our business could suffer.

Sales of our products depend, in part, on the extent to which the costs of our products are paid by both public and private payers. These payers include Medicare, Medicaid, private healthcare insurers in the United States and foreign governments and third-party payers outside the United States. Our work with government payers carries various risks inherent in working with government entities and agencies, including government reporting and auditing, additional regulatory oversight, mandated contractual terms, failure of government appropriations and other complex procedural requirements.

Public and private payers have challenged, and are expected to continue to challenge, prices charged for medical products and services. Such downward pricing pressures from any or all of these payers may result in an adverse effect on our business, results of operations, financial condition and cash flows.

Global efforts toward healthcare cost containment continue to exert pressure on product pricing. Governments around the world continue to use various mechanisms to control healthcare expenditures, such as price controls, the formation of public contracting authorities, product formularies, which are lists of recommended or approved products, and competitive tenders, which require the submission of a bid to sell products. Sales of our products are dependent, in part, on the availability of reimbursement by government agencies and healthcare programs, as well as insurance companies and other private payers. In much of Europe, Latin America, Asia and Australia, governments provide

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healthcare at low cost to patients and control their expenditures by various means, such as purchasing products through public tenders, collective purchasing, regulating prices, setting reference prices in public tenders and limiting reimbursement or patient access to certain products. For example, China has been implementing volume-based procurement policies, a series of centralized reforms being instituted in China on both a national and regional basis that has resulted in significant price cuts for pharmaceuticals and medical consumables. Additionally, austerity measures or other reforms by foreign governments may limit, reduce or eliminate payments for our products and adversely affect both pricing flexibility and demand for our products. In addition, operations within our Healthcare Systems and & Technologies segment increase our exposure to risks related to reimbursement as certain portions of that business directly bill various government agencies.

The Healthcare Reform Act includes several provisions which impact our businesses in the United States, including increased Medicaid rebates and an expansion of the 340B Drug Pricing Program, which provides certain qualified entities with discounts on the purchase of drugs for outpatient use and an excise tax on the sale of certain drugs.

The Healthcare Reform Act reduces Medicare and Medicaid payments to hospitals and other providers, which may cause us to experience downward pricing pressure. Certain portions of the Healthcare Reform Act could negatively impact the demand for our products, and therefore our results of operations, financial position and cash flows.

In 2019, the U.S. Department of Health and Human Services launched a new kidney health initiative. The CMS published the final ESRD Treatment Choices (ETC) mandatory payment model in 2020. The ETC launched in 30% of dialysis clinics across the country on January 1, 2021 and creates payment incentives for the greater use of home dialysis and kidney transplants for those new to and already on dialysis. CMS also announced the implementation of four voluntary payment models with the stated goal of helping healthcare providers reduce the cost and improve the quality of care for patients with late-stage chronic kidney disease and ESRD. In addition, the 2022 Physician Fee Schedule issued by CMS has extended coverage of certain Medicare telehealth services through December 31, 2023 and the Consolidated Appropriations Act of 2023 further extended such coverage through December 31, 2024. While the availability of telehealth services can improve access to medical care, increased reliance on, and utilization of, telemedicine for delivery of healthcare services increases the risk of privacy and data breaches and cyberattacks. These proposed regulatory changes in kidney health policy and reimbursement may substantially change the U.S. end stage renal disease market and could increase demand for our peritoneal dialysis products, necessitating significant multi-year capital expenditures in order to meet that demand. However, the impact of such changes and related expenses are difficult to estimate in advance.

In addition, a substantial portion of our revenues is dependent on federal healthcare program reimbursement, and any disruptions in federal government operations, including a federal government shutdown or failure of the U.S. government to enact annual appropriations, could have a material adverse effect on our business, results of operations, financial condition and cash flows. Additionally, disruptions in federal government operations may negatively impact regulatory approvals and guidance that are important to our operations and create uncertainty about the pace of upcoming healthcare regulatory developments or approvals.

As a result of these and other measures, including future measures or reforms that cannot be predicted, reimbursement may not be available or sufficient to allow us to sell our products on a competitive basis. Legislation and regulations affecting reimbursement for our products may change at any time and in ways that may be adverse to us. We cannot predict the impact of these pressures and initiatives, or any negative effects of any additional regulations that may affect our business.

We could be subject to fines or damages and possible exclusion from participation in federal or state healthcare programs if we fail to comply with the laws and regulations applicable to our business.

Portions of our business are subject to stringent laws and regulations at the federal or state levels governing the participation of durable medical equipment suppliers and independent diagnostic testing facilities in federal and state healthcare programs. From time to time, the U.S. government seeks additional information related to our claims submissions, and in some instances government contractors perform audits of payments made to us under Medicare, Medicaid, and other federal healthcare programs. On occasion, these reviews identify overpayments for which we submit refunds. At other times, our own internal audits identify the need to refund payments. We believe the frequency and intensity of government audits and review processes has grown, and we expect this will continue, due to increased resources allocated to these activities at both the federal and state Medicaid level, and greater sophistication in data review techniques.

In addition, our business contracts with foreign and U.S. federal, state and local government entities are subject to specific rules, regulations and approvals applicable to government contractors. Our failure to comply with these could result in contract terminations, suspension or debarment from contracting with these entities, civil fines and damages, criminal prosecution and possible exclusion from participation in federal healthcare programs, such as Medicare and Medicaid, as well as possible recoupment of any overpayments related to such violations. While we believe that our practices materially comply with applicable state, federal and foreign requirements, the requirements might be interpreted in a manner inconsistent with our interpretation. Failure to comply with applicable laws and regulations, even if inadvertent, could have a material adverse impact on our business, results of operations, financial condition and cash flows.

If we are unable to protect or enforce our patents or other proprietary rights, or if we become subject to claims or litigation alleging infringement of the patents or other proprietary rights of others, our competitiveness and business prospects may be materially damaged.

Patent and other proprietary rights are essential to our business. Our success depends to a significant degree on our ability to obtain and enforce patents and licenses to patent rights, both in the United States and in other countries. We cannot guarantee that our Our pending patent applications, or and any future patent applications, will may not result in issued patents, our patents issued or licensed will not may be challenged or circumvented by competitors, our patents will not may be found to be invalid or the intellectual property rights of others will not may prevent us from selling certain products or including key features in our products.

The patent position of a healthcare company is often uncertain and involves complex legal and factual questions. Significant litigation concerning patents and products is pervasive in our industry. Patent claims include challenges to the coverage and validity of our patents on products or processes as well as allegations that our products infringe patents held by competitors or other third parties. An unfavorable litigation outcome in any of these types of cases could result in a loss of patent protection or the ability to market products, which could lead to a significant loss of sales, or otherwise materially affect our business, results of operations, financial condition and cash flows. We also rely on trademarks, copyrights, trade secrets and know-how to develop, maintain and strengthen our competitive positions. Third parties may know, discover or independently develop equivalent proprietary information or techniques, or they may gain access to our trade secrets or publicly disclose our trade secrets.

Although our Our employees, consultants, parties to collaboration agreements and other business partners are generally subject to confidentiality or similar agreements to protect our confidential and proprietary information, these information. These agreements may be breached, and we may not have adequate remedies for any breach. To the extent that our employees, consultants, parties to collaboration agreements and other business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Furthermore, our intellectual property, proprietary technology and sensitive company data is potentially vulnerable to loss, damage and misappropriation from system malfunction, computer viruses and unauthorized access to our data or misappropriation or misuse thereof by those with permitted access and other events. events, including events connected with the use of AI and ML technologies. While we have invested to protect our intellectual property, confidential information and other data, and continue to work diligently in this area, there can be no assurance that our precautionary measures have prevented or will prevent future breakdowns, breaches, cyber incidents or other events. See also "Risks Relating to Our Business Operations—Breaches and breakdowns affecting our information technology systems or protected information, including from cyber security breaches and

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data leakage, could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and competitive position. position" and "Incorporating artificial intelligence, machine learning and other emerging technologies into our products, services and operations may result in legal and regulatory risks, reputational harm or have other adverse consequences to our business, financial condition or results of operations." Any of the events referenced above could have a material adverse effect on our reputation, business, results of operations, financial condition and cash flows.

Changes in tax laws or exposure to additional income tax liabilities may have a negative impact on our operating results.

Changes to the tax laws in the United States or other countries in which we operate could have an adverse effect on our operating results. For example, the Organization of Economic Co-operation and Development (OECD) and the G20 Inclusive Framework on Base Erosion and Profit Shifting (the Inclusive Framework) has put forth two proposals—Pillar One and Pillar Two—that revise the existing profit allocation and nexus rules and ensure a minimal level of taxation, respectively. On December 12, 2022, the EU member states agreed to implement the Inclusive Framework's global corporate minimum tax rate of 15%, and various countries both within and outside the EU have enacted new laws implementing Pillar Two or have draft legislation proposed for adoption. The OECD continues to release additional guidance on the two-pillar framework, with widespread implementation in 2024. framework. We are continuing to evaluate the potential impact of the Inclusive Framework on future periods, pending legislative adoption by individual countries, which could have an adverse impact on our effective tax rate, income tax expense and cash flows.

Taxing authorities audit us from time to time and may disagree with certain positions we have taken in respect of our tax liabilities. Our tax liabilities are affected by many factors, including the amounts we charge in intra-company transactions for inventory, services, licenses, funding and other items, which are subject to the use of assumptions and judgment. Because we operate in multiple income tax jurisdictions both inside and outside the United States, cross border transactions among our affiliates are a significant part of the manner in which we operate. Although we believe that we transact intra-company business in accordance with arm's-length principles, tax Tax authorities may disagree with our intra-company charges, cross-jurisdictional transfer pricing or other matters, and may assess additional taxes as a result, including in connection with their review of the restated financial statements we have filed as part of our 2019 Annual Report on Form 10-K. result.

We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. However, we may not accurately predict the outcome of these audits and, as a result, the actual outcome of these audits may have an adverse impact on our financial results. For more information on ongoing audits, see Note 14 in Item 8 of this Annual Report.

We are party to a number of pending lawsuits and other disputes which may have an adverse impact on our business, results of operations, financial condition and cash flows.

We are party to a number of pending lawsuits, settlement discussions, mediations, arbitrations and other disputes, some of which are set forth in Note 8 in Item 8 of this Annual Report on Form 10-K. In addition, in the future we may be party to additional lawsuits, disputes or other matters, including patent, product liability, or commercial, employment, and other lawsuits. legal matters that arise in the normal course of our business. These current and future matters may result in a loss of patent protection, reduced net sales, incurrence of significant liabilities and diversion of our management's time, attention and resources. Given the uncertain nature of litigation and other disputes generally, we are not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome in our current matters. In view of these uncertainties, the outcome of these current matters may result in charges in excess of any established reserves, and, to the extent available, liability insurance. We also continue to be self-insured with respect to product liability claims. The unavailability or inadequacy of third-party insurance coverage for current or future liability claims could increase our potential exposure to unanticipated claims and adverse decisions. Protracted litigation and other disputes, including any adverse outcomes, may have an adverse impact on our business, results of operations, financial condition and cash flows. Even claims without merit could subject us to adverse publicity and require us to incur significant legal fees.

Our Amended and Restated Bylaws designate certain courts in the State of Delaware or the federal district courts of the United States will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable choose their preferred judicial forum for disputes with us or our directors, officers, or employees.

Our Amended and Restated Bylaws (Bylaws) provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware (or, if no state court located in the State of Delaware has jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum, to the fullest extent permitted by law, to bring (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee of the company to the company or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or our Certificate of Incorporation or these

Bylaws, as either may be amended from time to time, or (iv) any action to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or Bylaws or (v) any other action asserting a claim governed by the internal affairs doctrine or that is otherwise an "internal corporate claim" as defined in Section 115 of the Delaware General Corporation Law. The Additionally, our Bylaws provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the sole and exclusive forum provisions for the resolution of our Bylaws are not any complaint asserting a waiver cause of and do not relieve person or entity of duties to comply with, federal securities laws including those specifying the exclusive jurisdiction of federal courts under the Exchange Act and concurrent jurisdiction of federal and state courts action arising under the Securities Act of 1933, as amended.

Any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have received notice of and consented to the foregoing provisions of our Bylaws described above. The choice of forum provision may result in increased costs for investors to bring a claim. Further, the choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, other employees, or stockholders, which may discourage such lawsuits against us and our directors, officers, other employees, or stockholders. However, the enforceability of similar forum provisions in other companies' certificates of incorporation or bylaws have been challenged in legal proceedings. If Alternatively, if a court were to find the exclusive choice of forum provision contained in our Bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions.

Item 1B. ***Unresolved Staff Comments.***

None.

Item 1C. ***Cybersecurity.***

We assess, identify and manage risks from cybersecurity threats through our Global Cybersecurity and Compliance Program (Cybersecurity Program), which is part. Cybersecurity risks identified in the Cybersecurity Program are integrated into our Enterprise Risk Management Program. In addition, the Cybersecurity Program seeks to incorporate

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consideration of cybersecurity risk into our larger enterprise risk management framework. product development, business strategy, financial planning and capital allocation decisions.

The Cybersecurity Program is currently overseen by the Audit Committee and Quality, Compliance and Technology Committee (QCT Committee) of the Board of Directors (Board) and is managed by a dedicated Chief Information Security Officer (CISO), whose who in turn reports to the Chief Information Officer (CIO), who currently reports to the CEO. The CISO's organization has oversight of responsibilities for cybersecurity strategy, policy, standards, architecture and processes for the security of our corporate and manufacturing enterprise network, information assets and medical device technologies. Our current CISO has over 20 years of experience in cybersecurity and risk and technology management, and has held numerous positions in the cybersecurity sector, including serving as Global Cyber Risk Officer at another Fortune 500 medical products and equipment company and CISO at another other healthcare company. companies and health care delivery organizations. Our current CIO has over 30 years of experience in information technology and has served in a number of professional services leadership roles, including as CIO over the past 15 years at three companies. The CISO's organization monitors and manages, and works to identify and assess, cybersecurity risk through various technologies, resources, processes and policies that are regularly updated as necessary to align with the changing threat landscape, our evolving business needs as well as global regulatory requirements. In addition, from time to time, we also utilize external auditors and assessors to help evaluate our Cybersecurity Program, including our control measures, conducting penetration testing and to assist in conducting vulnerability, risk and maturity assessments. We also actively engage with industry experts, regulatory agencies, advocacy groups, industry peers, intelligence and law enforcement communities as part of our continuing efforts to evaluate and enhance the effectiveness of our Cybersecurity Program. Program and to stay abreast of the emerging cybersecurity landscape.

We use a range of defenses to help protect against cybersecurity threats and to work to secure our assets, reduce detection the time it takes to detect a cybersecurity threat and improve our recoverability such as capabilities. These defenses include the ongoing monitoring of our systems including (including with the assistance of third party vendors, third-party vendors), conducting routine response and recovery exercises with employees and senior management including (including our executive officers, officers) to promote awareness of related matters and improve internal processes, and engaging with proxy advisors and external cybersecurity rating agencies that assess our cyber risk to improve our internal evaluations and vulnerability management processes. risk. In addition, to help promote privacy and security awareness throughout the company, the CISO maintains a Cyber Awareness and Engagement Program. As part of this program, all employees with a valid Baxter email address receive annual training on the recognition and access prevention of cybersecurity threats as well as training on how to report suspicious activity or potential breaches through the appropriate channels. Our Cyber Awareness team communicates cybersecurity best practices to our employees through internal communications, including the company intranet, newsletters and global virtual events seminars, and updated materials. also hosts ongoing cybersecurity awareness campaigns, including phishing simulations. Further, our Third-Party Risk Management Program includes assessment utilizes a managed service that uses a standard framework to help identify, assess and monitoring of monitor potential cybersecurity risks posed by third parties. Third-party cybersecurity risks (including reputational ones) are assessed by evaluating the third party's security standards practices (including those associated with data protection), compliance with applicable regulations and control procedures for external suppliers planning associated with business continuity and vendors, with enhanced engagement or internal controls depending on the results of the assessment. incident detection and response.

The Cybersecurity Program maintains a cybersecurity governance and oversight framework that seeks to drive accountability for all levels of employees, including senior management and executive officers. Cybersecurity matters are generally managed by a combination of working groups led by senior management that report to the cybersecurity steering compliance committee or and ultimately the cybersecurity executive oversight committee, as appropriate, on matters such as, among other things, enterprise level cybersecurity initiatives and directives, threat intelligence and product cybersecurity risks and remediations. appropriate. Our cross functional cybersecurity steering compliance committee, which is led by the CISO, is composed of members of senior management, including the Chief Information Officer, CIO, and reviews matters such as product security cybersecurity escalations, critical remediations and disclosure recommendations. The output from the steering cybersecurity compliance committee meetings is discussed at meetings of Baxter's cybersecurity executive oversight committee, which is led by the CISO and includes the Chief Executive Officer, Chief Financial Officer, General Counsel, Chief Compliance & Trust Officer CIO and our business segment presidents. The cybersecurity executive oversight committee meets quarterly, oversees enterprise and cybersecurity risk management and reports to other members of management.

In February 2024, we amended the charters of the Audit Committee and QCT Quality and Regulatory Compliance (QRC) Committee of our Board to provide for the Board. realignment of oversight over the company's innovation strategy and cybersecurity to the full Board, as these responsibilities now sit within the vertically integrated segments and are part of the business strategies themselves. The Audit Committee currently Board oversees our information technology functions generally, including non-product-related product related cybersecurity matters and (which had previously been subject to the QCT Committee oversees product or service-based information technology matters, including with respect to product cybersecurity matters. oversight of the QRC Committee). The Audit Committee is also responsible for the oversight of any certain significant cybersecurity incident, incidents, including ones related to our products and services. Both committees receive services and receives related updates from management on cybersecurity-related topics within their purview throughout those incidents. Consistent with this oversight responsibility, the year. Additionally, the Audit Committee is responsible for reviewing proposed disclosures in connection with any material cybersecurity incident consistent with our disclosure obligations under Item 1.05 of Form 8-K. The full Board generally receives periodic updates on information technology and cybersecurity matters from company management (including the CIO and CISO) and external advisors. advisors from time to time and the Audit Committee receives periodic updates (including as part of continuing director education) on the evolving cybersecurity landscape and regulatory reporting requirements.

The CISO maintains and annually updates a Cybersecurity Incident Response Plan which is a guide for our Cyber Security Incident Response Team and business to respond effectively and efficiently to cybersecurity incidents in a coordinated manner manner. Additionally, the CISO, in partnership with a third-party consultant, facilitates periodic cyber-crisis tabletop exercises with members of senior management (including our executive officers) to help us prepare for the interest occurrence of minimizing the risk of harm to a significant cybersecurity event and our patients, customers, operations, partners, employees and third parties, consistent with our legal obligations. related response activities. Cybersecurity risks and threats, including as a result of any previous cybersecurity incidents, have not materially impacted and are not reasonably expected to materially impact us or our operations to date. However, we recognize the ever-evolving cyber risk landscape and cannot provide any assurances assurance that we will not be subject to a material cybersecurity incident in the future. See Item 1A. Risk Factors "Breaches "Risks Relating to Our Operations—Breaches and breakdowns affecting our information technology systems or protected information, including from cyber security breaches and data leakage, could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and competitive position" in Item 1A. Risk Factors of this Annual Report on Form 10-K for a discussion of cybersecurity-related risks.

Item 2. ***Properties.***

Our corporate offices are owned and located at One Baxter Parkway, Deerfield, Illinois 60015.

We manage our global operations based on four three reportable segments: Medical Products and & Therapies, Healthcare Systems & Technologies, and Technologies, Pharmaceuticals and Kidney Care. Pharmaceuticals. We own or have long-term leases on all of our manufacturing facilities and the location of the principal manufacturing facilities of each of our segments are listed below:

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Segments	Location	Owned/Leased
Medical Products and & Therapies		
	Aibonito, Puerto Rico	Leased
	Alliston, Canada	Owned
	Cali, Colombia	Owned
	Cartago, Costa Rica	Owned
	Haina, Dominican Republic	Leased
	Hayward, California	Leased
	Cleveland, Mississippi	Leased
	Medina, New York	Leased
	Jayuya, Puerto Rico	Leased
	Sao Paulo, Brazil	Owned
	North Cove, North Carolina	Owned
	St. Paul, Minnesota	Leased
	Irvine, California	Owned
	Mountain View, California	Leased
	Toongabbie, Australia	Owned
	Lessines, Belgium	Owned
	Marsa, Malta	Owned Leased
	Sabinanigo, Spain	Owned
	San Vittore, Switzerland	Owned Leased
	Thetford, United Kingdom	Owned
	Tel Aviv, Israel	Leased
	Elstree, United Kingdom	Leased
	Shanghai, China	Owned
	Mountain Home, Arkansas	Owned/Leased (1)
Healthcare Systems and & Technologies		
	Acton, Massachusetts	Leased
	Batesville, Indiana	Owned
	Cary, North Carolina	Leased
	Charleston, South Carolina	Leased
	Milwaukee, Wisconsin	Owned
	St. Paul, Minnesota	Leased
	Skaneateles Falls, New York	Owned
	Suzhou, China	Leased
	Taicang, China	Leased
	Pluvigner, France	Owned
	Saalfeld, Germany	Owned
	Tijuana, Mexico	Owned Leased
	Monterrey, Mexico	Owned
	Luleå, Sweden	Owned
Pharmaceuticals		
	Guayama, Puerto Rico	Owned
	Round Lake, Illinois	Owned
	Ahmedabad, India	Owned
Kidney Care		
	Cuernavaca, Mexico	Owned
	Pesa, Mexico	Leased
	Tijuana, Mexico	Owned

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	Mountain Home, Arkansas	Owned/Leased(1)
	Guangzhou, China	Owned
	Shanghai, China	Owned
	Suzhou, China	Owned
	Woodlands, Singapore	Owned/Leased(2)
	Amata, Thailand	Owned
	Tianjin, China	Owned
	Miyazaki, Japan	Owned
	Castlebar, Ireland	Owned
	Grosotto, Italy	Owned
	Hechingen, Germany	Leased
	Liverpool, United Kingdom	Leased
	Lund, Sweden	Leased
	Medolla, Italy	Owned
	Meyzieu, France	Owned
	Rostock, Germany	Leased
	Sondalo, Italy	Owned
	Swinford, Ireland	Owned
	Tunis, Tunisia	Owned
	Dammam, Saudi Arabia	Owned

(1) Includes both owned and leased facilities.

(2) We own the facility located at Woodlands, Singapore and lease the property upon which it rests.facilities

We also own or operate shared distribution facilities throughout the world. In the United States and Puerto Rico, there are six five shared distribution facilities with the principal facilities located in Memphis, Tennessee; Cataño, Puerto

Rico; and North Cove, North Carolina; and Round Lake, Illinois. Carolina. Internationally, we have more than 100 75 shared distribution facilities located in Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Costa Rica, the Czech Republic, Ecuador, France, Germany, Greece, Guatemala, Hong Kong, India, Ireland, Israel, Italy, Japan, Korea, Mexico, New Zealand, Panama, the Philippines, Poland, Portugal, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, the United Arab Emirates, and the United Kingdom.

We regularly evaluate our plants and production lines and believe that our current facilities plus any planned expansions are generally sufficient to meet our expected needs and expected near-term growth. Expansion projects and facility closings will be undertaken as necessary in response to market needs.

Item 3. *Legal Proceedings.*

Incorporated by reference to Note 8 in Item 8 of this Annual Report on Form 10-K.

Item 4. *Mine Safety Disclosures.*

Not Applicable.

Information about our Executive Officers

As of February 8, 2024 February 21, 2025, the following serve as Baxter's executive officers:

José E. Almeida Brent Shafer, age 61, 67, is Chair President and Interim Chief Executive Officer, having served Officer. He was appointed to his role on February 3, 2025, in that capacity since January 2016. connection with Mr. José Almeida's separation from Baxter. He began serving as an executive officer of Baxter in October 2015. He served as Senior Advisor with The Carlyle Group from May 2015 until October 2015. Previously, he served as is the Chairman, President former Chair and Chief Executive Officer of Covidien plc (Covidien) Cerner Corporation (Cerner), a global leading provider of various health care products company, information technologies, ranging from March 2012 medical devices to January 2015, prior electronic health records to the acquisition hardware, serving in this role from 2018 to 2021. Prior to Cerner, Mr. Shafer held a number of Covidien by Medtronic plc (Medtronic), and President and roles at Philips, including Chief Executive Officer of Covidien from July 2011 to March 2012. Philips North America, a leader in diagnostic imaging, image-guided therapy, patient monitoring and health informatics, as well as in consumer health and home care. Mr. Almeida Shafer was also the Chief Executive Officer of Philips Home Healthcare Solution business. Before joining Philips, Mr. Shafer was Vice President and General Manager of Hillrom's Patient Care Environment Division and worked at GE Medical Systems where he served in other executive key positions in sales, marketing, and general management. Mr. Shafer has also held senior roles with Covidien (formerly Tyco Healthcare (Tyco)) between April 2004 at Hewlett Packard's Medical Products Group and June 2011. Johnson & Johnson. Mr. Almeida Shafer currently serves on the Board of Directors of Bank of America. He previously served as a member director of the Board of Directors of Ortho-Clinical Diagnostics, Walgreens Boots Alliance, Tactile Systems Technology, Inc., and the board of trustees of Partners in Health. Veracyte, Inc.

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James Borzi, age 61, 62, is Executive Vice President and Chief Supply Chain Officer. He joined Baxter in August 2020 from GE Healthcare, where he served as Vice President, Chief Supply Chain Officer from 2019 to 2020. Prior to joining GE Healthcare, he served in various manufacturing operations leadership roles at Becton Dickinson, (BD), including Executive Vice President of Global Operations and Chief Supply Chain Officer from 2013 to 2019. Earlier in his career, he was Senior Vice President of Operations & Technology at Hydro Aluminum and Executive Vice President of Worldwide Operations at Lennox International. Prior to that, he was the Chief Operating Officer at AEES Inc. and Senior Vice President of Americas Operations at Alcoa Corporation. Mr. Borzi is a senior advisor to the NAI Group, a Pritzker Private Capital company.

Joel T. Grade, age 53, 54, is Executive Vice President, and Chief Financial Officer and Interim Chief Accounting Officer. Mr. Grade joined Baxter in 2023 as Executive Vice President, Chief Financial Officer. Additionally, he was elected as our interim Chief Accounting Officer and Principal Accounting Officer (CAO) in September 2024 and will cease serving in that interim capacity as of February 21, 2025. Mr. Grade joined Baxter following a 25-year career with Sysco Corporation (Sysco), the world's global foodservice leader. He most recently served as Sysco's Executive Vice President, Corporate Development from 2020 to 2023. His previous roles at Sysco included Executive Vice President and Chief Financial Officer from 2015 to 2020, Senior Vice President of Finance and Chief Accounting Officer, and Senior Vice President of foodservice operations. He currently serves as a member of Northwestern University-Kellogg School of Business Financial Network Advisory Board and the Dean's External Advisory Board of the University of Wisconsin School of Business.

Heather Knight, age 52, 53, is Executive Vice President, Chief Operating Officer and Interim Group President, Medical Products & Therapies. She was appointed to her role leading on February 3, 2025. Ms. Knight has led our Medical Products & Therapies in segment since 2023. From 2021 through 2023, after serving she served as President, president of our former Americas region and our Acute Therapies, Clinical Nutrition, and Medication Delivery Latin America and Canada since 2021. business units. She previously served as General Manager, U.S. Hospital Products from 2019 to 2021. Ms. Knight joined Baxter in 2019 from as general manager, U.S. Hospital Products. Throughout her 30-year career in the healthcare industry, Ms. Knight has held numerous roles of increasing leadership in general management, global upstream and commercial capacities at companies including Medtronic plc (Medtronic), where she served as Vice President/General Manager of the global gynecologic health, colorectal health Covidien plc, Tyco International plc and hernia businesses from 2016 to 2019. She has nearly 30 years of experience across the pharmaceutical and medical device industries in roles of increasing responsibility. Kendall Healthcare

Products Company. Prior to joining Medtronic, Baxter, she held key commercial leadership positions at Kendal Healthcare, Tyco Healthcare, most recently served as vice president and Covidien. general manager in Medtronic's Surgical Innovations business. Ms. Knight is a member earned her bachelor's degree in Biological Sciences from the University of Buffalo and completed the Board Executive Sales and Management program from the University of Chanell Medsystems, a medical device company dedicated to empowering every woman to take control Chicago Booth School of her health journey and live her best life, and Technovation, a global technology education nonprofit that inspires girls to be leaders and problem solvers in their lives and their community. She previously served Management. Ms. Knight currently serves as a member director of the Board of Titan Medical Inc. Waters Corporation.

Jeanne K. Mason, Ph.D., age 68, 69, is Executive Vice President and Chief Human Resources Officer having served in that capacity since 2006. Ms. Mason joined Baxter in 2006 from GE Insurance Solutions, a primary insurance and reinsurance business, where she was responsible for global human resource functions. Ms. Mason began her career with General Electric (GE) in 1988 after serving with the U.S. General Accounting Office in Washington, D.C. Her GE experience included leadership roles in Europe for GE Information Services and GE Capital Real Estate. She is a member of the Board of Directors of Family Service of Lake County and is a member of the Executive Advisory Council for the Chicago Chapter of National Association of African Americans in Human Resources.

Reazur Rasul, age 47, 48, is Executive Vice President and Group President, Healthcare Systems & Technologies. He was appointed to his current role in 2023 after serving as President of Front Line Care since 2022. Prior to that, Mr.

Rasul served as General Manager for the Acute Therapies & Medication Delivery businesses from 2021 to 2022, and General Manager, for the Acute Therapies business from 2017 to 2021. Before joining Baxter in 2017, he worked with Hewlett Packard Enterprise where he was Vice President and General Manager of the Global Cloud infrastructure business. Previously, he worked with GE Healthcare where he held several roles of increasing responsibility in business leadership and strategy, including General Manager of the Global Interventional Cardiology business. Mr. Rasul began his professional career with Toyota Motor Corporation and ultimately held multiple leadership positions in strategy, product development and operations.

David S. Rosenbloom, age 64, 65, is Executive Vice President and General Counsel. Mr. Rosenbloom joined Baxter from McDermott Will & Emery (McDermott), where he served as a partner for 24 years and Global Head of the Litigation Practice Group from 2017 to 2022. Prior to McDermott, he served for eight years in the U.S. Attorney's Office for the Northern District of Illinois. Mr. Rosenbloom is a member of the Board of the Digestive Health Foundation, which supports research at Northwestern Digestive Health Center, which is part of Northwestern Medicine at Northwestern Memorial Hospital.

Alok Sonig, age 51, 52, is Executive Vice President and Group President, Pharmaceuticals. He was appointed to his new role in 2023 after serving as President since 2022. Mr. Sonig joined Baxter in 2022 from Lupin, Inc. (Lupin), where he served as U.S. CEO and Global Head of R&D and Biosimilars from 2018 to 2022. He brings more than 25 years of experience in the life sciences industry. Prior to Lupin, Mr. Sonig served as CEO of Developed Markets (U.S., Canada, Europe, and Japan) at Dr. Reddy's Laboratories. He also spent more than 15 years at Bristol Myers Squibb, where he held several positions of increasing responsibility in general management, global strategy and marketing. Mr. Sonig is currently a member of the Advisory Boards for the American University, Kogod School of Business, and Sentry Sciences, Inc., and is a member of the Board of the Southern Asian Pharmaceutical Council.

Christopher A. Toth, age 44, is Executive Vice President and Group President, Kidney Care. Mr. Toth assumed his responsibilities at Baxter in June 2023 and has been selected as the Chief Executive Officer of the independent company to emerge from the proposed separation of our Kidney Care business into an independent company. Before joining Baxter, he served as Chief Executive Officer of Varian, a Siemens Healthineers Company from 2021 to 2023. Prior to this, he held numerous executive leadership roles across a two-decade career with Varian, including as President and Chief Operating Officer from 2019 to 2021, President of Varian Oncology Systems from 2018 to 2019; and President of Global Commercial and Field Operations. Mr. Toth was previously a member of the U.S. India Strategic Partnership Forum Board and President Biden's Advisory Council on Doing Business in Africa.

All executive officers hold office until the next annual election of officers or until their respective successors are elected and qualified.

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PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Issuer Purchases of Equity Securities

In July 2012, the Board of Directors authorized a share repurchase program and the related authorization was subsequently increased a number of times. During the fourth quarter of 2023, 2024, we did not repurchase any shares under this authority. The remaining authorization under this program totaled approximately $1.30 billion at December 31, 2023 December 31, 2024. This program does not have an expiration date.

Market Information and Holders of our Common Stock

Our common stock is listed on the New York and Chicago stock exchanges. The New York Stock Exchange is the principal market on which our common stock is traded under the symbol "BAX". As of January 31, 2024 February 13, 2025, there were 19,117 18,094 holders of record of our common stock.

Performance Graph

The following graph compares the change in our cumulative total stockholder return (including reinvested dividends) on our common stock with the Standard & Poor's 500 Composite Index and the Standard & Poor's 500 Health Care Index over the past five years.

[1] TSR calculations (as provided by FactSet) include reinvested dividends.

Item 6. ***Reserved.***

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

The following commentary should be read in conjunction with the consolidated financial statements and accompanying notes included in Item 8 of this Annual Report on Form 10-K.

EXECUTIVE OVERVIEW

Description of the Company, Recent Strategic Actions and Business Segments

Baxter International Inc. is a global medical technology with approximately 60,000 38,000 employees worldwide who are engaged in the development, manufacture and sale of a broad range of products, digital health solutions and therapies used by hospitals, kidney dialysis centers, nursing homes, rehabilitation centers, ambulatory surgery centers, doctors' offices and patients at home under physician supervision. Our global footprint and the critical nature of our products and services, which are sold in over 100 countries as of December 31, 2023 December 31, 2024, after giving effect to the Kidney Care sale, play a key role in expanding access to healthcare in emerging and developed countries.

In mid-2022, our Board of Directors authorized a strategic review of our business portfolio, with the goal of increasing stockholder value. As part of that review process, we identified and evaluated a range of potential strategic actions, including opportunities for sales and other separation transactions. In January 2023, following the completion of that review, we announced the following a number of planned strategic actions, that as discussed below, which are intended to enhance our operational effectiveness, accelerate innovation and drive additional stockholder value: (a) a proposed spinoff value. We completed the last of these strategic actions on January 31, 2025 in connection with the sale of our Kidney Care business.

Sale of Kidney Care Business

On August 12, 2024, we entered into an Equity Purchase Agreement (EPA) with certain affiliates of Carlyle Group Inc. (Carlyle) to sell our Kidney Care business, which will be known as Vantive. That business, which is comprised of our Kidney Care segment, provides chronic and acute dialysis therapies and services, including peritoneal dialysis, hemodialysis, continuous renal replacement therapies, and other organ support therapies. On January 31, 2025, we completed the sale of our Kidney Care business into to Carlyle for an independent publicly traded company focused on kidney care aggregate purchase price of $3.80 billion in cash, subject to certain closing cash, working capital and organ support (the proposed spinoff) debt adjustments. After giving effect to certain adjustments, we received approximately $3.71 billion pre-tax cash proceeds at closing of the transaction with the net after tax proceeds currently estimated to be approximately $3.4 billion, (b) our development subject to certain post-closing adjustments. As of a new operating model to simplify our operations February 21, 2025, we repaid $3.13 billion of short- and better align our manufacturing and supply chain to our commercial activities and (c) our pursuit of strategic alternatives for our BioPharma Solutions (BPS) business.

Proposed Separation of Kidney Care Business

We are working to complete long-term indebtedness primarily with the proposed separation net after-tax cash proceeds from the sale of our Kidney Care business, in the interest of establishing an independent company focused on kidney care and organ support. While we continue to evaluate all strategic options in the interest of maximizing stockholder value, we continue to progress towards our current target of July 2024 for completion of the proposed spinoff of this business. In both 2023 and 2022 we generated $4.45 billion of combined net sales from our Kidney Care segment, representing approximately 30% and 31%, respectively, of our consolidated net sales. We intend for the proposed spinoff to qualify as tax-free to Baxter and our stockholders for U.S. federal income tax purposes. The proposed spinoff is subject to the satisfaction of customary conditions, including final approval from our Board of Directors, the filing and effectiveness of a registration statement on Form 10, receipt of an Internal Revenue Service (IRS) ruling or related tax opinions from counsel, satisfactory completion of financing arrangements, consultations with works councils and other employee representative bodies and any necessary regulatory approvals.

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We incurred $225 million of pre-tax costs related to the proposed spin-off during 2023 and we expect to use substantially all of the remaining net after-tax proceeds to continue to incur significant separation-related repay indebtedness through the second quarter of 2025.

We determined that our Kidney Care business met the criteria to be classified as held-for-sale in August 2024, and we also concluded that it met the conditions to be reported as a discontinued operation at that time. Accordingly, our Kidney Care business is reported in discontinued operations in the accompanying consolidated financial systems, and our prior period results have been adjusted to reflect discontinued operations presentation. The fair value and carrying value of assets held for sale are evaluated each period and a loss on sale is recognized when the fair value less costs in 2024. Additionally, we to sell are below the carrying value. There has been no loss on sale recognized for the period ending December 31, 2024. We will recognize a gain or loss upon disposition of the business depending on the carrying value at that date, including any tax impacts of the sale, which may be material.

We expect to incur dis-synergies following our completion sale of the proposed spinoff transaction our Kidney Care business due to the reduced size of our company and, as a result, we have begun to undertake certain actions (and will need to undertake actions additional actions) to ensure that our cost structure is appropriate to support our remaining businesses.

There can be no guarantees that the proposed spinoff will be completed See Notes 2 and 6 in the manner or over the timeframes described above, or at all. Item 8 of this Annual Report on Form 10-K for additional information.

Implementation of New Operating Model and Resulting Segment Change

Our reportable segments were previously comprised of the following geographic segments related to our legacy Baxter business: Americas (North and South America), EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific), and a global segment for our Hillrom business. As discussed below under “Recent Strategic Actions,” in In the third quarter of 2023, we completed the implementation of a new operating model intended to simplify and streamline our operations and better align our manufacturing and supply chain to our commercial activities. Under this new operating model, our business is currently comprised of four three reportable segments: Medical Products and & Therapies, Healthcare Systems & Technologies, and Technologies (formerly referred to as our Hillrom segment), Pharmaceuticals and Kidney Care (which would become an independent publicly traded company following the completion of the proposed spinoff transaction). Pharmaceuticals. Our segment reporting was segments were changed during the third quarter of 2023 to align with our new operating model and prior period segment disclosures have been revised to reflect the new segments. model.

The Medical Products and & Therapies segment includes sales of our sterile IV solutions, infusion systems, administration sets, parenteral nutrition therapies and surgical hemostat, sealant and adhesion prevention products. The Healthcare Systems and & Technologies segment includes sales of our connected care solutions and collaboration tools, including smart bed systems, patient monitoring systems and diagnostic technologies, respiratory health devices and advanced equipment for the surgical space, including surgical video technologies, precision positioning devices and other accessories. The Pharmaceuticals segment includes sales of specialty injectable pharmaceuticals, inhaled anesthesia anesthetics and drug compounding. The Kidney Care segment includes sales of chronic and acute dialysis therapies and services, including peritoneal dialysis (PD), hemodialysis (HD), continuous renal replacement therapies (CRRT) and other organ support therapies. compounding services. Other sales not allocated to a segment primarily include sales of products and services provided directly through certain of our manufacturing facilities and royalty income under a business development arrangement that ended in early 2023 when we acquired the related product rights.

For financial information about our segments, see Note 18 in Item 8 of this Annual Report on Form 10-K.

Sale of BPS Business

On September 29, 2023, we completed the sale of our BPS business and received cash proceeds of $3.96 billion from that transaction. The financial position, results of operations and cash flows of our BPS business, including the $2.88 billion pre-tax gain ($2.59 billion net of tax) from the sale of that business and the related cash proceeds received, are reported as discontinued operations in the accompanying consolidated financial statements. We intend to use used substantially all of the after-tax proceeds from this transaction to repay certain of our debt obligations, including $514 million of commercial paper borrowings and $2.28 billion of long-term debt that we repaid during the fourth quarter of 2023. 2023, as well as €750 million of senior notes that we repaid during the second quarter of 2024.

See Note Notes 2 and 6 in Item 8 of this Annual Report on Form 10-K for additional information.

Financial Results

Our global net sales totaled $14.81 billion $10.64 billion in 2023, 2024, an increase of 2% 3% over 2022 2023 on a reported basis and 3% on a constant currency basis. International sales totaled $7.81 billion $4.79 billion in 2023, 2024, an increase of 3% 5% compared to 2022 2023 on a reported basis and 4% 6% on a constant currency basis. Sales in the United States totaled $7.00 billion $5.85 billion in 2023, 2024, an increase of 1% compared to 2022. 2023. Refer to the Net Sales discussion in the Results of Operations section below for more information related to changes in net sales on a constant currency basis.

Net income (loss) attributable to Baxter stockholders totaled $2.66 billion, $(649) million, or $5.25 $(1.27) per diluted share, in 2023. 2024. Net income (loss) attributable to Baxter stockholders in 2023 2024 included special items which increased adversely impacted net income (loss) by $1.18 $2.13 billion, or $2.33 $4.17 per diluted share. See our special items subsection, in the Results of Operations section below, for information about special items for all periods present.

Net income (loss) from continuing operations totaled $(69) $(326) million, or $(0.15) $(0.64) per diluted share, in 2023. 2024. Net income (loss) from continuing operations in 2023 2024 included special items which adversely impacted our results by $1.40 $1.29 billion, or $2.75 $2.53 per diluted share.

Our financial results included research and development (R&D) expenses totaling $667 million $590 million in 2023, 2024, which reflects our focus on balancing investments to support our new product pipeline with efforts to optimize overall R&D spending (including with respect to the maintenance of our portfolio).

While we have faced and may continue to face continuing operational and global macroeconomic challenges, our financial position remains strong, with operating cash flows from continuing operations totaling $1.70 billion $819 million in 2023. 2024. We have continued to execute on our disciplined capital allocation framework, as discussed in the "Business Strategy" section in Item 1. Business of this Annual Report on Form 10-K, which is designed to optimize stockholder value creation through reinvestment in our businesses, dividends and share repurchases, as well as acquisitions and other business development initiatives and debt repayments, consistent with our previously stated commitment to achieve our net leverage targets.

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Capital expenditures totaled $692 million $446 million in 2023 2024 as we continue continued to invest across our businesses to support future growth, including additional investments in support of new and existing product capacity expansions. Our investments in capital expenditures in 2023 2024 were focused on projects that improve production efficiency, enhance our quality systems and optimize manufacturing capabilities to support our business growth.

We also continued to return value to our stockholders. During 2023, 2024, we paid cash dividends to our stockholders totaling $586 million $590 million.

During 2024, we expect to continue to incur significant separation-related costs related to the proposed spinoff, which may adversely impact our earnings and operating cash flows.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Hurricane Helene

In September 2024, Hurricane Helene, which brought significant rain and extensive flooding to Western North Carolina, caused damage to certain of our assets at our North Cove facility in Marion, N.C. and disrupted operations at that facility. As we work to fully remediate the facility, we currently expect to incur an estimated $50 million of charges in the first quarter of 2025 primarily consisting of remediation costs, air freight (as we transfer product across our global network in the interest of increasing the availability of intravenous solutions for our customers) and other charges. See Note 1 for further discussion of insurance recoveries related to Hurricane Helene.

Supply Constraints and Global Economic Conditions

We In recent years, we have experienced significant challenges to our global supply chain, in recent periods, including production delays and interruptions, increased costs and shortages of raw materials and component parts (including resins and electromechanical devices) and , higher transportation costs, resulting adverse impacts from the pandemic and other exogenous factors including significant weather events (including Hurricane Helene and the flooding of our North Cove facility), elevated inflation levels increased and interest rates, disruptions to certain ports of call and access to shipping ports around the world, the war in Ukraine, the conflict in the Middle East, (including recent attacks on merchant ships in the Red Sea), tensions between China and Taiwan and other geopolitical events. Due to the nature of our products, which include dense consumable medical products such as IV fluids, and the geographic locations of our manufacturing facilities, which often require us to transport our products long distances, we may be more susceptible to increases in freight costs and other supply chain challenges than certain of our industry peers. While we have seen some improvements in the availability of certain component parts and improved pricing in certain raw materials and on transportation costs, some of these challenges have not completely subsided and may continue (including certain of those set forth above as we work to fully remediate our North Cove facility) are expected to have a negative impact on our supply chain in future periods. These challenges, including the unavailability results of certain raw materials and component parts, have also had a negative impact on our sales for certain product categories (including those acquired in our December 2021 acquisition of Hill-Rom Holdings, Inc. (Hillrom)) due to our inability to fully satisfy demand and may continue to have a negative impact on our sales operations in the future.

Our results of operations are also affected by macroeconomic conditions and levels of business confidence. The war in Ukraine, the conflict in the Middle East, (including recent attacks on merchant ships in the Red Sea), tensions between China and Taiwan and other geopolitical events, the sanctions and other measures being imposed in response to these conflicts (and the potential for escalation of these conflicts), recently imposed or future quotas, duties or tariffs and any retaliatory counter measures, and recent political changes to trade policies, have increased the levels of economic and political uncertainty and we continue to closely monitor the developing situations. With respect to the war in Ukraine and our business in Russia, While we have substantially completed our wind down efforts related to our business in Russia, in a manner that we structured to be compliant with all applicable U.S. and European Union sanctions and regulations. While these countries do not constitute a material portion of our business, a significant escalation or expansion of economic disruption or the current scope of these conflicts the war in Ukraine could have an adverse effect on our business operations (including our supply chain) in the region.

Our global operations expose us to risks associated with public health crises and epidemics/pandemics. COVID-19 had, and it or any other future public health crisis could in the future have an adverse impact on, among other things, our expenses, operations, supply chains and distribution systems. Over the course of the COVID-19 pandemic, our business was impacted by shifting healthcare priorities and significant volatility in the demand for our products, and any resurgence of the pandemic or any new public health crisis could again impact healthcare priorities and cause volatility in the demand for our products.

The existence of high inflation rates in the United States and in many of the countries where we conduct business has resulted in, and may continue to in the future result in, higher interest rates, shipping costs, labor costs, and other costs and expenses. Additionally, adverse changes in foreign currency exchange rates have increased, and could continue to increase, our costs of sourcing certain raw materials in some jurisdictions. We have experienced and may continue to in the future experience inflationary increases in manufacturing costs and operating expenses and we may not be able to pass these cost increases on to our customers in a timely manner or at all, which could have a material adverse impact on our profitability and results of operations. Inflation and general macroeconomic factors have caused certain of our customers to reduce or delay orders for our products and services and could cause them to do so in the future, which could have a material adverse impact on our sales and results of operations.

As a medical products company, our operations and many of the products manufactured or sold by us are subject to extensive regulation by numerous government agencies, both within and outside the United States. These regulations as (as described in "Government Regulation" in Item 1. Business 1, Government Regulation, of this Annual Report on Form 10-K, 10-K) require that we obtain specific approval from the Food and Drug Administration (FDA) and FDA or applicable non-U.S. regulatory authorities before we can market and sell most of our products in a particular country. Failure to obtain or maintain those approvals or clearances (including temporary importation authorizations) could have a material adverse impact on our business (including with respect to our ability to compete in the product markets in which we currently operate). Furthermore, FDA in the United States, the European Medicines Agency (EMA) EMA and MHRA in Europe, the China Food and Drug Administration (CFDA) NMPA in China, and other government agencies, inside and outside of the United States, administer requirements covering the testing, safety, effectiveness, manufacturing, labeling, promotion and advertising, pricing, distribution, and post-market surveillance of our products. Our failure to comply with these requirements may subject us to various actions, including warning letters, product recalls or seizures, monetary sanctions, injunctions to halt the manufacture and distribution of products, civil or criminal sanctions, refusal of a government to grant approvals or licenses, restrictions on operations or withdrawal of existing approvals and licenses, and may have a material adverse impact on our results of operations.

For further discussion, please refer to Item 1A. Risk Factors of this Annual Report on Form 10-K.

RECENT BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

Zosyn

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On March 22, 2022, we entered into an agreement with a subsidiary of Pfizer Inc. to acquire the rights to Zosyn, a premixed frozen piperacillin-tazobactam product, in the U.S. and Canada. Zosyn is used for the treatment of intra-abdominal infections, nosocomial pneumonia, skin and skin structure infections, female pelvic infections and community-acquired pneumonia. Under the terms of the acquisition, we paid the acquisition price of $122 million and received specified intellectual property, including patent rights, in the first quarter of 2022 and received additional intellectual property, including the product rights to Zosyn, in the first quarter of 2023. Under the arrangement, we received profit sharing payments from sales of Zosyn until the product rights transferred to us in March 2023. Refer to Note 3 in Item 8 of this Annual Report on Form 10-K for additional information regarding our acquisition of the rights to Zosyn.

Hillrom

On December 13, 2021, In 2021, we completed our acquisition of all outstanding equity interests of Hillrom for a purchase price of $10.48 billion. Including the assumption of Hillrom's outstanding debt obligations, the enterprise value of the transaction was $12.84 billion.

Hillrom was a global medical technology leader whose products and services help enable earlier diagnosis and treatment, optimize surgical efficiency, and accelerate patient recovery while simplifying clinical communication and shifting care closer to home. Hillrom made those outcomes possible through digital and connected care solutions and collaboration tools, including smart bed systems, patient monitoring and diagnostic technologies, respiratory health devices, advanced equipment for the surgical space and more, delivering actionable, real-time insights at the point of care.

acquired Hillrom. In 2024, 2023 and 2022 our Healthcare Systems and & Technologies segment (formerly referred to as our Hillrom segment) generated net sales of $2.95 billion, $3.01 billion, and $2.94 billion, respectively. During 2024, we recorded a $425 million goodwill impairment related to our Front Line Care reporting unit within our Healthcare Systems & Technologies segment. During 2022, we also recognized $2.81 billion of goodwill impairments and $332 million of indefinite-lived intangible asset impairments related to goodwill and trade name intangible assets that arose from the Hillrom acquisition. See Notes 3, 5 6 and 18 in Item 8 of this Annual Report on Form 10-K for additional information about the Hillrom acquisition, goodwill and intangible asset impairments, Hillrom acquisition financing arrangements and our Healthcare Systems and & Technologies segment results, respectively.

PerClot

On July 29, 2021, we acquired certain assets related to PerClot Polysaccharide Hemostatic System (PerClot), including distribution rights for the U.S. and specified territories outside of the U.S., from CryoLife, Inc. for an upfront purchase price of $25 million and the potential for additional cash consideration of up to $36 million, which had an acquisition-date fair value of $28 million, based upon regulatory and commercial milestones. PerClot is an absorbable powder hemostat indicated for use in surgical procedures, including cardiac, vascular, orthopedic, spinal, neurological, gynecological, ENT and trauma surgery as an adjunct hemostat when control of bleeding from capillary, venous, or arteriolar vessels by pressure, ligature, and other conventional means is either ineffective or impractical. Refer to Note 3 in Item 8 of this Annual Report on Form 10-K for additional information regarding the acquisition of PerClot.

Transderm Scop

On March 31, 2021, we acquired the rights to Transderm Scop (TDS) for the U.S. and specified territories outside of the U.S. from subsidiaries of GlaxoSmithKline for an upfront purchase price of $60 million including the cost of acquired inventory and the potential for additional cash consideration of $30 million, which had an acquisition-date fair value of $24 million, based upon regulatory approval of a new contract manufacturer by a specified date. We previously sold this product under a distribution license to the U.S. institutional market. TDS is indicated for post-operative nausea and vomiting in the U.S. and motion sickness in European markets. Refer to Note 3 in Item 8 of this Annual Report on Form 10-K for additional information regarding the acquisition of TDS.

Caelyx and Doxil

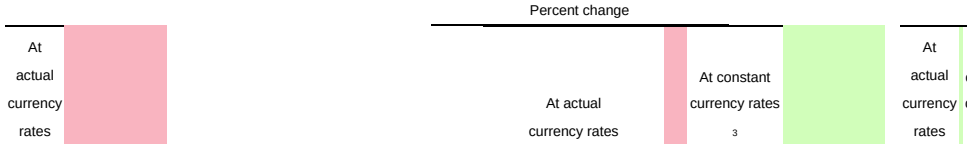
On February 17, 2021, we acquired the rights to Caelyx and Doxil, the branded versions of liposomal doxorubicin, from a subsidiary of Johnson & Johnson for specified territories outside of the U.S for $325 million in cash. We previously acquired the U.S. rights to this product in 2019. Liposomal doxorubicin is a chemotherapy medicine used to treat various types of cancer. Refer to Note 3 in Item 8 of this Annual Report on Form 10-K for additional information regarding the acquisition of Caelyx and Doxil.

NON-GAAP FINANCIAL MEASURES

Our presentation of percentage changes in net sales at constant currency rates, which is computed using current period local currency sales at the prior period's foreign exchange rates, is a non-GAAP financial measure. This measure provides information about growth (or declines) in our net sales as if foreign currency exchange rates had not changed between the prior period and the current period. We believe that the non-GAAP measure of percent change in net sales at constant currency rates, when used in conjunction with the U.S. GAAP measure of percent change in net sales at actual currency rates, may provide a more complete understanding and facilitate a fuller analysis of our results of operations, particularly in evaluating performance from one period to another.

RESULTS OF OPERATIONS

CONSOLIDATED NET SALES



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years ended December 31 (in millions)	years ended December 31 (in millions)	2023	2022	2021	2023	2022	2023	2022	years ended December 31 (in millions)	2024	2023	2022	2024 2023	2024 2023
United States	United States	$ 7,000	$ 6,955	$ 4,938	1	1 %	41 %	1 %	41 %	United States	$ 5,850	$ 5,802	$ 5,769	1	1 %	1 %	1 %	1 %
Emerging markets [1]	Emerging markets [1]	3,319	3,222	3,222	3,012	3,012	3	3 %	7 %	5 %	14 %	Emerging markets [1]	1,350	1,343	1,343	1,253	1,253	1	1 %	7 %	3 %	8 %
Rest of world [2]	Rest of world [2]	4,494	4,329	4,329	4,196	4,196	4	4 %	3 %	4 %	13 %	Rest of world [2]	3,436	3,215	3,215	3,035	3,035	7	7 %	6 %	7 %	6 %
Total net sales	Total net sales	$14,813	$ 14,506	$ 12,146	2	2 %	19 %	3 %	24 %	Total net sales	$10,636	$ 10,360	$ 10,057	3	3 %	3 %	3 %	3 %

[1] Emerging markets include sales from our operations in Eastern Europe, the Middle East, Africa, Latin America and Asia (except for Japan).

[2] Rest of world includes sales from our operations in Western Europe, Canada, Japan, Australia and New Zealand.

[3] Percent change in net sales at constant currency rates is a non-GAAP financial measure. See the section entitled “Non-GAAP Financial Measures” for additional information about our use of that measure.

As set forth above, foreign currency had no material impact on net sales during the year ended December 31, 2024, as compared to the prior year period, primarily due to the strengthening of the U.S. Dollar relative to the Turkish Lira, Japanese Yen, Brazilian Real, Mexican Peso, and the Canadian Dollar, offset by the weakening of the U.S. Dollar relative to the British Pound and Colombian Peso. Foreign currency adversely impacted had no material impact on net sales by 1 percentage point during the year ended December 31, 2023, as compared to the prior year period, primarily due to the strengthening of the U.S. Dollar relative to the Euro, Turkish Lira, Chinese Renminbi, Australian Dollar, Japanese Yen and the Canadian Dollar, partially Chinese Renminbi offset by the weakening of the U.S. Dollar relative to the Euro Mexican Peso and Mexican Peso. Our acquisition of Hillrom in December 2021 favorably impacted net sales by 23 percentage points for the year ended December 31, 2022, as compared to the prior year period. Foreign currency adversely impacted net sales by 5 percentage points during the year ended December 31, 2022, as compared to the prior year period, primarily due to the strengthening of the U.S. Dollar relative to the Euro, British Pound, Turkish Lira, Australian Dollar, Japanese Yen and Chinese Renminbi. Brazilian Real.

NET SALES BY SEGMENT

Medical Products and & Therapies

Our Medical Products and & Therapies segment includes sales of our sterile IV solutions, infusion systems, administration sets, parenteral nutrition therapies and surgical hemostat, sealant and adhesion prevention products.

				Percent change						
years ended December 31 (in millions)	years ended December 31 (in millions)	2023	2022	At actual currency rates	At constant currency rates [1]	years ended December 31 (in millions)	2024	2023	At actual currency rates	At constant currency rates [1]
Infusion Therapies and Technologies		$3,960	$ 3,817	4 %	4 %					
Infusion Therapies & Technologies		$4,103	$ 3,960	4 %	4 %					
Advanced Surgery	Advanced Surgery	1,051	998	998	5	5 %	6 %	Advanced Surgery	1,104	1,051	1,051	5	5 %	6 %
Total Medical Product and Therapies net sales		$5,011	$ 4,815	4 %	4 %					
Total Medical Product & Therapies net sales		$5,207	$ 5,011	4 %	5 %					

[1] Percent change in net sales at constant currency rates is a non-GAAP financial measure. See the section entitled “Non-GAAP Financial Measures” for additional information about our use of that measure.

Medical Product & Therapies segment net sales increased 4% for the year ended December 31, 2024, as compared to the prior year period.

Infusion Therapies & Technologies net sales increased 4% for the year ended December 31, 2024, as compared to the prior year period. Sales performance in 2024 primarily reflected growth in Infusion Systems as a result of sales of our Novum IQ large volume infusion and syringe pump in the U.S., and sales of Nutrition product offerings, which was attributable to both pricing initiatives and increased sales volume. In September 2024, Hurricane Helene, which brought significant rain and extensive flooding to Western North Carolina, caused damage to certain of our assets at our North Cove facility in Marion, N.C. and disrupted operations at that facility. This facility, which manufactures IV Solutions primarily for the U.S. market, was not fully operational for most of the fourth quarter. As a consequence, Hurricane Helene had an estimated $110 million adverse impact on sales, which offset price and underlying volume gains during the year.

Advanced Surgery net sales increased 5% for the year ended December 31, 2024, as compared to the prior year period, driven by growth in hemostats and sealants and was primarily attributable to increased sales volume. Foreign currency exchange rates adversely impacted net sales by 1% for the year ended December 31, 2024, as compared to the prior year period.

	Percent change

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years ended December 31 (in millions)	2023	2022	At actual currency rates	At constant currency rates [1]
Infusion Therapies & Technologies	$ 3,960	$ 3,817	4 %	4 %
Advanced Surgery	1,051	998	5 %	6 %
Total Medical Product & Therapies net sales	$ 5,011	$ 4,815	4 %	4 %

[1] Percent change in net sales at constant currency rates is a non-GAAP financial measure. See the section entitled "Non-GAAP Financial Measures" for additional information about our use of that measure.

Medical Product & Therapies segment net sales increased 4% for the year ended December 31, 2023, as compared to the prior year period.

Infusion Therapies and & Technologies net sales increased 4% for the year ended December 31, 2023, as compared to the prior year period. Sales performance in 2023 reflected strong demand for our infusion systems and administration sets, as well as growth in IV solutions and international nutrition compounding, partially offset by lower sales of parenteral nutrition products in the U.S. as compared with to the prior year period. year.

Advanced Surgery net sales increased 5% for the year ended December 31, 2023, as compared to the prior year period, driven by continued recovery in surgical procedures, partially offset by temporary supply constraints, the exit of a product distribution arrangement and a comparison against prior year periods that benefited from competitor supply constraints. Foreign currency exchange rates adversely impacted net sales by 1% for the year ended December 31, 2023, as compared to the prior year period.

			Percent change	
years ended December 31 (in millions)	2022	2021	At actual currency rates	At constant currency rates [1]
Infusion Therapies and Technologies	$ 3,817	$ 3,844	(1)%	3 %
Advanced Surgery	998	977	2 %	8 %
Total Medical Product and Therapies net sales	$ 4,815	$ 4,821	(0)%	4 %

[1] Percent change in net sales at constant currency rates is a non-GAAP financial measure. See the section entitled "Non-GAAP Financial Measures" for additional information about our use of that measure.

Medical Product and Therapies segment net sales remained flat for the year ended December 31, 2022, as compared to the prior year period.

Infusion Therapies and Technologies net sales decreased 1% for the year ended December 31, 2022, as compared to the prior year period. Sales performance in 2022 reflected lower sales of infusion pumps, sales headwinds in China driven by COVID-related lockdowns and lower sales of vitamins resulting from ongoing supply constraints. Supply chain constraints, including constraints related to the availability of semiconductor components and other components used in the production of our infusion pumps, adversely impacted sales of infusion pumps. Those items were offset by increased demand for IV administration sets and solutions, reflecting a recovery in hospital administration rates and surgical procedures and lower growth in the U.S. for our parenteral nutrition therapies and related products, including multi-chamber bags. Foreign currency exchange rates adversely impacted net sales by 4% for the year ended December 31, 2022, as compared to the prior year period.

Advanced Surgery net sales increased 2% for the year ended December 31, 2022, as compared to the prior year period, driven by a continued recovery in surgical procedures, particularly in Europe, and benefits from competitor supply constraints. Foreign currency exchange rates adversely impacted net sales by 6% for the year ended December 31, 2022, as compared to the prior year period.

Healthcare Systems and & Technologies

Our Healthcare Systems and & Technologies segment includes sales of our connected care solutions and collaboration tools, including smart bed systems, patient monitoring systems and diagnostic technologies, respiratory health devices and advanced equipment for the surgical space, including surgical video technologies, precision positioning devices and other accessories.

years ended December 31 (in millions)	years ended December 31 (in millions)	2023	2022		At actual currency rates	At constant currency rates [1]	years ended December 31 (in millions)	2024	2023		Percent change: At actual currency rates	Percent change: At constant currency rates [1]
Care and Connectivity Solutions	Care and Connectivity Solutions	$1,800	$ 1,791	1	1 %	1 %	Care and Connectivity Solutions	$1,814	$ 1,800	1	1 %	1 %
Front Line Care	Front Line Care	1,213	1,148	1,148 6	6 %	6 %	Front Line Care	1,137	1,213	1,213 (6)	(6)%	(6)%
Total Healthcare Systems and Technologies net sales		$3,013	$ 2,939		3 %	3 %						
Total Healthcare Systems & Technologies net sales		$2,951	$ 3,013		(2) %	(2) %						

[1] Sales growth Percent change in net sales at constant currency rates is a non-GAAP financial measure. See the section entitled "Non-GAAP Financial Measures" for further information. additional information about our use of that measure.

Healthcare Systems & Technologies segment net sales decreased 2% for the year ended December 31, 2024, as compared to the prior year period.

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Care and Connectivity Solutions net sales increased 1% for the year ended December 31, 2024, driven by increased order volume associated with capital spending in the U.S. as compared to the prior year, partially offset by declines in care communication products driven by the shifting of installations to future periods and lower sales outside of the U.S.

Front Line Care net sales decreased 6% for the year ended December 31, 2024, as compared to the prior year period, primarily driven by a backlog reduction in the prior year period which increased sales in the prior year, reduced demand in the primary care market, lower government orders, certain product exits and select supply constraints impacting product availability. These declines were partially offset by growth in our cardiology products.

				Percent change	
years ended December 31 (in millions)	2023	2022	At actual currency rates	At constant currency rates [1]
Care and Connectivity Solutions	$ 1,800	$ 1,791	1 %	1 %
Front Line Care	1,213	1,148	6 %	6 %
Total Healthcare Systems & Technologies net sales	$ 3,013	$ 2,939	3 %	3 %

[1] Percent change in net sales at constant currency rates is a non-GAAP financial measure. See the section entitled “Non-GAAP Financial Measures” for additional information about our use of that measure.

Healthcare Systems & Technologies segment net sales increased 3% for the year ended December 31, 2023, as compared to the prior year period.

Care and Connectivity Solutions net sales increased 1% for the year ended December 31, 2023, as compared to the prior year period, driven by international demand and sales generated from recent product launches in the U.S., partially offset by lower rental revenues and lower capital spending in the U.S. reflecting the macroeconomic environment in 2023.

Front Line Care net sales increased 6% for the year ended December 31, 2023, as compared to the prior year period, primarily driven by increased demand for our cardiology products, patient monitoring systems and physical assessment tools. Performance in the current year benefited from backlog reductions due to improved availability of component parts used in certain of our products.

			Percent change	
years ended December 31 (in millions)	2022	2021	At actual currency rates	At constant currency rates [1]
Care and Connectivity Solutions	$ 1,791	$ 142	NM	NM
Front Line Care	1,148	70	NM	NM
Total Healthcare Systems and Technologies net sales	$ 2,939	$ 212	NM	NM

Pharmaceuticals

Our Pharmaceuticals segment includes sales of specialty injectable pharmaceuticals, inhaled anesthetics and drug compounding services.

			Percent change	
years ended December 31 (in millions)	2024	2023	At actual currency rates	At constant currency rates [1]
Injectables and Anesthesia	$ 1,373	$ 1,347	2 %	3 %
Drug Compounding	1,038	902	15 %	15 %
Total Pharmaceuticals net sales	$ 2,411	$ 2,249	7 %	7 %

[1] Percent change in net sales at constant currency rates is a non-GAAP financial measure. See the section entitled “Non-GAAP Financial Measures” for additional information about our use of that measure.

NM - Not Meaningful

The Healthcare Systems and Technologies Pharmaceuticals segment was added in connection with our acquisition of Hillrom in December 2021. Net net sales increased 7% for the year ended December 31, 2022 were December 31, 2024, as compared to the prior year period.

Injectables and Anesthesia net sales increased 2% for the year ended December 31, 2024, as compared to the prior year period, primarily due to growth in our U.S. specialty injectable products, driven by strong sales volume in our core portfolio and recent product launches, partially offset by declines for inhaled anesthetics. Foreign currency exchange rates adversely impacted net sales by supply chain constraints, particularly related 1% for the year ended December 31, 2024, as compared to components used in the prior year period.

Drug Compounding net sales increased 15% for the year ended December 31, 2024, as compared to the prior year period, driven by increased demand for our Front Line Care product international pharmacy compounding offerings, hospital budget constraints and delays in product installations for Care and Connectivity Solutions resulting from limitations on hospital access due in part, to staffing challenges experienced by those customers. The net sales amounts for 2021 reflect sales over the 18-day period from the Hillrom acquisition date through year-end. customer capacity constraints that resulted in increased outsourcing of compounding activities.

Pharmaceuticals

Our Pharmaceuticals segment includes sales of specialty injectable pharmaceuticals, inhaled anesthesia and drug compounding.

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years ended December 31 (in millions)		2023		2022	Percent change At actual currency rates	Percent change At constant currency rates [1]
Injectables and Anesthesia	$	1,347	$	1,305	3 %	4 %
Drug Compounding		902		821	10 %	12 %
Total Pharmaceuticals net sales	$	2,249	$	2,126	6 %	7 %

[1] Percent change in net sales at constant currency rates is a non-GAAP financial measure. See the section entitled “Non-GAAP Financial Measures” for additional information about our use of that measure.

Pharmaceuticals segment net sales increased 6% for the year ended December 31, 2023, as compared to the prior year period.

Injectables and Anesthesia net sales increased 3% for the year ended December 31, 2023, as compared to the prior year period, primarily due to growth in our U.S. injectable products, driven by our launches of Zosyn, following the transfer of the related product rights to us in April 2023, Bendamustine and Norepinephrine, partially offset by lower sales of inhaled anesthesia products. Foreign currency exchange rates adversely impacted net sales by 1% for the year ended December 31, 2023, as compared to the prior year period.

Drug Compounding net sales increased 10% for the year ended December 31, 2023, as compared to the prior year period, driven by increased demand for our international pharmacy compounding services. Foreign currency exchange rates adversely impacted net sales by 2% for the year ended December 31, 2023, as compared to the prior year period.

years ended December 31 (in millions)		2022		2021	Percent change At actual currency rates	Percent change At constant currency rates [1]
Injectables and Anesthesia	$	1,305	$	1,390	(6)%	(2)%
Drug Compounding		821		901	(9)%	(0)%
Total Pharmaceuticals net sales	$	2,126	$	2,291	(7)%	(1)%

[1] Percent change in net sales at constant currency rates is a non-GAAP financial measure. See the section entitled “Non-GAAP Financial Measures” for additional information about our use of that measure.

Pharmaceuticals segment net sales decreased 7% for the year ended December 31, 2022, as compared to the prior year period.

Injectables and Anesthesia net sales decreased 6% for the year ended December 31, 2022, as compared to the prior year period, primarily due to a 4% negative impact from foreign exchange rate changes as compared to the prior year period. Net sales were also adversely impacted by increased competition from new market entrants and supply constraints impacting the production of certain molecules. Those items were partially offset by increased international sales of inhaled anesthesia products.

Drug Compounding net sales decreased 9% for the year ended December 31, 2022, as compared to the prior year period, primarily driven by a 9% negative impact from foreign exchange rate changes.

Kidney Care

Our Kidney Care segment includes sales of products used in PD, HD, CRRT and other organ support therapies (OSTs).

years ended December 31 (in millions)		2023		2022	Percent change At actual currency rates	Percent change At constant currency rates [1]
Chronic Therapies	$	3,683	$	3,714	(1)%	0 %
Acute Therapies		770		735	5 %	6 %
Total Kidney Care net sales	$	4,453	$	4,449	0 %	1 %

[1] Percent change in net sales at constant currency rates is a non-GAAP financial measure. See the section entitled “Non-GAAP Financial Measures” for additional information about our use of that measure.

Kidney Care segment net sales were flat for the year ended December 31, 2023, as compared to the prior year.

Chronic Therapies net sales decreased 1% for the year ended December 31, 2023, as compared to the prior year. Sales performance in the current year was primarily due to lower sales in China, driven by government-based procurement initiatives and the impact of COVID-19 on that country's renal patient population, and the termination of distribution agreements in the U.S, offset by patient growth in PD, pricing initiatives and recent government tender awards in EMEA. Foreign currency exchange rates adversely impacted net sales by 1% for the year ended December 31, 2023, as compared to the prior year period.

Acute Therapies net sales increased 5% for the year ended December 31, 2023, as compared to the prior year, driven by strong demand for our CRRT offerings. Sales growth in 2023 was adversely impacted by a comparison against a prior year period that included strong COVID-related demand for our CRRT offerings during the first quarter. Foreign currency exchange rates adversely impacted net sales by 1% for the year ended December 31, 2023, as compared to the prior year period.

years ended December 31 (in millions)		2022		2021	Percent change At actual currency rates	Percent change At constant currency rates [1]
Chronic Therapies	$	3,714	$	3,862	(4)%	2 %

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Acute Therapies	735	820	(10)%	(6)%
Total Kidney Care net sales	$ 4,449	$ 4,682	(5)%	1 %

[1] Percent change in net sales at constant currency rates is a non-GAAP financial measure. See the section entitled "Non-GAAP Financial Measures" for further information.

Kidney Care segment net sales decreased 5% for the year ended December 31, 2022, as compared to the prior year.

Chronic Therapies sales decreased 4% for the year ended December 31, 2022, as compared to the prior year. The decrease in 2022 was driven by a 6% negative impact from foreign exchange rate changes and non-renewals of certain low margin customer contracts, particularly in Western Europe, partially offset by global patient growth and $28 million of incremental revenue from a customer that did not meet its contractual minimum purchase requirements.

Acute Therapies net sales decreased 10% for the year ended December 31, 2022, as compared to the prior year. The decrease in 2022 was driven by lower COVID-related demand for our CRRT product offerings and a 4% negative impact from foreign exchange rate changes, as compared to the prior year period.

Other

During the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, we earned $87 million $67 million, $177 million $87 million and $140 million $177 million, respectively, of revenues that were not attributable to our reportable segments. In the current and prior year periods, those other Other sales primarily represent revenues earned by certain of our manufacturing facilities from contract manufacturing activities activities. The years ended December 31, 2023 and 2022 also included royalty income under a business development arrangement. The decrease in Other sales for the year ended December 31, 2024 as compared to the prior year period reflects lower contract manufacturing volume. The decrease for the year ended December 31, 2023 as compared to the prior year period reflects was primarily driven by lower contract manufacturing volume and, the to a lessor extent, termination of the royalty arrangement following our acquisition of the rights to the underlying product in April

2023. The increase for the year ended December 31, 2022 as compared to the prior year period was primarily driven by increased contract manufacturing revenue and royalty income from a business development arrangement entered into in March 2022. product.

Special Items

Management believes that providing the separate impact of the following items on our results in accordance with U.S. GAAP may provide a more complete understanding of our operations and can facilitate a fuller analysis of our results of operations, particularly in evaluating performance from one period to another. Intangible asset amortization expense is identified as a special item to facilitate an evaluation of current and past operating performance and is consistent with how management and our Board of Directors assess performance. Additional special items are identified because they are highly variable, difficult to predict and of a size that may substantially impact our reported results of operations for the period.

The following table provides a summary of our special items and the related impact by line item on our consolidated results of operations for 2024, 2023 2022 and 2021. 2022.

years ended December 31 (in millions)	2023	2022	2021
Gross Margin			
Intangible asset amortization expense	$ (445)	$ (466)	$ (287)
Long-lived asset impairments[1]	(267)	(344)	—
Business optimization items[2]	(349)	(28)	(53)
Product-related items[3]	—	(44)	—
Acquisition and integration items[4]	(1)	(170)	(50)
European medical devices regulation[5]	(48)	(48)	(42)
Separation-related costs[6]	(22)	—	—
Total Special Items	$ (1,132)	$ (1,100)	$ (432)
Impact on Gross Margin Ratio	(7.6 pts)	(7.6 pts)	(3.5 pts)
Selling, General and Administrative (SG&A) Expenses			
Intangible asset amortization expense	$ 207	$ 287	$ 11
Business optimization items[2]	173	194	60
Acquisition and integration items[4]	18	82	144
Separation-related costs[6]	203	7	—
Legal matters[7]	15	—	13
Investigation and related costs[8]	—	—	31
Total Special Items	$ 616	$ 570	$ 259
Impact on SG&A Expense Ratio	4.1 pts	3.9 pts	2.1 pts
R&D Expenses			
Business optimization items[2]	$ 12	$ 3	$ 1
Total Special Items	$ 12	$ 3	$ 1
Impact on R&D Expense Ratio	0.1 pts	0.1 pts	0.0 pts

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Goodwill Impairments				
Goodwill impairments[1]	$	—	$ 2,812	$ —
Total Special Items	$	—	$ 2,812	$ —
Other Operating Expense (Income), Net				
Acquisition and integration items[4]	$	(19)	$ (39)	$ (6)
Legal matters[7]		(8)	—	—
Loss on product divestiture arrangement[9]		—	54	—
Loss on subsidiary liquidation[10]		—	21	—
Total Special Items	$	(27)	$ 36	$ (6)
Interest Expense, Net				
Acquisition and integration items[4]	$	—	$ —	$ 48
Total Special Items	$	—	$ —	$ 48
Other (Income) Expense, Net				
Pension curtailment[11]	$	—	$ (11)	$ —
Reclassification of cumulative translation loss to earnings[12]		—	65	—
Investment impairments[13]		49	—	—
Loss on debt extinguishment[14]		—	—	5
Total Special Items	$	49	$ 54	$ 5
Income Tax Expense (Benefit)				
Tax matters[15]	$	4	$ 27	$ (54)
Tax effects of special items[16]		(390)	(400)	(137)
Total Special Items	$	(386)	$ (373)	$ (191)
Impact on Effective Tax Rate		12.0 pts	(19.8 pts)	(7.4 pts)

years ended December 31 (in millions)		2024	2023	2022
Gross Margin				
Intangible asset amortization expense	$	(419)	$ (383)	$ (392)
Long-lived asset impairments[1]		—	—	(344)
Business optimization items[2]		(67)	(27)	(16)
Product related items[3]		(15)	—	(44)
Acquisition and integration items[4]		(1)	(1)	(170)
European medical devices regulation[5]		(33)	(41)	(42)
Hurricane Helene costs[6]		(110)	—	—
Total Special Items	$	(645)	$ (452)	$ (1,008)
Impact on Gross Margin Ratio		(6.0 pts)	(4.3 pts)	(10.0 pts)
Selling, General and Administrative (SG&A) Expenses				
Intangible asset amortization expense	$	206	$ 207	$ 287
Business optimization items[2]		65	137	174
Acquisition and integration items[4]		22	18	82
Legal matters[7]		17	15	—
Total Special Items	$	310	$ 377	$ 543
Impact on SG&A Expense Ratio		2.9 pts	3.6 pts	5.4 pts
R&D Expenses				
Business optimization items[2]	$	30	$ 10	$ 3
Long-lived asset impairments[1]		50	—	—
Total Special Items	$	80	$ 10	$ 3
Impact on R&D Expense Ratio		0.7 pts	0.1 pts	0.1 pts
Goodwill Impairments				
Goodwill impairments[8]	$	425	$ —	$ 2,812

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Total Special Items	$	425	$ —	$ 2,812
Other Operating Expense (Income), Net				
Acquisition and integration items[4]	$	—	$ (19)	$ (39)
Legal matters[7]		—	(8)	—
Loss on product divestiture arrangement[9]		—	—	54
Loss on subsidiary liquidation[10]		—	—	21
Total Special Items	$	—	$ (27)	$ 36
Other (Income) Expense, Net				
Pension curtailment[11]	$	—	$ —	$ (11)
Reclassification of cumulative translation loss to earnings[12]		—	—	65
Investment impairments[13]		—	31	—
Total Special Items	$	—	$ 31	$ 54
Income Tax Expense (Benefit)				
Tax matters[14]	$	80	$ 65	$ 25
Tax effects of special items[15]		(248)	(226)	(375)
Total Special Items	$	(168)	$ (161)	$ (350)
Impact on Effective Tax Rate		(30.3) pts	4.7 pts	(13.6) pts

1 Our results in 2023 2024 included a long-lived asset impairment charges charge of $267 million related $50 million to reduce the HD business within our Kidney Care segment, comprised carrying amount of (i) a $190 million impairment charge related an IPR&D asset to certain manufacturing equipment, operating lease right-of-use assets and HD equipment leased to customers and (ii) a $77 million impairment charge related to a developed technology intangible asset. its fair value. Our results in 2022 included long-lived asset impairment charges related to assets acquired in our December 2021 acquisition of Hillrom, comprised of (i) a $2.81 billion goodwill impairment and (ii) $332 million of indefinite-lived intangible assets. We also recognized assets and (ii) $12 million of developed technology intangible asset impairments during 2022. impairments. Refer to Notes 4 3 and 5 in Item 8 of this Annual Report on Form 10-K for further information regarding the impairments. Long-lived asset impairments presented within this special item do not include impairments of long-lived assets related to restructuring actions, which are presented within the business optimization special item described in footnote 2 below.

2 Our results in 2024, 2023 and 2022 were impacted by costs associated with our execution of programs to optimize our organization and cost structure. These In 2024, these restructuring and other business optimization costs included costs primarily related to initiatives to reduce our cost structure following the sale of our Kidney Care segment, initiatives within our Healthcare Systems & Technologies segment including the discontinuance of a product line and rationalization of certain other manufacturing and distribution facilities. In 2023 and 2022, these restructuring and other business optimization costs included actions related to our current implementation of a new operating model intended to simplify and streamline our operations and better align our manufacturing and supply chain to our commercial activities, and our ongoing integration of Hillrom, the decision to close one of our U.S.-based manufacturing facilities this year, which resulted in a $243 million noncash impairment of property, plant and equipment, rationalization of certain other manufacturing and distribution facilities and transformation of certain general and administrative functions. Hillrom. Our results in 2023 2024 and 2022 2023 and 2021 included business optimization charges of $534 million $162 million, $225 million $174 million, $114 million $193 million, respectively. Refer to Note 12 in Item 8 of this Annual Report on Form 10-K for further information regarding these charges and related liabilities.

3 Our results in 2024 included charges of $15 million, comprised of (i) $12 million related to warranty and remediation activities arising from field corrective actions on Healthcare Systems & Technologies products and (ii) $3 million related to a revised estimate of warranty and remediation activities arising from a field corrective action on certain of our infusion pumps initially recorded in 2022. Our results in 2022 included charges of $44 million $44 million related to warranty and remediation activities arising from two field corrective actions on certain of our infusion pumps.

4 Our results in 2024 included $23 million of integration costs which primarily reflected third-party consulting costs related to our integration of Hillrom. Our results in 2023 included $19 million of integration-related costs, primarily related to our integration of Hillrom, offset by a $19 million benefit from changes in the estimated fair values of contingent consideration liabilities. Our results in 2022 included $213 million of acquisition and integration-related items, which reflected $93 million of integration-related costs and $159 million of incremental cost of sales from the fair value step-ups on acquired Hillrom inventory that was sold in 2022, partially offset by a $39 million benefit from changes in the estimated fair value of contingent consideration liabilities. Our results in 2021 included acquisition, integration and related financing expenses of $236 million. This included acquisition, integration and related financing expenses for our acquisition of Hillrom and the acquisition of the rights to Caelyx and Doxil for specified territories outside of the U.S. These expenses were partially offset by benefits from changes in the estimated fair value of contingent consideration liabilities. Refer to Note 3 in Item 8 of this Annual Report on Form 10-K for further information regarding business and asset acquisitions.

5 Our results in 2024, 2023 and 2022 and 2021 included $48 $33 million, $48 $41 million and $42 million, respectively, of incremental costs to comply with the European Union's medical device regulations for previously registered products, which primarily consist of contractor costs and other direct third-party costs. We consider the adoption of these regulations to be a significant one-time regulatory charge and believe that the costs of initial compliance for previously registered products over the implementation period are not indicative of our core operating results.

6 Our results in 2023 and 2022 2024 included $225 million and $7 million pre-tax net charges of separation-related costs, primarily reflecting costs $110 million related damages caused by Hurricane Helene. This amount consisted of external advisors supporting our activities to prepare for the proposed spinoff of our Kidney Care segment. We also incurred $17 million and $5 million of additional separation-related costs in 2023 and 2022, respectively, $44 million related to the sale write-off of our BPS business that are reported damaged inventory and fixed assets, as well as $317 million of remediation, idle facility, air freight and other costs, partially offset by $251 million of insurance recoveries. Refer to Note 1 in discontinued operations and are not presented in the table above. Item 8 of this Annual Report on Form 10-K for further information.

7 Our results in 2024 included charges of $17 million related to environmental reserves for remediation actions associated with historic operations at certain of our facilities. Our results in 2023 included $7 million of net costs from certain legal matters. These costs included $13 million, including related legal fees, related to matters involving alleged violations of the False Claims Act related to a now-discontinued legacy Hillrom sales line and alleged injury from environmental exposure, partially offset by $6 million of proceeds received, net of related legal fees, from a settlement related to an intellectual property dispute. Our results in 2021 included legal fees of $13 million associated with claimants alleging injuries as a result of proximity to one of our plants.

8 Our results in 2021 2024 included a goodwill impairment charge of $425 million related to the Front Line Care reporting unit within our Health Care Systems & Technologies segment. Our results in 2022 included goodwill impairment charges of $31 million for investigation and $2.81 billion related costs for matters associated with to reporting units within our previously announced investigation of foreign exchange gains and

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losses. Health Care Systems & Technologies segment. Refer to Note 8 Notes 3 and 5 in Item 8 of this Annual Report on Form 10-K for further information regarding these charges. goodwill impairments.

9 Our results in 2022 included a loss of $54 million $54 million under an arrangement to divest certain product rights for an amount that is less than our cost of those product rights, which was triggered by U.S. and European Union regulatory approvals of the related products. Refer to Note 3 in Item 8 of this Annual Report on Form 10-K for further information about the related transactions.

10 Our results in 2022 included a loss of $21 million $21 million related to our deconsolidation of a foreign subsidiary, including the derecognition of a related noncontrolling interest, upon its liquidation in December 2022 that was completed in connection with our legal entity rationalization activities.

11 Our results in 2022 included a curtailment gain of $11 million $11 million related to an announced change for active non-bargaining participants in our U.S. Hillrom pension plan. Refer to Note 13 in Item 8 of this Annual Report on Form 10-K for further information regarding this curtailment gain.

12 Our results in 2022 included a charge of $65 million $65 million for cumulative translation adjustments (CTA) reclassified from accumulated other comprehensive income (loss) as a result of the substantial liquidation of our operations in Argentina.

13 Our results in 2023 included $49 million $31 million of net pre-tax losses from non-marketable investments in several early-stage companies, consisting of $52 million $34 million of noncash impairment write-downs, partially offset by a $3 million gain from the sale of an investment.

14 Our results in 2021 2024 included a $80 million net income tax expense consisting of a $28 million valuation allowance recorded to reduce the carrying amount of tax attribute carryforwards in the U.S., $22 million of net income tax costs on internal reorganization transactions related to the sale of our Kidney Care segment, a $17 million income tax expense related to legislative changes under Internal Revenue Code of 1986 (IRC) Section 987 (which is the exchange gain or loss of $5 million on foreign branch remittances in the early extinguishment U.S., effective in 2024), and a $13 million net revaluation of the $2.40 billion debt assumed as part Swiss basis step-up deferred tax asset and related valuation allowance that arose from Swiss tax reform legislation in 2019 that was partially offset by a decrease in such valuation allowance to reflect our current estimate of recoverability of the Hillrom acquisition.

15 basis step-up deferred tax asset. Our results in 2023 included a $5 million net $14 million income tax benefit expense from internal reorganization transactions, primarily separation related to income tax costs associated with the proposed spinoff sale of our Kidney Care segment, BPS business, and a $9 million valuation allowance to reduce the carrying amount of a deferred tax asset for a tax basis step-up related to previously enacted Swiss tax reform legislation to reflect our current estimate of its recoverability. recoverability with the remaining tax expense related to the tax effects of other special items. Our results in 2022 included a $25 million valuation allowance to reduce the carrying amount of a deferred tax asset for a tax basis step-up related to previously enacted Swiss tax reform legislation to reflect our current estimate of its recoverability. Our results in 2021 included a $58 million income tax benefit related to a tax-deductible foreign statutory loss on an investment in a foreign subsidiary and an $18 million income tax benefit related to a change in U.S. foreign tax credit regulations, partially offset by a $22 million income tax expense related to an unfavorable court ruling for an uncertain tax position.

16 15 This item reflects the income tax impact of the special items identified in this table. The tax effect of each special item is based on the jurisdiction in which the item was incurred and the tax laws in effect for each such jurisdiction.

COSTS AND EXPENSES

Gross Margin and Expense Ratios

																						2023				
																						2024				
years ended December 31	years ended December 31	2023	% of net sales		2022	% of net sales		2021	% of net sales		$ change		% change		$ change		% change		years ended December 31	2024	% of net sales		2023	% of net sales		2022
Gross margin	Gross margin	$4,975	33.6	33.6 %	$5,066	34.9	34.9 %	$4,720	38.9	38.9 %	$	(91)	(1.8)	(1.8)%	$	346	7.3	7.3 %	Gross margin	$3,984	37.5	37.5 %	$4,150	40.1	40.1 %	$3,549
SG&A	SG&A	$3,946	26.6	26.6 %	$3,859	26.6	26.6 %	$2,845	23.4	23.4 %	$	87	2.3	2.3 %	$	1,014	35.6	35.6 %	SG&A	$2,967	27.9	27.9 %	$2,953	28.5	28.5 %	$3,097
R&D	R&D	$ 667	4.5	4.5 %	$ 602	4.2	4.2 %	$ 531	4.4	4.4 %	$	65	10.8	10.8 %	$	71	13.4	13.4 %	R&D	$ 590	5.5	5.5 %	$ 518	5.0	5.0 %	$ 450

Gross Margin

The gross margin ratio was 33.6% 37.5%, 34.9% 40.1% and 38.9% 35.3% for the years ended 2024, 2023 2022 and 2021, 2022, respectively. The special items identified earlier in this section had an unfavorable impact on gross margin ratio of 7.6 6.0, 4.3, and 10.0percentage points in both 2024. 2023, and 2022, and 3.5 percentage points in 2021. respectively. Refer to the Special Items caption earlier in this section for additional detail.

Excluding the impact of special items, the gross margin ratio decreased 1.3 0.9 percentage points in 2024 compared to 2023 and decreased 0.9 percentage points in 2023 compared to 2022 2022. The decrease in 2024 was driven by an unfavorable product mix, partially offset by initiatives to reduce our manufacturing and increased 0.1 percentage points in 2022 compared to 2021. supply chain costs. The decrease in 2023 was primarily due to the adverse cost impacts of raw materials inflation driving higher manufacturing costs and higher bonus accruals under our annual employee incentive compensation plans, partially offset by manufacturing initiatives. The increase in 2022 was due to a favorable product mix that was primarily driven by our acquisition of Hillrom, lower bonus accruals under our annual employee incentive compensation plans, lower U.S. customer rebates and $28 million of incremental revenue from a customer that did not meet its contractual minimum purchase requirements, partially offset by raw materials inflation and, to a lesser extent, increased supply chain costs.

SG&A

The SG&A expense ratio was 26.6% in both 27.9%, 28.5% and30.8% for the years ended 2024, 2023 and 2022, and 23.4% in 2021. respectively. The special items identified earlier in this section had an unfavorable impact on the SG&A expense ratio of 4.1, 3.9 2.9, 3.6 and 2.1 5.4 percentage points in 2024, 2023 2022 and 2021, 2022, respectively. Refer to the Special Items caption earlier in this section for additional detail.

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Excluding the impact of special items, the SG&A expense ratio increased 0.1 percentage points in 2024 compared to 2023 and decreased 0.2 0.5 percentage points in 2023 compared to 2022 2022. The increase in 2024 was primarily due to higher corporate function costs and increased 1.4 percentage points in 2022 compared to 2021. annual compensation increases, partially offset by lower accruals under our annual employee incentive compensation plans. The decrease in 2023 was primarily due to savings from restructuring actions implemented in recent periods, partially offset by higher bonus accruals under our annual employee incentive compensation plans. The increase in 2022 was primarily due to the acquisition of Hillrom and increased outbound freight costs, partially offset by lower bonus accruals under our annual employee incentive compensation plans.

R&D

The R&D expense ratio was 4.5% 5.5%, 4.2% 5.0% and 4.4% 4.5% for the years ended 2024, 2023 2022 and 2021, 2022, respectively. The special items identified earlier in this section had an unfavorable impact on the R&D expense ratio of 0.7 percentage points in 2024, and 0.1 percentage points both in 2023 and 2022 and had no impact on the R&D expense ratio in 2021. 2022. Refer to the Special Items caption earlier in this section for additional detail.

Excluding the impact of special items, the R&D expense ratio decreased 0.1 percentage points in 2024 compared to 2023 and increased 0.3 percentage 0.5 basis points in 2023 compared to 2022 and decreased 0.3 basis points 2022. The decrease in 2022 compared to 2021. The increase in 2023 2024 was driven by increased project-related expenditures, particularly related to the connected care portfolio in our Healthcare Systems and Technologies segment, and higher lower bonus accruals under our annual employee incentive compensation plans. The decrease in 2022 reflected lower bonus accruals under our annual employee incentive compensation plans, partially offset by an increase in R&D spend following the Hillrom acquisition. 2023 reflected higher outbound freight costs.

Business Optimization Items

In recent years, we have undertaken actions to transform our cost structure and enhance operational efficiency. These efforts have included include restructuring the organization, optimizing our the manufacturing footprint, R&D operations and supply chain network, employing disciplined cost management and centralizing and streamlining certain support functions. The costs of these restructuring actions consisted primarily of employee termination costs, implementation costs, contract termination costs and asset impairments.

We incurred restructuring charges of $534 million $162 million, $225 million $174 million and $114 million $193 million in 2024, 2023 2022 and 2021, 2022, respectively. In 2023, $111 million 2024, $45 million of the restructuring charges, consisting of employee termination costs, were related to initiatives to reduce our cost structure following the sale of our Kidney Care segment. In addition, $46

million of the restructuring charges were related to business optimization initiatives within our Healthcare Systems & Technologies segment. These charges included $21 million of long-lived asset impairment charges, $9 million of other asset write-downs related to inventory and $2 million of employee termination costs related to our decision to discontinue a product line. Additionally, these charges included $14 million of employee termination costs related to other business optimization initiatives within this segment. In 2023, $81 million of the restructuring charges, consisting of employee termination costs, were related to the implementation of our previously announced new operating model intended to simplify and streamline our operations. In addition, $267 million of the restructuring charges, consisting of $243 million of long-lived asset impairment charges, $14 million of other asset write-downs and $10 million of employee termination costs, were related to our decision to cease production of dialyzers at one of our manufacturing facilities in connection with our initiatives to streamline our manufacturing footprint and improve our profitability. In 2022, $85 million of our restructuring charges were related to integration activities for the Hillrom acquisition, consisting of $55 million of employee termination costs, $22 million of contract termination terminations and other costs and $8 million of asset impairments. For the year ended December 31, 2021, $37 million and $12 million, respectively, of restructuring charges, consisting of employee termination costs, were related to global programs to simplify and streamline our supply chain and finance functions.

We currently expect to incur additional pre-tax cash costs, primarily related to the implementation of business optimization programs, of approximately $50 million $4 million through the completion of initiatives that are currently underway. We continue to pursue cost savings initiatives, including those intended to mitigate a portion of the dis-synergies expected to arise as a result of the sale of our Kidney Care business, and to the extent further cost savings opportunities are identified, we would incur additional restructuring charges and costs to implement business optimization programs in future periods. Refer to Note 12 in Item 8 of this Annual Report on Form 10-K for additional information regarding our business optimization programs.

Goodwill Impairments

We assess goodwill and indefinite-lived intangible assets for impairment annually during the fourth quarter or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We recognize a goodwill impairment charge for the amount by which a reporting unit's carrying amount exceeds its fair value.

In connection with our annual goodwill impairment assessment in the fourth quarter of 2024, we recorded a $425 million goodwill impairment related to our Front Line Care reporting unit within our Healthcare Systems & Technologies segment. The reduction in value was primarily due to lower forecasted operating results and a lower terminal growth rate utilized in valuing this reporting unit which contributed to reduced expected future cash flows, as well as lower earnings multiples. The fair value of the Front Line Care reporting unit was determined based on a discounted cash flow model (an income approach) and earnings multiples (a market approach) based on the guideline public company method. Significant assumptions used in the determination of the fair values of our reporting units generally include revenue growth rates, forecasted earnings before income, taxes, depreciation and amortization (EBITDA) margins, discount rates, terminal growth rates and earnings multiples. The discounted cash flow model used to determine the fair value of our Front Line Care reporting unit reflected our most recent cash flow projections, a discount rate of 9.5% and a terminal growth rate of 3.25%. Our reporting unit fair value measurements are classified as Level 3 in the fair value hierarchy because they involve significant unobservable inputs. As of December 31, 2024, the carrying amount of goodwill for our Front Line Care reporting unit was $1.99 billion. No goodwill impairments were recorded for our remaining reporting units in connection with our annual goodwill impairment tests because the fair values of those reporting units exceeded their carrying amounts. Refer to Note 5 in Item 8 of this Annual Report on Form 10-K for additional information regarding this goodwill impairment charge.

We acquired Hillrom on December 13, 2021 and recognized $6.83 billion of goodwill and $6.03 billion of other intangible assets, including $1.91 billion of indefinite-lived intangible assets, in connection with that acquisition. During the third quarter of 2022, we performed trigger-based impairment tests for each of the reporting units within our Hillrom segment (currently referred to as our Healthcare Systems and & Technologies segment), as well as the indefinite-lived intangible assets, consisting primarily of trade names, that we acquired in connection with the Hillrom acquisition. We performed those tests as of September 30, 2022 due to (a) current macroeconomic conditions, including the rising interest rate environment and broad declines in equity valuations, and (b) reduced earnings forecasts for our three Hillrom reporting units, driven primarily by shortages of certain component

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parts used in our products, raw materials inflation and increased supply chain costs. Those goodwill impairment tests resulted in total pre-tax goodwill impairment charges of $2.79 billion in the third quarter of 2022. In connection with our annual goodwill impairment assessment in the fourth quarter of 2022, we performed quantitative impairment tests for all our reporting units and recorded an additional $27 million goodwill impairment related to our Global Surgical Solutions reporting unit (now combined with our previous Patient Support Systems reporting unit in our Care and Connectivity

Solutions reporting unit). No goodwill impairments were recorded for our remaining reporting units in connection with our annual goodwill impairment tests because the fair values of those reporting units exceeded their net book values. Refer to Note 5 3 in Item 8 of this Annual Report on Form 10-K for additional information regarding these goodwill impairment charges, as well as information about related indefinite-lived intangible asset impairment charges.

Further adverse changes to macroeconomic conditions or our earnings forecasts could lead to additional goodwill or intangible asset impairment charges in future periods and such charges could be material to our results of operations. For further discussion, refer to Item 1A. Risk Factors of this Annual Report on Form 10-K.

Other Operating Expense (Income), Net

Other operating expense (income), net was income of $12 million in 2024, income of $28 million in 2023 an and expense of $36 million $35 million in 2022 and income of $6 million in 2021. 2022. The income in 2024 was comprised of income from transition services arrangements related to the divestiture of our BPS business. In 2023, this amount was comprised of gains from changes in the estimated fair values value of contingent consideration arrangements and proceeds from a settlement related to an intellectual property dispute. In 2022, we recognized a loss of $54 million under an arrangement to divest certain product rights for an amount that was less than our cost of those product rights, which was triggered by U.S. and European Union regulatory approvals of the related products. Refer to Note 3 in Item 8 of this Annual Report on Form 10-K for further information about the related transactions. Additionally, we recognized a loss of $21 million related to the deconsolidation of a foreign subsidiary, including the derecognition of a related noncontrolling interest, upon its liquidation in December 2022 that was completed in connection with our legal entity rationalization activities. Those losses were partially offset by gains of $39 million from net decreases in the estimated fair values of contingent consideration liabilities. In 2021, we recognized $6 million of gains from net decreases in the estimated fair values of contingent consideration liabilities.

Interest Expense, Net

Interest expense, net was $442 million $341 million, $395 million $439 million and $193 million $394 million in 2024, 2023 and 2022, respectively. The decrease in 2024 was driven by debt repayments in the fourth quarter of 2023 and, 2021, respectively. to a lesser extent, higher interest income due to a higher average cash balance and higher interest rates during the current year period. The increase in 2023 was driven by higher interest rates on our floating rate debt, partially offset by net repayments in the current year periods and higher interest income in 2023. The increase in 2022 was primarily driven by higher average debt outstanding in connection with the Hillrom acquisition, partially offset by acquisition bridge facility commitment fees recognized in 2021 and higher interest income in 2022.

We expect that our net interest expense will decrease in future periods as a result of debt repayments during the fourth quarter of 2023 2024 and planned debt repayments during the first half quarter of 2024 2025 using the proceeds we received from the recent sale of our BPS Kidney Care business. Refer to Note 6 in Item 8 of this Annual Report on Form 10-K for a summary of the components of interest expense, net for 2024, 2023 2022 and 2021. 2022.

Other (Income) Expense, Net

Other (income) expense, net was income of $38 million, expense of $51 million, $12 million $26 million and $41 million expense of $9 million in 2024, 2023 and 2022, respectively. The net income in 2024 was primarily driven by pension and 2021, respectively. other postretirement benefits, partially offset by foreign exchange losses. The net expense in 2023 was primarily driven by foreign exchange losses, and non-marketable investment impairments, partially offset by pension and other postretirement benefits (OPEB) and increases in the fair value of marketable equity securities. benefits. The net expense in 2022 was primarily due to the reclassification of a cumulative translation loss from accumulated other comprehensive income (loss) to earnings due to the substantial liquidation of our operations in Argentina, partially offset by pension and OPEB benefits, a pension curtailment gain and net increases in the fair value of marketable equity securities. The net expense in 2021 was primarily driven by foreign exchange losses, pension and OPEB costs and a loss on debt extinguishment.

Income Taxes

Our effective income tax rate was 33.0% (12.8)%, (0.2)% 25.2% and 7.4% 4.2% in 2024, 2023 2022 and 2021, 2022, respectively. The special items identified above impacted our effective tax rate by 12.0 (30.3) percentage points, (19.8) 4.7 percentage points and (7.4) (13.6) percentage points in 2024, 2023 2022 and 2021, 2022, respectively. Refer to the Special Items caption earlier in this section for additional detail. Our effective income tax rate can differ from the 21% U.S. federal statutory rate due to a number of factors, including tax incentives, foreign rate differences, state income taxes, non-deductible expenses, non-taxable income, increases or decreases in valuation allowances and liabilities for uncertain tax positions, excess tax benefits or shortfalls on stock compensation awards, audit developments and legislative changes.

For the year ended December 31, 2024, the difference between our effective income tax rate and the U.S. federal statutory rate was adversely impacted by a non-deductible impairment of goodwill, legislative changes under IRC Section 987 (which is the exchange gain or loss on foreign branch remittances in the U.S., effective in 2024), and a net revaluation of the Swiss basis step-up deferred tax asset and related valuation allowance that arose from Swiss

tax reform legislation in 2019, partially offset by a favorable geographic earnings mix, a decrease in valuation allowance mainly related to U.S. foreign tax credit carryforward, and a tax benefit related to research and development tax credits.

For the year ended December 31, 2023, the difference between our effective income tax rate and the U.S. federal statutory rate was impacted favorably by the jurisdictional geographical earnings mix, of global earnings, which included the long-lived asset impairments we recognized during 2023, a $50 million net tax benefit after related valuation allowances from notional interest deductions received by certain wholly-owned foreign subsidiaries that have financed their operations with equity capital and a $21 $17 million tax benefit related to research and development tax credits, partially offset by non-deductible separation-related income tax costs and tax shortfalls on stock compensation awards.

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For the year ended December 31, 2022, the difference between our effective income tax rate and the U.S. federal statutory rate was primarily attributable to non-deductible impairments of goodwill acquired in the Hillrom acquisition and valuation allowance increases, including a $25 million the increase described above related to deferred tax assets from a tax basis step-up related to previously enacted Swiss tax legislation. legislation in 2019. Those items were partially offset by a $47 million net tax benefit after related valuation allowances from notional interest deductions.

For the year ended December 31, 2021, the difference between our effective income tax rate and the U.S. federal statutory rate was primarily attributable to favorable geographic earnings mix, a $50 million net tax benefit after related valuation allowances from notional interest deductions, a $58 million tax benefit related to a tax-deductible foreign statutory loss on an investment in a foreign subsidiary, a tax benefit related to a change in U.S. foreign tax credit regulations and excess tax benefits on stock compensation awards, partially offset by an unfavorable court decision in a foreign jurisdiction related to an uncertain tax position.

Our tax provisions for 2024, 2023 2022 and 2021 2022 did not include any significant tax charges related to either the Base Erosion and Anti-Abuse Tax (BEAT) or Global Intangible Low Taxed Income (GILTI) provisions, except for the inability to fully utilize foreign tax credits against such GILTI. Our accounting policy is to recognize any GILTI charge as a period cost.

The Organization of Economic Co-operation and Development (OECD) and the G20 Inclusive Framework on Base Erosion and Profit Shifting (the Inclusive Framework) has put forth two proposals—Pillar One and Pillar Two—that (i) revise the existing profit allocation and nexus rules and (ii) ensure a minimal level of taxation, respectively. On December 12, 2022, the EU member states agreed to implement the Inclusive Framework's global corporate minimum tax rate of 15%, and various countries both within and outside the EU have enacted new laws implementing Pillar Two or have draft legislation proposed for adoption. The OECD continues to release additional guidance on the two-pillar framework, with widespread implementation occurring in 2024. The impact of the Pillar Two legislation on our income tax expense for the year ended December 31, 2024 was $11 million. We are continuing to evaluate the potential impacts of the Inclusive Framework for 2025 and future years, pending legislative adoption by individual countries, which could result in further adverse impacts on our income tax expense and cash flows.

Discontinued Operations

In August 2024, we entered into a definitive agreement to sell our Kidney Care business and its results have been presented as discontinued operations for the years ended December 31, 2024, 2023 and 2022 in the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. On September 29, 2023, we completed the sale of our BPS business and received cash proceeds of $3.96 billion from that transaction. The financial position, its results of have been presented as discontinued operations for the years ended December 31, 2023 and cash flows of our BPS business, including our gain from the sale of that business and the related cash proceeds received, 2022 are reported as discontinued operations in the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Income (loss) from discontinued operations, net of tax, was $2.73 billion, $233 million $(312) million, $2.48 billion and $262 million $692 million in 2024, 2023 2022 and 2021, 2022, respectively. The increase decrease in the current year period was primarily driven by the $2.88 billion pre-tax gain from the sale of the BPS business ($2.59 billion net of tax). Excluding that gain on sale, pre-tax income from discontinued operations decreased by $90 million in 2023 compared to 2022, which was primarily driven by there being only nine months of activity through the sale of the business on September 29, 2023, lower sales from contract manufacturing of COVID-19 vaccines and increased SG&A expenses in the current year period from separation-related costs. Pre-tax income from discontinued operations decreased by $64 million in 2022 compared to 2021, which was primarily driven by lower sales from contract manufacturing of COVID-19 vaccines. Refer to Note 2 in Item 8 of this Annual Report on Form 10-K for additional information.

Net Income (Loss) and Earnings (Loss) per Diluted Share

Net income (loss) for the total company, including discontinued operations, was income of $(638) million in 2024, $2.66 billion in 2023 loss of $2.42 billion and $(2.42) billion in 2022 and income of $1.30 billion in 2021. 2022. Diluted earnings (loss) per share for the total company, including discontinued operations, was $5.25 $(1.27) per share in 2024, $5.23 per share in 2023 and $(4.83) per share in 2022 and $2.53 per share in 2021. 2022. The significant factors and events causing the net changes from 2023 to 2024 and from 2022 to 2023 and from 2021 to 2022 are discussed above. Additionally, earnings (loss) per share was positively impacted by the repurchase of 0.5 million shares in 2022 through Rule 10b5-1 purchase plans. Refer to Note 9 in Item 8 of this Annual Report on Form 10-K for further information regarding our stock repurchases.

SEGMENT OPERATING INCOME (LOSS)

The following is a summary of operating income (loss) for our reportable segments.

for the years ended December 31 (in millions)	for the years ended December 31 (in millions)	2023	2022	2021	for the years ended December 31 (in millions)	2024	2023	2022
Medical Products and Therapies								
Medical Products & Therapies								
% of Segment Net Sales	*% of Segment Net Sales*	*19.4 %*	*20.0 %*	*19.8 %*	*% of Segment Net Sales*	*18.2 %*	*19.4 %*	*20.0 %*
Healthcare Systems and Technologies								
Healthcare Systems & Technologies								
% of Segment Net Sales	*% of Segment Net Sales*	*16.0 %*	*16.8 %*	*28.3 %*	*% of Segment Net Sales*	*15.9 %*	*16.0 %*	*16.8 %*
Pharmaceuticals								
% of Segment Net Sales	*% of Segment Net Sales*	*17.8 %*	*18.4 %*	*22.8 %*	*% of Segment Net Sales*	*13.0 %*	*17.8 %*	*18.4 %*
Kidney Care								
% of Segment Net Sales		*6.7 %*	*9.2 %*	*10.4 %*				
Total reportable segment operating income								
Other								
Total								
Unallocated corporate costs								

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Intangible asset amortization expense
Business optimization items
European Medical Devices Regulation
Long-lived asset impairments
Separation-related costs
Legal matters
Legal matters
Legal matters
Acquisition and integration items
Product-related items
Hurricane Helene Costs
Loss on product divestiture arrangement
Goodwill impairments
Loss on subsidiary liquidation
Investigation and related costs
Total operating income (loss)
Interest expense, net
Other (income) expense, net
Loss from continuing operations before income taxes
Income (loss) from continuing operations before income taxes

Medical Products and & Therapies

Segment operating income was $972 million $950 million, $962 million $972 million and $955 million $962 million for the years ended 2024, 2023 and 2022, respectively. Segment operating income decreased in 2024 compared to the prior year due to increased allocations of manufacturing and 2021, respectively. supply chain overheads, annual compensation increases and higher corporate shared costs, partially offset by higher sales. In addition, we estimate that the North Cove flood resulting from Hurricane Helene had an adverse impact of $60 million on segment operating income in 2024. Segment operating income increased in 2023 compared to the prior year due to the gross profit from higher sales, partially offset by increases in SG&A and R&D expenses. Segment operating income increased in 2022 compared to the prior year due to decreases in R&D expenses, partially offset by lower gross margins.

Healthcare Systems and & Technologies

Segment operating income was $483 million $468 million, $494 million $483 million and $60 million $494 million for the years ended 2024, 2023 and 2022, and 2021, respectively. Segment operating income decreased in 2024 primarily due to decreased gross profit from lower sales. Segment operating income decreased in 2023 primarily due to increased R&D expenses, particularly related to the connected care portfolio. Segment operating income increased in 2022 due to our acquisition of Hillrom in December 2021. The 2021 amounts reflect activity over the 18-day period from the acquisition date through year-end.

Pharmaceuticals

Segment operating income was $401 million $313 million, $391 million $401 million and $523 million $391 million for the years ended 2024, 2023 and 2022, respectively. The decreases in segment operating income in 2024 were driven by lower gross margin percentages, primarily driven by the increased cost of certain inventory manufactured by our former BPS business, which includes a third-party mark-up following our divestiture of that business in September 2023, an unfavorable product mix, and 2021, respectively. increased operating expenses, including marketing-related costs in connection with recent product launches. Segment operating income increased in 2023 primarily due to income from recent product launches, partially offset by a lower gross margin, primarily driven by raw materials inflation, and increased R&D expense.

Other

expense. Segment Other operating income, decreased in 2022 primarily due to a lower gross margin driven by lower sales, partially offset by decreased R&D expenses.

Kidney Care

Segment which represents operating income was $300 million, $408 million and $488 million for the years ended 2023, 2022 and 2021, respectively. Segment operating income decreased in 2023 primarily due to raw materials inflation and higher bonus accruals under our annual employee incentive compensation plans. Segment operating income decreased in 2022 primarily due to raw materials inflation, lower net sales and, to a lesser extent, increased supply chain costs, partially offset by lower bonus accruals under our annual employee incentive compensation plans and $28 million of incremental revenue from a customer that did not meet its contractual minimum purchase requirements.

Other

During the years ended December 31, 2023, 2022 and 2021, we earned $18 million, $77 million and $59 million, respectively, of operating income that was not attributable to our reportable segments. Operating income generated by activities not attributable to our reportable segments, is presented as Other. was $18 million for both the years ended December 31, 2024 and 2023 and $77 million for the year ended December 31, 2022. In the current and prior year periods, other operating income primarily represents income from revenues earned by certain of our manufacturing facilities from contract manufacturing activities and activities. Other operating income in 2022 also included royalty income under a

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business development arrangement. Other operating income in 2024 was flat as compared to the prior year period. The decrease in 2023 as compared to the prior year period reflects lower contract manufacturing volume and the termination of the royalty arrangement following our acquisition of the rights to the underlying product, in April 2023. The increase in 2022 as compared to the prior year period was primarily driven partially offset by royalty income improved gross margins from a business development arrangement entered into in March 2022. contract manufacturing.

Unallocated Corporate Costs

Under our new operating model, most global functional support costs, overhead costs and other shared costs that benefit our segments are allocated to those segments. Corporate costs that are not allocated to our segments, as well as any differences between actual corporate costs and the amounts allocated to our segments, are presented as unallocated corporate costs. With the results of our Kidney Care segment reported in discontinued operations, corporate costs that had previously been allocated to the Kidney Care segment which will not convey with the Kidney Care segment in the sale, are now presented as unallocated corporate costs. Additionally, intangible asset amortization and other special items are not allocated to our segments. Prior to the implementation of our new operating model in the third quarter of 2023, more costs were maintained at corporate and were not allocated to our previous segments. Certain of the costs that were previously maintained at corporate under our prior segment structure that are now allocated to our segments include manufacturing variances and centrally managed supply chain costs, certain R&D costs, product category support costs, stock compensation expense, and certain employee benefit plan costs.

LIQUIDITY AND CAPITAL RESOURCES

years ended December 31 (in millions)	years ended December 31 (in millions)	2023	2022	2021	years ended December 31 (in millions)	2024	2023	2022
Cash flows from operations - continuing operations								
Cash flows from investing activities - continuing operations								
Cash flows from financing activities								

Cash Flows from Operations — Continuing Operations

In 2024, 2023 2022 and 2021, 2022, cash provided by operating activities from continuing operations was $1.70 billion $819 million, $1.03 billion $1.21 billion and $2.03 billion $528 million, respectively.

Operating cash flows from continuing operations in the current year were unfavorably impacted as compared to 2023 due to an increase in our net loss from continuing operations and higher annual payouts under our employee incentive plans, which were determined based on our 2023 performance.

Operating cash flows from continuing operations increased in 2023 compared to 2022 primarily due to a decrease in our net loss from continuing operations, lower annual payouts under our employee incentive compensation plans, which were based on our 2022 results, the timing of accounts payable payments and lower increases in inventory and accounts receivable balances as compared to the prior year.

Operating cash flows from continuing operations decreased in 2022 compared to 2021 primarily due to our net loss from continuing operations, increases in inventory levels and higher annual payouts under our employee incentive compensation plans, which were based on our 2021 results. Operating cash flows were also adversely impacted in 2022 by the timing of accounts receivable collections and accounts payable payments.

Cash Flows from Investing Activities

In 2024, cash used for investing activities from continuing operations included capital expenditures of $446 million. In 2023, cash used for investing activities from continuing operations included capital expenditures of $692 million $432 million. In 2022, cash used for investing activities from continuing operations included capital expenditures of $620 million $377 million and payments for acquisitions and investments of $263 million, $258 million, primarily related to our acquisition of the rights to Zosyn. In 2021, cash used for investing activities from continuing operations included payments for acquisitions and investments of $10.50 billion, primarily related to our acquisition of Hillrom, and capital expenditures of $691 million.

Cash Flows from Financing Activities

In 2024, cash used in financing activities included debt repayments of $2.66 billion, dividend payments of $590 million, partially offset by proceeds from borrowings on our delayed draw term loan of $1.83 billion, an increase in commercial paper borrowings of $296 million, and proceeds from stock issued under employee benefit plans of $71 million.

In 2023, cash used in financing activities included debt repayments of $2.63 billion, and dividend payments of $586 million, and a net decrease in commercial paper borrowings of $299 million $301 million, partially offset by proceeds from stock issued under employee benefit plans of $95 million.

In 2022, cash used in financing activities included debt repayments of $954 million and dividend payments of $573 million, $573 million, partially offset by receipts from stock issued under employee benefit plans of $127 million and a net increase in commercial paper borrowings of $55 million and proceeds from stock issued under employee benefit plans of $127 million.

In 2021, cash generated from financing activities included $11.80 billion to fund the consideration for the Hillrom acquisition, repay certain indebtedness of Hillrom and pay fees and expenses related to the foregoing. We also had net proceeds from commercial paper borrowings of $299 million and repaid debt obligations of $2.82 billion, including $2.40 billion of debt that was assumed in the Hillrom acquisition. Financing activities in 2021 also included payments for treasury stock repurchases of $600 million, dividend payments of $530 million and receipts from stock issued under employee benefit plans of $187 million.

As authorized by the Board of Directors, we repurchase our stock depending upon our cash flows, net debt levels and market conditions. In July 2012, the Board of Directors authorized a share repurchase program and the related authorization was subsequently increased a number of times. We did not repurchase any shares under this authority in 2023 2024 and had $1.30 billion remaining available under this authorization as of December 31, 2023 December 31, 2024.

Credit Facilities, Commercial Paper Program and Access to Capital and Credit Ratings

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Credit Facilities and Commercial Paper Program

As of December 31, 2023 December 31, 2024, we had a U.S. Dollar-denominated term loan credit facility, which had two tranches one tranche of term loans outstanding, a U.S. Dollar-denominated revolving credit facility and a Euro-denominated revolving credit facility.

As of December 31, 2023 December 31, 2024, we had $130 million outstanding under one tranche of our U.S. Dollar-denominated term loan credit facility that matures in 2024 and $1.64 billion outstanding under the other tranche of our U.S. Dollar-denominated term loan credit facility that matures in 2026. Borrowings under the term loan credit facility bear interest on the principal amount outstanding at either Term SOFR plus an applicable margin plus a credit spread adjustment or a “base rate” plus an applicable margin. The term loan credit facility contains various covenants, including a maximum net leverage ratio. We have the option to prepay outstanding amounts under the term loan credit facility in whole or in part at any time. In February 2025, we repaid $1.00 billion under our $1.64 billion five-year term loan facility maturing in 2026.

As of December 31, 2023 December 31, 2024, our U.S. Dollar-denominated revolving credit facility and Euro-denominated revolving credit facility had a maximum capacity of $2.50 $2.00 billion and €200 million, respectively, and there were no borrowings under either of these revolving credit facilities as of December, 31, 2023 2024 or December 31, 2022 December 31, 2023. Our commercial paper borrowing arrangements require us to maintain undrawn borrowing capacity under our revolving credit facilities for an amount at least equal to our outstanding commercial paper borrowings. Each of the revolving credit facilities matures in 2026. The revolving credit facilities enable us to borrow funds on an unsecured basis at variable interest rates, and contain various covenants, including a maximum net leverage ratio. Based on our covenant calculations as of December 31, 2024 we have capacity to draw on the full amounts under our revolving credit facilities, less commercial paper borrowings which were $300 million at year-end. Facility fees under the credit facilities were 0.125% annually as of both December 31, 2023 December 31, 2024 and 2022 2023 and are based on our credit ratings and the total capacity of the revolving credit facility.

On July 17, 2024, we entered into a credit agreement pursuant to which a group of banks provided us with senior unsecured term loans in an aggregate principal amount of up to $2.05 billion ("the bridge facility"). Borrowings under the bridge facility were available in up to three drawings to fund (a) the refinancing of our 1.322% Senior Notes due November 29, 2024, our Floating Rate Notes due November 29, 2024, and certain borrowings under our existing term loan facility and (b) payment of certain U.S. tax liabilities arising from internal reorganization transactions related to the sale of our Kidney Care business. Borrowings under the bridge facility bore interest at a rate based on our long-term debt ratings in effect from time to time and the interest rate on any borrowings outstanding beyond December 31, 2024 would increase by 0.25%.We also incurred a ticking fee on undrawn commitments at a rate based on our long-term debt ratings in effect from time to time. The banks' funding commitments under the bridge facility terminated on December 31, 2024. Outstanding borrowings under the bridge facility were scheduled to mature on the earlier of 364 days from the first funding date and November 24, 2025. Additionally, we were required

to use the net cash proceeds from certain transactions (including from the sale of our Kidney Care business) to repay any outstanding borrowings under the bridge facility. The bridge facility contained financial and other covenants, including a net leverage covenant, and provided for customary events of default. In November 2024, we reduced the bridge facility capacity from $2.05 billion to $1.83 billion. Additionally, during the fourth quarter of 2024 we drew on the bridge facility to repay our 1.322% Senior Notes due November 29, 2024, our Floating Rate Notes due November 29, 2024 and the outstanding balance on our three-year term loan facility. There was $1.83 billion outstanding under this bridge facility as of December 31, 2024. In January 2025, we used a portion of the approximately $3.4 billion of net after-tax cash proceeds from the sale of our Kidney Care business to repay the $1.83 billion outstanding under the bridge facility, at which time it was terminated.

In the first quarter of 2023, 2024, we amended the credit agreements governing our U.S. Dollar-denominated dollar-denominated term loan credit facility and revolving credit facility and the guaranty agreement with respect to our Euro-denominated revolving credit facility in each case to amend the net leverage ratio covenant to increase the maximum net leverage ratio covenant for the four six fiscal quarters ending March 31, 2023 June 30, 2024, June 30, 2023 September 30, 2024, September 30, 2023 December 31, 2024, March 31, 2025, June 30, 2025, and December 31, 2023 September 30, 2025. In accordance with the terms of the amendment, the capacity under our U.S dollar-denominated revolving credit facility was reduced from $2.50 billion to $2.00 billion on September 30, 2024. As of December 31, 2023 December 31, 2024, we were in compliance with the financial covenants in these agreements.

Based on our covenant calculations as of December 31, 2023 December 31, 2024, we have capacity to draw on the full amounts under our revolving credit facilities. facilities, less commercial paper borrowings which were $300 million at year-end. The non-performance of any financial institution supporting either of the revolving credit facilities would reduce the maximum capacity of the revolving credit facilities by the institution’s respective commitment. Additionally, a deterioration in our financial performance may reduce our ability to draw on our revolving credit facilities.

We have a commercial paper program that currently enables us to borrow efficiently at short-term interest rates. Upon maturity of any commercial paper borrowings under this program, and to the extent old issuances are not repaid by cash on hand, we are exposed to the rollover risk of not being able to issue new commercial paper. Our commercial paper borrowing arrangements require us to maintain undrawn borrowing capacity under our revolving credit facilities for an amount at least equal to our outstanding commercial paper borrowings. If we were not able to issue new commercial paper, we have the option of drawing on the revolving credit facilities; however, electing to do so would result in higher interest expense. We As of December 31, 2024, we had no $300 million of commercial paper borrowings outstanding, as of December 31, 2023. which were repaid in full in January 2025.

We also maintain other credit arrangements, as described in Note 6 in Item 8 of this Annual Report on Form 10-K.

Access to Capital and Credit Ratings

We intend to fund short-term and long-term obligations as they mature through cash on hand, including the proceeds from the recently completed sale of our BPS Kidney Care business, future cash flows from operations, or by issuing additional debt, which could include commercial paper. We had $3.19 billion $1.76 billion of cash and cash equivalents as of December 31, 2023 December 31, 2024, with adequate cash available to meet operating requirements in each jurisdiction in which we operate. We invest our excess cash in money market and other funds and diversify the concentration of cash among different financial institutions. As of December 31, 2023 December 31, 2024, we had $13.80 $13.13 billion of long-term debt and finance lease obligations, including current maturities, and no short-term debt. During As of February 21, 2025, we repaid $3.13 billion of short- and long-term indebtedness primarily with the fourth quarter of 2023, we used a portion of the approximately $3.70 billion of net after-tax cash proceeds from the BPS divestiture to repay $2.80 billion sale of short- and long-term indebtedness our Kidney Care business, and we expect to use substantially all of the remaining net after-tax proceeds to continue to repay indebtedness through the first half second quarter of 2024. 2025. Subject to market conditions, we regularly evaluate opportunities with respect to our capital structure. structure (including with respect to the potential refinancing of our outstanding indebtedness).

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Our ability to generate cash flows from operations, issue debt, including commercial paper, or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for our products or in the solvency of our customers or suppliers, deterioration in our key financial ratios or credit ratings or other significantly unfavorable changes in conditions. However, we believe we have sufficient financial flexibility to issue debt, enter into other financing arrangements and attract long-term capital on acceptable terms to support our growth objectives and further reduce our post-Hillrom acquisition debt levels as we take actions consistent with our capital allocation priorities.

Our credit ratings at December 31, 2023 December 31, 2024 were as follows:

	Standard & Poor's	Fitch	Moody's
Ratings			
Senior debt	BBB	BBB	Baa2
Short-term debt	A2	F2	P2
Outlook		Rating Watch Negative	
	Negative	Negative	Stable

In January May 2024, our contract with Fitch expired. In June 2024, Fitch revised affirmed and withdrew ratings and coverage on us. As a result they no longer maintain ratings on our senior debt credit rating from BBB to BBB-, our senior debt credit rating outlook rating from rating watch negative to stable and or our short-term debt credit rating from F2 to F3. debt.

Contractual Obligations

As of December 31, 2023 December 31, 2024, we had contractual obligations, excluding accounts payable and accrued expenses and other current liabilities, payable or maturing in the following periods.

(in millions)	(in millions)	Total	Less than one year	More than one year	(in millions)	Total	Less than one year	More than one year
Long-term debt and finance lease obligations, including current maturities								
Interest on short- and long-term debt and finance lease obligations [1]								
Operating leases								
Other non-current liabilities[2]								
Purchase obligations[3]								
Contractual obligations[2]								

1. Interest payments on debt and finance lease obligations are calculated for future periods using interest rates in effect at the end of 2023. 2024. Certain of these projected interest payments may differ in the future based on foreign currency fluctuations or other factors or events. The projected interest payments only pertain to obligations and agreements outstanding at December 31, 2023 December 31, 2024. Refer to Note 6 and Note 7, respectively, in Item 8 of this Annual Report on Form 10-K for further discussion regarding our debt instruments outstanding and finance lease obligations at December 31, 2023 December 31, 2024.

2. The primary components of other non-current liabilities in our consolidated balance sheet as of December 31, 2023 December 31, 2024 are pension and other postretirement benefits, deferred tax liabilities, long-term tax liabilities, and litigation and environmental reserves. We projected the timing of the related future cash payments based on contractual maturity dates (where applicable) and estimates of the timing of payments (for liabilities with no contractual maturity dates). The actual timing of payments could differ from our estimates.

   We contributed $47 million $46 million and $27 million to our defined benefit pension plans in 2024 and 2023, and 2022. respectively. The timing of funding in future periods is uncertain and is dependent on future movements in interest rates, investment returns, changes in laws and regulations, and other variables. Therefore, the table above excludes cash outflows related to our pension plans. The amount included within other non-current liabilities (and excluded from the table above) related to our pension plan liabilities was $782 million $553 million as of December 31, 2023 December 31, 2024. We have no obligation to fund our principal plans in the United States in 2024. 2025. We continually reassess the amount and timing of any discretionary contributions. In 2024, 2025, we expect to make contributions of at least $18 $26 million to our Puerto Rico plan and $48 million $7 million to our foreign pension plans. We expect to have net cash outflows relating to our OPEB plans of $17 million $16 million in 2024. 2025. Additionally, we have excluded long-term tax liabilities, which include liabilities for unrecognized tax positions, and deferred tax liabilities from the table above because we are unable to estimate the timing of the related cash outflows. The amounts of long-term tax liabilities and deferred tax liabilities included within other non-current liabilities (and excluded from the table above) were $125 million $94 million and $447 million $103 million, respectively, as of December 31, 2023 December 31, 2024.

3. Includes our significant contractual unconditional purchase obligations. For cancellable agreements, any penalty due upon cancellation is included. These commitments do not exceed our projected requirements and are in the normal course of business. Examples include firm commitments for raw material and component part purchases, utility agreements and service contracts.

Off-Balance Sheet Arrangements

We periodically enter into off-balance sheet arrangements. Certain contingencies arise in the normal course of business and are not recorded in the consolidated balance sheets in accordance with U.S. GAAP (such as contingent joint development and commercialization arrangement payments). Also, upon resolution of uncertainties, we may incur charges in excess of presently established liabilities for certain matters (such as contractual indemnifications). For a discussion of our significant off-balance sheet arrangements, refer to Note

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16 in Item 8 of this Annual Report on Form 10-K for information regarding receivable transactions, and Note 3 and Note 8 in Item 8 of this Annual Report on Form 10-K for information regarding joint development and commercialization arrangements, indemnifications and legal contingencies.

FINANCIAL INSTRUMENT MARKET RISK

We operate on a global basis and are exposed to the risk that our earnings, cash flows and equity could be adversely impacted by fluctuations in foreign exchange and interest rates. Our hedging policy attempts to manage these risks to an acceptable level based on our judgment of the appropriate trade-off between risk, opportunity and costs. Refer to Note 16 in Item 8 of this Annual Report on Form 10-K for further information regarding our financial instruments and hedging strategies.

Currency Risk

We are primarily exposed to foreign exchange risk with respect to revenues generated outside of the United States denominated in the Euro, British Pound, Chinese Renminbi, Korean Won, Australian Dollar, Canadian Dollar, Chinese Renminbi, Japanese Yen, Colombian Peso, Brazilian Real, Mexican Peso, Indian Rupee and Swedish Krona. We manage our foreign currency exposures on a consolidated basis, which allows us to net exposures and take advantage of any natural offsets. In addition, we use derivative and nonderivative financial instruments to further reduce the net exposure to foreign exchange. Gains and losses on the hedging instruments offset losses and gains on the hedged transactions and reduce the earnings and stockholders' equity volatility relating to foreign exchange. However, we don't hedge our entire foreign exchange exposure and are still subject to earnings and stockholders' equity volatility relating to foreign exchange risk. Financial market and currency volatility may limit our ability to cost-effectively hedge these exposures.

We primarily use forward contracts to hedge the foreign exchange risk to earnings relating to forecasted transactions and recognized assets and liabilities denominated in foreign currencies. The maximum term over which we have cash flow hedge contracts in place related to foreign exchange risk on forecasted transactions as of December 31, 2023 December 31, 2024 is 12 11 months. We also enter into derivative instruments to hedge foreign exchange risk on certain intra-company and third-party receivables and payables and debt denominated in foreign currencies.

As part of our risk-management program, we perform sensitivity analyses to assess potential changes in the fair value of our foreign exchange instruments relating to hypothetical and reasonably possible near-term movements in foreign exchange rates.

A sensitivity analysis of changes in the fair value of foreign exchange contracts outstanding as of December 31, 2023 December 31, 2024, while not predictive in nature, indicated that if the U.S. Dollar uniformly weakened by 10% against all currencies, the net pre-tax asset balance of $46 million $5 million with respect to those contracts would change by $106 million. $5 million. A similar analysis performed with respect to contracts outstanding as of December 31, 2022 December 31, 2023 indicated that, on a pre-tax basis, the net asset balance of $2 million $40 million would change by $68 million.$151 million.

The sensitivity analysis model recalculates the fair value of the foreign exchange contracts outstanding as of December 31, 2023 December 31, 2024 by replacing the actual exchange rates as of December 31, 2023 December 31, 2024 with exchange rates that are 10% weaker compared to the actual exchange rates for each applicable currency. All other factors are held constant. These sensitivity analyses disregard the possibility that currency exchange rates can move in opposite directions and that gains from one currency may or may not be offset by losses from another currency. The analyses also disregard the offsetting change in value of the underlying hedged transactions and balances.

In February 2022, the three-year cumulative inflation rate in Turkey exceeded 100 percent. As a result, on April 1, 2022, we began reporting the results of our subsidiary in that jurisdiction using highly inflationary accounting, which requires that the functional currency of the entity be changed to the reporting currency of its parent. As of December 31, 2023 December 31, 2024, our subsidiary in Turkey had net monetary assets of $28 million. $27 million.

Interest Rate Risk

We are also exposed to the risk that our earnings and cash flows could be adversely impacted by fluctuations in interest rates. Our policy is to manage interest costs using the mix of fixed- and floating-rate debt that we believe is appropriate at that time. To manage this mix in a cost-efficient manner, we periodically enter into interest rate swaps in which we agree to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional amount. We also periodically use forward-starting interest rate swaps and treasury rate locks to hedge the risk to earnings associated with fluctuations in interest rates relating to anticipated issuances of term debt. As of December 31, 2023 December 31, 2024, there were no interest rate derivative contracts outstanding and we had $2.07 billion $3.48 billion of outstanding floating rate debt. A 100 basis point change in interest rates would impact our pre-tax earnings and cash flows by $21 million $35 million over a one-year period.

CHANGES IN ACCOUNTING STANDARDS

Refer to Note 1 in Item 8 of this Annual Report on Form 10-K for information on recently adopted accounting pronouncements.

RECENT ACCOUNTING PRONOUNCEMENTS

Recently issued accounting standards not yet adopted

In November 2023, 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Segment 2024-03, Income Statement - Reporting (Topic 280) Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Improvements to Reportable Segment Disclosures, Disaggregation of Income Statement Expenses, which requires enhanced disclosures about segment disaggregated disclosure of certain expenses on an interim and annual and interim basis. basis in the notes to the financial statements. This standard is effective for our annual consolidated financial statements for the year ending December 31, 2024 December 31, 2027 and for interim periods beginning in 2025. 2028. We are currently evaluating the impact of this new standard on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvement to Income Tax Disclosures, which requires (1) disclosure of specific categories in the rate reconciliation and (2) additional information for reconciling items that meet a quantitative threshold. Additionally, the amendment requires disclosure of certain disaggregated information about income taxes paid, income from continuing operations before income tax expense (benefit) and income tax expense (benefit). The standard is effective for our annual consolidated financial statements for the year ending December 31, 2025. We are currently evaluating the impact of this standard on our consolidated financial statements.

In June 2022, the FASB issued ASU 2022-03, Fair Value Measurement of Equity Securities Subject to Contractual Sales Restrictions, which (1) clarifies the guidance in Topic 820 on the fair value measurement of an equity security that is subject to contractual restrictions that prohibit the sale of an equity security and (2) requires specific disclosures related to

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such an equity security. The standard is effective for our annual consolidated financial statements for the year ending December 31, 2024 and for interim periods beginning in 2025. The impact of the adoption of this ASU is not expected to have a material effect on our consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. A summary of our significant accounting policies is included in Note 1 in Item 8 of this Annual Report on Form 10-K. Certain of our accounting policies are considered critical, as these policies are the most important to the depiction of our financial statements and require significant, difficult or complex judgments by us, often employing the use of estimates about the effects of matters that are inherently uncertain. Actual results that differ from our estimates could have an unfavorable effect on our results of operations and financial position. The following is a summary of accounting policies that we consider critical to the consolidated financial statements.

Revenue Recognition and Related Provisions and Allowances

Revenues from product sales are recorded at the net sales price (transaction price), which includes estimates of variable consideration primarily related to rebates and distributor chargebacks. These reserves are based on estimates of the amounts earned or to be claimed on the related sales. Our estimates take into consideration historical experience, current contractual and statutory requirements, specific known market events and trends,

industry data, and forecasted customer buying and payment patterns. Overall, these reserves reflect our best estimates of the amount of consideration to which we are entitled based on the terms of the contract. The amount of variable consideration included in the net sales price is limited to the amount that is probable not to result in a significant reversal in the amount of the cumulative revenue recognized in a future period. Additionally, our contracts with customers often include promises to transfer multiple products and services to a customer.

Determining whether products and services are considered distinct performance obligations that should be accounted for separately and determining the allocation of the transaction price may require significant judgment.

Pension and OPEB Plans

We provide pension and other postretirement benefits to certain of our employees. The service component of employee benefit expenses is reported in the same line items in the consolidated income statements as the applicable employee's compensation expense. All other components of these employee benefit expenses are reported in other (income) expense, net in our consolidated statements of income (loss). The valuation of the funded status and net periodic benefit cost for the plans is calculated using actuarial assumptions. These assumptions are reviewed annually and revised if appropriate. The significant assumptions include the following:

- interest rates used to discount pension and OPEB plan liabilities;
- the long-term rate of return on pension plan assets;
- rates of increase in employee compensation (used in estimating liabilities);
- anticipated future healthcare trend rates (used in estimating the OPEB plan liability); and
- other assumptions involving demographic factors such as retirement, mortality and turnover (used in estimating liabilities).

Selecting assumptions involves an analysis of both short-term and long-term historical trends and known economic and market conditions at the time of the valuation (also called the measurement date). The use of different assumptions would result in different measures of the funded status and net cost. Actual results in the future could differ from expected results.

Our key assumptions are listed in Note 13 in Item 8 of this Annual Report on Form 10-K. The most critical assumptions relate to the plans covering U.S. and Puerto Rico employees, because these plans are the most significant to our consolidated financial statements.

Discount Rate Assumption

Effective for the December 31, 2023 December 31, 2024 measurement date, we utilized discount rates of 5.21% 5.72% and 5.12% 5.55%, respectively, to measure the benefit obligations for our most significant pension and OPEB plans, which cover U.S. and Puerto Rico employees. We used a broad population of approximately 200 Aa-rated corporate bonds as of December 31, 2023 December 31, 2024 to determine the discount rate assumption. All bonds were denominated in U.S. Dollars, with a minimum amount outstanding of $50 million. This population of bonds was narrowed from a broader universe of approximately 700 Moody's Aa rated, non-callable (or callable with make-whole provisions) bonds by eliminating the top 10th percentile and bottom 40th percentile to adjust for any pricing anomalies and to represent the bonds we would most likely select if we were to actually annuitize our pension and OPEB plan liabilities. This portfolio of bonds was used to generate a yield curve and associated spot rate curve to discount the projected benefit payments for the U.S. and Puerto Rico plans. The discount rate is the single level rate that produces the same result as the spot rate curve.

For plans in Canada, Japan, the United Kingdom and other European countries, we use a method essentially the same as that described for the U.S. and Puerto Rico plans. For our other international plans, the discount rate is generally determined by reviewing country- and region-specific government and corporate bond interest rates.

To understand the impact of changes in discount rates on pension and OPEB plan cost, we perform a sensitivity analysis. Holding all other assumptions constant, for each 50 basis point increase in the discount rate, global pre-tax pension and OPEB plan cost would decrease by $7 million $3 million, and for each 50 basis point decrease in the discount rate, global pre-tax pension and OPEB plan cost would increase by $6 million $1 million.

Return on Plan Assets Assumption

In measuring the net periodic cost for 2023, 2024, we used a long-term expected rate of return of 6.50% 6.75% for our most significant pension plans, which cover U.S. and Puerto Rico employees. This assumption will increase to 6.75% remain the same in 2024. 2025. This assumption is not applicable to our OPEB plan because it is not funded.

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We establish the long-term asset return assumption based on a review of historical compound average asset returns, both company-specific and relating to the broad market (based on our asset allocation), as well as an analysis of current market and economic information and future expectations. The current asset return assumption is supported by historical market experience for both our actual and targeted asset allocation. In calculating net pension cost, the expected return on assets is applied to a calculated value of plan assets, which recognizes changes in the fair value of plan assets in a systematic manner over five years. The difference between this expected return and the actual return on plan assets is a component of the total net unrecognized gain or loss and is subject to amortization in the future.

To understand the impact of changes in the expected asset return assumption on net cost, we perform a sensitivity analysis. Holding all other assumptions constant, for each 50 basis point increase (decrease) in the asset return assumption, global pre-tax pension plan cost would decrease (increase) by approximately $15 million $14 million.

Other Assumptions

For the U.S. and Puerto Rico plans, we used the Pri-2012 combined mortality table with improvements projected using the MP-2021 projection scale adjusted to a long-term improvement of 0.8% as of December 31, 2023 December 31, 2024. For all other pension plans, we utilized country- and region-specific mortality tables to calculate the plans' benefit obligations. We periodically analyze and update our assumptions concerning demographic factors such as retirement, mortality and turnover, considering historical experience as well as anticipated future trends.

The assumptions relating to employee compensation increases and future healthcare costs are based on historical experience, market trends, and anticipated future company actions.

Deferred Tax Asset Valuation Allowances and Reserves for Uncertain Tax Positions

We maintain valuation allowances unless it is more likely than not that all or a portion of the deferred tax asset will be realized. Changes in valuation allowances are included in our tax provision in the period of change. In determining whether a valuation allowance is warranted, we evaluate factors such as prior earnings history, expected future earnings, carryback and carryforward periods, and tax strategies that could potentially enhance the likelihood of realization of a deferred tax asset. The realizability assessments made at a given balance sheet date are subject to change in the future, particularly if earnings of a subsidiary are significantly higher or lower than expected, or if we take operational or tax planning actions that could impact the future taxable earnings of a subsidiary.

In the normal course of business, we are audited by federal, state and foreign tax authorities, and are periodically challenged regarding the amount of taxes due. These challenges relate to the timing and amount of deductions and the allocation of income among various tax jurisdictions. We believe our tax positions comply with applicable tax law and we intend to defend our positions. In evaluating the exposure associated with various tax filing positions, we record reserves for uncertain tax positions in accordance with U.S. GAAP based on the technical support for the positions, our past audit experience with similar situations, and potential interest and penalties related to the matters. Our results of operations and effective tax rate in a given period could be impacted if, upon final resolution with taxing authorities, we prevail in positions for which reserves have been established, or we are required to pay amounts in excess of established reserves.

Realization of our U.S. and foreign operating loss and tax credit carryforwards depends on generating sufficient future earnings. A valuation allowance of $658 million $536 million and $704 million $584 million was recognized as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively, to reduce the deferred tax assets associated with net operating loss and tax credit carryforwards because we do not believe it is more likely than not that these assets will be fully realized prior to expiration. After evaluating relevant U.S. tax laws, any elections or other opportunities that may be available, and the future expiration of certain U.S. tax provisions that will impact the utilization of our U.S. foreign tax credit carryforwards, management expects to be able to realize some, but not all, of the U.S. foreign tax credit deferred tax assets up to its recurring and non-recurring foreign inclusions. Therefore, a valuation allowance of $130 $131 million and $119 $130 million was recognized with respect to the foreign tax credit carryforwards as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively. We will continue to evaluate the need for additional valuation allowances and, as circumstances change, the valuation allowance may change.

Impairment of Goodwill and Other Long-Lived Assets

Goodwill

Goodwill is initially measured as the excess of the purchase price over the fair value (or other measurement attribute required by U.S. GAAP) of acquired assets and liabilities in a business combination. Goodwill is not amortized but is subject to Management performs an impairment review annually and test in the fourth quarter of each year, or whenever indicators events or changes in circumstances indicate that the fair value of impairment exist. the reporting unit is more likely than not below its carrying amount. We have the option to assess goodwill for impairment by initially performing a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. If we determine that it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then the quantitative goodwill impairment test is not required to be performed. If we determine that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, or if we do not elect the option to perform an initial qualitative assessment, we perform a quantitative goodwill impairment test. In the quantitative impairment test, we calculate the estimated fair value of the reporting unit. If the carrying amount of the reporting unit exceeds the estimated fair value, an impairment charge is recorded for the amount that the reporting unit's carrying amount, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit.

In a quantitative goodwill impairment test, the fair values of our reporting units are generally determined based on a discounted cash flow model (an income approach) and earnings multiples (a market approach) based on the guideline public company method. Significant assumptions used in reporting unit fair value measurements generally include revenue growth rates, forecasted cash flows, EBITDA margins, discount rates, terminal growth rates and earnings multiples. The discounted cash flow models used to determine the fair values of our reporting units during 2023 2024 reflected our most recent cash flow projections, discount rates ranging from 8.0% 9.0% to 9.5% and terminal growth rates ranging from 2.0% 3.0% to 3.5% 3.25%. Each of these inputs can significantly affect the fair values of our reporting units.

Our operating and reportable segments were changed in the third quarter of 2023 to align with our new operating model: Medical Products and & Therapies, Healthcare Systems and & Technologies (formerly referred to as our Hillrom segment), Pharmaceuticals and Kidney Care. Pharmaceuticals. As a result of this segment change, we reallocated the goodwill from our previous Americas, EMEA and APAC segments to the reporting units within our new Medical Products & Therapies and Therapies, Pharmaceuticals and Kidney Care segments based on the relative fair values of those reporting units. We performed impairment tests both before and after the reporting unit change and determined that no goodwill impairment had occurred.

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Upon our segment change in the third quarter of 2023, we initially identified three reporting units within our new Kidney Care segment: PD, HD and Acute Therapies. In connection with the ongoing activities related to the proposed separation of our Kidney Care segment, that business completed an organizational realignment during annual goodwill impairment assessment in the fourth quarter of 2023. As 2024, we recorded a result of that organizational realignment within our Kidney Care segment, the previous PD and HD reporting units were combined into a single Chronic Therapies reporting unit. We performed impairment tests of the Kidney Care reporting units, both before and after the combination of PD and HD into Chronic Therapies, and determined that no $425 million goodwill impairment had occurred.

In connection with related to our November 1, 2023 annual goodwill impairment tests, we determined that no goodwill impairments had occurred. The fair values of the Front Line Care reporting unit within our Healthcare Systems & Technologies segment. The reduction in value was primarily due to lower forecasted operating results and Technologies segment and the Chronic Therapies a lower terminal growth rate utilized in valuing this reporting unit within which contributed to reduced expected future cash flows, as well as lower earnings multiples. The fair value of the Front Line Care reporting unit was determined based on a discounted cash flow model (an income approach) and earnings multiples (a market approach) based on the guideline public company method. Significant assumptions used in the determination of the fair values of our Kidney Care segment exceeded their carrying values by approximately 5% and 6%, respectively. We are continuing to closely monitor the performance of those reporting units generally include revenue growth rates, forecasted EBITDA margins, discount rates, terminal growth rates and if there is earnings multiples. The discounted cash flow model used to determine the fair value of our Front Line Care reporting unit reflected our most recent cash flow projections, a significant adverse change in our outlook for those businesses discount rate of 9.5% and a terminal growth rate of 3.25%. In order to evaluate the sensitivity of the fair value calculations used in the future, a Front Line Care reporting unit goodwill impairment could arise at test, we applied a hypothetical 5% decrease to the fair value and compared that time. hypothetical value to the underlying asset carrying value. The application of a hypothetical 5% decrease in fair value would result in an additional impairment of approximately $200 million. As of December 31, 2023 December 31, 2024, the carrying amounts amount of goodwill for our Front Line Care and Chronic Therapies reporting unit was $1.99 billion. No goodwill impairments were recorded for our remaining reporting units were $2.42 billion and $444 million, respectively. in connection with our annual goodwill impairment tests because the fair values of those reporting units exceeded their carrying amounts.

We acquired Hillrom on December 13, 2021 and recognized $6.83 billion of goodwill and $6.03 billion of other intangible assets, including $1.91 billion of indefinite-lived intangible assets, in connection with that acquisition. In the second half of 2022, we recognized $2.81 of goodwill impairments related to the reporting units within our Hillrom segment (currently referred to as out Healthcare Systems and & Technologies segment). As discussed below,

we also recognized impairments of indefinite-lived intangible assets related to that business, consisting primarily of trade names.

Other Long-Lived Assets

Other long-lived assets are primarily comprised of property, plant and equipment and intangible assets, including both indefinite-lived intangible assets and amortizing intangible assets.

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets, such as IPR&D acquired in business combinations and certain trade names with indefinite lives, are subject to an impairment review annually and whenever indicators of impairment exist. We have the option to assess indefinite-lived intangible assets for impairment by first performing qualitative assessments to determine whether it is more-likely-than-not that the fair values of the indefinite-lived intangible assets are less than the carrying amounts. If we determine that it is more-likely-than-not that an indefinite-lived intangible asset is impaired, or if we elect not to perform an initial qualitative assessment, we then perform the quantitative impairment test by comparing the fair value of the indefinite-lived intangible asset with its carrying amount. If the carrying amount exceeds the fair value of the indefinite-lived intangible asset, we write the carrying amount down to the fair value.

In a quantitative indefinite-lived intangible asset impairment test, fair values are generally determined based on a discounted cash flow model. Significant assumptions used in valuations of indefinite-lived intangible assets include the forecasted cash flows, discount rates, the assessment of the asset's life cycle, the stage in completion (for acquired IPR&D intangible assets), royalty rates, terminal growth rates and contributory asset charges. The relief from royalty models used in the determination of the fair values of our trade name intangible assets during 2023 2024 reflected our most recent revenue projections, a discount rate of 9%, a royalty rates ranging from 4% to rate of 5% and a terminal growth rates ranging from rate of 3.0% to 3.5%. Each of these factors and assumptions can significantly affect the value of the intangible asset. We tested our indefinite-lived intangible trade name intangible asset for impairment during the fourth quarter of 2024 and determined that no impairment had occurred.

As In connection with our annual IPR&D impairment assessment in the fourth quarter of 2024, we recognized a pre-tax impairment charge of $50 million to reduce the carrying amount of an IPR&D asset to its fair value. The reduction in value was primarily due to lower forecasted revenues and margins which contributed to reduced expected future cash flows. The intangible asset impairment charge is classified within research and development expenses in the accompanying consolidated statements of income (loss) for the year ended December 31, 2024. The fair value of the IPR&D asset was determined using the multi-period excess earnings method. Significant assumptions used in the determination of the fair value of the IPR&D asset included forecasted cash flows and the discount rate. The multi-period excess earnings model used in our determination of the fair value of the IPR&D asset reflected our most recent cash flow projections and a discount rate of 11%.

The total carrying amount of our indefinite-lived intangible assets was $787 million as of December 31, 2024, comprised of a trade name intangible asset and IPR&D.

During the fourth quarter of 2023, as a result of an update to our long-term branding strategy, we reclassified two trade name intangible assets with carrying amounts of $870 million and $21 million from indefinite-lived intangible assets to amortizing intangible assets during the fourth quarter of 2023. assets. The estimated useful lives assigned to those assets were 15 years and 5 years, respectively, and we recognized $10 million of amortization expense on those intangible assets from the date of reclassification through December 31, 2023. respectively. We performed impairment tests of those intangible assets at the time of the reclassification and determined that no impairment had occurred.

The total carrying amount of our indefinite-lived intangible assets was $837 million as of December 31, 2023, comprised of a trade name intangible asset and IPR&D. We tested our indefinite-lived intangible assets for impairment during the fourth quarter of 2023 and determined that no impairment had occurred.

Intangible Assets with Definite Lives and Property, Plant and Equipment

We review the carrying amounts of long-lived assets used in operations, other than goodwill and intangible assets not subject to amortization, for potential impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In evaluating recoverability, we group assets and liabilities at the lowest level

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such that the identifiable cash flows relating to the group are largely independent of the cash flows of other assets and liabilities. We then compare the carrying amounts of the assets or asset groups with the related estimated undiscounted future cash flows. In the event an asset (or asset group) is not recoverable, an impairment charge is recorded as the amount by which the carrying amount of the asset (or asset group) exceeds its fair value. However, the portion of an impairment loss allocated to an individual long-lived asset within an asset group cannot reduce the carrying amount of that asset below its fair value if its fair value is determinable without undue cost and effort.

Our manufacturing facility in Opelika, Alabama was one of three Baxter manufacturing facilities that produced dialyzers used in hemodialysis (HD) treatments. The current competitive environment has increased the global supply of those products and, in connection with our initiatives to streamline our manufacturing footprint and improve our profitability, we made the decision in the second quarter of 2023 to cease production of dialyzers at the Opelika facility near the end of 2023. As a result of our decision to cease dialyzer production at this manufacturing facility, we performed a trigger-based recoverability assessment of its long-lived assets, which consist of a building and manufacturing equipment, including specialized equipment used in the production of dialyzers. The carrying amount of that asset group exceeded the estimated undiscounted cash flows expected to be generated, and we recognized an impairment charge of $243 million, classified within cost of sales in the accompanying consolidated statements of income (loss), during the year ended December 31, 2023 to reduce the carrying amounts to their estimated fair values. The fair values of the building and manufacturing equipment tested for impairment during the second quarter of 2023 were determined based on transaction prices of comparable assets. Significant assumptions used in the determination of the fair values included the identification of representative comparable assets.

As discussed above, we identified new reporting units as a result of our segment change in the third quarter of 2023 and performed fair value measurements of our reporting units to reallocate goodwill to the new reporting units based on their relative fair values and to assess those reporting units for impairment. The HD business within our Kidney Care segment was initially identified as one of the new reporting units at that time. Based on the estimated fair value of our HD business, we allocated no goodwill to it. Additionally, we determined that a triggering event was present to review the carrying amounts of long-lived assets within the HD business, which include four manufacturing facilities that primarily manufacture HD products, HD equipment leased to customers under operating leases and developed technology intangible assets, for potential impairment. In connection with that evaluation, we determined that the carrying amount of the asset group represented by our HD business, which is the lowest level for which identifiable cash flows are largely independent of other assets and liabilities, exceeded its forecasted undiscounted cash flows. We then measured the excess of the carrying amount of that asset group over its fair value and allocated the resulting impairment to its long-lived assets, limiting the impairments of individual assets within the group to amounts that would not result in their carrying amounts being written down below their fair values. As a result, we recognized $267 million of long-lived asset impairment charges, comprised of (i) a $190 million impairment charge related to certain manufacturing equipment, operating lease right-of-use assets and HD equipment leased to customers and (ii) a $77 million impairment charge related to developed technology intangible assets.

The fair value of the HD asset group was based on a discounted cash flow model (an income approach). Significant assumptions used in the determination of its fair value include forecasted cash flows, discount rates and terminal growth rates. The discounted cash flow model used to determine the fair value of the HD asset group during the third quarter 2023 reflected our most recent cash flow projections, a discount rate of 8% and a terminal growth rate of 1.5%. We also measured the fair values of individual assets within that asset group to ensure that the allocation of the asset group's impairment to the long-lived assets within that group would not reduce the carrying amount of any individual asset below its fair value. The fair values of the buildings within that asset group were determined based on a cost approach. Significant assumptions used in the determination of those fair values included replacement costs of assets with a similar age and condition. The fair values of manufacturing equipment and HD equipment leased to customers within that group were determined based on transaction prices of comparable assets. Significant assumptions used in the determination of those fair values included the identification of representative comparable assets. The fair value of the right-of-use asset within that group was determined based on market rents and discount rates.

During the third quarter of 2022, we recognized pre-tax impairment charges of $332 million to reduce the carrying amounts of certain indefinite-lived intangible assets, which primarily related to the Hillrom and Welch Allyn trade names acquired in the Hillrom acquisition, to their estimated fair values. Additionally, during 2022 we recognized pre-tax impairment charges of $12 million related to developed technology intangible assets due to declines in market expectations for the related products.

Long-Lived Assets Held for Sale

Long-lived assets are classified as held for sale when certain criteria are met, including when management has committed to sell the asset, the asset is available for sale in its present condition and the sale is probable of being completed within one year of the balance sheet date. Assets held for sale are no longer depreciated or amortized and they are reported at the lower of their carrying amount or fair value less cost to sell.

Our goodwill and other long-lived asset fair value measurements are classified as Level 3 in the fair value hierarchy because they involve significant unobservable inputs.

Further adverse changes to macroeconomic conditions or our earnings forecasts could lead to additional goodwill or other long-lived asset impairment charges in future periods and such charges could be material to our results of operations.

CERTAIN REGULATORY MATTERS

In July 2017, immediately prior to the closing of our acquisition of Claris Injectables Limited (Claris), FDA commenced an inspection of the Claris' facilities in Ahmedabad, India. FDA completed the inspection and subsequently issued a Warning Letter based on observations identified in the 2017 inspection (2017 Warning Letter).[1] FDA re-inspected the facilities and issued a Form FDA 483 on May 17, 2022. On September 1, 2022, FDA notified us that the inspection had been classified as voluntary action indicated. From January 19, 2023 to January 27, 2023, FDA performed an inspection at the Ahmedabad site, concluding with the issuance of a Form FDA 483. On April 26, 2023, FDA notified us that the inspection had been classified as official action indicated. We received a Warning Letter on July 25, 2023 based on observations identified in the January 2023 inspection (2023 Warning Letter)[2]. Since the issuance of the 2017 Warning Letter, we have implemented corrective and preventive actions to address FDA's related observations, as well as other enhancements at the site. We have fully responded to the 2023 Warning Letter, have implemented additional corrective and preventive actions, and continue to engage with FDA regarding the agency's observations. In addition, since the issuance of the 2017 Warning Letter, we have secured other sites in our manufacturing network and have launched and distribute select products from those sites in the U.S.

Refer to Item 1A. Risk Factors of this Annual Report on Form 10-K for additional discussion of regulatory matters and how they may impact us.

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[1] Available online at https://www.fda.gov/ICECI/EnforcementActions/WarningLetters/ucm613538.htm

[2] Available online at https://www.fda.gov/inspections-compliance-enforcement-and-criminal-investigations/warning-letters/baxter-healthcare-corporation-654136-07252023

FORWARD-LOOKING INFORMATION

Certain statements contained in this Annual Report may constitute "forward-looking statements," as defined in the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. These statements by their nature address matters that are uncertain to different degrees. Use of the words "may," "will," "would," "could," "should," "believes," "estimates," "projects," "potential," "expects," "plans," "seeks," "intends," "evaluates," "pursues," "anticipates," "continues," "designs," "impacts," "affects," "forecasts," "target," "outlook," "initiative," "objective," "designed," "priorities," "goal," or the negative of those words or other similar expressions may identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements may include statements with respect to the proposed separation of our Kidney Care business and other portfolio management activities we may undertake in the future, the costs and timing associated with strategic initiatives including the proposed separation, the viability and accuracy of anticipated benefits of our recent strategic actions,our ability to successfully integrate acquisitions, the expected growth rates for our segments, accounting estimates and assumptions (including with respect to goodwill and other intangible asset impairments), global economic conditions, litigation-related matters, future

regulatory filings (or the withdrawal or resubmission of any pending submissions) and our R&D pipeline (including anticipated product approvals or clearances), sales from new product offerings, credit exposure to foreign governments, the adequacy of cash flows and credit facilities, potential developments with respect to credit ratings, investment of foreign earnings, estimates of liabilities including those related to uncertain tax positions, contingent payments, future pension plan contributions, costs, discount rates and rates of return, our exposure to financial market volatility and foreign currency, interest rate and credit risks, our net interest expense, the impact of inflation on our business, the impact of any significant new tariffs or changes in trade policies and treaties, the impact of competition, future sales growth, business development activities, cost saving initiatives, future capital and R&D expenditures, future debt issuances and refinancings, the adequacy of tax provisions and reserves, the effective income tax rate, the impacts of severe weather events (including Hurricane Helene) and all other statements that do not relate to historical facts.

These forward-looking statements are based on certain assumptions and analyses made in light of our experience and perception of historical trends, current conditions, and expected future developments as well as other factors that we believe are appropriate in the circumstances. While these statements represent our judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results. Whether actual future results and developments will conform to expectations and predictions is subject to a number of risks and uncertainties, including the following factors, many of which are beyond our control:

- our ability to execute and complete achieve the intended benefits of our recent strategic initiatives, asset dispositions and other transactions and development activities, actions, including the proposed separation sale of our Kidney Care business, and cost saving initiatives;
- our plans ability to simplify our manufacturing footprint successfully integrate acquisitions, including the acquisition of Hillrom, and the timing for such transactions, the related impact on our organization structure, senior leadership, culture, functional alignment, outsourcing and other areas, our management of resulting related personnel capacity constraints and potential institutional knowledge loss, and our ability to satisfy any applicable achieve anticipated performance or financial targets and maintain our reputation following integration;
- the impact of global economic conditions (including, among other things, changes in taxation, tariffs, trade policies and treaties, sanctions, embargos, export control restrictions, inflation levels and interest rates, financial market volatility, banking crises, the potential for a recession, the war in Ukraine, the conflict in the Middle East and other geopolitical events and the expected proceeds, consideration potential for escalation of these conflicts, the related economic sanctions being imposed globally in response to the conflicts and benefits; potential trade wars, global public health crises, pandemics and epidemics, or the anticipation of any of the foregoing, on our operations and our employees, customers, suppliers, and foreign governments in countries in which we operate;
- failure to accurately forecast or achieve our short-and long-term financial performance and goals, (including with respect to our strategic initiatives market and other actions) category growth rates, and related impacts on our liquidity;
- our ability to execute on our capital allocation plans, including our debt repayment plans, the timing and amount of any dividends, share repurchases and divestiture proceeds and the capital structure of the public company that we expect to form as a result of the proposed spinoff of our Kidney Care business (and the resulting capital structure for the remaining company);
- our ability to successfully integrate acquisitions;
- the impact of global economic conditions (including, among other things, inflation levels, interest rates, financial market volatility, banking crises, the potential for a recession, the war in Ukraine, the conflict in the Middle East (including recent attacks on merchant ships in the Red Sea), tensions between China and Taiwan and the potential for escalation of these conflicts, the related economic sanctions being imposed globally in response to the conflicts and potential trade wars and global public health crises, pandemics and epidemics, such as the COVID-19 pandemic, or the anticipation of any of the foregoing, on our operations and our employees, customers, suppliers and foreign governments in countries in which we operate; proceeds;
- downgrades to our credit ratings or ratings outlooks, or withdrawals by rating agencies from rating us and our indebtedness, and the related impact on our funding costs and liquidity;
- fluctuations in foreign exchange and interest rates;
- the impact of any goodwill, intangible asset, or other long-lived asset impairments on our operating results;
- our ability to finance and develop new products or services, or enhancements thereto, on commercially acceptable terms or at all;
- product development risks, including satisfactory clinical performance and obtaining and maintaining required regulatory approvals (including as a result of evolving regulatory requirements or the withdrawal or resubmission of any pending applications), the ability to manufacture at appropriate scale, and the general unpredictability associated with the product development cycle;

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- demand and market acceptance risks for, and competitive pressures related to, new and existing products and services, challenges with accurately predicting changing customer preferences and future expenditures and inventory levels and with being able to monetize new and existing products and services (and to sustain any related price increases), the impact of those products and services on quality and patient safety concerns, and the need for ongoing training and support for our products and services;
- the impact of competitive products and pricing, including generic competition, drug reimportation, and disruptive technologies;
- regulatory agency inspections, product quality or patient safety issues leading to product recalls, withdrawals, labeling changes, launch delays, warning letters, import bans, denial of import certifications, sanctions, seizures, litigation, or declining sales, including the focus on evaluating product portfolios for the potential presence or formation of nitrosamines;
- future actions of, or failures to act or delays in acting by FDA, the European Medicines Agency, or any other regulatory body or government authority (including the SEC, DOJ, or the Attorney General of any state) that could delay, limit or suspend product development, manufacturing or sale or result in seizures, recalls, injunctions, monetary sanctions or criminal or civil liabilities;
- demand and market acceptance risks for, and competitive pressures related failures with respect to new and existing products, challenges with accurately predicting changing customer preferences and future expenditures and inventory levels and with being able to monetize new and existing products and services, the impact of those products on our quality, and patient safety concerns and the need for ongoing training and support for our products; compliance or ethics programs;
- breaches, loss of key employees, including by cyber-attack, data leakage, unauthorized access senior management, the occurrence of labor disruptions (including as a result of labor disagreements under bargaining agreements or theft, national trade union agreements or failures disputes with works councils) or the inability to attract, develop, retain and engage employees;
- inability to create additional production capacity in a timely manner or the occurrence of other manufacturing, sterilization, or vulnerabilities in, supply difficulties, including as a result of natural disaster (such as Hurricane Helene), war, terrorism, global public health crises and epidemics/pandemics, regulatory actions, or otherwise;
- future actions of third parties, including third-party payors and our information technology systems or products; customers and distributors (including GPOs and IDNs);
- the continuity, availability, and pricing of acceptable raw materials and component parts, our ability to pass some or all of these costs to our customers through price increases or otherwise, and the related continuity of our manufacturing and distribution and those of our suppliers;
- inability to create additional production capacity breaches, including by cyber-attack, data leakage, unauthorized access or theft, or failures of or vulnerabilities in, a timely manner our information technology systems, or the occurrence of other manufacturing, sterilization or supply difficulties, including as a result of natural disaster, war, terrorism, global public health crises and epidemics/pandemics, regulatory actions or otherwise; products;
- our ability to finance effectively develop, integrate or deploy artificial intelligence, machine learning and develop new other emerging technologies into our products, or enhancements on commercially acceptable terms or at all; services and operations in a manner that is compliant with existing and emerging regulations;
- loss the impact of key employees, physical effects of climate change, severe storms (including Hurricane Helene) and storm-related events, including our ability to resume production at our North Cove facility to pre-hurricane levels and to complete the occurrence of labor disruptions (including as a result of labor disagreements under bargaining agreements or national trade union agreements or disputes with works councils) or the inability to attract, develop, retain and engage employees
- failures with respect to our quality, compliance or ethics programs;
- future actions of third parties, including third-party payors and our customers and distributors (including GPOs and IDNs); remediation;
- changes to legislation and regulation and other governmental pressures in the United States and globally, including the cost of compliance and potential penalties for purported noncompliance thereof, including new or amended laws, rules and regulations as well as the impact of healthcare reform and its implementation, suspension, repeal, replacement, amendment, modification and other similar actions undertaken by the United States or foreign governments, including with respect to pricing, reimbursement, taxation and rebate policies;
- the outcome ability meet evolving and varied corporate responsibility expectations of pending or future litigation;
- the impact of competitive products our stakeholders, including compliance with new and pricing, including generic competition, drug reimportation and disruptive technologies; emerging sustainability regulations;
- global regulatory, trade, and tax policies, including with respect to climate change and other sustainability matters;
- the ability to protect or enforce our patents or other proprietary rights (including trademarks, copyrights, trade secrets, and know-how) or where the patents of third parties prevent or restrict our manufacture, sale, or use of affected products or technology;
- the impact of any goodwill, intangible asset or other long-lived asset impairments on our operating results;
- fluctuations in foreign exchange and interest rates;
- any changes in law concerning the taxation of income (whether with respect to current or future tax reform);
- actions by tax authorities in connection with ongoing tax audits;
- the outcome of pending or future litigation;
- other factors discussed elsewhere in this Annual Report on Form 10-K, including those factors described in Item 1A. Risk Factors, and other filings with the SEC, all of which are available on our website.

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Actual results may differ materially from those projected in the forward-looking statements, which are more fully discussed in Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this Annual Report on Form 10-K. These forward-looking statements are not exclusive and are in addition to other factors discussed elsewhere in this Annual Report on Form 10-K. Further, other unknown or unpredictable factors could also have material adverse effects on future results. Any forward-looking statement in this information statement Annual Report on Form 10-K speaks only as of the date on which it is made. Except as required by law, we assume no obligation, and expressly disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information or future events.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***

Incorporated by reference to the section entitled “Financial Instrument Market Risk” in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K.

Item 8. ***Financial Statements and Supplementary Data.***

CONSOLIDATED BALANCE SHEETS

as of December 31 (in millions, except share information)	as of December 31 (in millions, except share information) 2023	2022	as of December 31 (in millions, except share information) 2024	2023
Current assets:				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents				
Accounts receivable, net of allowance of $129 in 2023 and $114 in 2022				
Accounts receivable, net of allowance of $71 in 2024 and $62 in 2023				
Inventories				
Prepaid expenses and other current assets				
Current assets of discontinued operations				
Total current assets				
Property, plant and equipment, net				
Goodwill				
Other intangible assets, net				
Operating lease right-of-use assets				
Other non-current assets				
Non-current assets of discontinued operations				
Total assets				
Current liabilities:				
Short-term debt				
Short-term debt				
Short-term debt				
Current maturities of long-term debt and finance lease obligations				
Accounts payable				
Accrued expenses and other current liabilities				
Current liabilities of discontinued operations				
Total current liabilities				
Long-term debt and finance lease obligations, less current portion				
Operating lease liabilities				
Other non-current liabilities				
Non-current liabilities of discontinued operations				
Total liabilities				
Commitments and contingencies	Commitments and contingencies		Commitments and contingencies	
Equity:				
Common stock, $1 par value, authorized 2,000,000,000 shares, issued 683,494,944 shares in 2023 and 2022				
Common stock, $1 par value, authorized 2,000,000,000 shares, issued 683,494,944 shares in 2023 and 2022				
Common stock, $1 par value, authorized 2,000,000,000 shares, issued 683,494,944 shares in 2023 and 2022				
Common stock in treasury, at cost, 175,861,893 shares in 2023 and 179,062,594 shares in 2022				

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Common stock, $1 par value, authorized 2,000,000,000 shares, issued 683,494,944 shares in 2024 and 2023
Common stock, $1 par value, authorized 2,000,000,000 shares, issued 683,494,944 shares in 2024 and 2023
Common stock, $1 par value, authorized 2,000,000,000 shares, issued 683,494,944 shares in 2024 and 2023
Common stock in treasury, at cost, 172,567,636 shares in 2024 and 175,861,893 shares in 2023
Additional contributed capital
Retained earnings
Accumulated other comprehensive income (loss)
Total Baxter stockholders' equity
Noncontrolling interests
Total equity
Total liabilities and equity

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

years ended December 31 (in millions, except per share data)	years ended December 31 (in millions, except per share data)			years ended December 31 (in millions, except per share data)		
	2023	2022	2021	2024	2023	2022
Net sales						
Cost of sales						
Gross margin						
Selling, general and administrative expenses						
Research and development expenses						
Goodwill impairments						
Other operating expense (income), net						
Operating income (loss)						
Interest expense, net						
Other (income) expense, net						
Income (loss) from continuing operations before income taxes						
Income tax (benefit) expense						
Income (loss) from continuing operations						
Income from discontinued operations, net of tax						
Income (loss) from discontinued operations, net of tax						
Net income (loss)						
Net income attributable to noncontrolling interests						
Less: Net income attributable to noncontrolling interests included in continuing operations						
Less: Net income attributable to noncontrolling interests included in discontinued operations						
Net income (loss) attributable to Baxter stockholders						
Income (loss) from continuing operations per common share						
Basic						
Basic						
Basic						
Diluted						
Income from discontinued operations per common share						
Income (loss) from discontinued operations per common share						
Basic						
Basic						
Basic						
Diluted						
Net Income (loss) per common share						
Basic						

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Basic	
Basic	
Diluted	
Weighted-average number of shares outstanding	
Basic	
Basic	
Basic	
Diluted	

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

years ended December 31 (in millions)	years ended December 31 (in millions) 2023	2022	2021	years ended December 31 (in millions) 2024	2023	2022
Income (loss) from continuing operations						
Other comprehensive income (loss) from continuing operations, net of tax:						
Currency translation adjustments, net of tax expense (benefit) of ($18) in 2023, $41 in 2022 and $30 in 2021						
Currency translation adjustments, net of tax expense (benefit) of ($18) in 2023, $41 in 2022 and $30 in 2021						
Currency translation adjustments, net of tax expense (benefit) of ($18) in 2023, $41 in 2022 and $30 in 2021						
Pension and other postretirement benefit plans, net of tax expense of $(27) in 2023, $12 in 2022 and $60 in 2021						
Hedging activities, net of tax expense (benefit) of zero in 2023, $2 in 2022 and $7 in 2021						
Available-for-sale debt securities, net of tax expense of zero in 2023, $1 in 2022 and zero in 2021						
Currency translation adjustments, net of tax expense (benefit) of $1 in 2024, ($26) in 2023 and $35 in 2022						
Currency translation adjustments, net of tax expense (benefit) of $1 in 2024, ($26) in 2023 and $35 in 2022						
Currency translation adjustments, net of tax expense (benefit) of $1 in 2024, ($26) in 2023 and $35 in 2022						
Pension and other postretirement benefit plans, net of tax expense of $(6) in 2024, $(25) in 2023 and $10 in 2022						
Hedging activities, net of tax expense (benefit) of $3 in 2024, zero in 2023 and $2 in 2022						
Available-for-sale debt securities, net of tax expense of zero in 2024 and 2023 and $1 in $2 in 2022						
Total other comprehensive income (loss) from continuing operations, net of tax						
Comprehensive income (loss) from continuing operations						
Income from discontinued operations, net of tax						
Income (loss) from discontinued operations, net of tax						
Other comprehensive income (loss) from discontinued operations						
Currency translation adjustments, net of tax expense (benefit) of zero in 2023, 2022 and 2021						
Currency translation adjustments, net of tax expense (benefit) of zero in 2023, 2022 and 2021						
Currency translation adjustments, net of tax expense (benefit) of zero in 2023, 2022 and 2021						
Pension and other postretirement benefit plans, net of tax expense of zero in 2023, 2022 and 2021						
Currency translation adjustments, net of tax expense (benefit) of $(7) in 2024, $8 in 2023 and $6 in 2022						
Currency translation adjustments, net of tax expense (benefit) of $(7) in 2024, $8 in 2023 and $6 in 2022						
Currency translation adjustments, net of tax expense (benefit) of $(7) in 2024, $8 in 2023 and $6 in 2022						
Pension and other postretirement benefit plans, net of tax expense of $3 in 2024, $(2) in 2023 and $2 in 2022						
Total other comprehensive income from discontinued operations						
Comprehensive income from discontinued operations						
Comprehensive income (loss) from discontinued operations						
Comprehensive income (loss)						
Less: Net income attributable to noncontrolling interests						
Less: Other comprehensive income (loss) attributable to noncontrolling interests						
Comprehensive income (loss) attributable to Baxter stockholders						

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions)	Baxter International Inc. stockholders' equity																			
(in millions)	Common stock shares	Common stock	Common stock shares in treasury	Common stock in treasury	Additional contributed capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Baxter stockholders' equity	Noncontrolling interests	Total equity	Common stock shares	Common stock	Common stock shares in treasury	Common stock in treasury	Additional contributed capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Baxter stockholders' equity	Noncontrolling interests	Total equity
Balance as of January 1, 2021																				
Net income (loss)																				
Other comprehensive income (loss)																				
Purchases of treasury stock																				
Stock issued under employee benefit plans and other																				
Dividends declared on common stock																				
Change in noncontrolling interests																				
Balance as of December 31, 2021																				
Balance as of January 1, 2022																				
Net income (loss)																				
Other comprehensive income (loss)																				
Purchases of treasury stock																				
Stock issued under employee benefit plans and other																				
Dividends declared on common stock																				
Change in noncontrolling interests																				
Balance as of December 31, 2022																				
Net income (loss)																				
Other comprehensive income (loss)																				
Stock issued under employee benefit plans and other																				
Stock issued under employee benefit plans and other																				

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Stock issued under employee benefit plans and other
Dividends declared on common stock
Balance as of December 31, 2023
Balance as of December 31, 2023
Balance as of December 31, 2023
Net income (loss)
Other comprehensive income (loss)
Stock issued under employee benefit plans and other
Stock issued under employee benefit plans and other
Stock issued under employee benefit plans and other
Dividends declared on common stock
Change in noncontrolling interests
Balance as of December 31, 2024

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

years ended December 31 (in millions)	years ended December 31 (in millions) 2023 2022 2021	years ended December 31 (in millions) 2024 2023 2022
Cash flows from operations		
Net income (loss)		
Net income (loss)		
Net income (loss)		
Less: Income from discontinued operations, net of tax		
Loss from continuing operations		
Adjustments to reconcile net income (loss) to cash flows operations:		
Less: Income (loss) from discontinued operations, net of tax		
Income (loss) from continuing operations		
Adjustments to reconcile net income (loss) to cash flows from operations:		
Depreciation and amortization		
Depreciation and amortization		
Depreciation and amortization		
Pension settlement and curtailment (gains) losses		
Net periodic pension and other postretirement costs		

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Deferred income taxes
Stock compensation
Losses on debt extinguishments
Goodwill impairments
Intangible asset impairments
Other long-lived asset impairments
Loss on product divestiture arrangement
Reclassification of cumulative translation loss to earnings
Loss on subsidiary liquidation
Other
Changes in balance sheet items:
Accounts receivable, net
Accounts receivable, net
Accounts receivable, net
Inventories
Prepaid expenses and other current assets
Accounts payable
Accrued expenses and other current liabilities
Other
Cash flows from operations – continuing operations
Cash flows from operations – discontinued operations
Cash flows from operations
Cash flows from investing activities
Capital expenditures
Capital expenditures
Capital expenditures
Acquisitions, net of cash acquired, and investments
Acquisitions of developed technology and investments
Proceeds from sale of marketable equity securities
Other investing activities, net
Cash flows from investing activities - continuing operations
Cash flows from investing activities - discontinued operations
Cash flows from investing activities
Cash flows from financing activities
Issuances of debt
Issuances of debt
Issuances of debt
Increase in short term debt
Increase in short term debt
Increase in short term debt
Repayments of debt
Net (decreases) increases in debt with original maturities of three months or less
Cash dividends on common stock
Proceeds from stock issued under employee benefit plans
Purchases of treasury stock
Debt issuance costs
Other financing activities, net
Other financing activities, net
Other financing activities, net
Cash flows from financing activities
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash

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Increase (decrease) in cash, cash equivalents and restricted cash	
Cash, cash equivalents and restricted cash at beginning of year (1)	
Cash, cash equivalents and restricted cash at end of year (1)	
Less cash and cash equivalents of discontinued operations	
Cash, cash equivalents and restricted cash of continuing operations	

(1) The following table provides a reconciliation of cash, cash equivalents and restricted cash amounts as shown in the consolidated statement of cash flows to the amount reported in the consolidated balance sheet as of December 31, 2023 December 31, 2024, 2022, 2023, and 2021: 2022:

As of December 31 (in millions)	As of December 31 (in millions)	2023	2022	2021	As of December 31 (in millions)	2024	2023	2022
Cash and cash equivalents								
Restricted cash included in prepaid expenses and other current assets								
Cash, cash equivalents and restricted cash								

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Baxter International Inc., through our subsidiaries (collectively, Baxter, we, our or us), provides a broad portfolio of essential healthcare products, including sterile intravenous (IV) solutions; infusion systems, administrative sets; parenteral nutrition therapies; surgical hemostat, sealant and adhesion prevention products; connected care solutions and collaboration tools, including smart bed systems, patient monitoring systems and diagnostic technologies; respiratory health devices; advanced equipment for the surgical space, including surgical video operating room integration technologies, precision positioning devices and other accessories; injectable pharmaceuticals; inhaled anesthesia; anesthetics and drug compounding; chronic and acute dialysis therapies and services, including peritoneal dialysis (PD), hemodialysis (HD), continuous renal replacement therapies (CRRT) and other organ support therapies. compounding services. These products are used by hospitals, kidney dialysis centers, nursing homes, rehabilitation centers, ambulatory surgery centers, doctors' offices, kidney dialysis centers and patients at home under physician supervision. Our global footprint and the critical nature of our products and services play a key role in expanding access to healthcare in emerging and developed countries. Our reportable segments were previously comprised of the following geographic segments related to our legacy Baxter business: Americas (North and South), EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific), and a global segment for our Hillrom Business. In the third quarter of 2023, we completed the implementation of a new operating model intended to simplify and streamline our operations and better align our manufacturing and supply chain to our commercial activities. Under this new operating model, our business is comprised of four segments under this new operating model: three reportable segments: Medical Products and & Therapies, Healthcare Systems & Technologies, and Technologies (formerly referred to as our Hillrom segment), Pharmaceuticals and Kidney Care which are described in Note 18. Our segments were changed during

On August 12, 2024, we entered into an Equity Purchase Agreement (EPA) with certain affiliates of Carlyle Group Inc. (Carlyle) to sell our Kidney Care business. That business, which is now known as Vantive Health LLC (Vantive) is comprised of our former Kidney Care segment and provides chronic and acute dialysis therapies and services, including peritoneal dialysis, hemodialysis, continuous renal replacement therapies, and other organ support therapies. On January 31, 2025, we completed the third quarter sale of 2023 to align with our new operating model and prior period segment disclosures have been revised to reflect the new segment presentation.

In January 2023, we announced our intention to separate our Kidney Care business into to Carlyle for an aggregate purchase price of $3.80 billion in cash, subject to certain closing cash, working capital and debt adjustments. After giving effect to certain adjustments, we received approximately $3.71 billion pre-tax cash proceeds at closing of the transaction with the net after tax proceeds currently estimated to be approximately $3.4 billion, subject to certain post-closing adjustments. We determined that our Kidney Care business met the criteria to be classified as held-for-sale in August 2024, and we also concluded that it met the conditions to be reported as a new, publicly traded company. While we continue to evaluate all strategic options discontinued operation at that time. Accordingly, our Kidney Care business is reported in discontinued operations in the interest accompanying consolidated financial systems, and our prior period results have been adjusted to reflect discontinued operations presentation. See Note 2 for additional information.

Hurricane Helene

In September 2024, Hurricane Helene, which brought significant rain and extensive flooding to Western North Carolina, caused damage to certain of maximizing stockholder value, our assets at our North Cove facility in Marion, N.C. and disrupted operations at that facility. Since then, we continue have actively worked with our customers, regulators and other stakeholders to progress manage inventory and minimize disruption to patient care as we worked towards resuming our current target North Cove manufacturing operations. Our insurance policies generally cover the repair or replacement of July our assets that suffer loss or damage, less applicable deductibles and subject to any coverage limits and exclusions. Our insurance policies also provide coverage for interruption to our business, including lost profits, and reimbursement for other expenses and costs that have been incurred relating to the damages and losses suffered. In 2024, we recorded $110 million of pre-tax net charges related to damages caused by Hurricane Helene. This consisted of $44 million related to the write-off of damaged inventory and fixed assets as well as $317 million of remediation, idle facility, air freight and other costs offset by $251 million of insurance recoveries. These amounts were recorded as a component of cost of sales in the consolidated statement of income (loss) for completion of the proposed spinoff of this business. year ended December 31, 2024.

Risks and Uncertainties

Supply Constraints and Global Economic Conditions

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We In recent years, we have experienced significant challenges to our global supply chain, in recent periods, including production delays and interruptions, increased costs and shortages of raw materials and component parts (including resins and electromechanical devices) and , higher transportation costs, resulting adverse impacts from the pandemic and other exogenous factors including significant weather events (including Hurricane Helene and the flooding of our North Cove facility), elevated inflation levels and interest rates, disruptions to certain ports of call and access to shipping lanes around the world, the war in Ukraine, the conflict in the Middle East (including recent attacks on merchant ships in the Red Sea), tensions between China and Taiwan and other geopolitical events. We expect to continue to experience some of these and other challenges related to our supply chain in future periods. These challenges, including the unavailability of certain raw materials and component parts, have also had a negative impact on our sales for certain product categories due to our inability to fully satisfy demand. While we have seen improvements in the availability of certain component parts and improved pricing of certain raw materials and on transportation costs, some of these challenges have not completely subsided and may continue (such as additional transportation costs resulting from Hurricane Helene as we transfer product across our global network in the interest of increasing the availability of intravenous solutions for our customers while we work to fully remediate our North Cove facility) are expected to have a negative impact on our sales results of operations in the future.

We expect that the challenges caused by global economic conditions, among other factors, may continue to have an adverse effect on our business.

Use of Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires us to make estimates and assumptions that affect the reported amounts and related disclosures in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of Baxter and our majority-owned subsidiaries that we control, after elimination of intra-company balances and transactions.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Revenue Recognition

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Some of our contracts have multiple performance obligations. For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract. Our global payment terms are typically between 30-90 days.

Our primary customers are hospitals, healthcare distribution companies dialysis providers and government agencies that purchase healthcare products on behalf of providers. Most of our performance obligations are satisfied at a point in time. This includes sales of our broad portfolio of essential healthcare products across our business segments. We earn revenues from acute and chronic dialysis therapies; sterile IV solutions; infusion systems and devices; parenteral nutrition therapies; inhaled anesthetics; generic injectable pharmaceuticals; surgical hemostat and sealant products, smart bed systems; patient monitoring and diagnostic technologies; respiratory health devices; and advanced equipment for the surgical space. For most of those offerings, our performance obligation is satisfied upon delivery to the customer. Shipping and handling activities are considered to be fulfillment activities and are not considered to be a separate performance obligation.

To a lesser extent, we enter into arrangements for which revenue may be recognized over time. For example, we lease medical equipment to customers under operating lease arrangements and recognize the related revenues on a monthly basis over the lease term. Our Healthcare Systems and & Technologies segment includes connected care solutions and collaboration tools that are implemented over time. We recognize revenue for these arrangements over time or at a point in time depending on our evaluation of when the customer obtains control of the promised goods or services. We also earn revenue from contract manufacturing activities, which is recognized over time as the services are performed. Revenue is recognized over time when we are creating or enhancing an asset that the customer controls as the asset is created or enhanced or our performance does not create an asset with an alternative use and we have an enforceable right to payment for performance completed.

As of December 31, 2023 December 31, 2024, we had $6.51 billion $5.47 billion of transaction price allocated to remaining performance obligations related to executed contracts with an original duration of more than one year, which are primarily included in the Medical Product and Therapies and Kidney Care segments. Some contracts in the United States included in this amount contain index-dependent price increases, which are not known at this time. We expect to recognize approximately 50% 25% of this amount as revenue in 2024, 25% in 2025, 15% 20% in 2026, 10% 20% in 2027, 35% in 2028 and the remainder thereafter.

Significant Judgments

Revenues from product sales are recorded at the net sales price, which includes estimates of variable consideration, primarily related to rebates and distributor chargebacks. These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are included in accrued expenses and other current liabilities and as reductions of accounts receivable, net on the consolidated balance sheets. Management's estimates take into consideration historical experience, current contractual and statutory requirements, specific known market events and trends, industry data and forecasted customer buying and payment patterns. Overall,

these reserves reflect our best estimates of the amount of consideration to which we are entitled based on the terms of the contract using the expected value method. The amount of variable consideration included in the net sales price is limited to the amount for which it is probable that a significant reversal in revenue will not occur when the related uncertainty is resolved. Revenue recognized in the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022 related to performance obligations satisfied in prior periods was not material. Additionally, our contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately and determining the allocation of the transaction price may require significant judgment.

Practical Expedients

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We apply a practical expedient to expense as incurred costs to obtain a contract with a customer when the amortization period would have been one year or less. We do not disclose the value of the transaction price that is allocated to unsatisfied performance obligations for contracts with an original expected length of less than one year. We have elected to use the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component if it is expected, at contract inception, that the period between when we transfer a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Additionally, all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected from a customer are excluded from revenue.

Accounts Receivable and Allowance for Doubtful Accounts

In the normal course of business, we provide credit to our customers, perform credit evaluations of these customers and maintain reserves for potential credit losses. In determining the amount of the allowance for doubtful accounts, we consider, among other items, historical credit losses, the past-due status of receivables, payment histories, other customer-specific information, current economic conditions and reasonable and supportable future forecasts. Receivables are written off when we determine that they are uncollectible.

Shipping and Handling Costs

Shipping costs incurred to physically move product from our premises to the customer's premises are classified as selling, general and administrative (SG&A) expenses. Handling costs, which are costs incurred to store, move and prepare products for shipment, are classified as cost of sales. Approximately $455 million $382 million in 2024, $358 million in 2023 $493 million and $388 million in 2022 and $380 million in 2021 of shipping costs were classified in SG&A expenses.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash, certificates of deposit and money market and other short-term funds with original maturities of three months or less. Restricted cash represents cash balances restricted as to withdrawal or use and are included in prepaid expenses and other current assets on the consolidated balance sheets.

Inventories

Inventories are stated at the lower of cost or net realizable value determined by the first-in, first-out method. We review inventories on hand at least quarterly and record provisions for estimated excess, slow-moving and obsolete inventory, as well as inventory with a carrying value in excess of net realizable value.

Property, Plant and Equipment, Net

Property, plant and equipment are stated at cost. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the related assets, which range from 20 to 50 years for buildings and improvements and from 3 to 15 years for machinery and equipment. Leasehold improvements are amortized over the life of the related facility lease (including any renewal periods, if appropriate) or the asset, whichever is shorter. We capitalize certain computer software and software development costs incurred in connection with developing or obtaining software for internal use. Capitalized software costs are included within machinery and equipment and are amortized on a straight-line basis over the estimated useful lives of the software, which generally range from three to five years.

Research and Development

Research and development (R&D) costs, including R&D acquired in transactions that are not business combinations, are expensed as incurred. Pre-regulatory approval contingent milestone obligations to counterparties in collaborative arrangements, which include acquired R&D, are expensed when the milestone is probable to be achieved. Contingent milestone payments made to such counterparties on or after regulatory approval are capitalized and amortized over the remaining useful life of the related product. Amounts capitalized for such payments are included in other intangible assets, net.

Acquired in-process R&D (IPR&D) is the value assigned to technology or products under development acquired in a business combination which have not received regulatory approval and have no alternative future use. Acquired IPR&D is capitalized as an indefinite-lived intangible asset. Development costs incurred after the acquisition are expensed as incurred. Upon receipt of regulatory approval of the related technology or product, the indefinite-lived intangible asset is accounted for as a finite-lived intangible asset and amortized on a straight-line basis over the estimated economic life of the related technology or product, subject to annual impairment reviews as discussed below. If the R&D project is abandoned, the indefinite-lived asset is charged to expense.

Collaborative Arrangements

We periodically enter into collaborative arrangements in the normal course of business. These collaborative arrangements take a number of forms and structures and are designed to enhance and expedite long-term sales and profitability growth. These arrangements may provide for us to obtain commercialization rights to a product under development, and require us to make upfront payments, contingent milestone payments, profit-sharing, and/or royalty payments. We may be responsible for ongoing costs associated with the arrangements, including R&D cost reimbursements to the counterparty. See the Research and Development section of this note regarding the accounting treatment of upfront and contingent milestone payments. Any royalty and profit-sharing payments during the commercialization phase are expensed as cost of sales when they become due and payable.

Restructuring Charges

We record liabilities for costs associated with exit or disposal activities in the period in which the liability is incurred. Employee termination costs are primarily recorded when actions are probable and estimable. Costs for one-time termination benefits in which the employee is required to render service until termination in order to receive the benefits are recognized ratably over the future service period. Refer to the discussion below regarding the accounting for asset impairment charges.

Goodwill, Intangible Assets and Other Long-Lived Assets

Goodwill is initially measured as the excess of the purchase price over the fair value (or other measurement attribute required by U.S. GAAP) of acquired assets and liabilities in a business combination. Goodwill is not amortized but is subject to Management performs an impairment review annually and test in the fourth quarter of each year, or whenever

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indicators events or changes in circumstances indicate that the fair value of impairment exist. the reporting unit is more likely than not below its carrying amount. We have the option to assess goodwill for impairment by initially performing a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. If we determine that it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then the quantitative goodwill impairment test is not required to be performed. If we determine that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, or if we do not elect the option to perform an initial qualitative assessment, we perform a quantitative goodwill impairment test. In the quantitative impairment test, we calculate the estimated fair value of the reporting unit. If the carrying amount of the reporting unit exceeds the estimated fair value, an impairment charge is recorded for the amount that its carrying amount, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. In a quantitative goodwill impairment test, the fair values of our reporting units are generally determined based on a discounted cash flow model (an income approach) and earnings multiples (a market approach). Significant assumptions in reporting unit fair value measurements generally include revenue growth rates, forecasted cash flows, earnings before interest, taxes, depreciation and amortization (EBITDA) margins, discount rates, terminal growth rates and earnings multiples. Each of those assumptions can significantly affect the fair values of our reporting units.

Indefinite-lived intangible assets, such as IPR&D acquired in business combinations and certain trade names with indefinite lives, are subject to an impairment review annually in the fourth quarter and whenever indicators of impairment exist. We have the option to assess indefinite-lived intangible assets for impairment by first performing qualitative assessments to determine whether it is more-likely-than-not that the fair values of the indefinite-lived intangible assets are less than the carrying amounts. If we determine that it is more-likely-than-not that an indefinite-lived intangible asset is impaired, or if we elect not to perform an initial qualitative assessment, we then perform the quantitative impairment test by comparing the fair value of the indefinite-lived intangible asset with its carrying amount. If the carrying amount exceeds the fair value of the indefinite-lived intangible asset, we write the carrying amount down to the fair value.

We review the carrying amounts of long-lived assets used in operations, other than goodwill and intangible assets not subject to amortization, for potential impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In evaluating recoverability, we group assets and liabilities at the lowest level such that the identifiable cash flows relating to the group are largely independent of the cash flows of other assets and liabilities. We then compare the carrying amounts of the assets or asset groups with the related estimated undiscounted future cash flows. In the event an asset (or asset group) is not recoverable, an impairment charge is recorded as the amount by which the carrying amount of the asset (or asset group) exceeds its fair value.

Long-lived assets are classified as held for sale when certain criteria are met, including when management has committed to sell the asset, the asset is available for sale in its present condition and the sale is probable of being completed within one year of the balance sheet date. Assets held for sale are no longer depreciated or amortized and they are reported at the lower of their carrying amount or fair value less cost to sell.

See Notes 4 3 and 5 for further information about impairments of goodwill and other long-lived intangible assets recognized in the accompanying consolidated financial statements.

Investments in Debt and Equity Securities

Investments in debt securities classified as available-for-sale are measured at fair value with changes in fair value reported in other comprehensive (loss) income (OCI). Investments in marketable equity securities are classified as other non-current assets and are measured at fair value with gains and losses recognized in other (income) expense, net. We have elected to apply the measurement alternative to equity securities without readily determinable fair values. As such, our non-marketable equity securities are measured at cost, less any impairment, and are adjusted for changes in fair value resulting from observable transactions for identical or similar investments of the same issuer. Gains and losses on non-marketable equity securities are also recognized in other (income) expense, net. Noncontrolling investments in common stock or in-substance common stock are accounted for under the equity method if we have the ability to exercise significant influence over the operating and financial policies of the investee. We review our investments in debt and equity securities for impairment and adjust impaired investments to fair value through earnings, as required.

Income Taxes

Deferred taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting based on enacted tax laws and rates. We maintain valuation allowances unless it is more-likely-than-not that the deferred tax asset will be realized. With respect to uncertain tax positions, we determine whether the position is more-likely-than-not to be sustained upon examination based on the technical merits of the position. Any tax position that meets the more-likely-than-not recognition threshold is measured and recognized in the consolidated financial statements at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The liability relating to uncertain tax positions is classified as current in the consolidated balance sheets to the extent that we anticipate making a payment within one year. Interest and penalties associated with income taxes are classified in the income tax expense (benefit) line in the consolidated statements of income (loss).

Foreign Currency Translation

Cumulative translation adjustments (CTA) related to foreign operations are included in OCI. For foreign operations in highly inflationary economies, translation gains and losses are included in other (income) expense, net, and were not material in 2024, 2023 2022 and 2021. 2022.

Derivatives and Hedging Activities

Derivative instruments are recognized as either assets or liabilities at fair value in the consolidated balance sheets and are classified as short-term or long-term based on the scheduled maturity of the instrument. We designate certain of our derivatives and foreign-currency denominated debt as hedging instruments in cash flow, fair value or net investment hedges.

For each derivative instrument that is designated and effective as a cash flow hedge, the gain or loss on the derivative is recorded in OCI and then recognized in earnings consistent with the underlying hedged item. Option premiums or net premiums paid are initially recorded as assets and reclassified to OCI over the life of the option, AOCI and then recognized in earnings consistent with the underlying hedged item. Cash flow hedges are classified in cost of sales and interest expense, net, and are primarily related to forecasted intra-company sales denominated in foreign currencies and forecasted interest payments on anticipated issuances of debt, respectively.

For each derivative instrument that is designated and effective as a fair value hedge, the gain or loss on the derivative is recognized immediately to earnings, and offsets changes in fair value attributable to a particular risk, such as changes in interest rates, of the hedged item, which are also recognized in earnings. Changes in the fair value of hedge instruments designated as fair value hedges are classified in interest expense, net, as they hedge the interest rate risk associated with certain of our fixed-rate debt.

We have designated certain of our Euro-denominated senior notes as hedges of our net investment in our European operations and, as a result, mark to spot rate adjustments on the outstanding debt balances are recorded as a component of AOCI.

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For derivative instruments that are not designated as hedges, the change in fair value is recorded directly to other (income) expense, net.

If it is determined that a derivative or nonderivative hedging instrument is no longer highly effective as a hedge, we discontinue hedge accounting prospectively. Gains or losses relating to terminations of effective cash flow hedges generally continue to be deferred and are recognized consistent with the loss or income recognition of the underlying hedged items. However, if it is probable that the hedged forecasted transactions will not occur, any gains or losses would be immediately reclassified from accumulated other comprehensive income (loss) (AOCI) AOCI to earnings. If we terminate a fair value hedge, an amount equal to the cumulative fair value adjustment to the hedged item at the date of termination is amortized to earnings over the remaining term of the hedged item. If we remove a net investment hedge designation, any gains gain or losses loss recognized in AOCI are not reclassified to earnings until we sell, liquidate, or deconsolidate the foreign investments that were being hedged.

Cash flows related to the settlement of derivative instruments designated as net investment hedges of foreign operations are classified in the consolidated statements of cash flows within investing activities. Cash flows for all other derivatives, including those that are not designated as a hedge, are classified in the same line item as the cash flows of the related hedged item, which is generally within operating activities.

New Accounting Standards

Recently issued accounting standards not yet adopted

In November 2023, 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Segment 2024-03, Income Statement - Reporting (Topic 280) Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Improvements to Reportable Segment Disclosures, Disaggregation of Income Statement Expenses, which requires enhanced disclosures about segment disaggregated disclosure of certain expenses on an interim and annual and interim basis. basis in the notes to the financial statements. This standard is effective for our annual consolidated financial statements for the year ending December 31, 2024 December 31, 2027 and for interim periods beginning in 2025. 2028. We are currently evaluating the impact of this new standard on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvement to Income Tax Disclosures, which requires (1) disclosure of specific categories in the rate reconciliation and (2) additional information for reconciling items that meet a quantitative threshold. Additionally, the amendment requires disclosure of certain disaggregated information about income taxes paid, income from continuing operations before income tax expense (benefit) and income tax expense (benefit). The standard is effective for our annual consolidated financial statements for the year ending December 31, 2025. We are currently evaluating the impact of this standard on our consolidated financial statements.

In June 2022,*Recently adopted accounting pronouncements*

As of January 1, 2024, we adopted ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires enhanced disclosures about segment expenses on an annual and interim basis. This standard became effective for our annual consolidated financial statements for the FASB issued year ended December 31, 2024 and for interim periods beginning in 2025. See Note 18 for further information on our segment disclosures.

As of January 2024, we adopted ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sales Restrictions, which (1) clarifies the guidance in Topic 820 on the fair value measurement of an equity security that is subject to contractual restrictions that prohibit the sale of an equity security and (2) requires specific disclosures related to such an equity security. The standard is became effective for our annual consolidated financial statements for the year ending ended December 31, 2024 and for interim periods beginning in 2025. The impact of the adoption of this ASU is did not expected to have a material effect on our consolidated financial statements.

Recently adopted accounting pronouncements

As of January 1, 2022, we adopted ASU 2021-05, Leases (Topic 842), which requires a lessor to classify a lease with variable lease payments (that do not depend on an index or rate) as an operating lease if (1) the lease would have been classified as a sales-type or direct financing lease, and (2) the lessor would have recognized a selling loss at lease commencement. These changes are intended to avoid recognizing a day-one loss for a lease with variable payments even though the lessor expects the arrangement will be profitable overall. The adoption of this ASU did not have a material impact on our consolidated financial statements.
In the fourth quarter of 2021, we adopted ASU 2021-08, Business Combinations - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. This ASU requires an entity to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606 (Revenue from Contracts with Customers). This ASU is expected to reduce diversity in practice and increase comparability for both the recognition and measurement of acquired revenue contracts with customers at the date of and after a business combination. In accordance with this ASU we recognized contract liabilities of $142 million as part of the Hillrom acquisition in December 2021. We did not acquire contract assets or liabilities in connection with other acquisitions completed since the adoption of this ASU.

NOTE 2
DISCONTINUED OPERATIONS

A component of an entity is reported in discontinued operations after meeting the criteria for held-for-sale classification if the disposition represents a strategic shift that has (or will have) a major effect on the entity's operations and financial results. The consolidated financial statements reflect discontinued operations for two strategic actions, as described below.

Discontinued Operations - Kidney Care

On August 12, 2024, we entered into an EPA to sell our Kidney Care business, subject to receipt of customary regulatory approvals and satisfaction of other closing conditions. That business, which is comprised of our former Kidney Care segment, provides chronic and acute dialysis therapies and services, including peritoneal dialysis, hemodialysis, continuous renal replacement therapies, and other organ support therapies. On January 31, 2025, we completed the sale of our Kidney Care business to Carlyle for an aggregate purchase price of $3.80 billion in cash, subject to certain closing cash, working capital and debt adjustments. After giving effect to certain adjustments, we received approximately $3.71 billion pre-tax cash proceeds at closing of the transaction with the net after tax proceeds currently estimated to be approximately $3.4 billion, subject to certain post-closing adjustments.

We concluded that our Kidney Care business met the criteria to be classified as held-for-sale in August 2024. We analyzed the quantitative and qualitative factors relevant to the sale of our Kidney Care business, including its significance to our overall net income (loss), earnings (loss) per share, and net assets, and determined that those conditions for

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discontinued operations presentation had been met. As such, the financial position, results of operations and cash flows of that business are reported as discontinued operations in the accompanying consolidated financial statements. Prior period amounts have been adjusted to reflect discontinued operations presentation. The fair value and carrying value of assets held for sale are evaluated each period and a loss on sale is recognized when the fair value less costs to sell are below the carrying value. There has been no loss on sale recognized for the period ending December 31, 2024. We will recognize a gain or loss upon disposition of the business depending on the carrying value at that date, including any tax impacts of the sale, which may be material.

Upon closing of the sale of the Kidney Care business, Baxter and Vantive entered into several agreements, including a Manufacturing and Supply Agreement (Kidney Care MSA), a long-term Master Services Agreement, a Distribution Agreement, a Transition Services Agreement (Kidney Care TSA), and an Intellectual Property Agreement. Pursuant to the Kidney Care MSA, Baxter and the Kidney Care divested entities will provide each other with certain dialysis-related products, other products, product components and fulfillment services for a period up to 10 years post-closing (with certain extension rights as provided therein). Pursuant to the Kidney Care TSA, Baxter and the entities that will be divested in connection with the Kidney Care sale (the Kidney Care divested entities) will provide each other, on an interim basis, certain transitional services for up to 30 months post-closing (with certain extension rights as provided therein) to help ensure business continuity and help minimize disruptions to the entities' operations post-closing. Services to be provided under the Kidney Care TSA include information technology applications and support, supply chain and certain other corporate and administrative services. Pursuant to the EPA, Baxter will retain (i) the manufacture and sale of saline solutions and (ii) the plastics operations of Baxter and its subsidiaries at its Mountain Home, Arkansas facility, which is not part of the Kidney Care segment.

Discontinued Operations - BioPharma Solutions

On September 29, 2023, we sold our BPS business to Advent International and Warburg Pincus (collectively, the buyers). Under the terms of the related Equity Purchase agreement entered into with the buyers in May 2023, we were entitled to aggregate consideration of $4.25 billion, subject to adjustment for specified items. After giving effect to those adjustments, we received cash proceeds of $3.96 billion. We recognized a pre-tax gain on the sale of $2.88 billion ($2.59 billion net of tax), which represents the excess of (a) the $3.91 billion in net consideration received, consisting of (i) $3.96 billion in cash proceeds from the buyers, less (ii) $47 million in transaction costs, over (b) the sum of (i) the $840 million net book value of the BPS business upon the closing of the transaction and (ii) BPS's $181 million other comprehensive loss, which was reclassified to earnings.

The BPS business, which was historically reported within our former Americas segment, provided contract manufacturing and development services, which include sterile fill-finish manufacturing and support services across clinical and commercial applications, primarily serving customers in the pharmaceutical industry. BPS was historically operated through our former, wholly-owned subsidiaries Baxter Pharmaceutical Solutions LLC, a Delaware limited liability company, and Baxter Oncology GmbH, a German limited liability company (collectively, the divested entities).

We concluded that our BPS business met the criteria to be classified as held-for-sale in May 2023. A component of an entity is reported in discontinued operations after meeting the criteria for held-for-sale classification if the disposition represents a strategic shift that has (or will have) a major effect on the entity's operations and financial results. We analyzed the quantitative and qualitative factors relevant to the divestiture of our BPS business, including its significance to our overall net income (loss) and earnings (loss) per share, and determined that those conditions for discontinued operations presentation had been met. As such, the financial position, results of operations and cash flows of that business, including our gain from the sale of that business and the related cash proceeds received, are reported as discontinued operations in the accompanying consolidated financial statements. Prior period amounts have been adjusted to reflect discontinued operations presentation.

At closing of the transaction, Baxter Pharmaceutical Solutions LLC included a BPS manufacturing facility in Bloomington Indiana and Baxter Oncology GmbH included a manufacturing facility in Halle Germany. Previously, Baxter Oncology GmbH included an additional manufacturing site in Bielefeld Germany that was not part of the BPS business and was transferred to another Baxter entity prior to closing of the divestiture. Accordingly, amounts related to the Bielefeld site continue to be presented as continuing operations in the accompanying consolidated financial statements.

At closing of the transaction, Baxter entered into a Transition Services Agreement (TSA) (BPS TSA) and a Master Commercial Manufacturing and Supply Agreement (MSA) (BPS MSA) with the divested entities. Pursuant to the BPS TSA, Baxter and the divested entities will provide to each other, on an interim basis, specific transition services for up to 24 months post-closing to help ensure business continuity and minimize disruptions. Services to be provided under the BPS TSA include finance, information technology, human resources, integrated supply chain and certain other administrative services. Pursuant to the BPS MSA, the divested entities will provide development, manufacturing, regulatory and other related services for certain Baxter pharmaceutical products for up to 5 years post-closing (with certain extension rights as provided therein).

Results of Discontinued Operations and Assets and Liabilities of Discontinued Operations

The following table summarizes the major classes of line items included in income (loss) from discontinued operations, net of tax, for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021: 2022:

	Kidney Care				BioPharma Solutions				Total			
					Year Ended December 31,							
(in millions)	(in millions)	2023	2022	2021	(in millions)	2024	2023	2022	2024	2023	2022	2024	2023	2022
Net sales														
Cost of sales														
Gross margin														
Selling, general and administrative expenses														
Research and development expenses														
Goodwill impairments														
Other operating expense (income), net														
Operating income (loss)														
Interest expense, net														

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Other (income) expense, net
Income from discontinued operations before gain on disposition and income taxes
Income (loss) from discontinued operations before gain on disposition and income taxes
Gain on disposition
Income tax expense
Income from discontinued operations, net of tax
Income tax expense (benefit)
Income (loss) from discontinued operations, net of tax
Less: Net income attributable to noncontrolling interest included in discontinued operations
Net income (loss) attributable to Baxter stockholders included in discontinued operations

For the years year ended December 31, 2023 and 2022, December 31, 2024, SG&A expenses include $17 $261 million of separation-related costs incurred in connection with the sale of our Kidney Care business. For the year ended December 31, 2023, SG&A expenses include $196 million and $5 $17 million, respectively, of separation-related costs incurred in connection with the sale of BPS. our Kidney Care business and the sale of BPS, respectively.

The following table summarizes the carrying amounts of the major classes of assets and liabilities classified as discontinued operations in the consolidated balance sheets as of December 31, 2022: December 31, 2024 and 2023:

as of December 31 (in millions)	2022
Accounts receivable, net of allowances	$ 88
Inventories	39
Prepaid expenses and other current assets	59
Property, plant and equipment, net	284
Goodwill	391
Operating lease right-of-use assets	9
Other non-current assets	2
Assets of discontinued operations	$ 872
Accounts payable	$ 29
Accrued expenses and other current liabilities	32
Operating lease liabilities	9
Other non-current liabilities	111
Liabilities of discontinued operations	$ 181

as of December 31 (in millions)	2024	2023
Cash and cash equivalents	$ 648	$ 116
Accounts receivable, net of allowances	942	971
Inventories	821	906
Prepaid expenses and other current assets	200	186
Current assets of discontinued operations	2,611	2,179
Property, plant and equipment, net	1,516	1,562
Goodwill	265	721
Other intangible assets, net	148	161
Operating lease right-of-use assets	204	188
Other non-current assets	367	317
Non-current assets of discontinued operations	2,500	2,949
Assets of discontinued operations	$ 5,111	$ 5,128
Current maturities of finance lease obligations	$ 1	$ 1
Accounts payable	344	360
Accrued expenses and other current liabilities	585	679
Current liabilities of discontinued operations	930	1,040

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Long-term finance lease obligations, less current portion	37	41
Operating lease liabilities	173	173
Other non-current liabilities	344	337
Non-current liabilities of discontinued operations	554	551
Liabilities of discontinued operations	$ 1,484	$ 1,591

NOTE 3

ACQUISITIONS AND OTHER ARRANGEMENTS

Results of operations of acquired businesses are included in our results of operations beginning as of the respective acquisition dates. The purchase price of each acquisition is allocated to the net assets acquired based on estimates of their fair values (or other measurement attribute required under U.S. GAAP) at the date of the acquisition. Any purchase price in excess of these net assets is recorded as goodwill.

Contingent consideration related to business combinations is recognized at its estimated fair value on the acquisition date. Subsequent changes to the fair value of those contingent consideration arrangements are recognized in earnings. Contingent consideration related to business acquisitions may consist of development, regulatory and commercial milestone payments, and sales or earnings-based payments, and are valued using discounted cash flow techniques. The fair value of development, regulatory and commercial milestone payments reflects management's expectations of the probability of payment, and increases or decreases as the probability of payment or expectation of timing or amount of payments changes. The fair value of sales-based payments is based upon probability-weighted future revenue estimates and increases or decreases as revenue estimates or expectation of timing or amount of payments changes.

Hillrom

On December 13, 2021, In 2021, we completed our acquisition of all outstanding equity interests of Hillrom for a purchase price of $10.48 billion. Including the assumption of Hillrom's outstanding debt obligations, the enterprise value of the transaction was approximately $12.84 billion. Under the terms of the transaction agreement, Hillrom shareholders received $156.00 in cash per each outstanding Hillrom common share.

$10.48 billion. Hillrom was a global medical technology leader whose products and services help enable earlier diagnosis and treatment, optimize surgical efficiency, and accelerate patient recovery while simplifying clinical communication and shifting care closer to home. Hillrom made those outcomes possible through digital and connected care solutions and collaboration tools, including smart bed systems, patient monitoring and diagnostic technologies, respiratory health devices, advanced equipment for the surgical space and more, delivering actionable, real-time insights at the point of care.

Impairment of Goodwill from Our Hillrom Acquisition

During 2024, we recorded a $425 million goodwill impairment related to our Front Line Care reporting unit within our Healthcare Systems & Technologies segment. Refer to Note 5 for additional information regarding this goodwill impairment.

During the third quarter of 2022, we performed trigger-based impairment tests of the goodwill of each of the reporting units within our Hillrom segment (currently referred to as our Healthcare Systems & Technologies segment), as well as the indefinite-lived intangible assets, consisting primarily of trade names, that we acquired in connection with the Hillrom acquisition. We performed those tests as of September 30, 2022 due to (a) macroeconomic conditions, including the rising interest rate environment and broad declines in equity valuations, and (b) reduced earnings forecasts for our Hillrom reporting units, driven primarily by shortages of certain component parts used in our products, raw materials inflation and increased supply chain costs. Those impairment tests resulted in total pre-tax goodwill impairment charges of $2.79 billion in the third quarter of 2022. In connection with our annual goodwill impairment assessment in the fourth quarter of 2022, we performed quantitative impairment tests for all of our reporting units and recorded an additional $27 million goodwill impairment related to our Hillrom segment. No goodwill impairments were recorded for our remaining reporting units in connection with our annual goodwill impairment tests because the fair values of those reporting units exceeded their carrying amounts

The following table summarizes fair values of the reporting units tested for impairment during 2022 were determined based on a discounted cash flow model (an income approach) and earnings multiples (a market approach) based on the guideline public company method. Significant assumptions used in the determination of the fair values of our reporting units generally include forecasted cash flows, discount rates, terminal growth rates and earnings multiples. The discounted cash flow models used to determine the fair values of our reporting units during 2022 reflected our most recent cash flow projections, discount rates ranging from 9% to 10% and terminal growth rates ranging from 2% to 3%. Our reporting unit fair value measurements are classified as Level 3 in the fair value hierarchy because they involve significant unobservable inputs.

Impairment of Indefinite-Lived Intangible Assets from Our Hillrom Acquisition

In addition to the goodwill impairments discussed above, we recognized pre-tax impairment charges of $332 million in the third quarter of 2022 to reduce the carrying amounts of certain indefinite-lived intangible assets, which primarily related to the Hillrom and Welch Allyn trade names acquired in the Hillrom acquisition, to their estimated fair values. Those intangible asset impairment charges are classified within cost of sales in the accompanying consolidated statements of income (loss) for the year ended December 31, 2022.

The fair values of the trade name intangible assets were determined using the relief from royalty method. Significant assumptions used in the determination of the fair value of the total consideration paid:

(in millions)

Cash consideration paid to Hillrom shareholders[(a)]	$	10,474
Fair value trade name intangible assets included revenue growth rates, terminal growth rates, discount rates and royalty rates. The relief from royalty models used in the determination of equity awards issued to Hillrom equity award holders[(b)]		2
Total Consideration	$	10,476

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(a) Represents cash consideration transferred of $156.00 per outstanding Hillrom common share to existing shareholders and holders of equity awards that vested at closing pursuant to their original terms.

(b) Represents the pre-acquisition service portion of the fair value of 668 thousand replacement restricted stock units issued to Hillrom equity award holders at closing.

The valuation of assets acquired and liabilities assumed was finalized during the fourth quarter of 2022. The following table summarizes the fair values of our trade name intangible assets during 2022 reflected our most recent revenue projections, a discount rate of 9.5%, royalty rates ranging from 3% to 5% and terminal growth rates ranging from 2% to 3%. Our trade name intangible asset fair value measurements are classified as Level 3 in the assets acquired and liabilities assumed as of the acquisition date:

(in millions)		
Assets acquired and liabilities assumed		
Cash and cash equivalents	$	399
Accounts receivable		561
Inventories		559
Prepaid expenses and other current assets		49
Property, plant and equipment		506
Goodwill		6,834
Other intangible assets		6,029
Operating lease right-of-use assets		74
Other non-current assets		133
Short-term debt		(250)
Accounts payable		(140)
Accrued expenses and other current liabilities		(578)
Long-term debt and finance lease obligations		(2,118)
Operating lease liabilities		(57)
Other non-current liabilities		(1,525)
Total assets acquired and liabilities assumed	$	10,476

fair value hierarchy because they involve significant unobservable inputs.

In the fourth quarter of 2022, we finalized our valuation recognized an impairment charge of the acquisition date assets acquired and liabilities assumed. The measurement period adjustments recorded in 2022 primarily impacted accounts receivable, property plant and equipment, other $12 million related to developed-technology intangible assets accrued expenses and other current liabilities and deferred income tax liabilities. Individually, due to declines in market expectations for the measurement period adjustments were not material and in total increased goodwill by $49 million. The measurement period adjustments did not have a significant impact on our results of operations. We allocated $804 million of the total consideration to developed technology with a weighted-average useful life of 5 years, $1.91 billion to trade names with an indefinite useful life, $62 million to trade names with a weighted-average useful life of 7 years, $3.19 billion to customer relationships with a weighted-average useful life of 15 years and $30 million to IPR&D that is considered an indefinite lived intangible asset. related products. The fair values of the intangible assets were determined measured using a discounted cash flow approach and the charge is classified within cost of sales in the accompanying consolidated statements of income approach. We used a discount rate of 8.5% to value (loss) for the developed technology, trade names and customer relationships and 9.0% to value the IPR&D. year ended December 31, 2022. We consider the fair value values of the intangible assets to be Level 3 measurements due to the significant estimates and assumptions, used by management in establishing the estimated fair value. We also recognized $1.33 billion of deferred income tax liabilities in connection with the acquisition.

The goodwill, which is not deductible for tax purposes, includes the value of an assembled workforce as well as the overall strategic benefits provided to our product portfolio and is included in the Healthcare Systems and Technologies segment.

See Note 5 for additional information about the impairments recognized in the second half of 2022 related to goodwill and certain intangible assets acquired in the Hillrom acquisition.

The results of operations of the acquired business have been included in our consolidated statement of income (loss) since the date the business was acquired. The Hillrom acquisition contributed $212 million of net sales and a $96 million of pretax loss for the year ended December 31, 2021. Significant drivers of the acquired business's pretax loss for 2021, which reflects the period from the December 13, 2021 acquisition date through year-end, included intangible asset amortization expense, incremental cost of sales from fair value step-ups on acquired inventory, acquisition-related expenses and interest expense on the borrowings used to finance the acquisition.

For the year ended December 31, 2023, including forecasted future cash flows, that we incurred $19 million of integration-related costs related to the Hillrom acquisition. For the year ended December 31, 2022, we incurred $93 million of integration-related costs and $159 million of incremental cost of sales from the fair value step-ups on acquired Hillrom inventory that was sold in 2022.

We also incurred $85 million of restructuring charges in 2022 related to our integration of Hillrom. See Note 12 for additional information about our restructuring activities. For the year ended December 31, 2021, we incurred $139 million of acquisition and integration-related costs, $48 million of bridge facility fees and other pre-acquisition financing costs and $42 million of incremental cost of sales from the fair value step-ups on acquired Hillrom inventory that was sold in 2021. See Note 6 for additional information about financing arrangements related to the Hillrom acquisition.

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The following table presents the unaudited pro forma combined results of Baxter and Hillrom for the year ended December 31, 2021 as if the acquisition of Hillrom had occurred on January 1, 2020:

year ended December 31 (in millions)		2021
Net sales	$	15,574
Net income attributable to Baxter stockholders		962

The acquisition has been accounted for in the unaudited pro forma combined financial information using the acquisition method of accounting with Baxter as the acquirer. In order to reflect the occurrence of the acquisition as if it occurred on January 1, 2020 as required, the unaudited pro forma combined financial information includes adjustments to reflect incremental depreciation and amortization expense based on the current preliminary fair values of the identifiable tangible and intangible assets acquired, additional interest expense associated with the issuance of debt to finance the acquisition, nonrecurring costs directly attributable to the acquisition and the income tax effects of the pro forma adjustments. The unaudited pro forma combined financial information is not necessarily indicative of what the consolidated results of operations would have been had the acquisition been completed on January 1, 2020. In addition, the unaudited pro forma combined financial information is not a projection of future results of operations of the combined company nor does it reflect the expected realization of any potential synergies or cost savings associated with the acquisition.

PerClot

On July 29, 2021, we acquired certain assets related to PerClot Polysaccharide Hemostatic System (PerClot), including distribution rights for the U.S. and specified territories outside of the U.S., from CryoLife, Inc. for an upfront purchase price of $25 million and the potential for additional cash consideration of up to $36 million, which had an acquisition-date fair value of $28 million, based upon regulatory and commercial milestones. PerClot is an absorbable powder hemostat indicated for use in surgical procedures, including cardiac, vascular, orthopedic, spinal, neurological, gynecological, ENT and trauma surgery as an adjunct hemostat when control of bleeding from capillary, venous, or arteriolar vessels by pressure, ligature, and other conventional means is either ineffective or impractical. PerClot is approved for distribution in the European Union and other markets and was submitted for Pre-Market Approval for distribution in the U.S. in the fourth quarter of 2021, for which approval was subsequently received in May 2023. We concluded that the acquired assets met the definition of a business and accounted for the transaction as a business combination using the acquisition method of accounting. The fair values of the potential contingent consideration payments were estimated by applying probability-weighted expected payment models and are Level 3 fair value measurements due to the significant estimates and assumptions used by management in establishing the estimated fair values.

The following table summarizes the fair value of the consideration transferred:

(in millions)		
Cash	$	25
Contingent Consideration		28
Total Consideration	$	53

The following table summarizes the fair value of the assets acquired as of the acquisition date:

(in millions)		
Assets acquired		
Goodwill	$	4
Other intangible assets		49
Total assets acquired	$	53

The results of operations of the acquired business have been included in our consolidated statement of income (loss) since the date the business was acquired and were not material for the year ended December 31, 2021.

We allocated $39 million of the total consideration to an IPR&D asset with an indefinite useful life, $9 million to the approved PerClot developed product rights with an estimated useful life of 10 years and $1 million to customer relationships with an estimated useful life of 10 years. The fair values of the intangible assets were determined using the income approach. The discount rates used to measure the intangible assets were 18.7% for IPR&D, 16.0% for developed product rights and 15.0% for customer relationships. We consider the fair values of the intangible assets to be Level 3 measurements due to the significant estimates and assumptions used by management in establishing the estimated fair values.

The goodwill, which is deductible for tax purposes, includes the value of overall strategic benefits provided to our surgical portfolio of hemostats and sealants and is included in the Medical Products and Therapies segment.

Transderm Scop

On March 31, 2021, we acquired the rights to Transderm Scop (TDS) for the U.S. and specified territories outside of the U.S. from subsidiaries of GlaxoSmithKline for an upfront purchase price of $60 million including the cost of acquired inventory and the potential for additional cash consideration of $30 million, which had an acquisition-date fair value of $24 million, based upon regulatory approval of a new contract manufacturer by a specified date. We previously sold this product under a distribution license to the U.S. institutional market. TDS is indicated for post-operative nausea and vomiting in the U.S. and motion sickness in European markets. We concluded that the acquired assets met the definition of a business and accounted for the transaction as a business combination using the acquisition method of accounting. The fair value of the potential contingent consideration payment was estimated by applying a probability-weighted expected payment model and is a Level 3 fair value measurement due to the significant estimates and assumptions used by management in establishing the estimated fair value.

The following table summarizes the fair value of the consideration transferred:

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(in millions)		
Cash	$	60
Contingent Consideration		24
Total Consideration	$	84

The following table summarizes the fair value of the assets acquired as of the acquisition date:

(in millions)		
Assets acquired		
Inventory	$	16
Goodwill		1
Other intangible assets		67
Total assets acquired	$	84

The results of operations of the acquired business have been included in our consolidated statement of income (loss) since the date the business was acquired and were not material for the year ended December 31, 2021.

We allocated $64 million of the total consideration to the TDS developed product rights with an estimated useful life of 9 years and $3 million to customer relationships with an estimated useful life of 7 years. The fair values of the intangible assets were determined using the income approach. The discount rates used to measure the intangible assets were 22.5% for developed product rights and 15.5% for customer relationships. We consider the fair values of the intangible assets to be Level 3 measurements due to the significant estimates and assumptions used by management in establishing the estimated fair values.

Other

Total consideration transferred for other acquisitions totaled $32 million and $21 million in 2022 and 2021, respectively, and primarily resulted in the recognition of goodwill and other intangible assets. These acquisitions did not materially affect our results of operations.

Except for Hillrom, we have not presented pro forma financial information for any of the 2023, 2022 or 2021 acquisitions because their results are not material to our consolidated financial statements.

Other Business Development Activities

Zosyn

In March 2022, we entered into an agreement with a subsidiary of Pfizer Inc. to acquire the rights to Zosyn, a premixed frozen piperacillin-tazobactam product, in the U.S. and Canada. Zosyn is used for the treatment of intra-abdominal infections, nosocomial pneumonia, skin and skin structure infections, female pelvic infections and community-acquired pneumonia. Under the terms of the acquisition, we paid the acquisition price of $122 million and received specified intellectual property, including patent rights, in the first quarter of 2022 and received additional intellectual property, including the product rights to Zosyn, in the first quarter of 2023. Under the arrangement, we received profit sharing payments from sales of Zosyn until the product rights transferred to us in April 2023. The related profit sharing payments that were earned during 2023 and 2022 were not material.

The transaction has been accounted for as an asset acquisition, as substantially all of the fair value of the assets acquired under the arrangement was concentrated in the product rights that we received, which we classify as a developed technology intangible asset. Accordingly, the $122 million purchase price was primarily allocated to the developed technology intangible asset class and is being amortized over an estimated useful life of 9 years.

Celerity Pharmaceuticals, LLC

In September 2013, we entered into an agreement with Celerity Pharmaceuticals, LLC (Celerity) to develop certain acute care generic injectable premix and oncolytic products through regulatory approval. We transferred our rights in these products to Celerity and Celerity assumed ownership and responsibility for development of the products. We were obligated to purchase the individual product rights from Celerity if the products obtained regulatory approval. In December 2020, we entered into an agreement with a third party to divest our rights to one of the products that was being developed by Celerity, a generic version of liposomal doxorubicin, for less than $1 million if that product were to receive regulatory approval in the U.S. and European Union in 2022. Liposomal doxorubicin is a chemotherapy medicine used to treat various types of cancer and we entered into this transaction to divest our rights to this generic version of that product after we had separately entered into a transaction to acquire the branded version.

The related regulatory approvals were subsequently obtained for the generic version of liposomal doxorubicin and we recognized a loss of approximately $54 million in the third quarter of 2022, representing the difference between the amount we owed Celerity following those regulatory approvals and the proceeds that we were entitled to receive from our divestiture of those product rights. That loss is reported within other operating expense (income), net in our consolidated statements of operations income (loss) for the year ended December 31, 2022.

Caelyx and Doxil

On February 17, 2021, we acquired the rights to Caelyx and Doxil, the branded versions of liposomal doxorubicin, from a subsidiary of Johnson & Johnson for specified territories outside of the U.S. We previously acquired the U.S. rights to this product in 2019. Liposomal doxorubicin is a chemotherapy medicine used to treat various types of cancer. The transaction was accounted for as an asset acquisition, as substantially all of the fair value of the gross assets acquired was concentrated in the developed technology intangible asset. The purchase price of $325 million was allocated to the assets acquired, which included a $314 million developed-technology intangible asset with an estimated useful life of 9 years and an $11 million customer relationship intangible asset with an estimated useful life of 8 years. Net sales related to this acquisition were $108 million for the year ended December 31, 2021.

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Other Asset Acquisitions

During 2021, we also entered into distribution license arrangements for multiple products that have not yet obtained regulatory approval for upfront cash payments of $3 million. The approval. In addition to the cash paid was treated as R&D expenses on our consolidated statements of income (loss). We at acquisition, we could make additional payments of up to $32 million $17 million upon the achievement of certain development, regulatory or commercial milestones.

Other

In addition to the arrangements described above, we have entered into several other collaborative arrangements. We could make additional payments of up to $19 million $20 million upon the achievement of certain development and regulatory milestones, in addition to future payments related to contingent commercialization milestones, profit-sharing and royalties.

NOTE 4

SUPPLEMENTAL FINANCIAL INFORMATION

Allowance for Doubtful Accounts

The following table is a summary of changes in our allowance for doubtful accounts for the years ended December 31, 2023 December 31, 2024 and 2022. 2023.

years ended December 31 (in millions)	years ended December 31 (in millions) 2023	2022	2021	years ended December 31 (in millions) 2024	2023	2022
Balance at beginning of period						
Acquisition						
Charged to costs and expenses						
Write-offs						
Currency translation adjustments						
Balance at end of period						

Inventories

as of December 31 (in millions)	as of December 31 (in millions) 2023	2022	as of December 31 (in millions) 2024	2023
Raw materials				
Work in process				
Finished goods				
Inventories				

Prepaid Expenses and Other Current Assets

as of December 31 (in millions)	2023	2022
Prepaid value added taxes	$ 190	$ 188
Prepaid income taxes	211	185
Contract assets	53	52
Assets held for sale	—	50
Derivative assets	51	14
Other	387	368
Prepaid expenses and other current assets	$ 892	$ 857

In September 2022, we entered into a purchase agreement with a buyer to sell our corporate headquarters in Deerfield, Illinois for $52 million, which approximated its net book value. The related assets were classified as held for sale at that time and were presented within prepaid expenses and other current assets in the accompanying consolidated balance sheet as of December 31, 2022. During 2023, the purchase agreement was terminated and the property was taken off the market. We currently intend to continue using the property as our corporate headquarters for the foreseeable future and the related assets, which became classified as assets held for use upon termination of the purchase agreement, are presented within property, plant and equipment, net in the accompanying consolidated balance sheet as of December 31, 2023.

as of December 31 (in millions)	2024	2023
Prepaid value added taxes	$ 167	$ 118
Prepaid income taxes	199	204
Spare parts	123	141
Contract assets	51	53
Derivative assets	8	45
Other	205	145

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Prepaid expenses and other current assets	$ 753	$ 706

Property, Plant and Equipment, Net

as of December 31 (in millions)	as of December 31 (in millions) 2023	2022	as of December 31 (in millions) 2024	2023
Land and land improvements				
Buildings and leasehold improvements				
Machinery and equipment				
Equipment on lease with customers				
Construction in progress				
Total property, plant and equipment, at cost				
Accumulated depreciation				
Property, plant and equipment, net				

Depreciation expense was $611 million $372 million in 2024, $394 million in 2023 $627 million and $393 million in 2022 and $592 million in 2021.

Impairments of Property, Plant and Equipment and Certain Other Long-Lived Assets

We review the carrying amounts of long-lived assets used in operations for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In evaluating recoverability of long-lived assets other than goodwill and intangible assets not subject to amortization, we group assets and liabilities at the lowest level such that the identified cash flows relating to the group are largely independent of the cash flows of other assets and liabilities. If the carrying amount of an asset group is greater than the related estimated undiscounted future cash flows, the carrying value is not considered recoverable. In that case, an impairment charge is recorded if, and to the extent that, the amount by which the asset group's carrying amount exceeds its fair value. However, the portion of an impairment loss allocated to an individual long-lived asset within an asset group cannot reduce the carrying amount of that asset below its fair value if its fair value is determinable without undue cost and effort.

Impairment of Opelika, Alabama Manufacturing Facility

Our manufacturing facility in Opelika, Alabama was one of three Baxter manufacturing facilities that produced dialyzers used in hemodialysis (HD) treatments. The competitive environment has increased the global supply of those products and, in connection with our initiatives to streamline our manufacturing footprint and improve our profitability, we made the decision in the second quarter of 2023 to cease production of dialyzers at the Opelika facility near the end of 2023.

As a result of our decision to cease dialyzer production at this manufacturing facility, we performed a trigger-based recoverability assessment of its long-lived assets, which consist of a building and manufacturing equipment, including specialized equipment used in the production of dialyzers. The carrying amount of that asset group exceeded the estimated undiscounted cash flows expected to be generated, and we recognized an impairment charge of $243 million, classified within cost of sales in the accompanying consolidated statements of income (loss), during the second quarter of 2023 to reduce the carrying amounts to their estimated fair values.

The fair values of the building and manufacturing equipment tested for impairment during the second quarter of 2023 were determined based on transaction prices of comparable assets. Significant assumptions used in the determination of the fair values included the identification of representative comparable assets. Our long-lived asset fair value measurements are classified as Level 3 in the fair value hierarchy because they involve significant unobservable inputs. 2022.

Other Impairments of Long-Lived Assets Related to HD Business

In the third quarter of 2023, we completed the implementation of a new operating model intended to simplify and streamline our operations and better align our manufacturing and supply chain to our commercial activities. Our segments were changed during the third quarter of 2023 to align with our new operating model. See further discussion in Note 18, Segment Information. In connection with that segment change, we identified new reporting units for impairment testing purposes and performed fair value measurements of our reporting units to reallocate goodwill to the new reporting units based on their relative fair values and to assess those reporting units for impairment. We identified our HD business within our Kidney Care segment as one of the new reporting units at that time. Based on the estimated fair value of our HD business, we allocated no goodwill to it, and we determined that a triggering event was present to review the carrying amounts of long-lived assets within the HD business, which include four manufacturing facilities that primarily manufacture HD products, HD equipment leased to customers under operating leases and developed technology intangible assets, for potential impairment. In connection with that evaluation, we determined that the carrying amount of the asset group represented by our HD business, which is the lowest level for which identifiable cash flows are largely independent of other assets and liabilities, exceeded its forecasted undiscounted cash flows. We then measured the excess of the carrying amount of that asset group over its fair value and allocated the resulting impairment to its long-lived assets, limiting the impairments of individual assets within the group to amounts that would not result in their carrying amounts being written down below their fair values. As a result, we recognized $267 million of long-lived asset impairment charges, comprised of (i) a $190 million impairment charge related to certain manufacturing equipment, operating lease right-of-use assets and HD equipment leased to customers and (ii) a $77 million impairment charge related to developed technology intangible assets. The impairments are classified within cost of sales in the accompanying consolidated statement of income (loss) for the year ended December 31, 2023.

The fair value of the HD asset group was based on a discounted cash flow model (an income approach). Significant assumptions used in the determination of its fair value include forecasted cash flows, discount rates and terminal growth rates. The discounted cash flow model used to determine the fair value of the HD asset group during the third quarter 2023 reflected our most recent cash flow projections, a discount rate of 8% and a terminal growth rate of 1.5%. We also measured the fair values of individual assets within that asset group to ensure that the allocation of the asset group's impairment to the long-lived assets within that group would not reduce the carrying amount of any individual asset below its fair value. The fair values of the buildings within that asset group were determined based on a cost approach. Significant assumptions used in the determination of those fair values included replacement costs of assets with a similar age and condition. The fair values of manufacturing equipment and HD equipment leased to customers within that group were determined based on transaction prices of comparable assets. Significant assumptions used in the determination of those fair values included the identification of

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representative comparable assets. The fair value of the right-of-use asset within that group was determined based on market rents and discount rates. Our long-lived asset fair value measurements are classified as Level 3 in the fair value hierarchy because they involve significant unobservable inputs.

Other Non-Current Assets

as of December 31 (in millions)	2023	2022
Deferred tax assets	$ 384	$ 280
Non-current receivables, net	67	89
Contract assets	113	122
Capitalized implementation costs in hosting arrangements	121	119
Pension and other postretirement benefits	129	123
Investments	194	247
Other	118	129
Other non-current assets	$ 1,126	$ 1,109

as of December 31 (in millions)	2024	2023
Deferred tax assets	$ 204	$ 263
Non-current receivables, net	50	42
Contract assets	82	112
Capitalized implementation costs in hosting arrangements	102	103
Pension and other postretirement benefits	56	46
Investments	109	136
Other	152	107
Other non-current assets	$ 755	$ 809

Accrued Expenses and Other Current Liabilities

as of December 31 (in millions)	as of December 31 (in millions)	2023	2022	as of December 31 (in millions)	2024	2023
Common stock dividends payable						
Common stock dividends payable						
Common stock dividends payable						
Employee compensation and withholdings						
Property, payroll and certain other taxes						
Contract liabilities						
Restructuring liabilities						
Accrued rebates						
Operating lease liabilities						
Income taxes payable						
Pension and other postretirement benefits						
Contingent payments related to acquisitions						
Other						
Accrued expenses and other current liabilities						

Other Non-Current Liabilities

as of December 31 (in millions)	as of December 31 (in millions)	2023	2022	as of December 31 (in millions)	2024	2023
Pension and other postretirement benefits						
Deferred tax liabilities						
Long-term tax liabilities						
Contingent payments related to acquisitions						
Contingent payments related to acquisitions						
Contingent payments related to acquisitions						
Contract liabilities						
Litigation and environmental reserves						

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Restructuring liabilities
Other
Other non-current liabilities

Interest Expense, net

years ended December 31 (in millions)	years ended December 31 (in millions) 2023	2022	2021	years ended December 31 (in millions) 2024	2023	2022
Interest costs						
Interest costs capitalized						
Interest expense						
Interest income						
Interest expense, net						

Other (Income) Expense, net

years ended December 31 (in millions)	2023	2022	2021
Foreign exchange (gains) losses, net	$ 52	$ 1	$ 17
Change in fair value of marketable equity securities	(7)	(8)	7
Loss on debt extinguishment	—	—	5
Pension settlement and curtailment (gains) losses	1	(12)	2
Pension and other postretirement benefit (gains) losses	(42)	(26)	8
Reclassification of cumulative translation loss to earnings	—	65	—
Non-marketable investment impairments	52	—	—
Other, net	(5)	(8)	2
Other (income) expense, net	$ 51	$ 12	$ 41

years ended December 31 (in millions)	2024	2023	2022
Foreign exchange (gains) losses, net	$ 25	$ 53	$ (3)
Change in fair value of marketable equity securities	(3)	(7)	(11)
Pension settlement and curtailment (gains) losses	—	—	(12)
Pension and other postretirement benefit (gains) losses	(39)	(48)	(30)
Reclassification of cumulative translation loss to earnings	—	—	65
Non-marketable investment impairments	—	34	—
Other, net	(21)	(6)	—
Other (income) expense, net	$ (38)	$ 26	$ 9

Following the wind down of our operations in Argentina, we determined that the net assets of the related entities were substantially liquidated during the third quarter of 2022. As a result of that determination, we reclassified their $65 million cumulative translation loss from accumulated other comprehensive income (loss) to other (income) expense, net.

Supplemental Cash Flow Information

Non-Cash Investing Activities

Purchases of property, plant and equipment included in accounts payable and accrued liabilities as of December 31, 2023 December 31, 2024, 2023 and 2022 was $64 million, $58 million and 2021 was $80 million, $91 million and $79 million $64 million, respectively.

Other Supplemental Information

year ended December 31 (in millions)	year ended December 31 (in millions) 2023	2022	2021	year ended December 31 (in millions) 2024	2023	2022
Interest paid, net of portion capitalized						
Income taxes paid						

NOTE 5

GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

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The following is a reconciliation of goodwill by business segment.

(in millions)	(in millions)	Americas	EMEA	APAC	Medical Products and Therapies	Healthcare Systems and Technologies[1]	Pharmaceuticals	Kidney Care	Total
December 31, 2021									
Impairments									
(in millions)									
(in millions)		Americas	EMEA	APAC	Medical Products & Therapies	Healthcare Systems & Technologies[1]	Pharmaceuticals	Total	
December 31, 2022									
Measurement period adjustments									
Measurement period adjustments									
Measurement period adjustments									
Currency translation									
December 31, 2022									
Currency translation and other									
Currency translation and other									
Currency translation and other									
Reallocation of goodwill									
December 31, 2023									
Impairment									
Currency translation and other									
December 31, 2024									
December 31, 2024									
December 31, 2024									

[1]Prior to the third quarter of 2023, our Healthcare Systems and & Technologies segment was referred to as our Hillrom segment.

Change in Reportable Segments

As discussed in Note 18, Segment Information, our Our reportable segments were previously comprised of the following geographic segments related to our legacy Baxter business: Americas (North and South America), EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific), and a global segment for our Hillrom business. In the third quarter of 2023, we completed the implementation of a new operating model intended to simplify and streamline our operations and better align our manufacturing and supply chain to our commercial activities. Our segments were changed during the third quarter of 2023 to align with our new operating model. Under this new operating model, our business is comprised of four three reportable segments: Medical Products and & Therapies, Healthcare Systems and & Technologies (formerly referred to as our Hillrom segment), Pharmaceuticals and Kidney Care. Pharmaceuticals. As a result of this segment change, we reallocated the goodwill from our previous Americas, EMEA and APAC segments to the reporting units within our new Medical Products & Therapies and Therapies, Pharmaceuticals and Kidney Care segments based on the relative fair values of those reporting units. We performed goodwill impairment assessments both before and after the reporting unit change and we did not identify any goodwill impairments.

In connection with our November 1, 2023 annual goodwill impairment tests, we determined that no goodwill impairments had occurred. The fair values of the Front Line Care reporting unit within our Healthcare Systems and Technologies segment and the Chronic Therapies reporting unit within our Kidney Care segment exceeded their Goodwill Impairment

carrying values by approximately 5% and 6%, respectively. We are continuing to closely monitor the performance of those reporting units, and if there is a significant adverse change in our outlook for those businesses in the future, a goodwill impairment could arise at that time. As of December 31, 2023, the carrying amounts of goodwill for our Front Line Care and Chronic Therapies reporting units were $2.42 billion and $444 million, respectively.

Goodwill Impairments

As described in Note 3, we acquired Hillrom on December 13, 2021 and recognized $6.83 billion of goodwill and $6.03 billion of other intangible assets, including $1.91 billion of indefinite-lived intangible assets, in connection with that acquisition. During the third quarter of 2022, we performed trigger-based impairment tests of the goodwill of each of the reporting units within our Hillrom segment (currently referred to as our Healthcare Systems and Technologies segment), as well as the indefinite-lived intangible assets, consisting primarily of trade names, that we acquired in connection with the Hillrom acquisition. We performed those tests as of September 30, 2022 due to (a) current macroeconomic conditions, including the rising interest rate environment and broad declines in equity valuations, and (b) reduced earnings forecasts for our Hillrom reporting units, driven primarily by shortages of certain component parts used in our products, raw materials inflation and increased supply chain costs. Those impairment tests resulted in total pre-tax goodwill impairment charges of $2.79 billion in the third quarter of 2022. In connection with our annual goodwill impairment assessment in the fourth quarter of 2022, 2024, we performed quantitative impairment tests for all of our reporting units and recorded an additional $27 million a $425 million goodwill impairment related to our Hillrom Front Line Care reporting unit within our Healthcare Systems & Technologies segment. No goodwill impairments were recorded for our remaining The reduction in value was primarily due to lower forecasted operating results and a lower terminal growth rate utilized in valuing this reporting units in connection with our annual goodwill impairment tests because the fair values of those reporting units exceeded their carrying amounts.

unit which contributed to reduced expected future cash flows, as well as lower earnings multiples. The fair values value of the Front Line Care reporting units tested for impairment during 2022 were unit was determined based on a discounted cash flow model (an income approach) and earnings multiples (a market approach) based on the guideline public

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company method. Significant assumptions used in the determination of the fair values of our reporting units generally include revenue growth rates, forecasted cash flows, EBITDA margins, discount rates, terminal growth rates and earnings multiples. The discounted cash flow models model used to determine the fair values value of our Front Line Care reporting units during 2022 unit reflected our most recent cash flow projections, a discount rates ranging from 9% to 10% rate of 9.5% and a terminal growth rates ranging from 2% to 3% rate of 3.25%. Our reporting unit fair value measurements are classified as Level 3 in the fair value hierarchy because they involve significant unobservable inputs.

See further discussion below As of December 31, 2024, the carrying amount of goodwill for information regarding intangible asset our Front Line Care reporting unit was $1.99 billion. No goodwill impairments were recorded for our remaining reporting units in connection with our annual goodwill impairment charges recognized during tests because the third and fourth quarters fair values of 2022. those reporting units exceeded their carrying amounts.

Other Intangible Assets, Net

The following is a summary of our other intangible assets.

(in millions)	Indefinite-lived intangible assets						
(in millions)							
(in millions)	Customer relationships	Developed technology, including patents	Trade Names	Other amortized intangible assets	Trade Names	In process Research and Development	Total
December 31, 2023							
Gross other intangible assets							
Gross other intangible assets							
Gross other intangible assets							
Accumulated amortization							
Other intangible assets, net							
December 31, 2022							
December 31, 2024							
Gross other intangible assets							
Gross other intangible assets							
Gross other intangible assets							
Accumulated amortization							
Other intangible assets, net							

(in millions)	Indefinite-lived intangible assets						
(in millions)							
(in millions)	Customer relationships	Developed technology, including patents	Trade Names	Other amortized intangible assets	Trade Names	In process Research and Development	Total
December 31, 2023							
Gross other intangible assets							
Gross other intangible assets							
Gross other intangible assets							
Accumulated amortization							
Other intangible assets, net							
December 31, 2022							
December 31, 2024							
Gross other intangible assets							
Gross other intangible assets							
Gross other intangible assets							
Accumulated amortization							
Other intangible assets, net							

Intangible asset amortization expense was $652 million $625 million in 2024, $590 million in 2023 $753 million and $679 million in 2022 and $298 million in 2021. 2022. The anticipated annual amortization expense for definite-lived intangible assets recorded as of December 31, 2023 December 31, 2024 is $665 million in 2024, $632 million $586 million in 2025, $602 million $562 million in 2026, $437 million $412 million in 2027, $400 million in 2028 and $427 million $378 million in 2028. 2029.

As During the fourth quarter of 2023, as a result of an update to our long-term branding strategy, we reclassified two trade name intangible assets with carrying amounts of $870 million and $21 million from indefinite-lived intangible assets to amortizing intangible assets during the fourth quarter of 2023. assets. The estimated useful lives assigned to those assets were 15 years and 5 years, respectively, and we recognized $10 million respectively. We performed impairment tests of amortization expense on those intangible assets from at the date time of the reclassification through December 31, 2023. and determined that no impairment had occurred.

Intangible Asset Impairments

Impairment of Developed Technology Intangible Asset Related to HD Business

In the third quarter of 2023, we reviewed the long-lived assets of our HD reporting unit for potential impairment and recognized a $77 million impairment of developed technology intangible assets, in addition to other impairments of property, plant and equipment and operating lease right-of-use assets.

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See Note 4, Supplemental Financial Information, for information about the impairment of this intangible asset, impairments of other long-lived assets related to our HD business and related fair value measurements.

Impairment of Indefinite-Lived Intangible Assets from Our Hillrom Claris Acquisition

In addition to connection with our annual IPR&D impairment assessment in the goodwill impairments discussed above, fourth quarter of 2024, we recognized a pre-tax impairment charges charge of $332 million in the third quarter of 2022 $50 million to reduce the carrying amounts amount of certain indefinite-lived intangible assets, an IPR&D asset to its fair value. The reduction in value was primarily due to lower forecasted revenues and margins which primarily related contributed to the Hillrom and Welch Allyn trade names acquired in the Hillrom acquisition, to their estimated fair values. Those reduced expected future cash flows. The intangible asset impairment charges are charge is classified within cost of sales research and development expenses in the accompanying consolidated statements of income (loss) for the year ended December 31, 2022 December 31, 2024.

The fair values value of the trade name intangible assets were IPR&D asset was determined using the relief from royalty multi-period excess earnings method. Significant assumptions used in the determination of the fair value of the trade name intangible assets IPR&D asset included revenue growth rates, terminal growth rates, forecasted cash flows and the discount rates and royalty rates. rate. The relief from royalty models multi-period excess earnings model used in the our determination of the fair values value of our trade name intangible assets during 2022 the IPR&D asset reflected our most recent revenue cash flow projections and a discount rate of 9.5%, royalty rates ranging from 3% to 5% and terminal growth rates ranging from 2% to 3% 11%. Our trade name IPR&D intangible asset fair value measurements are measurement is classified as Level 3 in the fair value hierarchy because they involve it involves significant unobservable inputs.

In the fourth quarter of 2022, we recognized an impairment charge of $12 million related to developed-technology intangible assets due to declines in market expectations for the related products. The fair values of the intangible assets were measured using a discounted cash flow approach and the charge is classified within cost of sales in the accompanying consolidated statements of income (loss) for the year ended December 31, 2022. We consider the fair values of the assets to be Level 3 measurements due to the significant estimates and assumptions, including forecasted future cash flows, that we used in establishing the estimated fair values.

NOTE 6

DEBT AND CREDIT FACILITIES

Debt Outstanding

At December 31, 2023 December 31, 2024 and 2022, 2023, we had the following debt outstanding:

as of December 31 (in millions)	as of December 31 (in millions)	Effective interest rate in 2023[1]	2023[1]	2022[1]	as of December 31 (in millions)	Effective interest rate as of December 31,2024[1]	2024[1]	2023[1]
Commercial paper								
0.868% notes due 2023								
Floating-rate notes due 2023								
0.4% notes due 2024								
1.322% notes due 2024								
7.0% notes due 2024								
Floating-rate notes due 2024								
Term loan maturing 2024								
1.3% notes due 2025								
Delayed draw term loan due 2025								
2.6% notes due 2026								
Term loan maturing 2026								
7.65% debentures due 2027								
1.915% notes due 2027								
6.625% debentures due 2028								
2.272% notes due 2028								
1.3% notes due 2029								
3.95% notes due 2030								
1.73% notes due 2031								
2.539% notes due 2032								
6.25% notes due 2037								
3.65% notes due 2042								
4.5% notes due 2043								
3.5% notes due 2046								
3.132% notes due 2051								
Finance leases and other								
Total debt and finance lease obligations								
Short-term debt								

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Current maturities of long-term debt and finance lease obligations
Long-term debt and finance lease obligations

1 Book values include any discounts, premiums and adjustments related to hedging instruments and effective interest rates reflect amortization of those items.

Significant Debt Activity

In February 2025, we repaid $1.00 billion under our $1.64 billion five-year term loan facility maturing in 2026.

In 2024, we repaid our $13 million 7.0% notes due 2024, $809 million 0.4% notes due 2024, $1.40 billion 1.322% notes due 2024, $300 million floating rate notes due 2024 and $130 million three-year term loan facility due 2024.

In 2023, we repaid our $800 million 0.868% notes due 2023, our $300 million floating rate notes due 2023 and $1.54 billion under our $2.00 billion three-year term loan facility maturing in 2024.

In 2022, we repaid our $203 million 2.4% notes due 2022, $335 million under our $2.00 billion three-year term loan facility maturing in 2024 and $355 million under our $2.00 billion five-year term loan facility maturing in 2026.

The losses loss from our early extinguishments of debt in 2023 and 2022 were was not significant.

Credit Facilities

On July 17, 2024, we entered into a credit agreement pursuant to which a group of banks provided us with senior unsecured term loans in an aggregate principal amount of up to $2.05 billion ("the bridge facility"). Borrowings under the bridge facility were available in up to three drawings to fund (a) the refinancing of our 1.322% Senior Notes due November 29, 2024, our Floating Rate Notes due November 29, 2024, and certain borrowings under our existing term loan facility and (b) payment of certain U.S. tax liabilities arising from internal reorganization transactions related to the sale of our Kidney Care business. Borrowings under the bridge facility bore interest at a rate based on our long-term debt ratings in effect from time to time and the interest rate on any borrowings outstanding beyond December 31, 2024 would increase by 0.25%.We also incurred a ticking fee on undrawn commitments at a rate based on our long-term debt ratings in effect from time to time. The banks' funding commitments under the bridge facility terminated on December 31, 2024. Outstanding borrowings under the bridge facility were scheduled to mature on the earlier of 364 days from the first funding date and November 24, 2025. Additionally, we were required to use the net cash proceeds from certain transactions (including from the sale of our Kidney Care business) to repay any outstanding borrowings under the bridge facility. The bridge facility contained financial and other covenants, including a net leverage covenant, and provided for customary events of default. In November 2024, we reduced the bridge facility capacity from $2.05 billion to $1.83 billion. Additionally, during the fourth quarter of 2024 we drew on the bridge facility to repay our 1.322% Senior Notes due November 29, 2024, our Floating Rate Notes due November 29, 2024 and the outstanding balance on our three-year term loan facility. There was $1.83 billion outstanding under this bridge facility as of December 31, 2024. In January 2025, we used a portion of the approximately $3.4 billion of net after-tax cash proceeds from the sale of our Kidney Care business to repay the $1.83 billion outstanding under the bridge facility, at which time it was terminated.

In the first quarter of 2024, we amended the credit agreements governing our U.S. dollar-denominated term loan credit facility and revolving credit facility and the guaranty agreement with respect to our Euro-denominated revolving credit facility to increase the maximum net leverage ratio covenant for the six fiscal quarters ending June 30, 2024, September 30, 2024, December 31, 2024, March 31, 2025, June 30, 2025, and September 30, 2025. In accordance with the terms of the amendment, the capacity under our U.S dollar-denominated revolving credit facility was reduced from $2.50 billion to $2.00 billion on September 30, 2024. As of December 31, 2024, we were in compliance with the financial covenants in these agreements. Costs incurred in connection with the amendment were not material. In the first quarter of 2023, we previously amended the credit agreements governing our U.S. Dollar-denominated term loan credit facility and revolving credit facility and the guaranty agreement with respect to our Euro-denominated revolving credit facility, in each case to amend the net leverage ratio covenant to increase the maximum net leverage ratio for the four fiscal quarters ending March 31, 2023, June 30, 2023, September 30, 2023 and December 31, 2023.

As of December 31, 2024, we had a U.S. Dollar-denominated term loan credit facility, which had two tranches one tranche of term loans outstanding, a U.S. Dollar-denominated revolving credit facility and a Euro-denominated revolving credit facility.

Borrowings under the term loan credit facility bear interest on the principal amount outstanding at either Term SOFR plus an applicable margin plus a credit spread adjustment or a “base rate” plus an applicable margin. The term loan credit facility contains various covenants, including a maximum net leverage ratio. We have the option to prepay outstanding amounts under the term loan credit facility in whole or in part at any time.

Our In addition to our U.S. Dollar-denominated dollar-denominated revolving credit facility has with a current capacity of $2.50 $2.00 billion, and our Euro-denominated revolving credit facility has a capacity of €200 million. Fees under the credit facilities are 0.125% annually as of December 31, 2023 December 31, 2024 and 2022, 2023, and are based on our credit ratings and the total capacity of the facility. There were no borrowings outstanding under the revolving these credit facilities as of December 31, 2023 and 2022. December 31, 2024 or 2023. Our commercial paper borrowing arrangements require us to maintain undrawn borrowing capacity under our revolving credit facilities for an amount at least equal to our outstanding commercial paper borrowings. Each of the revolving credit facilities matures is scheduled to mature in 2026. The revolving credit facilities enable us to borrow funds on an unsecured basis at variable interest rates and contain various covenants, including a maximum net leverage ratio. In the first quarter of 2023, we amended the credit agreements governing our U.S. Dollar-denominated term loan credit facility and revolving credit facility and the guaranty agreement with respect to our Euro-denominated revolving credit facility, in each case to amend the net leverage ratio covenant to increase the maximum net leverage ratio for the four fiscal quarters ending March 31, 2023, June 30, 2023, September 30, 2023 and December 31, 2023. In the third quarter of 2022, we previously amended the credit agreements governing our term loan facility and our U.S. Dollar-denominated revolving credit facility and the guaranty agreement with respect to our Euro-denominated revolving credit facility, in each case to delay the commencement of our net leverage ratio covenant step-down schedule until June 30, 2024. We also amended the credit agreements governing our term loan facility and our U.S. Dollar-denominated revolving credit facility to transition the benchmark rate from LIBOR to the Secured Overnight Financing Rate (SOFR). Based on our covenant calculations as of December 31,

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2023 December 31, 2024 we have capacity to draw on the full amounts under our revolving credit facilities. facilities, less commercial paper borrowings which were $300 million at year-end.

We also maintain other credit arrangements, which totaled approximately $238 million $412 million and $230 million $238 million as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively. The increase over the prior year is due to additional credit arrangements entered into in preparation for the sale of our Kidney Care business. There were no amounts outstanding under these arrangements as of December 31, 2023 December 31, 2024 and 2022. 2023.

As of December 31, 2023 December 31, 2024, we were in compliance with the financial covenants in these agreements. The non-performance of any financial institution supporting any of the credit facilities would reduce the maximum capacity of these facilities by each institution's respective commitment.

Commercial Paper

There was no commercial paper outstanding as of December 31, 2023. As of December 31, 2022 December 31, 2024, we had $299 million $300 million of commercial paper outstanding with a weighted-average interest rate of 4.75% 4.78% and an original weighted-average term of 32 45 days.

There was no commercial paper outstanding as of December 31, 2023. In 2025, we repaid the $300 million balance outstanding as of December 31, 2024.

Future Debt and Finance Lease Maturities

as of and for the years ended December 31 (in millions)	as of and for the years ended December 31 (in millions)	Debt maturities	as of and for the years ended December 31 (in millions)	Debt maturities
2024				
2025				
2026				
2027				
2028				
2029				
Thereafter				
Total debt and finance lease maturities				
Discounts, premiums, and adjustments relating to hedging instruments				
Total debt and finance lease obligations				

NOTE 7

LEASES

Lessee Activity

We have entered into operating and finance leases primarily for office, manufacturing, warehouse and R&D facilities, vehicles and equipment. Our leases have remaining terms from 1 to 39 38 years and some of those leases include options that provide us with the ability to extend the lease term for periods ranging from 1 to 12 10 years. Such options are included in the lease term when it is reasonably certain that the option will be exercised.

Certain of our leases include provisions for variable lease payments which are based on, but not limited to, maintenance, insurance, taxes, index escalations and usage-based amounts. For all asset classes, we have elected to apply a practical expedient to account for other services within lease contracts as components of the lease. We also have elected to apply a practical expedient for short-term leases whereby we do not recognize a lease liability and right-of-use asset for leases with a term of less than 12 months.

We classify our leases as operating or finance at the lease commencement date. Finance leases are generally those leases for which we will pay substantially all of the underlying asset's fair value or will use the asset for all or a major part of its economic life, including circumstances in which we will ultimately own the asset. All other leases are operating leases. For finance leases, we recognize interest expense using the effective interest method and we recognize amortization expense on the right-of-use asset over the shorter of the lease term or the useful life of the asset. For operating leases, we recognize lease cost on a straight-line basis over the term of the lease.

Lease liabilities and right-of-use assets are recognized at the lease commencement date based on the present value of minimum lease payments over the lease term. We determine the present value of payments under a lease based on our incremental borrowing rate as of the lease commencement date. The incremental borrowing rate is equal to the rate of interest that we would have to pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment.

The components of lease cost for the years ended December 31, 2023 December 31, 2024, 2023 and 2022 and 2021 were:

(in millions)	2023	2022	2021
Operating lease cost	$ 127	$ 124	$ 112
Finance lease cost			
Amortization of right-of-use assets	6	6	6
Interest on lease liabilities	5	5	5

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Variable lease cost	63	62	52
Lease cost	$ 201	$ 197	$ 175

(in millions)	2024	2023	2022
Operating lease cost	$ 89	$ 94	$ 93
Finance lease cost			
Amortization of right-of-use assets	4	3	3
Interest on lease liabilities	1	1	1
Variable lease cost	54	45	44
Lease cost	$ 148	$ 143	$ 141

The following table contains supplemental cash flow information related to leases for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021: 2022:

(in millions)	(in millions)	2023	2022	2021	(in millions)	2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:								
Operating cash flows from operating leases								
Operating cash flows from operating leases								
Operating cash flows from operating leases								
Operating cash flows from finance leases								
Financing cash flows from finance leases								
Right-of-use operating lease assets obtained in exchange for lease obligations								
Right-of-use operating lease assets obtained in exchange for lease obligations								
Right-of-use operating lease assets obtained in exchange for lease obligations								
Right-of-use finance lease assets obtained in exchange for lease obligations								

Supplemental balance sheet information related to leases as of December 31, 2023 December 31, 2024 and 2022 2023 include:

(in millions)	(in millions)	2023	2022	(in millions)	2024	2023
Operating leases						
Operating lease right-of-use assets						
Operating lease right-of-use assets						
Operating lease right-of-use assets						
Accrued expenses and other current liabilities						
Accrued expenses and other current liabilities						
Accrued expenses and other current liabilities						
Operating lease liabilities						
Total operating lease liabilities						
Finance leases						
Finance leases						
Finance leases						
Property, plant and equipment, at cost						
Property, plant and equipment, at cost						
Property, plant and equipment, at cost						
Accumulated depreciation						
Property, plant and equipment, net						
Current maturities of long-term debt and finance lease obligations						
Current maturities of long-term debt and finance lease obligations						
Current maturities of long-term debt and finance lease obligations						
Long-term debt and finance lease obligations						
Total finance lease liabilities						

Lease term and discount rates as of December 31, 2023 December 31, 2024 and 2022 2023 were:

	December 31, 2023	December 31, 2022

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	December 31, 2024	December 31, 2023
Weighted-average remaining lease term (years)		
Operating leases		
Operating leases		
Operating leases	7	7	6	6
Finance leases	Finance leases 10	11	Finance leases 8	8
Weighted-average discount rate		
Operating leases		
Operating leases		
Operating leases	3.0 %	2.7 %	3.1 %	3.0 %
Finance leases	Finance leases 9.1 %	9.5 %	Finance leases 4.2 %	3.9 %

Maturities of operating and finance lease liabilities as of December 31, 2023 December 31, 2024 were:

(in millions)	(in millions) Finance Leases	Operating Leases	(in millions) Finance Leases	Operating Leases
2024				
2025				
2026				
2027				
2028				
2029				
Thereafter				
Total minimum lease payments				
Less: imputed interest				
Present value of lease liabilities				

Lessor Activity

We lease medical equipment, such as smart beds renal dialysis equipment and infusion pumps, to customers, often in conjunction with arrangements to provide consumable medical products such as dialysis therapies, intravenous (IV) fluids and inhaled anesthetics. Certain of our equipment leases are classified as sales-type leases and the remainder are operating leases. The terms of the related contracts, including the proportion of fixed versus variable payments and any options to shorten or extend the lease term, vary by customer. We allocate revenue between equipment leases and medical products based on their standalone selling prices.

The components of lease revenue for the years ended December 31, 2023 December 31, 2024, 2023 and 2022 and 2021 were:

(in millions)	(in millions) 2023	2022	2021	(in millions) 2024	2023	2022
Sales-type lease revenue						
Operating lease revenue						
Variable lease revenue						
Total lease revenue						

The components of our net investment in sales-type leases as of December 31, 2023 December 31, 2024 and 2022 2023 were:

(in millions)	(in millions) 2023	2022	(in millions) 2024	2023
Minimum lease payments				
Unguaranteed residual values				
Net investment in leases				

Our net investment in sales-type leases is classified as follows in the accompanying consolidated balance sheets as of December 31, 2023 December 31, 2024 and 2022: 2023:

(in millions)	(in millions) 2023	2022	(in millions) 2024	2023
Accounts receivable, net				
Other non-current assets				
Total				

Our net investment in sales-type leases was $71 $37 million as of December 31, 2023 December 31, 2024, of which $14 $3 million originated in 2019 2020 and prior, $17 million in 2020, $17 $10 million in 2021, $13 $6 million in 2022, $8 million in 2023 and $10 million in 2023. 2024.

Maturities of sales-type and operating leases as of December 31, 2023 December 31, 2024 were:

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(in millions)	(in millions)	Sales-type Leases[1]	Operating Leases	(in millions)	Sales-type Leases[1]	Operating Leases
2024						
2025						
2026						
2027						
2028						
2029						
Thereafter						
Total minimum lease payments						

[1] Unamortized imputed interest on minimum lease payments was less than $1 million as of December 31, 2023 December 31, 2024.

In the third quarter of 2023, we recognized $267 million of long-lived asset impairments related to our HD business, which included impairments of $14 million of operating lease right-of-use assets and $58 million of equipment leased to customers. See Note 4 for additional information.

NOTE 8

COMMITMENTS AND CONTINGENCIES

Refer to Note 3 for information regarding contingent payments associated with collaborative and other arrangements.

Indemnifications

During the normal course of business, we make indemnities, commitments and guarantees pursuant to which we may be required to make payments related to specific transactions. Indemnifications include: (i) intellectual property indemnities to customers in connection with the use, sales or license of products and services; (ii) indemnities to customers in connection with losses incurred while performing services on their premises; (iii) indemnities to vendors and service providers pertaining to claims based on negligence or willful misconduct; (iv) indemnities involving the representations and warranties in certain contracts; and (v) contractual indemnities for our directors and certain of our executive and corporate officers for services provided to or at the request of us. In addition, under our Amended and Restated Certificate of Incorporation, and consistent with Delaware General Corporation Law, we have agreed to indemnify our directors and officers for certain losses and expenses upon the occurrence of certain prescribed events. The majority of these indemnities, commitments and guarantees do not provide for any limitation on the maximum potential for future payments that we could be obligated to make. To help address some of these risks, we maintain various insurance coverages. Based on historical experience and evaluation of the agreements, we do not believe that any payments related to our indemnities will have a material impact on our financial condition or results of operations.

Legal Contingencies

We are involved in product liability, patent, commercial, employment, and other legal matters that arise in the normal course of our business. We record a liability when a loss is considered probable and the amount can be reasonably estimated. If the reasonable estimate of a probable loss is a range, and no amount within the range is a better estimate than any other amount, the minimum amount in the range is accrued. If a loss is not probable or a probable loss cannot be reasonably estimated, no liability is recorded. As of December 31, 2023 December 31, 2024 and 2022, 2023, our total recorded reserves with respect to legal and environmental matters were $31 million $40 million and $28 million $25 million, respectively.

We have established reserves for certain of the matters discussed below. We are not able to estimate the amount or range of any loss for certain contingencies for which there is no reserve or additional loss for matters already reserved. While our liability in connection with these claims cannot be estimated and the resolution thereof in any reporting period could have a significant impact on our results of operations and cash flows for that period, the outcome of these legal proceedings is not expected to have a material adverse effect on our consolidated financial position. While we believe that we have valid defenses in the matters set forth below, litigation is inherently uncertain, excessive verdicts do occur, and we may incur material judgments or enter into material settlements of claims.

In addition to the matters described below, we remain subject to the risk of future administrative and legal actions. With respect to governmental and regulatory matters, these actions may lead to product recalls, injunctions, and other restrictions on our operations (including our ability to launch new products) and monetary sanctions, including significant civil or criminal penalties. With respect to intellectual property, we may be exposed to significant litigation concerning the scope of our and others' rights. Such litigation could result in a loss of patent protection or the ability to market products, which could lead to a significant loss of sales, or otherwise materially affect future results of operations.

Environmental

We are involved as a potentially responsible party (PRP) for environmental clean-up costs at six Superfund sites. Additionally, we are a defendant in a separate matter regarding a seventh Superfund site. Under the U.S. Superfund statute and many state laws, generators of hazardous waste sent to a disposal or recycling site are liable for site cleanup if contaminants from that property later leak into the environment. The laws generally provide that a PRP may be held jointly and severally liable for the costs of investigating and remediating the site. Separate from these Superfund cases noted above, we are involved in ongoing environmental remediations associated with historic operations at certain of our facilities. As of December 31, 2023 December 31, 2024 and 2022, 2023, our environmental reserves, which are measured on an undiscounted basis, were $15 million $29 million and $19 million $15 million, respectively. After considering these reserves, the outcome of these matters is not expected to have a material adverse effect on our financial position or results of operations.

General Litigation

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In August 2019, we were named in an amended complaint filed by Fayette County, Georgia in the MDL *In re: National Prescription Opiate Litigation* pending in the U.S. District Court, Northern District of Ohio. The complaint alleges that multiple manufacturers and distributors of opiate products improperly marketed and diverted these products, which caused harm to Fayette County. The complaint is limited in its allegations as to Baxter and does not distinguish between injectable opiate products and orally administered opiates. We manufactured generic injectable opiate products in our facility in Cherry Hill, NJ, which we divested in 2011. On July 17, 2023, we were voluntarily dismissed from the litigation without prejudice.

In November 2019, we and certain of our officers were named in a class action complaint alleging that we and certain officers violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making allegedly false and misleading statements and failing to disclose material facts relating to certain intra-company transactions undertaken for the purpose of generating foreign exchange gains or avoiding foreign exchange losses, as well as our internal controls over financial reporting. The parties reached an agreement to settle the case for $16 million, which became effective on September 13, 2021 and was paid in 2021. We also cooperated with the staff of the SEC in connection with its investigation into those matters and, on February 18, 2022, we reached a settlement with the SEC. Without admitting or denying the findings in the administrative order issued by the SEC, we agreed to pay a civil penalty of $18 million and to cease and desist from violations of specified provisions of the federal securities laws and related rules. In the order, the SEC acknowledged Baxter's cooperation and we paid the penalty in the first quarter of 2022.

In March 2020, two lawsuits were filed against us in the Northern District of Illinois by plaintiffs alleging injuries as a result of exposure to ethylene oxide used in our manufacturing facility in Mountain Home, Arkansas to sterilize certain of our products. The plaintiffs sought damages, including compensatory and punitive damages in an unspecified amount, and unspecified injunctive and declaratory relief. The parties reached an agreement to settle these lawsuits in the third quarter of 2021 for amounts that were not material to our financial results, which were paid in the fourth quarter of 2021. We have since resolved, without litigation, additional claims of injuries from exposure to ethylene oxide at Mountain Home for amounts within accruals previously established as of December 31, 2021. On October 20, 2022, a lawsuit was filed against us in the Western District of Arkansas alleging injury as a result of exposure to ethylene oxide at Mountain Home. On December 16, 2022, we filed a motion to dismiss and for a more definite statement. In response, Plaintiffs filed a First Amended Complaint on January 6, 2023. We answered the First Amended Complaint on January 27, 2023. The parties reached an agreement to settle this lawsuit in the third quarter of 2023 for an amount that was not material to our financial results, which was paid in the fourth quarter of 2023. The case was dismissed on October 17, 2023. In Since December 2023, five 41 lawsuits were (after giving effect to the amendment referenced below) have been filed against us in the Circuit Court of Cook County, Illinois by plaintiffs alleging injuries as a result of exposure to ethylene oxide used by several companies, including historic use by us for sterilization at our manufacturing facility in Round Lake, Illinois to sterilize certain of our products. Illinois. The plaintiffs seek damages in an unspecified amount. On July 16, 2024, Plaintiffs' counsel filed an omnibus motion seeking leave to add certain defendants to hundreds of previously-filed lawsuits, including Baxter with respect to 40 cases. The motion was denied on July 25, 2024, without prejudice to refiling multiple motions each addressing smaller groupings of cases and defendants. On September 11, 2024, the court granted leave to amend one previously-filed complaint to add Baxter as a defendant.

We acquired Hillrom on December 13, 2021. In July 2021, Hill-Rom, Inc., a wholly-owned subsidiary of Hillrom,received a subpoena from the United States Office of Inspector General for the Department of Health and Human Services (the DHHS) requesting documents and information related to compliance with the False Claims Act and the Anti-Kickback Statute. The subpoena was related to a lawsuit brought under the qui tam provisions of the False Claims Act. The allegations included in the unsealed complaint relate to conduct prior to our acquisition of Hillrom, and the division involved is no longer operational. Hillrom voluntarily began a related internal review, and Hillrom and Baxter cooperated fully with the DHHS and the Department of Justice (DOJ) with respect to this matter. In

January 2024, the parties reached an agreement to settle the allegations. We paid the settlement amounts, which were not material to our financial results, in January 2024. A stipulated request for dismissal has been filed 2024 and is pending before the court. matter was dismissed in February 2024. In October 2022, the DOJ issued a separate Civil Investigative Demand (CID) addressed to Hillrom, requesting documents and information related to compliance with the False Claims Act and the Anti-Kickback Statute. In October 2024, the DOJ issued a subpoena (the 2024 Subpoena), pursuant to 18 U.S.C. 3846, to Hillrom. The 2024 Subpoena substantially overlaps with the CID and requests additional documents relating to Hillrom's respiratory health business. Baxter is cooperating fully with the DOJ in responding to the CID. CID and the 2024 Subpoena. The DHHS and DOJ often issue these types of requests when investigating alleged violations of the False Claims Act. federal health care laws.

On December 28, 2021, Linet Americas, Inc. (Linet) filed a complaint against Hill-Rom Holdings, Inc., Hill-Rom Company, Inc., and Hill-Rom Services, Inc. in the United States District Court for the Northern District of Illinois, captioned Linet Americas, Inc. v. Hill-Rom Holdings, Inc.; Hill-Rom Company, Inc.; Hill-Rom Services, Inc. Linet alleges that Hillrom violated Sections 1 2 and 3 2 of The Sherman Antitrust Act of 1890, Section 3 of the Clayton Act, and the Illinois Antitrust Act by allegedly engaging in anti-competitive conduct in alleged markets for standard, ICU and birthing beds. Hillrom filed an answer to the complaint on January 28, 2022 and filed a motion challenging certain aspects of plaintiff's case on May 27, 2022, which was denied on January 17, 2024, subject to further discovery.

In July 2023, we and certain of our officers were named in On June 20, 2024, Reading Hospital filed a putative class action complaint captioned Grover J. Kelley et al. v. Baxter International against Hill-Rom Holdings, Inc. et al. that was filed , Hill-Rom Company, Inc., and Hill-Rom Services, Inc. in the United States District Court for the Northern Eastern District of Illinois. Pennsylvania. The complaint alleges that Hillrom violated Sections 1 and 2 of The Sherman Antitrust Act and Section 3 of the Clayton Act by allegedly engaging in anti-competitive conduct in alleged markets for standard, ICU and birthing beds. The plaintiff who allegedly purchased securities during filed the specified class period, filed this putative class action on behalf of himself itself and shareholders who acquired Baxter securities on all "direct purchasers of Standard Hospital Beds, ICU Beds, and/or Birthing Beds from Hill-Rom during a period beginning at least as early as June 20, 2020" and continuing past the public market between May 25, 2022 date of filing. On September 30, 2024, the plaintiff filed a First Amended Complaint. On November 8, 2024, Hillrom filed a Motion to Dismiss Plaintiff's Amended Complaint. Briefing was completed in January 2025 and February 8, 2023. The plaintiff alleged that we and certain officers violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder by making allegedly false and misleading statements and failing to disclose material facts relating to supply chain and financial guidance. The Court appointed Kelley as lead plaintiff on September 20, 2023. This matter was voluntarily dismissed on December 3, 2023. motion is pending before the court.

NOTE 9

STOCKHOLDERS' EQUITY

Stock-Based Compensation

Our stock-based compensation generally includes stock options, restricted stock units (RSUs), performance share units (PSUs) and purchases under our employee stock purchase plan. Shares issued relating to our stock-based plans are generally issued out of treasury stock.

As of December 31, 2023 December 31, 2024, approximately 20 million 48 million authorized shares are available for future awards under our stock-based compensation plans.

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Stock Compensation Expense

Stock compensation expense was $133 million $114 million, $153 million $115 million and $146 million $140 million in 2024, 2023 2022 and 2021, 2022, respectively. The related tax benefit recognized was $14 million $8 million in 2024, $10 million in 2023 $34 million and $31 million in 2022 and $36 million 2022. Included in 2021. Included in the benefit in 2024 and 2023 was tax expense for stock-based compensation shortfalls of $9 million and $11 million., respectively. Included in the benefit in 2022 and 2021 were realized excess tax benefits for stock-based compensation of, $5 million and $13 million, respectively. .

Approximately 70% of stock compensation expense is classified in SG&A expenses, with the remainder classified in cost of sales and R&D expenses. Costs capitalized in the consolidated balance sheets at December 31, 2023 December 31, 2024 and 2022 2023 were not material.

Stock compensation expense is based on awards expected to vest and therefore has been reduced by estimated forfeitures.

Stock Options

Stock options are granted to employees and non-employee directors with exercise prices equal to 100% of the market value on the date of grant. Stock options granted to employees generally vest in one-third increments over a three-year period. Stock options granted to non-employee directors generally vest immediately on the grant date and are issued with a six-month claw-back provision. Stock options typically have a contractual term of 10 years. The grant-date fair value, adjusted for estimated forfeitures, is recognized as expense on a straight-line basis over the substantive vesting period.

The fair value of stock options is determined using the Black-Scholes model. The weighted-average assumptions used in estimating the fair value of stock options granted during each year, along with the weighted-average grant-date fair values, were as follows:

years ended December 31													
years ended December 31													
years ended December 31	years ended December 31	2023		2022		2021		2023		2022			
Expected volatility	Expected volatility	27	%	24	%	24	%	Expected volatility	27	%	24	%	
Expected life (in years)	Expected life (in years)	6.0				5.5		Expected life (in years)	6.0		5.5		
Risk-free interest rate	Risk-free interest rate	4.2	%	1.8	%	0.8	%	Risk-free interest rate	4.2	%	1.8	%	
Dividend yield	Dividend yield	3.0	%	1.3	%	1.3	%	Dividend yield	3.0	%	1.3	%	
Fair value per stock option													

The following table summarizes stock option activity for the year ended December 31, 2023 December 31, 2024 and the outstanding stock options as of December 31, 2023 December 31, 2024.

(options and aggregate intrinsic values in thousands)	(options and aggregate intrinsic values in thousands)	Options	Weighted-average exercise price	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value	(options and aggregate intrinsic values in thousands)	Options	Weighted-average exercise price	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding as of January 1, 2023										
Outstanding as of January 1, 2024										
Granted										
Granted										
Granted										
Exercised										
Exercised										
Exercised										
Forfeited										
Forfeited										
Forfeited										
Expired										
Expired										
Expired										
Outstanding as of December 31, 2023										
Outstanding as of December 31, 2023										
Outstanding as of December 31, 2023										
Vested or expected to vest as of December 31, 2023										
Exercisable as of December 31, 2023										

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Outstanding as of December 31, 2024	
Outstanding as of December 31, 2024	
Outstanding as of December 31, 2024	
Vested or expected to vest as of December 31, 2024	
Exercisable as of December 31, 2024	

The aggregate intrinsic value in the table above represents the difference between the exercise price and our closing stock price on the last trading day of the year. The total intrinsic value of options exercised in 2024, 2023 and 2022 was $1 million, $5 million and 2021 was $5 million, $38 million and $78 million $37 million, respectively.

As of December 31, 2023 December 31, 2024, $35 million $11 million of unrecognized compensation cost related to stock options is expected to be recognized as expense over a weighted-average period of approximately 1.7 1.1 years.

RSUs

RSUs are granted to employees and non-employee directors. RSUs granted to employees generally vest in one-third increments over a three-year period. RSUs granted to non-employee directors generally vest immediately on the grant date and are issued with a six-month claw-back provision. The grant-date fair value, adjusted for estimated forfeitures, is recognized as expense on a straight-line basis over the substantive vesting period. The fair value of RSUs is determined based on the number of shares granted and the closing price of our common stock on the date of grant.

The following table summarizes nonvested RSU activity for the year ended December 31, 2023 December 31, 2024.

(share units in thousands)	(share units in thousands)	Share units	Weighted-average grant-date fair value	(share units in thousands)	Share units	Weighted-average grant-date fair value
Nonvested RSUs as of January 1, 2023						
Nonvested RSUs as of January 1, 2024						
Granted						
Vested						
Forfeited						
Nonvested RSUs as of December 31, 2023						
Nonvested RSUs as of December 31, 2024						

As of December 31, 2023 December 31, 2024, $121 million $123 million of unrecognized compensation cost related to RSUs is expected to be recognized as expense over a weighted-average period of approximately 1.9 1.8 years. The weighted-average grant-date fair value of RSUs granted in 2024, 2023 and 2022 was $42.37, $39.20 and 2021 was $39.21, $81.53 and $79.30, $81.66, respectively. The fair value of RSUs vested in 2024, 2023 and 2022 was $46 million, $25 million and 2021 was $30 million, $76 million and $47 million $69 million, respectively.

PSUs

Our annual equity awards stock compensation program for senior management includes the issuance of PSUs. PSUs awarded after 2019 in 2024 (which grants were made solely to the CEO and Chief Financial Officer) were based on our stock performance relative to our peer group over the 3-year performance period. PSUs awarded in 2020 through 2023 were based on our compound annual sales growth rate (CAGR) performance, our adjusted return on invested capital (ROIC) performance and on our stock performance relative to our peer group. PSUs awarded between 2018 and 2019 were based on adjusted operating margin as well as stock performance relative to our peer group. The vesting condition for these CAGR and ROIC PSUs is was set at the beginning of the 3-year service period while the vesting condition for adjusted operating margin is set at the beginning of each year for each tranche of the award during the 3-year service performance period. Compensation cost for the CAGR adjusted ROIC and adjusted operating margin ROIC PSUs is measured based on the fair value of the awards on the date that the specific vesting terms for each award are established and the fair value of the awards is determined based on the quoted price of our stock on the grant date of the award. The compensation cost for CAGR adjusted ROIC and adjusted operating margin ROIC PSUs is adjusted at each reporting date to reflect the estimated vesting outcome.

The fair value for PSUs based on our stock performance relative to our peer group is determined using a Monte Carlo model. The assumptions used in estimating the fair value of these PSUs granted during the period, along with the grant-date fair values, were as follows:

years ended December 31	years ended December 31	2023	2022	2021	years ended December 31	2024	2023	2022
Baxter volatility	Baxter volatility	27 %	27 %	28 %	Baxter volatility	29 %	27 %	27 %
Peer group volatility	Peer group volatility	23%-54%	24%-54%	26%-81%	Peer group volatility	20%-52%	23%-54%	24%-54%
Correlation of returns	Correlation of returns	0.23-0.48	0.21-0.61	0.05-0.65	Correlation of returns	0.12-0.51	0.23-0.48	0.21-0.61
Risk-free interest rate	Risk-free interest rate	4.6 %	1.6 %	0.3 %	Risk-free interest rate	4.3 %	4.6 %	1.6 %
Fair value per PSU								

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The following table summarizes nonvested PSU activity for the year ended December 31, 2023 December 31, 2024.

(share units in thousands)	(share units in thousands)	Share units	Weighted-average grant-date fair value	(share units in thousands)	Share units	Weighted-average grant-date fair value
Nonvested PSUs as of January 1, 2023						
Nonvested PSUs as of January 1, 2024						
Granted						
Vested						
Forfeited						
Nonvested PSUs as of December 31, 2023						
Nonvested PSUs as of December 31, 2024						

Unrecognized compensation cost related to all unvested PSUs of $17 million $6 million at December 31, 2023 December 31, 2024 is expected to be recognized as expense over a weighted-average period of 2.7 years.

Employee Stock Purchase Plan

Nearly all employees are eligible to participate in our employee stock purchase plan. The employee purchase price is 85% of the closing market price on the purchase date.

As of December 31, 2023 December 31, 2024, approximately 9 million 8 million shares of common stock were available for issuance to eligible participants.

During 2023, 2022, each of the years ended December 31, 2024 and 2021, 2023 we issued approximately 1.4 million shares and during the year ended December 31, 2022, we issued approximately 0.9 million and 0.7 million shares respectively, under the employee stock purchase plan.

Cash Dividends

Total cash dividends declared per share for 2024, 2023, and 2022 were $1.04, $1.16 and 2021 were $1.16, $1.15, and $1.085, respectively.

A quarterly dividend of $0.29 per share ($1.16 on an annualized basis) was declared in February, May and July of 2023 2024 and was paid in April, July and October of 2023, 2024, respectively. Our Board of Directors declared a quarterly dividend of $0.29 $0.17 per share in November of 2023, 2024, which was paid in January of 2024, 2025.

Stock Repurchase Programs

As authorized by the Board of Directors, we repurchase our stock depending on our cash flows, net debt level and market conditions. In July 2012, the Board of Directors authorized a share repurchase program and the related authorization was subsequently increased a number of times. We did not repurchase any shares under this authority in 2024 or 2023. We repurchased 0.5 million shares under this authority pursuant to a Rule 10b5-1 plan plans for $32 million in cash in 2022 and 7.3 million shares under this authority pursuant to Rule 10b5-1 plans for $600 million in cash in 2021. 2022. We had $1.30 billion of purchase repurchase authority available as of December 31, 2023 December 31, 2024.

Other

In addition to common stock, our authorized capital structure includes 100 million shares of preferred stock, no par value. As of December 31, 2023 December 31, 2024 and 2022, 2023, no shares of preferred stock were outstanding.

NOTE 10

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) includes all changes in stockholders' equity that do not arise from transactions with stockholders, and consists of net income (loss), CTA, certain gains and losses from pension and other postretirement employee benefit (OPEB) plans, certain gains and losses from hedging activities and unrealized gains and losses on available-for-sale debt securities.

The following table is a net-of-tax summary of the changes in AOCI by component for the years ended December 31, 2023 December 31, 2024, 2023, and 2022.

(in millions)	CTA	Pension and OPEB plans	Hedging activities	Available-for-sale debt securities	Total
Gains (losses)					
Balance as of December 31, 2023	$ (2,985)	$ (452)	$ (120)	$ 3	$ (3,554)
Other comprehensive income (loss) before reclassifications	(445)	(19)	10	—	(454)
Amounts reclassified from AOCI (a)	—	(4)	2	—	(2)
Net other comprehensive income (loss)	(445)	(23)	12	—	(456)
Balance as of December 31, 2024	$ (3,430)	$ (475)	$ (108)	$ 3	$ (4,010)

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(in millions)	CTA	Pension and OPEB plans	Hedging activities	Available-for-sale debt securities	Total
Gains (losses)					
Balance as of December 31, 2022	$ (3,386)	$ (331)	$ (119)	$ 3	$ (3,833)
Other comprehensive income (loss) before reclassifications	216	(106)	5	—	115
Amounts reclassified from AOCI (a)	185	(15)	(6)	—	164
Net other comprehensive income (loss)	401	(121)	(1)	—	279
Balance as of December 31, 2023	$ (2,985)	$ (452)	$ (120)	$ 3	$ (3,554)

(in millions)	CTA	Pension and OPEB plans	Hedging activities	Available-for-sale debt securities	Total
Gains (losses)					
Balance as of December 31, 2021	$ (2,907)	$ (347)	$ (126)	$ —	$ (3,380)
Other comprehensive income (loss) before reclassifications	(544)	(9)	22	3	(528)
Amounts reclassified from AOCI (a)	65	25	(15)	—	75
Net other comprehensive income (loss)	(479)	16	7	3	(453)
Balance as of December 31, 2022	$ (3,386)	$ (331)	$ (119)	$ 3	$ (3,833)

(a) See table below for details about these reclassifications.

The following table is a summary of the amounts reclassified from AOCI to net income (loss) during the years ended December 31, 2023 December 31, 2024 and 2022. 2023.

(in millions)	Amounts reclassified from AOCI (a)											
	2023	2022	Location of impact in income statement		2024	2023	2022	Location of impact in income statement				
CTA												
Reclassification of cumulative translation loss to earnings												
Reclassification of cumulative translation loss to earnings												
Reclassification of cumulative translation loss to earnings	$ —	$ (65)	Other (income) expense, net	Other (income) expense, net	$ —	$ —	$ (65)	Other (income) expense, net	Other (income) expense, net			
Reclassification of cumulative translation loss to earnings from BPS divestiture	Reclassification of cumulative translation loss to earnings from BPS divestiture	(185)	—	—	Income from discontinued operations, net of tax	Income from discontinued operations, net of tax	Reclassification of cumulative translation loss to earnings from BPS divestiture	—	(185)	(185)	$ —	Income (loss) from discontinued operations, net of tax	Income (loss) from discontinued operations, net of tax
Less: Tax effect		(185)										
Less: Tax effect												
			—	(185)	(65)	Total before tax						
Less: Tax effect		—	—	—	Income tax expense (benefit)	Income tax expense (benefit)	Less: Tax effect	—	—	—	—	—	Income tax expense (benefit)	Income tax expense (benefit)
	$		$ —	$		(185)	$	(65)	Net of tax	Net of tax				
Pension and OPEB items												
Pension and OPEB items												

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Pension and OPEB items															
Amortization of net losses and prior service costs or credits															
Amortization of net losses and prior service costs or credits															
Amortization of net losses and prior service costs or credits		$ 18	$	(30)	Other (income) expense, net	Other (income) expense, net	$	6	$ 18	$	(30)		Other (income) expense, net	Other (income) expense, net	
Settlement charges	Settlement charges	(2)	(1)	(1)	Other (income) expense, net	Other (income) expense, net	Settlement charges	—	(2)	(2)	(1)	(1)	Other (income) expense, net	Other (income) expense, net	
Pension settlement from BPS divestiture	Pension settlement from BPS divestiture	4	—	—	Income from discontinued operations, net of tax	Income from discontinued operations, net of tax	Pension settlement from BPS divestiture	—	4	4	—	—	Income (loss) from discontinued operations, net of tax	Income (loss) from discontinued operations, net of tax	
				20		(31)	Total before tax								
				6		20	(31)	Total before tax							
Less: Tax effect	Less: Tax effect	(5)	6	6	Income tax expense (benefit)	Income tax expense (benefit)	Less: Tax effect	(2)	(5)	(5)	6	6	Income tax expense (benefit)	Income tax expense (benefit)	
	$		$	15	$	(25)	Net of tax	Net of tax		$	4	$	15	$ (25)	Net of tax Net of tax
Gains (losses) on hedging activities	Gains (losses) on hedging activities								Gains (losses) on hedging activities						
Foreign exchange contracts	Foreign exchange contracts	$ 16	$	26	Cost of sales	Cost of sales	Foreign exchange contracts	$ 8	$	16	$	26	Cost of sales	Cost of sales	
Interest rate contracts	Interest rate contracts	(6)	(6)	(6)	Interest expense, net	Interest expense, net	Interest rate contracts	(6)	(6)	(6)	(6)	(6)	Interest expense, net	Interest expense, net	
Fair value hedges	Fair value hedges	(3)	—	—	Other (income) expense, net	Other (income) expense, net	Fair value hedges	(5)	(3)	(3)	—	—	Other (income) expense, net	Other (income) expense, net	
				7		20	Total before tax								
				(3)		7	20	Total before tax							
Less: Tax effect	Less: Tax effect	(1)	(5)	(5)	Income tax expense (benefit)	Income tax expense (benefit)	Less: Tax effect	1	(1)	(1)	(5)	(5)	Income tax expense (benefit)	Income tax expense (benefit)	
	$		$	6	$	15	Net of tax	Net of tax		$	(2)	$	6	$ 15	Net of tax Net of tax
Total reclassifications for the period	Total reclassifications for the period	$(164)	$	(75)	Total net of tax	Total net of tax	Total reclassifications for the period	$ 2	$	(164)	$	(75)	Total net of tax	Total net of tax	

(a) Amounts in parentheses indicate reductions to net income.

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Refer to Note 4 for additional information regarding the reclassification of a cumulative translation loss to earnings, Note 13 for additional information regarding the amortization of pension and OPEB items and Note 16 for additional information regarding hedging activity.

NOTE 11

REVENUES

Contract Balances

The timing of revenue recognition, billings and cash collections results in the recognition of trade accounts receivable, unbilled receivables, contract assets, and customer advances and deposits (contract liabilities) on our consolidated balance sheets. Net trade accounts receivable was $2.43 billion and $2.34 billion $1.54 billion as of December 31, 2023 December 31, 2024 and 2022. 2023.

For contract manufacturing arrangements, revenue is primarily recognized throughout the production cycle, which typically lasts up to 90 days, resulting in the recognition of contract assets until the related services are completed and the customers are billed. Additionally, for certain arrangements containing a performance obligation to deliver software that can be used with medical devices, we recognize revenue upon delivery of the software, which results in the recognition of contract assets when customers are billed over time, generally over one to five years. For

bundled contracts involving equipment delivered up-front and consumable medical products to be delivered over time, total contract revenue is allocated between the equipment and consumable medical products. In certain of those arrangements, a contract asset is created for the difference between the amount of equipment revenue recognized upon delivery and the amount of consideration initially receivable from the customer. In those arrangements, the contract asset becomes a trade account receivable as consumable medical products are provided and billed, generally over one to seven years.

The following table summarizes our contract assets:

as of December 31 (in millions)	as of December 31 (in millions) 2023	2022	as of December 31 (in millions) 2024	2023
Contract manufacturing services				
Software sales				
Bundled equipment and consumable medical products contracts				
Contract assets				

Contract liabilities represent deferred revenues that arise as a result of cash received from customers or where the timing of billing for services precedes satisfaction of our performance obligations. Such remaining performance obligations represent the portion of the contract price for which work has not been performed and are primarily related to our installation and service contracts. We expect to satisfy the majority of the remaining performance obligations and recognize revenue related to installation and service contracts within the next 12 months with most of the non-current performance obligations satisfied within 24 months.

The following table summarizes contract liability activity for the years ended December 31, 2023 December 31, 2024 and 2022. 2023. The contract liability balance represents the transaction price allocated to the remaining performance obligations.

year ended December 31 (in millions)	year ended December 31 (in millions) 2023	2022	year ended December 31 (in millions) 2024	2023
Balance at beginning of period				
New revenue deferrals				
Revenue recognized upon satisfaction of performance obligations				
Currency translation				
Balance at end of period				

In 2024 and 2023, and 2022, $127 $103 million and $115 117 million of revenue was recognized that was included in contract liabilities as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. In 2021, 2022, $17 110 million of revenue was recognized that was included in contract liabilities as of December 31, 2020 December 31, 2021.

The following table summarizes the classification of contract assets and contract liabilities as reported in the consolidated balance sheet:

as of December 31 (in millions)	as of December 31 (in millions) 2023	2022	as of December 31 (in millions) 2024	2023
Prepaid expenses and other current assets				
Other non-current assets				
Contract assets				
Accrued expenses and other current liabilities				
Accrued expenses and other current liabilities				
Accrued expenses and other current liabilities				
Other non-current liabilities				
Contract liabilities				

Disaggregation of Net Sales

Refer to Note 18 for additional information on our net sales including the disaggregation of net sales within each of our segments and net sales by geographic location.

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NOTE 12

BUSINESS OPTIMIZATION CHARGES

In recent years, we have undertaken actions to transform our cost structure and enhance operational efficiency. These efforts include restructuring the organization, optimizing the manufacturing footprint, R&D operations and supply chain network, employing disciplined cost management and centralizing and streamlining certain support functions. We currently expect to incur additional pre-tax cash costs, primarily related to the implementation of business optimization programs, of approximately $50 million $4 million through the completion of initiatives that are currently underway. We continue to pursue cost savings initiatives, including those intended to mitigate a portion of the dis-synergies expected to arise as a result of the proposed spinoff sale of our Kidney Care business, and to the extent further cost savings opportunities are identified, we would incur additional restructuring charges and costs to implement business optimization programs in future periods. For segment reporting, business optimization charges are unallocated expenses.

We recorded the following charges related to business optimization programs in 2024, 2023 2022, and 2021: 2022:

years ended December 31 (in millions)	years ended December 31 (in millions)	2023	2022	2021	years ended December 31 (in millions)	2024	2023	2022
Restructuring charges								
Costs to implement business optimization programs[1]								
Total business optimization charges								
Total business optimization charges								
Total business optimization charges								

[1] Costs to implement business optimization programs for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively, consisted primarily of external consulting and transition costs, including employee compensation and related costs. The costs were primarily included within cost of sales and SG&A expenses.

The costs of restructuring actions consisted primarily of employee termination costs, contract termination costs and asset impairments. During the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, we recorded the following restructuring charges:

	2024									
(in millions)	COGS	SG&A	R&D	Total						
Employee termination costs										
Contract termination and other costs										
Asset impairments										
Total restructuring charges										

	2023					2023					2023
(in millions)	(in millions)	COGS	SG&A	R&D	Total	(in millions)	COGS	SG&A	R&D	Total	
Employee termination costs											
Contract termination and other costs											
Asset impairments											
Total restructuring charges											

	2022					2022					2022
(in millions)	(in millions)	COGS	SG&A	R&D	Total	(in millions)	COGS	SG&A	R&D	Total	
Employee termination costs											
Contract termination and other costs											
Asset impairments											
Total restructuring charges											

	2021			
(in millions)	COGS	SG&A	R&D	Total
Employee termination costs				
Contract termination and other costs				
Asset impairments				
Total restructuring charges				

For the year ended December 31, 2024, $45 million of the restructuring charges reflected above, consisting of employee termination costs, were related to initiatives to reduce our cost structure following the sale of our Kidney Care segment. For the year ended December 31, 2024, $46 million of the restructuring charges reflected in the table above were related to business optimization initiatives within our Healthcare Systems & Technologies segment. These charges included $21 million of long-lived asset impairment charges, $9 million of other asset write-downs related to inventory and $2 million of employee termination costs related to our decision to discontinue a product line. Additionally, these charges included $14 million of employee termination costs related to other business optimization initiatives within this segment.

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For the year ended December 31, 2023, $111 million $81 million of the restructuring charges reflected above, consisting of employee termination costs, were related to the implementation of our previously announced new operating model intended to simplify and streamline our operations. For the year ended December 31, 2023, $267 million of the restructuring charges reflected in the table above, consisting of $243 million of long-lived asset impairment charges, $14 million of other asset write-downs related to inventory and spare parts and $10 million of employee termination costs, were related to our decision to cease production at one of our dialyzer manufacturing facilities in connection with our initiatives to streamline our manufacturing footprint and improve our profitability. See Note 4 for additional information.

For the year ended December 31, 2022, $85 million of the restructuring charges reflected in the table above were related to integration activities for the Hillrom acquisition, consisting of $55 million of employee termination costs, $22 million of contract terminations and other costs and $8 million of asset impairments.

For the year ended December 31, 2021, $37 million and $12 million, respectively, of restructuring charges reflected in the table above, consisting of employee termination costs, were related to global programs to simplify and streamline our supply chain and finance functions.

The following table summarizes activity in the liability related to our restructuring initiatives.

(in millions)	
Liability balance as of December 31, 2020 December 31, 2021	$ 113 75
	6
Charges	94 152
Payments	(78) (118)
Reserve adjustments	(19) (18)
Currency translation	(7)
Liability balance as of December 31, 2021	109
Charges	172
Payments	(145)
Reserve adjustments	(21)
Currency translation	(8) (5)
Liability balance as of December 31, 2022	107 86
Charges	212 146
Payments	(151) (101)
Reserve adjustments	(30) (23)
Currency translation	(10) (13)
Liability balance as of December 31, 2023	95
Charges	116
Payments	(80)
Reserve adjustments	(9)
Currency translation	—
Liability balance as of December 31, 2024	$ 128 122

Reserve adjustments primarily relate to employee termination cost reserves established in prior periods.

Substantially all of our restructuring liabilities as of December 31, 2023 December 31, 2024 relate to employee termination costs, with the remaining liabilities attributable to contract termination costs. Substantially all of the cash payments for those liabilities are expected to be disbursed by the end of 2024.

NOTE 13

PENSION AND OTHER POSTRETIREMENT BENEFIT PROGRAMS

We sponsor a number of qualified and nonqualified pension plans for eligible employees. We also sponsor certain unfunded contributory healthcare and life insurance benefits for substantially all domestic retired employees. Newly hired employees in the United States and Puerto Rico are not eligible to participate in the pension plans but receive a higher level of company contributions in our defined contribution plans.

Reconciliation of Pension and Other Postretirement Benefit Plan Obligations, Assets and Funded Status

The benefit plan information in the table below pertains to all of our pension and OPEB plans, both in the United States and in other countries.

as of and for the years ended December 31 (in millions)	Pension benefits		Pension benefits		OPEB		Pension benefits		OPEB
	as of and for the years ended December 31 (in millions)	2023 2022	2023	2022	as of and for the years ended December 31 (in millions)	2024 2023	2024	2023	

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Benefit obligations
Beginning of period
Beginning of period
Beginning of period
Service cost
Interest cost
Participant contributions
Actuarial (gain) loss
Benefit payments
Settlements
Curtailment
Acquisitions
Acquisitions
Acquisitions
Plan Amendments
Foreign exchange and other
End of period
Fair value of plan assets
Beginning of period
Beginning of period
Beginning of period
Actual return on plan assets
Employer contributions
Participant contributions
Benefit payments
Settlements
Acquisitions
Foreign exchange and other
Foreign exchange and other
Foreign exchange and other
End of period
Funded status at December 31
Amounts recognized in the consolidated balance sheets
Noncurrent asset
Noncurrent asset
Noncurrent asset
Current liability
Noncurrent liability
Net liability recognized at December 31

Actuarial gains and losses result from changes in actuarial assumptions (such as changes in the discount rate and revised mortality rates). Actuarial gains in 2024 and losses in 2023 and gains in 2022 related to plan benefit obligations were primarily the result of changes in discount rates.

The pension obligation information in the table above represents the projected benefit obligation (PBO). The PBO incorporates assumptions relating to future compensation levels. The accumulated benefit obligation (ABO) is the same as the PBO except that it includes no assumptions relating to future compensation levels. The ABO for all of our pension plans was $3.28 billion $2.71 billion and $3.01 billion $3.06 billion at the 2023 2024 and 2022 2023 measurement dates, respectively.

The information in the funded status table above represents the totals for all of our pension plans. The following table is information relating to the individual plans in the funded status table above that have an ABO in excess of plan assets.

as of December 31 (in millions)	as of December 31 (in millions)	2023	2022	as of December 31 (in millions)	2024	2023
ABO						
Fair value of plan assets						

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The following table presents information relating to the individual plans in the funded status table above that have a PBO in excess of plan assets (many of which also have an ABO in excess of assets and are therefore also included in the table directly above).

as of December 31 (in millions)	as of December 31 (in millions)	2023	2022	as of December 31 (in millions)	2024	2023
PBO						
Fair value of plan assets						

Expected Net Pension and OPEB Plan Payments for the Next 10 Years

(in millions)	(in millions)	Pension benefits	OPEB	(in millions)	Pension benefits	OPEB
2024						
2025						
2026						
2027						
2028						
2029 through 2033						
2029						
2030 through 2034						
Total expected net benefit payments for next 10 years						

The expected net benefit payments above reflect the total net benefits expected to be paid from the plans' assets (for funded plans) or from our assets (for unfunded plans). The federal subsidies relating to the Medicare Prescription Drug, Improvement and Modernization Act are not expected to be significant.

Amounts Recognized in AOCI

The pension and OPEB plans' gains or losses, prior service costs or credits, and transition assets or obligations not yet recognized in net periodic benefit cost are recognized on a net-of-tax basis in AOCI and will be amortized from AOCI to net periodic benefit cost in the future. For active employees, we utilize the average future working lifetime as the amortization period for prior service. For inactive employees, we utilize the average remaining life expectancy as the amortization period for prior service.

The following table is a summary of the pre-tax losses (gains) included in AOCI at December 31, 2023 December 31, 2024 and December 31, 2022. 2023.

(in millions)	(in millions)	Pension benefits	OPEB	(in millions)	Pension benefits	OPEB
Actuarial loss (gain)						
Prior service credit and transition obligation						
Total pre-tax loss (gain) recognized in AOCI at December 31, 2023						
Total pre-tax loss (gain) recognized in AOCI at December 31, 2024						
Actuarial loss (gain)						
Prior service credit and transition obligation						
Total pre-tax loss (gain) recognized in AOCI at December 31, 2022						
Total pre-tax loss (gain) recognized in AOCI at December 31, 2023						

Refer to Note 10 for the net-of-tax balances included in AOCI as of each of the year-end dates. The following table is a summary of the net-of-tax amounts recorded in OCI relating to pension and OPEB plans.

Year ended December 31 (in millions)	2023	2022	2021
Gain (loss) arising during the year, net of tax of $31 in 2023, $6 in 2022 and $43 in 2021	$ 132	$ (8)	$ 161
Amortization of loss to earnings, net of tax of $(5) in 2023, $6 in 2022 and $16 in 2021	(13)	23	64
Settlement charges, net of tax of zero in 2023, 2022 and 2021	2	1	2
Pension and other employee benefits	$ 121	$ 16	$ 227

Year ended December 31 (in millions)	2024	2023	2022
Gain (loss) arising during the year, net of tax of $(6) in 2024, $31 in 2023 and $4 in 2022	$ (15)	$ (103)	$ (61)
Amortization of gain (loss) to earnings, net of tax of zero in 2024, $(5) in 2023 and $6 in 2022	(4)	13	21
Settlement charges, net of tax of zero in 2024, $(1) in 2023 and zero 2022	—	(2)	1
Pension and other employee benefits	$ (19)	$ (92)	$ (39)

In 2024, 2023 2022 and 2021, 2022, OCI activity for pension and OPEB plans was primarily related to actuarial gains and losses.

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Net Periodic Benefit Cost

Year ended December 31 (in millions)	Year ended December 31 (in millions) 2023	2022	2021	Year ended December 31 (in millions) 2024	2023	2022
Pension benefits						
Service cost						
Service cost						
Service cost						
Interest cost						
Expected return on plan assets						
Amortization of net losses and other deferred amounts						
Curtailment gain						
Settlement charges						
Other						
Net periodic pension benefit cost						
OPEB						
Service cost						
Service cost						
Service cost						
Interest cost						
Amortization of net losses and prior service credit						
Curtailment gain						
Net periodic OPEB cost						

Weighted-Average Assumptions Used in Determining Benefit Obligations at the Measurement Date

	Pension benefits		Pension benefits		OPEB		Pension benefits		OPEB	
	2023	2022	2023	2022						
	2024	2023	2024	2023						
Discount rate										
U.S. and Puerto Rico plans										
U.S. and Puerto Rico plans										
U.S. and Puerto Rico plans	5.20 %	5.55 %	5.11 %	5.46 %		5.71 %	5.20 %	5.54 %	5.11 %	
International plans	International plans 3.41 %	4.01 %	n/a	n/a	International plans	3.67 %	1.76 %		n/a	n/a
Rate of compensation increase										
U.S. and Puerto Rico plans										
U.S. and Puerto Rico plans										
U.S. and Puerto Rico plans	2.60 %	2.93 %	n/a	n/a		3.00 %	2.60 %	n/a		n/a
International plans	International plans 3.24 %	3.34 %	n/a	n/a	International plans	3.07 %	2.59 %		n/a	n/a
Annual rate of increase in the per-capita cost	**Annual rate of increase in the per-capita cost**	n/a	6.25 %	6.50 %	**Annual rate of increase in the per-capita cost**	n/a		6.75 %	6.25 %	
Rate decreased to	Rate decreased to	n/a	5.00 %	5.00 %	Rate decreased to	n/a		5.00 %	5.00 %	
by the year ended	by the year ended	n/a	2029	2029	by the year ended	n/a		2032	2029	

The assumptions above, which were used in calculating the December 31, 2023 December 31, 2024 measurement date benefit obligations, will be used in the calculation of net periodic benefit cost in 2024. 2025.

Weighted-Average Assumptions Used in Determining Net Periodic Benefit Cost

	Pension benefits			Pension benefits			OPEB	Pension benefits	OPEB
	2023	2022	2021	2023	2022	2021			
	2024	2023	2022	2024	2023	2022			
Discount rate									
U.S. and Puerto Rico plans									

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U.S. and Puerto Rico plans																										
U.S. and Puerto Rico plans		5.55	%	3.01	%	2.73	%	5.46	%	2.76	%	2.33	%		5.20	%	5.55	%	3.01	%	5.11	%	5.46	%	2.76	%
International plans	International plans	4.01	%	1.47	%	1.00	%	n/a		n/a				International plans	3.41	%	4.11	%	1.55	%		n/a			n/a	
Expected return on plan assets																										
U.S. and Puerto Rico plans																										
U.S. and Puerto Rico plans																										
U.S. and Puerto Rico plans		6.43	%	5.00	%	5.50	%	n/a		n/a					6.65	%	6.43	%	5.00	%		n/a			n/a	
International plans	International plans	5.00	%	3.82	%	3.58	%	n/a		n/a				International plans	4.86	%	4.93	%	3.89	%		n/a			n/a	
Rate of compensation increase																										
U.S. and Puerto Rico plans																										
U.S. and Puerto Rico plans																										
U.S. and Puerto Rico plans		2.93	%	3.68	%	3.68	%	n/a		n/a					2.60	%	2.93	%	3.68	%		n/a			n/a	
International plans	International plans	3.34	%	3.11	%	3.03	%	n/a		n/a				International plans	3.32	%	3.43	%	3.17	%		n/a			n/a	
Annual rate of increase in the per-capita cost	**Annual rate of increase in the per-capita cost**					n/a		6.25	%	6.50	%	6.25	%	**Annual rate of increase in the per-capita cost**					n/a		6.75	%	6.25	%	6.50	%
Rate decreased to	Rate decreased to					n/a		5.00	%	5.00	%	5.00	%	Rate decreased to					n/a		5.00	%	5.00	%	5.00	%
by the year ended	by the year ended					n/a		2029		2029		2027		by the year ended					n/a		2032			2029	

We established the expected return on plan assets assumption primarily based on a review of historical compound average asset returns, both company-specific and relating to the broad market (based on our asset allocation), as well as an analysis of current market and economic information and future expectations. We plan to use a 6.65% assumption for our U.S. and Puerto Rico plans for 2024. 2025.

Pension Plan Assets

An investment committee of members of senior management is responsible for supervising, monitoring and evaluating the invested assets of our funded pension plans. The investment committee, which meets at least quarterly, abides by documented policies and procedures relating to investment goals, targeted asset allocations, risk management practices, allowable and prohibited investment holdings, diversification, use of derivatives, the relationship between plan assets and benefit obligations, and other relevant factors and considerations.

The investment committee's policies and procedures include the following:

- Ability to pay all benefits when due;
- Targeted long-term performance expectations relative to applicable market indices, such as Russell, MSCI EAFE, and other indices;
- Targeted asset allocation percentage ranges (summarized below), and periodic reviews of these allocations;
- Diversification of assets among third-party investment managers, and by geography, industry, stage of business cycle and other measures;
- Specified investment holding and transaction prohibitions (for example, private placements or other restricted securities, securities that are not traded in a sufficiently active market, short sales, certain derivatives, commodities and margin transactions);
- Specified portfolio percentage limits on holdings in a single corporate or other entity (generally 5% at time of purchase, except for holdings in U.S. government or agency securities);
- Specified average credit quality for the fixed-income securities portfolio (at least A- by Standard & Poor's or A3 by Moody's);
- Specified portfolio percentage limits on foreign holdings; and
- Periodic monitoring of investment manager performance and adherence to the investment committee's policies.

Plan assets are invested using a total return investment approach whereby a mix of equity securities, debt securities and other investments are used to preserve asset values, diversify risk and exceed the planned benchmark investment return. Investment strategies and asset allocations are based on consideration of plan liabilities, the plans' funded status and other factors, such as the plans' demographics and liability durations. Investment performance is reviewed by the investment committee on a quarterly basis and asset allocations are reviewed at least annually.

Plan assets are managed in a balanced portfolio comprised of two major components: return-seeking investments and liability hedging investments. The target allocations for plan assets are 50% in return-seeking investments and 50% in liability hedging investments and other holdings. The documented policy includes an allocation range based on each

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individual investment type within the major components that allows for a variance from the target allocations depending on the investment type. Return-seeking investments primarily include common stock of U.S. and international companies, common/collective trust funds, mutual funds, hedge funds, and partnership investments. Liability hedging investments and other holdings primarily include cash, money market funds with an original maturity of three months or less, U.S. and foreign government and governmental agency issues, corporate bonds, municipal securities, derivative contracts and asset-backed securities.

While the investment committee provides oversight over plan assets for U.S. and international plans, the summary above is specific to the plans in the United States. The plan assets for international plans are managed and allocated by the entities in each country, with input and oversight provided by the investment committee. The plan assets for the U.S. and international plans are included in the table below.

The following tables summarize our pension plan financial instruments that are measured at fair value on a recurring basis.

			Basis of fair value measurement								
(in millions)	(in millions)	Balance at December 31, 2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Measured at NAV (a)	(in millions)	Balance at December 31, 2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Measured at NAV (a)
Assets												
Cash												
Cash												
Cash												
Fixed income securities												
Fixed income securities												
Fixed income securities												
Cash equivalents												
Cash equivalents												
Cash equivalents												
U.S. government and government agency issues												
Corporate bonds												
Equity securities												
Common stock												
Common stock												
Common stock												
Mutual funds	Mutual funds	211	211	211	—	—	—	—	—	—	Mutual funds	199	199	199	—	—	—	—	—	—
Common/collective trust funds												
Partnership investments												
Other holdings												
Fair value of pension plan assets												
Fair value of pension plan assets												
Fair value of pension plan assets												

(a) Certain assets that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

			Basis of fair value measurement								
(in millions)	(in millions)	Balance at December 31, 2022	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Measured at NAV (a)	(in millions)	Balance at December 31, 2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Measured at NAV (a)
Assets												
Cash												
Cash												
Cash												
Fixed income securities												

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Fixed income securities																				
Fixed income securities																				
Cash equivalents																				
Cash equivalents																				
Cash equivalents																				
U.S. government and government agency issues																				
Corporate bonds																				
Equity securities																				
Common stock																				
Common stock																				
Common stock																				
Mutual funds	Mutual funds	340	184	184	156	156	—	—	—	—	Mutual funds	192	192	192	—	—	—	—	—	—
Common/collective trust funds																				
Partnership investments																				
Other holdings																				
Fair value of pension plan assets																				
Fair value of pension plan assets																				
Fair value of pension plan assets																				

(a) Certain assets that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

The following table is a reconciliation of changes in fair value measurements that used significant unobservable inputs (Level 3).

(in millions)	Other holdings
Balance at December 31, 2021 December 31, 2022	$ 97
Transfers out	(1)
Balance at December 31, 2022	8
Purchases[1]	149 148
Balance at December 31, 2023	155
Unrealized gains (losses)	(24)
Sales	(7)
Purchases	3
Balance at December 31, 2024	$ 157 127

[1] Purchases in 2023 included $148 million for an insurance contract buy-in related to our pension plan in the United Kingdom.

The assets and liabilities of our pension plans are valued using the following valuation methods:

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Investment category	Valuation methodology
Cash equivalents	These largely consist of a short-term investment fund, U.S. Dollars and foreign currency. The fair value of the short-term investment fund is based on the net asset value.
U.S. government and government agency issues	Values are based on reputable pricing vendors, who typically use pricing matrices or models that use observable inputs.
Corporate bonds	Values are based on reputable pricing vendors, who typically use pricing matrices or models that use observable inputs.
Common stock	Values are based on the closing prices on the valuation date in an active market on national and international stock exchanges.
Mutual funds	Values are based on the net asset value of the units held in the respective fund which are obtained from national and international exchanges or based on the net asset value of the underlying assets of the fund provided by the fund manager.
Common/collective trust funds	Values are based on the net asset value of the units held at year end.
Partnership investments	Values are based on the net asset value of the participation by us in the investment as determined by the general partner or investment manager of the respective partnership.
Other holdings	Other holdings includes assets valued by pricing vendors using pricing matrices or models that use observable inputs and an insurance contract held by our pension plan in the United Kingdom, which is measured using a discounted cash flow model. In addition to observable market inputs such as interest rates, the fair value measurement of the insurance contract also reflects unobservable inputs, such as qualitative judgments about pricing of similar contracts in the insurance market.

Expected Pension and OPEB Plan Funding

Our funding policy for our pension plans is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that we may determine to be appropriate considering the funded status of the plans, tax deductibility, the cash flows generated by us, and other factors. Volatility in the global financial markets could have an unfavorable impact on future funding requirements. In 2024, 2025, we have no obligation to fund our principal plans in the United States, but we regularly reassess the amount and timing of any discretionary contributions. Conversely, we do expect to make contributions of at least $18 $26 million to our Puerto Rico plan and $48 million $7 million to our foreign pension plans in 2024. 2025. Additionally, we expect to have net cash outflows relating to our OPEB plans of approximately $17 million $16 million in 2024. 2025.

The following table details the funded status percentage of our pension plans as of December 31, 2023 December 31, 2024, including certain plans that are unfunded in accordance with the guidelines of our funding policy outlined above.

		United States and Puerto Rico																	
as of December 31, 2023 (in millions)																			
as of December 31, 2023 (in millions)																			
as of December 31, 2023 (in millions)		Qualified plans		Nonqualified plan		Funded plans		Unfunded plans		Total									
as of December 31, 2024 (in millions)																			
as of December 31, 2024 (in millions)																			
as of December 31, 2024 (in millions)		Qualified plans		Nonqualified plan		Funded plans		Unfunded plans		Total									
Fair value of plan assets																			
PBO																			
Funded status percentage	Funded status percentage	88	%	n/a		111	%	n/a		80	%	Funded status percentage	87	%	n/a		90	%	n/a	81	%

Pension Plan Amendments

In May 2022, we announced that the pay and service amounts used to calculate pension benefits for active non-bargaining participants in our U.S. Hillrom pension plan would freeze as of December 31, 2022. Years of additional service earned and eligible compensation received after December 31, 2022 will not be included in the determination of the benefits payable to those participants. This change resulted in an $11 million decline in the projected benefit obligation (PBO) with an offsetting curtailment gain included within other (income) expense, net on the consolidated statements of income (loss) for the year ended December 31, 2022.

As of December 31, 2022, we transferred the assets and liabilities of the Baxter International Inc. and Subsidiaries Pension Plan II to the Baxter International Inc. and Subsidiaries Pension Plan, resulting in one qualified U.S. defined benefit plan.

U.S. Defined Contribution Plan

Most U.S. employees are eligible to participate in a qualified defined contribution plan. We recognized expense of $119 million in 2024, $116 million in 2023 and $96 million in 2022 and $59 million in 2021 related to contributions to this plan.

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NOTE 14

INCOME TAXES

Income (Loss) Before Income Tax Expense (Benefit) by Category

years ended December 31 (in millions)	years ended December 31 (in millions) 2023	2022	2021	years ended December 31 (in millions) 2024	2023	2022
United States						
International						
Income (loss) from continuing operations before income taxes						

Income Tax Expense (Benefit)

years ended December 31 (in millions)	years ended December 31 (in millions) 2023	2022	2021	years ended December 31 (in millions) 2024	2023	2022
Current						
United States						
United States						
United States						
Federal						
Federal						
Federal						
State and local						
International						
Current income tax expense (benefit)						
Deferred						
United States						
United States						
United States						
Federal						
Federal						
Federal						
State and local						
International						
Deferred income tax expense (benefit)						
Income tax expense (benefit)						

Deferred Tax Assets and Liabilities

as of December 31 (in millions)	as of December 31 (in millions) 2023	2022	as of December 31 (in millions) 2024	2023
Deferred tax assets				
Accrued liabilities and other				
Accrued liabilities and other				
Accrued liabilities and other				
Pension and other postretirement benefits				
Tax credit and net operating loss carryforwards				
Swiss tax reform net asset basis step-up				
Operating lease liabilities				
Valuation allowances				
Total deferred tax assets				
Deferred tax liabilities				
Subsidiaries' unremitted earnings				
Subsidiaries' unremitted earnings				
Subsidiaries' unremitted earnings				
Long-lived assets and other				
Operating lease right-of-use assets				

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Total deferred tax liabilities	
Net deferred tax asset (liability)	

At December 31, 2023 December 31, 2024, we had U.S. state operating loss carryforwards totaling $756 million, $58 million, U.S. federal operating loss carryforwards totaling $129 $13 million and tax credit carryforwards totaling $299 million, $282 million, which includes a U.S. foreign tax credit carryforward of $228 $184 million. The U.S. federal and state operating loss and tax credit carryforwards expire between 2024 2025 and 2043, 2044, with $165 $14 million of the operating loss carryforwards having no expiration date.

At December 31, 2023 December 31, 2024, with respect to our operations outside the U.S., we had foreign operating loss carryforwards totaling $698 million $74 million and foreign tax credit carryforwards totaling $15 million $14 million. The foreign operating loss carryforwards expire between 2024 2025 and 2040 2041 with $432 million $50 million having no expiration date. All of the foreign tax credit carryforwards have no expiration date.

Realization of the U.S. and foreign operating loss and tax credit carryforwards depends on generating sufficient future earnings. A valuation allowance of $658 million $536 million and $704 million $584 million was recognized as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively, to reduce the deferred tax assets associated with net operating loss and tax credit carryforwards because we do not believe it is more likely than not that these assets will be fully realized prior to expiration.

After evaluating relevant U.S. tax laws, any elections or other opportunities that may be available and the future expiration of certain U.S. tax provisions that will impact the utilization of our U.S. foreign tax credit carryforwards, management expects to be able to realize some, but not all, of the U.S. foreign tax credit deferred tax assets up to its recurring and non-recurring foreign inclusions. Therefore, a valuation allowance of $130 $131 million and $119 $130 million was recognized with respect to the foreign tax credit carryforwards as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively. We will continue to evaluate the need for additional valuation allowances and, as circumstances change, the valuation allowance may change.

As a result of Swiss tax reform legislation enacted during 2019, we recognized an $863 million net asset tax basis step-up that is amortizable as a tax deduction ratably over tax years 2025 through 2029. A deferred tax asset of $157 $92 million and $151 $157 million for the tax basis step-up was recognized as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively. We expect to realize some, but not all, of the Swiss deferred tax assets for that tax basis step-up based on expected future earnings generated by our Swiss subsidiary during the period in which the tax basis will be amortized. Therefore, a valuation allowance of $90 $42 million and $84 $90 million was recognized on the Swiss deferred tax assets for the tax basis step-up as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively. For the year ended December 31, 2023 December 31, 2024, we recognized $9 recorded an adjustment to the tax rate originally applied to the Swiss net asset tax basis step-up, and as a result recorded a net tax expense of $25 million of to decrease the deferred tax expense to increase our asset by $59 million and the related valuation allowance to reflect our current estimate by $34 million as of its recoverability. December 31, 2024. We evaluated the impact on prior periods and determined the impact was immaterial.

The following table is a summary of changes in our deferred tax valuation allowance for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021. 2022.

years ended December 31 (in millions)	years ended December 31 (in millions)	2023	2022	2021	years ended December 31 (in millions)	2024	2023	2022
Balance at beginning of period								
Acquisition								
Divestiture								
Charged to income tax expense								
Charged to income tax expense								
Charged to income tax expense								
Deductions								
Currency translation adjustments								
Balance at end of period								

Income Tax Expense (Benefit) Reconciliation

years ended December 31 (in millions)	years ended December 31 (in millions)	2023	2022	2021	years ended December 31 (in millions)	2024	2023	2022
Income tax expense (benefit) at U.S. statutory rate								
Tax incentives								
State and local taxes, net of federal benefit								
Impact of foreign taxes								
Tax-deductible foreign statutory loss on an investment in a foreign subsidiary								
Unfavorable court decision in a foreign jurisdiction related to an uncertain tax position								
Non-deductible goodwill impairments								
Non-deductible goodwill impairments								
Non-deductible goodwill impairments								
Non-deductible separation-related costs								
Notional interest deduction expense (benefit)								
Non-deductible separation-related costs								
Notional interest deduction expense (benefit)								

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Non-deductible separation-related costs	
Notional interest deduction expense (benefit)	
Valuation allowances	
Stock compensation (windfall) shortfall tax expense (benefit)	
Research and development tax credits	
Research and development tax credits	
Research and development tax credits	
Uncertain tax positions	
Unutilized foreign tax credits	
Subpart F income	
Foreign tax credits	
Pillar Two taxes	
Revaluation of Swiss basis step-up deferred tax asset	
Tax law changes on Section 987	
Other, net	
Income tax expense (benefit)	

Our effective income tax rate can differ from the 21% U.S. federal statutory rate due to a number of factors, including tax incentives, foreign rate differences, state income taxes, non-deductible expenses, non-taxable income, increases or decreases in valuation allowances and liabilities for uncertain tax positions, excess tax benefits or shortfalls on stock compensation awards, audit developments and legislative changes.

In 2024, the difference between our effective income tax rate and the U.S. federal statutory rate was adversely impacted by a non-deductible impairment of goodwill and legislative changes under IRC Section 987 (which is the exchange gain or loss on foreign branch remittances in the U.S., effective in 2024), and a net revaluation of the Swiss basis step-up deferred tax asset and related valuation allowance that arose from Swiss tax reform legislation in 2019, partially offset by a favorable geographic earnings mix, a decrease in valuation allowance mainly related to U.S. foreign tax credit carryforward, and a tax benefit related to research and development tax credits.

In 2023, our effective income tax rate was impacted favorably by geographic earnings mix, which was impacted by the long-lived asset impairments we recognized during 2023, a $50 million net tax benefit after related valuation allowances from notional interest deductions that are received by certain wholly-owned foreign subsidiaries that have financed their operations with equity capital and a $21 $17 million tax benefit related to research and development tax credits, partially offset by non-deductible separation-related costs and tax shortfalls on stock compensation awards.

In 2022, our effective income tax rate was adversely impacted by non-deductible impairments of goodwill acquired in the Hillrom acquisition and valuation allowance increases, including the increase described above related to deferred tax assets from a tax basis step-up that arose from Swiss tax reform legislation in 2019. Those items were partially offset by a $47 million net tax benefit after related valuation allowances from notional interest deductions.

In 2021, our effective income tax rate was impacted favorably by geographic earnings mix, including a $50 million net tax benefit after related valuation allowances from notional interest deductions, a $58 million tax benefit related to a tax-deductible foreign statutory loss on an investment in a foreign subsidiary, a tax benefit related to a change in U.S. foreign tax credit regulations, which is reflected in the valuation allowances item in the table above, and excess tax benefits on stock compensation awards, partially offset by an unfavorable court decision in a foreign jurisdiction related to an uncertain tax position.

We plan to repatriate our foreign earnings with the exception of approximately $505 $607 million of accumulated earnings that are indefinitely reinvested as of December 31, 2023 December 31, 2024 related to two three of our foreign operations. Additional withholding and capital gain taxes of $61 $70 million would be incurred if such earnings were remitted currently.

Our tax provisions for 2024, 2023 2022 and 2021 2022 do not include any significant tax charges related to either the Base Erosion and Anti-Abuse Tax (BEAT) or Global Intangible Low Taxed Income (GILTI) provisions, except for the inability to fully utilize foreign tax credits against such GILTI. Our accounting policy is to recognize any GILTI charge as a period cost.

Unrecognized Tax Benefits

We classify interest and penalties associated with income taxes in income tax expense (benefit) within the consolidated statements of income (loss). Net interest and penalties recognized were not significant during 2024, 2023 2022 and 2021. 2022. The liability recognized related to interest and penalties was $23 million $21 million and $16 million $17 million as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively. The total amount of gross unrecognized tax benefits that, if recognized, would impact the effective tax rate are $57 million $51 million, $33 $47 million and $39 $31 million as of December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively. We believe that it is reasonably possible that our gross unrecognized tax benefits will be reduced within the next 12 months by $11 million $13 million.

The following table is a reconciliation of our unrecognized tax benefits for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021. 2022.

as of and for the years ended (in millions)	as of and for the years ended (in millions) 2023 2022 2021	as of and for the years ended (in millions) 2024 2023 2022
Balance at beginning of the year		
Increase due to acquisition		

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Increase associated with tax positions taken during the current year
Increase associated with tax positions taken during the current year
Increase associated with tax positions taken during the current year
Increase (decrease) associated with tax positions taken during a prior year
Settlements
Decrease associated with lapses in statutes of limitations
Balance at end of the year

Of the gross unrecognized tax benefits, $83 million $39 million and $35 million $33 million were recognized as liabilities in the consolidated balance sheets as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively.

Tax Incentives

We have received tax incentives in Puerto Rico, Switzerland, Dominican Republic, and Costa Rica and Thailand. Rica. The financial impact of the reductions as compared to the statutory tax rates is indicated in the income tax expense (benefit) reconciliation table above. The tax reductions as compared to the local statutory rate favorably impacted earnings (loss) per diluted share by $0.41 $0.34 in 2024, $0.39 in 2023 and $0.31 in 2022 and $0.38 in 2021. 2022. The above grants provide that our manufacturing operations are and will be partially exempt from local taxes with varying expirations from 2024 to 2034.

Examinations of Tax Returns

As of December 31, 2023 December 31, 2024, we had ongoing audits in the United States, Germany, Italy and other jurisdictions. During 2022, we closed U.S. tax years 2017-2018 with the IRS with no material adjustments to our financial statements. Tax years 2019 and 2020 remain under examination by the IRS, including with respect to transfer pricing matters, and tax years 2012 and forward remain under examination by various foreign taxing authorities. While the final outcome of these matters is inherently uncertain, we believe we have made adequate tax provisions for all years subject to examination.

NOTE 15

EARNINGS (LOSS) PER SHARE

The numerator for both basic and diluted earnings (loss) per share (EPS) is net income (loss) attributable to Baxter stockholders. The denominator for basic EPS is the weighted-average number of shares outstanding during the period. The dilutive effect of outstanding stock options, RSUs and PSUs is reflected in the denominator for diluted EPS using the treasury stock method.

The following table is a reconciliation of net income (loss) attributable to Baxter stockholders.

years ended December 31(in millions)	years ended December 31(in millions) 2023	2022	2021	years ended December 31(in millions) 2024	2023	2022
Income (loss) from continuing operations						
Less: Net income attributable to noncontrolling interests						
Less: Net income attributable to noncontrolling interests included in continuing operations						
Income (loss) from continuing operations attributable to Baxter stockholders						
Income from discontinued operations						
Income (loss) from discontinued operations						
Less: Net income attributable to noncontrolling interests included in discontinued operations						
Income (loss) from discontinued operations attributable to Baxter stockholders						
Net income (loss) attributable to Baxter stockholders						

The following table is a reconciliation of basic shares to diluted shares.

years ended December 31(in millions)	years ended December 31(in millions) 2023	2022	2021	years ended December 31(in millions) 2024	2023	2022
Basic shares						
Effect of dilutive securities						
Diluted shares						

Basic and diluted shares are the same for the years ended December 31, 2023 December 31, 2024 and 2022 due to our net losses loss from continuing operations for those periods. attributable to Baxter stockholders. The effect of dilutive securities for the year ended December 31, 2021 includes unexercised stock options, unvested RSUs and contingently issuable shares related to granted PSUs. The computation of diluted EPS excluded excludes 25 million, 22 million 19 million, and 7 million 22 million equity awards in 2024, 2023 2022, and 2021, 2022, respectively, because their inclusion would have had an anti-dilutive effect on diluted EPS. Refer to Note 9 for additional information regarding items impacting basic shares.

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NOTE 16

FINANCIAL INSTRUMENTS, DERIVATIVES AND HEDGING ACTIVITIES

Accounts Receivable Sales

For accounts receivable originated in Japan, we have entered into agreements with a financial institution in which the entire interest in and ownership of the receivable is sold. We continue to service the receivables in this arrangement.

The following is a summary of the activity relating to the arrangement.

as of and for the years ended December 31 (in millions)	2023	2022	2021
Sold receivables at beginning of year	$ 71	$ 81	$ 96
Proceeds from sales of receivables	274	291	339
Cash collections (remitted to the owners of the receivables)	(275)	(293)	(346)
Effect of foreign exchange rate changes	(4)	(8)	(8)
Sold receivables at end of year	$ 66	$ 71	$ 81

The net gains or losses relating to the sales of accounts receivable were immaterial for each year.

Concentrations of Credit Risk

We invest excess cash in certificates of deposit or money market or other funds and diversify the concentration of cash among different financial institutions. With respect to financial instruments, where appropriate, we have diversified our selection of counterparties, and have arranged collateralization and master-netting agreements to minimize the risk of loss.

Global economic conditions and liquidity issues in certain countries have resulted, and may continue to result, in delays in the collection of receivables and credit losses. Global economic conditions, governmental actions and customer-specific factors may require us to re-evaluate the collectability of our receivables and we could potentially incur additional credit losses.

Foreign Currency and Interest Rate Risk Management

We operate on a global basis and are exposed to the risk that our earnings, cash flows and equity could be adversely impacted by fluctuations in foreign exchange and interest rates. Our hedging policy attempts to manage these risks to an acceptable level based on our judgment of the appropriate trade-off between risk, opportunity and costs.

We are primarily exposed to foreign exchange risk with respect to recognized assets and liabilities, forecasted transactions and net assets denominated in the Euro, British Pound, Australian Dollar, Canadian Dollar, Chinese Renminbi, Japanese Yen, Swedish Krona, British Pound, Polish Zloty, Mexican Peso, Australian Dollar, Canadian Dollar, Korean Won, Colombian Peso, Brazilian Real, Russian Ruble, Turkish Lira Indian Rupee and Indian Rupee. Swedish Krona. We manage our foreign currency exposures on a consolidated basis, which allows us to net exposures and take advantage of any natural offsets. In addition, we use derivative and nonderivative instruments to further reduce the net exposure to foreign exchange risk. Gains and losses on the hedging instruments offset losses and gains on the hedged transactions and reduce the earnings and equity volatility resulting from changes in foreign exchange rates. Financial market and currency volatility may limit our ability to cost-effectively hedge these exposures.

We are also exposed to the risk that our earnings and cash flows could be adversely impacted by fluctuations in interest rates. Our policy is to manage interest costs using the mix of fixed- and floating-rate debt that we believe is appropriate at that time. To manage this mix in a cost-efficient manner, we periodically enter into interest rate swaps in which we agree to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional amount.

We do not hold any instruments for trading purposes and none of our outstanding derivative instruments contain credit-risk-related contingent features.

Cash Flow Hedges

We may use options, including collars and purchased options, forwards and cross-currency swaps to hedge the foreign exchange risk to earnings relating to forecasted transactions and recognized assets and liabilities. We periodically use treasury rate locks to hedge the risk to earnings associated with movements in interest rates relating to anticipated issuances of debt.

The notional amounts of foreign exchange contracts designated as cash flow hedges were $340 million $99 million and $398 million $340 million as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively. The maximum term over which we have cash flow hedge contracts in place related to forecasted transactions at December 31, 2023 December 31, 2024 is 12 11 months for foreign exchange contracts. There were no outstanding interest rate contracts designated as cash flow hedges as of December 31, 2023 December 31, 2024 and 2022. 2023.

Fair Value Hedges

We periodically use interest rate swaps to convert a portion of our fixed-rate debt into variable-rate debt. These instruments hedge our earnings from changes in the fair value of debt due to fluctuations in the designated benchmark interest rate.

There were no outstanding interest rate contracts designated as fair value hedges as of December 31, 2023 December 31, 2024 and 2022.

2023.

In October 2023, we entered into a foreign currency forward contract with a notional amount of $798 million maturing in May 2024 and designated that derivative as a fair value hedge of our €750 million of 0.40% senior notes due May 2024. This forward contract matured in May 2024.

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Net Investment Hedges

In May 2017, we issued €600 million of 1.3% senior notes due May 2025. In May 2019, we issued €750 million of 1.3% senior notes due May 2029. We have designated these debt obligations as hedges of our net investment in our European operations and, as a result, mark to spot rate adjustments of the outstanding debt balances are recorded as a component of AOCI.

In May 2019, we issued €750 million of 0.40% senior notes due May 2024. 2024, which we repaid in full on their maturity date. We had designated these debt obligations as hedges of our net investment in our European operations and, as a result, mark to spot rate adjustments of the outstanding debt balances were previously recorded as a component of AOCI. In October 2023, we dedesignated this previously designated net investment hedge and concurrently entered into a fair value hedging relationship as discussed in the “Fair Value Hedges” section above.

As of December 31, 2023 December 31, 2024, we had an accumulated pre-tax unrealized translation gain in AOCI of $37 million $124 million related to the Euro-denominated senior notes.

Dedesignations

If it is determined that a derivative or nonderivative hedging instrument is no longer highly effective as a hedge, we discontinue hedge accounting prospectively. Gains or losses relating to terminations of effective cash flow hedges generally continue to be deferred and are recognized consistent with the loss or income recognition of the underlying hedged items. However, if it is probable that hedged forecasted transactions will not occur, any gains or losses would be immediately reclassified from AOCI to earnings. There were no cash flow hedge dedesignations in 2024, 2023 2022 or 2021 2022 resulting from changes in our assessment of the probability that the hedged forecasted transactions would occur. The losses relating to these terminations continue to be deferred and are being recognized consistent with the underlying hedged item, interest expense on the issuance of debt.

If we terminate a fair value hedge, an amount equal to the cumulative fair value adjustment to the hedged item at the date of termination is amortized to earnings over the remaining term of the hedged item. There were no fair value hedges terminated in 2024, 2023 2022 or 2021. 2022.

If we remove a net investment hedge designation, any gain or loss recognized in AOCI is not reclassified to earnings until we sell, liquidate, or deconsolidate the foreign investments that were being hedged. In October 2023, we dedesignated one of our net investment hedges as discussed in the "Net Investment Hedges" section above. There were no net investment hedges terminated in 2022 2024 or 2021. 2022.

Undesignated Derivative Instruments

We use forward contracts to hedge earnings from the effects of foreign exchange relating to certain of our intra-company and third-party receivables and payables denominated in a foreign currency. These derivative instruments are generally not formally designated as hedges and the terms of these instruments generally do not exceed one month.

The total notional amount of undesignated derivative instruments was $709 million $389 million and $753 million $305 million as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively.

Gains and Losses on Hedging Instruments and Undesignated Derivative Instruments

The following tables summarize the gains and losses on our hedging instruments and the classification of those gains and losses within our consolidated financial statements for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2022.

	Gain (loss) recognized in OCI			Location of gain (loss) in	Gain (loss) reclassified from AOCI into income		
(in millions)	2024	2023	2022	income statement	2024	2023	2022
Cash flow hedges							
Interest rate contracts	$ —	$ —	$ —	Interest expense, net	$ (6)	$ (6)	$ (6)
Foreign exchange contracts	17	15	28	Cost of sales	8	15	26
Fair value hedges							
Foreign exchange contracts	(3)	(4)	—	Other (income) expense, net	(5)	(3)	—
Net investment hedges	87	(58)	141	Other (income) expense, net	—	—	—
Total	$ 101	$ (47)	$ 169		$ (3)	$ 6	$ 20

	Location of gain (loss) in income statement	Gain (loss) recognized in income		
(in millions)		2024	2023	2022
Fair value hedges				
Foreign exchange contracts	Other (income) expense, net	$ (24)	$ 38	$ —
Undesignated derivative instruments				
Foreign exchange contracts	Other (income) expense, net	(13)	2	(16)
Total		$ (37)	$ 40	$ (16)

2021.

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(in millions)	Gain (loss) recognized in OCI 2023	2022	2021	Location of gain (loss) in income statement	Gain (loss) reclassified from AOCI into income 2023	2022	2021
Cash flow hedges							
Interest rate contracts	$ —	$ —	$ —	Interest expense, net	$ (6)	$ (6)	$ (6)
Foreign exchange contracts	16	28	5	Cost of sales	16	26	(23)
Fair value hedges							
Foreign exchange contracts	(4)	—	—	Other (income) expense, net	(3)	—	—
Net investment hedges	(58)	141	200	Other (income) expense, net	—	—	—
Total	$ (46)	$ 169	$ 205		$ 7	$ 20	$ (29)

(in millions)	Location of gain (loss) in income statement	Gain (loss) recognized in income 2023	2022	2021
Fair value hedges				
Foreign exchange contracts	Other (income) expense, net	$ 38	$ —	$ —
Undesignated derivative instruments				
Foreign exchange contracts	Other (income) expense, net	2	(30)	(36)
Total		$ 40	$ (30)	$ (36)

The following table summarizes net-of-tax activity in AOCI, a component of stockholders' equity, related to our cash flow hedges.

as of and for the year ended December 31 (in millions)	as of and for the year ended December 31 (in millions) 2023	2022	2021	as of and for the year ended December 31 (in millions) 2024	2023	2022
Accumulated other comprehensive income (loss) balance at beginning of year						
(Loss) gain in fair value of derivatives during the year						
(Loss) gain in fair value of derivatives during the year						
(Loss) gain in fair value of derivatives during the year						
Amount reclassified to earnings during the year						
Accumulated other comprehensive income (loss) balance at end of year						

As of December 31, 2023 December 31, 2024, $6 million $1 million of deferred, net after-tax losses gains on derivative instruments included in AOCI are expected to be recognized in earnings during the next 12 11 months, coinciding with when the hedged items are expected to impact earnings.

Derivative Assets and Liabilities

The following table summarizes the classification and fair values of derivative instruments reported in the consolidated balance sheet as of December 31, 2023 December 31, 2024.

(in millions)	Derivatives in asset positions (in millions)	Balance sheet location	Fair value	Derivatives in asset positions Balance sheet location	Fair value	Derivatives in liability positions (in millions)	Balance sheet location	Fair value	Derivatives in asset positions Balance sheet location	Fair value	Derivatives in liability positions
Derivative instruments designated as hedges											
Foreign exchange contracts											
Foreign exchange contracts											
Foreign exchange contracts											
Undesignated derivative instruments											
Undesignated derivative instruments											
Undesignated derivative instruments											
Foreign exchange contracts											
Foreign exchange contracts											
Foreign exchange contracts											
Total derivative instruments											

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The following table summarizes the classification and fair values of derivative instruments reported in the consolidated balance sheet as of December 31, 2022 December 31, 2023.

	Derivatives in asset positions			Derivatives in asset positions		Derivatives in liability positions			Derivatives in asset positions		Derivatives in liability positions	
(in millions)	(in millions)	Balance sheet location	Fair value	Balance sheet location	Fair value	(in millions)	Balance sheet location	Fair value	Balance sheet location	Fair value		
Derivative instruments designated as hedges												
Foreign exchange contracts												
Foreign exchange contracts												
Foreign exchange contracts												
Undesignated derivative instruments												
Undesignated derivative instruments												
Undesignated derivative instruments												
Foreign exchange contracts												
Foreign exchange contracts												
Foreign exchange contracts												
Total derivative instruments												

While some of our derivatives are subject to master netting arrangements, we present our assets and liabilities related to derivative instruments on a gross basis within the consolidated balance sheets. Additionally, we are not required to post collateral for any of our outstanding derivatives.

The following table provides information on our derivative positions as if they were presented on a net basis, allowing for the right of offset by counterparty.

		December 31, 2023		December 31, 2022					
		December 31, 2024		December 31, 2023					
(in millions)	(in millions)	Asset	Liability	Asset	Liability	(in millions)	Asset	Liability	Asset	Liability
Gross amounts recognized in the consolidated balance sheets										
Gross amount subject to offset in master netting arrangements not offset in the consolidated balance sheets										
Total										

The following table presents the amounts recorded on the consolidated balance sheets related to fair value hedges:

	Carrying amount of hedged items			Carrying amount of hedged items		Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged items (a)		Carrying amount of hedged items		Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged items (a)	
(in millions)	(in millions)	Balance as of December 31, 2023	Balance as of December 31, 2022	Balance as of December 31, 2023	Balance as of December 31, 2022	(in millions)	Balance as of December 31, 2024	Balance as of December 31, 2023	Balance as of December 31, 2024	Balance as of December 31, 2023	
Long-term debt											

(a) These fair value hedges were terminated in 2018 and earlier periods.

NOTE 17

FAIR VALUE MEASUREMENTS

The fair value hierarchy consists of the following three levels:

- Level 1 — Quoted prices in active markets that we have the ability to access for identical assets or liabilities;
- Level 2 — Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuations in which all significant inputs are observable in the market; and
- Level 3 — Valuations using significant inputs that are unobservable in the market and include the use of judgment by management about the assumptions market participants would use in pricing the asset or liability.

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The following tables summarize our assets and liabilities that are measured at fair value on a recurring basis.

(in millions)	Balance as of December 31, 2023	Basis of fair value measurement: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Foreign exchange contracts				
Foreign exchange contracts				
Foreign exchange contracts				
Available-for-sale debt securities				
Available-for-sale debt securities				
Available-for-sale debt securities				
Marketable equity securities				
Total				
Liabilities				
Foreign exchange contracts				
Foreign exchange contracts				
Foreign exchange contracts				
Contingent payments related to acquisitions				
Contingent payments related to acquisitions				
Contingent payments related to acquisitions				
Total				

(in millions)	Balance as of December 31, 2024	Basis of fair value measurement: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Foreign exchange contracts				
Foreign exchange contracts				
Foreign exchange contracts				
Available-for-sale debt securities				
Available-for-sale debt securities				
Available-for-sale debt securities				
Marketable equity securities				
Marketable equity securities				
Marketable equity securities				
Total				
Liabilities				
Foreign exchange contracts				
Foreign exchange contracts				
Foreign exchange contracts				

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Contingent payments related to acquisitions

Contingent payments related to acquisitions

Contingent payments related to acquisitions

Total

Total

Total

As of December 31, 2023 December 31, 2024 and 2022, 2023, cash and cash equivalents of $3.19 billion $1.76 billion and $1.72 billion $3.08 billion, respectively, included money market and other short-term funds of approximately $1.63 billion $583 million and $341 million $1.63 billion, respectively, that are considered Level 2 in the fair value hierarchy.

For assets that are measured using quoted prices in active markets, the fair value is the published market price per unit multiplied by the number of units held, without consideration of transaction costs. A majority of the derivatives entered into by us are valued using internal valuation techniques as no quoted market prices exist for such instruments. The principal techniques used to value these instruments are discounted cash flow and Black-Scholes

models. The key inputs, which are considered observable and vary depending on the type of derivative, include contractual terms, interest rate yield curves, foreign exchange rates and volatility.

Available-for-sale debt securities, which consist of convertible debt and convertible redeemable preferred shares issued by nonpublic entities, are measured using discounted cash flow and option pricing models. Those available-for-sale debt securities are classified as Level 3 fair value measurements when there are no observable transactions near the balance sheet date due to the lack of observable data over certain fair value inputs such as equity volatility. The fair values of available-for-sale debt securities increase when interest rates decrease, equity volatility increases, or the fair values of the equity shares underlying the conversion options increase.

Contingent payments related to acquisitions, which consist of milestone payments and sales-based payments, are valued using discounted cash flow techniques incorporating management's expectations of future outcomes. The fair value of milestone payments increases as the estimated probability of payment increases or the expected timing of payments is accelerated. The fair value of sales-based payments is based upon probability-weighted future revenue estimates, and increases as revenue estimates increase, probability weighting of higher revenue scenarios increases or the expected timing of payment is accelerated.

The following table is a reconciliation of recurring fair value measurements that use significant unobservable inputs (Level 3), which consist of contingent payments related to acquisitions and available-for-sale debt securities.

	2023			2022			
	2024			2023			
as of and for the years ended December 31 (in millions)	as of and for the years ended December 31 (in millions)	Contingent payments related to acquisitions	Available-for-sale debt securities	Contingent payments related to acquisitions	Available-for-sale debt securities	as of and for the years ended December 31 (in millions)	Contingent payments related to acquisitions	Available-for-sale debt securities	Contingent payments related to acquisitions	Available-for-sale debt securities
Fair value at beginning of period										
Additions										
Change in fair value recognized in earnings										
Change in fair value recognized in AOCI										
Change in fair value recognized in earnings										
Change in fair value recognized in earnings										
Payments										
Payments										
Payments										
Transfers out of Level 3										
Fair value at end of period										
Fair value at end of period										
Fair value at end of period										

During the years year ended December 31, 2023 and 2022, , available-for-sale debt securities were reclassified from Level 3, upon conversion to marketable equity securities, which are classified as Level 1 in the fair value hierarchy, upon initial public offerings of the investees.

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Financial Instruments Not Measured at Fair Value

In addition to the financial instruments that we are required to recognize at fair value in the consolidated balance sheets, we have certain financial instruments that are recognized at amortized cost or some basis other than fair value. For these financial instruments, the following table provides the values recognized in the consolidated balance sheets and the estimated fair values.

	Book values		Book values		Fair values(a)		Book values	Fair values(a)
as of December 31 (in millions)	as of December 31 (in millions)	2023 2022	2023	2022 as of December 31 (in millions)	2024	2023	2024	2023
Liabilities								
Short-term debt								
Short-term debt								
Short-term debt								
Current maturities of long-term debt and finance lease obligations								
Long-term debt and finance lease obligations								

(a) These fair value amounts are classified as Level 2 within the fair value hierarchy as they are estimated based on observable inputs.

The carrying value of short-term debt approximates its fair value due to the short-term maturities of the obligations. The estimated fair values of current and long-term debt were computed by multiplying price by the notional amount of the respective debt instruments. Price is calculated using the stated terms of the respective debt instrument and yield curves commensurate with our credit risk. The carrying values of other financial instruments not presented in the table above, such as accounts receivable and accounts payable, approximate their fair values due to the short-term maturities of most of those assets and liabilities.

The carrying values of equity investments without readily determinable fair values that we measure at cost, less impairment were $66 million $37 million and $104 million $33 million at December 31, 2023 December 31, 2024 and 2022, 2023, respectively. When applicable, we also adjust the measurement of such equity investments for observable prices in orderly transactions for an identical or similar investment of the same issuer. These investments are included in Other non-current assets on our consolidated balance sheets.

NOTE 18

SEGMENT AND GEOGRAPHIC INFORMATION

Our reportable segments were previously comprised of the following geographic segments related to our legacy Baxter business: Americas, EMEA and APAC, and a global segment for our Hillrom business. In the third quarter of 2023, we completed the implementation of a new operating model intended to simplify and streamline our operations and better align our manufacturing and supply chain to our commercial activities. Under this new operating model, our business is comprised of four three reportable segments: Medical Products and & Therapies, Healthcare Systems & Technologies, and Technologies (formerly referred to as our Hillrom segment), Pharmaceuticals and Kidney Care. Our segments were changed during the third quarter of 2023 to align with our new operating model and prior period segment disclosures have been revised to reflect the new segment presentation.

Pharmaceuticals. The Medical Products and & Therapies segment includes sales of our sterile IV solutions, infusion systems, administration sets, parenteral nutrition therapies and surgical hemostat, sealant and adhesion prevention products. The Healthcare Systems and & Technologies segment includes sales of our connected care solutions and collaboration tools, including smart bed systems, patient monitoring systems and diagnostic technologies, respiratory health devices and advanced equipment for the surgical space, including surgical video operating room integration technologies, precision positioning devices, and other accessories. The Pharmaceuticals segment includes sales of specialty injectable pharmaceuticals, inhaled anesthesia anesthetics and drug compounding. The Kidney Care segment includes sales of chronic and acute dialysis therapies and services, including PD, HD, CRRT and other organ support therapies. compounding services. Other sales not allocated to a segment primarily include sales of products and services provided directly through certain of our manufacturing facilities and royalty income under a business development arrangement that ended in early 2023 when we acquired the related product rights.

Disaggregation of Net Sales

The following tables present our U.S. and International disaggregated net sales. Intersegment sales are eliminated in consolidation.

for the years ended December 31	for the years ended December 31	2023			2022			2021			for the years ended December 31	2024			2023			2022		
(in millions)	(in millions)	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total	(in millions)	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Infusion Therapies and Technologies																				
Infusion Therapies & Technologies																				
Advanced Surgery																				
Medical Products and Therapies																				
Medical Products & Therapies																				

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Care and Connectivity Solutions
Front Line Care
Healthcare Systems and Technologies
Healthcare Systems & Technologies
Injectables and Anesthesia
Drug Compounding
Pharmaceuticals
Chronic Therapies[1]
Acute Therapies[1]
Kidney Care
Other[1]
Total Baxter

[1]In connection with our segment change in the third quarter of 2023, we reclassified $16 million of sales from the first half of 2023, $34 million of sales for the year ended December 31, 2022 and $38 million of sales for the year ended December 31, 2021 from Chronic Therapies to Acute Therapies to conform to the current period presentation. Additionally, in connection with the reclassification of our BPS business to discontinued operations during the second quarter of 2023, we reclassified $2 million of contract manufacturing revenues from the first quarter of 2023 and $37 million of sales for the year ended December 31, 2022 and $31 million of sales for the year ended December 31, 2021 from BPS to Other (within continuing operations), as the related manufacturing facility was not part of that divestiture transaction.

Geographic Information

Our net sales are attributed to the following geographic regions based on the location of the customer.

for the years ended December 31 (in millions)	for the years ended December 31 (in millions)	2023	2022	2021	for the years ended December 31 (in millions)	2024	2023	2022
Net sales:								
United States								
United States								
United States								
Emerging markets[1]								
Rest of world [2]								
Total net sales								

[1] Emerging markets include sales from our operations in Eastern Europe, the Middle East, Africa, Latin America and Asia (except for Japan).

[2] Rest of world includes sales from our operations in Western Europe, Canada, Japan, Australia and New Zealand.

Our property, plant and equipment and operating lease right-of-use assets, net are attributed to the following geographic regions.

as of December 31 (in millions)	as of December 31 (in millions)	2023	2022	as of December 31 (in millions)	2024	2023
Property, plant and equipment and operating lease right-of-use assets, net:						
United States						
United States						
United States						
Emerging markets						
Rest of world						
Total property, plant and equipment and operating lease right-of-use assets, net						

Segment Operating Income Information

We use segment Our chief operating income to evaluate decision maker who has been identified as our Chair, President and Chief Executive Officer, reviews the financial information presented for purposes of evaluating the performance of our segments and to make resource allocation decisions.

Segment operating income is the measure of segment profitability and represents income before income taxes, interest and other non-operating income or expense, unallocated corporate costs, intangible asset amortization and other special items. Special items, which are presented below in our reconciliations of segment operating income to income (loss) from continuing operations before income taxes, are excluded from segment operating income because they are highly variable, difficult to predict and of a size that may substantially impact our reported results of operations for the period.

Under our new operating model, most Corporate costs, inclusive of global functional support costs, overhead costs and other shared costs that benefit our segments are allocated to those segments. Corporate costs that are not allocated to our segments, as well as any differences between actual corporate costs and the amounts allocated to our segments, are

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presented as unallocated corporate costs. With the results of our former Kidney Care segment reported in discontinued operations, corporate costs that had previously been allocated to the Kidney Care segment which did not convey with the Kidney Care segment in the completed sale are now presented as unallocated corporate costs.

Segment results include net sales, cost of sales, selling general and administrative expenses, research and development expenses, and other segment items which are directly allocated to each segment. Beginning in 2024

annual reporting, we adopted ASU 2023-07 retrospectively. The following tables present our segment information of net sales, significant expenses and operating income during the periods presented.

	For the year ended December 31, 2024		
(in millions)	Medical Products & Therapies	Healthcare Systems & Technologies	Pharmaceuticals
Net sales	$ 5,207	$ 2,951	$ 2,411
Cost of sales	2,867	1,464	1,612
Selling, general and administrative expenses	1,176	836	396
Research and development expenses	216	184	91
Other segment items	(2)	(1)	(1)
Segment operating income	$ 950	$ 468	$ 313

	For the year ended December 31, 2023		
(in millions)	Medical Products & Therapies	Healthcare Systems & Technologies	Pharmaceuticals
Net sales	$ 5,011	$ 3,013	$ 2,249
Cost of sales	2,720	1,532	1,400
Selling, general and administrative expenses	1,097	822	363
Research and development expenses	222	176	86
Other segment items	—	—	(1)
Segment operating income	$ 972	$ 483	$ 401

	For the year ended December 31, 2022		
(in millions)	Medical Products & Therapies	Healthcare Systems & Technologies	Pharmaceuticals
Net sales	$ 4,815	$ 2,939	$ 2,126
Cost of sales	2,584	1,463	1,293
Selling, general and administrative expenses	1,069	827	361
Research and development expenses	202	155	81
Other segment items	(2)	—	—
Segment operating income	$ 962	$ 494	$ 391

The following table presents our reportable segment operating income and reconciliations of reportable segment operating income to income (loss) from continuing operations before income taxes.

for the years ended December 31 (in millions)	for the years ended December 31 (in millions)	2023	2022	2021	for the years ended December 31 (in millions)	2024	2023	2022
Medical Products and Therapies								
Healthcare Systems and Technologies								
Medical Products & Therapies								
Healthcare Systems & Technologies								
Pharmaceuticals								
Kidney Care								
Total reportable segment operating income								
Other								
Total								
Unallocated corporate costs								
Intangible asset amortization expense								

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Business optimization items	
European Medical Devices Regulation	
Long-lived asset impairments	
Separation-related costs	
Legal matters	
Legal matters	
Legal matters	
Acquisition and integration items	
Product-related items	
Hurricane Helene Costs	
Loss on product divestiture arrangement	
Goodwill impairments	
Loss on subsidiary liquidation	
Investigation and related costs	
Total operating income (loss)	
Interest expense, net	
Other (income) expense, net	
Loss from continuing operations before income taxes	
Income (loss) from continuing operations before income taxes	

Additional financial information for our segments is as follows:

for the years ended December 31 (in millions)		
for the years ended December 31 (in millions)		
for the years ended December 31 (in millions)		
Depreciation Expense[1]:		
Depreciation Expense[1]:		
Depreciation Expense[1]:		
Medical Products and Therapies		
Medical Products and Therapies		
Medical Products and Therapies		
Healthcare Systems and Technologies		
Healthcare Systems and Technologies		
Healthcare Systems and Technologies		
Medical Products & Therapies		
Medical Products & Therapies		
Medical Products & Therapies		
Healthcare Systems & Technologies		
Healthcare Systems & Technologies		
Healthcare Systems & Technologies		
Pharmaceuticals		
Pharmaceuticals		
Pharmaceuticals		
Kidney Care		
Kidney Care		
Kidney Care		
Total depreciation expense		
Total depreciation expense		
Total depreciation expense		

1 Depreciation expense related to Corporate property, plant and equipment has been fully allocated to our segments and those allocations are reflected in the depreciation amounts presented herein.

Our chief operating decision maker does not receive asset or capital expenditure information by segment and, accordingly, we do not report that information for our segments.

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NOTE 19

QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table represents data from our unaudited consolidated statements of operations income (loss) for the most recent eight quarters. This quarterly information has been prepared on the same basis as the consolidated financial statements and includes all normal recurring adjustments necessary to fairly state the information for the periods presented. The results of operations of any quarter are not necessarily indicative of the results that may be expected for any future period.

		2023						2024				
(in millions, except per share data)	(in millions, except per share data)	First Quarter	Second Quarter[2]	Third Quarter[3]	Fourth Quarter	Full Year [1]	(in millions, except per share data)	First Quarter	Second Quarter[2]	Third Quarter	Fourth Quarter[3]	Full Year [1]
Net sales												
Gross margin												
Income (loss) from continuing operations												
Income (loss) from discontinued operations												
Net income (loss)												
Net income (loss) attributable to Baxter stockholders												
Income (loss) from continuing operations per common share												
Income (loss) from continuing operations per common share												
Income (loss) from continuing operations per common share												
Basic												
Basic												
Basic												
Diluted												
Income (loss) from discontinued operations per common share												
Basic												
Basic												
Basic												
Diluted												
Net Income (loss) per common share												
Basic												
Basic												
Basic												
Diluted												

		2022						2023				
(in millions, except per share data)	(in millions, except per share data)	First Quarter	Second Quarter	Third Quarter[4]	Fourth Quarter	Full Year [1]	(in millions, except per share data)	First Quarter	Second Quarter[4]	Third Quarter[5]	Fourth Quarter	Full Year [1]
Net sales												
Gross margin												
Income (loss) from continuing operations												
Income from discontinued operations												
Net income (loss)												
Net income (loss) attributable to Baxter stockholders												
Income (loss) from continuing operations per common share												
Income (loss) from continuing operations per common share												
Income (loss) from continuing operations per common share												
Basic												
Basic												
Basic												
Diluted												

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Income from discontinued operations per common share				
Basic				
Basic				
Basic				
Diluted				
Net Income (loss) per common share				
Basic				
Basic				
Basic				
Diluted				

1 The sum of per share amounts for quarterly periods may not equal full year amounts due to rounding.

2 Our results from discontinued operations for the quarter ended June 30, 2024 included a $430 million charge related to a goodwill impairment of our Chronic Therapies reporting unit within our Kidney Care segment.

3 Our results from continuing operations for the fourth quarter ended December 31, 2024 included a $425 million charge related to a goodwill impairment of our Front Line Care reporting unit within our Healthcare Systems & Technologies segment.

4 Our results from discontinued operations for the quarter ended June 30, 2023 included $243 million of long-lived asset impairment charges resulting from our decision to cease production at one of our dialyzer manufacturing facilities.

3 5 Our results from continuing discontinued operations for the quarter ended September 30, 2023 included $267 million of long-lived asset impairment charges related to our HD business and our results from discontinued operations for that quarterly period included a gain of $2.88 billion from the sale of our BPS business.

4 Our results from continuing operations for the quarter ended September 30, 2022 included $2.79 billion of goodwill impairments and $332 million business, partially offset by $267 million of long-lived asset impairments impairment charges related to assets acquired in connection with our December 2021 acquisition the hemodialysis business of Hillrom. our former Kidney Care segment.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Baxter International Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Baxter International Inc. and its subsidiaries (the "Company") as of December 31, 2023 December 31, 2024 and 2022, 2023, and the related consolidated statements of income (loss), of comprehensive income (loss), of changes in equity and of cash flows for each of the three years in the period ended December 31, 2023 December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023 December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 December 31, 2024 and 2022, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023 December 31, 2024, based on criteria established in Internal *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Assessment of Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed

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risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessments Assessment – Front Line Care and Chronic Therapies Reporting Units Unit
As described in Notes 1 and 5 to the consolidated financial statements, the Company's consolidated goodwill balance as of December 31, 2023 December 31, 2024 was $6,514 million. Goodwill is not amortized but is subject to an impairment review annually and whenever indicators of impairment exist. In the third quarter of 2023, the Company completed the implementation of a new operating model $5.3 billion, and the Company's segments were changed to align goodwill associated with the new operating model. As disclosed by management, the Company identified new reporting units as a result of the segment change and performed goodwill impairment assessments both before and after the reporting unit change and did not identify any goodwill impairments. As disclosed by management, in connection with the Company's November 1, 2023 annual goodwill impairment tests, the fair values of the Front Line Care reporting unit within was $1.99 billion. Management performs an impairment test in the Company's Healthcare Systems and Technologies segment and fourth quarter of each year, or whenever events or changes in circumstances indicate that the Chronic Therapies fair value of the reporting unit within is more likely than not below its carrying amount. If management determines that it is more-likely-than-not that the Company's Kidney Care segment exceeded their fair value of a reporting unit is less than its carrying values. As amount, or they do not elect the option to perform an initial qualitative assessment, they perform a quantitative goodwill impairment test. In the quantitative impairment test, management calculates the estimated fair value of December 31, 2023, the reporting unit, and if the carrying amounts amount of goodwill for the Front Line Care and Chronic Therapies reporting units were $2.42 billion and $444 million, respectively. unit exceeds the estimated fair value, an impairment charge is recorded. The fair values of the Company's reporting units are generally determined based on a discounted cash flow model (an income approach) and earnings multiples (a market approach). based on the guideline public company method. Significant assumptions in reporting unit fair value measurements generally include revenue growth rates, forecasted cash flows, earnings before interest, taxes, depreciation, and amortization (EBITDA) margins, discount rates, terminal growth rates and earnings multiples. In connection with the annual goodwill impairment assessment, management recorded a $425 million goodwill impairment related to the Front Line Care reporting unit.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessments assessment of the Front Line Care and Chronic Therapies reporting units unit is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of these the reporting units; unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the revenue growth rate, forecasted cash flows, EBITDA margin, discount rates, rate, and terminal growth rates, rate used in the discounted cash flow model and earnings multiples; multiples used in the earnings multiples approach; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the valuation of the Company's Front Line Care reporting units. unit. These procedures also included, among others, (i) testing management's process for developing the fair value estimate of the Front Line Care and Chronic Therapies reporting units; unit; (ii) evaluating the appropriateness of the income discounted cash flow model and the earnings multiples approach and market approach; used by management; (iii) testing the completeness and accuracy of underlying data used in the income approach discounted cash flow model and market the earnings multiples approach; (iv) and evaluating the reasonableness of the significant assumptions used by management related to the revenue growth rate, forecasted cash flows, EBITDA margin, discount rates, rate, terminal growth rates, rate and earnings multiples. Evaluating management's significant assumption assumptions related to the revenue growth rate and forecasted cash flows EBITDA margin involved evaluating whether the assumption assumptions used was by management were reasonable considering (i) the current and past performance of the Front Line Care and Chronic Therapies reporting units; unit; (ii) the consistency with external market and industry data; and (iii) whether the assumption was consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the income discounted cash flow model and the earnings multiples approach and market approach and (ii) the reasonableness of the discount rate, terminal growth rate and earnings multiple multiples assumptions.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 8, 2024 21, 2025

We have served as the Company's auditor since 1985.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

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None.

Item 9A. ***Controls and Procedures.***

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (the Exchange Act) is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is communicated to our management, including our Interim Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Our management, with the participation of our Interim Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2023 December 31, 2024. Based on that evaluation, our Interim Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2023 December 31, 2024.

Management's Assessment of Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023 December 31, 2024. In making this assessment, management used the framework in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment under the framework in *Internal Control-Integrated Framework (2013)*, management concluded that our internal control over financial reporting was effective as of December 31, 2023 December 31, 2024.

The effectiveness of our internal control over financial reporting as of December 31, 2023 December 31, 2024 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2023 December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information.***

Certain of our officers and directors have made elections to participate in, and are participating in, our employee stock purchase plan or have made, and may from time to time make, elections to have shares withheld to cover withholding taxes or pay the exercise price of options, which may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K).

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.***

Not Applicable.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

Refer to information under the captions entitled "Corporate Governance at Baxter International Inc. — Proposal 1 — Election of Directors," "— Board of Directors — Nomination of Directors," "— Committees of the Board — Audit Committee," "— Board Responsibilities — Code of Conduct," and "Ownership of Baxter Stock — Delinquent Section 16(a) Reports" and "Compensation Discussion and Analysis — Additional Compensation Governance — Prohibitions on Trading; No-Hedging" in Baxter's definitive proxy statement to be filed with the Securities and Exchange Commission and delivered to stockholders in connection with the Annual Meeting of Stockholders expected to be held on May 7, 2024 May 6, 2025 (the Proxy Statement), all of which information is incorporated herein by reference. Also refer to information regarding executive officers of Baxter under the caption entitled "Information about our Executive Officers" in Part I of this Annual Report on Form 10-K.

Item 11. ***Executive Compensation.***

Refer to information under the captions entitled "Executive Compensation," "—Compensation and Human Capital Committee Report," "Corporate Governance at Baxter International Inc.—Director Compensation" Compensation," and "— Committees of the Board — CHC Committee Interlocks and Insider Participation" in the Proxy Statement, all of which information is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

The following table provides information relating to shares of common stock that may be issued under our existing equity compensation plans as of December 31, 2023 December 31, 2024.

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Plan Category			
Equity Compensation Plans Approved by Stockholders			
Equity Compensation Plans Approved by Stockholders			
Equity Compensation Plans Approved by Stockholders			
Equity Compensation Plans Not Approved by Stockholders			
Total			
Total			
Total			

(1) Excludes purchase rights under the Employee Stock Purchase Plan. Under the Employee Stock Purchase Plan, eligible employees may purchase shares of common stock through payroll deductions of up to 15 percent of base pay at a purchase price equal to 85 percent of the closing market price on the purchase date (as defined by the Employee Stock Purchase Plan). A participating employee may not purchase more than $25,000 in fair market value of common stock under the Employee Stock Purchase Plan in any calendar year and may withdraw from the Employee Stock Purchase Plan at any time.

(2) Restricted stock units (RSUs) and performance share units (PSUs) are excluded when determining the weighted-average exercise price of outstanding options.

(3) Includes (i) 9,040,834 7,676,283 shares of common stock available for purchase under the Employee Stock Purchase Plan and (ii) 20,494,735 48,191,214 shares of common stock available under the 2021 Incentive Plan.

(4) Includes 52,245 of outstanding replacement RSUs granted to holders of Hillrom equity awards at closing of the Hillrom acquisition. These replacement RSUs were approved by our Board of Directors, not our stockholders.

(5) Includes outstanding awards of 19,467,050 17,381,375 stock options, which have a weighted-average exercise price of $59.35 60.15 and a weighted-average remaining term of 5.3 3.83 years, 4,005,462 6,940,259 shares of common stock issuable upon vesting of RSUs, and 729,130 602,107 shares of common stock reserved for issuance in connection with PSU grants.

Refer to information under the captions entitled “Ownership of Baxter Stock — Security Ownership by Directors and Executive Officers” and “— Security Ownership by Certain Beneficial Owners” in the Proxy Statement, all of which information is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence*****.**

Refer to the information under the caption entitled “Corporate Governance at Baxter International Inc.—Board of Directors—Director Independence,” “— Proposal 1 — Election of Directors,” “Corporate Governance at Baxter International Inc.—Board “— Committees of Directors—Director Independence” the Board,” and “Corporate Governance at Baxter International Inc.— “—Board Responsibilities—Certain Relationships and Related Person Transactions” in the Proxy Statement, all of which information is incorporated herein by reference.

Item 14. ***Principal Accountant Fees and Services.***

Refer to the information under the caption entitled “Audit Matters—Audit and Non-Audit Fees” and “—Pre-Approval of Audit and Permissible Non-Audit Fees” in the Proxy Statement, all of which information is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

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The following documents are filed as a part of this report:

Item 16. ***Form 10-K Summary.***

Not applicable.

EXHIBIT INDEX

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	Number and Description of Exhibit
2.1	Agreement and Plan of Merger, dated September 1, 2021, among Hill-Rom Holdings, Inc., the Company and Bel Air Subsidiary, Inc. (incorporated by reference to Exhibit 2.1 to Baxter International International Inc.'s Current Report on Form 8-K, filed on September 2, 2021).
2.2	Equity Purchase Agreement, dated May 8, 2023, by and among Baxter International Inc., Baxter Healthcare Corporation, Baxter Deutschland Holding GmbH, Gambro Dialysatoren GmbH, Bamboo US BidCo LLC and Blitz 23-317 GmbH (incorporated by reference to Exhibit 2.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on May 9, 2023).
3.1 2.3	Equity Purchase Agreement, dated August 12, 2024, by and among Baxter International Inc., Spruce Bidco I, Inc., Spruce Bidco II, Inc., Spruce Bidco I Limited and CP Spruce Holdings, S.C.Sp. (incorporated by reference to Exhibit 2.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on August 13, 2024).
3.1*	Amended and Restated Certificate of Incorporation of Baxter International Inc. (incorporated by reference to Exhibit 3.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on May 6, 2022). , dated May 7, 2024
3.2 3.2*	Amended and Restated Bylaws dated May 6, 2023 (incorporated by reference to Exhibit 3.1 to of Baxter International Inc.'s Current Report on Form 8-K, filed on May 9, 2023). , dated November 26, 2024.
4.1(P)	Form of Common Stock Certificate of the Company (incorporated by reference to Exhibit(a) to the Company's Registration Statement on Form S-16 (Registration No. 02-65269), filed on August 17, 1979).
4.2 4.2*	Description of Securities Registered Under Section 12 of the Exchange Act (incorporated by reference to Exhibit 4.9 to Baxter International Inc.'s Annual Report on Form 10-K, filed on March 17, 2020). Act.
4.3	Indenture, dated August 8, 2006, between the Company and J.P. Morgan Trust Company, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on August 9, 2006).
4.4	Second Supplemental Indenture, dated December 7, 2007, between the Company and The Bank of New York Trust Company, N.A. (as successor in interest to J.P. Morgan Trust Company, National Association), as Trustee (including form of 6.250% Senior Note due 2037) (incorporated by reference to Exhibit 4.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on December 7, 2007).
4.5	Eighth Supplemental Indenture, dated August 13, 2012, between the Company and The Bank of New York Mellon Trust Company, N.A. (as successor in interest to J.P. Morgan Trust Company, National Association), as Trustee (including forms form of 2.400% Senior Notes due 2022 and 3.650% Senior Notes due 2042) (incorporated by reference to Exhibit 4.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on August 13, 2012).
4.6	Ninth Supplemental Indenture, dated June 11, 2013, between the Company and The Bank of New York Mellon Trust Company, N.A. (as successor in interest to J.P. Morgan Trust Company, National Association), as Trustee (including form of 4.500% Senior Notes due 2043) (incorporated by reference to Exhibit 4.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on June 11, 2013).
4.7	Tenth Supplemental Indenture, dated August 13, 2016, between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (including forms of 1.700% Senior Notes due 2021, 2.600% Senior Notes due 2026 and 3.500% Senior Notes due 2046) (incorporated by reference to Exhibit 4.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on August 15, 2016).
4.8	Eleventh Supplemental Indenture, dated as of May 30, 2017, by and between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (including form of 1.300% Senior Notes due 2025) (incorporated by reference to Exhibit 4.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on May 30, 2017).
4.9	Twelfth Supplemental Indenture, dated as of May 15, 2019, by and between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (including form of 0.400% Senior Notes due 2024 and form of 1.300% Senior Notes due 2029) (incorporated by reference to Exhibit 4.2 of Baxter International Inc.'s Current Report on Form 8-K, filed on May 15, 2019).
4.10	Indenture, dated as of March 26, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on March 27, 2020).
4.11	First Supplemental Indenture, dated as of March 26, 2020, to the Indenture, dated as of March 26, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (including form of form of 3.950% Senior Notes due 2030) (incorporated by reference to Exhibit 4.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on March 27, 2020).

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Number and Description of Exhibit	
4.12	Second Supplemental Indenture, dated as of November 2, 2020, to the Indenture, dated as of March 26, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (including form of 1.730% Senior Notes due 2031) (incorporated by reference to Exhibit 4.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on November 6, 2020).
4.13	Indenture, dated as of July 29, 2021, between the Company, as Issuer, and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to Baxter International Inc.'s Registration Statement on Form S-3, filed on July 29, 2021).
4.14	Indenture, dated as of December 1, 2021, between the Company, as Issuer, and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on December 2, 2021).
4.15	First Supplemental Indenture, dated as of December 1, 2021, to the Indenture, dated as of December 1, 2021, between the Company and U.S. Bank National Association, as Trustee (including forms of 0.868% Senior Notes due 2023, 1.322% Senior Notes due 2024, 1.915% Senior Notes due 2027, 2.272% Senior Notes due 2028, 2.539% Senior Notes due 2032 and 3.132% Senior Notes due 2051, Floating Rate Senior Notes due 2023 and Floating Rate Senior Notes due 2024) 2051) (incorporated by reference to Exhibit 4.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on December 2, 2021).
4.16	Registration Rights Agreement, dated as of December 1, 2021, by and among the Company and J.P. Morgan Securities LLC and Citigroup Global Markets Inc. (as representatives of the initial purchasers) (incorporated by reference to Exhibit 4.3 to Baxter International Inc.'s Current Report on Form 8-K, filed on December 2, 2021).
4.17	Indenture, dated July 29, 2021, between Baxter International Inc. and U.S. Bank Trust Company, National Association, as successor in interest of U.S. Bank National Association, as trustee for the debt securities (incorporated by reference to Exhibit 4.1 to Baxter International Inc.'s Current Report on Form S-3ASR, filed on April 28, 2022).
10.1	Credit Agreement, dated as of December 20, 2019, among Baxter Healthcare SA and Baxter World Trade SPRL, as Borrowers, J.P. Morgan Europe Limited, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on December 20, 2019).
10.2	First Amendment, dated as of October 1, 2021, to the Credit Agreement, dated as of December 20, 2019, among Baxter Healthcare SA and Baxter World Trade SRL, as Borrowers, the Company, the several banks party thereto, J.P. Morgan AG, as Administrative Agent and each other party thereto (incorporated by reference to Exhibit 10.3 to Baxter International Inc.'s Current Report on Form 8-K, filed on October 4, 2021).
10.3	Second Amendment, dated as of September 28, 2022, to the Credit Agreement, dated as of December 20, 2019, as amended by the First Amendment, dated as of October 1, 2021, among Baxter Healthcare SA and Baxter World Trade SRL, as Borrowers, JPMorgan SE, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.5 to Baxter International Inc.'s Current Report on Form 8-K, filed on September 30, 2022).
10.4	Credit Agreement, dated as of September 30, 2021, among the Company, as Borrower, the financial institutions named therein, as Banks, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on October 4, 2021).
10.5	First Amendment, dated as of September 28, 2022, to the Credit Agreement, dated as of September 30, 2021, among Baxter International Inc., as Borrower, JPMorgan Chase Bank, National Association, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on September 30, 2022).
10.6	Second Amendment, dated as of September 28, 2022, to the Credit Agreement, dated as of September 30, 2021, as amended by the First Amendment, dated as of September 28, 2022, amount Baxter International Inc., as Borrower, JPMorgan Chase Bank, National Association, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on September 30, 2022).

Number and Description of Exhibit	
10.7	Third Amendment, dated as of March 13, 2023, to the Credit Agreement, dated as of September 30, 2021, as amended by that certain First Amendment, dated as of September 28, 2022, and that certain Second Amendment, dated as of September 28, 2022, among Baxter International Inc. as Borrower, JPMorgan Chase Bank, National Association, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on March 13, 2023).
10.8	Fourth Amendment, dated as of March 21, 2024, to the Credit Agreement, dated as of September 30, 2021, as amended by that certain First Amendment, dated as of September 28, 2022, and that certain Second Amendment, dated as of September 28, 2022, and that certain Third Amendment, dated as of March 13, 2023, among Baxter International Inc. as Borrower, JPMorgan Chase Bank, National Association, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on March 21, 2024).

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	Number and Description of Exhibit
10.9	Credit Agreement, dated as of July 17, 2024, among Baxter International Inc., as Borrower, JPMorgan Chase Bank, National Association, as Administrative Agent, and certain other financial institutions named therein (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on July 18, 2024).
10.10	Five-Year Credit Agreement, dated as of September 30, 2021, among the Company, as Borrower, the financial institutions named therein, as Banks, JPMorgan Chase Bank, N.A., as Administrative Agent, and Bank of America, N.A. and Citibank, N.A., as Syndication Agents (incorporated by reference to Exhibit 10.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on October 4, 2021).
10.9 10.11	First Amendment, dated as of September 28, 2022, to the Five-Year Credit Agreement, dated as of September 30, 2021, among Baxter International Inc., as Borrower, JPMorgan Chase Bank, National Association, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.3 to Baxter International Inc.'s Current Report on Form 8-K, filed on September 30, 2022).
10.10 10.12	Second Amendment, dated as of September 28, 2022, to the Five-Year Credit Agreement, dated as of September 30, 2021, among Baxter International Inc., as Borrower, JPMorgan Chase Bank, National Association, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.4 to Baxter International Inc.'s Current Report on Form 8-K, filed on September 30, 2022).
10.11 10.13	Third Amendment, dated as of March 13, 2023, to the Five-Year Credit Agreement, dated as of September 30, 2021, as amended by that certain First Amendment, dated as of September 28, 2022, and that certain Second Amendment, dated as of September 28, 2022, among Baxter International Inc. as Borrower, JPMorgan Chase Bank, National Association, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on March 13, 2023).
10.12 10.14	Fourth Amendment, dated as of March 21, 2024, to the Five-Year Credit Agreement, dated as of September 30, 2021, as amended by that certain First Amendment, dated as of September 28, 2022, that certain Second Amendment, dated as of September 28, 2022, and that certain Third Amendment, dated as of March 13, 2023, among Baxter International Inc. as Borrower, JPMorgan Chase Bank, National Association, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on March 21, 2024).
10.15	Second Guaranty Amendment, dated as of March 13, 2023, to the Amended and Restated Guaranty, dated as of October 1, 2021, as amended by that certain Second Amendment, dated as of September 28, 2022, among Baxter Healthcare SA and Baxter World Trade SRL, as Borrowers, J.P. Morgan SE, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.3 to Baxter International Inc.'s Current Report on Form 8-K, filed on March 13, 2023)
10.13 10.16	Third Guaranty Amendment, dated as of March 21, 2024, to the Amended and Restated Guaranty, dated as of October 1, 2021, as amended by that certain Second Amendment, dated as of September 28, 2022, and that certain Second Guaranty Amendment, dated as of March 13, 2023, among Baxter Healthcare SA and Baxter World Trade SRL, as Borrowers, J.P. Morgan SE, as Administrative Agent and certain other financial institutions named therein (incorporated by reference to Exhibit 10.3 to Baxter International Inc.'s Current Report on Form 8-K, filed on March 21, 2024)
10.17	Tax Matters Agreement, dated as of June 30, 2015, by and between Baxter International Inc. and Baxalta Incorporated (incorporated by reference to Exhibit 10.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on July 7, 2015).
10.14	Letter Agreement, dated as of January 11, 2016, by and among Baxter International Inc., Baxalta Incorporated and Shire plc. (Incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on January 11, 2016).
C 10.15 10.18	Form of Indemnification Agreement entered into with directors and officers (incorporated by reference to Exhibit 10.8 to Baxter International Inc.'s Annual Report on Form 10-K, filed on February 21, 2019).
C 10.16 10.19	Baxter International Inc. 2007 Incentive Plan (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement on Schedule 14A, filed on March 20, 2007).
C 10.20	Baxter International Inc. Equity Plan for the 2007 Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on March 16, 2007).
C 10.21	Baxter International Inc. 2011 Incentive Plan (incorporated by reference to Appendix B to Baxter International Inc.'s Definitive Proxy Statement on Schedule 14A, filed on March 18, 2011).
C 10.17 10.22	Baxter International Inc. Equity Plan for the 2011 Incentive Plan (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Quarterly Report on Form 10-Q, filed on May 3, 2011).

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		Number and Description of Exhibit
C	10.18 10.23	Baxter International Inc. 2015 Incentive Plan (incorporated by reference to Appendix A to Baxter International Inc.'s Definitive Proxy Statement on Schedule 14A, filed on March 25, 2015).
C	10.19 10.24	Baxter International Inc. Equity Plan for the 2015 Incentive Plan (incorporated by reference to Exhibit 10.6 to Baxter International Inc.'s Current Report on Form 8-K, filed on July 7, 2015).
C	10.20 10.25	Baxter International Inc. Equity Plan for José E. Almeida under the 2015 Incentive Plan (incorporated by reference to Exhibit 10.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on October 29, 2015).
C	10.21 10.26	Baxter International Inc. 2017 Equity Plan, effective as of March 2, 2017 (incorporated by reference to Exhibit 10.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on March 3, 2017).

		Number and Description of Exhibit
C	10.22 10.27	Baxter International Inc. 2020 Equity Plan, effective as of March 16, 2020 (incorporated by reference to Exhibit 10.22 to Baxter International Inc.'s Annual Report on Form 10-K, filed on March 17, 2020).
C	10.23 10.28	Baxter International Inc. Amended and Restated 2021 Incentive Plan (incorporated by reference to Appendix A to Baxter International Inc.'s Definitive Proxy Statement on Schedule 14A, filed on March 22, 2021 March 25, 2024).
C	10.24 10.29	Form of Performance Stock Unit Grant Agreement under Baxter International Inc. 2021 Incentive Plan (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Quarterly Report on Form 10-Q, filed on April 28, 2022).
C	10.25 10.30	Form of Restricted Stock Unit Grant Agreement under Baxter International Inc. 2021 Incentive Plan (incorporated by reference to Exhibit 10.2 to Baxter International Inc.'s Quarterly Report on Form 10-Q, filed on April 28, 2022).
C	10.26 10.31	Form of Stock Option Grant Agreement under Baxter International Inc. 2021 Incentive Plan (incorporated by reference to Exhibit 10.3 to Baxter International Inc.'s Quarterly Report on Form 10-Q, filed on April 28, 2022).
C	10.27* 10.32	Baxter International Inc. Directors' Deferred Compensation Plan (amended and restated effective January 31, 2024) (as amended and restated effective January 31, 2024) (incorporated by reference to Baxter International Inc.'s Annual Report on Form 10-K, filed on February 8, 2024.
C	10.28 10.33	Amended Offer Letter between the Company and José E. Almeida, dated as of July 25, 2023 (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Quarterly Report on Form 10-Q, filed on July 27, 2023).
C	10.29	Offer letter between Baxter Healthcare SA and Cristiano Franzi, dated June 8, 2017 (incorporated by reference to Exhibit 10.26 to Baxter International Inc.'s Annual Report on Form 10-K, filed on March 17, 2020).
C	10.30 10.34	Offer Letter, dated September 26, 2023, by and between the Company and Joel Grade (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on October 3, 2023).
C	10.31* 10.35	Offer Letter, dated April 22, 2023, by and between the Company and Christopher Toth. Toth (incorporated by reference to Baxter International Inc.'s Annual Report on Form 10-K, filed on February 8, 2024.
C	10.32 10.36	Letter Agreement, dated February 1, 2025, by and between José E. Almeida and the Company (incorporated by reference to Baxter International Inc's Current Report on Form 8-K, filed on February 3, 2025).
C	10.37	Letter Agreement, dated February 1, 2025, by and between Brent Shafer and the Company (incorporated by reference to Baxter International Inc's Current Report on Form 8-K, filed on February 3, 2025).
C	10.38	Form of Severance Agreement entered into with executive officers (incorporated by reference to Exhibit 10.11 to Baxter International Inc.'s Annual Report on Form 10-K, filed on February 21, 2014).
C	10.33 10.39	Baxter International Inc. Executive Officer Cash Severance Policy, effective February 13, 2023 (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on February 14, 2023).
C	10.34 10.40	Baxter International Inc. Employee Stock Purchase Plan, (as as amended and restated effective July 1, 2011) (incorporated by reference to Appendix A to Baxter International Inc.'s Definitive Proxy Statement on Schedule 14A, filed on March 18, 2011).

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	Number and Description of Exhibit
C 10.35 10.41	First Amendment to Baxter International Inc. Employee Stock Purchase Plan, (dated dated as of July 15, 2016) (incorporated by reference to Exhibit 10.27 to Baxter International Inc.'s Annual Report on Form 10-K, filed on February 23, 2017).
C 10.36 10.42	Baxter International Inc. Non-Employee Director Compensation Plan, (as as amended and restated effective January 1, 2023 January 1, 2025 (incorporated by reference to Exhibit 10.27 10.2 to Baxter International Inc.'s Annual Quarterly Report on Form 10-K, 10-Q, , filed on February 9, 2023 November 2, 2024).
C 10.37 10.43	Form of Non-Competition, Non-Solicitation and Confidentiality Agreement (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on April 14, 2017).
C 10.38R 10.44R	Commitment Agreement, dated as of October 4, 2019, by and among the Company, The Prudential Insurance Company of America and State Street Global Advisors Trust Company, acting solely in its capacity as the independent fiduciary of the Baxter International Inc. and Subsidiaries Pension Plan (incorporated by reference to Exhibit 10.32 to Baxter International Inc.'s Annual Report on Form 10-K, filed on March 17, 2020).
C 10.39 10.45	Baxter International Inc. and Subsidiaries Pension Plan, (Amended as amended and Restated restated effective January 5, 2018) (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on January 8, 2018).

	Number and Description of Exhibit
C 10.40 10.46	First Amendment to the Baxter International Inc. and Subsidiaries Pension Plan (incorporated by reference to Exhibit 10.34 to Baxter International Inc.'s Annual Report on Form 10-K, filed on March 17, 2020).
C 10.41 10.47	Second Amendment to the Baxter International Inc. and Subsidiaries Pension Plan (incorporated by reference to Exhibit 10.35 to Baxter International Inc.'s Annual Report on Form 10-K, filed on March 17, 2020).
C 10.42 10.48	Baxter International Inc. and Subsidiaries Pension Plan II, (Amended as amended and Restated restated effective January 1, 2019) (incorporated by reference to Exhibit 10.36 to Baxter International Inc.'s Annual Report on Form 10-K, filed on March 17, 2020).
C 10.43 10.49	Baxter International Inc. and Subsidiaries Supplemental Pension Plan, (Amended as amended and Restated restated effective January 5, 2018) (incorporated by reference to Exhibit 10.3 to Baxter International Inc.'s Current Report on Form 8-K, filed on January 8, 2018).
C 10.44 10.50	Baxter International Inc. and Subsidiaries Deferred Compensation Plan, (As Amended as amended and Restated restated effective January 1, 2021) (incorporated by reference to Exhibit 10.31 to Baxter International Inc.'s Annual Report on Form 10-K, filed on February 11, 2021).
C 10.45 10.51	Baxter International Inc. Management Incentive Compensation Program – 2020 Program Document (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Quarterly Report on Form 10-Q, filed on July 30, 2020).
C 10.46 10.52	New Change-in-Control Agreement, dated as of September 24, 2020, between the Company and José E. Almeida (incorporated by reference to Exhibit 10.1 to Baxter International Inc.'s Current Report on Form 8-K, filed on September 25, 2020).
C 10.47 10.53	Form of Amended Grandfathered Change-in-Control Agreement (incorporated by reference to Exhibit 10.2 to Baxter International Inc.'s Current Report on Form 8-K, filed on September 25, 2020).
C 10.48	Amended OUS Change-in-Control Agreement, dated as of September 25, 2020, between Baxter Healthcare SA and Cristiano Franzi (incorporated by reference to Exhibit 10.3 to Baxter International Inc.'s Current Report on Form 8-K, filed on September 25, 2020).
C 10.49 10.54	Change in Control Agreement between the Company and Christopher Toth, dated as of June 15, 2023 (incorporated by reference to Exhibit 10.2 to Baxter International Inc.'s Quarterly Report on Form 10-Q filed on July 27, 2023).
C 10.50 10.55	Form of Change-in-Control Agreement (incorporated by reference to Exhibit 10.4 to Baxter International Inc.'s Quarterly Report on Form 10-Q, filed on October 29, 2020).
C 10.51 10.56	Baxter International Inc. Executive Severance Plan, as amended and restated effective November 16, 2020 July 15, 2024) (incorporated by reference to Exhibit 10.1 10.3 to Baxter International Inc.'s Current Quarterly Report on Form 8-K, 10-Q, filed on November 20, 2020 November 2, 2024).
19*	Baxter International Inc. Securities Trading Policy
21*	Subsidiaries of Baxter International Inc.
23*	Consent of PricewaterhouseCoopers LLP.

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Number and Description of Exhibit	
31.1*	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1* 97.1	Baxter International Inc. Mandatory Clawback Policy. Policy (incorporated by reference to Exhibit 97.1 to Baxter International Inc.'s Annual Report on Form 10-K, filed on February 8, 2024).
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document

Number and Description of Exhibit	
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith.

* Furnished herewith. This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

R Includes redactions.

C Management contract or compensatory plan or arrangement.

(P) Paper exhibit

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BAXTER INTERNATIONAL INC.

By: /s/ José E. Almeida Brent Shafer

José E. Almeida Brent Shafer

Chair President and Interim Chief Executive Officer

DATE: February 8, 2024 February 21, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 8, 2024 February 21, 2025.

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Signature	Title
/s/ José E. Almeida Brent Shafer José E. Almeida Brent Shafer	Chair President and Interim Chief Executive Officer (principal executive officer)
/s/ Joel T. Grade Joel T. Grade	Executive Vice President, and Chief Financial Officer and Interim Chief Accounting Officer (principal financial officer)
/s/ Brian C. Stevens Brian C. Stevens	Senior Vice President, Chief Accounting Officer officer and Controller (principal accounting officer)
/s/ William A. Ampofo II William A. Ampofo II	Director
/s/ Jeffrey A. Craig Jeffery A. Craig	Director
/s/ Patricia B. Morrison Patricia B. Morrison	Director
/s/ Stephen N. Oesterle, M.D. Stephen N. Oesterle, M.D.	Director
/s/ Stephen H. Rusckowski Stephen H. Rusckowski	Director
/s/ Nancy M. Schlichting Nancy M. Schlichting	Director
/s/ Cathy R. Smith Cathy R. Smith	Director
/s/ Amy A. Wendell Amy A. Wendell	Director
/s/ David S. Wilkes, M.D. David S. Wilkes, M.D.	Director
/s/ Peter M. Wilver Peter M. Wilver	Director

Exhibit 10.27
3.1

BAXTER INTERNATIONAL INC. AMENDED AND RESTATED
DIRECTORS' DEFERRED COMPENSATION PLAN CERTIFICATE OF INCORPORATION
(OF
BAXTERINTERNATIONALINC.

PursuanttoSections242and245oftheGeneralCorporationLawofDelaware

Baxter International Inc., a corporation organized and existing under the GeneralCorporationLawofDelaware,doesherebycertifyasfollows:

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(1) The name of the corporation isBaxterInternationalInc. The name under which it wasoriginally incorporated wasDon BaxterIntravenousProductsCorporation.Thedateoffiling ofits original CertificateofIncorporationwas October19,1931.

(2) This Amended and Restated Effective January 31, 2024 Certificate ofIncorporationwas duly adopted by the Board of Directors of the corporation and its stockholders in accordance with the provisions of Sections242and245oftheGeneral CorporationLawofDelaware.

(3) This Amended and Restated Certificate ofIncorporation restates and furtheramends the Amended andRestated Certificate ofIncorporationof the corporation, as heretofore amended or supplemented.

(4) The textof the Amended andRestated Certificate of Incorporation, as heretofore amendedorsupplemented,isamendedandrestatedinitsentiretyasfollows:

FIRST: The name ofthe corporation is Baxter International Inc. (hereinafter in this AmendedandRestatedCertificateofIncorporationcalledthe"Corporation").

SECOND: Theregistered officeoftheCorporationin theStateof Delawareislocated at 1209 Orange Streetin the City of Wilmington, County of New Castle, 19801. The name of the registeredagent ofthecorporationis TheCorporationTrust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for whichcorporationsmaybeorganizedundertheGeneralCorporationLawofDelaware.

FOURTH: The total number ofshares ofstock which the Corporation shall have authoritytoissueis twobillion, onehundredmillion(2,100,000,000) shares, ofwhichone hundredmillion(100,000,000) sharesofnopar valueshall bepreferredstock(the"Preferred Stock") andofwhichtwobillion(2,000,000,000) shares,ofthepar valueofU.S.onedollar (U.S. $1.00)each, amountingin the aggregate to U.S. two billion dollars (U.S.$2,000,000,000), shall be common stock (the "Common Stock").

Authority is hereby expressly granted to and vested in the Board ofDirectors oftheCorporationtoprovide for the issue ofthe PreferredStockinone or more series andin connection therewith to fixbyresolutions providing for theissueofsuchseries thenumber of shares to be included in such series andthe designations andsuch voting powers, full or limited, or novoting powers,andsuchofthepreferences andrelative,participating,optional or other special rights, andthe qualifications, limitations or restrictions thereof, ofsuchseries ofthe Preferred Stock which are notfixed bythis Amended and RestatedCertificateofIncorporation, tothe full extent now or hereafter permittedbythe laws ofthe State ofDelaware. Without limiting the generality of the grantof authority containedin the precedingsentence,the Board of Directorsisauthorized to determine anyorallof the following,and the sharesofeachseriesmay varyfromthesharesofanyotherseriesinanyorall ofthefollowing respects:

1. The number ofshares ofsuchseries (whichmaysubsequentlybe increased, exceptas otherwise provided bythe resolutions ofthe Board ofDirectorsproviding for the issue of such series,ordecreased to a numbernotlessthan the numberof sharesthenoutstanding)and the distinctive designation thereof;

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2. The dividendrights, ifany, ofsuchseries, the dividendpreferences, ifany, as between such seriesand any otherclassorseriesof stock,whetherandthe extentto which shares of such seriesshallbe entitled to participate in dividendswith sharesofanyother series or class of stock, whetherandthe extentto which dividends onsuchseries shall becumulative, andany limitations,restrictionsorconditionsonthepayment ofsuchdividends;

3. The time or timesduringwhich,the price orpricesat which, and any other terms orconditionsonwhichthesharesofsuchseriesmayberedeemed,ifredeemable;

4. The rights of such series,and the preferences, ifany, as between such series and anyother class or series ofstock,intheevent ofanyvoluntaryor involuntaryliquidation, dissolution orwindingup of the Corporationand whetherand the extent towhichshares ofany suchseriesshall beentitledtoparticipateinsuchevent withanyotherclassorseriesofstock;

5. The votingpowers,if any,in addition to the voting powers prescribed by law of sharesofsuchseries,andthetermsofexerciseofsuchvoting powers;

6. Whethershares of suchseries shallbe convertibleinto orexchangeable forshares of any otherseries orclass of stock, orany othersecurities,and the terms andconditions, ifany, applicable to such rights;

7. The terms andconditions, ifany, ofanypurchase, retirement or sinking fund whichmaybeprovidedfor theshares ofsuchseries.

SeriesBJuniorParticipatingPreferredStock:

The terms of the Corporation's Series B Junior Participating Preferred Stock are incorporated from the Certificate ofDesignation pursuant to which it was created into theAmendedandRestatedCertificateofIncorporationas follows:

RESOLVED, thatpursuantto the authority conferreduponthe Board ofDirectors ofthis Corporationbythe RestatedCertificate ofIncorporation, a series ofPreferredStockofthe Corporationbeandit herebyis created,andthat thedesignations,powers,preferences and relativeandotherspecial rightsandqualifications,limitationsorrestrictionsthereofareas follows:

SECTION1.DESIGNATIONANDAMOUNT.

The sharesof such series shall be designated as "Series B Junior Participating Preferred Stock"andthenumberofsharesconstituting suchseriesshallbe3,500,000.

SECTION2.DIVIDENDSANDDISTRIBUTIONS.

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(A) Subjectto the priorand superiorrightsofthe holders ofanyshares ofanyseries ofPreferred Stock ranking prior and superior to the shares ofSeries B Junior Participating Preferred Stock with respectto dividends, the holders ofshares ofSeries B Junior Participating Preferred Stock shallbe entitledtoreceive, when, as andifdeclaredbythe BoardofDirectors outof fundslegally available forthe purpose,quarterly dividendspayable in cashon the firstday ofJanuary,April,JulyandOctober ineachyear (eachsuchdatebeing referredtohereinas a “Quarterly Dividend PaymentDate”),commencingon the firstQuarterly DividendPaymentdate afterthe firstissuance ofa share orfraction ofa share ofSeries B Junior Participating Preferred Stock,inanamountshare(roundedtothenearestcent)equaltothegreaterof(a)$5.00or (b) subject tothe provisionfor adjustment hereinafter set 100times the aggregate per share amountof allcash dividends,and 100 timesthe aggregate pershare amount(payable in kind) of all noncash dividends orotherdistributions otherthan a dividend payable in shares ofCommon Stockor a subdivisionofthe outstanding shares ofCommonStock(byreclassificationor otherwise), declaredontheCommonStock, par value$1per share, oftheCorporation(the “Common Stock”)since the immediatelypreceding Quarterly Dividend Payment Date, or, with respecttothefirstQuarterlyDividendPaymentDate,sincethefirstissuanceofanyshareor fraction of a share ofSeries BJuniorParticipatingPreferredStock. In the event the Corporation shall at anytime after November 17, 1998(the “Rights DeclarationDate”) (i) declare any dividend on Common Stock payable in shares ofCommon Stock, (ii) subdivide the outstanding Common

Stock,or(iii)combine the outstandingCommon Stock into a smallernumberofshares, thenineachsuchcasetheamount towhichholders ofshares ofSeries B Junior Participating Preferred Stock were entitled immediately priorto such event under clause (b) ofthe preceding sentence shallbe adjustedby multiplyingsuch amount byafraction, thenumerator ofwhichis thenumber ofshares ofCommonStockoutstanding immediatelyafter suchevent andthe denominator ofwhichis thenumber ofshares ofCommonStockthat wereoutstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series B JuniorParticipatingPreferred Stock as providedin Paragraph (A)above immediately after it declares a dividendor distributiononthe CommonStock(other thana dividendpayable inshares of Common Stock);provided that, in the eventnodividend ordistribution shallhave beendeclared on the Common Stock duringthe period betweenany Quarterly Dividend Payment Date and the nextsubsequentQuarterlyDividendPaymentDate, subjectto the priorand superiorrights ofthe holdersof any sharesofany seriesofPreferredStock rankingprior toandsuperior tothe shares of Series B Junior Participating PreferredStockwithrespect todividends, a dividendof$5.00 pershare onthe Series B Junior Participating PreferredStockshall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividendsshallbegin to accrue and becumulative on outstandingsharesofSeries B Junior Participating Preferred Stock from the Quarterly Dividend Payment Date nextprecedingthe date ofissue ofsuchshares ofSeries BJuniorParticipatingPreferredStock, unless

thedateofissueofsuchshares is prior totherecorddatefor thefirst QuarterlyDividend Payment Date,inwhichcasedividends onsuchshares shall begintoaccruefromthedateof issue of such shares,orunlessthe date ofissue isa Quarterly Dividend PaymentDate orisa date afterthe record datefor thedeterminationofholders ofshares ofSeries B Junior Participating PreferredStockentitledtoreceive a quarterlydividendandbefore suchQuarterlyDividend PaymentDate, in eitherof which eventssuch dividendsshallbegin to accrue and be cumulative fromsuchQuarterlyDividendPayment Date.Accruedbut unpaiddividends shall not bear interest. Dividends paid on the shares ofSeries B Junior Participating Preferred Stock in anamount lessthanthetotal amount ofsuchdividendsat thetimeaccruedandpayableonsuch shares shall beallocatedproratao nashare-by-sharebasis among all suchshares at thetime outstanding.TheBoardofDirectors mayfixarecorddatefor thedeterminationofholders of shares of Series BJuniorParticipatingPreferred Stock entitled to receivepayment ofa dividend or distributiondeclaredthereon,whichrecorddateshall benomorethan60days prior tothe date fixed for the payments thereof.

SECTION3.VOTINGRIGHTS.

The holders ofshares ofSeries B Junior Participating Preferred Stock shall have the following voting rights:

(A) Subjectto the provision foradjustmenthereinafter set forth, eachshareofSeries B JuniorParticipatingPreferred Stock shallentitle the holderthereof to 100 votes on all matters submitted to a vote of the stockholdersof the Corporation. Inthe event the Corporationshall at any time afterthe RightsDeclaration Date (i)declare any dividend onCommonStock payable in shares ofCommonStock, (ii) subdivide the outstanding CommonStock, or (iii) combine the outstandingCommon Stock into a smallernumberof shares, thenineachsuchcase the number ofvotes per share towhichholders ofshares ofSeries B Junior Participating PreferredStock were entitled immediately priorto such eventshallbe adjustedby multiplyingsuch number bya fraction,thenumerator ofwhichis thenumber ofshares ofCommonStockoutstanding immediately after sucheventandthe denominator of whichis the number of shares ofCommon Stockthat were outstanding immediatelyprior tosuchevent.

(B) Except as otherwise providedhereinor bylaw, the holder ofshares ofSeries B Junior Participating PreferredStockandthe holders ofshares ofCommonStockshall vote collectively asoneclassonall matterssubmittedtoavoteofstockholdersoftheCorporation.

(C) If atany time of any annualmeetingof stockholdersforthe electionofdirectors a default inpreferencedividends onthePreferredStockshall exist,thenumber ofdirectors constitutingthe Board of Directors ofthe Corporation shallbe increasedby two, andthe holders ofthe PreferredStockofall series

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shall have the right at suchmeeting, voting together as a single classwithoutregard to series, to the exclusion ofthe holders ofCommon Stock, to elect two directors ofthe Corporation to fill such newly created directorships. Such right shallcontinue untilthere are no dividends inarrears uponthePreferredStock. Eachdirector elected by the holders of sharesof PreferredStock (hereincalled a “PreferredDirector”),shall continue to serve as such directorforthe fullterm for whichheshall havebeenelected,notwithstanding that prior totheendofsuchtermadefault inpreferencedividends shall ceasetoexist.Any Preferred Director may be removedby, andshallnotbe removedexcept by,thevoteofholders ofrecord ofthe outstanding sharesofPreferredStock,voting togetherasasingleclasswithout regard to series, at a meetingof the stockholders, orof the holders ofshares ofPreferredStock, called forthe purpose. So long as adefault inanypreferencedividends onthePreferredStock shallexist(A) any vacancyin the officeof a Preferred Directormay be filled(exceptasprovided in the following clause (B)) by an instrument in writing signed by the remaining PreferredDirector andfiledwiththe Corporationand(B) inthe case ofthe removal ofanyPreferred Director,thevacancymaybefilledbythevoteoftheholders oftheoutstanding shares of Preferred Stock,votingtogetherasa single classwithoutregard to series, at the same meeting at whichsuchremoval shall bevoted.Eachdirector appointedas aforesaidbytheremaining Preferred Directorshallbe deemed, forallpurposes hereof, to be a Preferred Director.Whenever the term of office ofthe PreferredDirectors shallendand a defaultin preference dividends shall no longerexist, the numberof directors, constituting the BoardofDirectors ofthe Corporation shall bereducedbytwo.Forthepurposeshereof,a“default inpreferencedividends”onthe Preferred Stockshall bedeemedtohaveoccurredwhenever theamount ofaccrueddividends upon any series of the PreferredStock shallbe equivalent tosixfull quarter yearlydividends or more,and,having sooccurred,suchdefault shall bedeemedtoexist thereafteruntil,but only until,all accrueddividends onall shares ofPreferredStockofeachandeveryseries then outstanding shall havebeenpaidor declaredandset apart for payment totheendofthelast preceding quarterly dividend period.

(D) Exceptassetforth herein, holdersofSeriesBJuniorParticipatingPreferred Stock shall havenospecial voting rights andtheir consent shall not berequired(except totheextent theyareentitledtovotewithholders ofCommonStockas set forthherein) for taking any corporate action.

SECTION4.CERTAINRESTRICTIONS.

(A) Whenever quarterly dividends or distributions payable on the Series B JuniorParticipating Preferred Stock as provided in Section 2 are in arrears, thereafter and until allaccrued and unpaid dividends anddistributions, whether or not declared, onshares ofSeries B Junior Participating PreferredStockoutstanding shall have beenpaidinfull, the Corporation shall not:

(i) declare orpay dividends on, make anyotherdistributionson, orredeem or purchase or otherwise acquire for consideration any shares ofstockranking junior (either as to dividends or upon liquidation, dissolution orwinding up) to the Series B Junior Participating Preferred Stock;

(ii) declare orpay dividends on ormakeany otherdistributions on any shares ofstock ranking on a parity (either as to dividends or upon liquidation, dissolution orwindingup)with the Series BJuniorParticipating Preferred Stock, except dividends paid ratably on the Series B Junior Participating Preferred Stock and allsuch parity stock on which dividends are payable orin arrearsin proportion to the total amounts to which the holders ofall such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares ofany stock ranking on a parity (either as to dividends or upon liquidation,dissolution orwindingup)with the Series BJuniorParticipating Preferred Stock, provided thatthe Corporation mayatany time redeem, purchase or otherwiseacquire sharesof anysuchparity stockin exchange forshares of any stock of the Corporation rankingjunior(eitheras to dividendsorupon dissolution, liquidationorwindingup)to the Series B Junior Participating Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares ofSeries BJunior Participating Preferred Stock, or any shares ofstock ranking on a parity with the

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Series B Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (asdetermined by the Board ofDirectors) to all holders ofsuch shares upon such termsasthe Board of Directors,afterconsideration ofthe respective annual dividend rates and other relative rights and preferences ofthe respective series and classes, shall determine in good faith will result in fair andequitabletreatment among therespectiveseriesor classes.

(B) The Corporation shallnotpermitany subsidiaryof the Corporation to purchase or otherwiseacquireforconsideration anysharesofstockof the Corporation unlessthe Corporation could, underParagraph (A)ofthis Section 4, purchase or otherwise acquire such shares at such time and in such manner.

SECTION5.REACQUIREDSHARES.

Any shares ofSeries B Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retiredandcancelledpromptly after the acquisition thereof. Allsuch sharesshallupontheir cancellation become authorizedbut unissued sharesofPreferred Stockand maybe reissuedaspartof a newseriesofPreferred Stock to be created by resolution orresolutionsofthe Board ofDirectors, subjectto the conditions and restrictions on issuance set forth herein.

SECTION6.LIQUIDATION,DISSOLUTIONORWINDINGUP.

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(A) Upon any liquidation (voluntary or otherwise), dissolution or winding up ofthe Corporation, no distribution shallbe made to the holders ofshares ofstock rankingjunior (either as todividends or uponliquidation, dissolutionor winding up) tothe Series B Junior Participating Preferred Stock unless, prior thereto, the holders ofshares ofSeries B Junior Participating PreferredStockshall havereceived$100per share, plus anamount equal to accrued and unpaid dividends anddistributions thereon,whether or not declared,tothedateof such payment(the “Series BLiquidation Preference”). Followingthe paymentofthe fullamount of the SeriesBLiquidation Preference,no additionaldistributionsshallbe made to the holdersof shares of Series BJuniorParticipatingPreferred Stock unless, priorthereto, the holders ofshares of Common Stock shallhavereceived an amountpershare(the“Common Adjustment”)equalto the quotient obtained by dividing (i) the Series B Liquidation Preference by (ii) 100 (asappropriatelyadjustedas set forthinsubparagraph(C) below toreflect suchevents as stock splits, stockdividends andrecapitalizations withrespect toCommonStock) (suchnumber in clause (ii), the “AdjustmentNumber”). Followingthe paymentofthe fullamountof the Series B LiquidationPreference andthe CommonAdjustment inrespect ofall outstanding shares of SeriesB JuniorParticipatingPreferred Stock and Common Stock,respectively,holdersofSeries B JuniorParticipatingPreferred Stock and holdersof sharesofCommon Stock shallreceive their ratable andproportionate share ofthe remaining assets tobe distributedinthe ratiooftheAdjustmentNumberto 1 with respectto such PreferredStock and CommonStock,on a pershare basis, respectively.

(B) Inthe event, however, that there are not sufficient assets available topermit paymentin fullof the SeriesBLiquidation Preference andthe liquidation preferencesofallother series ofpreferredstock, ifany, whichrankona paritywiththe Series B Junior Participating PreferredStock, thensuchremaining assets shall be distributedratablytothe holders ofsuch parity shares in proportion to theirrespective liquidation preferences.In the event, however, that therearenot sufficient assetsavailabletopermit payment infull oftheCommonAdjustment, thensuchremaining assetsshall bedistributedratablytotheholdersofCommonStock.

(C) IntheeventtheCorporationshallatanytimeaftertheRightsDeclarationDate (i) declare any dividend on Common Stockpayable inshares ofCommonStock, (ii) subdivide the outstandingCommon Stock, or (iii) combine the outstanding Common Stock into a smaller numberof shares, then in eachsuch case the AdjustmentNumber ineffect immediatelyprior to suchevent shall beadjustedbymultiplying suchAdjustment Number byafraction, the numerator ofwhichis thenumber ofshares ofCommonStockoutstanding immediatelyafter such eventand the denominator ofwhichis thenumber ofshares ofCommonStockthat were outstanding immediately prior to such event.

SECTION7.CONSOLIDATION,MERGER,ETC.

In case the Corporation shallenterinto any consolidation, merger, combination or other transaction in which the sharesofCommon Stock are exchanged fororchangedintoother stock orsecurities, cash and/orany otherproperty,then in any such case the shares ofSeries B Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in anamountpershare (subjectto the provisionforadjustmenthereinaftersetforth)equalto 100 times theaggregate amountof stock,securities,cashand/orany otherproperty (payablein kind),asthe case may be, into which orforwhicheach share ofCommon Stockis changedor exchanged. In the event the Corporationshall at anytime after the Rights DeclarationDate (i) declare any dividend on Common Stock payable in shares ofCommon Stock, (ii) subdivide the outstanding Common Stock,or(iii)combine the outstandingCommon Stock into a smallernumberofshares, thenineachsuchcasetheamount set forthinthepreceding sentencewithrespect tothe exchange orchange ofshares ofSeries B Junior Participating PreferredStockshall be adjusted bymultiplying suchamount byafraction,thenumerator ofwhichisthenumber ofsharesof Common Stock outstanding immediatelyafter suchevent andthe denominator ofwhichis the numberofsharesofCommonStockthatwereoutstanding immediatelypriortosuchevent.

SECTION8.NOREDEMPTION.

The shares ofSeries B Junior Participating Preferred Stock shall not be redeemable.

SECTION 9.RANKING.

The Series B Junior Participating Preferred Stock shall rank junior to all other series of theCorporation’sPreferredStockastothepaymentofdividendsandthedistributionofassets whether or not uponthedissolution,liquidationor winding upoftheCorporation,unless the terms ofany such series shall provide otherwise.

SECTION10.AMENDMENT.

The Amended and RestatedCertificate ofIncorporationofthe Corporationshall not be furtheramended in any mannerwhich would materiallyalter or change the powers, preferences or special rights ofthe Series B Junior Participating Preferred Stock so as to affect them adverselywithout theaffirmativevoteoftheholders ofamajorityor moreoftheoutstanding sharesofSeriesB Junior Participating PreferredStock,voting separatelyasaclass.

SECTION11.FRACTIONAL SHARES.

SeriesB JuniorParticipatingPreferred Stock may be issuedin fractionsofa share which shallentitle the holder,in proportion to such holder’sfractionalshares, to exercise voting rights, receivedividends,participate in distributionsand to havethe benefitof allotherrightsof holders of Series B Junior Participating Preferred Stock.

FIFTH: The numberof directorswhich shallconstitute the wholeBoard ofDirectors of the Corporation shallbe the numberfrom time to time fixed by the Board ofDirectors but in no eventshallbe lessthan nine ormore than seventeen. Adecrease in the number ofdirectors shall notaffectthetermofofficeofanydirectortheninoffice.

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AnyvacancyontheBoardofDirectors that results fromanincreaseinthenumber of directorsmay be filled by a majority ofthe directorsthenin office;and anyothervacancy onthe Board of Directorsmay befilledby amajority ofthedirectorsthenin office,although lessthan a quorum, or by a sole remaining director.

SIXTH: Until the 2018 annualmeetingof stockholders, (i) the Board ofDirectors shall bedivided into three classes;(ii)the term of office foroneclassofdirectorswillexpire eachyear at the annualmeetingof stockholders,in each case until the directors' respective successors are elected and qualified; and (iii) the directors chosen to succeed those whose terms are expiring shall be identified as being of the same class as the directors whom they succeed and shall be elected fora term expiringatthe third succeedingannual

meetingofstockholders orthereafterin each case untiltheirrespective successors are electedand qualified, subjectto death,resignation, retirement or removal from office.

Notwithstanding the foregoing, (i) at the 2016 annual meeting ofstockholders, the directors whose terms expire at that meeting shall beelectedtoholdofficefor aone-year term expiring at the2017annual meeting ofstockholders; (ii) at the2017annual meeting of stockholders, the directorswhose termsexpire atthatmeetingshallbe elected to hold office fora one-yearterm expiringatthe 2018 annual meeting ofstockholders; and(iii) at the2018annual meetingof stockholders and each annualmeeting of stockholdersthereafter,alldirectors shallbe elected fora one-yearterm expiringatthe nextannualmeetingof stockholders. Pursuant tosuch procedures, effective as ofthe 2018annualmeetingof stockholders, the Board ofDirectors will nolonger be classifiedunder Section141(d) ofthe General CorporationLaw ofthe State of Delaware anddirectors shall nolonger be dividedintothree classes. Prior tothe 2018annual meetingofstockholders, (a)any boardseatscreatedasaresultofanincreaseinthenumberof directors comprising the entire BoardofDirectors shall be allocatedtomake the classes of directors as nearlyequal as possible, (b) anydirector electedtofill atermresulting froman increase in the numberofdirectorsshallhave the sameterm asthe othermembersof hisclassor, if the directorisnota memberof a class, untilthe nextannualmeeting, and (c)a director elected tofillanyothervacancyshallhavethesameremaining termasthatofhispredecessor.

A directorshallhold officeuntilthe annualmeetingforthe year in which his or her term expires and untilhis orhersuccessorshallbe elected andshallqualify,subject, however,to prior death,resignation,retirement,disqualificationorremovalfromoffice.

Wheneverthe holders ofanyone or more classes or series ofPreferredStockissuedby the Corporation shallhave the right, voting separatelybyclass or series, toelect directors at an annualor specialmeetingof stockholders,theelection,termofoffice,filling ofvacanciesand other features ofsuchdirectorships shall begovernedbytheterms ofthecertificateof incorporation applicable thereto, andsuchdirectors soelectedshall not be dividedintoclasses pursuant to this Article **SIXTH**.

SEVENTH: The Board ofDirectors shall have such powers as are permitted by theGeneralCorporation Law of Delaware,including, without limitation, without theassent or vote ofthestockholders,tomake,alter,amend,change,addto,or repeal theby-laws ofthe Corporation;to fix and varythe amountto be reserved as workingcapital;to authorize andcause to be executed mortgages and liens uponallthe propertyof the Corporation, or anypart thereof; to determine the use and dispositionofany surplusornetprofitsoverand above the capitalstock paidin; andtofixthetimesforthedeclarationandpayment ofdividends.

EIGHTH: To the fullestextentpermitted by the General Corporation Law ofDelaware as the same exists ormay hereafterbe amended,no directororofficerofthe Corporationshallbe liableto the Corporation oritsstockholdersformonetarydamagesforbreach offiduciary duty as adirector or officer. IftheGeneral CorporationLaw ofDelawareis amendedtoauthorize corporate action furthereliminatingorlimitingthe personalliability of directors orofficers, then the liability of a directororofficerofthe Corporationshallbe eliminatedor limited to the fullest extent permittedbytheGeneral CorporationLawofDelaware,assoamended.

NINTH: TheCorporationshall indemnifyandadvanceexpenses toeachpersonwho serves as anofficer or director oftheCorporationor asubsidiaryoftheCorporationandeach personwhoservesor mayhaveservedat therequest oftheCorporationasadirector,officer, employee,or agent ofanother corporation,partnership,joint venture,trust or other enterprise from anyliabilityincurredas a result ofsuchservice tothe fullest extent permittedbythe General CorporationLaw ofDelaware as it mayfrom time totime be amended, except with respectto an action commencedbysuchdirector or officer against theCorporationor bysuch directororofficerasa derivative actionby orin the rightof the Corporation.Each person whois orwas an employee oragentof the Corporation and eachofficerordirectorwhocommences any action againstthe Corporation ora derivative action by orin the rightof the Corporation may be similarlyindemnifiedandreceiveanadvanceofexpenses at thediscretionoftheBoardof Directors.

The indemnificationandadvancementofexpenses providedby, or grantedpursuant to, theAmendedandRestatedCertificateofIncorporationshallnotbedeemedexclusiveofany otherrightsto

which those seekingindemnificationoradvancementof expenses may be entitled under anyagreement, voteofstockholders or disinteresteddirectors or otherwise, bothas to actioninhisofficialcapacityandastoactioninanothercapacitywhileholding suchoffice.

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The Corporation may purchaseand maintain insurance on behalfofany person who is or was a director, officer,employeeoragentof the Corporation,or isor wasserving at therequest of the Corporation as a director, officer, employee or agent ofanother corporation, partnership, jointventure, trustorother enterprise against any liability asserted against him and incurred by himinanysuchcapacity,or arising out ofhis status as such,whether or not theCorporation would have the powerto indemnify him againstsuch liability under the Amended and Restated Certificate of Incorporation or Delaware law.

The indemnificationandadvancementofexpenses providedby, or grantedpursuant to, theAmendedandRestatedCertificateofIncorporationshall continueas toapersonwhohas ceasedtobeadirector,officer,employeeor agent andshall inuretothebenefit oftheheirs, executors and administrators ofsuch a person.

TENTH: No amendmentto the Amended and Restated Certificate of Incorporation or repealof any Article of the AmendedandRestated Certificate ofIncorporation shallincrease the liabilityor allegedliabilityor reduceor limit theright toindemnificationofanydirectors, officers oremployees ofthe Corporation foracts oromissions ofsuch person occurring prior to such amendment or repeal.

ELEVENTH: All actions required or permitted to be taken by the stockholders at anannualorspecial meeting ofstockholders oftheCorporationmaybetakenwithout ameeting, withoutpriornotice and withouta vote if a consentorconsentsin writing,settingforth the action so taken, shall besignedbytheholders ofrecordoftheoutstanding shares oftheCorporation havingnotless than the minimum numberof votes thatwouldbe necessarytoauthorize or take such action ata meetingatwhich allshares entitledtovotethereonwerepresent andvotedand shall be delivered to the Corporation in accordance with this Article**ELEVENTH** and applicable law.

A. Request for Record Date. The record date for determining the stockholdersentitledtoconsent toa corporate actioninwriting without a meeting shall be as fixedbythe Board ofDirectors or as otherwise established under this Article**ELEVENTH**. Any stockholder(s) of recordseeking tohavethestockholders oftheCorporationauthorizeor take action by written consentwithout a meeting shall, by written notice addressed to the CorporateSecretary, delivered to the Corporation atits principalexecutiveoffice and signed by holders of recordat the time suchnotice is deliveredbeneficiallyowning shares representing inthe aggregate at least25% of theoutstandingsharesofCommonStock entitled to voteon thematter, provided thatsuch shares are determinedto be "NetLongShares" (as definedinSection3(a) of theby-laws oftheCorporation,as maybeamendedfromtimetotime) that havebeenheld continuouslyforat least oneyearpriortothedateofthewrittenrequest (the"Requisite Percentage") request that arecorddatebefixedfor suchpurpose.For purposes ofthis Article **ELEVENTH**, the term "beneficiallyowned" has the meaning ascribedtheretoinRules 13d-3 and 13d-5 underthe Securities Exchange Actof 1934, as amended(the "Exchange Act"). Such request must contain the information set forth in Paragraph (B) ofthis Article**ELEVENTH**. Following receipt ofsuchrequest,theBoardofDirectorsshall,bythelaterof(i)twentydays after the Corporation's receiptof such requestand(ii) ten days after delivery of anyinformation requested by the Corporation to determine the validity of any suchrequestorwhetherthe request relates to an action that may be taken by written consent pursuant to this Article**ELEVENTH**and applicable law, determine the validity of suchrequestand,if appropriate, adopt a resolution fixingthe record date for suchpurpose. The recorddate for suchpurposeshall benomorethan ten days afterthe date uponwhich the resolution fixing therecorddateisadoptedbytheBoard of Directors and shallnotprecede the date uponwhich suchresolutionis adopted. Ifthe request required by thisParagraph (A)hasbeen determinedto bevalid and to relateto an action thatmay be effectedby written consentpursuantto this Article**ELEVENTH** and applicable law or ifno suchdeterminationshall have beenmade bythe date requiredbythis Paragraph(A), andin eithereventno record date hasbeen fixedby the Board ofDirectors bythe date requiredbythis Paragraph (A),the record date shallbe the firstdate on which a signed written consentrelatingto the action taken orproposed to be taken bywritten consentisdeliveredto the Corporation in the mannerdescribedin Paragraph (E)of thisArticle **ELEVENTH**;provided, thatif prior action by theBoardofDirectors is requiredbyapplicablelaw or therules ofthestockexchangeupon which the Corporation's

stockis traded, the recorddate shall be 5:00pm, Central Time, onthe dayonwhichtheBoardofDirectorsadoptstheresolutiontaking suchprioraction.

B. RequestRequirements.

(a) Any request required by Paragraph (A) of this Article**ELEVENTH** must be delivered by the holders ofrecord ofatleastthe Requisite Percentage, whoshallnotrevoke such request andwhoshall continue tobeneficiallyownnot less thantheRequisite Percentage throughthedateofdeliveryofconsents signedbyasufficient number ofstockholders to authorize or take such action, and must:

(i) contain an agreementto solicitconsentsin accordancewith Paragraph (D) of this Article **ELEVENTH**;

(ii) describe the action proposed to be taken by written consent ofstockholders (including the text ofany resolutions to be adopted by written consent of stockholders and the language of any proposedamendment to the by-laws ofthe Corporation);

(iii) contain (x) in the case ofany matter (other than a director nomination) proposed to be taken bywritten consent ofstockholders, the information required by Section 2(e)of the by-laws ofthe Corporation, and (y) in the caseof any directornomineesproposed to beelectedby written consentof stockholders, the information required by Sections 2(e), 4(d) and 4(f)(D) of the by-laws of the Corporation;

(iv) setforth the calculation ofthe requestingstockholder(s)'NetLongShares, includingthe numberof shares heldof record and disclosure ofany short positions, hedges, votingorotherarrangements thatimpactthe calculation of such Net Long Shares;

(v) include an agreement by the requesting stockholder(s) to notify the Corporation immediatelyin the case of any dispositionprior tothe record date set for the action by written consent ofany Net Long Shares beneficiallyownedofrecordandanacknowledgementthatanysuch disposition shallbe deemed a revocation

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ofsuch request to the extent of such disposition, suchthat the number ofshares disposed ofshall not be included in determining whether the Requisite Percentage has been reached and maintained; and

(vi) includedocumentaryevidencethattherequestingstockholder(s) beneficially ownin the aggregate notlessthan the Requisite Percentage as ofthe date ofsuchwrittenrequest tothe Corporate Secretary.

(b) TheCorporation may requirethestockholder(s)submittingsuch requestto furnish suchotherinformationasmaybereasonablyrequestedbytheCorporation.

(c) Anyrequesting stockholder mayrevoke his, her or its request at anytime by written revocationdeliveredtothe Corporate Secretaryat the principal executive office ofthe Corporation; provided,however,that ifat anytimefollowing suchrevocation(including any revocation resultingfroma dispositionof shares), the unrevokedvalidrequests represent inthe aggregate lessthantheRequisitePercentage,theBoardof Directors,initsdiscretion,maycancel the action by written consentand revokethe fixing ofthe recorddate establishedinconnection therewith.

C. Actions Which May Be Taken by Written Consent. Stockholders are not entitled to act by written consent inlieuofa meeting ofstockholders if(i) the request toact bywritten consentmade pursuantto Paragraph (A) ofthis Article**ELEVENTH** (x) does not comply with thisArticle**ELEVENTH**,(y)wasmade in a mannerthatinvolved a violation ofRegulation 14A underthe Exchange Actorotherapplicable law, or(z)relatesto an item ofbusiness that is not a proper subjectfor stockholder actionunder applicablelaw, (ii) anysuchrequest is receivedby theCorporationduring theperiodcommencing ninetydaysbeforethefirst anniversaryofthe date of the immediately precedingannualmeetingof stockholdersand ending on the date ofthe nextannualmeetingof stockholders,(iii)an identicalorsubstantially similaritem (asdetermined by the Board of Directors, a “SimilarItem”), otherthan the electionorremovalofdirectors, was presented ata

meetingof stockholdersheld notmorethan twelve months before the requestfor a record date forsuch action is delivered to the Corporation, (iv) a Similar Item consisting ofthe election orremovalof directors was presentedat ameeting ofstockholders heldnot morethan ninetydaysbeforetherequest for arecorddatewasdeliveredtotheCorporation(and,for purposes ofthis clause, theelectionor removal ofdirectors shall bedeemeda“Similar Item” with respectto all items of business involvingthe election orremoval ofdirectors, changing the sizeoftheBoardofDirectors andthefilling ofvacancies and/or newlycreateddirectorships resulting from anyincrease inthe authorizednumber ofdirectors), or (v) a Similar Item is included in the Corporation’s noticeofmeeting as anitemofbusiness tobebrought beforean annualorspecialmeeting ofstockholdersthat hasbeencalledbut not yet heldor that iscalled withinninetydays after the request is receivedbythe Corporate Secretary. The Boardof Directors shall determine whether a record date is required to be set under this Article**ELEVENTH**.

D. Manner of ConsentSolicitation.Stockholders maytake action by written consent only if consentsaresolicited bythe stockholder(s)seekingto take action by written consentfrom all holdersof capitalstockofthe Corporation entitled to vote on the matter in accordance with thisArticle **ELEVENTH**,the by-lawsof the Corporation,Regulation14Aofthe Exchange Act, without reliance upon the exemption contained in Rule 14a-2(b)(2) of the Exchange Act, and applicable law.

E. Timing of Delivery.No written consentpurportingto take or authorize the taking ofa corporate action(eachsuchwrittenconsent is referredtointhis Paragraph(E) andin Paragraph (F) ofthis Article**ELEVENTH** as a “Consent”) shall be effective to take the corporateactionreferredtothereinunless Consents signedbyasufficient number of stockholders totake suchactionare deliveredtothe Corporationinthe manner requiredby Paragraph (F) of thisArticle **ELEVENTH** within sixty daysof thefirstdateon whicha Consent is so delivered to the Corporation.

F. Delivery of Consents.No Consentsmay be dated or delivered to the Corporation orits registered office inthe State ofDelaware until the date that is sixtydays after the date of delivery of a valid requestto seta record date.Consentsmustbe delivered to the Corporation by delivery to its registered office in the State ofDelaware or its principal place ofbusiness. Delivery mustbe made by handorby certified orregistered mail, return receiptrequested. Inthe eventofthedeliverytotheCorporationofConsents,theCorporateSecretaryorsuchother officerofthe Corporation orinspectoras the BoardofDirectors may designate shall provide for the safe-keepingof suchConsents andany relatedrevocations andshall promptlyconduct such ministerial review ofthesufficiencyofall Consents andanyrelatedrevocations andofthe validityofthe actiontobe takenbywrittenconsent as the Corporate Secretaryor suchother officer oftheCorporation,asthecasemaybe,deemsnecessaryor appropriate,including, without limitation, whether thestockholders ofanumber ofshares having therequisitevoting powerto authorize or taketheactionspecifiedintheConsents havegiventheir validandduly executed consentto the takingof suchaction;provided,however, that ifthe actiontowhichthe Consents relate is the election orremovalofone ormore membersof the Boardof Directors, the Corporate Secretary orsuch otherofficerofthe Corporation,as the case may be, shall promptly designate twopersons, whoshall not be members ofthe BoardofDirectors, toserve as inspectors (the “Inspectors”)withrespect tosuchConsent, andsuchInspectors shall discharge the functions ofthe Corporate Secretaryorsuch otherofficerofthe Corporation,as the case may be, under this Article**ELEVENTH**. If, after such investigation, the Corporate Secretary, suchotherofficerofthe Corporationorthe Inspectors, as the case maybe, determines that theaction purported to have been takenis dulyauthorizedbytheConsents,that fact shall becertifiedon the records of the Corporation keptforthe purpose ofrecording the proceedings ofmeetings of stockholders andtheConsents shall befiledinsuchrecords. Inconducting theinvestigation requiredbythis section,theCorporateSecretary,suchother officer oftheCorporationor the Inspectors,as thecasemaybe,may,at theexpenseoftheCorporation,retainspecial legal counsel and any other necessaryor appropriate professional advisors as suchpersonor persons maydeemnecessaryor appropriateand,tothefullest extent permittedbylaw,shall befully protectedinrelying ingoodfaithupontheopinionofsuchcounsel oradvisors.

G. Effectiveness of Consent. Notwithstanding anything in this Certificate ofIncorporationtothecontrary,noactionmaybetakenbywrittenconsent ofthestockholders except in accordance with this Article**ELEVENTH** and applicable law. Ifthe Board of Directors shall determinethat anyrequest tofixarecorddateor totakestockholder actionby written consentwasnotproperly made in accordancewith,orrelatesto an action thatmay notbe effectedbywrittenconsent pursuant to, this Article**ELEVENTH** or

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applicable law, or the stockholder(s) seeking to take such action do not otherwise comply with this Article **ELEVENTH** or applicable law, then the Board of Directors shall not be required to fix a record date in respect of such proposed action, and any such purported action by written consent shall be null and void. No action by written consent without a meeting shall be effective until such date as the Corporate Secretary, such other officer of the Corporation as the Board of Directors may designate or the Inspectors, as applicable, certify to the Corporation that the Consents delivered to the Corporation in accordance with Paragraph (F) of this Article **ELEVENTH** represent at least the minimum number of votes that would be necessary to take the corporate action at a meeting at which all shares entitled to vote thereon were present and voted, in accordance with applicable law and this Certificate of Incorporation.

H. Challenge to Validity of Consent. Nothing contained in this Article **ELEVENTH** shall in any way be construed to suggest or imply that the Board of Directors or any stockholder shall not be entitled to contest the validity of any Consent or related revocations, whether before or after such certification by the Corporate Secretary, such other officer of the Corporation as the Board of Directors may designate or the Inspectors, as the case may be, or to take any other action with respect thereto (including, without limitation, the commencement, prosecution, or defense of any litigation, and the seeking of injunctive relief in such litigation).

I. Board-Solicited Stockholder Action by Written Consent. Notwithstanding anything to the contrary set forth above, (x) none of the foregoing provisions of this Article **ELEVENTH** shall apply to any solicitation of stockholder action by written consent in lieu of a meeting by or at the direction of the Board of Directors and (y) the Board of Directors shall be entitled to solicit stockholder action by written consent in accordance with applicable law.

TWELFTH: Special meetings of the stockholders (i) may be called by the Chair of the Board, the Chief Executive Officer or by the Corporate Secretary of the Corporation at the direction of the Board of Directors and (ii) subject to the provisions of the by-laws, shall be called by the Corporate Secretary of the Corporation upon written request from record holders of at least 15% of the outstanding shares of Common Stock entitled to vote on the matter or matters to be brought before the proposed special meeting, provided that such shares are determined to be "Net Long Shares" (as defined in Section 3(a) of the by-laws of the Corporation, as may be amended from time to time) that have been held continuously for at least one year prior to the date of the written request. Any such request shall be filed with the Corporate Secretary of the Corporation and otherwise made in accordance with, and subject to, all applicable provisions of the by-laws (including those set forth in Section 3 thereof). Subject to the rights of the holders of any shares of Preferred Stock, special meetings of the stockholders may not be called by any other person or persons.

IN WITNESS WHEREOF, Baxter International Inc. has caused this Amended and Restated Certificate of Incorporation to be executed on its behalf this 7th day of May, 2024.

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ARTICLE I PURPOSE AND EFFECTIVE DATE

1.1 BAXTER

Purpose INTERNATIONALINC.

By: 1.2 /s/ Effective Date EllenK.Bradford

Name: EllenK.Bradford

ARTICLE II DEFINITIONS

Title: 2.1 Senior Account

2.2 Vice Administrator

2.3 President Baxter and

2.4 Corporate Beneficiary

2.5Board

2.6Code

2.7Compensation

2.8Compensation Committee

2.9Deferral

2.10Deferral Election Form

2.11Distribution Election Form

2.12DSU

2.13Outside Director

2.14Participant

2.15Plan

2.16Plan Year

2.17Stock

2.18Termination

2.19Unforeseeable Emergency

ARTICLE III ELIGIBILITY FOR COMPENSATION DEFERRALS

3.1Compensation Deferral Elections

3.2Timing of and Changes in Deferral Election

3.3Deferral of Stock Awards Secretary

ARTICLE IV CREDITING OF ACCOUNTS

4.1Crediting of

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EXHIBIT 3.2

BYLAWS
OF
BAXTER INTERNATIONAL INC.

(As Amended and Restated on November 27, 2024)

ARTICLE I
STOCKHOLDERS

SECTION 1. PLACE OF MEETINGS. The Board of Directors (the "Board of Directors") of Baxter International Inc. (the "Corporation") may designate the place of meeting for any meetings of stockholders, within or without the State of Delaware, or determine that such meeting shall be held by means of remote communication, but if no such designation is made, the place of meeting shall be the principal executive offices of the Corporation.

SECTION 2. ANNUAL MEETINGS. The annual meeting of stockholders for the election of directors and the transaction of other business shall be held at such date and time as determined by the Board of Directors.

SECTION 3. SPECIAL MEETINGS.

(a) Special meetings of the stockholders (i) may be called by the Board of Directors, the chair of the Board of Directors (the "Chair of the Board") or the chief executive officer of the Corporation (the "Chief Executive Officer"); and (ii) subject to the provisions of this Section 3, shall be called by the corporate secretary of the Corporation (the "Corporate Secretary") upon the receipt by the Corporate Secretary at the Corporation's principal executive offices of a request in proper written form (each, a "Special Meeting Request") from one or more stockholders (each, a "Requesting Stockholder") who have continuously held of record for at least one year as of the date of the Corporate Secretary's receipt of such Special Meeting Request "Net Long Shares" (as defined in this Section 3(a)) representing in the aggregate at least fifteen percent (15%) of the voting power of all outstanding shares of common stock of the Corporation entitled to vote on the matter or matters proposed to be brought before the requested special meeting (such Net Long Shares held for the requisite period, the "Requisite Percentage"); provided that a special meeting of stockholders requested by one or more Requesting Stockholders shall be called by the Corporate Secretary only if each such Requesting Stockholder and the Special Meeting Request comply with the applicable provisions of these Bylaws (including this Section 3), the Certificate of Incorporation of the Corporation (as amended or restated from time to time, the "Certificate of Incorporation") and applicable law, rules and regulations. Subject to the rights of the holders of any shares of preferred stock of the Corporation, special meetings of the stockholders may not be called by any other person or persons.

For purposes of these Bylaws, a stockholder's "Net Long Shares" shall be limited to the number of shares beneficially owned, directly or indirectly, by such stockholder that constitute such stockholder's "net long position" as defined in Rule 14e-4 under the Securities and Exchange Act of 1934 (together with the rules and regulations promulgated thereunder, in each case, as may be amended from time to time, the "Exchange Act"); provided that: (i) for the purposes of such definition, reference in such rule to (A) "the date that a tender offer is first publicly announced or otherwise made known by the bidder to holders of the security to be acquired" shall be the date for determining and/or documenting a stockholder's or beneficial owner's Net Long Shares, (B) the "highest tender offer price or stated amount of the consideration offered for the subject security" shall refer to the closing sales price of the Corporation's common stock on the New York Stock Exchange (or such other securities exchange designated by the Board of Directors if the Corporation's common stock is not then listed for trading on the New York Stock Exchange) on such date (or, if such date is not a trading day, the next succeeding trading day), (C) the

"person whose securities are the subject of the offer" shall refer to the Corporation, and (D) "subject security" shall refer to the issued and outstanding common stock of the Corporation; and (ii) the net long position of such stockholder shall be reduced by the number of shares as to which the Board of Directors determines such stockholder does not, or will not, have the right to vote on its own behalf at the applicable meeting or as to which the Board of Directors determines that such stockholder has entered into any derivative or other agreement, arrangement, or understanding that hedges or transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of such shares. In addition, to the extent any affiliates of the stockholder or beneficial owner are acting in concert with the stockholder or beneficial owner with respect to the request to call the

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special meeting or the submission of any proposal of business, including a nomination, for consideration at a meeting of stockholders, as applicable, the determination of Net Long Shares may include the effect of aggregating the Net Long Shares (including any negative number) of such affiliate or affiliates. Whether shares constitute Net Long Shares shall be determined in good faith by the Board of Directors. For purposes of these Bylaws, the word "beneficially owned" has the meaning ascribed thereto in Rules 13d-3 and 13d-5 under the Exchange Act.

(b) To be in proper written form, a Special Meeting Request must be signed and dated by each Requesting Stockholder, or a duly authorized agent of each such Requesting Stockholder, and must include:

(i) a statement of the specific purpose or purposes for requesting such special meeting;

(ii) as to each Requesting Stockholder, the information and other disclosures required by clause (i) of Section 4(e) of this Article I;

(iii) (1) documentary evidence that the Requesting Stockholder(s), in the aggregate, own of record not less than the Requisite Percentage as of the date of such Special Meeting Request; and (2) a calculation of each Requesting Stockholder's Net Long Shares (including the number of shares held of record and disclosure of any short positions, hedges, voting or other arrangements that impact the calculation of such Net Long Shares);

(iv) an agreement signed by each Requesting Stockholder to (1) own, in the aggregate, the Requisite Percentage at all times between the date of the Corporate Secretary's receipt of the Special Meeting Request, on the one hand, and the date of the requested special meeting, on the other hand; and (2) notify the Corporation immediately in the case of any reduction prior to the date of the requested special meeting of any Net Long Shares owned beneficially or of record by such Requesting Stockholder, and an acknowledgement that any such reduction shall be deemed a revocation of such Special Meeting Request to the extent of such reduction, such that the number of shares disposed of shall not be included in determining whether the Requisite Percentage has been reached and maintained; and

(v) as to each matter of business proposed to be brought before the meeting by the Requesting Stockholder(s), the information and other disclosures required by clauses (ii) and (iii) of Section 4(e) of this Article I, as applicable.

(c) Each applicable person (including the Requesting Stockholder(s) and any proposed nominee) shall update and supplement the Special Meeting Request delivered and the information provided to the Corporation pursuant to this Section 3 and under any questionnaire, representation or agreement, if necessary, so that the information provided or required to be provided in such Special Meeting Request shall continue to be true and correct (i) as of the record date for the requested special meeting and (ii) as of the date that is ten (10) business days prior to the date of such special meeting (or any adjournment or postponement thereof), and such update and supplement must be received by the Corporate Secretary at the Corporation's principal executive offices not later than five (5) business days

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after the record date for such special meeting (in the case of the update and supplement required to be made as of the record date), and not later than eight (8) business days prior to the date of such special meeting (in the case of the update and supplement required to be made as of ten (10) business days prior to the special meeting or any adjournment or postponement thereof). The obligation of a Requesting Stockholder, a proposed nominee or other applicable person to provide information or an update pursuant to this Section 3 (including under any questionnaire, representation or agreement, as applicable) shall not limit the Corporation's rights with respect to any inaccuracies or other deficiencies in any Special Meeting Request or other information provided by such person or enable or be deemed to permit such person to amend or update any nomination or other proposal contained in a Special Meeting Request or to submit any new nomination or proposal for such meeting.

(d) In determining whether a special meeting of stockholders has been requested by Requesting Stockholders representing in the aggregate at least the Requisite Percentage, multiple Special Meeting Requests received by the Corporate Secretary will be considered together only if (i) each such Special Meeting Request identifies identical or substantially the same business to be brought before the special meeting (as determined in good faith by the Board of Directors), and (ii) such Special Meeting Requests have been dated and received by the Corporate Secretary at the Corporation's principal executive offices within sixty (60) days of the earliest dated Special Meeting Request identifying such business.

(e) Any Requesting Stockholder may revoke his, her or its Special Meeting Request at any time by written revocation received by the Corporate Secretary at the Corporation's principal executive offices. If, at any time after receipt by the Corporate Secretary of a valid Special Meeting Request, there are no longer outstanding unrevoked requests from Requesting Stockholders holding in the aggregate at least the Requisite Percentage (whether because of revoked requests, a reduction in the number of shares of common stock owned by a Requesting Stockholder or otherwise), the Board of Directors, in its discretion, may cancel the requested special meeting.

(f) Special meetings of stockholders shall be held at such date, time and place, if any, or by such means of remote communication, in each case, as determined by the Board of Directors in its discretion.

(g) Notwithstanding the foregoing provisions of this Section 3, the Corporation shall not be required to convene a special meeting requested by a Requesting Stockholder if:

(i) the Requesting Stockholder or the Special Meeting Request does not comply with the requirements set forth in these Bylaws (including this Section 3), the Certificate of Incorporation or any applicable law, rule or regulation;

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(ii) the Special Meeting Request is received by the Corporation during the period commencing ninety (90) days prior to the first anniversary of the date of the immediately preceding annual meeting of stockholders and ending on the date of the next annual meeting of stockholders;

(iii) the Board of Directors calls or has called an annual or special meeting of stockholders to be held within ninety (90) days after the Corporate Secretary receives the Special Meeting Request and the Board of Directors determines in good faith that the business to be presented at such meeting includes a matter that is identical or substantially similar to the business specified in the Special Meeting Request (a "Similar Item");

(iv) the Special Meeting Request relates to a matter of business other than the election or removal of directors and the Board of Directors determines that a Similar Item was presented at an annual or special meeting held not more than twelve (12) months before the date on which the Special Meeting Request was received by the Corporate Secretary;

(v) the Special Meeting Request relates to the election or removal of directors and the Board of Directors determines that a Similar Item was presented at an annual or special meeting of stockholders held not more than ninety (90) days prior to the date the Special Meeting Request was received by the Corporate Secretary (and, for purposes of this clause, the election or removal of directors shall be deemed a "Similar Item" with respect to all matters of business involving the election or removal of directors, a change in the size of the Board of Directors or the filling of vacancies and/or newly created directorships resulting from any increase in the authorized number of directors); or

(vi) the Special Meeting Request (x) relates to an item of business that is not a proper subject for stockholder action under applicable law, rules or regulations or (y) was made in a manner that involved a violation of Regulation 14A of the Exchange Act or other applicable law.

(h) No business may be presented by a stockholder or transacted at a special meeting of stockholders other than business that is included in the Corporation's notice of the meeting, which, in the case of a special meeting requested by a Requesting Stockholder, shall be limited to (i) the matter(s) specified in the valid Special Meeting Request and otherwise properly brought before the special meeting by the Requesting Stockholder in accordance with the requirements set forth in these Bylaws (including this Section 3), the Certificate of Incorporation and applicable law, rules and regulations and (ii) any additional matters that the Board of Directors determines to include in the Corporation's notice of such meeting. Notwithstanding anything herein to the contrary, if the business to be transacted at a special meeting that has been called by the Board of Directors includes the election of directors, nominations of persons for election to the Board of Directors at such meeting may be made in compliance with the procedures set forth in Section 4 of this Article I.

(i) If the Board of Directors, the Chair of the Board or the person presiding over a special meeting of stockholders determines that any business proposed to be brought before such meeting pursuant to this Section 3 was not properly brought in accordance with the requirements set forth in these Bylaws (including in compliance with any questionnaire, representation or agreement required under these Bylaws), the Certificate of Incorporation or any applicable law, rule or regulation, the Board of Directors or such person shall declare to the meeting that such business was not properly brought before the meeting and may decline to allow such defective business to be transacted at the meeting, even if the Corporation has received proxies or votes in respect of such business (which proxies and votes may also be disregarded).

(j) Unless otherwise required by applicable law, if none of the Requesting Stockholders who requested a special meeting pursuant to this Section 3 appear at the requested meeting, or send a qualified representative, to present the business set forth in their Special Meeting Request, the Corporation need not present such business for a vote at such meeting, even if the Corporation has received proxies or votes in respect of such business (which proxies and votes may also be disregarded).

SECTION 4. NOTICE OF STOCKHOLDER PROPOSALS AND NOMINATIONS OF DIRECTORS.

(a) The matters to be transacted at any meeting of stockholders shall be limited to only such matters as shall be brought properly before such meeting in compliance with the procedures set forth in this Section 4 or Sections 3 or 5 of this Article I, as applicable. Any business proposed to be brought by a stockholder must also constitute a proper matter for stockholder action.

(b) *Annual Meetings of Stockholders*. Nominations of persons for election to the Board of Directors and other proposals of business may only be made at an annual meeting of stockholders: (i) pursuant to the Corporation's notice of meeting (or any supplement thereto); (ii) by or at the direction of the Board of Directors; (iii) by a stockholder of the Corporation who is a stockholder of record on the date of the giving of the notice provided for in this Section 4 and on the record date for the determination of

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stockholders entitled to vote at such meeting and otherwise complies with the notice and other procedures set forth in these Bylaws (including this Section 4); or (iv) by an Eligible Stockholder pursuant to Section 5 of this Article I.

(c) *Special Meetings of Stockholders*. Only such business shall be transacted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Notwithstanding anything herein to the contrary, nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders called by the Board of Directors at which directors are to be elected pursuant to the Corporation's notice of meeting: (i) by or at the direction of the Board of Directors; or (ii) by a stockholder of the Corporation who is a stockholder of record on the date of the giving of the notice provided for in this Section 4 and on the record date for the determination of stockholders entitled to vote at such meeting and otherwise complies with the notice and other procedures set forth in these Bylaws (including this Section 4). The number of nominees a stockholder may nominate for election at any such special meeting shall not exceed the number of directors to be elected by stockholders generally at such special meeting.

(d) In addition to complying with any other applicable requirements set forth in these Bylaws, the Certificate of Incorporation and applicable law, rules and regulations, for any business (including a nomination) to be properly brought before a meeting of stockholders by a stockholder pursuant to clauses (b)(iii) or (c)(ii) of this Section 4, such stockholder must have given timely notice thereof in proper written form to the Corporate Secretary. To be timely, a stockholder's notice to the Corporate Secretary must be received by the Corporate Secretary at the Corporation's principal executive offices (i) in the case of business proposed to be brought before an annual meeting, not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and (ii) in the case of a nomination proposed to be brought before a special meeting of stockholders called by the Board of Directors for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.

(e) To be in proper written form, a stockholder's notice to the Corporate Secretary must include the following, as applicable:

(i) as to the stockholder giving the notice:

(A) the name and address of such stockholder and any Interested Person (as defined below) of such stockholder (including, if applicable, as they appear on the Corporation's books);

(B) (1) the class or series and number of shares of capital stock of the Corporation that are, directly or indirectly, owned of record and beneficially by such stockholder and any Interested Person of such stockholder; (2) the nominee holder for, and number of, shares owned beneficially but not of record by such stockholder or Interested Person; (3) the dates such shares were acquired; (4) the investment intent of such acquisition; and (5) the calculation of the Net Long Shares of such stockholder and any Interested Person of such stockholder;

(C) a complete and accurate description of any instrument, agreement, arrangement or understanding (including but not limited to any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or

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similar rights, hedging transactions or borrowed or loaned shares) owned, held or entered into by or on behalf of such stockholder or any Interested Person of such stockholder, the effect or intent of which is to manage the risk or benefit of share price changes in the stock price of the Corporation, to mitigate loss to such person with respect to any share of capital stock of the Corporation, or to increase or decrease the voting power of such person with respect to any share of capital stock of the Corporation or that otherwise relates to the acquisition or disposition of any shares of capital stock of the Corporation (collectively, "Derivative Instruments");

(D) a complete and accurate description of any agreement, arrangement or understanding pursuant to which such person has received any financial assistance, funding or other consideration from any other person or entity with respect to the investment by such stockholder or any Interested Person of such stockholder in the Corporation;

(E) a complete and accurate description of any performance-related fees (other than an asset-based fee) to which any such stockholder or any Interested Person of such stockholder may be entitled as a result of any increase or decrease in the value of any securities of the Corporation or any Derivative Instrument;

(F) to the extent known by such stockholder, the names and addresses of any other stockholders (including any beneficial owners) of the Corporation known to be providing financial support or meaningful assistance in furtherance of the business proposed to be brought before the meeting;

(G) a complete and accurate description of all agreements, arrangements and understandings between or among such stockholder, any Interested Person of such stockholder and any other person or entity (including their names) in connection with or related to the proposed business, including, without limitation, (1) any proxy, contract, arrangement, understanding or relationship pursuant to which any such stockholder, Interested Person or any other person or entity has the

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right to vote any shares of capital stock of the Corporation; and (2) any other agreements that would be required to be disclosed by such stockholder, Interested Person or any other person or entity pursuant to Item 5 or Item 6 of a Schedule 13D that would be filed pursuant to the Exchange Act (regardless of whether the requirement to file a Schedule 13D is applicable to such stockholder, Interested Person or any other person or entity);

(H) a complete and accurate description of any material interest of such stockholder or any Interested Person of such stockholder in the proposed business;

(I) any other information relating to the proposed business, such stockholder or any Interested Person of such stockholder that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of such business pursuant to Section 14 of the Exchange Act;

(J) a representation from such stockholder as to whether such stockholder or any beneficial owner on whose behalf such stockholder is acting intends or is part of a group (providing the name and address of each participant) which intends: (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding shares required to elect each proposed nominee or to approve or adopt such other proposed business, as applicable; (2) otherwise to solicit proxies in support of such proposed business; and/or (3) to solicit the holders of the Corporation's shares of capital stock in accordance with Rule 14a-19 under the Exchange Act; and

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(K) a representation that such stockholder intends to appear in person or by proxy at the meeting to present the proposed business, including any proposed nominee, before the meeting;

(ii) as to each proposed nominee the stockholder proposes to nominate for election to the Board of Directors at the meeting:

(A) the name, age, business address, residence address and record address of such proposed nominee;

(B) the principal occupation or employment of such proposed nominee;

(C) (1) the class or series and number of shares of capital stock of the Corporation that are, directly or indirectly, owned beneficially and of record by such proposed nominee; (2) the nominee holder for, and number of, shares owned beneficially but not of record by such nominee; (3) the dates such shares were acquired; (4) the investment intent of such acquisition; (5) the calculation of such nominee's Net Long Shares; and (6) any Derivative Instruments owned, held or entered into by such nominee;

(D) any information relating to such proposed nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors pursuant to Section 14 of the Exchange Act;

(E) a complete and accurate description of any agreements, arrangements and understandings between or among such proposed nominee, the stockholder giving the notice, any Interested Person of such stockholder and any other person or entity (naming such person or entity) in connection with or related to such nominee's nomination and any relationship between or among the stockholder giving the notice and any Interested Person of such stockholder, on the one hand, and such nominee, on the other hand, including but not limited to, (1) any direct or indirect compensation, reimbursement or indemnification in connection with such nominee's service or action as a director or any commitment or assurance as to how such nominee will act or vote or any matter; and (2) any information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K if the stockholder giving notice and any such Interested Person were the "registrant" for purposes of such item and such nominee was a director or executive officer of such registrant;

(F) details of any relationships between such proposed nominee and any other person or entity that would be required to be set forth in a Schedule 13D if such nominee were required to file a Schedule 13D with respect to the Corporation;

(G) details of any positions where such proposed nominee has served as an officer or director of any competitor of the Corporation (that is, any entity that produces products or provides services that compete with or are alternatives to the products produced or services provided by the Corporation or its affiliate) within the three (3) years preceding the submission of the stockholder's notice;

(H) a completed directors' and officers' questionnaire with respect to such proposed nominee in the form required by the Corporation (which form the stockholder giving the notice shall request in writing from the Corporate Secretary and which the Corporate Secretary shall provide to the stockholder within ten (10) days of receiving such request) and signed by such nominee;

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(I) a written representation and agreement in a form reasonably satisfactory to the Board of Directors and signed by such proposed nominee that such nominee:

(1) will comply with the Corporation's processes for evaluating any person being considered for nomination or re-nomination to the Board of Directors, including an agreement to meet with members of the Nominating, Corporate Governance and Public Policy Committee, the lead independent director of the Board of Directors (the "Lead Independent Director") and/or the Chair of the Board, if requested, to discuss matters relating to the nomination of such nominee, including the information provided by such nominee to the Corporation in connection with his or her nomination and his or her eligibility to serve as a member of the Board of Directors;

(2) consents to the running of a background check in accordance with the Corporation's policy for prospective directors and will provide any information or consent requested by the Corporation that is necessary to run such background check;

(3) if elected as a director of the Corporation, (a) will comply with applicable state and federal law (including applicable fiduciary duties under state law), the rules of any stock exchange on which any of the Corporation's shares are traded, and all of the Corporation's corporate governance, ethics, conflict of interest, confidentiality, share ownership and trading policies and guidelines applicable generally to the Corporation's directors; and (b) would be in compliance with any such policies and guidelines that have been publicly disclosed (subject to any applicable phase-in period);

(4) is not and will not become a party to: (A) any agreement, arrangement or understanding with any person or entity other than the Corporation as to how he or she would vote or act on any matter, issue or question as a director of the Corporation (a "Voting Commitment") that has not been disclosed to the Corporate Secretary; (B) any Voting Commitment that could reasonably be expected to limit or interfere with such nominee's ability to comply, if elected as a director of the Corporation, with his or her fiduciary duties under applicable law; and (C) any direct or indirect compensation, reimbursement, indemnification or other financial agreement, arrangement or understanding with any person or entity other than the Corporation in connection with such nominee's service or action as a director of the Corporation that has not been disclosed to the Corporate Secretary;

(5) will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and that do not and will not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(6) will furnish such other information (a) as may reasonably be required by the Corporation to determine the eligibility of such nominee to serve as an independent director of the Corporation under the rules of any stock exchange upon which any of the Corporation's shares are traded, any applicable rules of the U.S. Securities and Exchange Commission (the "SEC") and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors, including those applicable to a director's service on the audit committee, compensation

committee and any other committees of the Board of Directors (collectively, the "Independence Standards"), (b) that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee or (c) that may reasonably be requested by the Corporation to determine the eligibility of such nominee to be included in the Corporation's proxy materials or to serve as a director of the Corporation;

(7) intends to serve as a director of the Corporation for the full term if elected; and

(8) consents to being named in any proxy statement, associated proxy card or other proxy materials as a director nominee;

(iii) as to each matter of business other than a nomination that the stockholder proposes to bring before the meeting:

(A) a brief description of such business and the reasons for conducting such business at such meeting (including the text of any reasons for the proposed business that will be disclosed in any proxy statement or supplement thereto to be filed with the SEC); and

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(B) the text of the proposal or business (including the complete text of any resolutions proposed to be presented for consideration and, in the event that such business includes a proposal to amend the Certificate of Incorporation or these Bylaws, the language of the proposed amendment).

(f) Each applicable person (including any stockholder giving notice pursuant to this Section 4 and any proposed nominee) shall update and supplement such notice and the information provided to the Corporation pursuant to this Section 4 and under any questionnaire, representation or agreement, if necessary, so that the information provided or required to be provided in such notice shall continue to be true and correct (i) as of the record date for the applicable meeting and (ii) as of the date that is ten (10) business days prior to the date of such meeting (or any adjournment or postponement thereof), and such update and supplement must be received by the Corporate Secretary at the Corporation's principal executive offices not later than five (5) business days after the record date for such meeting (in the case of the update and supplement required to be made as of the record date), and not later than eight (8) business days prior to the date of such meeting (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof). The obligation of a stockholder, any proposed nominee or other applicable person to provide information or an update pursuant to this Section 4 (including under any questionnaire, representation or agreement, as applicable) shall not extend any applicable deadlines hereunder, enable or be deemed to permit such person to amend or update any nomination or other proposal contained in the stockholder's notice or to submit any new nomination or proposal after the advance notice deadlines hereunder have expired or limit the Corporation's rights with respect to any inaccuracies or other deficiencies in any notice or other information provided by such person. A stockholder may not, after the last day on which a notice would be timely under this Section 4, cure in any way any defect relating to the submission of a nomination or other proposal for such meeting.

(g) Notwithstanding anything to the contrary in these Bylaws, unless otherwise required by applicable law, if any stockholder (i) provides notice pursuant to Rule 14a-19(b) under the Exchange Act with respect to any proposed nominee and (ii) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) or Rule 14a-19(a)(3) under the Exchange Act (or fails to timely provide reasonable evidence sufficient to satisfy the Corporation that such stockholder has met the requirements of Rule 14a-19(a)(3) in accordance with the following sentence), then the nomination of each such proposed nominee shall be disregarded, even if the Corporation has received proxies or votes in respect of such nomination (which

proxies and votes shall also be disregarded). Upon request by the Corporation, if any stockholder provides notice pursuant to Rule 14a-19(b) or includes the information required by Rule 14a-19(b) in a preliminary or definitive proxy statement previously filed by such stockholder, then such stockholder shall deliver to the Corporation, no later than five (5) business days prior to the applicable meeting of stockholders, reasonable evidence that it has met the applicable requirements of Rule 14a-19 under the Exchange Act.

(h) If the Board of Directors, the Chair of the Board or the person presiding over the meeting determines that any business proposed to be brought before a meeting by a stockholder pursuant to this Section 4 was not made in accordance with the requirements set forth in these Bylaws (including in compliance with any questionnaire, representation or agreement required under these Bylaws), the Certificate of Incorporation or any applicable law, rule or regulation, the Board of Directors or such person shall declare to the meeting that such business was not properly brought before the meeting and may decline to allow such defective business to be transacted, even if the Corporation has received proxies or votes in respect of such business (which proxies and votes may also be disregarded).

(i) Unless otherwise required by applicable law, if a stockholder who gave notice pursuant to this Section 4 (or a qualified representative of such stockholder) does not appear at the applicable meeting of stockholders to present the business set forth in the stockholder's notice, the Corporation need not present such business for a vote at such meeting, even if the Corporation has received proxies or votes in respect of such business (which proxies and votes may also be disregarded).

(j) Notwithstanding anything to the contrary, the notice requirements set forth in this Section 4 with respect to any proposal of business (other than a nomination of a person for election to the Board of Directors) by a stockholder shall be deemed satisfied if such stockholder has submitted a proposal to the Corporation in compliance with Rule 14a-8 under the Exchange Act.

(k) For purposes of these Bylaws:

(i) "Interested Person" of any stockholder proposing business to be brought before a meeting of stockholders (including a nomination of a person for election to the Board of Directors) pursuant to this Section 4 or Section 5 of this Article I or requesting a special meeting pursuant to Section 3 of this Article I, as applicable, shall mean: (1) any person who is a member of a "group" (as such term is used in Rule 13d-5 of the Exchange Act) with or otherwise acting in concert with such stockholder; (2) any beneficial owner of capital stock of the Corporation on whose behalf the proposed business or special meeting request is being made (other than a stockholder that is a depositary); (3) any affiliate or associate (each within the meaning of Rule 12b-2 under the Exchange Act) of such stockholder or any such beneficial owner; and (4) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A, or any successor instructions) with such stockholder, beneficial owner or any Interested Person in respect of such proposed business or request, as applicable; and

(ii) "public disclosure" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the SEC pursuant to Section 13, 14 or 15(d) of the Exchange Act.

SECTION 5. STOCKHOLDER NOMINATIONS INCLUDED IN THE CORPORATION'S PROXY MATERIALS (PROXY ACCESS).

(a) Subject to the terms and conditions of these Bylaws, the Corporation shall include in its proxy statement for any annual meeting of stockholders the name, together with the Required Information (as defined below), of any nominee properly submitted pursuant to this Section 5 (each, an "Access Nominee") provided that (A) a timely notice of

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such Access Nominee in proper written form (the "Access

Notice") is received by the Corporation by or on behalf of one or more stockholders who, at the time the Access Notice is received, satisfy the ownership and other requirements of this Section 5 (such stockholder or stockholders, the "Eligible Stockholder"); (B) the Eligible Stockholder expressly elects as a part of providing the Access Notice required by this Section 5 to have its nominee included in the Corporation's proxy materials pursuant to this Section 5; and (C) the Eligible Stockholder and the Access Nominee otherwise satisfy the requirements of this Section 5.

(b) For an Eligible Stockholder's Access Notice to be timely, such Access Notice must include the information specified in subsection (f) of this Section 5 and be received by the Corporate Secretary at the principal executive offices of the Corporation (i) not less than one hundred and twenty (120) days nor more than one hundred and fifty (150) days before the first anniversary of the date of the Corporation's proxy statement in connection with the previous year's annual meeting of stockholders or (ii) if no annual meeting was held in the previous year or the date of the applicable annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, not less than sixty (60) days before the date of the applicable annual meeting.

(c) For purposes of this Section 5, the "Required Information" that the Corporation shall include in its proxy statement is (i) the information concerning the Access Nominee and the Eligible Stockholder that, as determined by the Corporation, is required to be disclosed in a proxy statement filed pursuant to the proxy rules of the SEC, and (ii) if the Eligible Stockholder so elects, a Statement (as defined below). For the avoidance of doubt, and notwithstanding anything in these Bylaws to the contrary, the Corporation may in its sole discretion solicit against, and include in the proxy statement its own statements or other information relating to, any Eligible Stockholder and/or any Access Nominee, including any information provided to the Corporation with respect to the foregoing.

(d) The number of Access Nominees appearing in the Corporation's proxy materials with respect to an annual meeting of stockholders shall not exceed the greater of (i) two (2) and (ii) twenty percent (20%) of the number of directors in office as of the last day on which an Access Notice may be delivered pursuant to subsection (b) of this Section 5 (the "Final Proxy Access Nomination Date"), or if such amount is not a whole number, the closest whole number below 20% (the "Permitted Number"); provided, however, that the Permitted Number shall be reduced by (A) the number of director candidates who will be included in the Corporation's proxy materials with respect to the annual meeting as an unopposed (by the Corporation) nominee pursuant to any agreement, arrangement or other understanding with any stockholder or group of stockholders (other than any such agreement, arrangement or understanding entered into in connection with an acquisition of shares of capital stock of the Corporation, by such stockholder or group of stockholders, from the Corporation); (B) the number of directors in office as of the Final Proxy Access Nomination Date who were included in the Corporation's proxy statement as an Access Nominee for any of the three (3) preceding annual meetings and whose re-election at the upcoming annual meeting is being recommended by the Board of Directors; (C) the number of Access Nominees whom the Board of Directors itself decides to nominate for election at such annual meeting (each, a "Board Nominee"); (D) the number of Access Nominees who cease to satisfy the eligibility requirements of this Section 5; (E) the number of Access Nominees whose nomination is withdrawn by the Eligible Stockholder or who become unwilling to serve on the Board of Directors; and (F) the number of nominees for which the Corporation shall have received one or more notices that a stockholder intends to nominate such nominee(s) at the annual meeting pursuant to Section 4 of this Article I. In the event that one or more vacancies for any reason occurs on the Board of Directors at any time after the Final Proxy Access Nomination Date and before the date of the applicable annual meeting of stockholders and the Board of Directors resolves to reduce the size of the Board of Directors in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced. In the event that the number of Access Nominees submitted by Eligible Stockholders pursuant to this Section 5 exceeds the Permitted Number, each Eligible Stockholder shall select one Access Nominee for inclusion in the Corporation's proxy materials until the Permitted Number is reached, with the selection going in the order of the amount (largest to smallest) of shares of the Corporation's stock eligible to vote in the election of directors each Eligible Stockholder disclosed as owned in the

Access Notice submitted to the Corporation. If the Permitted Number is not reached after each Eligible Stockholder has selected one Access Nominee, this selection process shall continue as many times as necessary, following the same order each time, until the Permitted Number is reached.

(e) An Eligible Stockholder must have owned Net Long Shares representing in the aggregate at least three percent (3%) or more of the outstanding shares of the Corporation's stock eligible to vote in the election of directors continuously for at least three (3) years (such Net Long Shares held for the requisite period, the "Required Shares") as of both the date the Access Notice is received by the Corporation in accordance with this Section 5 and the record date for determining stockholders entitled to vote at the annual

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meeting and must continue to own the Required Shares through the annual meeting date. For purposes of satisfying the foregoing ownership requirement under this subsection (e), (i) the shares of stock of the Corporation owned by one or more stockholders, or by the person or persons who own shares of the Corporation's stock and on whose behalf any stockholder is acting, may be aggregated; provided that the number of stockholders and other persons whose ownership of shares is aggregated for such purpose shall not exceed twenty (20), and provided further that the group of stockholders shall have provided to the Corporate Secretary as a part of providing the Access Notice a written agreement executed by each of its members designating one of the members as the exclusive member to interact with the Corporation for purposes of this Section 5 on behalf of all members and authorized to act on behalf of all such members with respect to the nomination and matters related thereto, including withdrawal of the nomination, and (ii) a group of funds under common management and investment control shall be treated as one stockholder or person for this purpose. For the avoidance of doubt, Required Shares will qualify as such if and only if the beneficial owner of such shares as of the date of the Access Notice has itself individually beneficially owned such shares continuously for the three-year period ending on that date and through the other applicable dates referred to above (in addition to the other applicable requirements being met). No person may be a member of more than one group of persons constituting an Eligible Stockholder, and no shares may be deemed attributed to more than one Eligible Stockholder, under this subsection (e). If any Eligible Stockholder appears as a member of more than one group, it shall be deemed to be a member of the group that has the largest ownership position as reflected in the Access Notice.

(f) To be in proper written form, within the time period specified in subsection (b) of this Section 5 for providing the Access Notice, an Eligible Stockholder must provide the following information in writing to the Corporate Secretary:

(i) as to each Eligible Stockholder, the information and other disclosures required by clause (i) of Section 4(e) of this Article I;

(ii) as to each Access Nominee, the information and other disclosures required by clause (ii) of Section 4(e) of this Article I;

(iii) one or more written statements from the record holder of the Required Shares (and from each intermediary through which the Required Shares are or have been held during the requisite three-year holding period) verifying that, as of a date within seven (7) calendar days prior to the date the Access Notice is received by the Corporate Secretary, the Eligible Stockholder owns, and has owned continuously for the preceding three (3) years, the Required Shares, and the Eligible Stockholder's agreement to provide, within five (5) business days after the record date for the annual meeting, written statements from the record holder and intermediaries verifying the Eligible Stockholder's continuous ownership of the Required Shares through the record date;

(iv) a copy of the Schedule 14N that has been filed with the SEC as required by Rule 14a-18 under the Exchange Act;

(v) a written representation, signed by each Eligible Stockholder, that such Eligible Stockholder:

(A) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent;

(B) has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than the Access Nominee(s) being nominated pursuant to this Section 5;

(C) has not engaged and will not engage in, and has not and will not be, a "participant" in another person's "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act, in support of the election of any individual as a director at the annual meeting other than its Access Nominee(s) or a Board Nominee;

(D) has not and will not distribute to any stockholder any form of proxy for the annual meeting other than the form distributed by the Corporation;

(E) intends to continue to own the Required Shares through the date of the annual meeting and whether it intends to hold such Required Shares for at least one year after the date of the annual meeting; and

(F) has provided and will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(vi) an undertaking, signed by each Eligible Stockholder, that such Eligible Stockholder agrees to:

(A) assume all liability stemming from any legal or regulatory violation arising out of any communications by such Eligible Stockholder or any of such Eligible Stockholder's Access Nominees with the Corporation, its stockholders or any other person or out of the information that such Eligible Stockholder provided to the Corporation in connection with the nomination or election of directors;

(B) indemnify and hold harmless the Corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors,

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officers or employees arising out of: (1) the nomination submitted by such Eligible Stockholder pursuant to this Section 5 or any efforts by such Eligible Stockholder to elect any of its Access Nominees; or (2) any failure or alleged failure by such Eligible Stockholder or any of its Access Nominees to comply with, or any breach or alleged breach of, its or their obligations, agreements or representations under this Section 5;

(C) file with the SEC all solicitations and other communications relating to the annual meeting at which the Access Nominee will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A of the Exchange Act; and

(D) comply with all other applicable laws, rules and regulations with respect to any nomination or solicitation in connection with the annual meeting; and

(vii) if the Eligible Stockholder did not submit the name(s) of the Access Nominee(s) to the Nominating, Corporate Governance and Public Policy Committee for consideration prior to submitting the Access Notice, a brief explanation as to why the Eligible Stockholder elected not to do so.

(g) For the avoidance of doubt, the information and documents required by this Section 5 to be provided by the Eligible Stockholder shall be: (i) provided with respect to and executed by each group member, in the case of information applicable to group members; and (ii) provided with respect to the persons specified in Instruction 1 to Items 6(c) and (d) of Schedule 14N under the Exchange Act in the case of an Eligible Stockholder or group member that is an entity. The Access Notice shall be deemed submitted on the date on which all the information and documents referred to in this Section 5 (other than such information and documents contemplated to be provided after the date the Access Notice is provided) has been received by the Corporate Secretary.

(h) Each applicable person (including the Eligible Stockholder and any Access Nominee) shall update and supplement the Access Notice delivered and the information provided to the Corporation pursuant to this Section 5 and under any questionnaire, representation or agreement, if necessary, so that the information provided or required to be provided in such Access Notice shall continue to be true and correct (i) as of the record date for the applicable annual meeting and (ii) as of the date that is ten (10) business days prior to the date of such meeting (or any adjournment or postponement thereof), and such update and supplement must be received by the Corporate Secretary at the Corporation's principal executive offices not later than five (5) business days after the record date for such meeting (in the case of the update and supplement required to be made as of the record date), and not later than eight (8) business days prior to the date of such meeting (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof). The obligation of an Eligible Stockholder, Access Nominee or other applicable person to provide information or an update pursuant to this Section 5 (including under any questionnaire, representation or agreement) shall not extend any applicable deadlines hereunder, enable or be deemed to permit such person to amend or update any nomination specified in the Access Notice after the deadlines hereunder have expired or limit the Corporation's rights with respect to any inaccuracies or other deficiencies in the Access Notice or other information provided by such person. A stockholder may not, after the last day on which an Access Notice would be timely under this Section 5, cure in any way any defect relating to the submission of a nomination.

(i) The Eligible Stockholder may provide to the Corporate Secretary, within the time period specified in subsection (b) of this Section 5 for providing the Access Notice, a written statement for inclusion in the Corporation's proxy statement for the annual meeting, not to exceed five hundred (500) words, in support of the Access Nominee's candidacy (the "Statement"). Notwithstanding anything to the contrary contained in this Section 5, the Corporation may omit from its proxy materials any information or Statement (or any portion thereof) that the Board of Directors, in good faith, believes: (i) would violate any applicable law, rule or regulation; (ii) is not true and correct in all material respects or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (iii) directly or indirectly impugns the character, integrity, or personal reputation of, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation, with respect to, any person.

(j) The Corporation shall not be required to include, pursuant to this Section 5, an Access Nominee in its proxy materials, and need not present such Access Nominee for a vote (even if the Corporation has received proxies or votes in respect of such Access Nominee (which proxies or votes may also be disregarded)) if:

(i) the Eligible Stockholder has nominated, or the Corporation receives notice from the Eligible Stockholder that it intends to nominate, any individual for election to the Board of Directors at the annual meeting (other than such Access Nominee) pursuant to Section 4 of Article I, whether or not such notice is subsequently withdrawn or made the subject of a settlement with the Corporation;

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(ii) the Eligible Stockholder who has nominated such Access Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Access Nominee(s) or a nominee whom the Board of Directors itself nominates for election at such annual meeting;

(iii) such Access Nominee is not independent under the Independence Standards, as determined by the Board of Directors;

(iv) such Access Nominee's election as a member of the Board of Directors would cause the Corporation to be in violation of these Bylaws, the Certificate of Incorporation, the rules of any stock exchange on which any of the Corporation's shares are traded or any other applicable law, rule or regulation;

(v) such Access Nominee is or has been, within the past three (3) years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914;

(vi) such Access Nominee is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten (10) years;

(vii) such Access Nominee is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933 (together with the rules and regulations promulgated thereunder, in each case, as may be amended from time to time, the "Securities Act");

(viii) such Access Nominee or the Eligible Stockholder shall have provided information to the Corporation in respect to such nomination (including, without limitation, information contained in the Statement) that was untrue in any material respect or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, as determined by the Board of Directors;

(ix) the Eligible Stockholder or such Access Nominee otherwise breaches any of its or their obligations, agreements or representations under this Section 5;

(x) such Access Nominee was nominated for election to the Board of Directors pursuant to this Section 5 or Section 4 of Article I in any of the three (3) preceding annual meetings, and either withdrew, became ineligible or failed to receive at least twenty-five percent (25%) of the votes cast in such Access Nominee's election; or

(xi) the Eligible Stockholder or such Access Nominee ceases to satisfy the eligibility requirements of this Section 5, the Eligible Stockholder withdraws its nomination or such Access Nominee becomes unwilling or unavailable to serve on the Board of Directors.

(k) Notwithstanding anything to the contrary set forth herein, the Board of Directors, the Chair of the Board or the presiding person of the annual meeting shall have the authority to declare that a nomination of an Access Nominee by an Eligible Stockholder has not been properly brought before such meeting and may decline to allow such defective nomination to be presented for a vote (even if the

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Corporation has received proxies or votes in respect of such Access Nominee (which proxies and votes may also be disregarded)), if the Board of Directors or such person determines that such Access Nominee and/or the applicable Eligible Stockholder has breached its or their obligations, agreements or representations under this Section 5 or otherwise failed to comply with the requirements set forth in these Bylaws, the Certificate of Incorporation or any applicable law, rule or regulation.

(l) Unless otherwise required by applicable law, if none of the Eligible Stockholder(s) who submitted an Access Notice appear at the applicable annual meeting, or send a qualified representative, to present the Access Nominee(s) set forth in the Access Notice, then such nomination(s) may be disregarded, even if the Corporation has received proxies or votes in respect of such Access Nominee(s) (which proxies and votes may also be disregarded). If any nomination is disregarded pursuant to this Section 5, the Corporation may communicate to its stockholders, including, without limitation, by amending or supplementing its proxy statement or ballot or form of proxy, that any such Access Nominee will not be included as a nominee in the proxy statement or on any ballot or form of proxy and will not be voted on at the meeting.

SECTION 6. VOTING RIGHTS; PROXIES; QUORUM.

(a) Each stockholder entitled to vote in accordance with the terms of the Certificate of Incorporation, these Bylaws or the General Corporation Law of Delaware (the "DGCL") shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such stockholder, unless otherwise provided by law or the Certificate of Incorporation.

(b) Except as provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation, directors shall be elected by a majority of the votes cast with respect to that director's election at any meeting for the election of directors at which a quorum is present; provided that if the number of nominees at any such meeting exceeds the number of directors to be elected at the meeting, the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For purposes of this Section 6(b), a majority of the votes cast means that the number of votes cast "for" a director's election exceed the number of votes cast "against" that director's election (with abstentions and broker non-votes not counted as a vote cast either "for" or "against" such director's election). If an incumbent director fails to receive the requisite majority support , such director shall promptly tender his or her resignation to the Board of Directors, subject to acceptance by the Board of Directors. The Nominating, Corporate Governance and Public Policy Committee will make a recommendation to the Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act on the tendered resignation, taking into account the Nominating, Corporate

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Governance and Public Policy Committee's recommendation, and publicly disclose its decision and the rationale behind it within ninety (90) days from the date of the certification of the election results. The director who tenders his or her resignation will not participate in the decision of the Board of Directors or the recommendation of the Nominating, Corporate Governance and Public Policy Committee.

(c) All other matters presented to stockholders at a meeting at which a quorum is present shall be decided by the affirmative vote of a majority of shares present in person or represented by proxy at the meeting and entitled to vote on the matter at such meeting, unless a different vote is required by these Bylaws, the Certificate of Incorporation or applicable law, rules or regulations.

(d) At any meeting of stockholders, the holders of a majority of the shares of the Corporation entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum. When a quorum is once present to organize a meeting, it shall not be broken by the subsequent withdrawal of any stockholders or their proxies. Any meeting at which a quorum is not present may be adjourned from time to time to some other time in the manner provided in Section 8 of this Article I. At an adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the original meeting.

(e) Any stockholder directly or indirectly soliciting proxies from other stockholders in respect of any proposal of business, including any nomination, must use a proxy card color other than white, which shall be reserved for exclusive use by the Board of Directors.

SECTION 7. NOTICES OF MEETINGS. Written notice stating the date, time and place, if any, and/or means of remote communication by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting of stockholders, the purpose or purposes for which the meeting has been called, shall be given by the Corporate Secretary (or such other officer as the Board of Directors may designate) to each stockholder entitled to vote at such meeting at least ten (10) days but not more than sixty (60) days before the date of such meeting. Unless otherwise required by applicable law, the Certificate of Incorporation or these Bylaws, notice may be given in writing directed to the stockholder's mailing address or by electronic transmission to the stockholder's email address, in each case, as such address appears on the Corporation's records, or by such other form of electronic transmission consented to by the stockholder in accordance with applicable law, and shall be deemed given: (a) if mailed, when deposited in the U.S. mail, postage prepaid; (b) if delivered by courier service, the earlier of when the notice is received or left at such stockholder's address; or (c) if given by electronic mail, when directed to such stockholder's electronic mail address (unless the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail or such notice is prohibited by Section 232(e) of the DGCL). Any notice to stockholders given by the Corporation shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by law. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting solely for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 8. ADJOURNMENTS AND POSTPONEMENTS.

(a) Any meeting of stockholders may be adjourned from time to time for any reason, whether or not a quorum is present, by the Board of Directors, the Chair of the Board or the presiding person at the meeting, to reconvene at the same or some other place and/or means of remote communication, and notice need not be given of any such adjourned meeting if the date, time and place and/or means of remote communication for the meeting are announced at the meeting of stockholders at which the adjournment is taken or are provided in any other manner permitted by applicable law; provided, however, that if the adjournment is for more than thirty (30) days, or if after the adjournment the Board of Directors fixes a new record date for determining the stockholders entitled to vote at the adjourned meeting of stockholders, then a notice of the adjourned meeting shall be given to each stockholder of record as of the new record date for determining the stockholders entitled to notice of the adjourned meeting of stockholders under Section 7 of this Article I. At the adjourned meeting of stockholders, the Corporation may transact any business which might have been transacted at the original meeting of stockholders.

(b) In addition, subject to applicable law, any meeting of stockholders, including any special meeting requested by stockholders pursuant to Section 3 of this Article I, may be postponed, rescheduled or cancelled by the Board of Directors at any time before such meeting has been convened.

(c) In no event shall any adjournment or postponement of a meeting of stockholders (whether or not already publicly noticed) or the announcement thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice pursuant to Sections 4 or 5 of this Article I.

SECTION 9. CONDUCT OF MEETINGS.

(a) The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with

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such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such authority, rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) establishing an agenda or order of business for the meeting; (ii) establishing rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limiting attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) imposing restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) imposing limitations on the time allotted to questions or comments by participants; (vi) removing any stockholder or any other individual who refuses to comply with the meeting rules, regulations or procedures as set forth by the Board of Directors or the presiding person; and (vii) restricting the use of audio/video recording devices and cell phones at the meeting. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and shall not be transacted or considered.

(b) Meetings of stockholders shall be presided over by the Chair of the Board, or in the absence of the Chair of the Board, by any individual designated by the Board of Directors.

ARTICLE II
DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. In addition to the powers and authorities expressly conferred to the Board of Directors by these Bylaws, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders.

SECTION 2. QUORUM. One-third of the total number of the directors (rounded upwards, if necessary, to the next whole number) in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but in the absence of a quorum a majority of those present (or if only one is present, then that one) may adjourn the meeting without notice until such time as a quorum is present.

SECTION 3. ORGANIZATION. Meetings of the Board of Directors shall be presided over by the Chair of the Board, or in the absence of the Chair of the Board, by any director designated by the Board of Directors at the meeting.

SECTION 4. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held without notice at such date, time and place, either within or without the State of Delaware, or by such means of remote communication as shall from time to time be determined by the Board of Directors.

SECTION 5. SPECIAL MEETINGS; NOTICE. Special meetings of the Board of Directors may be called at any time by the Corporate Secretary at the direction of the Chair of the Board, the Chief Executive Officer or a majority of the directors then in office. Special meetings of the independent directors of the Board of Directors may be called at any time by the Corporate Secretary at the direction of the Lead Independent Director or a majority of the independent directors then in office. Notice of the date, time and place, if any, and/or means of remote communication of each special meeting shall be given to each applicable director before the start of the meeting at such an interval as the person or persons calling such meeting deem necessary or appropriate in the circumstances. Such notice may be given personally or by telephone (including, without limitation, to a representative of the director or to the director's electronic message system) or by electronic transmission or other written communication

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delivered to the residence, office or other established address of the director. A written waiver of notice signed by the director entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when the director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors need be specified in any written waiver of notice.

SECTION 6. ACTION WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 7. PRESENCE AT A MEETING. Members of the Board of Directors, or of any committee thereof, may participate in meetings by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

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SECTION 8. COMPENSATION OF DIRECTORS. Directors may receive compensation for services to the Corporation in their capacities as directors or otherwise in such manner and in such amounts as may be fixed from time to time by resolution of the Board of Directors.

ARTICLE III
COMMITTEES

SECTION 1. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolutions creating the committee and to the extent permitted by applicable law, shall have and may exercise all the powers and authority of the Board of Directors in the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

SECTION 2. The following provisions shall apply to all committees of the Board of Directors unless otherwise provided by the Board of Directors:

(a) The Board of Directors shall appoint the members and chairperson of each committee. The members shall serve until their successors are appointed and qualified or until the committee is dissolved by a majority of the Board of Directors or such member's earlier death, resignation or removal. The chairperson of the committee shall, if present, preside at all meetings of a committee.

(b) Each committee shall keep regular minutes of its proceedings and shall report its material actions and recommendations to the Board of Directors at the next meeting of the Board of Directors following each committee meeting.

(c) The Board of Directors shall have the power at any time to change the membership of a committee, and any member of a committee may be removed at any time with or without cause by resolution adopted by a majority of the Board of Directors.

(d) One-third of the members then serving on a committee (rounded upwards, if necessary, to the next whole number) shall constitute a quorum for the transaction of business at any meeting thereof, and the affirmative vote of a majority of the members present at a meeting at which a quorum is present or the unanimous written consent of all members thereof shall be the act of such committee.

ARTICLE IV
OFFICERS

SECTION 1. GENERAL. The officers of the Corporation shall be elected by the Board of Directors and shall consist of a Chair of the Board who shall be a member of the Board of Directors, a Chief Executive Officer, a chief financial officer ("Chief Financial Officer"), a president ("President"), one or more executive vice presidents and/or senior vice presidents, a treasurer ("Treasurer"), a Corporate Secretary and such other officers as in the judgment of the Board of Directors may be necessary or desirable. Vice presidents, assistant corporate secretaries or assistant treasurers may be appointed as in the judgment of the Chief Executive Officer may be necessary or desirable, subject to the oversight of the Board of Directors. Unless otherwise designated by the Board of Directors, the Chief Executive Officer shall also be the President of the Corporation. Any one person may hold any number of offices of the Corporation unless specifically prohibited by applicable law.

SECTION 2. TERM OF OFFICE. Unless otherwise provided in the resolution of the Board of Directors electing such officer, each officer shall hold office until his or her successor shall have been duly elected and qualified or until his or her earlier death, resignation or removal. The Board of Directors may remove any officer with or without cause at any time. Any such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation, and the election of an officer shall not of itself create contractual rights.

SECTION 3. POWERS AND DUTIES. The officers of the Corporation shall have such powers and perform such duties as shall be stated in these Bylaws or in a resolution of the Board of Directors which is not inconsistent with these Bylaws and, to the extent not so stated, as generally pertain to their respective offices, subject to the control of the Board of Directors. In case any officer is absent, or for any other reason that the Board of Directors may deem necessary or desirable, the Chief Executive Officer or the Board of Directors may delegate for the time being the powers or duties of such officer to any other officer or to any director. The Corporate Secretary shall have the duty to record the actions of the stockholders and Board of Directors in minutes retained under his or her direction. Any officer of the Corporation may sign any deeds, mortgages, bonds, contracts or other instruments that the Board of Directors or a committee thereof has authorized to be executed or are in the ordinary course of business of the Corporation. The Chief Executive Officer, President, Chief Financial Officer, Treasurer or the Corporate Secretary may vote, either in person or by proxy, all the shares of the capital stock of any company that the Corporation owns or is otherwise entitled to vote at any and all meetings of the stockholders of such company and shall have the power to accept or waive notice of such meetings.

ARTICLE V
RESIGNATIONS; FILLING OF VACANCIES

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SECTION 1. RESIGNATIONS. Any director, member of a committee or officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein and, if no time be specified, at the time of the receipt of such resignation by the Chair of the Board, the Chief Executive Officer or the Corporate Secretary. The acceptance of the resignation shall not be necessary to make it effective.

SECTION 2. FILLING OF VACANCIES. If any office of the Corporation becomes vacant, the vacancy may be filled by the Board of Directors. Any vacancy on the Board of Directors that results from an increase in the number of directors or for any other reason may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A person appointed to fill a

vacancy shall hold office for the unexpired term and until his or her successor shall have been elected and qualified or until his or her earlier death, resignation or removal.

ARTICLE VI
CAPITAL STOCK

SECTION 1. CERTIFICATES OF STOCK. The Corporation is authorized to issue shares of capital stock of the Corporation in certificated or in uncertificated form. The shares of the capital stock of the Corporation shall be registered on the books of the Corporation in the order in which they shall be issued. Any certificates for shares of the common stock, and any other shares of capital stock of the Corporation represented by certificates, shall be numbered and shall be signed by two (2) authorized officers of the Corporation. Any of or all the signatures on these certificates may be facsimile or by electronic signature to the extent permitted under the DGCL. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue. Within a reasonable time after the issuance or transfer of uncertificated stock, the Corporation shall send, or caused to be sent, to the record owner thereof a written statement of the information required by law to be on certificates.

SECTION 2. LOST, STOLEN OR DESTROYED CERTIFICATES. The Board of Directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates previously issued by the Corporation and alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming that the certificate of stock has been lost, stolen or destroyed. When authorizing such issuance of a new certificate or certificates or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of the lost, stolen or destroyed certificate or certificates, or such owner's legal representative, to indemnify the Corporation in such manner as the Board of Directors shall require and to give the Corporation a bond, in such form and amount as the Board of Directors may direct, as indemnity against any claim that may be made against the Corporation with respect to the certificate or certificates alleged to have been lost, stolen or destroyed.

SECTION 3. TRANSFER OF SHARES. Transfers of shares shall be made upon the books of the Corporation (i) only by the holder of record thereof, or by a duly authorized agent, transferee or legal representative and (ii) in the case of certificated shares, upon the surrender to the Corporation of the certificate or certificates for such shares.

SECTION 4. RECORD DATE. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or for the purpose of determining stockholders entitled to receive payment of any dividend or allotment of any rights, or for the purpose of any other action, the Board of Directors may fix, in advance, a date as the record date for any such determination of stockholders. Such date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action; provided that if no such date has been fixed by the Board of Directors then such date shall be (a) the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, for purposes of determining the stockholders entitled to notice of and to vote at a meeting of shareholders or (b) the day on which the Board of Directors adopts the resolution relating to such action for such other purposes. When a determination of stockholders of record entitled to notice of or to vote at any meeting of stockholders has been made as provided in this Section

4, such determination shall apply to any adjournment thereof, unless the Board of Directors may fix a new record date under this Section 4 for the adjourned meeting.

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SECTION 5. DIVIDENDS. Dividends upon the capital stock of the Corporation may be declared by the Board of Directors at any regular or special meeting as provided by law and the Certificate of Incorporation.

ARTICLE VII
AMENDMENTS

Except as otherwise provided herein, the Board of Directors shall have the power to adopt, amend or repeal these Bylaws of the Corporation by the affirmative vote of a majority of the directors present at any meeting at which a quorum is present or by unanimous written consent in lieu of a meeting. These Bylaws may be amended or repealed by the affirmative vote of a majority of shares present in person or by proxy and entitled to vote on the matter at any regular meeting of the stockholders or any special meeting of the stockholders, in each case if notice of such proposed amendment or repeal is contained in the notice of such meeting.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 1. SEAL. The corporate seal, if any, shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors. Such seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced. The Corporate Secretary shall have the custody of the seal of the Corporation and shall affix the same to all instruments requiring it and may attest the same.

SECTION 2. FISCAL YEAR. The fiscal year of the Corporation shall be the calendar year unless otherwise determined by resolution of the Board of Directors.

SECTION 3. ELECTRONIC TRANSMISSION AND SIGNATURES.

(a) When used in these Bylaws, the terms "written" and "in writing" shall include any "electronic transmission," as defined in Section 232(c) of the DGCL, including, without limitation, any electronic mail or other electronic message.

(b) Unless otherwise required by applicable law, whenever the Certificate of Incorporation or these Bylaws require or permit a signature, such signature may be a manual, facsimile, conformed or electronic signature.

SECTION 4. REGISTERED OFFICE. Except as otherwise determined by the Board of Directors, the registered office shall be established and maintained at the office of The Corporation Trust Company, in the City of Wilmington and County of New Castle, and such company shall be the registered agent of the Corporation.

SECTION 5. FORUM.

(a) Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or the Certificate of Incorporation or these Bylaws (in each case, as they may be amended from time to time), (iv) any action to interpret,

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apply, enforce or determine the validity of the Certificate of Incorporation or Bylaws or (v) any other action asserting a claim governed by the internal affairs doctrine or that is otherwise an "internal corporate claim" as defined in Section 115 of the DGCL shall be, to the fullest extent permitted by applicable law, the Court of Chancery in the State of Delaware (or, if the Court of Chancery in the State of Delaware does not have jurisdiction, the federal district court for the District of Delaware).

(b) Unless the Corporation consents in writing to the selection of an alternative forum, to the fullest extent permitted by applicable law, the federal district courts of the United States shall be the sole and exclusive forum for any claim arising under the Securities Act; provided, however, that if the foregoing provisions of this Section 5(b) are, or the application of such provisions to any person or any circumstance is, illegal, invalid or unenforceable, the Court of Chancery of the State of Delaware shall be the sole and exclusive state court forum for any claim arising under the Securities Act.

(c) Notwithstanding anything to the contrary in these Bylaws, the foregoing provisions of this Section 5 shall not apply to any claim seeking to enforce any liability, obligation or duty created by the Exchange Act to the extent such application would be contrary to law.

(d) If any action the subject matter of which is within the scope of this Section 5 is filed in a court other than the exclusive forum prescribed by this Section 5 (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to: (x) the personal jurisdiction of the exclusive forum prescribed by this Section 5 in connection with any action brought in any such court to enforce this Section 5 (an "Enforcement Action"), and (y) having service of process made upon such stockholder in any such Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to this Section 5.

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SECTION 6. **SEVERABILITY**. If any provision or provisions of these Bylaws shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of these Bylaws (including, without limitation, each portion of any paragraph containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of these Bylaws (including, without limitation, each such portion of any paragraph containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

EXHIBIT 4.2

BAXTER INTERNATIONAL INC.

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

AS OF DECEMBER 31, 2024

The following is a summary description of each class of securities of Baxter International Inc. (the "Company") that is registered under Section 12 of the Securities and Exchange Act of 1934, as amended, as of December 31, 2024, consisting of (1) our Common Stock, (2) our 1.3% Senior Notes due 2025, and (3) our 1.3% Senior Notes due 2029.

In this summary, when we refer to the "Company," "we," "us" or "our" or when we otherwise refer to ourselves, we mean Baxter International Inc., excluding the Company's subsidiaries, unless otherwise expressly stated or as the context requires; all references to "common stock" refer only to common stock issued by the Company and not to any common stock issued by any subsidiary.

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DESCRIPTION OF COMMON STOCK

The following is a brief description of the material terms of the Company's common stock. The following summary does not purport to be complete and is qualified in its entirety by reference to the pertinent sections of the Company's Amended and Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), the Company's Bylaws, as amended (the "Bylaws"), which are exhibits to the Annual Report of which this exhibit is a part, and the provisions of the General Corporation Law of the State of Delaware (the "DGCL"). We encourage you to read the Certificate of Incorporation and Bylaws and the applicable provisions of the General Corporation Law of Delaware for additional information.

Authorized Capital Shares

Under our Certificate of Incorporation, we have authority to issue 2,100,000,000 shares of capital stock, consisting of 2,000,000,000 shares of common stock, par value $1.00 per share, and 100,000,000 shares of preferred stock, no par value.

Common Stock

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine. The ability of our board of directors to declare and pay dividends on our common stock is subject to the laws of the state of Delaware and the availability of funds.

Voting Rights

Each holder of our common stock is entitled to one vote for each share of record held on all matters submitted to a vote of stockholders, except as otherwise required by law and subject to the rights and preferences of the holders of any outstanding shares of our preferred stock. We have not provided for cumulative voting for the election of directors in our Certificate of Incorporation.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights, and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

Upon our liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities.

The rights, preferences, and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of any series of preferred stock that we may designate and issue in the future. As of the date of this prospectus, there are no shares of preferred stock outstanding.

Section 203 of the DGCL

Baxter is subject to the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner or a certain level of stock is acquired upon consummation of the transaction in which the person became an interested stockholder. A business combination includes, among other things, a merger, asset sale or a transaction

9.4Protective Provisions

9.5Governing Law

9.6Severability

9.7Notice

9.8Successors

9.9Action by Baxter

9.10Participant Litigation

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resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an interested stockholder is a person who, together with affiliates and associates, owns (or, in certain cases, within three years prior, did own) 15% or more of the corporation's outstanding voting stock. Under Section 203 of the DGCL, a business combination between Baxter and an interested stockholder is prohibited during the relevant three-year period unless it satisfies one of the following conditions:

- prior to the time the stockholder became an interested stockholder, the Baxter board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

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- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of Baxter's voting stock outstanding at the time the transaction commenced (excluding, for purposes of determining the number of shares outstanding, shares owned by persons who are directors and officers); or
- the business combination is approved by the Baxter board of directors and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least 66 2/3% of outstanding voting stock that is not owned by the interested stockholder.

Certain Anti-Takeover Matters

The Certificate of Incorporation and Bylaws include a number of provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with the Baxter board of directors rather than pursue non-negotiated takeover attempts. These provisions include:

Board of Directors

Vacancies and newly created seats on the board of directors may only be filled by the board of directors. Subject to limitations contained in the Certificate of Incorporation, only the board of directors may determine the number of directors on the board of directors. The inability of stockholders to determine the number of directors or to fill vacancies or newly created seats on the board of directors makes it more difficult to change the composition of the board of directors, but these provisions promote a continuity of existing management.

Advance Notice Requirements

The Bylaws establish advance notice procedures with regard to stockholder proposals and nomination of candidates for election as directors to be brought before meetings of Baxter stockholders. These procedures provide that notice of such stockholder proposals and nominations must be timely given in writing to the corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at the principal executive offices of Baxter (a) in the case of proposals and nominations (other than nominations under our proxy access bylaw) proposed to be brought before an annual meeting, not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. The notice must contain certain information specified in the Bylaws and (b) in the case of nominations proposed to be brought before a special meeting called by the board of directors for the purpose of electing directors, not later than the close of business on the 10th day following the day on which notice of the special meeting was mailed or public disclosure of the date of meeting was made, whichever occurs first.

Proxy Access

The Bylaws provide that eligible stockholders can nominate candidates for election to the board of directors if such stockholders comply with the requirements contained in our Bylaws within the designated time periods. Generally, under the proxy access provisions of our Bylaws, any stockholder (or group of up to 20 stockholders) who has continuously held of record for at least three years Net Long Shares (as

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defined below) representing 3% or more of our outstanding common stock may nominate up to two individuals or 20% of our board of directors, whichever is greater, as director candidates for election to the board of directors, and require us to include their nominees in our annual meeting proxy statement if the stockholders and nominees satisfy the requirements contained in our Bylaws. "Net Long Shares" is defined as the number of shares beneficially owned, directly or indirectly, by a stockholder that constitute such stockholder's "net long position" as defined in Rule 14e-4 under the Exchange Act, subject to certain exceptions in our Bylaws. These procedures provide that notice of these nominees must be timely given in writing to the corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at the principal executive offices of Baxter no earlier than the close of business 150 calendar days and no later than the close of business 120 calendar days before the first anniversary of the date of our proxy statement in connection with the previous year's annual meeting. The notice must contain certain information specified in the Bylaws.

Special Meetings of Stockholders

The Bylaws provide that special meetings of the stockholders may be called by the board of directors, the chair of the board, the chief executive officer or the corporate secretary upon receipt of a request in proper written form from one or more stockholders who have continuously held of record for at least one year Net Long Shares representing at least 15% of our outstanding common stock entitled to vote at the meeting. The Bylaws also impose certain procedural requirements on stockholders seeking to request a special meeting, including requirements related to the information that must be included in any special meeting request and the timing of such requests in order to prevent duplicative or unnecessary meetings.

Stockholder Action By Written Consent

The Certificate of Incorporation permits any stockholder action required or permitted to be taken by a vote of the stockholders at an annual or special meeting to be taken without a meeting, without prior notice and without a vote if written consents setting forth the action so taken and signed by the holders of record of the outstanding shares of our common stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted are delivered to Baxter in accordance with the procedures set forth in the Certificate of Incorporation and applicable law. The Certificate of Incorporation imposes certain procedural requirements and limitations on stockholders seeking to authorize a stockholder action by written consent, including a requirement that a stockholder of record must first submit a written request to have the board of directors fix a record date for such action that is signed by one or more stockholders who have continuously held of record for at least one year Net Long Shares representing at least 25% of our outstanding common stock entitled to vote on the matter as well as other requirements related to timing, subject matter, the manner of solicitation and delivery and effectiveness of written consents.

Amendment of Certificate of Incorporation and Bylaws

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Our Certificate of Incorporation may be amended pursuant to Section 242 of the DGCL. Our Bylaws may be amended (a) by the board of directors by the affirmative vote of a majority of at which a quorum is present or by unanimous written consent in lieu of a meeting or (b) by stockholders by the affirmative vote of a majority of shares present in person or by proxy and entitled to vote on the matter at annual or special meeting of the stockholders at which a quorum is present or in accordance with the procedures for stockholder action by written consent.

Blank Check Preferred Stock

The Certificate of Incorporation provides for 100,000,000 authorized shares of preferred stock. The existence of authorized but unissued shares of preferred stock may enable the board of directors to render more difficult or to discourage an attempt to obtain control of Baxter by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations, the board

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of directors were to determine that a takeover proposal is not in the best interests of Baxter or otherwise determines it is in the best interests of Baxter to issue preferred stock, the board of directors could cause shares of preferred stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent stockholder or stockholder group. In this regard, the Certificate of Incorporation grants the board of directors broad power to establish the rights and preferences of authorized and unissued shares of preferred stock. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock, as dividends payable to preferred stockholders are typically senior to those that may be declared on shares of common stock. The issuance may also adversely affect the rights and powers, including voting rights, of such holders and may have the effect of delaying, deterring or preventing a change in control. The board of directors currently does not intend to seek stockholder approval prior to any issuance of shares of preferred stock, unless otherwise required by law.

Listing

Our common stock is listed on the New York Stock Exchange and trades under the symbol “BAX”.

Transfer Agent

The transfer agent for our common stock is Computershare Trust Company, N.A.

We will distribute a prospectus supplement with regard to each issue of common stock. Each prospectus supplement will describe the specific terms of the common stock offered through that prospectus supplement.

Preferred Stock

Under our Certificate of Incorporation, our board of directors is authorized to issue shares of preferred stock in one or more series. To establish a series of preferred stock, our board of directors must set the terms thereof. We may sell shares of our preferred stock, no par value, in one or more series. In a prospectus supplement, we will describe the specific designation, the aggregate number of shares offered, the dividend rate or manner of calculating the dividend rate, the dividend periods or manner of calculating the dividend periods, the ranking of the shares of the series with respect to dividends, liquidation and dissolution, the liquidation preference of the shares of the series, the voting rights of the shares of the series, if any, whether and on what terms the shares of the series will be convertible or exchangeable, whether and on what terms we can redeem the shares of the series, whether we will list the preferred stock on a securities exchange and any other specific terms of the series of preferred stock.

BAXTER INTERNATIONAL INC.

DIRECTORS’ DEFERRED COMPENSATION PLAN
(Amended and Restated Effective January 31, 2024

ARTICLE I

PURPOSE AND EFFECTIVE DATE DESCRIPTION OF 1.3% SENIOR NOTES DUE 2025

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1.1Purpose. Baxter has adopted The Company previously filed a registration statement on Form S-3 (File No. 333-207810), which was filed with the Plan Securities and Exchange Commission on November 14, 2015 and covers the issuance of the Company's 1.3% Senior Notes due 2025. The following description of our 1.3% Senior Notes is a summary and does not purport to help Baxter retain the services of be complete. It is subject to and qualified individuals to serve as Outside Directors by offering them the opportunity to defer payment of their retainers and directors' fees through an unfunded deferred compensation arrangement.

1.2Effective Date. The original effective date of this Plan was July 1, 2003. The Plan has been amended and restated in its entirety by reference to comply the indenture, dated as of August 8, 2006 (the "Base Indenture"), between Baxter International Inc. and J.P. Morgan Trust Company, N.A., as trustee, as supplemented by the eleventh supplemental indenture, dated as of May 30, 2017, which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.9 is a part. We encourage you to read the above referenced indenture, as supplemented, for additional information.

General

We initially issued a total of €600,000,000 aggregate principal amount of notes that will mature on May 30, 2025. We may, from time to time, without the consent of the holders of the notes, issue additional notes on terms and conditions substantially identical to those of the notes (except for the issue date and, in some cases, the initial interest payment date), so that such additional notes will increase the aggregate principal amount of, and will be consolidated and form a single series with, the final regulations notes and will otherwise have the same terms as the notes.

We issued the notes in registered form represented by one or more global notes registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg (which we may refer to along with its successors in such capacity as the common depositary). The notes were issued exclusively in registered form and in the minimum denomination of €100,000, and in integral multiples of €1,000 in excess thereof.

The notes are not subject to a sinking fund provision.

Interest Rate

The notes bear interest at a rate of 1.300% per annum. Interest on the notes shall be payable annually in arrears on May 30 of each year, beginning on May 30, 2018. We will make each interest payment to the holders in whose names the notes are registered at the close of business on the date that is (i) in the case of notes represented by a global note, the clearing system business day (which, for these purposes, is a day on which Euroclear and Clearstream, Luxembourg settle payments in euros) immediately prior to the relevant interest payment date and (ii) in all other cases, 15 calendar days prior to the relevant interest payment date (whether or not a business day) (for the purposes of clauses (i) and (ii), such day, the "Record Date").

Interest on the notes shall be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes (or from May 30, 2017, if no interest has been paid on the notes) to, but excluding, the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) (as defined in the rulebook of the International Capital Market Association).

Ranking

The notes are our direct, unsecured and unsubordinated obligations and will rank equal in priority of payment with all of our other existing and future unsecured and unsubordinated indebtedness, and senior in right of payment to any future subordinated indebtedness. In addition to the notes, we may issue other series of debt securities under the indenture. There is no limit on the total aggregate principal amount of debt securities that we can issue under the indenture.

The notes will be structurally subordinated to all indebtedness and other liabilities, including trade payables, of our subsidiaries.

Issuance in Euros

Initial holders of the notes were required to pay for the notes in euros, and principal, premium, if any, and interest payments and additional amounts, if any, in respect of the notes will be payable in euros, except as described below.

If the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or the euro is no longer used by the Internal Revenue Service then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to implement us or so used. In such circumstances, the requirements amount payable on any date in euros will be converted to U.S. dollars on the basis of the most recently available market exchange rate for euros, as determined by us in our sole discretion. Any payment in respect of the notes so made in U.S. dollars will not constitute an event of default under the indenture or the notes. Neither the trustee nor the paying agent will be responsible for obtaining exchange rates, effecting conversions or otherwise handling redenominations.

Payment of Additional Amounts

All payments in respect of the notes will be made by or on behalf of us without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by the United States or any taxing authority thereof or therein, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, we will pay to a beneficial owner who is not a United States person (as defined below) such additional amounts on the notes as are necessary in order that the net payment of the principal of, and premium or redemption price, if any, and interest on, such notes to such beneficial owner, after such withholding

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or deduction (including any withholding or deduction on such additional amounts), will not be less than the amount provided in such notes to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts will not apply:

1. to any tax, assessment or other governmental charge that would not have been imposed but for the beneficial owner, or a fiduciary, settlor, beneficiary, member or shareholder of the beneficial owner if the beneficial owner is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as (i) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of such notes, the receipt of any payment or the enforcement of any rights thereunder), including being or having been a citizen or resident of the United States, or being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States; (ii) being a controlled foreign corporation related to Baxter directly, indirectly or constructively through stock ownership for U.S. federal income tax purposes; (iii) being an owner of a 10% or greater interest in voting stock of Baxter within the meaning of Section 409A 871(h)(3) of the Code, and for certain other purposes. This amendment and restatement of the Plan is effective November 11, 2021.

ARTICLE II

DEFINITIONS

2.1Account. The bookkeeping account established to record a Participant's interest in the Plan as provided in Article IV.

2.2Administrator. The person or entity appointed to administer the Plan as provided in Article VII.

2.3Baxter. Baxter International Inc., a Delaware corporation, and any other company that succeeds to the obligations of Baxter under this Plan pursuant to Section 9.8.

2.4Beneficiary. A Participant's Beneficiary, as defined in Article VI, is the Beneficiary designated to receive the Participant's Account, if any, from the Plan, upon the death of the Participant.

2.5Board. The Board of Directors of Baxter.

2.6Code. The U.S. Internal Revenue Code of 1986, as amended.

2.7Compensation. All compensation (including equity awards other than stock options) payable by Baxter amended (the "Code") or any successor provision; or (iv) being a bank receiving payments on an extension of credit made pursuant to a Participant for his/her services as loan agreement entered into in the ordinary course of its trade or business;

2. to any holder that is not the sole beneficial owner of such notes, or a portion of such notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or a member of the Board, including without limitation any annual retainer, fees for attending meetings partnership or limited liability company would not have been entitled to the payment of an additional amount had the

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beneficiary, settlor, beneficial owner or member received directly from Baxter its beneficial or distributive share of the Board payment;

3. to any tax, assessment or other governmental charge imposed by reason of the holder's or beneficial owner's past or present status as a passive foreign investment company, a controlled foreign corporation, a foreign tax exempt organization or a personal holding company with respect to the United States or as a corporation that accumulates earnings to avoid U.S. federal income tax;

4. to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or beneficial owner of the applicable notes to comply with any applicable certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such notes, if compliance is required by statute, by regulation of the United States or any committee thereof, fees taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

5. to any tax, assessment or other governmental charge that is imposed otherwise than by withholding or deducting from the payment;

6. to any estate, inheritance, gift, sales, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;

7. to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any such note, if such payment can be made without such withholding by at least one other paying agent;

8. to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, acting as chairperson whichever occurs later;

9. to any tax, assessment or other governmental charge that would have been imposed but for presentation by the holder of any Board note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or committee meeting, the date on which payment thereof is duly

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provided for, whichever occurs later, except to the extent that the holder or beneficial owner thereof would have been entitled to additional amounts had the note been presented for payment on the last day of such 30 day period;

10. to any withholding or deduction that is imposed on a payment pursuant to Sections 1471 through 1474 of the Code and related Treasury regulations and pronouncements or any successor provisions thereto (that are substantively comparable and not materially more onerous to comply with) and any other fees regulations or official law, agreement or interpretations thereof in any jurisdiction implementing an intergovernmental approach thereto; or

11. in the case of any combination of the above listed items.

Except as may become payable specifically provided under this heading "—Payment of Additional Amounts," we will not be required to make any payment for any present or future tax, duty, assessment or governmental charge of whatever nature imposed by any government or a non-employee Director, including political subdivision or taxing authority of or in any government or political subdivision.

As used under this heading "—Payment of Additional Amounts" and under the additional retainer payable heading "—Redemption for Tax Reasons" the term "United States" means the United States of America, any state thereof, and the District of Columbia, and the term "United States person" means (i) any individual who is a citizen or resident of the United States for U.S. federal income tax purposes, (ii) a corporation, partnership or other

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entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia (other than a partnership that is not treated as a United States person for U.S. federal income tax purposes), (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) any trust if a U.S. court can exercise primary supervision over the administration of the trust and one or more United States persons can control all substantial trust decisions, or if a valid election is in place to treat the trust as a United States person.

Optional Redemption

The notes, at any time prior to the lead Outside Director.

2.8Compensation and Human Capital Committee. The Compensation and Human Capital Committee date that is three months prior to their maturity date (the "Par Call Date"), will be redeemable in whole at any time or in part, from time to time, at our option, at a "make-whole" redemption price equal to the greater of (1) 100% of the Board.

2.9Deferral. The Deferral is the principal amount of the Participant's Compensation notes to be redeemed plus accrued and unpaid interest (including any additional amounts), if any, to, but excluding, the date of redemption, and (2) the sum of the present values of the principal amount of the notes to be redeemed and the scheduled payments of interest thereon (exclusive of interest accrued to the date of redemption) from the redemption date to the Par Call Date, discounted to the date of redemption on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate, as defined below, plus 20 basis points, plus accrued and unpaid interest (including any additional amounts), if any, to, but excluding, the date of redemption. We shall calculate the redemption price.
On or after the date that is three months prior to their maturity date, the notes will be redeemable in whole at any time or in part, from time to time, at our option, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest (including any additional amounts), if any, to, but excluding, the date of redemption.

"*Comparable Government Bond*" means, in relation to any Comparable Government Bond Rate (as defined below) calculation, at the discretion of the Independent Investment Bank (as defined below) selected by us, a bond that is a direct obligation of the Federal Republic of Germany ("German government bond"), whose maturity is closest to the Par Call Date, or if the Independent Investment Bank in its discretion determines that such similar bond is not in issue, such other German government bond as the Independent Investment Bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

"*Comparable Government Bond Rate*" means the yield to maturity, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), on the third business day in London prior to the date fixed for redemption, of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by the Independent Investment Bank selected by us.

"*Independent Investment Bank*" means one of the Reference Treasury Dealers that we shall appoint to act as the Independent Investment Bank.

"*Reference Treasury Dealers*" means Deutsche Bank Aktiengesellschaft, Goldman Sachs & Co. LLC and J.P. Morgan Securities plc (or their respective affiliates that are Primary Treasury Dealers (as defined below)) and their respective successors; provided, however, that if any of the foregoing shall cease to be a broker or dealer of, and/or market maker in, German government bonds (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer.

To exercise our option to redeem the notes, we will give each holder of notes to be redeemed a notice in writing at least 30 days but not more than 60 days before the redemption date (i) in the case of notes represented by a global note, to and through Euroclear or Clearstream, Luxembourg for communication by them to the holders of interests in the notes to be so redeemed, or (ii) in the case of definitive notes, to each holder of record of the notes to be redeemed at its registered address. If we elect to redeem fewer

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than all the notes, the trustee will select the particular notes to be redeemed by such method as the trustee deems fair and appropriate and in accordance with the indenture, subject to applicable procedures of Euroclear and Clearstream, Luxembourg as to global notes.

Unless a default occurs in payment of the redemption price, from and after the redemption date interest will cease to accrue on the notes or portions thereof called for redemption.

Redemption for Tax Reasons

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States (or any taxing authority thereof or therein), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of this prospectus supplement, we become or, based upon a written opinion of independent tax counsel of recognized standing selected by us, will become obligated to pay additional amounts as described herein under the heading "—Payment of Additional Amounts" with respect to the notes, then we may at our option redeem the notes at any time, in whole, but not in part, having given not less than 30 nor more than 60 days prior notice, (i) in the case of notes represented by a global note, to and through Euroclear or Clearstream, Luxembourg for communication by them to the holders of interests in the notes to be redeemed, or (ii) in the case of definitive notes, to each holder of record of the notes to be redeemed at its registered address, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest (including any additional amounts), if any, to, but excluding, the date of redemption.

Offer to Purchase Upon Change of Control Triggering Event

If a Change of Control Triggering Event occurs, other than with respect to notes for which we have exercised our option to redeem as described above, we will be required to make an offer (the "Change of Control Offer") to each holder of the notes to repurchase all or any part (equal to €100,000 and integral multiples of €1,000 in excess thereof) of that holder's notes on the terms set forth in the notes. In the Change of Control Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes to be repurchased, plus accrued and unpaid interest (including any additional amounts), if any, on the notes to be repurchased to, but excluding, the date of repurchase (the "Change of Control Payment"). Within 30 days following any Change of Control Triggering Event or, at our option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, we will give notice, (i) in the case of notes represented by a global note, to and through Euroclear or Clearstream, Luxembourg for communication by them to the holders of interests in the notes, or (ii) in the case of definitive notes, to each holder of record of the notes at its registered address, with a copy to the trustee describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offering to repurchase such notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given (the "Change of Control Payment Date"). The notice will, if given prior to the date of consummation of the Change of Control, state that the Participant elected offer to defer and contribute purchase is conditioned on the Change of Control Triggering Event occurring on or prior to the Plan, which, but Change of Control Payment Date.

On the Change of Control Payment Date, we will, to the extent lawful:

- accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and
- deliver or cause to be delivered to the trustee such election, would have otherwise been paid to him/her. notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being repurchased.

We will not be required to comply with the obligations relating to repurchasing the notes if a third party instead satisfies them. In addition, we will not repurchase any notes if there has occurred and is continuing on the Change of Control Payment Date an event of default under the indenture with respect to such notes, other than a default in the payment of the Change of Control Payment upon a Change of Control Triggering Event.

2.10Deferral Election Form. The form that a Participant must complete We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and return any other securities laws and regulations applicable to the Administrator, in accordance repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the rules change of control offer provisions of the notes, we will comply with those securities laws and procedures as regulations and will not be deemed to have breached our obligations under the change of control offer provisions of the notes by virtue of any such conflict.

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If a Change of Control Offer is made, there can be no assurance that we will have available funds sufficient to make the Change of Control Payment for all of the notes that may be established by the Administrator, in order tendered for repurchase. See "Risk Factors—We may not be able to elect to defer a portion of his or her Compensation into the Plan.

2.11Distribution Election Form. The form that a Participant must complete and return to the Administrator, in accordance with the rules and procedures as may be established by the Administrator. This form is to be used by Participants for two purposes:

(a)To elect the manner in which the Participant's Account will be distributed upon Termination.

(b)Prior to January 1, 2009, a Participant may also file a Distribution Election Form to request a scheduled in-service distribution of repurchase all or a portion of his or her Account, in accordance with Section 5.2(B). Effective January 1, 2009, scheduled in-service distributions are no longer permitted unless elected at the same time the Participant commences participation in the Plan.

To be effective, a Distribution Election Form must be filed at the same time as the Participant's Deferral Election Form, or at such other time as may be permitted by Section 5.2.

2.12DSU. Deferred Stock Units, an unfunded and unsecured promise to deliver shares of Stock.

2.13Outside Director. Any member of the Board who is not an employee notes upon a change of Baxter or its subsidiaries and who receives Compensation for his or her services as control triggering event, which would result in a member of default under the Board.notes."

2.14Participant. A Participant is any Outside Director or former Outside Director who has an Account balance in the Plan.

2.15Plan. The Baxter International Inc. Directors' Deferred Compensation Plan.

2.16Plan Year. The Plan Year is the calendar year.

2.17Stock. Stock means the common stock, par value $1.00, of Baxter.

2.18Termination. For purposes of the Plan, Termination change of control offer provisions of the notes, the following terms will be applicable:

"*Change of Control*" means the occurrence of any of the following: (1) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our subsidiaries, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our Voting Stock or other Voting Stock into which our Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares, (2) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a Participant ceasing series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to one or more "persons" (as that term is defined in the indenture), other than us or one of our subsidiaries or (3) the adoption of a plan relating to our liquidation or dissolution. Notwithstanding the foregoing, a transaction will not be deemed to be a member Change of Control if (1) we become a direct or indirect wholly-owned subsidiary of a holding company and (2)(A) the direct or indirect holders of the Board for Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (B) immediately following that transaction no "person" (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

"*Change of Control Triggering Event*" means the occurrence of both a Change of Control and a Rating Event.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any reason, including resignation, removal, replacement Rating Agency or failure to be re-elected. A Participant who Rating Agencies.

"*Moody's*" means Moody's Investors Service, Inc.

"*Rating Agencies*" means (1) each of Moody's and S&P, and (2) if either Moody's or S&P ceases to be an Outside Director, but is still rate the notes or fails to make a member rating of the Board, shall not have incurred notes publicly available for reasons outside of our control, a Termination. Notwithstanding "nationally recognized statistical rating organization" within the foregoing, for purposes meaning of determining when a Participant's Account becomes payable, Termination shall not be considered to have occurred until the Participant incurs a separation from service as defined in Treasury Regulations issued pursuant to Section 409A 3(a)(62) of the Code. A Participant shall not be considered to have incurred Exchange Act selected by us (as certified by a separation from service until the Participant has ceased to provide any services resolution of our board of directors) as a director replacement agency for Moody's or independent contractor for Baxter, its subsidiaries, and any other entity that would be treated S&P, or both of them, as a member of a controlled group that includes Baxter under Sections 414(b) or (c) of the Code (as modified by substituting 50% ownership for 80% for all purposes thereof), without any expectation of the Participant being retained to provide future services as a director or independent contractor; provided, however, that a Participant shall not be considered to have failed to incur a separation from service if the Participant is, or becomes, an employee of any such entity. case may be.

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2.19 "*Unforeseeable Emergency* *Rating Event*. A severe financial hardship to " means the Participant resulting from an illness or accident rating on the notes is lowered by each of the Participant, Rating Agencies and the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in Section 152 notes are rated below an Investment Grade Rating by each of the Code, without regard to Sections 152(b)(1), (b)(2), and (d)(1)(B)); loss Rating Agencies on any day within the 60-day period (which 60-day period will be extended so long as the rating of the Participant's property due notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies but no longer than 180 days) after the earlier of (1) the occurrence of a Change of Control and (2) public notice of our intention to casualty (including effect a Change of Control; provided, however, that a Rating Event otherwise arising by virtue of a particular reduction in rating will not be deemed to have occurred in respect of a particular Change of Control (and thus will not be deemed a Rating Event for purposes of the need definition of Change of Control Triggering Event) if the Rating Agencies making the reduction in rating to rebuild a home following damage which this definition would otherwise apply do not announce or publicly confirm to a home not otherwise covered by insurance); us in writing at our request that the reduction was the result, in whole or other similar extraordinary and unforeseeable circumstances in part, of any event or circumstance comprised of or arising as a result of, events beyond the control or in respect of, the Participant. Whether applicable Change of Control (whether or not the applicable Change of Control has occurred at the time of the Rating Event).

"*S&P*" means S&P Global Ratings, a Participant division of S&P Global, Inc.

"*Voting Stock*" means, with respect to any specified "person" (as that term is faced used in Section 13(d)(3) of the Exchange Act), as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of "all or substantially all" of our assets and the assets of our subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of such phrase under applicable law. Accordingly, the ability of a holder of the notes to require us to repurchase that holder's notes as a result of the sale, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries, taken as a whole, to one or more persons may be uncertain.

Our obligation to purchase the notes following a Change of Control Triggering Event is subject to the provisions described in the accompanying prospectus described in the section entitled "Description of Debt Securities—Defeasance and Covenant Defeasance."

Book-Entry Procedures, Delivery and Form

The notes were issued in the form of one or more permanent global notes in fully registered, book-entry form. The global notes are registered in the name of a nominee of, and deposited with, an unforeseeable emergency permitting a distribution under common depositary for Euroclear and Clearstream, Luxembourg. The notes were not issued in a form that would, on the date of this Plan is prospectus supplement, enable them to satisfy the European Central Bank's criteria to be determined based recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. Any such recognition in the future will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria then in effect have been met.

Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of Euroclear or Clearstream, Luxembourg. Beneficial interests in the global notes may not be exchanged for definitive notes except in the limited circumstances described below. See "—Exchange of Global Notes for Definitive Notes." Except in the limited circumstances described below, owners of beneficial interests in the global notes will not be entitled to receive definitive notes.

Global Clearance and Settlement

The description in this section reflects our understanding of the rules and procedures of Euroclear and Clearstream, Luxembourg as they are in effect as of the date of this prospectus supplement. Those systems could change their rules and procedures at any time.

Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as accountholders in Euroclear and Clearstream, Luxembourg (together, the "ICSDs"). Investors may hold interests in the global notes through either Euroclear or Clearstream, Luxembourg, either directly if they are accountholders in such systems, or indirectly through organizations that are accountholders in such systems.

Euroclear and Clearstream, Luxembourg each holds securities of institutions that have accounts with the ICSD ("participants") and facilitates the clearance and settlement of securities transactions among their participants in such securities by electronic book-entry transfer between their respective participants, thereby eliminating the need for physical movement of securities certificates. The ICSDs' participants include securities brokers and dealers (which may include the underwriters), banks, trust companies, clearing corporations and certain other organizations. Access to the ICSDs' book-entry system is also available to others such as banks, brokers, dealers and trust companies ("indirect participants") that clear through or maintain a custodial relationship with a participant, whether directly or indirectly. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

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We expect that pursuant to procedures established by the ICSDs, upon the deposit of the global notes with the common depositary, the ICSDs will credit, on their book-entry registration and transfer systems, the interest in the notes represented by such global notes to the accounts of participants. The accounts to be credited shall be designated by the underwriters of the notes. Ownership of beneficial interests in the global notes will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in the global notes will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by the ICSDs (with respect to participants' interests) and such participants and indirect participants (with respect to the owners of beneficial interests in the global notes other than participants).

So long as the nominee of the common depositary is the registered holder and owner of the global notes, such nominee will be considered the sole legal owner and holder of the notes evidenced by the global notes for all purposes of such notes. Except as set forth below, as an owner of a beneficial interest in the global notes, you will not be entitled to have the notes represented by the global notes registered in your name, will not receive or be entitled to receive physical delivery of definitive notes and will not be considered to be the owner or holder of any notes under the global notes. We understand that under existing industry practice, in the event an owner of a beneficial interest in the global notes desires to take any action that the nominee of the common depositary, as the holder of the global notes, is entitled to take, the common depositary will authorize the participants to take such action, and that the participants will authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

All payments on notes represented by the global notes registered in the name of the nominee of the common depositary will be made to the ICSDs or the nominee of the common depositary, as the case may be, as the registered owner and holder of the global notes, and our obligations to make payment on notes will, to the extent of such payments to the ICSDs or, as the case may be, the nominee of the common depositary, be discharged.

We expect that the ICSDs, upon receipt of any payment on the relevant facts global notes, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the global notes as shown on the records of the ICSDs. We also expect that payments by participants or indirect participants to owners of beneficial interests in the global notes held through such participants or indirect

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participants will be governed by standing instructions and circumstances customary practices and will be the responsibility of each case such participants or indirect participants. We will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the global notes for any notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between the ICSDs and their participants or indirect participants or the relationship between such participants or indirect participants and the owners of beneficial interests in the global notes owning through such participants or indirect participants.

Although the ICSDs customarily operate the foregoing procedures in order to facilitate transfers of interests in the global notes among participants or indirect participants of the ICSDs, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility or liability for the performance by either ICSD or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Secondary Transfers

Transfers of any interests in notes represented by a global note within Euroclear and Clearstream, Luxembourg will be effected in accordance with the requirements of Section 409A customary rules and operating procedures of the Code.relevant clearing system.

On or after the issue date of the notes, transfers of notes represented by a global note between accountholders in Clearstream, Luxembourg and Euroclear will generally have a settlement date three clearing system business days (which, for these purposes, is a day on which Euroclear and Clearstream, Luxembourg settle payments in euro) after the trade date (T+3).

None of the us, the trustee, the paying agent or any underwriter will be responsible for any performance by Euroclear or Clearstream, Luxembourg or their accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the notes represented by a global note or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Same-Day Settlement and Payment

We will make payments in respect of the notes represented by the global notes (including principal, premium, if any, and interest and additional amounts, if any) by wire transfer of immediately available funds to the account specified by the paying agent; provided, however, that at our option payment in respect of definitive notes may be made by (1) check mailed to the address of the person entitled thereto as such address shall appear in the security register on the Record Date or (2) wire transfer as directed by the holder of the relevant notes, in immediately available funds to accounts maintained by the holder of notes or its nominee; provided further that in the case of a definitive note (x) the holder thereof shall have provided written wiring instructions to the paying agent on or before the related Record Date and (y) if appropriate instructions for any such wire transfer are not received by the related Record Date, then such payment shall be made by check mailed to the address of such holder specified in the security register on the Record Date.

If the principal of or any premium or interest or additional amounts on the notes or amounts payable upon any redemption of the notes is payable on a day that is not a Payment Business Day, the payment will be made on the following Payment Business Day without the accrual of any interest on that payment.

For these purposes "Payment Business Day" means any day that is:

1. a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New

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ARTICLE III

ELIGIBILITY FOR COMPENSATION DEFERRALS

3.1Compensation Deferral Elections. Any Outside Director may elect to defer all or York City and the City of London and, in the case of definitive notes only, the relevant place of presentation; and

2. a portion day on which the TARGET 2 System is open for the settlement of his or her Compensation as set forth on his or her Deferral Election Form, payment in euros.

For these purposes “TARGET 2 System” means the Trans-European Automatic Real-Time Gross Settlement Express Transfer (TARGET 2) System (or any successor thereto).

Exchange of Global Notes for Definitive Notes

We will issue definitive notes upon surrender of the global notes in accordance with their terms only if:

1. an Event of Default has occurred and is continuing; or
2. either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days or more (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the trustee is available; or
3. we would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the notes in definitive form and a certificate to such effect signed by one of our authorized signatories is given to the trustee.

Thereupon (in the case of (a) or (b) above) the holder of a global note (acting on behalf of one or more of the accountholders) or the trustee may give notice to us and (in the case of (c) above) we may give notice to the trustee and the noteholders, of our intention to exchange a global note for definitive notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the global note may, or in the case of (c) above, shall surrender it to or to the order of the trustee or registrar. In exchange for the global note, we shall deliver, or procure the delivery of, an equal aggregate principal amount of definitive notes, security printed in accordance with any applicable rules legal and procedures established stock exchange requirements. On exchange of the global note, we will procure that it is cancelled.

For these purposes, “Exchange Date” means a day specified in the notice requiring exchange falling not less than 60 days after that on which the notice requiring exchange is given and being a day on which banks are open for general business in London, the place in which the specified office of the trustee is located and, except in case of exchange pursuant to (b) above, in the place in which Euroclear and Clearstream, Luxembourg are located.

In all cases, definitive notes delivered in exchange for any global note or beneficial interest in any global note will be registered in the names, and issued in any approved denominations, requested by or on behalf of the holder of the relevant global notes, provided that the denomination of any definitive note may not, at any time, be less than €100,000.

Neither we nor the trustee will be liable for any delay by the Administrator.

3.2Timing of and Changes in Deferral Election. An Outside Director may make a Deferral election for each Plan Year either:

(a)during the annual enrollment period established by the Administrator prior to the beginning holder of the Plan Year, in which event such Deferral election shall apply to all Compensation payable to such Outside Director during such Plan Year; or

(b)not later than 30 days after relevant global notes identifying the Outside Director is first elected to the Board, in which event such Deferral election shall apply to all Compensation earned after the Deferral election is made holders of beneficial interests in the remainder of the Plan Year global notes, and each such person may conclusively rely on, and will be protected in relying on, instructions from Euroclear or Clearstream, Luxembourg for all purposes (including a pro rata share of any annual retainer or similar amount, determined by multiplying the amount of such Compensation by a fraction, the numerator of which is the number of days remaining in the Plan Year after the election and denominator is the number of days remaining in the Plan Year after the Outside Director is elected to the Board); provided, that prior to his or her election to the Board, the Outside Director did not participate in any elective deferred compensation arrangement with respect to the registration and delivery, and the respective principal amounts, of the definitive notes to be issued).

Certain Covenants

Unless otherwise indicated in the prospectus supplement, Baxter will not, and will not cause or permit any restricted subsidiary to, create, incur, assume or guarantee any indebtedness that is secured by a security interest in any principal facilities of Baxter or any restricted subsidiary or in shares of stock owned directly

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or indirectly by Baxter in any restricted subsidiary or in indebtedness for money borrowed by one of its restricted subsidiaries from Baxter or another of the restricted subsidiaries ("secured debt") unless the debt securities then outstanding and any other entity that would indebtedness of or guaranteed by Baxter or such restricted subsidiary then entitled to be treated so secured is secured equally and ratably with or prior to any and all other obligations and indebtedness thereby secured, with exceptions as listed in the indenture. These restrictions do not apply to indebtedness secured by:

- any security interest on any property which is a parcel of real property at a manufacturing plant, a warehouse or an office building and which is acquired, constructed, developed or improved by Baxter or a restricted subsidiary, which security interest secures or provides for the payment of all or any part of the acquisition cost of the property or the cost of the construction, development or improvement of the property and which security interest is created prior to, at the same time as, or within 120 days after (i) in the case of the acquisition of property, the completion of the acquisition of the property and (ii) in the case of construction, development or improvement of property, the later to occur of the completion of such construction, development or improvement or the commencement of operation, use or commercial production of the property
- any security interest on property existing at the time of the acquisition of such property by Baxter or a restricted subsidiary which security interest secures obligations assumed by Baxter or a restricted subsidiary;
- any security interest arising from conditional sales agreements or title retention agreements with respect to property acquired by Baxter or any restricted subsidiary;
- security interests existing on the property or on the outstanding shares or indebtedness of a corporation or firm at the time the corporation or firm becomes a restricted subsidiary or is merged or consolidated with Baxter or a restricted subsidiary or at the time the corporation or firm sells, leases or otherwise disposes of its property as an entirety or substantially as an entirety to Baxter or a restricted subsidiary;
- security interests securing indebtedness of a restricted subsidiary to Baxter or to another restricted subsidiary;
- mechanics' and other statutory liens arising in the ordinary course of business in respect of obligations which are not due or which are being contested in good faith;
- security interests arising by reason of deposit with, or the giving of any form of security to, any governmental agency which is required by law as a member condition to the transaction of any business;
- security interests for taxes, assessments or governmental charges or levies not yet delinquent or security interests for taxes, assessments or governmental charges or levies already delinquent but which are being contested in good faith; • security interests arising in connection with legal proceedings, including judgment liens, so long as the proceedings are being contested in good faith and, in the case of judgment liens, the execution has been stayed;
- landlords' liens on fixtures leased by Baxter or a controlled group that includes Baxter under Sections 414(b) restricted subsidiary in the ordinary course of business;
- security interests arising in connection with contracts and subcontracts with or (c) made at the request of the Code, other than (i) the Baxter International Inc. and Subsidiaries Deferred Compensation Plan, United States, any state, or any similar plan applicable only to employees, department, agency or (ii) a deferred compensation plan under which instrumentality of the Outside Director either accrued no additional benefit (other than investment earnings) during the 24-month period prior to his United States or her election, or received a complete distribution of his or her entire account balance and ceased to be eligible to participate prior to his or her election. any state;

A Participant who has a Deferral election in effect may not change such election during the Plan Year, and may only revoke such election in accordance with procedures established• security interests that secure an obligation issued by the Administrator consistent with Treasury Regulations issued pursuant to Section 409A United States or any state, territory or possession of the Code, subject to Section 5.6.

3.3Deferral United States or any of Stock Awards. Each Participant may elect to defer their political subdivisions or the receipt District of all (but not fewer than all) of the shares of Stock the Participant is entitled to receive upon a grant of Stock to the Participant for service on the Board. Such deferral election must be made in accordance with procedures established by the Administrator. If a Participant elects to defer a grant of Stock, the Participant shall receive DSUs under this Plan, which shall be settled by delivery of all of the shares of Stock Columbia, in connection with the DSUs within the first ninety days financing of the Plan Year following cost of construction or acquisition of a principal facility or a part of a principal facility;

- security interests by reason of deposits to qualify Baxter or a restricted subsidiary to conduct business, to maintain self-insurance, or to obtain the Plan Year benefits of, or comply with, laws;
- the extension of any security interest existing on the date of the indenture on a principal facility to additions, extensions or improvements to the principal facility and not as a result of borrowing money or the securing of indebtedness incurred after the date of the indenture; or

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- any extension, renewal or refunding, or successive extensions, renewals or refundings, in whole or in part of any secured debt secured by any security interest listed above, provided that the principal amount of the secured debt secured thereby does not exceed the principal amount outstanding immediately prior to the extension, renewal or refunding and that the security interest securing the secured debt is limited to the property which, immediately prior to the extension, renewal or refunding, secured the secured debt and additions to the property.

For purposes of the indenture, "principal facilities" are any manufacturing plants, warehouses, office buildings and parcels of real property owned by Baxter or any restricted subsidiary, provided each such facility has a gross book value, without deduction for any depreciation reserves, in excess of 2% of Baxter's consolidated net tangible assets other than any facility that is determined by Baxter's board of directors to not be of material importance to the business conducted by Baxter and its subsidiaries taken as a whole.

For purposes of the indenture, "consolidated net tangible assets" are the total amount of assets that would be included on Baxter's consolidated balance sheet under generally accepted accounting principles after deducting all short-term liabilities and liability items, except for indebtedness payable more than one year from the date of incurrence and all goodwill, trade names, trademarks, patents, unamortized debt discount and unamortized expense incurred in the issuance of debt and other like intangibles, except for prepaid royalties.

Notwithstanding the limitations on secured debt described above, Baxter and any restricted subsidiary may create, incur, assume or guarantee secured debt, without equally and ratably securing the debt securities, provided that the sum of such secured debt and all other secured debt entered into after the date of the indenture, other than secured debt permitted as described in the bullet points above, does not exceed 15% of Baxter's consolidated net tangible assets.

For purposes of the indenture, a "restricted subsidiary" is any corporation in which Baxter owns voting securities entitling it to elect a majority of the Participant incurs directors and which is either designated as a Termination (regardless restricted subsidiary in accordance with the indenture or:

- existed as such on the date of the indenture or is the successor to, or owns, any equity interest in, a corporation which so existed;
- has its principal business and assets in the United States;
- the business of which is other than the obtaining of financing in capital markets outside the United States or the financing of the acquisition or disposition of real or personal property or dealing in real property for residential or office building purposes; and
- does not have assets substantially all of which consist of securities of one or more corporations which are not restricted subsidiaries.

Restrictions on Mergers, Consolidations and Transfers of Assets

Unless otherwise indicated in the prospectus supplement, Baxter will not consolidate with or merge into or sell, transfer or lease all or substantially all of its respective properties and assets to another person unless:

- in the case of a merger, Baxter is the surviving corporation, or
- the person into which Baxter is merged or which acquires all or substantially all of the properties and assets of Baxter expressly assumes all of the obligations of Baxter relating to the debt securities and the indenture.

Upon any of the consolidation, merger or transfer, the successor corporation will be substituted for Baxter under the indenture. The successor corporation may then exercise all of the powers and rights of Baxter under the indenture, and Baxter will be released from all of its obligations and covenants under the debt securities and the indenture. If Baxter leases all or substantially all of its assets, the lessee corporation will be the successor and may exercise all of the respective powers and rights under the indenture but Baxter will not be released from its obligations and covenants under the debt securities and the indenture.

Events of Default

The indenture defines an "event of default" with respect to any series of debt securities. Each of the following will be an event of default under the indenture for any series of debt securities:

- our failure to pay interest on any of the debt securities when due, and continuance of the default for a period of 30 days;
- our failure to pay principal or premium, if any, on that series of the debt securities when due, whether at maturity or otherwise;
- default in the Participant deposit of any sinking fund payment or payment under any analogous provision when due with respect to any of the debt securities of such series;
- our failure to perform, or our breach, of any covenant or warranty in the indenture in respect of that series, other than a covenant or warranty included in the indenture solely for the benefit of another series of debt securities, and continuance of that failure or breach, without that failure or breach having been cured or waived, for a period of 90 days after the trustee gives notice to us or, in the case of notice by the holders, the holders not less than 25% in aggregate principal amount of the outstanding debt securities of that series give notice to us and the trustee, specifying the default or breach;
- specified events involving our bankruptcy, insolvency or reorganization; or

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- any other event of default we may provide for that series.

An event of default under one series of debt securities does not necessarily constitute an event of default under any other series of debt securities. The indenture provides that, within 90 days after the occurrence of any default with respect to a series of debt securities, the trustee will mail to all holders of debt securities of that series notice of the default, unless the default has elected been cured or waived. However, the indenture provides that the trustee may withhold notice of a default with respect to a series of debt securities, except a default in payment of his principal, premium, if any, or her Account interest, if any, if the trustee considers it in installments). A Participant's DSUs shall the best interest of the holders to do so. In the case of a default in the performance, or breach, of any covenant or warranty in the indenture or in respect of a series of debt securities, no notice will be accounted for separately as given until at least 30 days after the occurrence of the default or breach. As used in this paragraph, the term "default" means any event which is, or after notice or lapse of time or both would become, an event of default with respect to a series of debt securities.

The indenture provides that if an event of default, other than an event of default relating to events of bankruptcy, insolvency or reorganization, with respect to a series of debt securities occurs and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding debt securities of that series may declare the principal of, and accrued and unpaid interest, if any, on, the debt securities in that series to be due and payable immediately. The indenture also provides

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that if an event of default relating to events of bankruptcy, insolvency or reorganization with respect to a series of debt securities occurs then the principal of, and accrued and unpaid interest, if any, on, all the debt securities of that series will automatically become and be immediately due and payable without any declaration or other act on the part of the Participant's Account, trustee or any holder of the debt securities. However, upon specified conditions, the holders of not less than a majority in aggregate principal amount of the outstanding debt securities of a series may rescind and shall not be subject to Sections 4.1, 4.2 or 5.6, but shall otherwise be subject annul an acceleration of the debt securities of that series and its consequences.

Subject to the provisions of this Plan.

ARTICLE IV

CREDITING OF ACCOUNTS

4.1Crediting the Trust Indenture Act requiring the trustee, during the continuance of Accounts. All amounts deferred by a Participant an event of default under the Plan shall be credited indenture, to his/her Account in act with the Plan. Each Participant's Account shall be credited requisite standard of care, the trustee is under no obligation to exercise any of its rights or charged with its share powers under the indenture at the request or direction of investment earnings or losses determined in accordance with Section 4.2, and shall be charged with all distributions made any of the holders of debt securities unless those holders have offered to the Participant trustee security or his/her Beneficiary. Accounts shall be maintained for bookkeeping purposes only, indemnity satisfactory to the trustee against the costs, expenses and shall not require the segregation of funds or establishment of a separate fund.

4.2Earnings. Each Participant's Account shall be adjusted upward or downward, on a weekly (or as otherwise determined by the Administrator) basis to reflect the investment return that would have been realized had such amounts been invested in one or more investments selected by the Participant from among the assumed investment alternatives designated by the Administrator for use under the Plan. Until otherwise determined by the Administrator in its sole discretion, the investment alternatives shall be the same as those available under the Baxter International Inc. and Subsidiaries Deferred Compensation Plan (including any limitations on amounts liabilities that may be invested incurred by taking such action.

Subject to this requirement, holders of a majority in aggregate principal amount of the outstanding debt securities of a series have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee under the indenture with respect to the debt securities of that series.

The indenture requires the annual filing with the trustee of a certificate signed by the principal executive officer, the principal financial officer or allocated the principal accounting officer of Baxter that states whether Baxter is in default under the terms, provisions or reallocated conditions of the indenture.

Notwithstanding any other provision of the indenture, the holder of a debt security will have the right, which is absolute and unconditional, to receive payment of the principal of, and premium, if any, and interest, if any, on that debt security on the respective due dates for those payments and to institute suit for the enforcement of those payments, and this right will not be impaired without the consent of the holder.

Modification and Waivers

The indenture permits Baxter and the trustee, with the consent of the holders of a majority in aggregate principal amount of the outstanding debt securities of a series affected by a modification or amendment, to modify or amend any of the provisions of the indenture or of the debt securities or the rights of the holders of the debt securities under the indenture. However, no modification or amendment may, without the consent of the holder of each outstanding debt security affected by the modification or amendment, among other things:

- change the stated maturity of the principal of, or premium, if any, or any installment of interest, if any, with respect to the debt securities;
- reduce the principal of or any premium on the debt securities or reduce the rate of interest on or the redemption or repurchase price of the debt securities;
- change any place where or the currency in which the principal of, any premium or interest on, any debt security is payable;

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- impair a holder's right to institute suit to enforce any payment on or after the stated maturity of the debt securities or, in the case of redemption, on or after the redemption date;

- reduce the percentage in principal amount of outstanding debt securities whose holders must consent to any particular investment alternative), and until the Administrator determines otherwise, Accounts for which no election is made shall be invested in the Stable Income Fund available under such plan. Prior to the first day modification or amendment or any waiver of each calendar quarter (or at such other intervals as may be determined by the Administrator), Participants may change the assumed investment alternatives in which their Account will be deemed invested for such quarter. Participant elections of assumed investment alternatives shall be made at the time and in the form determined by the Administrator, and shall be subject to such other restrictions and limitations as the Administrator shall determine.

4.3Account Statements. Account Statements will be generated effective as compliance with specific provisions of the last day of each calendar quarter and provided to each Participant as soon as administratively feasible. Account Statements will reflect all Account activity during the reporting quarter, including Account contributions, distributions, and earnings credits. Notwithstanding the foregoing, the failure to provide an Account Statement shall not constitute a breach of this Plan indenture or entitle any Participant to any amount that he or she would not otherwise be entitled to specified defaults under the Plan.

4.4Vesting. Subject to Sections 9.1 indenture and 9.2, a Participant is always 100% vested in his or her Account in the Plan at all times.

ARTICLE V

DISTRIBUTION OF BENEFITS

5.1Distribution of Benefits. Subject to Section 5.2, distribution of a Participant's Account, if any, will be made in accordance with the Participant's Distribution Election Form. The distribution restrictions under Section 409A of the Code shall apply to Participant's entire account balances under the Plan, whether deferred before or after January 1, 2005. Notwithstanding the foregoing, their consequences;

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if at any time any portion of a Participant's account balance is includible in- make certain modifications to the Participant's income pursuant to Section 409A provisions for modification of the Code, indenture and for certain waivers, except to increase the portion so included shall be distributed principal amount of outstanding debt securities necessary to the Participant as soon as administratively feasible.

consent to any such change; or

5.2- Distribution.

A.*Distribution Election Form – Termination*. A Participant's Account will be paid after make any change that adversely affects the Participant's Termination, right, if any, to convert or exchange any debt security for common stock or other securities in accordance with its terms.

- The indenture also contains provisions permitting Baxter and the form trustee, without the consent of payment designated the holders of the debt securities, to modify or amend the indenture, among other things:

- to convey, transfer, assign, mortgage or pledge to the trustee as security for the debt securities any property or assets which Baxter may desire;

- to evidence succession of another corporation to Baxter, or its successors, and the assumption by the successor corporation of the covenants, agreements and obligations of Baxter;

- to add covenants and agreements of Baxter to those included in the indenture for the protection of holders of debt securities and to make the occurrence of a default of any such Participant's Distribution Election Form. Effective beginning with covenants or agreements a default or an event of default permitting enforcement of the 2022 Plan Year, a Participant may file a Distribution Election Form remedies set forth in the indenture;

- to add, delete or modify the events of default with respect to a single Plan Year, any series of debt securities the form and terms of which are being established pursuant to such supplemental indenture;

- to prohibit the authentication and delivery of additional series of debt securities under the indenture;

- to cure any ambiguity or correct or supplement any provision contained in the indenture or any supplemental indenture which may be defective or inconsistent with any other provisions contained therein;

- to make such other provisions in regard to matters or questions arising under the portion indenture as are not inconsistent with the provisions of the Participant's Account that represents amounts credited indenture or any supplemental indenture and shall not adversely affect the interests of the holders of the debt securities in any material

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respect;

- to establish the Account form and terms of debt securities of any series issued under the indenture; or
- to evidence and provide for acceptance of appointment under the indenture by a successor trustee with respect to that Plan Year the debt securities of one or more series or to add to or change any of the provisions of the indenture as shall be distributed necessary to provide for or facilitate the administration of the trusts under the indenture by more than one trustee.

The holders of a majority in accordance aggregate principal amount of the outstanding debt securities may waive our compliance with some of the Distribution Election Form specific restrictive provisions of the indenture. The holders of a majority in aggregate principal amount of the outstanding debt securities may, on behalf of all holders of debt securities, waive any past default under the indenture with respect to such Plan Year. A Participant may change the form debt securities and its consequences, except a default in the payment of payment designated the principal of, or premium, if any, or interest, if any, on his the debt securities or her Distribution Election Form from time a default in respect of a covenant or provision which cannot be modified or amended without the consent of the holder of each outstanding debt security.

In order to time by filing determine whether the holders of the requisite principal amount of the outstanding debt securities have taken an action under an indenture as of a new Distribution Election Form specified date:

- the principal amount of an "original issue discount security" that will be deemed to be outstanding will be the amount of the principal that would be due and payable as of that date upon acceleration of the maturity to that date,

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- if, as of that date, the principal amount payable at the stated maturity of a debt security is not determinable, for example, because it is based on an index, the principal amount of the debt security deemed to be outstanding as of that date will be an amount determined in accordance with procedures established by the Administrator; provided manner prescribed for the debt security,
- the principal amount of a debt security denominated in one or more foreign currencies or currency units that will be deemed to be outstanding will be the U.S. currency equivalent, determined as of that date in the manner prescribed for the debt security, of the principal amount of the debt security or, in the case of a change made after debt security described in the last day permitted for filing the initial Deferral Election Form, (i) distribution two preceding bullet points, of the Account following amount described above, and
- debt securities owned by us or any other obligor upon the change shall commence not earlier than five years after the distribution would otherwise have begun, and (ii) if the Participant incurs a Termination within 12 months after changing the form debt securities or any of payment designated, the change shall our or their affiliates will be disregarded and his/her Account shall deemed not to be distributed outstanding.

Satisfaction and Discharge

Upon the direction of Baxter, the indenture will cease to be of further effect with respect to any debt security specified, subject to the survival of specified provisions of the indenture, when:

- either: (i) all debt securities issued under the indenture, subject to exceptions, have been delivered to the trustee for cancellation; or (ii) all debt securities issued under the indenture have become due and payable or will become due and payable at their stated maturity within one year or are to be called for redemption within one year and Baxter has deposited with the trustee, in trust, funds in United States dollars, or direct or indirect obligations of the United States ("government obligations") in an amount sufficient to pay the entire indebtedness on the debt securities including the principal, premium, if any, interest, if any, to the date of the deposit, if the debt securities have become due and payable, or to the maturity or redemption date of the debt securities, as the case may be;
- Baxter has paid all other sums payable under the indenture with respect to the outstanding debt securities issued under the indenture; and
- the trustee has received each officer's certificate and opinion of counsel called for by the indenture.

Defeasance and Covenant Defeasance

Baxter may elect with respect to the debt securities issued under the indenture either

- to defease and be discharged from all of its obligations with respect to the outstanding debt securities ("defeasance"), except for, among other things,
- the obligation to register the transfer or exchange of the debt securities,
- the obligation to replace temporary or mutilated, destroyed, lost or stolen debt securities,
- the obligation to maintain an office or agency in respect of the debt securities, and
- the obligation to hold monies for payment in trust; or

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- to be released from its obligations with respect to the debt securities under specified covenants in the indenture including those described under the heading “Certain Covenants — Restrictions on the creation of secured debt”, and any omission to comply with those obligations will not constitute a default or an event of default with respect to the debt securities (“covenant defeasance”),

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in either case upon the irrevocable deposit by Baxter with the trustee, or other qualifying trustee, in trust for that purpose, of an amount in United States dollars and/or government obligations which, through the payment of principal and interest in accordance with their terms, will provide money in an amount sufficient to pay the principal, premium, if any, and interest, if any, on the due dates for those payments.

The defeasance or covenant defeasance described above will only be effective if, among other things:

- it will not result in a breach or violation of, or constitute a default under, the indenture or any other material agreement or instrument to which Baxter is a party or is bound;
- in the case of defeasance, Baxter will have delivered to the trustee an opinion of independent counsel confirming that Baxter has received from or there has been published by the Internal Revenue Service a ruling, or
- since the date of the indenture there has been a change in applicable federal income tax law,

in either case to the effect that, and based on this ruling or change in law, the opinion of counsel will confirm that the holders of the debt securities then outstanding will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the defeasance had not occurred;

- in the case of covenant defeasance, Baxter will have delivered to the trustee an opinion of independent counsel to the effect that the holders of the debt securities then outstanding will not recognize income, gain or loss for federal income tax purposes as a result of the covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the covenant defeasance had not occurred;
- if the cash and/or government obligations deposited are sufficient to pay the principal of, and premium, if any, and interest, if any, with respect to the debt securities provided the debt securities are redeemed on a particular redemption date, Baxter will have given the trustee irrevocable instructions to redeem the debt securities on that date; and
- no event of default or event which with notice or lapse of time or both would become an event of default with respect to the debt securities will have occurred and be continuing on the date of the deposit into trust, and, solely in the case of defeasance, no event of default or event which with notice or lapse of time or both would become an event of default arising from specified events of bankruptcy, insolvency or reorganization with respect to Baxter will have occurred and be continuing during the period through and including the 91st day after the date of the deposit into trust.

In the event covenant defeasance is effected with respect to the debt securities and those debt securities are declared due and payable because of the occurrence of any event of default other than an event of default with respect to the covenants as to which covenant defeasance has been effected, which would no longer be applicable to the debt securities after covenant defeasance, the amount of monies and/or government obligations deposited with the trustee to effect covenant defeasance may not be sufficient to pay amounts due on the debt securities at the time of any acceleration resulting from that event of default. However, Baxter would remain liable to make payment of those amounts due at the time of acceleration.

Listing

The 2025 Notes are traded on The New York Stock Exchange under the bond trading symbol of “Bax 25”.

Governing Law

The indenture is, and the notes are, governed by and construed in accordance with the form of payment designated prior to the change.

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B.*In-Service Distribution*. Prior to January 1, 2009, a Participant also was permitted to elect to receive a distribution of all or a portion of his or her Account at a specified future date, by filing a Distribution Election Form with the Administrator, either electing to have his or her entire Account balance on such date distributed, or specifying the dollar amount laws of the distribution. A Participant who has elected State of New York, as applied to receive an in-service distribution may subsequently elect contracts made and performed within the State of New York, without regard to postpone principles of conflicts of law.

The Trustee, Registrar and Paying Agent

The Bank of New York Mellon Trust Company, N.A. is the date trustee and registrar and The Bank of such distribution (but may not change New York Mellon, London Branch is the amount to be distributed) by filing a new Distribution Election Form**,** provided that the new Distribution Election Form must be filed not later than twelve months prior to the original specified distribution date, and the new distribution date must be at least five years after the original distribution date. If the balance in the Participant's Account on the specified distribution date is less than the dollar amount requested, the entire balance of the Account shall be distributed. If the Participant has a Termination prior to the specific date requested on such Distribution Election Form, such form shall be ignored and the Participant's distribution election paying agent with respect to Termination the notes. Neither the trustee nor the paying agent shall be followed.responsible for monitoring our rating status, making any request upon any Rating Agency, or determining whether any Rating Event or Change of Control Triggering Event has occurred.

Notices

C.*Forms So long as any notes are represented by a global note and such global note is held on behalf of Distribution*. The forms a clearing system, (i) notices to the holders of distribution are:

(a)a lump sum payment, or

(b)for distributions upon Termination only, annual installments of at least two years, but not to exceed fifteen years.

Annual installments will commence in the first ninety days notes of the Plan Year following the Plan Year in which the Participant incurs a Termination. Subsequent installments will series may be paid annually in the first ninety days of subsequent Plan Years, and each installment shall be equal to the remaining balance in the Participant's Account immediately prior to such payment divided given by the number of installments remaining to be paid.

Lump sum payments pursuant to a Distribution Election Form relating to payments following Termination will be made in the first ninety days delivery of the Plan Year following relevant notice to that clearing system for communication by it to entitled accountholders, and (ii) notices of holders of notes may be given to us through the Plan Year clearing systems in which accordance with the Participant incurs a Termination. All distributions rules and regulations of a Participant's Account prior the clearing systems in effect from time to Termination will be paid in a lump sum as soon as administratively feasible after the date elected by the Participant in the Distribution Election Form. time.

If DESCRIPTION OF 1.3% SENIOR NOTES DUE 2029

The Company Previously filed a Participant registration statement on Form S-3 (File No. 333-226987), which was filed with the Securities and Exchange Commission on August 23, 2018 and covers the issuance of the Company's 1.3% Senior Notes due 2029. The following description is a summary and does not elect a form purport to be complete. It is subject to and qualified in its entirety by reference to the indenture, dated as of distribution August 8, 2006 (the "Base Indenture"), between Baxter International Inc. and J.P. Morgan Trust Company, N.A., as trustee, as supplemented by the time twelfth supplemental indenture, dated as of May 15, 2019, which is incorporated by reference as exhibit to the Deferral Election Annual Report on Form or 10-K of which this Exhibit 4.9 is a part.

General

We initially issued €750,000,000 aggregate principal amount of fixed rate notes that will mature on May 15, 2029. We will make each interest payment to the Distribution Election Form holders in whose names the notes are registered at the close of business on the date that is required to be completed, the Participant's election will default to a lump sum payment (i) in the first ninety days case of notes represented by a global note, the Plan Year following the Plan Year clearing system business day (which, for these purposes, is a day on which Euroclear and Clearstream, Luxembourg settle payments in which the Participant incurs a Termination.

Notwithstanding the above, a Participant whose Account totals less than $50,000 as of the last day of the Plan Year in which he or she incurs a Termination will receive lump sum payment of his or her Account in the first ninety days of the Plan Year following the Plan Year in which the Participant incurs a Termination.

D.*Distributions Upon Death*. Upon the death of a Participant euros) immediately prior to the complete distribution of the Participant's account, the Participant's remaining account balance shall be paid to his or her Beneficiary relevant interest payment date and (ii) in a lump sum as soon as practical, but not later than ninety all other cases, 15 calendar days after the Participant's death, regardless of whether the Participant had elected payment in installments or whether installment payments had begun prior to the Participant's death.relevant interest payment date (whether or not a business day) (for the purposes of clauses (i) and (ii), such day, the "Record Date"). Interest on the notes began to accrue from May 15, 2019.

We may, from time to time, without the consent of the holders of the notes, issue additional notes on terms and conditions substantially identical to those of the notes (except for the

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issue date and, in some cases, the initial interest payment date), so that such additional notes will increase the aggregate principal amount of, and will be consolidated and form a single series with, the notes and will otherwise have the same terms as the notes; provided that we will not issue such additional notes as part of the same series as the outstanding notes, unless the additional notes are fungible with the outstanding notes for U.S. federal income tax purposes.

5.3Effect We issued the notes in registered form, each represented by one or more global notes registered in the name of Paymenta nominee of, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg (which we may refer to along with its successors in such capacity as the common depositary). Payment The notes were issued exclusively in registered form and in the minimum denomination of €100,000, and in integral multiples of €1,000 in excess thereof.

The notes are not subject to a sinking fund provision.

Interest on the Notes

The notes accrue interest at a rate of 1.300% per annum. Interest on the notes is payable annually in arrears on May 15 of each year, beginning on May 15, 2020.

Interest on the notes is computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes (or from May 15, 2019, if no interest has been paid on the notes) to, but excluding, the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) (as defined in the rulebook of the International Capital Market Association).

Ranking

The notes are our direct, unsecured and unsubordinated obligations and will rank equal in priority of payment with all of our other existing and future unsecured and unsubordinated indebtedness, and senior in right of payment to any future subordinated indebtedness. In addition to the person, trust, notes, we may issue other series of debt securities under the indenture. There is no limit on the total aggregate principal amount of debt securities that we can issue under the indenture.

The notes will be structurally subordinated to all indebtedness and other liabilities, including trade payables, of our subsidiaries.

Issuance in Euros

Initial holders of the notes were required to pay for the notes in euros, and principal, premium, if any, and interest payments and additional amounts, if any, in respect of the notes will be payable in euros, except as described below.

If the euro is unavailable to us due to the imposition of exchange controls or other entity reasonably and circumstances beyond our control or the euro is no longer used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions within the international banking community, then all payments in good faith respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. In such circumstances, the amount payable on any date in euros will be converted to U.S. dollars on the basis of the most recently available market exchange rate for euros, as determined by us in our sole discretion. Any payment in respect of the Administrator notes so made in U.S. dollars will not constitute an event of default under the indenture or the notes. Neither the trustee nor the paying agent will be responsible for obtaining exchange rates, effecting conversions or otherwise handling redenominations.

Payment of Additional Amounts

All payments in respect of the notes will be made by or on behalf of us without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by the United States or any taxing authority thereof or therein, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, we will pay to a beneficial owner who is not a United States person (as defined below) such additional amounts on the notes as are necessary in order that the net payment of the principal of, and premium or redemption price, if any, and interest on, such notes to such beneficial owner, after such withholding or deduction (including any withholding or deduction on such additional amounts), will not be less than the amount provided in such notes to be then due and payable; provided, however, that the Participant's Beneficiary foregoing obligation to pay additional amounts will completely discharge not apply:

a) to any obligations Baxter tax, assessment or any other entity may governmental charge that would not have under been imposed but for the Plan. If beneficial owner, or a Plan benefit fiduciary, settlor, beneficiary, member or shareholder of the beneficial owner if the beneficial owner is payable to a minor an estate, trust, partnership or corporation, or a person declared to be incompetent holding a power over an estate or to trust administered by a person fiduciary holder, being considered as (i) having a current or former connection with the Administrator in good faith believes to be incompetent or incapable United States (other than a connection arising solely as a result of handling the disposition of property, the Administrator may direct payment ownership of such Plan benefit notes, the receipt of any payment or the enforcement of any rights thereunder), including being or having been a citizen or resident of the United States, or being or having been engaged in a trade or business in the United States or having or having had a permanent establishment n the United States; (ii) being a controlled foreign corporation related to Baxter directly, indirectly or constructively through stock ownership for U.S. federal income tax purposes; or (iii) being an owner of a 10% or greater interest in voting stock of Baxter within the guardian, legal representative, meaning of Section 871(h)(3) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or person having any successor provision;

b) to any holder that is not the care and custody sole beneficial owner of such minor, and such decision by the Administrator is binding on all parties. The Administrator may initiate whatever action it deems appropriate to ensure that benefits are properly paid to an appropriate guardian.

The Administrator may require proof of incompetence, minority, incapacity, or guardianship, as it may deem appropriate prior to distribution of the Plan benefit. Such distribution will completely discharge the Administrator, Baxter, and its affiliates from all liability with respect to such benefit.

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5.4Taxation of Plan Benefits. It is intended that each Participant will be taxed on amounts credited to him or her under the Plan at the time such amounts are received, and the provisions of the Plan will be interpreted consistent with that intention.

5.5Withholding and Payroll Taxes. Baxter will withhold from payments made hereunder any taxes required to be withheld for the payment of taxes to the Federal government, or any state or local government.

5.6Distribution Due to Unforeseeable Emergency. Upon written request of a Participant and the showing of Unforeseeable Emergency, the Administrator may authorize distribution of all notes, or a portion of the Participant's Accounts, and such notes, or the acceleration of any installment payments being made from the Plan, that is a fiduciary, partnership or limited liability company, but only to the extent reasonably necessary that a beneficiary or settlor with respect to relieve the Unforeseeable Emergency, including fiduciary, a beneficial owner or a member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly from Baxter its beneficial or distributive share of the payment;

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c) to any tax, assessment or other governmental charge imposed by reason of the holder's or beneficial owner's past or present status as a passive foreign investment company, a controlled foreign corporation, a foreign tax exempt organization or a personal holding company with respect to the United States or as a corporation that accumulates earnings to avoid U.S. federal state, local, income tax;

d) to any tax, assessment or foreign other governmental charge that would not have been imposed but for the failure of the holder or beneficial owner of the applicable notes to comply with any applicable certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income taxes tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or penalties reasonably other governmental charge;

e) to any tax, assessment or other governmental charge that is imposed upon otherwise than by withholding or deducting from the distribution. In payment;

f) to any event, estate, inheritance, gift, sales, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;

g) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment may not of principal of or interest on any such note, if such payment can be made without such withholding by at least one other paying agent;

h) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the extent such Unforeseeable Emergency payment becomes due or is duly provided for, whichever occurs later;

i) to any tax, assessment or may be satisfied through reimbursement other governmental charge that would have been imposed but for presentation by insurance the holder of any note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or otherwise, including, but not limited to, liquidation of the Participant's assets (but not including hardship deferrals or loans from the Participant's account in any qualified retirement plan, as defined in Treasury Regulations Section 1.409A-1(a)(2)), date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the holder or beneficial owner thereof would have been entitled to additional amounts had the note been presented for payment on the last day of such liquidation would 30 day period;

j) (to any withholding or deduction that is imposed on a payment pursuant to Sections 1471 through 1474 of the Code and related Treasury regulations and pronouncements or any successor provisions thereto (that are substantively comparable and not materially more onerous to comply with) and any regulations or official law, agreement or interpretations thereof in any jurisdiction implementing an intergovernmental approach thereto; or k) in the case of any combination of the above listed items.

Except as specifically provided under this heading "—Payment of Additional Amounts," we will not be required to make any payment for any present or future tax, duty, assessment or governmental charge of whatever nature imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

As used under this heading "—Payment of Additional Amounts" and under the heading "—Redemption for Tax Reasons" the term "United States" means the United States of itself cause severe financial hardship. If America, any state thereof, and the Participant demonstrates District of Columbia, and the existence term "United States person" means (i) any individual who is a citizen or resident of an Unforeseeable Emergency, the Administrator shall first cancel United States for U.S. federal income tax purposes, (ii) a corporation, partnership or other entity created or organized in or under the Participant's deferrals for laws of the Plan Year United States, any state thereof or the District of Columbia (other than deferrals a partnership that is not treated as a United States person for U.S. federal income

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tax purposes), (iii) any estate the income of Stock pursuant which is subject to Section 3.3) U.S. federal income taxation regardless of its source, or (iv) any trust if a U.S. court can exercise primary supervision over the administration of the trust and one or more United States persons can control all substantial trust decisions, or if a valid election is in place to treat the trust as a United States person.

Optional Redemption

The notes, at any time prior to the date that is three months prior to their maturity date (the "Par Call Date"), and will be redeemable, in whole at any time or in part, from time to time, at our option, at a "make-whole" redemption price equal to the greater of (1) 100% of the principal amount of the distribution notes to be redeemed plus accrued and unpaid interest (including any additional amounts), if any, to, but excluding, the date of redemption, and (2) the sum of the present values of the principal amount of the notes to be redeemed and the scheduled payments of interest thereon (exclusive of interest accrued to the date of redemption) from the redemption date to the Par Call Date for the notes, discounted to the date of redemption on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate, as defined below, plus 25 basis points, plus accrued and unpaid interest (including any additional amounts), if any, to, but excluding, the date of redemption. We will calculate the redemption price.

On or after the Par Call Date, the notes will be redeemable, in whole at any time or in part, from time to time, at our option, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest (including any additional amounts), if any, to, but excluding, the date of redemption.

"Comparable Government Bond" means, in relation to any Comparable Government Bond Rate (as defined below) calculation, at the discretion of the Independent Investment Bank (as defined below) selected by us, a bond that is a direct obligation of the Federal Republic of Germany ("German government bond"), whose maturity is closest to the Par Call Date, or if the Independent Investment Bank in its discretion determines that such similar bond is not in issue, such other German government bond as the Independent Investment Bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

"Comparable Government Bond Rate" means the yield to maturity, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), on the third business day in London prior to the date fixed for redemption, of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by the Independent Investment Bank selected by us.

"Independent Investment Bank" means one of the Reference Bond Dealers that we shall appoint to act as the Independent Investment Bank.

"Reference Bond Dealers" means Barclays Bank PLC, Citigroup Global Markets Limited and Merrill Lynch International (or their respective affiliates that are Primary Bond Dealers (as defined below)) and their respective successors; provided, however, that if any of the foregoing shall cease to be a broker or dealer of, and/or market maker in, German government bonds (a "Primary Bond Dealer"), we will substitute therefor another Primary Bond Dealer.

To exercise our option to redeem the notes, we will give each holder of notes to be redeemed a notice in writing at least 10 days but not more than 60 days before the redemption date (i) in the case of notes represented by a global note, to and through Euroclear or Clearstream, Luxembourg for communication by them to the holders of interests in the notes to be so redeemed, or (ii) in the case of definitive notes, to each holder of record of the notes to be redeemed at its registered address. If we elect to redeem fewer than all the notes, the trustee will select the particular notes to be redeemed by such method as the

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trustee deems fair and appropriate and in accordance with the indenture, subject to applicable procedures of Euroclear and Clearstream, Luxembourg as to global notes. Notices of redemption may be subject to the satisfaction of one or more conditions precedent established by us in our sole discretion.

Unless a default occurs in payment of the redemption price, from and after the redemption date interest will cease to accrue on the notes or portions thereof called for redemption.

Redemption for Tax Reasons

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States (or any taxing authority thereof or therein), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of this prospectus supplement, we become or, based upon a written opinion of independent tax counsel of recognized standing selected by us, will become obligated to pay additional amounts as described herein under the heading "—Payment of Additional Amounts" with respect to the notes, then we may at our option redeem the notes at any time, in whole, but not in part, having given not less than 10 nor more than 60 days prior notice, (i) in the case of notes represented by a global note, to and through Euroclear or Clearstream, Luxembourg for communication by them to the holders of interests in the notes to be redeemed, or (ii) in the case of definitive notes, to each holder of record of the notes to be redeemed at its registered address, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest (including any additional amounts), if any, to, but excluding, the date of redemption.

Offer to Purchase Upon Change of Control Triggering Event

If a Change of Control Triggering Event occurs, other than with respect to the notes for which we have exercised our option to redeem as described above, we will be required to relieve make an offer (the "Change of Control Offer") to each holder of the Unforeseeable Emergency shall take into account notes to repurchase all or any part (equal to €100,000 and integral multiples of €1,000 in excess thereof) of that holder's notes on the terms set forth in the notes. In the Change of Control Offer, we will be required to offer payment in

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cash equal to 101% of the aggregate principal amount of notes to be repurchased, plus accrued and unpaid interest (including any additional income available amounts), if any, on the notes to be repurchased to, but excluding, the date of repurchase (the "Change of Control Payment"), subject to the Participant as right of holders of record of the result notes on the relevant Record Date to receive interest due on the relevant interest payment date. Within 30 days following any Change of cancellation Control Triggering Event or, at our option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, we will give notice, (i) in the case of notes represented by a global note, to and through Euroclear or Clearstream, Luxembourg for communication by them to the holders of interests in the notes, or (ii) in the case of definitive notes, to each holder of record of the notes at its registered address, with a copy to the trustee describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offering to repurchase such deferrals. notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given (the "Change of Control Payment Date"). The notice will, if given prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

On the Change of Control Payment Date, we will, to the extent lawful:

- accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

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Administrator may also impose• deliver or cause to be delivered to the trustee such notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being repurchased.

We will not be required to comply with the obligations relating to repurchasing the notes if a third party instead satisfies them. In addition, we will not repurchase any notes if there has occurred and is continuing on the Change of Control Payment Date an event of default under the indenture with respect to such notes, other conditions than a default in the payment of the Change of Control Payment upon a distribution Change of Control Triggering Event.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as it determines amended (the "Exchange Act"), and any other securities laws and regulations applicable to the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the change of control offer provisions of the notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the change of control offer provisions of the notes by virtue of any such conflict.

If a Change of Control Offer is made, there can be no assurance that we will have available funds sufficient to make the Change of Control Payment for all of the notes that may be tendered for repurchase. See "Risk Factors—We may not be able to repurchase all of the notes upon a change of control triggering event, which would result in its discretion a default under the notes."

For purposes of the change of control offer provisions of the notes, the following terms will be applicable:

"Change of Control" means the occurrence of any of the following: (1) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our subsidiaries, becomes the beneficial owner (as defined in Rules 13d-3 and l3d-5 under the Exchange Act), directly or indirectly, of more than 50% of our Voting Stock or other Voting Stock into which our Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares, (2) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to one or more "persons" (as that term is defined in the indenture), other than us or one of our subsidiaries or (3) the adoption of a plan relating to our liquidation or dissolution. Notwithstanding the foregoing, a transaction will not be deemed to be appropriate a Change of Control if (1) we become a direct or indirect wholly-owned subsidiary of a holding company and not inconsistent with Section 409A (2)(A) the direct or indirect holders of the Code. Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (B) immediately following that transaction no "person" (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Event.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies.

"Moody's" means Moody's Investors Service, Inc.

"Rating Agencies" means (1) each of Moody's and S&P, and (2) if either Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a

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ARTICLE VI

BENEFICIARY DESIGNATION

6.1Beneficiary Designation. Each Participant "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act selected by us (as certified by a resolution of our board of directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

"Rating Event" means the rating on the notes is lowered by each of the Rating Agencies and the notes are rated below an Investment Grade Rating by each of the Rating Agencies on any day within the 60-day period (which 60-day period will be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies but no longer than 180 days) after the earlier of (1) the occurrence of a Change of Control and (2) public notice of our intention to effect a Change of Control; provided, however, that a Rating Event otherwise arising by virtue of a particular reduction in rating will not be deemed to have occurred in respect of a particular Change of Control (and thus will not be deemed a Rating Event for purposes of the definition of Change of Control Triggering Event) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm to us in writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control has occurred at the right time of the Rating Event).

"S&P" means S&P Global Ratings, a division of S&P Global, Inc.

"Voting Stock" means, with respect to designate any specified "person" (as that term is used in Section 13(d)(3) of the Exchange Act), as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of "all or substantially all" of our assets and the assets of our subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of such phrase under applicable law. Accordingly, the ability of a holder of the notes to require us to repurchase that holder's notes as a result of the sale, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries, taken as a whole, to one or more persons trusts, or, with may be uncertain.

Our obligation to purchase the Administrator's approval, other entity as notes following a Change of Control Triggering Event is subject to the Participant's Beneficiary, primary as well as secondary, to whom benefits under this Plan will be paid provisions described in the event accompanying prospectus described in the section entitled "Description of the Participant's death prior Debt Securities—Defeasance and Covenant Defeasance."

Assumption of Obligations

If we become a direct or indirect wholly-owned subsidiary of a holding company, such holding company may elect to complete distribution to the Participant assume our obligations (or those of the benefits due any entity which shall have previously assumed our obligations) under the Plan. Each Beneficiary designation will be in a written form prescribed by notes; provided, that the Administrator successor entity expressly assumes such obligations, and will be effective only when filed substituted in all respects, under the indenture, in a form satisfactory to the trustee, and we are released from all of our obligations under the notes.

Upon any such assumption, the successor entity will succeed to, and be substituted for, and may exercise all of our rights and powers under the indenture with respect to the notes with the Administrator during same effect as if the Participant's lifetime.successor entity had been named under the indenture.

Book-Entry Procedures, Delivery and Form

The notes were issued in the form of one or more permanent global notes in fully registered, book-entry form. The global notes are registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg. The notes were not issued in a form that would, on the date of issuance, enable them to satisfy the European Central Bank's criteria to be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. Any

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6.2Amendments to Beneficiary Designation. Any Beneficiary designation

such recognition in the future will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria then in effect have been met.

Except as set forth below, the global notes may be changed by a Participant without transferred, in whole and not in part, only to another nominee of Euroclear or Clearstream, Luxembourg. Beneficial interests in the consent global notes may not be exchanged for definitive notes except in the limited circumstances described below. See "—Exchange of any Beneficiary by Global Notes for Definitive Notes." Except in the filing limited circumstances described below, owners of a new Beneficiary designation with beneficial interests in the Administrator. Filing a Beneficiary designation global notes will not be entitled to receive definitive notes.

Global Clearance and Settlement

The description in this section reflects our understanding of the rules and procedures of Euroclear and Clearstream, Luxembourg as to any benefits available under the Plan revokes all prior Beneficiary designations effective they are in effect as of the date of this prospectus supplement. Those systems could change their rules and procedures at any time.

Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as accountholders in Euroclear and Clearstream, Luxembourg (together, the "ICSDs"). Investors may hold interests in the global notes through either Euroclear or Clearstream, Luxembourg, either directly if they are accountholders in such Beneficiary designation systems, or indirectly through organizations that are accountholders in such systems.

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Euroclear and Clearstream, Luxembourg each holds securities of institutions that have accounts with the ICSD ("participants") and facilitates the clearance and settlement of securities transactions among their participants in such securities by electronic book-entry transfer between their respective participants, thereby eliminating the need for physical movement of securities certificates. The ICSDs' participants include securities brokers and dealers (which may include the underwriters), banks, trust companies, clearing corporations and certain other organizations. Access to the ICSDs' book-entry system is received also available to others such as banks, brokers, dealers and trust companies ("indirect participants") that clear through or maintain a custodial relationship with a participant, whether directly or indirectly. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

We expect that pursuant to procedures established by the Administrator. If a Participant's Account is community property, any Beneficiary designation ICSDs, upon the deposit of the global notes with the common depositary, the ICSDs will credit, on their book-entry registration and transfer systems, the interest in the notes represented by such global notes to the accounts of participants. The accounts to be credited shall be designated by the underwriters of the notes. Ownership of beneficial interests in the global notes will be valid limited to participants or effective only as permitted under applicable law.

6.3No Beneficiary Designation. In persons that may hold interests through participants. Ownership of beneficial interests in the absence of an effective Beneficiary designation, or if all Beneficiaries predecease the Participant, the Participant's estate global notes will be shown on, and the Beneficiary. If a Beneficiary dies after the Participant and before payment transfer of benefits under this Plan has been completed, and no secondary Beneficiary has been designated to receive such Beneficiary's share, the remaining benefits those ownership interests will be payable effected only through, records maintained by the ICSDs (with respect to participants' interests) and such participants and indirect participants (with respect to the Beneficiary's estate.owners of beneficial interests in the global notes other than participants).

ARTICLE VII

ADMINISTRATION

7.1Administration. The Plan So long as the nominee of the common depositary is administered the registered holder and owner of the global notes, such nominee will be considered the sole legal owner and holder of the notes evidenced by the Compensation Committee, which shall be the Administrator global notes for all purposes of such notes. Except as set forth below, as an owner of a beneficial interest in the Plan. Notwithstanding global notes, you will not be entitled to have the notes represented by the global notes registered in your name, will not receive or be entitled to receive physical delivery of definitive notes and will not be considered to be the owner or holder of any notes under the global notes. We understand that under existing industry practice, in the event an owner of a beneficial interest in the global notes desires to take any action that the nominee of the common depositary, as the holder of the global notes, is entitled to

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take, the common depositary will authorize the participants to take such action, and that the participants will authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

All payments on notes represented by the global notes registered in the name of the nominee of the common depositary will be made to the ICSDs or the nominee of the common depositary, as the case may be, as the registered owner and holder of the global notes, and our obligations to make payment on notes will, to the extent of such payments to the ICSDs or, as the case may be, the nominee of the common depositary, be discharged.

We expect that the ICSDs, upon receipt of any payment on the global notes, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the global notes as shown on the records of the ICSDs. We also expect that payments by participants or indirect participants to owners of beneficial interests in the global notes held through such participants or indirect participants will be governed by standing instructions and customary practices and will be the responsibility of such participants or indirect participants. We will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the global notes for any notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between the ICSDs and their participants or indirect participants or the relationship between such participants or indirect participants and the owners of beneficial interests in the global notes owning through such participants or indirect participants.

Although the ICSDs customarily operate the foregoing all authority procedures in order to administer facilitate transfers of interests in the Plan on an ongoing basis, including global notes among participants or indirect participants of the authority ICSDs, they are under no obligation to adopt perform or continue to perform such procedures, and implement all such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility or liability for the performance by either ICSD or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Secondary Transfers

Transfers of any interests in notes represented by a global note within Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system.

On or after the issue date of the notes, transfers of notes represented by a global note between accountholders in Clearstream, Luxembourg and Euroclear will generally have a settlement date two clearing system business days (which, for these purposes, is a day on which Euroclear and Clearstream, Luxembourg settle payments in euro) after the trade

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date (T+2).

None of the us, the trustee, the paying agent or any underwriter will be responsible for any performance by Euroclear or Clearstream, Luxembourg or their accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the notes represented by a global note or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Same-Day Settlement and Payment

We will make payments in respect of the notes represented by the global notes (including principal, premium, if any, and interest and additional amounts, if any) by wire transfer of immediately available funds to the account specified by the paying agent; provided, however, that at our option payment in respect of definitive notes may be made by (1) check mailed to the address of the person entitled thereto as such address shall appear in the security register on the Record Date or (2) wire transfer as directed by the holder of the relevant notes, in immediately available funds to accounts maintained by the holder of

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notes or its nominee; provided further that in the case of a definitive note (x) the holder thereof shall have provided written wiring instructions to the paying agent on or before the related Record Date and (y) if appropriate instructions for any such wire transfer are not received by the related Record Date, then such payment shall be made by check mailed to the address of such holder specified in the security register on the Record Date.

If the principal of or any premium or interest or additional amounts on the notes or amounts payable upon any redemption of the notes is payable on a day that is not a Payment Business Day, the payment will be made on the following Payment Business Day without the accrual of any interest on that payment.

For these purposes “Payment Business Day” means any day that is:

a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City and the City of London and, in the case of definitive notes only, the relevant place of presentation; and b) a day on which the TARGET 2 System is open for the administration settlement of payment in euros.

For these purposes “TARGET 2 System” means the Trans-European Automatic Real-Time Gross Settlement Express Transfer (TARGET 2) System (or any successor thereto).

Exchange of Global Notes for Definitive Notes

We will issue definitive notes upon surrender of the Plan, global notes in accordance with their terms only if:

a) an Event of Default has occurred and is continuing; or b) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days or more (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the trustee is available; or c) we would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the notes in definitive form and a certificate to such effect signed by one of our authorized signatories is given to the trustee.

Thereupon (in the case of (a) or (b) above) the holder of a global note (acting on behalf of one or more of the accountholders) or the trustee may give notice to us and (in the case of (c) above) we may give notice to the trustee and the noteholders, of our intention to exchange a global note for definitive notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the global note may, or in the case of (c) above, shall surrender it to or to the order of the trustee or registrar. In exchange for the global note, we shall deliver, or procure the delivery of, an equal aggregate principal amount of definitive notes, security printed in accordance with any applicable legal and stock exchange requirements. On exchange of the global note, we will procure that it is cancelled.

For these purposes, “Exchange Date” means a day specified in the notice requiring exchange falling not less than 60 days after that on which the notice requiring exchange is given and being a day on which banks are open for general business in London, the place in which the specified office of the trustee is located and, except in case of exchange pursuant to (b) above, in the place in which Euroclear and Clearstream, Luxembourg are located.

In all cases, definitive notes delivered in exchange for any global note or beneficial interest in any global note will be exercised registered in the names, and issued in any approved denominations, requested by such persons as or on

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behalf of the holder of the relevant global notes, provided that the denomination of any definitive note may not, at any time, be designated less than €100,000.

Neither we nor the trustee will be liable for any delay by the ~~Senior~~ Executive Vice President holder of the relevant global notes identifying the holders of beneficial interests in the global notes, and Chief Human Resources Officer each such person may conclusively rely on, and will be protected in relying on, instructions from Euroclear or Clearstream, Luxembourg for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the definitive notes to be issued).

Certain Covenants

Unless otherwise indicated in the prospectus supplement, Baxter will not, and will not cause or permit any restricted subsidiary to, create, incur, assume or guarantee any indebtedness that is secured by a security interest in any principal facilities of Baxter subject or any restricted subsidiary or in shares of stock owned directly or indirectly by Baxter in any restricted subsidiary or in indebtedness for money borrowed by one of its restricted subsidiaries from Baxter or another of the restricted subsidiaries ("secured debt") unless the debt securities then outstanding and any other indebtedness of or guaranteed by Baxter or such restricted subsidiary then entitled to be so secured is secured equally and ratably with or prior to any and all other obligations and indebtedness thereby secured, with exceptions as listed in the indenture. These restrictions do not apply to indebtedness secured by:

- any security interest on any property which is a parcel of real property at a manufacturing plant, a warehouse or an office building and which is acquired, constructed, developed or improved by Baxter or a restricted subsidiary, which security interest secures or provides for the payment of all or any part of the acquisition cost of the property or the cost of the construction, development or improvement of the property and which security interest is created prior to, at the same time as, or within 120 days after (i) in the case of the acquisition of property, the completion of the acquisition of the property and (ii) in the case of construction, development or improvement of property, the later to occur of the completion of such construction, development or improvement or the commencement of operation, use or commercial production of the property
- any security interest on property existing at the time of the acquisition of such property by Baxter or a restricted subsidiary which security interest secures obligations assumed by Baxter or a restricted subsidiary;
- any security interest arising from conditional sales agreements or title retention agreements with respect to property acquired by Baxter or any restricted subsidiary;
- security interests existing on the property or on the outstanding shares or indebtedness of a corporation or firm at the time the corporation or firm becomes a restricted subsidiary or is merged or consolidated with Baxter or a restricted subsidiary or at the time the corporation or firm sells, leases or otherwise disposes of its property as an entirety or substantially as an entirety to Baxter or a restricted subsidiary;
- security interests securing indebtedness of a restricted subsidiary to Baxter or to another restricted subsidiary;
- mechanics' and other statutory liens arising in the ordinary course of business in respect of obligations which are not due or which are being contested in good faith;
- security interests arising by reason of deposit with, or the giving of any form of security to, any governmental agency which is required by law as a condition to the authority of the Compensation Committee, and all references to the Administrator herein shall, as appropriate, be construed to refer to such person or persons.

7.2Administrator Powers. The Administrator has such powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the discretionary power, right, and duty to construe, interpret, and enforce the Plan provisions and to determine all questions arising under the Plan including, but not by way of limitation, questions of Plan participation, eligibility for Plan benefits, and the rights of Outside Directors, Participants, Beneficiaries, and other persons to benefits under the Plan and to determine the amount, manner, and time of payment transaction of any benefits hereunder, and to adopt procedures, rules, regulations, and forms to be utilized business;

- security interests for taxes, assessments or governmental charges or levies not yet delinquent or security interests for taxes, assessments or governmental charges or levies already delinquent but which are being contested in the efficient administration of the Plan which may alter any procedural provision of the Plan without the necessity of an amendment. The Administrator is empowered to employ agents (who may also be employees of Baxter) and to delegate to them any of the administrative duties imposed upon the Administrator or Baxter. good faith;

7.3 • Finality security interests arising in connection with legal proceedings, including judgment liens, so long as the proceedings are being contested in good faith and, in the case of Decisions judgment liens, the execution has been stayed;

- . Any ruling, regulation, procedure, landlords' liens on fixtures located on premises leased by Baxter or decision a restricted subsidiary in the ordinary course of business;
- security interests arising in connection with contracts and subcontracts with or made at the request of the Administrator will be conclusive and binding upon all persons affected by it. There will be no appeal from United States, any ruling state of the United States, or any department, agency or instrumentality of the United States or any state of the United States;
- security interests that secure an obligation issued by the Administrator, which is within its authority, except as provided in Section 7.4 below.

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7.4Claims Procedure. Any claim for benefits by a Participant, his or her Beneficiary or Beneficiaries, United States or any other person claiming state, territory or possession of the right to receive United States or any benefit from of their political subdivisions or the Plan District of Columbia, in connection with the financing of the cost of construction or acquisition of a principal facility or a part of a principal facility;

- security interests by reason of his deposits to qualify Baxter or her relationship a restricted subsidiary to conduct business, to maintain self-insurance, or to obtain the benefits of, or comply with, laws;

- the extension of any security interest existing on the date of the indenture on a Participant principal facility to additions, extensions or Beneficiary (the "applicant") shall improvements to the principal facility and not as a result of borrowing money or the securing of indebtedness incurred after the date of the indenture; or

- any extension, renewal or refunding, or successive extensions, renewals or refundings, in whole or in part of any secured debt secured by any security interest listed above, provided that the principal amount of the secured debt secured thereby does not exceed the principal amount outstanding immediately prior to the extension, renewal or refunding and that the security interest securing the secured debt is limited to the property which, immediately prior to the extension, renewal or refunding, secured the secured debt and additions to the property.

For purposes of the indenture, "principal facilities" are any manufacturing plants, warehouses, office buildings and parcels of real property owned by Baxter or any restricted subsidiary, provided each such facility has a gross book value, without deduction for any depreciation reserves, in excess of 2% of Baxter's consolidated net tangible assets other than any facility that is determined by Baxter's board of directors to not be in writing of material importance to the business conducted by Baxter and filed in accordance with procedures specified by its subsidiaries taken as a whole.

For purposes of the Administrator not indenture, "consolidated net tangible assets" are the total amount of assets that would be included on Baxter's consolidated balance sheet under U.S. generally accepted accounting principles after deducting all short-term liabilities and liability items, except for indebtedness payable more than one year from the date of incurrence and all goodwill, trade names, trademarks, patents, unamortized debt discount and unamortized expense incurred in the issuance of debt and other like intangibles, except for prepaid royalties.

Notwithstanding the limitations on secured debt described above, Baxter and any restricted subsidiary may create, incur, assume or guarantee secured debt, without equally and ratably securing the debt securities, provided that the sum of such secured debt and all other secured debt entered into after the claimant knows or with the exercise of reasonable diligence should have known date of the basis for the claim. If the claim is denied, the Administrator will furnish the applicant within a reasonable period of time with a written notice that specifies the reason for the denial, and explains the claim review procedures of this Section 7.4. If, within 60 days after receipt of such notice, the applicant so requests in writing, the Administrator will review its earlier decision. The Administrator's decision on review will be in writing, will include specific reasons for the decision, and will be given to the claimant with a reasonable period of time after the request for review is received. By participating indenture, other than secured debt permitted as described in the Plan, each Participant agrees, on behalf bullet points above, does not exceed 15% of himself or herself and all persons claiming through him or her, not to commence any action or proceeding for payment of any amount claimed to be due under the Plan without first complying with the foregoing procedures.Baxter's consolidated net tangible assets.

7.5Indemnity. To the extent permitted by applicable law and to the extent that they are not indemnified or saved harmless under any liability insurance contracts, any present or former employees, officers, or directors of Baxter, or its subsidiaries or affiliates, if any, will be indemnified and saved harmless by Baxter from and against any and all liabilities or allegations of liability to which they may be subjected by reason of any act done or omitted to be done in good faith in the administration For purposes of the Plan, including all expenses reasonably incurred indenture, a "restricted subsidiary" is any corporation in their defense in the event that which Baxter fails owns voting securities entitling it to provide such defense after having been requested in writing to do so.

ARTICLE VIII

AMENDMENT AND TERMINATION OF PLAN

8.1Amendment. The Compensation Committee may amend the Plan at any time, except that no amendment will decrease the Accounts of Participants and Beneficiaries at the time elect a majority of the amendment. Notwithstanding the foregoing, the Administrator may adopt any amendment to the Plan that directors and which is technical, ministerial, or procedural in nature, and any rule or procedure properly adopted by the Administrator that is technical, ministerial, or procedural in nature shall be deemed an amendment to the Plan to the extent of any inconsistency between such rule or procedure and the provisions hereof.

8.2Right to Terminate. The Compensation Committee may at any time terminate the Plan.

8.3Payment at Termination. If the Plan is terminated, the Accounts of Participants shall continue to be held until distributed either designated as a restricted subsidiary in accordance with Article V, unless in connection with the indenture or:

- existed as such plan termination on the Compensation Committee amends the Plan to provide for distribution of all Accounts in lump sum payments, provided that such distributions are permitted by Treasury Regulations issued pursuant to Section 409A date of the Code.

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ARTICLE IX

MISCELLANEOUS

9.1Unfunded Plan. This Plan indenture or is intended the successor to, be an unfunded deferred compensation plan. All credited amounts are unfunded, general obligations of Baxter. This Plan is not intended to create an investment contract. Participants are members of the Board of Baxter, who, by virtue of their position, are uniquely informed as to Baxter's operations and have the ability to affect materially Baxter's profitability and operations.

9.2Unsecured General Creditor. In the event of Baxter's insolvency, Participants and their Beneficiaries, heirs, successors, and assigns will have no legal or equitable rights, owns, any equity interest or claims in, any property or assets of Baxter or any of its subsidiaries, nor will they be beneficiaries of, or have any rights, claims, or interests in any life insurance policies, annuity contracts, or the proceeds therefrom owned or a corporation which may be acquired by Baxter (the "Policies") greater than those of any other unsecured general creditors. In that event, any and all of Baxter's assets and Policies will be, and remain, the general, unpledged, and unrestricted assets of Baxter. Baxter's obligation under the Plan will be merely that of an unfunded and unsecured promise of Baxter to pay money in the future.

9.3Nonassignability. Neither a Participant nor any other person will have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer, hypothecate, or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be nonassignable and nontransferable. No part of the amounts payable will, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony, or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency. Nothing contained herein will preclude Baxter from offsetting any amount owed to it by a Participant against payments to such Participant or his or her Beneficiary.

9.4Protective Provisions. A Participant will cooperate with Baxter by furnishing any and all information requested by Baxter, in order to facilitate the payment of benefits hereunder.

9.5Governing Law. The provisions of this Plan will be construed and interpreted according to the laws of the State of Illinois without regard to any state's conflict of laws principles.

9.6Severability. In the event any provision of the Plan is held invalid or illegal for any reason, any illegality or invalidity will not affect the remaining parts of the Plan, but the Plan will be construed and enforced as if the illegal or invalid provision had never been inserted, and Baxter will have the privilege and opportunity to correct and remedy such questions of illegality or invalidity by amendment as provided in the Plan, including, but not by way of limitation, the opportunity to construe and enforce the Plan as if such illegal and invalid provision had never been inserted herein.

9.7Notice. Any notice or filing required or permitted to be given to Baxter or the Administrator under the Plan will be sufficient if in writing and hand-delivered, or sent by registered or certified mail to Baxter's General Counsel and, if mailed, will be addressed to the principal executive offices of Baxter. Notice to a Participant or Beneficiary may be hand-delivered or mailed to the Participant or Beneficiary at his or her most recent address as listed in the so existed;

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employment records• has its principal business and assets in the United States;

• the business of Baxter. Notices will be deemed given as which is other than the obtaining of financing in capital markets outside the United States or the financing of the date acquisition or disposition of delivery real or mailing personal property or if delivery dealing in real property for residential or office building purposes; and

• does not have assets substantially all of which consist of securities of one or more corporations which are not restricted subsidiaries.

Restrictions on Mergers, Consolidations and Transfers of Assets

Unless otherwise indicated in the prospectus supplement, Baxter will not consolidate with or merge into or sell, transfer or lease all or substantially all of its properties and assets to another person unless:

• in the case of a merger, Baxter is made by certified the surviving corporation, or registered mail, as of the date shown on the receipt for registration or certification. Any person entitled to notice hereunder may waive such notice.

9.8• Successors. The provisions of this Plan will bind and inure to the benefit of person into which Baxter the Participants and Beneficiaries, and their respective successors, heirs, and assigns. The term "successors" as used herein will include any corporate is merged or other business entity, which whether by merger, consolidation,

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purchase or otherwise acquires all or substantially all of the business properties and assets of Baxter expressly assumes the payment of principal of, and premium, if any, and interest on the debt securities and Baxter's other obligations under the indenture.

Upon any of the consolidation, merger or transfer, the successor corporation will be substituted for Baxter under the indenture. The successor corporation may then exercise all of the powers and rights of Baxter under the indenture, and Baxter will be released from all of its obligations and covenants under the debt securities and the indenture. If Baxter leases all or substantially all of its assets, the lessee corporation will be the successor and may exercise all of the respective powers and rights under the indenture but Baxter will not be released from its obligations and covenants under the debt securities and the indenture.

Events of Default

The indenture defines an "event of default" with respect to any series of debt securities. Each of the following will be an event of default under the indenture for any series of debt securities:

- our failure to pay interest on any of the debt securities of that series when due, and continuance of the default for a period of 30 days;
- our failure to pay principal or premium, if any, on any of the debt securities of that series when due, whether at maturity or otherwise;
- default in the deposit of any sinking fund payment or payment under any analogous provision when due with respect to any of the debt securities of that series;
- our failure to perform, or our breach, of any covenant or warranty in the indenture in respect of that series, other than a covenant or warranty included in the indenture solely for the benefit of another series of debt securities, and continuance of that failure or breach, without that failure or breach having been cured or waived, for a period of 90 days after the trustee gives notice to us or, in the case of notice by the holders, the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series give notice to us and the trustee, specifying the default or breach;
- specified events involving our bankruptcy, insolvency or reorganization; or
- any other event of default we may provide for that series.

An event of default under one series of debt securities does not necessarily constitute an event of default under any other series of debt securities. The indenture provides that, within 90 days after the occurrence of any default with respect to a series of debt securities, the trustee will mail to all holders of debt securities of that series notice of the default, unless the default has been cured or waived. However, the

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indenture provides that the trustee may withhold notice of a default with respect to a series of debt securities, except a default in payment of principal, premium, if any, or interest, if any, if the trustee considers it in the best interest of the holders to do so. In the case of a default in the performance, or breach, of any covenant or warranty in the indenture or in respect of a series of debt securities, no notice will be given until at least 30 days after the occurrence of the default or breach. As used in this paragraph, the term "default" means any event which is, or after notice or lapse of time or both would become, an event of default with respect to a series of debt securities.

The indenture provides that if an event of default, other than an event of default relating to events of bankruptcy, insolvency or reorganization, with respect to a series of debt securities occurs and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding debt securities of that series may declare the principal of, and accrued and unpaid interest, if any, on, the debt securities in that series to be due and payable immediately. The indenture also provides that if an event of default relating to events of bankruptcy, insolvency or reorganization with respect to a series of debt securities occurs then the principal of, and accrued and unpaid interest, if any, on, all the debt securities of that series will automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder of the debt securities. However, upon specified conditions, the holders of not less than a majority in aggregate principal amount of the outstanding debt securities of a series may rescind and annul an acceleration of the debt securities of that series and its consequences.

Subject to the provisions of the Trust Indenture Act requiring the trustee, during the continuance of an event of default under the indenture, to act with the requisite standard of care, the trustee is under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders of debt securities unless those holders have offered to the trustee security or indemnity satisfactory to the trustee against the costs, expenses and liabilities that may be incurred by taking such action.

Subject to this requirement, holders of a majority in aggregate principal amount of the outstanding debt securities of a series have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee under the indenture with respect to the debt securities of that series.

The indenture requires the annual filing with the trustee of a certificate signed by the principal executive officer, the principal financial officer or the principal accounting officer of Baxter that states whether Baxter is in default under the terms, provisions or conditions of the indenture.

Notwithstanding any other provision of the indenture, the holder of a debt security will have the right, which is absolute and unconditional, to receive payment of the principal of, and premium, if any, and interest, if any, on that debt security on the respective due dates for those payments and to institute suit for the enforcement of those payments, and this right will not be impaired without the consent of the holder.

Modification and Waivers

The indenture permits Baxter and the trustee, with the consent of the holders of a majority in aggregate principal amount of the outstanding debt securities of a series affected by a modification or amendment, to modify or amend any of the provisions of the indenture or of the debt securities or the rights of the holders of the debt securities under the

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indenture. However, no modification or amendment may, without the consent of the holder of each outstanding debt security affected by the modification or amendment, among other things:

- change the stated maturity of the principal of, or premium, if any, or any installment of interest, if any, on the debt securities;

- reduce the principal of or premium, if any, on the debt securities or reduce the rate of interest on or the redemption or repurchase price of the debt securities;
- change any place where or the currency in which the principal of, any premium or interest on, any debt security is payable;
- impair a holder's right to institute suit to enforce any payment on or after the stated maturity of the debt securities or, in the case of redemption, on or after the redemption date;
- reduce the percentage in principal amount of outstanding debt securities whose holders must consent to any modification or amendment or any waiver of compliance with specific provisions of the indenture or specified defaults under the indenture and their consequences;
- make certain modifications to the provisions for modification of the indenture and for certain waivers, except to increase the principal amount of outstanding debt securities necessary to consent to any such change; or
- make any change that adversely affects the right, if any, to convert or exchange any debt security for common stock or other securities in accordance with its terms.

The indenture also contains provisions permitting Baxter and the trustee, without the consent of the holders of the debt securities, to modify or amend the indenture, among other things:

- to convey, transfer, assign, mortgage or pledge to the trustee as security for the debt securities any property or assets which Baxter may desire;
- to evidence succession of another corporation to Baxter, or its successors, and the assumption by the successor corporation of the covenants, agreements and obligations of Baxter;
- to add covenants and agreements of Baxter to those included in the indenture for the protection of holders of debt securities and to make the occurrence of a default of any such corporation covenants or other business entity. agreements a default or an event of default permitting enforcement of the remedies set forth in the indenture;
- to add, delete or modify the events of default with respect to any series of debt securities the form and terms of which are being established pursuant to such supplemental indenture;

9.9 • Action to prohibit the authentication and delivery of additional series of debt securities under the indenture;

- to cure any ambiguity or correct or supplement any provision contained in the indenture or any supplemental indenture which may be defective or inconsistent with any other provisions contained therein;
- to make such other provisions in regard to matters or questions arising under the indenture as are not inconsistent with the provisions of the indenture or any supplemental indenture and do not adversely affect the interests of the holders of the debt securities in any material respect;
- to establish the form and terms of debt securities of any series issued under the indenture; or
- to evidence and provide for acceptance of appointment under the indenture by Baxter. Except a successor trustee with respect to the debt securities of one or more series or to add to or change any of the provisions of the indenture as otherwise provided herein, shall be necessary to provide for or facilitate the administration of the trusts under the indenture by more than one trustee.

The holders of a majority in aggregate principal amount of the outstanding debt securities may waive our compliance with some of the restrictive provisions of the indenture. The holders of a majority in aggregate

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principal amount of the outstanding debt securities may, on behalf of all holders of debt securities, waive any action required past default under the indenture with respect to the debt securities and its consequences, except a default in the payment of the principal of, or permitted by Baxter premium, if any, or interest, if any, on the debt securities or a default in respect of a covenant or provision which cannot be modified or amended without the consent of the holder of each outstanding debt security.

In order to determine whether the holders of the requisite principal amount of the outstanding debt securities have taken an action under an indenture as of a specified date:

- the Plan principal amount of an "original issue discount security" that will be by resolution deemed to be outstanding will be the amount of the Compensation Committee or any person or persons authorized by resolution principal that would be due and payable as of that date upon acceleration of the Compensation Committee. Any action required maturity to that date,
- if, as of or permitted by Baxter that date, the principal amount payable at the stated maturity of a debt security is not determinable, for example, because it is based on an index, the principal amount of the debt security deemed to be outstanding as of that date will be an amount determined in its role as Administrator may be taken by the ~~Senior~~ Executive Vice President and Chief Human Resources Officer of Baxter or persons acting under his or her authority. manner prescribed for the debt security,
- the principal amount of a debt security denominated in one or more foreign currencies or currency units that will be deemed to be outstanding will be the U.S. dollar equivalent, determined as of that date in the manner prescribed for the debt security, of the principal amount of the debt security or, in the case of a debt security described in the two preceding bullet points, of the amount described above, and

9.10 • Participant Litigation. In any action or proceeding regarding the Plan, Outside Directors, Participants, Beneficiaries, debt securities owned by us or any other persons having obligor upon the debt securities or claiming any of our or their affiliates will be disregarded and deemed not to be outstanding.

Satisfaction and Discharge

Upon the direction of Baxter, the indenture will cease to be of further effect with respect to any debt security specified, subject to the survival of specified provisions of the indenture, when:

- either: (i) all debt securities issued under the indenture, subject to exceptions, have been delivered to the trustee for cancellation; or (ii) all debt securities issued under the indenture have become due and payable or will become due and payable at their stated maturity within one year or are to be called for redemption within one year and Baxter has deposited with the trustee, in trust, funds in United States dollars, or direct or indirect obligations of the United States ("government obligations") in an amount sufficient to pay the entire indebtedness on the debt securities including the principal, premium, if any, interest, if any, to the date of the deposit, if the debt securities have become due and payable, or to the maturity or redemption date of the debt securities, as the case may be;
- Baxter has paid all other sums payable under the indenture with respect to the outstanding debt securities issued under the indenture; and
- the trustee has received each officer's certificate and opinion of counsel called for by the indenture.

Defeasance and Covenant Defeasance

Baxter may elect with respect to the debt securities issued under the indenture either

- to defease and be discharged from all of its obligations with respect to the outstanding debt securities ("defeasance"), except for, among other things,
- the obligation to register the transfer or exchange of the debt securities,

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- the obligation to replace temporary or mutilated, destroyed, lost or stolen debt securities,
- the obligation to maintain an office or agency in respect of the debt securities, and
- the obligation to hold monies for payment in trust; or
- to be released from its obligations with respect to the debt securities under specified covenants in the indenture including those described under the heading "Certain Covenants — Restrictions on the creation of secured debt", and any omission to comply with those obligations will not constitute a default or an event of default with respect to the debt securities ("covenant defeasance"), in either case upon the irrevocable deposit by Baxter with the trustee, or other qualifying trustee, in trust for that purpose, of an amount in United States dollars and/or government obligations which, through the payment of principal and interest in this Plan accordance with their terms, will provide money in an amount sufficient to pay the principal, premium, if any, and interest, if any, on the due dates for those payments.

The defeasance or covenant defeasance described above will only be effective if, among other things:

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- it will not be necessary parties result in a breach or violation of, or constitute a default under, the indenture or any other material agreement or instrument to which Baxter is a party or is bound;
- in the case of defeasance, Baxter will have delivered to the trustee an opinion of independent counsel confirming that
- Baxter has received from or there has been published by the Internal Revenue Service a ruling, or
- since the date of the indenture there has been a change in applicable federal income tax law, in either case to the effect that, and based on this ruling or change in law, the opinion of counsel will confirm that the holders of the debt securities then outstanding will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the defeasance had not occurred;
- in the case of covenant defeasance, Baxter will have delivered to the trustee an opinion of independent counsel to the effect that the holders of the debt securities then outstanding will not recognize income, gain or loss for federal income tax purposes as a result of the covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the covenant defeasance had not occurred;
- if the cash and/or government obligations deposited are sufficient to pay the principal of, and premium, if any, and interest, if any, with respect to the debt securities provided the debt securities are redeemed on a particular redemption date, Baxter will have given the trustee irrevocable instructions to redeem the debt securities on that date; and
- no event of default or event which with notice or lapse of time or both would become an event of default with respect to the debt securities will have occurred and be continuing on the date of the deposit into trust, and, solely in the case of defeasance, no event of default or event which with notice or lapse of time or both would become an event of default arising from specified events of bankruptcy, insolvency or reorganization with respect to Baxter will have occurred and be continuing during the period through and including the 91st day after the date of the deposit into trust.

In the event covenant defeasance is effected with respect to the debt securities and those debt securities are declared due and payable because of the occurrence of any event of default other than an event of

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default with respect to the covenants as to which covenant defeasance has been effected, which would no longer be applicable to the debt securities after covenant defeasance, the amount of monies and/or government obligations deposited with the trustee to effect covenant defeasance may not be entitled sufficient to any notice or process. Any final judgment which is not appealed or appealable and may be entered in any such action or proceeding will be binding and conclusive pay amounts due on the parties hereto debt securities at the time of any acceleration resulting from that event of default. However, Baxter would remain liable to make payment of those amounts due at the time of acceleration.

Listing

The notes are traded on The New York Stock Exchange under the bond trading symbols of “BAX 29”.

Governing Law

The indenture is, and all persons having or claiming to have any interest the notes are, governed by and construed in this Plan. To accordance with the extent permitted by law, if a legal action is begun against Baxter, the Administrator, or any member laws of the Compensation Committee State of New York, as applied to contracts made and performed within the State of New York, without regard to principles of conflicts of law.

The Trustee, Registrar and Paying Agent

The Bank of New York Mellon Trust Company, N.A. is the trustee and registrar and The Bank of New York Mellon, London Branch is the paying agent with respect to the notes. Neither the trustee nor the paying agent shall be responsible for monitoring our rating status, making any request upon any Rating Agency, or determining whether any Rating Event or Change of Control Triggering Event has occurred.

Notices

So long as any notes are represented by or a global note and such global note is held on behalf of any person and such action results adversely to such person or if a legal action arises because of conflicting claims to a Participant’s or other person’s benefits, the costs to such person of defending the action will be charged clearing system, (i) notices to the amounts, if any, which were involved in the action or were payable to the Participant or other person concerned. To the extent permitted by applicable law, acceptance holders of participation in this Plan will constitute a release of Baxter, the Administrator, and each member notes of the Compensation Committee, series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders, and their respective agents, (ii) notices of holders of notes may be given to us through the clearing systems in accordance with the rules and regulations of the clearing systems in effect from any and all liability and obligation not involving willful misconduct or gross neglect.

* * * time to time.

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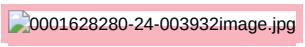


Exhibit 10.31

April 22, 2023
Chris Toth

Dear Chris,

We are pleased to welcome you to Baxter International Inc. (“Baxter” or the “Company”) and to confirm our verbal offer of employment. This is where your purpose accelerates our mission to Save and Sustain Lives. At Baxter, you will join around 60,000 colleagues, in 100 countries, who share common traits like being reliable, ethical, and caring. Together, we create a place where we are happy, successful and inspire each other.

Your first day of employment will be determined at a mutually agreed later date, each party using best efforts to ensure that such date is no later than June 1, 2023. Your job title will be Executive Vice President and Group President, Kidney Care, reporting to Joe Almeida, Chairman, Chief Executive Officer & President. This role is a full-time exempt position. Subject to formal appointment by the Board of Directors of Baxter (the “Board”), it is anticipated you will be appointed as an executive officer of the Company.

TERMS OF EMPLOYMENT: EXECUTIVE VICE PRESIDENT AND GROUP PRESIDENT, KIDNEY CARE

The following explains the terms of your employment. Please note that all compensation actions have been approved by the Compensation and Human Capital Committee (“CHCC”) of the Board.

- **EXHIBIT 19** Your salary will be $1,000,000 annualized, less applicable deductions and withholdings.

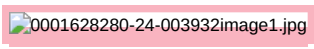
- You will be eligible to participate in the Management Incentive Compensation Program (the “Program”) with a bonus target of 125% of your annual salary. For 2023, you will be eligible for a prorated bonus opportunity based on the number of days worked in 2023. The actual bonus you will receive will vary depending on both Baxter’s performance and your individual assessment for the year, and the bonus is subject to the other terms and conditions of the Program.

- In addition, you will receive a one-time, supplemental cash payment of $3,200,000 minus applicable taxes. You will receive this supplemental cash payment after ninety (90) days of employment with Baxter, provided you are actively employed on the date of payment. This supplemental payment will not be considered eligible earnings for Baxter’s qualified retirement or welfare benefit plans. Should your employment with the Company be terminated for any reason by you or by Baxter within twelve (12) months of your start date, you will be responsible for 100% re-payment of this bonus, and if within 12-24 months you will be responsible for 50% re-payment of this bonus; provided, however that you will not be responsible for repayment if: (i) your employment is involuntarily terminated for which you are eligible for severance under Baxter’s Executive Severance Plan or your Change in Control agreement (as described below), as applicable; (ii) by December 31, 2024, the Business Transaction (as defined below) does not occur; (iii) in connection with the consummation of the Business Transaction, you are not appointed as Chief Executive Officer of Kidney Co.; (iv) you die; or (v) you become disabled as defined in the Baxter Long-Term Disability Plan. The amount of repayment will be equivalent to the amount you are permitted to claim as a deduction or credit in the applicable tax year under Internal Revenue Service regulations. In addition, notwithstanding anything to the contrary herein, if any of the events described in clauses (i) to (v) apply and the supplemental cash payment has not been made to you prior such event, you will be paid such amount within thirty (30) days after the applicable event.

BAXTERINTERNATIONALINC.

SECURITIES TRADING POLICY

EFFECTIVEASOF NOVEMBER 11, 2024



PolicyOverview

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• This Policyis intendedto articulate the principlesandpolicies of Baxter International Inc. (includingits subsidiaries, referred tohereafter asthe "You will be eligible Company") regarding compliancewith federal, stateandforeign securities laws and regulations relating to participate trading in Company and third-party securitiesand to providea general understanding ofthese securities laws to prevent violations ofsuch laws and regulations.

StatementofPrinciplesandPolicies

Summary

Federal and state securitieslawsimposeimportant tradingrestrictionsoncertain individualswholearn of material, non-publicinformation regarding a company.Theserestrictionsapply to Company employees wholearnof material, non-publicinformation,aswell asnon-employeeswholearnof suchinformationas a result of their relationshipwiththe Company's annual equity program. The next annual equity grant Company.This Policy maycontinue toapplyto your transactionsin Company securitiesor the securities of other publiccompanies engaged inbusiness transactions withthe Company even after your employment or directorship with the Company has terminated. If you are in possessionof material nonpublic informationwhen your relationship with the Company concludes, you maynottradeinCompanysecuritiesor thesecuritiesof suchother companyuntiltheinformationhasbeen publicly disseminated or is scheduled for March 2024. Your target annual equity grant value will be $5,000,000. no longer material.

The annual equity grant is expectedprincipalrestrictionsonanindividual withmaterial,non-publicinformationarethatheorshemaynot (i)buy orsellsecuritiesonthebasisofsuchinformation,or(ii)"tip"othersaboutsuchinformation. Violations ofthese restrictions can carry both criminal and civilpenalties.

This Policy reflectstheCompany'scommitment to be a mix maintain compliancewith thesecuritieslaws. Because the securities laws are comprehensive, far-reachingandconstantly evolving, this Policydoes not attempt to deal with all of 50% performance share units ("PSUs"), 25% restricted stock units ("RSUs") and 25% stock options. Your target grant value will be converted into the applicable number of PSUs, RSUs and stock options using the Company's standard calculation methodology. The Company's equity targets and mix are assessed annually and are subject to change based on market competitiveness and the Company's financial performance. Therefore, your equity target grant value and mix in the future considerations which may be greater applicable to securities transactions.If you have a specific question, you should contact the General Counsel,CorporateSecretary or less than what Assistant Corporate Secretaryand abstain from the conduct in question until you have been informed that the conduct is statedpermissible.

Material,Non-publicInformation

"Materialinformation"generallymeansinformationwhichif disclosedcouldreasonablyhaveaneffecton thepriceofa company'ssecurities or which is likelyto beconsidered importantbya reasonable investor in determining whether to buy or sell such securities (or otherwise alter his or her market behavior). However, there is no precise definition, andthe questionof whether informationis material is subjective and oftenjudged inhindsight. As a result, individualscovered

under this letter. Your actual equity target grant value will be based on Policyare encouragedto take a combination broadandcautious viewwhenevaluatingwhethera particularpiece of your equity target and an assessment informationis "material."

Examplesof your individual performance and potential. All equity grants are subject to "materialinformation"include,dependingonthe terms and conditions of the underlying equity plan and corresponding agreements, including the Agreement Regarding Competition and Protection of Proprietary Interests (the "CPPI Agreement").particularcircumstances:

- You will receive acquisitionsofothercompanies,dispositionsofexistingoperations, anewjointventureor termination thereof, or an off-cycle equity grant with a target grant value of $4,500,000 on the first quarterly off-cycle grant date after your date of hire (customarily the first business day of March, June, September or December). The grant will be delivered fully in RSUs which will vest one-third per year on the first three anniversaries of the grant date. This award will vest in full if (i) your employment with Baxter is involuntarily terminated (other than due to the Business Transaction (as defined below)) without cause as defined in Baxter's Executive Severance Plan or your Change in Control agreement (as described below), as applicable, (ii) by December 31, 2024, the Business Transaction (as defined below) does not occur; or (iii) in connection with the consummation of the Business Transaction, you are not appointed as Chief Executive Officer of Kidney Co. Additional information will be provided after the grant date, and all equity grants are subject to the terms and conditions of the underlying equity plan and corresponding agreements, including the CPPI Agreement. important financing transaction;
- As an executive officer, your compensation increases are approved by the CHCC through a "pay for performance" philosophy. internal financial projectionsor any changetopreviouslyreportedprojectionsor financial results, including earnings, earnings estimates or operating results;
- You will be eligible for productsor productdevelopment milestones(suchas major clinicaltrialresultsor FDAapprovals or otheractions);
- achangeinseniorexecutivemanagementorboardcomposition;
- achangeincontroloftheCompany;
- amajorcybersecurityincident;
- theextenttowhichexternalevents, includingbutnotlimitedtopandemicsor climateevents, have hadorare reasonablylikelytohave a materialimpactonthe Company's standard Change operatingresults;

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- initiation orresolution ofsignificant litigation (including disputes withcustomers,suppliers or contractors), government investigations or major regulatory developments;
- significantnewcontractsorchangesinexistingcontractualrelationshipsorlossofbusiness;
- significantrawmaterialshortages;or
- otherinformationwhichcouldresultinsubstantialmarketshareand/orrevenuegainsorlosses.

Please note that this list is merely illustrativeand is not exhaustive; other types of informationmay be material at any particular time depending upon the circumstances.

"Non-publicinformation"isinformation that hasnot yet beenthesubject of anofficial announcement (for example, in Control agreement, which governs a press release or a filing with the Securities and Exchange Commission (the "SEC")) or otherwisesufficiently publicized and widely reported in the event media.Further, information doesnot ceaseto be"non-public"until investorshavehadareasonableperiodof timetoabsorbandreact totheinformation (oftenconsideredtobeoneor two Trading Daysafterpublicreleaseoftheinformationdependingon thecircumstances).Forthepurposes ofthisPolicy,informationdoes notceaseto be"non-public"asaresult ofbeingthe subject ofrumorsor other unofficial statementsinthemarketplace. Information related tothe Companycan be"non-public"even wheresuch information wasobtained byaCompanyemployeefrom a change in control source outside of the Company. Upon joining

"TradingDay" meansany dayon whichtheNew YorkStockExchangeisopenfor trading.For example, if the Company you will issues apress release containingmaterialinformationat6:00p.m. ona Tuesday, and the NewYorkStockExchangeisopenfor tradingonWednesdayandThursday, personssubjectto thisPolicy shall not be provided permittedtotradein Company securities untilFriday.If theCompanyissues a copy press release containingmaterial informationat 6:00a.m. on a Friday, andthe New York StockExchange is openfor tradingon Fridayand Monday, persons subject to this Policyshall not be permittedtotrade in Company securities until Tuesday.

CoveredPersons

The Policy applies to all Companyemployees (regardlessof role or title), directors, consultants, contract workersand temporarystaff worldwideandmayalsoapplytoformeremployeesanddirectors, assetforth above.AllCompanyemployeesareresponsibleforensuringthattheir

familymembers(including spouses, minorchildren,andanyotherfamilymemberslivinginthe agreement which will include a noncompetition provision no more restrictive to you than the CPPI Agreement. For the avoidance of doubt, priorsamehousehold)alsocomplywiththisPolicy.

Please note that many countries in addition to the Business Transaction U.S. have laws regardinginsider trading. This policy applies to all individualsdescribed above, even if the activities prohibitedinthis Policyare not illegal in the country where any additional noncompetition provisions particular person is located.

ProhibitiononCertainActivities

InsiderTrading

Securities laws and this Policy require that an individual who is in possession of material non-public informationrelatedtotheCompany (referredtohereafter asan"Insider") isprohibitedfrom(i) tradingin any securities (includingthose issued by another company, if such informationcouldaffect the priceof such securities) onthebasis of such materialnon-publicinformationor (ii) "tipping"suchinformationto another person. TheCompanyis alsoprohibitedfrom tradingat any timein any Companysecurities on the basis ofmaterial non-public information,consistent with applicable law.

The fact that an Insider may have relied on other factors in purchasing or sellingsecurities while in the possessionof material non-publicinformation is*not*anexceptiontothisprohibition.It isnoexcuse that theInsider (i) wouldhave tradedanyway, (ii) consideredhimself/herself under aduty(for example, as a trustee) to tradeor to disclose information, or (iii) didnot intend to defraud anyone.If an Insider is in possessionof such information, heor she must refrainfromanytransactionin thesubject securities and from tipping such information to any other person.

Though its definition is complex under securities laws and regulations, for purposes of this Policy a "security" should be understoodto meanthe common stock, or any preferredstockthat is listed on any nationalsecuritiesexchange or anyput, call, optioncontract, hedgeor other derivativesecuritiesrelating to any such stock, of a publicly traded company.

Furthermore,thePolicyshouldbeunderstoodtoextendtoanumberofmarketactivities."Trading"forthe purposesofthisPolicyincludesnot just buyingorselling securitiesintheopenmarket,butalso executing a"cashless"optionexercise, writingor purchasinga putor call option, enteringintoany"short sale,"or the execution ofany of such actions pursuantto prearrangedinstructions(e.g.,limitorders)regardless of when such instructionwas given.With respect to Company stock, "trading" also includes transferring fundsintoor out of theBaxter CommonStockFundorchangingelections (orelectingtoparticipatefor the firsttime)undertheemployeestockpurchaseplan ("ESPP"). In addition,giftsof Company securitiesare subjecttotherestrictionsofthispolicy.YoumaynotgiftCompanysecuritiesto otherswhilein possession of materialnon-publicinformation,andDesignatedInsidersandPre-clearancePersonsmustcomply with the applicable blackout and pre-clearance requirements described below.

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As discussed below, certaintradingactivitiesinvolvingCompanysecuritiesareentirelyprohibitedunder thisPolicy,regardlessofwhetherornotanindividualisinpossessionof material,non-publicinformation. Please see belowfor alistof marketactivitieswhichare notconsidered“trading”for thepurposesof this Policy.

Tipping

Insidersmaynotgive, or “tip,”suchinformationtoanoutsider for theimproperpurposeof exploitingthe information for personal gain.“Tipping” is the unauthorized communication of

material, non-public information. A“tipper”is a person whodivulges such information; a“tippee” is one who receives such information.

ExamplesofProhibitedInsiderTrading

The followingarehypothetical examplesof insider tradingviolations. Theyare not intendedtoreflect the actual activities or business of the Company or its subsidiaries by which you become bound shall be no more restrictive to you than the CPPI Agreement. any other entity.

- *You Trading By an Insider:*An employee in the accounting department of R Corp. learns that the quarterly earningsto be reportedby RCorp. will be eligible for 30 days substantially lower than forecasted. Prior to the public announcement of paid this information, the employee sells a small portion of his R Corp stock. This is a violationof U.S. securities laws and the Policy.The employeeis subject to both criminal prosecution,which could result in substantial fines and jail time, off per year. Should your employment terminate, you will be paid for any earned and unused paid time off in accordance with Baxter’s standard policy. civil suits.
- *The term Trading By a Tippee:*An officer of your employment S Corp. tells her neighbor that S Corp. is “at will”, about to publicly announcethat itreceivedan unsolicitedoffer tobe purchasedbyone of its major customers. This tip causes the neighbor to purchase S Corp.’s stock in advance of the announcement. This is a violationofU.S. securitieslawsandthePolicy. Theofficer maybejointlyliablewithher neighbor for all of the neighbor’sprofitsandeach is liable for all penalties. Inaddition, theofficer andher neighbor aresubjectto criminal prosecution, which means that you or the Company may end your employment at anycouldresultin substantial fines and jail time, and for any reason. civil suits.

STOCK OWNERSHIP GUIDELINES

OtherAggressiveTradingActivities

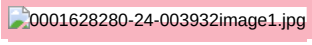
- You will be required to attain and hold Company stock equal in value to four (4) times your annual base salary. Under current guidelines, you will have five years This Policy also prohibits covered persons from your date of hire to achieve this level of ownership. Stock held for ownership determination includes common stock held directly or indirectly and unvested RSUs. It does not include stock options participating in certain trading activitieswithrespecttoCompanysecuritiesthatbytheirnatureareaggressiveor unvested PSUs. The Company reserves the rightspeculativeormaygive rise to change the guidelines at any time. an appearance of

TERMS OF EMPLOYMENT: CHIEF EXECUTIVE OFFICER, KIDNEY CO.

It is anticipated that the Kidney Care business (comprised of the Renal Care and Acute Therapies businesses) will separate from Baxter in 2024 as a separate publicly traded company (the “Business Transaction”). Subject to appointment by the Board of Directors of the new Kidney Co. organization, it is expected you will become the Chief Executive Officer of the new Kidney Co. organization.

In connection with the business separation, your salary and bonus target percentage will remain the same, and the Company will recommend that your target annual equity grant value will increase to $7,500,000. Please note that all compensation actions are contingent upon approval by the Board of Directors of the new Kidney Co. organization.

All applicable Baxter policies and agreements (for example, any cash recoupment, change in control, severance, stock ownership guidelines, other policies, etc.) in effect as of the separation of the business will be reviewed by the Board of Directors of the new Kidney Co. organization.



BENEFITS

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impropriety.Baxter provides a comprehensive benefits program. More detailed information regarding Baxter's benefits program will be discussed in your new employee orientation. If you have immediate questions about benefits and coverage, you may contact Martha Peterson, Vice President, Total Rewards at 224-453-2353. Such prohibited activities include:

- As Same-dayorshort-termtrading(i.e.,"daytrading");
- Sellingstockthattheseller doesnotownor asalethatiscompletedbydeliveryof your start date, you borrowedstock (i.e., a "short sale");
- PurchasingorholdingCompanysecuritiesonmargin;
- PledgingCompanysecuritiesascollateralforaloan;or
- Enteringintoany derivative(includingpurchasing, sellingor writingput or call options, forward contracts, "equity" or "performance" swap or any similar agreements denominated in Company securities) or similar transactions.

Pre-clearanceandBlackoutPolicy

The followingarethemost likelypeople tobein possession ofmaterial,non-public information orto be charged with insider trading:

- "Section 16 Officers" are Company officers who are required to file reports with the SEC indicating all of their transactions in Company securities;
- "Directors"arethemembersoftheboardofdirectorsofBaxterInternationalInc.;and
- "DesignatedInsiders"includesallotherCompanyemployeeswhoarenotSection 16Officers,butareroutinelyexposedtoinformationthat wouldnecessarilybeconsideredmaterial (such as financialinformationor importantpressreleases) beforeitis released tothe public.One or more lists of Designated Insiders is maintained by the Corporate Secretary'soffice and each such persons is aware that he or she is on any such list or will

be eligible made aware that he or she has been added to participate in Baxter's Flexible Benefits Program any such list as soon as reasonably practicable after the related determination has beenmade;provided,thatonlycertainDesignatedInsiders maybePre-clearancePersons(asdefined below).Any person who is a Designated Insider but not a Pre-clearance Person (a "SpecialDesignatedInsider") does not require pre-clearance from the Company's General Counsel, CorporateSecretaryor AssistantCorporate Secretarybut he/she will not be able to trade during certain special blackout periods, which includes: Medical Benefits, Dental Benefits, Prescription Service, and Personal Accident Insurance, subject to the Plan's provisions. Please note that you must enroll within 21 days of your start date to receive this coverage. You are also immediately eligible for Basic Employee Term Life Insurance, Long Term Disability Insurance, and Business Travel Insurance. You will be eligible to contribute to the 401(k) plan upon hire. At that time, you will also be eligible to participate in the company's matching in the plan. All Company benefits are subject to amendment, modification, and cancellation can arise from time to time and without prior notice; provided, that theCorporateSecretary'sOfficeshall providenoticeof theoccurrenceof any such special blackout periodto all Special Designated Insiders assoon as reasonably practicable after thestartofsuchperiod.These periodsmaycoincidewithaquarterlyblackoutperiod(asdescribed below).

The Company has imposed a mandatory trading pre-clearance procedure on certain of these persons (referredto hereafter as "Pre-clearancePersons"), eachof whom is aware (or will be made aware by the CorporateSecretary'sGroupas soon as reasonablypracticable after he or shehas been designated a Pre- clearancePerson) thatheor she issubjecttosuchrestrictions.AllPre-clearancePersonsmustreceivepre-clearancefromtheCorporateSecretary,AssistantCorporateSecretaryorGeneralCounselpriortoeffecting anytransactioninCompanysecurities. Weaskthatyouendeavor torequestpre-clearanceatleast24hours before the requested trade date. Such pre-clearance is valid for two business days but terminates immediately if the Pre-clearancePerson acquires any material, non- publicinformation.Additionally, no limit order for any Pre-clearance Person can extend beyond the pre-clearance period. If a Pre-clearance Person seeks pre-clearance and permission to engage in the transaction is denied, then the Pre-clearance Personshouldrefrainfrominitiatinganytransactioninsecuritiesandshouldnotinformanyother person of the restriction.

Additionally, certain specific periods of the year are designated as "no trading periods" with respect to CompanysecuritiesforallDesignatedInsiders.These "blackouts"ontrading(asdefinedabove) generally begin twoweeks prior to a quarter-endand end at marketopen of the second fullbusinessday after the Company has filed its quarterly report onForm 10-Q or annual report on Form 10-K for the applicable period.Theseperiods, however, aresubjecttoadjustmentby theCorporateSecretary'sGroupandmaybe startedearlyor extendedwithout prior notice.Further, from timetotimetheGeneral Counsel,Corporate Secretary or Assistant Corporate Secretary may institute other specific blackout periods with respect to Companysecuritiesaswarrantedbybusinessdevelopments.AllDesignatedInsiders(includinganySpecial Designated Insider) may be made subject to any such special blackout period.In such instances, the Company will notifythe applicable individuals that they are subject to a blackout.After receiving such notice, that personmust not tradein Companysecurities for the governing periodof timespecified inthe notice.A notifiedpersonmustnotdiscussthefactthatthey areina blackoutperiodoutwithany person(other than the General Counsel,CorporateSecretaryor Assistant CorporateSecretarytotheextentnecessary for the resolutionof anyquestions or issues).Specialblackoutperiodsmay also applyin respectof thesecurities of other entities.

Officers and Directors subject to Section 16 reporting obligations should take care not to violate the prohibition on short-swing trading (Section 16(b)) and the restrictions on sales bycontrol persons (Rule

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144),andshouldfileallappropriateSection16(a)reports(Forms3,4and5)andanynoticesofsalerequired byRule144. Toassistwiththese requirementsandtotheextentnotprovidedbytheplan documents.administrator,all Section16OfficersandDirectorsmust submit totheCompany'sGeneral Counselor CorporateSecretary acopyofanytradeorderorconfirmationrelatingtothepurchase, saleorgiftofCompanySecuritiesonthe date of any such transaction.

Please see belowfor adescriptionof theexceptiontothepre-clearanceandblackoutpoliciesunder aRule 10b5- 1(c) trading plan.

Prohibition on Section 16 Officers and Directors Holding Company Securities in Street Name

Section 16 Officersand Directors (as defined above) are prohibited from carrying or placing Company securities in "street name" (that is, in the name of a broker) without written notificationtothe Corporate Secretary and must report changes in street name holdings.

CertainExceptionstoTradingProhibitions

ActivitiesNotConsidered"Trading"forthePurposesofthisPolicy

ThePolicygenerallydoesnotprohibit:

- You will exercisingCompanystockoptionsbypayingthefullexerciseprice in cash (but note that none of theshares of Companycommonstock received upon such exercise may be eligible for reimbursement for an annual executive physical examination. The Company has sold while the holderis awareof material non- publicinformation orin a preferred vendor relationship with Northwestern Executive Health. Information about blackout period, whether to fundthe program is available upon request.exercise, pay taxes or otherwise);
- You will be eligible makingongoinginvestmentsintheCompany'sESPPpursuantto participate in the U.S. Deferred Compensation Plan. Through this plan, you can elect to defer eligible compensation (base salary and Management Incentive Compensation Program bonuses) and receive Company contributions in respect to amounts above the Internal Revenue Service limits set for qualified 401(k) plans.existinginvestmentelections;
- You will be eligible to participate in purchasingCompanysecuritiesonacoveredperson'sbehalfbythe Employee Stock Purchase Program (the "Program"). However, as a designated Company insider, your participation in underthe Program will be contingent on receiving the appropriate pre-clearance to participate. Your subscription will begin on the first day of the calendar quarter (January 1, April 1, July 1 ESPP;or October 1) following your enrollment. However, the deadline for entering your subscription is the 15th day of the month prior to the beginning of each calendar quarter (December 15, March 15, June 15 or September 15). If the first day of your subscription period is not a trading day, then the next preceding trading day will be used. Please also note that these dates are subject to change and additional blackout periods may arise in accordance with the terms of Baxter's Securities Trading Policy.
- You buyingorsellinginvestmentsinpubliclytradedmutualfunds.

Rule10b5-1(c)TradingPlanExceptiontoPre-clearanceandBlack-outPolicy

The "pre-clearance" and "blackout" policies do not apply to transactions pursuant to a previously establishedand approved"Rule10b5-1(c) tradingplan." ARule10b5-1(c) tradingplanmustcomplywith all of the requirementsof Rule 10b5-1(c) under theExchangeActand cannot be established, modifiedor terminated without prior approval by the General Counsel, Corporate Secretary or Assistant Corporate Secretary.

TobeeffectiveaRule10b5-1(c)tradingplanmust:

- include representationscertifyingthat (a) you are eligiblenot aware ofmaterial non-publicinformationat the timeof adoptionand(b) youare enteringintothe planingoodfaith, andnotas part of a plan or schemetoshieldtradesthatwouldotherwisebeconsideredviolationsof theinsider tradinglaw;
- specifythebeginningandenddatesfortheRule10b5-1(c)tradingplan;
- specify either (a) the amountand priceof the Companysecurities tobe purchased or sold and the dates for such purchases or sales or (b) a formula that determines the amount and price of the Company securities to be purchased orsold and the dates forsuch purchases orsales;
- be established only during an open trading window and when you are not otherwise subject to a blackout period; and
- comply with the following "cooling-off" periods: for the Baxter International Inc. Executive Severance Plan, as Company's Directors and Section 16 Officers, providethat notradeunder aRule 10b5-1(c) tradingplanmay be amended from time to time, which provides certain benefits if you are involuntarily separated fromoccur until thelater of (i) the Company under qualifying circumstances. For purposes 91st dayafter the adoptionof the Plan, you will plan or (ii) thethirdbusiness day after the

filingdate of the Company'sForm 10-Q (or Form 10-Kfor any plan executed during the fourth fiscal quarter) for the fiscal quarter inwhich the plan was adopted, up to a maximumof 120 days after adoption of theplan. Orforotherinsiders, providethatnotrademayoccuruntilthe31stdayaftertheadoption of the Rule 10b5-1(c) trading plan.

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Oncetheplanis adopted, thecoveredpersonmustnotexerciseany influenceover theamountof securities to be considered traded, the price at which they are to be tradedor the date of the trade. Note that to the extent not providedby the planadministrator, tradesmade pursuant toRule 10b5-1(c) plans by Section16 Officers andDirectors mustbe reportedtothe Company's GeneralCounselorCorporate Secretary.

Penalties

ProfessionalConsequences

Companypolicyprohibitsallmisuseofconfidentialinformationobtainedbyemployeesinconnectionwith their employment, includingany securities tradingbasedon such information. Thisis in additionto, and should be distinguished from, certain trading activities that also violate the law.Please review the Company'sCode of Conduct for a Group 1 Executive. Aside from descriptionof the reasons set forth in Company'spolicies regardingbusiness conduct and practices, including, among other things, the Plan as use of confidential information, conflictsof interest and a Qualifying Termination, you will also be eligible for severance under the Plan summary of this Policy and consequences to employees in the event the decision not to appoint you they violate Company policies (including this Policy). Company policy prohibits any illegal activity and, as Chief Executive Officer of Kidney Co. and you resign. A copy of the Baxter International Inc. Executive Severance Plan is available upon request. such, insider trading may result in termination for cause.

• LegalYou will be expected to be in Deerfield, Illinois on a regular basis as appropriate for your role prior to your permanent relocation to Kidney Co.'s headquarters. You will be eligible for the Baxter Relocation Program or such similar program created by Kidney Co. at the time of your relocation.

Please note that Baxter's Benefits are subject to change and any such change would supersede this letter.

CONDITIONS OF EMPLOYMENT

• **Background Screen:** Your employment is contingent upon successful completion of a background screen that will be conducted on behalf of Baxter. You will receive a notification with more information from our background vendor. A Fair Credit Reporting Act Disclosure and A Summary of Your Rights Under the Fair Credit Reporting Act will be enclosed with the background check. Consequences

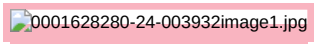
• TheReference Verification: seriousnessYour employment ofinsidertradingis contingent upon successful completion ofreflectedinthepenaltiesthatitcarries.Potentiallegal penaltiesinclude liabilityfortheCompanyitself and verification by your personal references you provide individualDirectors,officers oremployees.Foranindividual,insider tradingmayresultincriminalpenalties,includingfines,jailtimeor both.TheSECalsohastheauthorityto Baxter. seek civil monetary penalties.

• The SECThis letter mayalso confirms imposeliabilityontheCompanyasacontrollingpersonof aninsider tradingviolatorif theCompanyrecklesslydisregardsthelikelihoodthatacontrolledpersonwasgoingtoengageinaviolation and fails to take steps to prevent the action before it occurs. The SEC is authorized to pay bounties to persons providing information leading to the imposition ofa penalty.

Inaddition, privatepartiesmayalso bringcivilactionsseekingdamages against anyperson purchasingor sellingasecuritywhileinthepossessionof material,non-publicinformation.Thetotalamountof damages recoverable may not exceed the profit gained orloss avoided in such a transaction.

Questions

If youhaveaquestionas towhether certaininformationismaterial or hasbeenadequatelydisclosedtothe public, youshouldcontacttheGeneralCounsel,CorporateSecretaryor AssistantCorporateSecretaryand abstain from trading or disclosing the information in question until you have no obligations, oral been informed that the information is not material or in writing, with any of your former employers which restrict your abilityhas been sufficiently disclosed to be employed by Baxter. You understand that your continued employment is contingent upon this representation. Additionally, Baxter has not made this offer of employment to you in order to obtain from you any confidential or trade secret information of your former employers, and Baxter will not ask you to use or disclose such confidential and trade secret information in your Baxter employment. Indeed, you have a continuing obligation not to use or disclose the confidential and trade secret information of your former employers, and, by entering into Baxter employment, you acknowledge that you will not use or disclose any of the confidential and trade secret information of your former employers. public.



• **Drug Screening:** Your employment is contingent upon your timely scheduling and completion of a drug screening test in accordance with Company policy and receiving a negative result. If you have not already indicated your consent, you will be asked to do so before the screening is done. Please complete your drug screen within 72 hours of receiving notification to do so.

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- **Authorization to Work:** This offer and continued employment at Baxter are contingent upon providing valid authorization to work in the United States. Federal guidelines require all new employees to complete I-9 forms within 72 hours of their start dates. You will receive an email with instructions on how to electronically complete the Employee Section, or Section 1 prior and a link to the acceptable forms of identification that you must bring on your first day. They will be used by your Human Resources representative to complete Section 2 of the I-9 form.

- **Employment Agreement**: You have accepted a position of trust, which requires the maintenance of confidence. Therefore, you are required to sign the Company Employment Agreement as part of your job tasks prior to start date. The benefits set forth in this offer letter, including the annual bonus opportunities, supplemental cash bonus, equity grants, Change in Control agreement and participation in the Executive Severance Plan are contingent upon your execution of the Employment Agreement.

- **Baxter Code of Conduct and Executive Compensation Recoupment Policy:** You will be emailed about our Code of Conduct that communicates Baxter's business ethics policies and procedures. Please read it as soon as practicable. You will be asked to acknowledge your receipt and understanding of Baxter's Code of Conduct following your start date. You and all applicable compensation will be subject to the Executive Compensation Recoupment Policy as in effect from time to time.

- **Entire Agreement and Modifications**: Together with the Employment Agreement and other agreements referenced herein, this offer letter includes the entire agreement between the parties on the subject matter hereof, and supersedes and replaces any prior offer or promise. Any subsequent modifications to this offer letter must be in writing and signed by a duly authorized representative of the Company.

Chris, we are confident that you will make a significant contribution to the Company. Please indicate your acceptance by signing the offer and returning it to me. Please do not hesitate to contact me at if you need any assistance or have any questions.

Sincerely,

/s/ Jeanne Mason
Jeanne Mason
SVP, Human Resources

AGREED TO AND ACCEPTED BY:

/s/ Chris Toth	4/22/2023
Chris Toth	Date

cc: Joe Almeida. Chairman. Chief Executive Officer & President

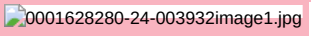

EXHIBIT 21

BAXTER INTERNATIONAL INC.

The following is a list of subsidiaries of Baxter International Inc. as of December 31, 2023 December 31, 2024, omitting some subsidiaries which, when considered in the aggregate, would not constitute a significant subsidiary. Where ownership is less than 100% by Baxter International Inc. or a Baxter International Inc. subsidiary, such has been noted by designating the percentage of ownership. It also includes select subsidiaries, while not a significant subsidiary as of December 31, 2023 December 31, 2024, that were established in anticipation of the proposed separation sale of the Kidney Care business and may be deemed significant in the future. business.

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Domestic Subsidiary	Incorporation
Baxter Corporation Englewood	Colorado
Baxter Healthcare Corporation	Delaware
Baxter Healthcare of Puerto Rico LLC	Delaware
Baxter Pharmaceutical Solutions LLC	Delaware
Baxter Sales and Distribution LLC	Delaware
Cheetah Medical, Inc.	Delaware
Gambro Renal Products, Inc.	Colorado
Gambro UF Solutions, Inc.	Delaware
Hill-Rom Holdings, Inc	Indiana
Laboratorios Baxter S.A.	Delaware
Synovis Life Technologies, Inc.	Minnesota
Synovis Micro Companies Alliance, Inc.	Minnesota
Vantive Export LLC	Delaware
Vantive Health LLC	Delaware
Vantive US Healthcare LLC	Delaware

Foreign Subsidiary	Incorporation	
Baxter Healthcare Pty Ltd	Australia	
Baxter Renal Care Services Australia Pty Ltd	Australia	
Baxter Belgium SPRL	Belgium	
Baxter Distribution Center Europe SA	Belgium	
Baxter R and D Europe SPRL	Belgium	
Baxter SA	Belgium	
Baxter Services Europe SA	Belgium	
Baxter World Trade SPRL	Belgium	
Baxter Hospitalar Ltda.	Brazil	
Baxter Corporation (Canada)	Canada	
Vantive ULC	Canada	
Baxter (China) Investment Co., Ltd	China	
Baxter Healthcare (Guangzhou) Company Ltd	China	88 %
Baxter Healthcare (Shanghai) Company Ltd.	China	
Baxter MedTech (Shanghai) Co., Ltd.	China	
Baxter Healthcare (Suzhou) Company Ltd	China	
Baxter Healthcare (Tianjin) Co., Ltd.	China	
Baxter Healthcare Trading (Shanghai) Co., Ltd.	China	
RTS Colombia SAS	Colombia	
Baxter Productos Medicos, Ltda.	Costa Rica	
Baxter S.A.S.	France	
Gambro Industries SAS	France	

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Gambro Industries SAS	France	
Vantive SAS	France	
Baxter Deutschland GmbH	Germany	
Baxter Oncology Gambro Dialysatoren GmbH	Germany	
Gambro Dialysatoren Vantive Health Germany GmbH	Germany	
Baxter (Hellas) EPE	Greece	
Baxter de Guatemala, Sociedad Anonima	Guatemala	
Baxter Healthcare Limited (Hong Kong, China)	Hong Kong	
Baxter (India) Private Limited	India	
Baxter Pharmaceuticals India Pvt Ltd.	India	
Baxter Innovations & Business Solutions Private Limited (India)	India	
Vantive Healthcare Technologies Private Limited	India	
Baxter Shared Services & Competencies Limited	Ireland	
Baxter Healthcare S.A.- Ireland Finance Branch	Ireland	
Vantive Manufacturing Limited	Ireland	
Cheetah Medical (Israel), Ltd.	Israel	
Baxter S.p.A.	Italy	
Bieffe Medital S.p.A.	Italy	
Gambro Dasco S.p.A.	Italy	
Baxter World Trade Italy SRL S.r.l.	Italy	
Baxter Limited	Japan	
Baxter Healthcare Holding Limited	Malta	
Baxter S.A. de C.V.	Mexico	
Gambro Renal Products, S.A. de C.V.	Mexico	
Baxter Healthcare Limited	New Zealand	
Baxter Polska Sp. z o.o.	Poland	
Baxter AO	Russian Federation	
Baxter Company Ltd	Saudi Arabia	51 %
Baxter Healthcare SA (Singapore Woodlands Branch)	Singapore	
Baxter Pharmaceuticals (Asia) Pte Ltd.	Singapore	
Baxter Pacific Investments Pte. Ltd.	Singapore	
Vantive Pte. Ltd.	Singapore	
Baxter Incorporated	South Korea	
Baxter, S.L.	Spain	
Baxter Medical AB	Sweden	
Gambro AB	Sweden	
Gambro Lundia AB	Sweden	
Baxter Holding AB	Sweden	
Baxter AG	Switzerland	
Baxter Healthcare SA	Switzerland	
Vantive Health GmbH	Switzerland	
Baxter Healthcare Limited (Taiwan)	Taiwan	
Baxter Healthcare (Thailand) Company Limited	Thailand	
Baxter Manufacturing, (Thailand) Co., Ltd.	Thailand	

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Baxter Holding B.V.	The Netherlands
Vantive Holding B.V.	The Netherlands
Baxter Netherlands Holding B.V.	The Netherlands
Baxter Turkey Renal Hizmetler A.S	Turkey
ApaTech Limited	United Kingdom
Baxter Healthcare Limited	United Kingdom
Cheetah Medical (UK) Limited	United Kingdom
Baxter International Limited	United Kingdom
Baxter Healthcare Ltd.	United Kingdom
Vantive Limited	United Kingdom

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-264528) and Form S-8 (Nos. 333-104420, 333-143063, 333-174400, 333-174401, 333-206700, 333-206701, 333-255767, 333-255768, 333-261610 and 333-261610) 333-279180) of Baxter International Inc. of our report dated February 8, 2024 February 21, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Chicago, Illinois
February 8, 2024 21, 2025

EXHIBIT 31.1

Certification of Chief Executive Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as Amended

I, José E. Almeida, Brent Shafer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Baxter International Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ José E. Almeida Brent Shafer

José E. Almeida Brent Shafer

Chair President and

Interim Chief Executive Officer

Date: February 8, 2024 February 21, 2025

EXHIBIT 31.2

Certification of Chief Financial Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as Amended

I, Joel T. Grade, certify that:

1. I have reviewed this Annual Report on Form 10-K of Baxter International Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Joel T. Grade

Joel T. Grade

Executive Vice President, and

Chief Financial Officer and Interim Chief Accounting Officer

Date: February 8, 2024 February 21, 2025

EXHIBIT 32.1

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Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

José E. Almeida, Brent Shafer, as Chair President and Interim Chief Executive Officer of Baxter International Inc. (the "Company"), certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Company's Annual Report on Form 10-K for the year ended December 31, 2023 December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ José E. Almeida Brent Shafer

José E. Almeida Brent Shafer

Chair President and

Interim Chief Executive Officer

February 8, 2024 21, 2025

EXHIBIT 32.2

Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Joel T. Grade, as Executive Vice President, and Chief Financial Officer and Interim Chief Accounting Officer of Baxter International Inc. (the "Company"), certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Company's Annual Report on Form 10-K for the year ended December 31, 2023 December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joel T. Grade

Joel T. Grade

Executive Vice President, and

Chief Financial Officer and Interim Chief Accounting Officer

February 8, 2024 21, 2025

EXHIBIT 97.1

BAXTER INTERNATIONAL INC.
MANDATORY CLAWBACK POLICY

I. BACKGROUND

Baxter International Inc. (the "Company") has adopted this policy (as amended and restated, this "Policy") to provide for the recovery or "clawback" of certain incentive compensation in the event of a Restatement. This Policy is intended to comply with, and will be interpreted to be consistent with, the requirements of Section 303A.14 of the New York Stock Exchange (the "NYSE") Listed Company Manual. Certain terms used in this Policy are defined in Section VIII below.

II. STATEMENT OF POLICY

The Company shall recover reasonably promptly the amount of erroneously awarded Incentive-Based Compensation in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Restatement").

The Company shall recover erroneously awarded Incentive-Based Compensation in compliance with this Policy except to the extent provided under Section V below.

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III. SCOPE OF POLICY

A. *Covered Persons and Recovery Period.* This Policy applies to Incentive-Based Compensation received by a person:

- after beginning service as an Executive Officer,
- who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation,
- while the Company has a class of securities listed on a national securities exchange, and
- during the three completed fiscal years immediately preceding the date that the Company is required to prepare a Restatement (the "Recovery Period").

Notwithstanding this look-back requirement, the Company is only required to apply this Policy to Incentive-Based Compensation received on or after October 2, 2023.

For purposes of this Policy, Incentive-Based Compensation shall be deemed "received" in the Company's fiscal period during which the Financial Reporting Measure (as defined herein) specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

B. *Transition Period.* In addition to the Recovery Period, this Policy applies to any transition period (that results from a change in the Company's fiscal year) within or immediately following the Recovery Period (a "Transition Period"), provided that a Transition Period between the last day of the Company's previous fiscal year end and the first day of the Company's new fiscal year that comprises a period of nine to 12 months will be deemed a completed fiscal year.

C. *Determining Recovery Period.* For purposes of determining the relevant Recovery Period, the date that the Company is required to prepare the Restatement is the earlier to occur of:

- the date the board of directors of the Company (the "Board"), a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement, and
- the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement.

For clarity, the Company's obligation to recover erroneously awarded Incentive-Based Compensation under this Policy is not dependent on if or when a Restatement is filed.

D. *Method of Recovery.* The Compensation and Human Capital Committee of the Company's Board of Directors (the "Committee") will have discretion in determining how to accomplish recovery of erroneously awarded Incentive-Based Compensation under this Policy, recognizing that different means of recovery may be appropriate in different circumstances.

IV. AMOUNT SUBJECT TO RECOVERY

A. *Recoverable Amount.* The amount of Incentive-Based Compensation subject to recovery under this Policy is the amount of Incentive-Based Compensation received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid.

B. *Covered Compensation Based on Stock Price or TSR.* For Incentive-Based Compensation based on stock price or total shareholder return ("TSR"), where the amount of erroneously awarded Incentive-Based Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the recoverable amount shall be determined by the Committee based on a reasonable estimate of the effect of the Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received. In such event, the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the NYSE.

V. EXCEPTIONS

The Company shall recover erroneously awarded Incentive-Based Compensation in compliance with this Policy except to the extent that the conditions set out below are met and the committee of independent directors responsible for executive compensation decisions has made a determination that recovery would be impracticable:

A. *Direct Expense Exceeds Recoverable Amount.* The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; provided, however, that before concluding it would be impracticable to recover any amount of erroneously awarded Incentive-Based Compensation based on

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expense of enforcement, the Company shall make a reasonable attempt to recover such erroneously awarded Incentive-Based Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the NYSE.

B. *Recovery from Certain Tax-Qualified Retirement Plans*. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

VI. PROHIBITION AGAINST INDEMNIFICATION

Notwithstanding the terms of any indemnification arrangement or insurance policy with any individual covered by this Policy, the Company shall not indemnify any Executive Officer or former Executive Officer against the loss of erroneously awarded Incentive-Based Compensation, including any payment or reimbursement for the cost of insurance obtained by any such covered individual to fund amounts recoverable under this Policy.

VII. DISCLOSURE

The Company shall file all disclosures with respect to this Policy and recoveries under this Policy in accordance with the requirements of the U.S. Federal securities laws, including the disclosure required by the applicable Securities and Exchange Commission ("SEC") filings.

VIII. DEFINITIONS

Unless the context otherwise requires, the following definitions apply for purposes of this Policy:

"Executive Officer" meansthe Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policymaking functions for the Company. Executive officers of the Company's subsidiaries, as applicable, are deemed Executive Officers of the Company if they perform such policy making functions for the Company.Policy-making function is not intended to include policymaking functions that are not significant. Identification of an Executive Officer for purposes of this Policy will include at a minimum executive officers identified pursuant to 17 CFR 229.401(b).

"Financial Reporting Measures" means any of the following: (i) measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, (ii) stock price and (iii) TSR. A Financial Reporting Measure need not be presented within the Company's financial statements or included in a filing with the SEC.

"Incentive-Based Compensation"means any compensation (including without limitation any time-based incentive award) that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

IX. ADMINISTRATION; AMENDMENT; TERMINATION.

All determinations under this Policy will be made by the Committee, including determinations regarding how any recovery under this Policy is effected. Any determinations of the Committee will be final, binding and conclusive and need not be uniform with respect to each individual covered by this Policy.

The Committee may amend this Policy from time to time and may terminate this Policy at any time, in each case in its sole discretion.

X. EFFECTIVENESS; OTHER RECOUPMENT RIGHTS

This Policy shall be effective as of December 1, 2023 (the "Effective Date"). Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company and its subsidiaries and affiliates under applicable law or pursuant to the terms of any similar policy (including without limitation the Compensation Recoupment Policy) or similar provision in any employment agreement, equity award agreement or similar agreement.

This Policy amends and restates and supersedes in its entirety the Baxter International Inc. Executive Compensation Recoupment Policy (the "Prior Executive Policy") as of the Effective Date. The Prior Executive Policy shall apply with respect to Executive Incentive Compensation (as defined in the Prior Executive Policy) awarded, prior to the Effective Date, to any person designated as an officer by the Board. For the avoidance of doubt, notwithstanding the foregoing, this Policy shall also apply in accordance with its terms with respect to all Incentive-Based Compensation received on or after October 2, 2023 by Executive Officers.

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