

BAXTER INTERNATIONAL, INC.
Consolidated Statements of Income
Three Months Ended September 30, 2005
Description of Adjustments and Reconciliation of GAAP to Non-GAAP
(unaudited)
(in millions, except per share and percentage data)

The Company's GAAP results for the three months ended September 30, 2005 included charges relating to the exit of hemodialysis instrument manufacturing, taxes on the repatriation of foreign earnings, and a credit related to restructuring adjustments, which impacted the GAAP results as follows:

	Operating Income	Income Tax Expense	Net Income	Diluted EPS
GAAP	\$391	\$234	\$116	\$0.18
Hemodialysis instruments charge (A)	28	8	20	0.03
Restructuring adjustments (B)	(5)	(2)	(3)	-
Tax expense on repatriation of foreign earnings	-	(163)	163	0.26
Excluding specified items	\$414	\$77	\$296	\$0.47
Adjusted operating income %	17.3%			

(A) Included in the Gross Profit line in the accompanying consolidated statement of income. Excluding this item, adjusted gross profit is \$1.04 billion and the adjusted gross profit percentage is 43.2%.

(B) Included in the Restructuring Adjustments line in the accompanying consolidated statement of income.