

BAXTER INTERNATIONAL INC.
Consolidated Statement of Income
Three Months Ended December 31, 2007
Description of Adjustments and Reconciliation of GAAP to Non-GAAP
(unaudited)
(in millions, except per share and percentage data)

2007 description of adjustments and reconciliation of GAAP to Non-GAAP

The company's GAAP results for the three months ended December 31, 2007 included IPR&D charges. These charges impacted the GAAP results as follows:

	Pre-tax Income	Income Tax Expense	Income From Continuing Operations	Diluted EPS
GAAP	\$594	\$116	\$478	\$0.74
IPR&D charges (A)	15	5	10	0.02
Excluding specified items	\$609	\$121	\$488	\$0.76
Effective tax rate		19.9%		

(A) Included in the Research and Development Expenses line in the accompanying consolidated statement of income. Excluding these IPR&D charges, adjusted research and development expenses were \$206, or 6.8% of sales.