

BAXTER INTERNATIONAL INC.
Note to Consolidated Statement of Income
Three Months Ended March 31, 2010
Description of Adjustment and Reconciliation of GAAP to Non-GAAP Measures
(unaudited)
(in millions, except per share and percentage data)

The company's GAAP results for the three months ended March 31, 2010 included a tax charge related to the write-off of a deferred tax asset as a result of a change in the tax treatment of reimbursements under the Medicare Part D retiree prescription drug subsidy program. This charge impacted the GAAP results as follows:

	Pre-tax Income	Income Tax Expense	Net Income Attributable to Baxter	Diluted EPS
GAAP	\$700	\$172	\$525	\$0.86
Deferred tax charge	N/A	(39)	39	0.07
Excluding specified item	\$700	\$133	\$564	\$0.93

Effective tax rate **19.0%**

For more information on the company's use of non-GAAP financial measures in this press release, please see the company's Current Report on Form 8-K filed with the Securities and Exchange Commission on the date of this press release.