

BAXTER INTERNATIONAL INC.
Consolidated Statements of Income
Twelve Months Ended December 31, 2011 and 2010
(unaudited)
(in millions, except per share and percentage data)

	Twelve Months Ended December 31,		Change
	2011	2010	
NET SALES	\$13,893	\$12,843	8%
COST OF SALES	6,847	6,885	(1%)
GROSS MARGIN	7,046	5,958	18%
<i>% of Net Sales</i>	<i>50.7%</i>	<i>46.4%</i>	<i>4.3 pts</i>
MARKETING AND ADMINISTRATIVE EXPENSES	3,154	2,907	8%
<i>% of Net Sales</i>	<i>22.7%</i>	<i>22.6%</i>	<i>0.1 pt</i>
RESEARCH AND DEVELOPMENT EXPENSES	946	915	3%
<i>% of Net Sales</i>	<i>6.8%</i>	<i>7.1%</i>	<i>(0.3 pts)</i>
NET INTEREST EXPENSE	54	87	(38%)
OTHER EXPENSE, NET	83	159	(48%)
PRE-TAX INCOME	2,809	1,890	49%
INCOME TAX EXPENSE	553	463	19%
<i>% of Pre-Tax Income</i>	<i>19.7%</i>	<i>24.5%</i>	<i>(4.8 pts)</i>
NET INCOME	2,256	1,427	58%
LESS: NONCONTROLLING INTERESTS	32	7	N/M
NET INCOME ATTRIBUTABLE TO BAXTER	\$2,224	\$1,420	57%
BASIC EPS	\$3.91	\$2.41	62%
DILUTED EPS	\$3.88	\$2.39	62%
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	569	590	
Diluted	573	594	
ADJUSTED PRE-TAX INCOME (excluding special items)	\$3,183 ^A	\$2,971 ^A	7%
ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER (excluding special items)	\$2,471 ^A	\$2,366 ^A	4%
ADJUSTED DILUTED EPS (excluding special items)	\$4.31 ^A	\$3.98 ^A	8%

^A Refer to page 12 for a description of the adjustments and a reconciliation to GAAP measures.