

**GAAP to ADJUSTED
RECONCILIATION - Quarter**

BAXTER INTERNATIONAL INC.
Consolidated Statements of Income
Reconciliation of GAAP to Adjusted
Three Months Ended September 30, 2005 and 2004
(unaudited)
(in millions, except per share data)

	Three Months Ended September 30, 2005			Three Months Ended September 30, 2004		
	GAAP	Special Items	Adjusted	GAAP	Special Items	Adjusted
CONTINUING OPERATIONS:						
NET SALES	\$2,398		\$2,398	\$2,320		\$2,320
GROSS PROFIT	1,010	\$27 (A)	1,037	963		963
MARKETING AND ADMINISTRATIVE EXPENSES	491	1 (A)	490	462		462
RESEARCH AND DEVELOPMENT EXPENSES	133		133	124		124
SPECIAL CHARGES, NET	(5)	(5) (B)	-	-		-
OPERATING INCOME	391	23	414	377		377
INTEREST, NET	31		31	20		20
OTHER EXPENSE, NET	10		10	11		11
INCOME BEFORE INCOME TAXES	350	23	373	346		346
INCOME TAX EXPENSE	234	157 (C)	77	87		87
INCOME FROM CONTINUING OPERATIONS	\$116	\$180	\$296	\$259		\$259
BASIC EPS FROM CONTINUING OPERATIONS	\$0.19	\$0.29	\$0.48	\$0.42		\$0.42
DILUTED EPS FROM CONTINUING OPERATIONS	\$0.18	\$0.29	\$0.47	\$0.42		\$0.42
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING						
Basic	622		622	615		615
Diluted	632		632	619		619

(A) Hemodialysis instruments charge	<u>\$ 28</u>
(B) Restructuring reserve adjustments	<u>(\$5)</u>
(C) Tax benefit on hemodialysis instruments charge	(\$8)
Tax expense on restructuring reserve adjustments	2
Tax expense on repatriation of foreign earnings	<u>163</u>
Total income tax expense	<u>\$ 157</u>