

GAAP

BAXTER INTERNATIONAL INC.
Consolidated Statements of Income
(unaudited)
(in millions, except per share data)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2005	2004	Change	2005	2004	Change
CONTINUING OPERATIONS:						
NET SALES	\$2,398	\$2,320	3%	\$7,358	\$6,908	7%
GROSS PROFIT	1,010	963	5%	3,092	2,795	11%
% to Sales	42.1%	41.5%	0.6 pts	42.0%	40.5%	1.5 pts
MARKETING AND ADMINISTRATIVE EXPENSES	491	462	6%	1,511	1,460	3%
% to Sales	20.5%	19.9%	0.6 pts	20.5%	21.1%	(0.6 pts)
RESEARCH AND DEVELOPMENT EXPENSES	133	124	7%	399	389	3%
SPECIAL CHARGES, NET	(5)	-	NM	(32)	543	(106%)
OPERATING INCOME	391	377	4%	1,214	403	201%
% to Sales	16.3%	16.3%	- pts	16.5%	5.8%	10.7 pts
INTEREST, NET	31	20	55%	95	66	44%
OTHER EXPENSE, NET	10	11	(9%)	59	74	(20%)
INCOME BEFORE INCOME TAXES	350	346	1%	1,060	263	303%
INCOME TAX EXPENSE (BENEFIT)	234	87	169%	396	(14)	NM
INCOME FROM CONTINUING OPERATIONS	\$116	\$259	(55%)	\$664	\$277	140%
BASIC EPS FROM CONTINUING OPERATIONS	\$0.19	\$0.42	(55%)	\$1.07	\$0.45	138%
DILUTED EPS FROM CONTINUING OPERATIONS	\$0.18	\$0.42	(57%)	\$1.06	\$0.45	136%
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING						
Basic	622	615		621	613	
Diluted	632	619		627	617	

RECONCILIATION TO NET INCOME

Income from continuing operations	\$116	\$259	\$664	\$277
Discontinued operations	-	17	-	5
Net income	\$116	\$276	\$664	\$282

NM - Not meaningful