

PRO FORMA

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

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2004	2003	Change	2004	2003	Change
CONTINUING OPERATIONS:						
NET SALES	\$2,601	\$2,531	3%	\$9,509	\$8,904	7%
GROSS PROFIT	1,120	1,135	(1%)	3,960	3,953	-%
% to Sales	43.1%	44.8%	(1.7 pts)	41.6%	44.4%	(2.8 pts)
MARKETING AND ADMINISTRATIVE EXPENSES	500	485	3%	1,905	1,805	6%
% to Sales	19.2%	19.2%	- pts	20.0%	20.3%	(0.3 pts)
RESEARCH AND DEVELOPMENT EXPENSES	128	141	(9%)	517	553	(7%)
OPERATING INCOME	492	509	(3%)	1,538	1,595	(4%)
% to Sales	18.9%	20.1%	(1.2 pts)	16.2%	17.9%	(1.7 pts)
INTEREST, NET	33	16	106%	99	87	14%
OTHER EXPENSE (INCOME), NET	3	(4)	N/A	62	42	48%
INCOME BEFORE INCOME TAXES	456	497	(8%)	1,377	1,466	(6%)
INCOME TAX EXPENSE	105	126	(17%)	335	357	(6%)
INCOME FROM CONTINUING OPERATIONS	\$351	\$371	(5%)	\$1,042	\$1,109	(6%)
BASIC EPS FROM CONTINUING OPERATIONS	\$0.57	\$0.61	(7%)	\$1.69	\$1.85	(9%)
DILUTED EPS FROM CONTINUING OPERATIONS	\$0.57	\$0.60	(5%)	\$1.69	\$1.83	(8%)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING						
Basic	617	611		614	599	
Diluted	620	614		618	606	

RECONCILIATION OF PRO FORMA AMOUNTS TO GAAP AMOUNTS

Net Income				
Pro forma net income from continuing operations	\$351	\$371	\$1,042	\$1,109
Restructuring and impairment charges	(245)	-	(639)	(202)
Other charges	-	-	(20)	-
Discontinued operations	-	(7)	5	(24)
Cumulative effect of accounting changes	-	-	-	(17)
GAAP net income	\$106	\$364	\$388	\$866
Diluted EPS				
Pro forma net income from continuing operations	\$0.57	\$0.60	\$1.69	\$1.83
Restructuring and impairment charges	(0.40)	-	(1.04)	(0.33)
Other charges	-	-	(0.03)	-
Discontinued operations	-	(0.01)	0.01	(0.04)
Cumulative effect of accounting changes	-	-	-	(0.03)
GAAP net income	\$0.17	\$0.59	\$0.63	\$1.43

Non-GAAP Financial Measures: In some cases, certain unusual or non-recurring items can be so significant as to obscure patterns and trends of the company's business in total. The non-GAAP (generally accepted accounting principles) financial measures contained in this press release (including the presentation above of earnings and per-share earnings, excluding certain items) adjust for factors that are unusual or non-recurring. Therefore, management believes that these non-GAAP financial measures facilitate a fuller analysis of the company's results of operations. Management believes that the presentation of these non-GAAP financial measures provide useful information to investors regarding results of operations as these non-GAAP financial measures allow investors to better evaluate ongoing business performance. Management uses these non-GAAP financial measures internally to monitor performance.