

BAXTER INTERNATIONAL INC.
Condensed Consolidated Balance Sheets
(unaudited)
(\$ in millions)

	March 31, 2005	December 31, 2004
<u>ASSETS</u>		
Cash and equivalents	\$1,106	\$1,109
Receivables	1,982	2,091
Inventories	2,105	2,135
Other current assets (1)	588	684
Total current assets	5,781	6,019
Property, plant and equipment, net	4,310	4,369
Other long-term assets (1)	3,717	3,759
Total assets	\$13,808	\$14,147
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Short-term debt (2)	\$1,577	\$361
Other current liabilities (1)	3,118	3,925
Long-term debt	3,022	3,933
Other long-term liabilities (1)	2,081	2,223
Stockholders' equity	4,010	3,705
Total liabilities and stockholders' equity	\$ 13,808	\$14,147

(1) The following is a summary of the company's cross-currency swaps.

	March 31, 2005	December 31, 2004
<u>Original swaps</u>		
Other current liabilities	\$159	\$465
Other long-term liabilities	764	831
Total	923	1,296
<u>Mirror swaps</u>		
Other current assets	34	109
Other long-term assets	7	20
Other long-term liabilities	(11)	(5)
Total	30	124
Net total of all cross-currency swaps	\$893	\$1,172

Note: As further discussed in the company's SEC filings, during the fourth quarter of 2004 the company executed offsetting or mirror swaps. These mirror swaps fix the net amount the company will ultimately pay to settle the swaps subject to this strategy. After execution of the mirror swaps, as the market value of the fixed portion of the original portfolio decreases, the market value of the mirror swaps increases, and vice versa. At March 31, 2005, 54% of the portfolio was mirrored.

During the first quarter of 2005, the company settled certain swap agreements (and related mirror swaps, as applicable), and made net payments totaling \$254 million. In accordance with GAAP, \$312 million of outflows were classified in the financing section of the statement of cash flows, and \$58 million of inflows were classified in the operating section of the statement of cash flows.

(2) The increase in short-term debt from December 31, 2004 to March 31, 2005 principally related to the reclassification of \$873 million of notes due in 2006 from long-term to short-term.