

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

	Three Months Ended March 31,		Change
	2005	2004	
<u>CONTINUING OPERATIONS:</u>			
NET SALES	\$2,383	\$2,209	8%
GROSS PROFIT	969	893	9%
% to Sales	40.7%	40.4%	0.3 pts
MARKETING AND ADMINISTRATIVE EXPENSES	483	466	4%
% to Sales	20.3%	21.1%	(0.8 pts)
RESEARCH AND DEVELOPMENT EXPENSES	133	136	(2%)
OPERATING INCOME	353	291	21%
% to Sales	14.8%	13.2%	1.6 pts
INTEREST, NET	31	21	48%
OTHER EXPENSE, NET	24	21	14%
INCOME BEFORE INCOME TAXES	298	249	20%
INCOME TAX EXPENSE	74	62	19%
INCOME FROM CONTINUING OPERATIONS	\$224	\$187	20%
BASIC EPS FROM CONTINUING OPERATIONS	\$0.36	\$0.31	16%
DILUTED EPS FROM CONTINUING OPERATIONS	\$0.36	\$0.30	20%
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic	619	612	
Diluted	623	616	
<u>RECONCILIATION TO NET INCOME</u>			
Income from continuing operations	\$224	\$187	
Discontinued operations	2	(11)	
Net income	\$226	\$176	