

**GAAP to ADJUSTED
RECONCILIATION - Quarter**

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

	Three Months Ended June 30, 2005			Three Months Ended June 30, 2004		
	GAAP	Special Items	Adjusted	GAAP	Special Items	Adjusted
CONTINUING OPERATIONS:						
NET SALES	\$2,577		\$2,577	\$2,379		\$2,379
GROSS PROFIT	1,113		1,113	939	\$45 (C)	984
MARKETING AND ADMINISTRATIVE EXPENSES	537		537	532	55 (D)	477
RESEARCH AND DEVELOPMENT EXPENSES	133		133	129		129
SPECIAL CHARGES, NET	(27)	(27) (A)	-	543	543 (E)	-
OPERATING INCOME (LOSS)	470	(27)	443	(265)	643	378
INTEREST, NET	33		33	25		25
OTHER EXPENSE, NET	25		25	42	15 (F)	27
INCOME (LOSS) BEFORE INCOME TAXES	412	(27)	385	(332)	658	326
INCOME TAX EXPENSE (BENEFIT)	88	12 (B)	76	(163)	(244) (G)	81
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$324	(\$15)	\$309	(\$169)	\$414	\$245
BASIC EPS FROM CONTINUING OPERATIONS	\$0.52	(\$0.02)	\$0.50	(\$0.28)	\$0.68	\$0.40
DILUTED EPS FROM CONTINUING OPERATIONS	\$0.51	(\$0.02)	\$0.49	(\$0.28)	\$0.68	\$0.40
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING						
Basic	621		621	613		613
Diluted	626		626	613		613

(A) Pump repairs and replacements \$ 77
Restructuring reserve adjustments (104)
Total (\$27)

(B) Tax expense on special charges, net \$ 12

(C) Inventory reserves \$ 28
Excess cash flow hedges 17
Total \$ 45

(D) Loan and receivable reserves \$ 55

(E) Restructuring and asset impairment charges \$ 543

(F) Asset impairments \$ 15

(G) Tax benefit of restructuring charge (\$149)
Reversal of tax reserves (55)
Tax benefit of other charges (40)
Total (\$244)