

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2003	2002	Change	2003	2002	Change
CONTINUING OPERATIONS:						
NET SALES	\$2,163	\$1,945	11%	\$4,160	\$3,820	9%
GROSS PROFIT	973	914	6%	1,853	1,794	3%
% to Sales	45.0%	47.0%	(2.0 pts)	44.5%	47.0%	(2.5 pts)
MARKETING AND ADMINISTRATIVE EXPENSES	464	380	22%	877	773	13%
% to Sales	21.5%	19.5%	2.0 pts	21.1%	20.2%	0.9 pts
RESEARCH AND DEVELOPMENT EXPENSES	139	123	13%	275	238	16%
IN-PROCESS RESEARCH AND DEVELOPMENT	-	51	(100%)	-	51	(100%)
RESTRUCTURING CHARGE (A)	337	-	100%	337	-	100%
OPERATING INCOME (LOSS)	33	360	(91%)	364	732	(50%)
% to Sales	1.5%	18.5%	(17.0 pts)	8.8%	19.2%	(10.4 pts)
INTEREST, NET	27	14	93%	46	30	53%
OTHER EXPENSE	14	64	(78%)	40	76	(47%)
INCOME (LOSS) BEFORE INCOME TAXES	(8)	282	(103%)	278	626	(56%)
INCOME TAX EXPENSE (BENEFIT)	(57)	78	(173%)	12	169	(93%)
INCOME FROM CONTINUING OPERATIONS	\$49	\$204	(76%)	\$266	\$457	(42%)
BASIC EPS	\$0.08	\$0.34	(76%)	\$0.45	\$0.76	(41%)
DILUTED EPS	\$0.08	\$0.33	(76%)	\$0.44	\$0.73	(40%)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING						
Basic	598	602		598	601	
Diluted	613	622		611	622	
RECONCILIATION TO NET INCOME						
Income from continuing operations	\$49	\$204		\$266	\$457	
Discontinued operations	(11)	(4)		(12)	(4)	
Net income	\$38	\$200		\$254	\$453	

(A) On a net-of-tax basis, the restructuring charge is \$202 million, or \$0.33 per diluted share.