

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2003	2002	Change	2003	2002	Change
CONTINUING OPERATIONS: (Before Accounting Changes)						
NET SALES	\$2,219	\$2,029	9%	\$6,379	\$5,849	9%
GROSS PROFIT	972	940	3%	2,825	2,734	3%
% to Sales	43.8%	46.3%	(2.5 pts)	44.3%	46.7%	(2.4 pts)
MARKETING AND ADMINISTRATIVE EXPENSES	438	377	16%	1,315	1,150	14%
% to Sales	19.7%	18.6%	1.1 pts	20.6%	19.7%	0.9 pts
RESEARCH AND DEVELOPMENT EXPENSES	137	121	13%	412	359	15%
IN-PROCESS RESEARCH AND DEVELOPMENT (IPR&D)	-	-	0%	-	51	(100%)
RESTRUCTURING CHARGE	-	-	0%	337	-	100%
OPERATING INCOME	397	442	(10%)	761	1,174	(35%)
% to Sales	17.9%	21.8%	(3.9 pts)	11.9%	20.1%	(8.2 pts)
INTEREST, NET	25	11	127%	71	41	73%
OTHER EXPENSE	6	6	0%	46	82	(44%)
INCOME BEFORE INCOME TAXES	366	425	(14%)	644	1,051	(39%)
INCOME TAX EXPENSE	88	108	(19%)	100	277	(64%)
INCOME FROM CONTINUING OPERATIONS	\$278	\$317	(12%)	\$544	\$774	(30%)
BASIC EPS FROM CONTINUING OPERATIONS	\$0.47	\$0.52	(10%)	\$0.91	\$1.29	(29%)
DILUTED EPS FROM CONTINUING OPERATIONS	\$0.47	\$0.51	(8%)	\$0.90	\$1.25	(28%)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING						
Basic	589	603		595	602	
Diluted	592	624		604	620	
RECONCILIATION TO NET INCOME						
Income from continuing operations	\$278	\$317		\$544	\$774	
Discontinued operations	(5)	(1)		(17)	(5)	
Cumulative effect of accounting changes	(17)	-		(17)	-	
Net income	\$256	\$316		\$510	\$769	