

BAXTER INTERNATIONAL INC.  
Consolidated Statements of Income  
(unaudited) (A)

(in millions, except per share data)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2002	2001	2002	2001
Net sales	\$2,261	\$2,062	\$8,110	\$7,356
Costs and expenses				
Cost of goods sold	1,203	1,086	4,318	3,944
Marketing and administrative expenses	412	404	1,562	1,440
Research and development expenses	142	115	501	426
IPR&D and other special charges (B)	138	469	189	469
Goodwill amortization	--	11	--	43
Interest, net	10	14	51	68
Other expense (income)	10	(8)	92	(13)
Total costs and expenses	1,915	2,091	6,713	6,377
Income (loss) from continuing operations before income taxes and cumulative effect of accounting change	346	(29)	1,397	979
Income tax expense	87	43	364	304
Income (loss) from continuing operations before cumulative effect of accounting change	259	(72)	1,033	675
Discontinued operations	(250)	(3)	(255)	(11)
Income (loss) before cumulative effect of accounting change	9	(75)	778	664
Cumulative effect of accounting change	--	--	--	(52)
Net income (loss)	\$9	(\$75)	\$778	\$612
Earnings (loss) per basic common share:				
Continuing operations, before cumulative effect of accounting change	\$0.43	(\$0.12)	\$1.72	\$1.15
Discontinued operations	(0.42)	(0.01)	(0.43)	(0.02)
Cumulative effect of accounting change	--	--	--	(0.09)
Total	\$0.01	(\$0.13)	\$1.29	\$1.04

Earnings (loss) per diluted common share:

Continuing operations, before cumulative effect of accounting change	\$0.42	(\$0.12)	\$1.67	\$1.11
Discontinued operations	(0.40)	(0.01)	(0.41)	(0.02)
Cumulative effect of accounting change	--	--	--	(0.09)
Total	\$0.02	(\$0.13)	\$1.26	\$1.00

Weighted average number of common shares outstanding

Basic	598	592	600	590
Diluted	619	592	618	609

- (A) All share and per-share information has been restated for the May 30, 2001 two-for-one stock split.
- (B) Other special charges include costs to exit selected R&D programs in 2002 and acquisition-related costs and costs associated with ceasing manufacturing operations relating to the A, AF and AX series dialyzers in 2001.

Key Ratios (as a percent of sales from continuing operations)

Gross margin	46.8%	47.3%	46.8%	46.4%
Marketing and administrative expenses	18.2%	19.6%	19.3%	19.6%

