

BAXTER INTERNATIONAL INC.
Condensed Consolidated Balance Sheets
(unaudited)
(\$ in millions)

| | September 30, 2005 | December 31, 2004 |
|--|-----------------------|----------------------|
| <u>ASSETS</u> | | |
| Cash and equivalents | \$1,712 | \$1,109 |
| Receivables | 1,863 | 2,091 |
| Inventories | 1,948 | 2,135 |
| Other current assets (1) | 556 | 684 |
| Total current assets | 6,079 | 6,019 |
| Property, plant and equipment, net | 4,114 | 4,369 |
| Other long-term assets (1) | 3,590 | 3,759 |
| Total assets | \$13,783 | \$14,147 |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| Short-term debt (2) | \$1,354 | \$361 |
| Other current liabilities (1) | 2,917 | 3,925 |
| Long-term debt | 3,008 | 3,933 |
| Other long-term liabilities (1) | 2,128 | 2,223 |
| Stockholders' equity | 4,376 | 3,705 |
| Total liabilities and stockholders' equity | \$ 13,783 | \$14,147 |

(1) The following is a summary of the company's cross-currency swap assets (liabilities).

| | September 30, 2005 | December 31, 2004 |
|---------------------------------------|-----------------------|----------------------|
| <u>Original swaps</u> | | |
| Other current liabilities | \$ - | (\$465) |
| Other long-term liabilities | (540) | (831) |
| Total | (540) | (1,296) |
| <u>Mirror swaps</u> | | |
| Other current assets | - | 109 |
| Other long-term assets | - | 20 |
| Other long-term liabilities | (102) | (5) |
| Total | (102) | 124 |
| Net total of all cross-currency swaps | (\$642) | (\$1,172) |

Note: As further discussed in the company's SEC filings, during the fourth quarter of 2004 the company executed offsetting or mirror swaps. These mirror swaps fix the net amount the company will ultimately pay to settle the swaps subject to this strategy. After execution of the mirror swaps, as the market value of the fixed portion of the original portfolio decreases, the market value of the mirror swaps increases, and vice versa. At September 30, 2005, approximately 52% of the net swaps liability has been fixed by the mirror swaps.

During the nine months ended September 30, 2005, the company settled certain swap agreements (and related mirror swaps, as applicable), and made net payments totaling \$379 million. In accordance with GAAP, \$432 million of outflows were classified in the financing section of the statement of cash flows, and \$53 million of inflows were classified in the operating section of the statement of cash flows.

(2) The increase in short-term debt from December 31, 2004 to September 30, 2005 principally related to the reclassification of approximately \$800 million of notes due in 2006 from long-term to short-term.