

**BAXTER INTERNATIONAL INC.**  
**GAAP to Pro Forma Reconciliation for Selected Income Statement Lines**  
**Continuing Operations**  
**(unaudited)**  
**(\$ in millions)**

	Three Months Ended June 30, 2004				Six Months Ended June 30, 2004			
	GAAP	Other Charges	Restructuring Charge	Pro Forma	GAAP	Other Charges	Restructuring Charge	Pro Forma
Gross Profit	\$939	\$45 <b>(A)</b>	\$ -	\$984	\$1,833	\$45 <b>(A)</b>	\$ -	\$1,878
Marketing and Administrative Expenses	532	55 <b>(B)</b>	-	477	996	55 <b>(B)</b>	-	941
Operating Income (Loss)	(265)	100	543	378	29	100	543	672
Other Expense	42	15 <b>(C)</b>	-	27	63	15 <b>(C)</b>	-	48
Income (Loss) before Income Taxes	(332)	115	543	326	(80)	115	543	578
Income Tax Expense (Benefit)	(163)	(95) <b>(D)</b>	(149)	81	(100)	(95) <b>(D)</b>	(149)	144
Income (Loss) from Continuing Operations	(169)	20	394	245	20	20	394	434

**(A)** Includes inventory reserves of \$28 million and excess cash flow hedges of \$17 million.

**(B)** Loan and receivable reserves.

**(C)** Asset impairments.

**(D)** Includes reversal of tax reserves of \$55 million and tax benefit of other charges above of \$40 million.