

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

	Nine Months Ended September 30, 2004			
	GAAP	Other Charges	Restructuring Charge	Pro Forma
Gross Profit	\$2,795	\$45 <b>(A)</b>	\$ -	\$2,840
Marketing and Administrative Expenses	1,460	55 <b>(B)</b>	-	1,405
Operating Income	403	100	543	1,046
Other Expense, Net	74	15 <b>(C)</b>	-	59
Income before Income Taxes	263	115	543	921
Income Tax Expense (Benefit)	(14)	(95) <b>(D)</b>	(149)	230
Income from Continuing Operations	277	20	394	691

**Note:** The restructuring and other charges were recorded during the second quarter of 2004.

**(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.