

BAXTER INTERNATIONAL INC.
Cash Flows from Operations and Changes in Net Debt
(unaudited)
(\$ in millions)

Cash Flows from Operations (Brackets denote cash outflows)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
Net income	\$478	\$431	\$1,707	\$1,397
Adjustments				
Depreciation and amortization	153	144	581	575
Deferred income taxes	94	(68)	126	8
Stock compensation	37	26	136	94
Restructuring and infusion pump charges	--	--	70	76
Litigation-related charge	--	--	56	--
IPR&D charges	15	--	61	--
Other	10	6	(5)	34
Changes in balance sheet items				
Receivables	(164)	(49)	(278)	(16)
Inventories	50	73	(211)	(35)
Accounts payable and accrued liabilities	86	160	1	1
Restructuring payments	(7)	(8)	(27)	(42)
Other	(1)	47	88	91
Cash flows from operations	\$751	\$762	\$2,305	\$2,183

Changes in Net Debt Increase (decrease)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
Net debt, beginning of period	\$752	\$741	\$316	\$2,497
Cash flows from operations	(751)	(762)	(2,305)	(2,183)
Capital expenditures	268	190	692	526
Dividends	106	--	704	364
Proceeds from sale of Transfusion Therapies business	--	--	(421)	--
Proceeds from issuances of stock	(139)	(51)	(639)	(1,496)
Purchases of treasury stock	214	258	1,855	737
Acquisitions of and investments in businesses and technologies	29	2	112	5
Payments relating to settlement of cross-currency swaps	108	--	304	--
Other, including the effect of exchange rate changes	(37)	(62)	(68)	(134)
Increase (decrease) in net debt	(202)	(425)	234	(2,181)
Net debt, December 31	\$550	\$316	\$550	\$316

Key statistics, December 31:				
Days sales outstanding	53.3	52.9	53.3	52.9
Inventory turns	2.5	2.7	2.5	2.7