

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 March 31,	
	2008	2007
Net income	\$429	\$403
Adjustments		
Depreciation and amortization	156	140
Deferred income taxes	61	(13)
Stock compensation	38	27
Infusion pump charge	53	-
Other	9	4
Changes in balance sheet items		
Receivables	18	(98)
Inventories	(105)	(128)
Accounts payable and accrued liabilities	(341)	(158)
Restructuring payments	(12)	(3)
Other	56	41
Cash flows from operations	\$362	\$215

Changes in Net Debt		
Increase (decrease)		
	Three Months Ended March 31,	
	2008	2007
Net debt, beginning of period	\$550	\$316
Cash flows from operations	(362)	(215)
Capital expenditures	157	93
Dividends	138	380
Proceeds from sale of Transfusion Therapies business	-	(421)
Proceeds from stock issued under employee benefit plans	(112)	(201)
Purchases of treasury stock	545	270
Acquisitions of and investments in businesses and technologies	61	31
Payments relating to settlements of cross-currency swaps	169	147
Other, including the effect of exchange rate changes	(10)	(64)
Increase in net debt	586	20
Net debt, March 31	\$1,136	\$336

Key statistics, March 31:		
Days sales outstanding	56.3	55.3
Inventory turns	2.3	2.6