

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

Cash Flows from Continuing Operations		
(Brackets denote cash outflows)	Three Months Ended	
	March 31,	
	2005	2004
Income from continuing operations	\$224	\$187
Adjustments		
Depreciation and amortization	147	149
Deferred income taxes	23	10
Other	18	23
Changes in balance sheet items		
Accounts receivable	44	(96)
Inventories	19	(66)
Accounts payable and accrued liabilities	(245)	(252)
Restructuring payments	(43)	(37)
Other	84	29
Cash flows from continuing operations	\$271	(\$53)

Changes in Net Debt		
Increase (decrease)	Three Months Ended	
	March 31,	
	2005	2004
Net debt, January 1	\$3,185	\$3,649
Cash flows from continuing operations	(271)	53
Capital expenditures	65	90
Dividends	359	361
Acquisitions, net	-	5
Purchases of treasury stock	-	11
Other, including the effect of exchange rate changes	155	(8)
Increase in net debt	308	512
Net debt, March 31	\$3,493	\$4,161

Key statistics, March 31:		
Days sales outstanding	59.2	61.4
Inventory turns	2.6	2.3
Net-debt-to-capital ratio (A)	34.9%	42.4%

(A) The net-debt-to-capital ratio was calculated in accordance with the company's primary credit agreements, which give 70% equity credit to the company's December 2002 \$1.25 billion issuance of equity units.