

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		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Income from continuing operations	\$116	\$259	\$664	\$277
Adjustments				
Depreciation and amortization	145	150	437	445
Deferred income taxes	80	(35)	199	(238)
Restructuring and hemodialysis charges, net	23	-	(81)	543
Infusion pump charge	-	-	77	-
Other	24	4	57	151
Changes in balance sheet items				
Receivables	98	7	118	(155)
Inventories	(22)	31	68	(44)
Accounts payable and accrued liabilities	52	(41)	(273)	(270)
Restructuring payments	(22)	(74)	(95)	(136)
Other	42	(24)	144	(44)
Cash flows from continuing operations	\$536	\$277	\$1,315	\$529

Changes in Net Debt Increase (decrease)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Net debt, beginning of period	\$3,061	\$3,874	\$3,185	\$3,649
Cash flows from continuing operations	(536)	(277)	(1,315)	(529)
Capital expenditures	116	134	279	363
Dividends	-	-	359	361
Acquisitions, net	14	-	14	20
Purchases of treasury stock	-	-	-	18
Other, including the effect of exchange rate changes	(5)	36	128	(115)
Increase (decrease) in net debt	(411)	(107)	(535)	118
Net debt, September 30	\$2,650	\$3,767	\$2,650	\$3,767

Key statistics, September 30:				
Days sales outstanding	61.0	63.9	61.0	63.9
Inventory turns	2.7	2.5	2.7	2.5
Net-debt-to-capital ratio (A)	25.3%	38.3%	25.3%	38.3%

(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.