

BAXTER INTERNATIONAL INC.
Cash Flows from Continuing Operations and Changes in Net Debt
(unaudited)
(in millions, except statistical data)

Cash Flows from Continuing Operations		
(Brackets denote cash outflows)	Six Months Ended June 30,	
	2003	2002
Income from continuing operations	\$266	\$457
Adjustments		
Depreciation and amortization	258	208
Deferred income taxes	(161)	65
Restructuring charge	337	--
IPR&D	--	51
Other	6	93
Changes in balance sheet items		
Accounts receivable	(32)	(233)
Inventories	(203)	(257)
Accounts payable and accrued liabilities	(202)	(269)
Net litigation payable and other	(64)	(126)
Cash flows from continuing operations	\$205	(\$11)

Changes in Net Debt		
Increase (decrease)	Six Months Ended June 30,	
	2003	2002
Net debt, January 1	\$3,449	\$2,105
Cash flows from continuing operations	(205)	11
Capital expenditures	357	328
Dividends	346	348
Acquisitions, including assumed debt	84	60
Purchases of treasury stock	153	141
Other, including the effect of exchange rate changes	165	42
Increase in net debt	900	930
Net debt, June 30	\$4,349	\$3,035

Key statistics, June 30:		
Days sales outstanding	65.8	64.8
Inventory turns	2.2	2.5
Net-debt-to-capital ratio (A)	46.7%	42.7%

(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.