

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)	Nine Months Ended	
	September 30,	
	2003	2002
Income from continuing operations before Q3, 2003 cumulative effect of accounting changes	\$544	\$774
Adjustments		
Depreciation and amortization	399	325
Deferred income taxes	(135)	84
Restructuring charge	338	--
IPR&D	--	51
Other	33	90
Changes in balance sheet items		
Accounts receivable	4	(228)
Inventories	(236)	(297)
Accounts payable and accrued liabilities	(204)	(260)
Net litigation payable and other	(75)	(81)
Cash flows from continuing operations	\$668	\$458

Changes in Net Debt	Nine Months Ended	
	September 30,	
	2003	2002
Increase (decrease)		
Net debt, January 1	\$3,449	\$2,105
Cash flows from continuing operations	(668)	(458)
Capital expenditures	562	564
Dividends	346	348
Acquisitions, including assumed debt	97	88
Issuance of stock	(644)	-
Purchases of treasury stock	714	141
Other, including the effect of exchange rate changes	244	71
Increase in net debt	651	754
Net debt, September 30	\$4,100	\$2,859

Key statistics, September 30:		
Days sales outstanding	64.6	62.0
Inventory turns	2.3	2.5
Net-debt-to-capital ratio (A)	42.7%	39.6%

(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.