

BAXTER INTERNATIONAL INC.
Condensed Operational Cash Flow Information and Changes in Net Debt
(unaudited)

Condensed Operational Cash Flow Information (in millions) (Brackets denote cash outflows)	Twelve Months Ended December 31,	
	2002	2001
Income from continuing operations before Q1, 2001		
cumulative effect of accounting change	\$1,033	\$675
IPR&D and other special charges	189	469
Other adjustments, primarily non-cash items	585	529
After-tax interest, net	40	54
Operational cash inflow	1,847	1,727
Changes in balance sheet items		
Accounts receivable	(276)	(114)
Inventories	(269)	(177)
Accounts payable and accrued liabilities	54	(89)
Other	(40)	(32)
Capital expenditures	(848)	(759)
Operational cash outflow	(1,379)	(1,171)
Operational cash flow -- continuing operations	468	556
Operational cash flow -- discontinued operations	(41)	(53)
Total operational cash flow	\$427	\$503
Changes in Net Debt		
(in millions) Increase (decrease)	Twelve Months Ended December 31,	
	2002	2001
Net debt, January 1	\$2,105	\$1,781
Operational cash flow	(427)	(503)
Dividends	348	341
Acquisitions, including assumed debt	514	869
Issuances of stock	(414)	(500)
Purchases of treasury stock	1,169	288
Other, including the effect of exchange rate changes	140	(171)
Increase in net debt	1,330	324
Net debt, December 31	\$3,435	\$2,105
Key statistics, December 31:		
Days sales outstanding	54.5	51.9
Inventory turns	2.7	3.2
Net-debt-to-capital ratio (A)	40.8%	35.9%

(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.

Operational cash flow is defined as cash flow provided by operations plus after-tax interest, plus the tax effect of divestiture gains (losses) less capital expenditures.