

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)	Three Months Ended	
	March 31,	
	2003	2002
Income from continuing operations	\$217	\$253
Adjustments		
Depreciation and amortization	128	103
Deferred income taxes	(70)	37
Other	8	(16)
Changes in balance sheet items		
Accounts receivable	(56)	(174)
Inventories	(135)	(127)
Accounts payable and accrued liabilities	(85)	(129)
Net litigation payable and other	(30)	(42)
Cash flows from continuing operations	(\$23)	(\$95)

Changes in Net Debt Increase (decrease)	Three Months Ended	
	March 31,	
	2003	2002
Net debt, January 1	\$3,449	\$2,105
Cash flows from continuing operations	23	95
Capital expenditures	174	132
Dividends	346	348
Acquisitions, including assumed debt	70	49
Purchases of treasury stock	153	35
Other, including the effect of exchange rate changes	62	(67)
Increase in net debt	828	592
Net debt, March 31	\$4,277	\$2,697

Key statistics, March 31:		
Days sales outstanding	65.2	59.4
Inventory turns	2.3	2.7
Net-debt-to-capital ratio (A)	46.9%	40.6%

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