

Supplemental Annual Schedule

**BAXTER INTERNATIONAL INC.
Condensed Consolidated Balance Sheets
(unaudited)**

(\$ in millions)	December 31,		
	2003	2002	
<u>ASSETS</u>			
Cash and equivalents	\$ 944	\$ 1,169	
Receivables	1,979	1,838	A
Inventories	2,101	1,745	B
Other current assets	430	408	
Total current assets	<u>5,454</u>	<u>5,160</u>	
Property, plant & equipment, net (PP&E)	4,585	3,907	C
Other assets	3,740	3,411	
Total assets	<u>\$ 13,779</u>	<u>\$ 12,478</u>	
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Short-term debt	\$ 153	\$ 220	
Other current liabilities (1)	3,666	3,631	
Long-term debt	4,421	4,398	
Other long-term liabilities (1)	2,216	1,290	D
Stockholders' equity	3,323	2,939	
Total liabilities and stockholders' equity	<u>\$ 13,779</u>	<u>\$ 12,478</u>	

- A** Accounts receivable increased by \$141 million, principally due to the strengthening Euro.
- B** Inventories increased by \$356 million. This increase was primarily related to increased inventory in the BioScience business and the strengthening Euro, partially offset by improved turns in all other businesses.
- C** PP&E increased by \$678 million. This increase was primarily due to several large projects, including those related to vaccines, drug delivery and other products, as well as the strengthening Euro.
- D** Other long-term liabilities increased by \$926 million. This increase was primarily due to increased pension liabilities of \$256 million and increased hedge-related liabilities of \$864 million. The majority of the increase in the hedge-related liabilities relates to net investment hedges, and is offset by an increase in the value of the hedged net assets due to strengthening currencies. See (1) below.
- (1)** The following is a summary of the net investment hedges included in other current and long-term liabilities:

	December 31,	
	2003	2002
Other current liabilities	\$ 172	\$ 498
Other long-term liabilities	785	-
Total	<u>\$ 957</u>	<u>\$ 498</u>