

BAXTER INTERNATIONAL INC

Form 11-K

June 30, 2008

**Table of Contents**

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 11-K**

þ **ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the year ended December 31, 2007**

**OR**

o **TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 1-4448**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Baxter International Inc. and Subsidiaries**

**Incentive Investment Plan**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**Baxter International Inc.**

**One Baxter Parkway**

**Deerfield, IL 60015**

**(847) 948-2000**

---

**Table of Contents**

**Baxter International Inc.  
and Subsidiaries  
Incentive Investment Plan  
Financial Statements and Supplemental Schedules  
December 31, 2007 and 2006**

---

**Baxter International Inc. and Subsidiaries  
Incentive Investment Plan  
Index  
December 31, 2007 and 2006**

|  | <b>Page(s)</b> |
|--|----------------|
| <b><u>Report of Independent Registered Public Accounting Firm</u></b>  | 1              |
| <b>Financial Statements</b>  |                |
| <u>Statements of Net Assets Available for Benefits as of December 31, 2007 and 2006</u>  | 2              |
| <u>Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2007 and 2006</u>   | 3              |
| <u>Notes to Financial Statements</u>   | 4 - 11         |
| <b>Supplemental Information</b>  |                |
| <u>Schedule I: Schedule of Assets (Held at End of Year) as of December 31, 2007</u>  | 12 - 51        |
| <u>Schedule II: Schedule of Reportable Transactions for the year ended December 31, 2007</u><br><u>Consent of PricewaterhouseCoopers LLP</u>   | 52             |
| <b>Note:</b> Other schedules<br>required by<br>Section 2520.103-10<br>of the Department of<br>Labor's Rules and<br>Regulations for<br>Reporting and<br>Disclosure under the<br>Employee<br>Retirement Income<br>Security Act of 1974<br>have been omitted<br>because they are not<br>applicable. |                |

---

**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

To the Participants and Administrative Committee of  
the Baxter International Inc. and Subsidiaries Incentive Investment Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Baxter International Inc. and Subsidiaries Incentive Investment Plan (the Plan ) at December 31, 2007 and 2006, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) and Schedule of Reportable Transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan s management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

June 25, 2008

---

**Table of Contents**

**Baxter International Inc. and Subsidiaries  
Incentive Investment Plan  
Statements of Net Assets Available for Benefits  
December 31, 2007 and 2006**

|  | <b>2007</b>      | <b>2006</b>      |
|--|------------------|------------------|
| <b>Assets</b>  |                  |                  |
| Investments  |                  |                  |
| Cash and cash equivalents  | \$ 34,410,820    | \$ 33,168,843    |
| Common stock (including securities on loan of \$59,207,343 in 2007 and \$17,081,644 in 2006)                               | 490,726,541      | 481,186,522      |
| U.S. government and government agency issues (including securities on loan of \$4,762,485 in 2007 and \$3,262,470 in 2006) | 21,467,884       | 36,187,676       |
| Corporate and other obligations (including securities on loan of \$11,196,452 in 2007 and \$2,535,299 in 2006)             | 63,542,158       | 42,547,956       |
| Commingled funds   | 393,673,907      | 378,735,234      |
| Registered investment companies  | 61,058,770       | 13,602,410       |
| Participant loans  | 29,686,366       | 29,619,239       |
| Synthetic guaranteed investment contracts (including securities on loan of \$81,416,421 in 2007 and \$63,359,746 in 2006)  | 591,599,729      | 612,875,198      |
| Collateral held on loaned securities   | 152,922,183      | 87,326,904       |
| Total investments at fair value  | 1,839,088,358    | 1,715,249,982    |
| Receivables  |                  |                  |
| Sponsor contribution   | 5,599,496        |                  |
| Accrued interest and dividends   | 2,010,852        | 2,922,904        |
| Due from brokers for securities sold   | 840,899          | 318,298          |
|  | 8,451,247        | 3,241,202        |
| Total assets   | 1,847,539,605    | 1,718,491,184    |
| <b>Liabilities</b>   |                  |                  |
| Accounts payable   | 2,915,049        | 2,826,722        |
| Due to brokers for securities purchased  | 1,823,566        | 1,090,257        |
| Collateral to be paid on loaned securities   | 152,922,183      | 87,326,904       |
| Total liabilities  | 157,660,798      | 91,243,883       |
| Net assets available for benefits, at fair value   | 1,689,878,807    | 1,627,247,301    |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts                             | (11,583,546)     | (27,502,635)     |
| Net assets available for benefits  | \$ 1,678,295,261 | \$ 1,599,744,666 |

The accompanying notes are an integral part of these financial statements.



**Table of Contents**

**Baxter International Inc. and Subsidiaries**  
**Incentive Investment Plan**  
**Statements of Changes in Net Assets Available for Benefits**  
**For the Years Ended December 31, 2007 and 2006**

|   | <b>2007</b>      | <b>2006</b>      |
|---|------------------|------------------|
| <b>Additions to net assets attributed to</b>    |                  |                  |
| Investment income                               |                  |                  |
| Net appreciation in fair value of investments   | \$ 72,706,714    | \$ 114,810,943   |
| Interest  | 37,847,865       | 36,837,148       |
| Dividends                                       | 8,814,508        | 6,805,226        |
| Participant loan interest                       | 2,248,233        | 1,943,886        |
|   | 121,617,320      | 160,397,203      |
| <b>Contributions</b>                            |                  |                  |
| Sponsor   | 31,891,497       | 22,683,169       |
| Participant                                     | 75,726,553       | 65,392,572       |
|   | 107,618,050      | 88,075,741       |
| Total additions                                 | 229,235,370      | 248,472,944      |
| <b>Deductions from net assets attributed to</b> |                  |                  |
| Benefits paid                                   | 145,725,779      | 123,741,653      |
| Plan expenses                                   | 4,958,996        | 4,205,466        |
| Total deductions                                | 150,684,775      | 127,947,119      |
| Net increase                                    | 78,550,595       | 120,525,825      |
| <b>Net assets available for benefits</b>        |                  |                  |
| Beginning of year                               | 1,599,744,666    | 1,479,218,841    |
| End of year                                     | \$ 1,678,295,261 | \$ 1,599,744,666 |

The accompanying notes are an integral part of these financial statements.



**Table of Contents**

**Baxter International Inc. and Subsidiaries  
Incentive Investment Plan  
Notes to Financial Statements  
December 31, 2007 and 2006**

**1. General Description of the Plan**

The following description of the Baxter International Inc. and Subsidiaries Incentive Investment Plan (the Plan ) is provided for general information purposes only. Participants should refer to the Plan document and summary plan description for more complete information.

The Plan allows tax deferred contributions in compliance with Section 401(k) of the Internal Revenue Code. Eligible participants may make pre-tax contributions up to 50% of their eligible annual compensation within certain limitations. The Plan sponsor, Baxter International Inc. ( Baxter ), matches participant contributions up to a maximum of 3% of the employee s compensation. Participant contributions and Plan sponsor matching contributions are fully vested and nonforfeitable at all times.

During 2006, Baxter amended the Plan in response to changes made to its U.S. qualified defined benefit pension plan. Employees hired on or after January 1, 2007 receive a higher level of company contributions (an additional non-matching 3% of the employee s compensation) in the Plan but are not eligible to participate in the pension plan. In addition, these employees automatically have 3% of their annual salary contributed to the Plan if they do not enroll in the Plan within 60 days of their hire date. Employees hired prior to January 1, 2007 who were not fully vested in the pension plan as of December 31, 2006 were required to elect, by April 30, 2007, to either continue their participation in the pension plan and the Plan, or to cease earning additional service in the pension plan as of December 31, 2006 and participate in the higher level of company contributions in the Plan. There was no change to the plans for employees who were fully vested in the pension plan as of December 31, 2006. The additional non-matching contribution becomes fully vested after three years of service.

Participants may borrow up to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the balance in the participant s account and bear interest at variable rates as outlined in the Plan agreement.

Participants or their beneficiaries may elect lump-sum benefit payments, or benefits may be paid in installments. Subject to certain provisions specified in the Plan agreement, employed participants may withdraw their pre-tax contributions and related earnings in cases of financial hardship.

Upon enrollment in the Plan, a participant may direct contributions to any of 18 investment options: Stable Income Fund, Baxter Common Stock Fund, Composite Fund, General Equity Fund, S&P 500 Flagship Fund, International EAFE Equity Index Fund, Small Cap Fund, ten different Target Retirement Funds and the Self-Managed Fund. In addition, certain participants may maintain shares received in connection with Baxter s 1996 spin-off of Allegiance Corporation ( Allegiance ), which were subsequently converted into common shares of Cardinal Health Inc. ( Cardinal ) upon Cardinal s acquisition of Allegiance in 1999. These shares are maintained in the Cardinal Health Common Stock Fund. Additionally, certain participants maintain shares in Edwards Lifesciences Corporation. These shares were placed into the Edwards Lifesciences Common Stock Fund in connection with Baxter s 2000 spin-off of its cardiovascular business. Participants are not able to make contributions to the Cardinal Health Common Stock Fund or the Edwards Lifesciences Common Stock Fund.



**Table of Contents**

**Baxter International Inc. and Subsidiaries  
 Incentive Investment Plan  
 Notes to Financial Statements  
 December 31, 2007 and 2006**

**2. Summary of Significant Accounting Policies****Basis of Accounting**

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting. Accordingly, investment income is recognized when earned and expenses are recognized when incurred.

**Reclassifications**

Certain previously reported amounts have been reclassified to conform with current year presentation.

**Valuation of Investments**

The valuation of Plan investments is determined as follows:

|  |   |
|--|---|
| Cash and cash equivalents                    | Value based on cost which approximates fair value   |
| Common stock:                                |   |
| Traded on national exchanges                 | Value based on composite pricing of all national closing sales prices on the valuation date         |
| Traded on over-the-counter market            | Value based on last reported sale price defaulting to bid quotations                                |
| U.S. government and government agency issues | Value based on reputable pricing vendors that typically use pricing matrices or models              |
| Corporate and other obligations              | Value based on reputable pricing vendors that typically use pricing matrices or models              |
| Commingled funds                             | Value based on net asset value per unit of the underlying funds                                     |
| Registered investment companies              | Value based on the last reported sale price from a national security exchange on the valuation date |
| Participant loans                            | Value based on outstanding principal balance which approximates fair value                          |
| Synthetic guaranteed investment contracts    | Value based on closing prices of the underlying securities on the valuation date                    |
| Collateral held on loaned securities         | Value based on cost which approximates fair value   |

**Table of Contents**

**Baxter International Inc. and Subsidiaries**

**Incentive Investment Plan**

**Notes to Financial Statements**

**December 31, 2007 and 2006**

**Income Recognition**

Plan investment return includes dividend and interest income, gains and losses on sales of investments and unrealized appreciation or depreciation of investments. Purchases and sales of investments are recorded on a trade date basis. Dividends are recorded on the ex-dividend date.

The financial statements reflect the net appreciation or depreciation in the fair value of the Plan's investments. This net appreciation or depreciation consists of realized gains and losses calculated as the difference between proceeds from a sales transaction and cost determined on a moving average basis, and unrealized gains and losses calculated as the change in the fair value between beginning of the year (or purchase date if later) and the end of the year.

**Synthetic Guaranteed Investment Contracts**

The Plan holds synthetic guaranteed investment contracts ( GICs ) as part of the Stable Income Fund. The synthetic GICs provide for a fixed return on principal over a specified time through fully benefit-responsive contracts issued by Aegon Institutional Markets and Bank of America N.A. The portfolio of assets underlying the synthetic GICs primarily includes U.S. government and government agency issues, corporate and other bonds, and registered investment companies.

The fair value of the synthetic GICs equals the total of the fair value of the underlying assets plus the fair value of the wrapper contracts. The fair value of the wrapper contracts is computed using a replacement cost approach that incorporates a comparison of the current fee rate on similar wrapper contracts to the fee being paid by the Plan. Using this approach, the fair value of the wrapper contracts was zero at both December 31, 2007 and 2006.

Fully benefit-responsive synthetic GICs are valued at contract value, rather than fair value, for determining the net assets available for benefits. Contract value represents contributions, plus earnings, less participant withdrawals and administrative expenses. The wrapper contracts used by the Plan are fully benefit-responsive because the wrapper contract issuers are contractually obligated to make up any shortfall in the event that the underlying asset portfolio has been liquidated and is inadequate to cover participant withdrawals and transfers at contract value. There are currently no reserves against contract values for credit risk of the contract issuers or any other risk. The contract value for the synthetic GICs was \$580,016,183 and \$585,372,563 at December 31, 2007 and 2006, respectively.

The crediting interest rate, which is reset quarterly, can never fall below zero. The crediting rate formula smoothes the impact of interest rate changes on participant returns by amortizing any difference between market value and book value over a period of years equal to the duration of the portfolio benchmark. The average yield on the synthetic GICs was approximately 6.37% and 4.48% at December 31, 2007 and 2006, respectively. The average interest rate credited to participants on the synthetic GICs was approximately 4.91% and 4.73%, respectively, for the years ended December 31, 2007 and 2006. Credit ratings for both issuers of the synthetic GICs at December 31, 2007 and 2006 were AA.

Events that lead to market value withdrawals that exceed 20 percent of the contract value would limit the ability of the Plan to transact at contract value with participants. These events include restructurings, early retirement plans, divestitures, bankruptcies or as the result of legal, tax or regulatory changes. The Plan sponsor believes that the occurrence of any such event is remote.



**Table of Contents**

**Baxter International Inc. and Subsidiaries  
Incentive Investment Plan  
Notes to Financial Statements  
December 31, 2007 and 2006**

The wrapper providers can only terminate at a value different than contract value under an event of default (that was not remedied) such as failure to follow the terms of the contract. If a wrapper provider would like to exit the contract for another reason, the Plan can maintain the contract through an extended termination process designed to ensure continued benefit-responsive treatment for withdrawals.

**Payment of Benefits**

Benefits are recorded when paid.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Changes in such estimates may affect amounts reported in future periods.

**Other**

Due from or due to brokers for securities sold or purchased, respectively, represent the net cash value of security trades initiated but not yet settled at each respective year-end.

**Risks and Uncertainties**

The Plan provides for various investment options which invest in any combination of registered investment companies, U.S. government and government agency issues, corporate and other obligations, common stock, commingled funds, synthetic guaranteed investment contracts and short-term investments. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits. Individual participants' accounts bear the risk of loss resulting from fluctuations in investment values.

Investments underlying the Plan's synthetic GICs include securities with contractual cash flows, such as asset-backed securities, collateralized mortgage obligations and commercial mortgage-backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies and/or defaults and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

**New Accounting Standard**

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements (SFAS No. 157), which clarifies the definition of fair value whenever another standard requires or permits assets or liabilities to be measured at fair value. Specifically, the standard clarifies that fair value should be based on the assumptions market participants would use when pricing the asset or liability, and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS No. 157 does not expand the use of fair value to any new circumstances, and must be applied on a prospective basis except in certain cases. The standard also requires expanded financial statement

disclosures about fair value measurements, including disclosure of the methods used and the effect on earnings. Management is in the process of analyzing this new standard, which will be effective for the Plan on January 1, 2008.

**Table of Contents**

**Baxter International Inc. and Subsidiaries  
Incentive Investment Plan  
Notes to Financial Statements  
December 31, 2007 and 2006**

**3. Eligibility Requirements**

Employees become eligible to participate in the Plan as of the first day of the month following the completion of thirty days of employment. Eligible employees are those who meet the following requirements:

- A. U.S. employees of Baxter or its subsidiaries which have adopted the Plan;
- B. U.S. employees not covered by a collective bargaining agreement unless the agreement provides for coverage under the Plan; and
- C. U.S. employees who are not leased employees.

**4. Administration of the Plan**

State Street Bank and Trust Company (the Trustee ) serves as trustee and Citistreet LLC serves as recordkeeper for the Plan.

The Administrative Committee administers the Plan. The Investment Committee has authority, responsibility and control over the management of the assets of the Plan. Members of both committees are appointed by the Board of Directors of Baxter and are employees of Baxter.

Substantially all investment manager, trustee and administrative fees incurred in the administration of the Plan were paid from the assets of the Plan.

**5. Investments**

Investments representing five percent or more of the Plan's net assets available for benefits at December 31, 2007 and 2006 are summarized as follows:

|   | <b>2007</b>    | <b>2006</b>    |
|---|----------------|----------------|
| Baxter Common Stock, 2,902,771 shares and 3,054,026 shares at<br>December 31, 2007 and 2006, respectively | \$ 168,505,844 | \$ 141,676,250 |
| S&P 500 Flagship Fund   | 192,376,320    | 190,704,647    |
| International EAFE Equity Index Fund  | 129,156,514    | 107,860,515    |
| Collateral held on loaned securities  | 152,922,183    | 87,326,904     |



**Table of Contents**

**Baxter International Inc. and Subsidiaries  
Incentive Investment Plan  
Notes to Financial Statements  
December 31, 2007 and 2006**

Investments as of December 31, 2007 and 2006 are segregated into various investment fund options as follows:

|   | <b>2007</b>          | <b>2006</b>          |
|---|----------------------|----------------------|
| Cash (available for investment)                                     | \$ 4,301,955         | \$ 2,319,204         |
| Stable Income Fund  | 605,560,228          | 624,175,516          |
| Baxter Common Stock Fund  | 170,337,601          | 143,768,460          |
| Composite Fund  | 164,046,004          | 169,420,156          |
| General Equity Fund   | 207,540,018          | 213,002,241          |
| Cardinal Health Common Stock Fund                                   | 10,072,880           | 13,053,966           |
| S&P 500 Flagship Fund   | 192,376,320          | 191,119,118          |
| International EAFE Equity Index Fund                                | 129,156,514          | 108,219,284          |
| Edwards Lifesciences Common Stock Fund                              | 9,380,048            | 10,980,586           |
| Small Cap Fund  | 70,440,158           | 79,995,302           |
| Self-Managed Fund   | 47,254,306           | 42,250,006           |
| Target Retirement Funds   | 46,013,777           |                      |
| Loan Fund   | 29,686,366           | 29,619,239           |
| Collateral held on loaned securities                                | 152,922,183          | 87,326,904           |
| <br>Total investments at fair value                                 | <br>1,839,088,358    | <br>1,715,249,982    |
| Adjustment from fair value to contract value for Stable Income Fund | (11,583,546)         | (27,502,635)         |
| <br>Total investments   | <br>\$ 1,827,504,812 | <br>\$ 1,687,747,347 |

The fund amounts above include \$30,108,865 and \$30,849,639 of cash and cash equivalents at December 31, 2007 and 2006, respectively, which are awaiting investment in their respective portfolios. These amounts are primarily maintained in the State Street Bank Short-Term Investment Fund.

Net appreciation (depreciation) in fair value for each significant class of investment, which includes realized and unrealized gains and losses, is as follows:

|  | <b>2007</b>   | <b>2006</b>    |
|--|---------------|----------------|
| U.S. government and government agency issues | \$ 515,579    | \$ 15,044      |
| Corporate and other obligations              | (632,387)     | 244,970        |
| Baxter common stock                          | 35,540,239    | 27,164,364     |
| Other common stock                           | 13,929,227    | 28,564,197     |
| Registered investment companies              | 310,777       | 1,029,910      |
| Commingled funds                             | 23,043,279    | 57,792,458     |
|  | \$ 72,706,714 | \$ 114,810,943 |



**Table of Contents**

**Baxter International Inc. and Subsidiaries  
Incentive Investment Plan  
Notes to Financial Statements  
December 31, 2007 and 2006**

**6. Securities Lending Transactions**

The Plan participates in a securities lending program with the Trustee. The program allows the Trustee to loan securities, which are assets of the Plan, to approved brokers (the Borrowers). The Trustee requires the Borrowers, pursuant to a security loan agreement, to deliver collateral to secure each loan. The Plan bears the risk of loss with respect to any unfavorable change in fair value of the invested cash collateral. However, the Borrower bears the risk of loss related to the decrease in the fair value of the securities collateral and, therefore, would have to deliver additional securities to maintain the required collateral. In the event of default by the Borrower, the Trustee shall indemnify the Plan by purchasing replacement securities equal to the number of unreturned loaned securities or, if replacement securities are not able to be purchased, the Trustee shall credit the Plan for the market value of the unreturned securities. In each case, the Trustee would apply the proceeds from the collateral for such a loan to make the Plan whole.

The collateral received pursuant to securities lending transactions is reflected on the Statements of Net Assets Available for Benefits as both an asset and a liability, and has no effect on the net assets available for benefits of the Plan.

As of December 31, 2007 and 2006, the Plan had securities on loan with a market value of \$156,582,701 and \$86,239,159, respectively, with cash collateral received of \$152,922,183 and \$87,326,904, respectively. Cash collateral was invested in a short-term commingled investment fund (Quality D Short-Term Investment Fund) as of December 31, 2007 and 2006.

Non-cash collateral of \$7,699,971 and \$802,508 received for securities on loan at December 31, 2007 and 2006, respectively, consisted of U.S. government and government agency issues, equity securities, and corporate and other obligations held by the Trustee on behalf of the Plan. Non-cash collateral is not included with the collateral balances on the Statements of Net Assets Available for Benefits because it is not sold or repledged. A portion of the income generated upon investment of cash collateral is remitted to the Borrowers, and the remainder is allocated between the Plan and the Trustee in its capacity as a security agent. Securities lending income allocated to the Plan amounted to \$335,683 and \$239,526 for 2007 and 2006, respectively. Securities lending income is classified as interest income in the Statements of Changes in Net Assets Available for Benefits.

**7. Plan Termination**

Although it has not expressed any intent to do so, the Plan sponsor has the right under the Plan to reduce, suspend or discontinue its contributions at any time and to terminate the Plan subject to the provisions of the ERISA. The termination of the Plan would not reduce the interest of any participating employee or their beneficiaries accrued under the Plan up to the date of such termination.

**8. Tax Status of the Plan**

The Internal Revenue Service has determined and informed the Plan sponsor by a letter dated July 19, 2006 that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (the IRC). The Plan

has been amended since the date of the determination letter. The Plan sponsor believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

**Table of Contents**

**Baxter International Inc. and Subsidiaries**

**Incentive Investment Plan**

**Notes to Financial Statements**

**December 31, 2007 and 2006**

**9. Related Parties**

At December 31, 2007 and 2006, the Plan held units of participation in certain common/collective trust funds and short-term investment funds of State Street Bank and Trust Company, the Plan trustee, shares of common stock of Baxter, the Plan sponsor, loans with participants, units of commingled funds and registered investment companies managed by Pacific Investment Management Company, an investment manager for the Plan, and shares of common stock and fixed income securities in various affiliates of Citistreet LLC, the recordkeeper. These transactions are allowable party-in-interest transactions under ERISA and the regulations promulgated thereunder.

**Table of Contents**

**SUPPLEMENTAL SCHEDULES**

---

**Table of Contents****Baxter International Inc. and Subsidiaries  
Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)  
December 31, 2007****Schedule I**

| Identity of Issue                                 | Description of Investment  | Cost**    | Current Value |
|---|----------------------------|-----------|---------------|
| <b>Cash and Cash Equivalents:</b>                 |                            |           |               |
| *   | Short-Term Investment Fund |           |               |
| SSGA MONEY MARKET FUND                            |                            | \$        | \$ 9,435,749  |
| *   | Short-Term Investment Fund |           |               |
| STATE STREET BANK & TRUST CO                      |                            |           | 24,975,013    |
| US DOLLAR   | Short-Term Investment Fund |           | 58            |
| Cash and cash equivalents                         |                            |           | \$ 34,410,820 |
| <b>Common Stock:</b>                              |                            |           |               |
| 3COM CORP   | Common stock               | \$        | \$ 3,616      |
| 3DICON CORP                                       | Common stock               |           | 1,700         |
| 3M COMPANY  | Common stock               |           | 11,877        |
| 8X8 INC NEW                                       | Common stock               |           | 2,670         |
| A A R CORP  | Common stock               |           | 13,691        |
| ABB LTD   | Common stock               | 1,998,027 | 2,221,334     |
| ABB LTD SPONSORED ADR                             | Common stock               |           | 68,659        |
| ABBOT LTD   | Common stock               | 4,194,039 | 4,408,466     |
| ABBOTT LABORATORIES                               | Common stock               |           | 52,827        |
| ABERDEEN ASIA PACIFIC INCOME FD INC               | Common stock               |           | 11,668        |
| ACCLAIM ENTERTAINMENT INC                         | Common stock               |           | 1             |
| ACCO BRANDS CORP COM                              | Common stock               |           | 112           |
| ACCURAY INC DEL COM                               | Common stock               |           | 10,776        |
| ACTIVISION INC                                    | Common stock               |           | 4,455         |
| ADAPTIVE BROADBAND CORP                           | Common stock               |           | 43            |
| ADC TELECOMMUNICATNS INC COM NEW                  | Common stock               |           | 2,208         |
| ADEPT TECHNOLOGY INC COM NEW                      | Common stock               |           | 3,896         |
| ADOBE SYS INC                                     | Common stock               | 1,727,750 | 1,751,264     |
| ADOBE SYS INC                                     | Common stock               |           | 5,897         |
| ADVANCED MICRO DEVICES INC                        | Common stock               |           | 23,250        |
| ADVANTA CORP CL B                                 | Common stock               |           | 18,771        |
| ADVANTAGE ENERGY INCOME FD TR UNIT I              | Common stock               |           | 9,267         |
| AEGEAN MARINE PETROLEUM NETWORK INC ATHENS GREECE | Common stock               |           | 959           |
| AEGON N V   | Common stock               |           | 1,315         |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|  |              |           |           |
|--|--------------|-----------|-----------|
| AERO GROW INTL INC COM   | Common stock |           | 9,842     |
| AEROVIRNMENT INC   | Common stock |           | 12,100    |
| AES CORP   | Common stock | 834,920   | 1,037,201 |
| AFFYMETRIX INC   | Common stock |           | 2,314     |
| AFLAC INC  | Common stock |           | 22,122    |
| AGILYSYS INC COM   | Common stock |           | 3,782     |
| AGNICO EAGLE MINES LTD I   | Common stock |           | 74,297    |
| AIR PRODS & CHEMS INC  | Common stock | 2,101,895 | 2,435,116 |
| AKAMAI TECHNOLOGIES INC  | Common stock |           | 2,284     |
| AKSYS LTD  | Common stock |           | 5         |
| ALCATEL LUCENT SPON ADR  | Common stock |           | 32,025    |
| ALCOA INC  | Common stock | 1,490,004 | 1,476,322 |
| ALCON INC  | Common stock | 2,484,097 | 3,771,718 |
| ALESCO FINL INC COM  | Common stock |           | 1,017     |
| ALEXCO RESOURCE CORP COM   | Common stock |           | 11,382    |
| ALJ REGL HLDGS INC   | Common stock |           | 200       |
| ALKERMES INC   | Common stock |           | 7,795     |
| ALLEGHENY ENERGY INC   | Common stock |           | 6,361     |
| ALLEGHENY TECH INC   | Common stock |           | 8,726     |
| ALLIANCE PHARMACEUTICAL CORP COM<br>NEW                            | Common stock |           | 24        |
| ALLIED CAPITAL CORP  | Common stock |           | 4,300     |
| ALLOS THERAPEUTICS INC   | Common stock |           | 34,281    |
| ALLSTATE CORP  | Common stock | 639,582   | 618,972   |
| ALMADEN MINERALS LTD   | Common stock |           | 7,530     |
| ALMOST FAMILY INC  | Common stock |           | 1,943     |
| ALON USA ENERGY INC COM  | Common stock |           | 12,231    |
| ALPINE TOTAL DYNAMIC DIVID FD COM SH<br>BEN INT                    | Common stock |           | 5,094     |
| ALTAIR NANOTECH INC COM  | Common stock |           | 4,442     |
| ALTRIA GROUP INC   | Common stock | 1,027,696 | 1,015,118 |
| ALTRIA GROUP INC   | Common stock | 1,861,978 | 4,456,067 |
| ALTRIA GROUP INC   | Common stock |           | 111,735   |
| ALTUS PHARMACEUTICALS INC COM                                      | Common stock |           | 1,062     |
| ALUMINUM CORP CHINA LTD SPON ADR<br>REPSTG H SHS                   | Common stock |           | 51,501    |
| ALVARION LTD N/C FROM M20385106                                    | Common stock |           | 4,750     |
| AMARIN CORP PLC SPONSORED ADR ISIN<br>#US0231111073 SEDOL #2301938 | Common stock |           | 22,932    |
| AMBAC FINL GROUP INC FRMLY AMBAC<br>INC                            | Common stock |           | 6,829     |
| AMDOCS LTD ORD   | Common stock |           | 6,894     |

12



**Table of Contents****Baxter International Inc. and Subsidiaries  
Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)  
December 31, 2007****Schedule I**

|   |              |           |           |
|---|--------------|-----------|-----------|
| AMEDISYS INC  | Common stock |           | 4,852     |
| AMER INTL GROUP INC                                 | Common stock |           | 7,923     |
| AMERICA MOVIL SAB DE CV                             | Common stock | 1,514,619 | 1,782,443 |
| AMERICA MOVIL SERIES L ADR                          | Common stock |           | 23,594    |
| AMERICAN CAPITAL STRATEGIES                         | Common stock |           | 11,147    |
| AMERICAN DAIRY INC                                  | Common stock |           | 2,072     |
| AMERICAN EAGLE OUTFITTERS                           | Common stock |           | 4,362     |
| AMERICAN ELEC PWR INC                               | Common stock | 689,651   | 777,087   |
| AMERICAN EXPRESS CO                                 | Common stock |           | 2,341     |
| AMERICAN INTL GROUP                                 | Common stock | 3,762,686 | 3,396,965 |
| AMERICAN INTL GROUP                                 | Common stock | 639,487   | 529,696   |
| AMERICAN ORIENTAL BIOENGINEERING<br>INC             | Common stock |           | 6,205     |
| AMERICAN SAFETY INS GROUP LTD                       | Common stock |           | 19,650    |
| AMERISOURCEBERGEN CORP                              | Common stock | 890,744   | 877,388   |
| AMGEN INC   | Common stock |           | 55,124    |
| AMREP CORP NEW FRMLY OLD                            | Common stock |           | 1,222     |
| AMYLIN PHARM INC                                    | Common stock |           | 18,500    |
| ANADARKO PETE CORP                                  | Common stock |           | 3,285     |
| ANALOG DEVICES INC                                  | Common stock |           | 4,755     |
| ANDREA ELECTRONICS CORP FRMLY<br>ANDREA RADIO CORP  | Common stock |           | 43        |
| ANGIOTECH PHARM INC                                 | Common stock |           | 919       |
| ANGLO AMERN PLC ADR NEW                             | Common stock |           | 6,107     |
| ANHEUSER BUSCH COMPANIES INC                        | Common stock |           | 8,374     |
| ANTIGENICS INC DEL                                  | Common stock |           | 7,089     |
| AON CORP  | Common stock | 559,208   | 876,014   |
| APACHE CORP   | Common stock |           | 22,477    |
| APOLLO GROUP INC                                    | Common stock |           | 4,209     |
| APOLLO INVT CORP COM SH BEN INT                     | Common stock |           | 4,536     |
| APPLE COMPUTER INC                                  | Common stock |           | 1,566,615 |
| APPLE INC   | Common stock | 3,012,855 | 9,453,293 |
| APPLERA CORP. APPLIED BIOSYS GROUP                  | Common stock |           | 6,784     |
| APPLIED DIGITAL SOLUTIONS INC COM<br>NEW            | Common stock |           | 3,531     |
| APPLIED MATERIALS INC                               | Common stock |           | 5,506     |
| APPLIED MICRO CIRCUITS CORP COM<br>NEW              | Common stock |           | 1,031     |
| APT SATELLITE HOLDING LTD ADR ISIN<br>#US00203R1059 | Common stock |           | 1,290     |
| AQUA AMERICA INC                                    | Common stock |           | 4,730     |
| ARCELORMITTAL SA LUXEMBOURG                         | Common stock | 1,197,183 | 2,215,282 |
|   | Common stock |           | 15,532    |

|  |              |           |           |
|--|--------------|-----------|-----------|
| ARCELORMITTAL SA LUXEMBOURG N Y<br>REGISTRY SHS        |              |           |           |
| ARCH COAL INC  | Common stock |           | 51,678    |
| ARCHER DANIELS MIDLAND                                 | Common stock |           | 13,300    |
| ARENA PHARMACEUTICALS INC                              | Common stock |           | 470       |
| ARIES MARITIME TRANSPORT LIMITED<br>SHS                | Common stock |           | 3,275     |
| ARKANSAS BEST CORP                                     | Common stock |           | 27,425    |
| AROTECH CORP COM NEW                                   | Common stock |           | 300       |
| ASSURANT INC   | Common stock |           | 6,706     |
| ASSURED GUARANTY LTD SHS ISIN<br>#BMG0585R1060         | Common stock |           | 17,118    |
| ASTRAZENECA PLC- SPONS ADR                             | Common stock |           | 1,927     |
| AT&T INC   | Common stock | 4,038,832 | 4,001,757 |
| AT&T INC COM   | Common stock |           | 80,883    |
| ATARI INC COM NEW                                      | Common stock |           | 610       |
| ATHENAHEALTH INC DELAWARE                              | Common stock |           | 144       |
| ATHEROGENICS INC                                       | Common stock |           | 190       |
| ATSI COMMUNICATIONS INC COM NEW                        | Common stock |           | 215       |
| ATWOOD OCEANICS INC                                    | Common stock |           | 5,012     |
| AUDICODES LTD  | Common stock |           | 1,012     |
| AURIZON MINES LTD ISIN #CA05155P1062<br>SEDOL #2064413 | Common stock |           | 7,780     |
| AUTHENTEC INC  | Common stock |           | 654       |
| AUTODESK INC   | Common stock |           | 1,742     |
| AUTOLIV  | Common stock | 626,241   | 567,401   |
| AUTOMATIC DATA PROCESSING INC                          | Common stock |           | 15,808    |
| AVANEX CORP  | Common stock |           | 1,000     |
| AVANIR PHARMACEUTICALS CL A NEW                        | Common stock |           | 871       |
| AVANT IMMUNOTHERAPEUTICS INC                           | Common stock |           | 2,000     |
| AVI BIOPHARMA INC                                      | Common stock |           | 423       |
| AVIS BUDGET GROUP INC COMMON                           | Common stock |           | 910       |
| AXT INC  | Common stock |           | 12,400    |
| AZZ INC  | Common stock |           | 28,350    |
| BACKWEB TECHNOLOGIES LTD                               | Common stock |           | 131       |
| BAIDU COM INC SPON ADR RESTG ORD<br>SHS CL A           | Common stock |           | 53,013    |

**Table of Contents****Baxter International Inc. and Subsidiaries  
Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)  
December 31, 2007****Schedule I**

|   |              |             |             |
|---|--------------|-------------|-------------|
| BAKER HUGHES INC  | Common stock | 3,540,464   | 3,419,947   |
| * BANK AMER CORP  | Common stock | 3,485,598   | 3,923,322   |
| * BANK AMER CORP  | Common stock | 606,778     | 546,015     |
| * BANK OF AMERICA CORP  | Common stock |             | 178,053     |
| BARCLAYS BK PLC IPATH ETNS LKD MSCI<br>INDIA TOTAL RETURN INDEX | Common stock |             | 31,880      |
| BARCLAYS BK PLC IPATH INDEX LKD SECS                            | Common stock |             | 8,984       |
| BARR LABS INC   | Common stock |             | 11,894      |
| BARR PAHRAMCEUTICALS  | Common stock | 989,903     | 991,122     |
| BARRICK GOLD CORP   | Common stock | 448,310     | 651,983     |
| BASIN WTR INC COM   | Common stock |             | 12,405      |
| * BAXTER INTL INC   | Common stock | 126,044,053 | 167,714,551 |
| * BAXTER INTL INC   | Common stock |             | 791,293     |
| BAYER AG SPONSORED ADR SEDOL #4087117                           | Common stock |             | 23,455      |
| BB & T CORP   | Common stock |             | 7,854       |
| BCE INC COM NEW ISIN #CA05534B7604 SEDOL<br>#B188TH2            | Common stock |             | 39,740      |
| BEA SYSTEMS INC   | Common stock |             | 158         |
| BEACON PWR CORP COM   | Common stock |             | 24,320      |
| BEAR STEARNS COS INC  | Common stock |             | 8,825       |
| BED BATH & BEYOND INC   | Common stock |             | 2,939       |
| BENCHMARK ELECTRS INC COM                                       | Common stock |             | 2,128       |
| BERKSHIRE HATHAWAY INC DEL CL B                                 | Common stock |             | 161,024     |
| BEST BUY INC  | Common stock |             | 13,211      |
| BG GROUP PLC ADS REP 5 ORD SHS                                  | Common stock |             | 11,555      |
| BHP BILLITON LTD SPON ADR ISIN<br>#US0886061086 SEDOL #2144337  | Common stock |             | 135,878     |
| BIMINI CAP MGMT INC CL A N/C FROM<br>68384A100                  | Common stock |             | 250         |
| BIOCRIST PHARMACEUTICALS INC                                    | Common stock |             | 12,360      |
| BIOMERICA INC   | Common stock |             | 21,700      |
| BJ SERVICES CO COM  | Common stock |             | 16,982      |
| BLACK & DECKER CORPORATION                                      | Common stock | 927,676     | 791,024     |
| BLACK BOX CORP  | Common stock |             | 1,809       |
| BLACKSTON GROUP   | Common stock | 1,367,429   | 1,014,075   |
| BLOCK (H&R) INC   | Common stock |             | 8,234       |
| BLOCKBUSTER INC CL A  | Common stock |             | 585         |
| BOEING CO   | Common stock |             | 34,686      |
| BOOKHAM INC COM ISIN #US09856E1055 SEDOL<br>#B01W5C1            | Common stock |             | 238         |
| BORG WARNER INC   | Common stock | 366,389     | 764,937     |
| BOSTON SCIENTIFIC   | Common stock |             | 28,749      |
| BOSTON SCIENTIFIC CORP  | Common stock | 1,214,197   | 738,518     |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|   |              |           |            |
|---|--------------|-----------|------------|
| BP PLC  | Common stock | 2,117,235 | 2,427,968  |
| BRISTOL MYERS SQUIBB                              | Common stock |           | 18,329     |
| BROADCOM CORP CL A                                | Common stock |           | 42,608     |
| BROADCOM INC                                      | Common stock | 2,865,130 | 2,311,755  |
| BROADRIDGE FINANCIAL SOLUTIONS LLC                | Common stock |           | 1,682      |
| BROOKFIELD ASSET MGMT INC                         | Common stock |           | 35,492     |
| BROOKFIELD HOMES CORP                             | Common stock |           | 31         |
| BROOKLINE BANCORP INC DEL COM                     | Common stock |           | 5,903      |
| BUFFALO WILD WINGS INC                            | Common stock |           | 4,249      |
| BURLINGTON NORTHERN SANTA FE CORP                 | Common stock |           | 72,168     |
| C S X CORP  | Common stock |           | 50,688     |
| CABOT CORP  | Common stock |           | 11,728     |
| CADBURY SCHWEPPEES PLC ADR EA REPSTG 4<br>ORD SHS | Common stock |           | 49,370     |
| CALAMOS CONV & HIGH INCOME FD COM SHS             | Common stock |           | 2,630      |
| CALAMP CORP                                       | Common stock |           | 46,398     |
| CALPINE CORP                                      | Common stock |           | 455        |
| CAMECO CORP                                       | Common stock |           | 4,783      |
| CAMERON INTL CORP COM                             | Common stock |           | 3,754      |
| CAMERON INTL GROUP                                | Common stock | 1,361,685 | 1,473,493  |
| CAMPBELL SOUP CO                                  | Common stock |           | 3,667      |
| CANADIAN SOLAR INC COM                            | Common stock |           | 14,075     |
| CANETIC RES TR COM                                | Common stock |           | 4,639      |
| CAPITALSOURCE INC                                 | Common stock |           | 6,651      |
| CAPITOL BANCORP LTD                               | Common stock |           | 14,263     |
| CAPSTONE TURBINE CORP                             | Common stock |           | 8,150      |
| CARDIAC SCIENCE CORP                              | Common stock |           | 243        |
| CARDINAL HEALTH INC                               | Common stock |           | 10,135,744 |
| CARDIOTECH INTL INC                               | Common stock |           | 340        |
| CARMAX INC  | Common stock |           | 3,950      |
| CARTER INC FORMERLY CARTER HLDG INC               | Common stock |           | 8,030      |

**Table of Contents****Baxter International Inc. and Subsidiaries  
Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)  
December 31, 2007****Schedule I**

|   |              |           |           |
|---|--------------|-----------|-----------|
| CATERPILLAR INC                                       | Common stock | 864,351   | 824,073   |
| CATERPILLAR INC                                       | Common stock |           | 53,694    |
| CB RICHARD ELLIS GROUP INC CL A                       | Common stock |           | 9,698     |
| CBIZ INC COM  | Common stock |           | 2,354     |
| CBS CORP CLASS B                                      | Common stock | 1,442,007 | 1,536,644 |
| CDC CORPORATION SHS A                                 | Common stock |           | 24,350    |
| CELGENE CORP  | Common stock | 2,552,139 | 1,898,453 |
| CELGENE CORP  | Common stock |           | 21,950    |
| CELL GENESYS INC                                      | Common stock |           | 1,288     |
| CELLCOM ISRAEL LTD SHS                                | Common stock |           | 3,176     |
| CEMEX S A SPONS ADR NEW REP ORD                       | Common stock |           | 16,699    |
| CENTRAL FD CDA CL A                                   | Common stock |           | 10,841    |
| CERAGON NETWORKS LTD REG SHS                          | Common stock |           | 1,484     |
| CHARTER COMM INC DEL CL A                             | Common stock |           | 1,755     |
| CHECK POINT SOFTWARE TECH LTD SHS                     | Common stock |           | 10,979    |
| CHESAPEAKE ENERGY CORPORATION<br>OKLAHOMA             | Common stock |           | 851,051   |
| CHEVRON CORP  | Common stock | 2,327,408 | 4,110,804 |
| CHEVRONTEXACO CORP                                    | Common stock |           | 75,069    |
| CHICAGO BRIDGE & IRON CO NV SHS                       | Common stock |           | 15,110    |
| CHINA FD INC  | Common stock |           | 4,258     |
| CHINA FIRE & SEC GROUP INC                            | Common stock |           | 644       |
| CHINA LIFE INS CO LTD SPON ADR REPSTG H<br>SHS        | Common stock |           | 76,500    |
| CHINA PETEROLEUM & CHEM CORP SPON ADR<br>REPSTG H SHS | Common stock |           | 2,964     |
| CHINA SUNERGY CO LTD SPONSORED ADR                    | Common stock |           | 661       |
| CHINA YUCHAI INTERNATIONAL LTD                        | Common stock |           | 29,730    |
| CIENA CORP COM NEW DELAWARE                           | Common stock |           | 68        |
| CIGNA CORP  | Common stock | 679,958   | 1,034,718 |
| CINTAS CORP   | Common stock |           | 2,690     |
| CIRCUIT CITY STORES INC                               | Common stock |           | 2,100     |
| CIRRUS LOGIC INC                                      | Common stock |           | 528       |
| CISCO SYS INC   | Common stock | 5,990,857 | 6,172,808 |
| CISCO SYS INC   | Common stock |           | 295,983   |
| CIT GROUP INC NEW COM                                 | Common stock |           | 4,806     |
| CITADEL BROADCASTING CORP                             | Common stock |           | 194       |
| * CITIGROUP INC                                       | Common stock | 1,520,933 | 947,820   |
| * CITIGROUP INC                                       | Common stock |           | 145,039   |
| CLAYMORE EXCHANGE TRADED FD TR BNY<br>BRIC PTF        | Common stock |           | 48,478    |
| CLEAR CHANNEL COMM INC                                | Common stock |           | 34,520    |
| CLOROX CO   | Common stock | 526,462   | 637,167   |

|  |              |           |           |
|--|--------------|-----------|-----------|
| CLOUGH GLOBAL OPPORTUNITIES FD SH BEN<br>INT               | Common stock |           | 88,071    |
| CME GROUP INC  | Common stock | 3,165,455 | 4,054,702 |
| COACH INC  | Common stock |           | 3,058     |
| COCA COLA CO   | Common stock |           | 46,109    |
| COEUR D ALENE MINES CORP                                   | Common stock |           | 19,760    |
| COGENT INC   | Common stock |           | 558       |
| COGNIZANT TECHNOLOGY SOLUTIONS INC                         | Common stock |           | 13,576    |
| COHEN & STEERS PREM INCOME RLTY FD INC                     | Common stock |           | 9,257     |
| COLDWATER CREEK INC  | Common stock |           | 1,338     |
| COLGATE PALMOLIVE INC                                      | Common stock | 2,670,381 | 2,894,877 |
| COLONIAL BANCGROUP   | Common stock |           | 5,078     |
| COMBIMATRIX CORP DEL                                       | Common stock |           | 758       |
| COMCAST CORP   | Common stock | 1,407,448 | 991,823   |
| COMCAST CORP NEW CL A                                      | Common stock |           | 4,565     |
| COMCAST CORP NEW CL A SPL                                  | Common stock |           | 7,248     |
| COMMTOUCH SOFTWARE LTD                                     | Common stock |           | 1,009     |
| COMPANHIA SIDERURGICA NACIONAL SPONS<br>ADR REPTSG ORD SHS | Common stock |           | 22,927    |
| COMPASS MINERALS INTL INC                                  | Common stock |           | 3,690     |
| COMPUCREDIT CORP   | Common stock |           | 938       |
| COMPUWARE CORP   | Common stock |           | 2,664     |
| CONEXANT SYSTEMS, INC.                                     | Common stock |           | 2,158     |
| CONOCOPHILLIPS   | Common stock | 2,962,619 | 4,761,283 |
| CONOCOPHILLIPS   | Common stock |           | 74,172    |
| CONSOL ENERGY INC  | Common stock |           | 3,576     |
| CONSOLIDATED TOMOKA LD CO                                  | Common stock |           | 6,287     |
| COOPER TIRE & RUBBER CO                                    | Common stock |           | 24,870    |
| COPART INC   | Common stock |           | 4,255     |
| COPERNIC INC ISIN #CA21727W1077                            | Common stock |           | 3,384     |
| CORNING INC  | Common stock |           | 14,860    |
| CORPORATE EXECUTIVE BRD CO                                 | Common stock |           | 3,366     |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|   |              |           |           |
|---|--------------|-----------|-----------|
| COSTCO WHOLESALE CORP                       | Common stock |           | 488       |
| COUNTRYWIDE FINANCIAL CORPORATION           | Common stock |           | 15,207    |
| COVAD COMMUNICATIONS GROUP INC              | Common stock |           | 86        |
| COVIDIEN LIMITED COM SHS ISIN #BMG2552X1083 | Common stock |           | 974       |
| COVIDIEN LTD                                | Common stock | 584,018   | 620,010   |
| COWEN GROUP INC COM                         | Common stock |           | 1,522     |
| CPFL ENERGIA S A SPONSORED ADR              | Common stock |           | 5,666     |
| CREDIT SUISSE GROUP                         | Common stock | 812,348   | 765,658   |
| CREE INC                                    | Common stock |           | 12,362    |
| CROCS INC COM                               | Common stock |           | 34,785    |
| CRYPTOLOGIC LIMITED SHS                     | Common stock |           | 7,283     |
| CUBIST PHARMACEUTICALS INC                  | Common stock |           | 4,102     |
| CVS CORP DEL                                | Common stock |           | 13,038    |
| CYTEC INDS INC                              | Common stock | 463,332   | 443,949   |
| D R HORTON INC                              | Common stock |           | 26,340    |
| DAIMLERCHRYSLER AG ORD                      | Common stock |           | 2,466     |
| DANAHER CORP                                | Common stock |           | 877       |
| DARDEN RESTAURANTS                          | Common stock |           | 2,771     |
| DATA RACE INC                               | Common stock |           | 4         |
| DATALINK CORP                               | Common stock |           | 16,273    |
| DAYSTAR TECHNOLOGIES INC                    | Common stock |           | 625       |
| DECODE GENETICS INC                         | Common stock |           | 3,680     |
| DEERE & CO                                  | Common stock |           | 11,195    |
| DEERE & CO.                                 | Common stock | 2,517,737 | 3,604,952 |
| DEERFIELD CAP CORP COM                      | Common stock |           | 3,384     |
| DELCATH SYSTEMS INC COM                     | Common stock |           | 3,700     |
| DELL INC N/C                                | Common stock |           | 4,583     |
| DELPHI AUTOMOTIVE SYSTEMS                   | Common stock |           | 24        |
| DENDREON CORP                               | Common stock |           | 49,076    |
| DEUTSCHE BANK AG                            | Common stock | 872,414   | 869,054   |
| DIAGEO PLC                                  | Common stock |           | 8,738     |
| DIAMOND OFFSHORE DRILLING INC               | Common stock |           | 15,166    |
| DIGI INTL INC                               | Common stock |           | 922       |
| DIGITAL LIGHTWAVE INC                       | Common stock |           | 446       |
| DIRECTV GROUP INC                           | Common stock |           | 23,120    |
| DISCOVER FINL SVCS                          | Common stock |           | 4,750     |
| DISNEY WALT CO                              | Common stock | 812,004   | 997,811   |
| DISNEY WALT CO DEL (HOLDING COMPANY)        | Common stock |           | 66,690    |
| DOLBY LABORATORIES INC CL A                 | Common stock |           | 7,458     |
| DORAL FINL CORP COM NEW                     | Common stock |           | 902       |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|  |              |           |           |
|--|--------------|-----------|-----------|
| DOT HILL SYS CORP N/C FROM 10316R108         | Common stock |           | 243       |
| DOUBLE TAKE SOFTWARE COM                     | Common stock |           | 4,344     |
| DOW CHEM CO                                  | Common stock | 2,285,060 | 2,016,587 |
| DOW CHEMICAL CO                              | Common stock |           | 35,626    |
| DOWNEY FINL CORP                             | Common stock |           | 31,110    |
| DRDGOLD LTD SPONSORED ADR REPSTG<br>10 SHS   | Common stock |           | 710       |
| DRUGSTORE.COM INC                            | Common stock |           | 2,475     |
| DRYSHIPS INC                                 | Common stock |           | 29,823    |
| DU PONT E I DE NEMOURS & CO                  | Common stock |           | 51,670    |
| DUKE ENERGY CORP NEW COM                     | Common stock |           | 56,816    |
| DUKE REALTY CORP                             | Common stock |           | 8,554     |
| DXP ENTERPRISES INC NEW                      | Common stock |           | 3,734     |
| DYNEGY INC DEL CL A                          | Common stock |           | 11,603    |
| E M C CORP MASS                              | Common stock |           | 61,149    |
| E TRADE GROUP INC.                           | Common stock |           | 13,100    |
| EAGLE BULK SHIPPING INC                      | Common stock |           | 17,534    |
| EATON VANCE LTD DURATION INCOME<br>FD        | Common stock |           | 7,465     |
| EBAY INC                                     | Common stock |           | 21,208    |
| EDGE PETE CORP                               | Common stock |           | 593       |
| EDWARDS LIFESCIENCES CORP                    | Common stock |           | 9,208,208 |
| EDWARDS LIFESCIENCES CORP                    | Common stock |           | 5,795     |
| EL PASO CORP                                 | Common stock | 729,325   | 1,050,493 |
| EL PASO CORP                                 | Common stock |           | 517       |
| ELAN CORP PLC ADR                            | Common stock |           | 21,980    |
| ELDORADO GOLD CORP NEW ISIN<br>#CA2849021035 | Common stock |           | 5,800     |
| EMBARQ CORP COM                              | Common stock |           | 3,219     |
| EMC CORP                                     | Common stock | 1,360,791 | 1,057,728 |
| EMERGENT BIOSOLUTIONS INC COM                | Common stock |           | 1,518     |



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|   |              |           |           |
|---|--------------|-----------|-----------|
| EMERSON ELEC                            | Common stock | 1,650,936 | 1,964,058 |
| EMULEX CORP COM NEW                     | Common stock |           | 1,877     |
| ENBRIDGE INC                            | Common stock |           | 2,022     |
| ENCYSIVE PHARMACEUTICALS INC            | Common stock |           | 102       |
| ENERGY CONVERSION DEVICES INC           | Common stock |           | 3,365     |
| ENERGYSOLUTIONS INC DEPOSITARY SH       | Common stock |           | 2,699     |
| ENERPLUS RES FD TR UNIT SER G NEW       | Common stock |           | 6,916     |
| ENI SPA ADR                             | Common stock |           | 7,499     |
| ENTEREGY COPR NEW                       | Common stock | 435,457   | 991,495   |
| ENTRAVISION COMMUNICATIONS CORP CL A    | Common stock |           | 1,175     |
| ENTREMED INC                            | Common stock |           | 498       |
| ENVIRONMENTAL PWR CORP COM NEW          | Common stock |           | 2,514     |
| EOG RESOURCES INC                       | Common stock | 2,176,270 | 2,309,299 |
| EPICOR SOFTWARE CORP                    | Common stock |           | 5,890     |
| EPIX PHARMACEUTICALS INC COM NEW        | Common stock |           | 6,698     |
| ESS TECHNOLOGY INC                      | Common stock |           | 399       |
| EV3 INC                                 | Common stock |           | 57,195    |
| EXELIXIS INC                            | Common stock |           | 4,444     |
| EXELON CORP                             | Common stock |           | 40,820    |
| EXETER RESOURCE CORP ISIN #CA3018351047 | Common stock |           | 16,260    |
| EXPEDIA INC DEL COM                     | Common stock |           | 3,984     |
| EXXON MOBIL                             | Common stock | 3,499,516 | 5,218,467 |
| EXXON MOBIL CORP                        | Common stock |           | 14,108    |
| FAMILY DOLLAR STORES INC                | Common stock |           | 962       |
| FASTENAL CO                             | Common stock |           | 43,452    |
| FEDERAL HOME LN                         | Common stock | 2,365,623 | 1,288,669 |
| FEDERAL NATL MTG                        | Common stock | 1,137,286 | 702,803   |
| FEDERAL NATL MTG ASSN                   | Common stock |           | 3,998     |
| FEDEX CORP                              | Common stock |           | 4,459     |
| FIDELITY NATL FINL                      | Common stock | 481,199   | 265,123   |
| FINISAR CORP                            | Common stock |           | 2,900     |
| FIRST AMERICAN CORP                     | Common stock |           | 1,706     |
| FIRST FINL FD INC                       | Common stock |           | 14,287    |
| FIRST MARBLEHEAD CORP                   | Common stock |           | 4,361     |
| FIRST SOLAR INC COM                     | Common stock |           | 17,364    |
| FIRST TR EXCHANGE TRADED FD DOW JONES   |              |           |           |
| INTERNET INDEX FD                       | Common stock |           | 10,052    |
| FIRST TR ISE CHINDIA INDEX FD           | Common stock |           | 2,079     |
| FIRST TR MORNINGSTAR DIVID LEADERS      |              |           |           |
| INDEX FD SHS                            | Common stock |           | 6,042     |
| FISERV INC                              | Common stock |           | 6,992     |
| FLAGSTAR BANCORP INC                    | Common stock |           | 418       |
| FLANDERS CORP                           | Common stock |           | 11,220    |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|   |              |           |           |
|---|--------------|-----------|-----------|
| FLEXTRONICS INTERNATIONAL                         | Common stock | 2,615,521 | 1,729,034 |
| FLEXTRONICS INTERNATIONAL                         | Common stock | 1,004,480 | 1,001,645 |
| FLOTEK INDS INC DEL                               | Common stock |           | 1,261     |
| FLOWSERVE CORP                                    | Common stock |           | 9,620     |
| FLUOR CORP NEW                                    | Common stock |           | 26,567    |
| FLURO CORP NEW                                    | Common stock | 2,312,364 | 2,878,192 |
| FMC TECHNOLOGIES INC                              | Common stock |           | 8,505     |
| FOOD TECHNOLOGY SVC INC                           | Common stock |           | 1,370     |
| FORBES MEDI-TECH INC                              | Common stock |           | 13        |
| FORD MTR CO DEL COM                               | Common stock |           | 17,431    |
| FORDING CDN COAL TR                               | Common stock |           | 8,492     |
| FORTUNE BRANDS INC                                | Common stock |           | 6,874     |
| FOUNDATION COAL HLDGS INC                         | Common stock |           | 5,250     |
| FPL GROUP INC                                     | Common stock |           | 7,315     |
| FRANKLIN RES INC                                  | Common stock | 3,170,779 | 3,808,381 |
| FREEMPORT MCMORAN COPPER & GOLD INC.              | Common stock |           | 5,122     |
| FRONTLINE LTD                                     | Common stock |           | 4,565     |
| FUEL SYS SOLUTIONS INC COM                        | Common stock |           | 7,145     |
| FUEL TECH INC COM                                 | Common stock |           | 1,767     |
| FUSHI INTL INC COM                                | Common stock |           | 10,068    |
| FUTUREMEDIA PLC SPONSORED ADR COM NEW<br>DEC 2007 | Common stock |           | 2         |
| GAMESTOP CORP NEW CL A                            | Common stock |           | 47,514    |
| GAMING PARTNERS INTL CORP                         | Common stock |           | 1,755     |
| GARMIN LTD REG SHS                                | Common stock |           | 57,147    |
| GASTAR EXPL LTD                                   | Common stock |           | 12,500    |
| GENERAL MTRS CORP                                 | Common stock | 1,671,652 | 1,157,754 |
| GENENTECH INC                                     | Common stock |           | 53,254    |
| GENERAL DYNAMICS CORP                             | Common stock |           | 4,450     |

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|  |              |           |            |
|--|--------------|-----------|------------|
| GENERAL ELEC CO                                    | Common stock | 2,010,368 | 2,295,413  |
| GENERAL ELEC CO                                    | Common stock | 1,110,357 | 1,145,876  |
| GENERAL ELECTRIC CO                                | Common stock |           | 186,166    |
| GENERAL MILLS INC                                  | Common stock |           | 51,300     |
| GENERAL MOTORS CORP                                | Common stock |           | 24,890     |
| GENEREX BIOTECHNOLOGY CORP                         | Common stock |           | 9,720      |
| GENETECH INC                                       | Common stock | 1,627,373 | 1,530,069  |
| GENLYTE GROUP INC                                  | Common stock |           | 4,760      |
| GENTA INC COM PAR \$0.001                          | Common stock |           | 98         |
| GENWORTH FINL INC                                  | Common stock | 1,493,621 | 1,181,289  |
| GEOPHARMA INC                                      | Common stock |           | 1,675      |
| GEORESOURCES INC                                   | Common stock |           | 2,430      |
| GERDAU SA SPONS ADR                                | Common stock |           | 8,703      |
| GERON CORP   | Common stock |           | 3,408      |
| GETTY IMAGES INC                                   | Common stock |           | 1,450      |
| GFI GROUP INC                                      | Common stock |           | 9,572      |
| GIGAMEDIA LTD                                      | Common stock |           | 56,250     |
| GILEAD SCIENCES INC                                | Common stock | 3,054,090 | 4,743,767  |
| GILEAD SCIENCES INC                                | Common stock |           | 66,945     |
| GLAXOSMITHKLINE PLC SPONSORED ADR                  |              |           |            |
| FORMERLY GLAXO PLC                                 | Common stock |           | 2,520      |
| GOLDCORP INC NEW                                   | Common stock |           | 40,716     |
| GOLDEN STAR RES LTD CDA COM                        | Common stock |           | 3,160      |
| GOLDEN TELECOM INC                                 | Common stock |           | 5,048      |
| GOLDMAN SACHS GROUP                                | Common stock | 518,790   | 1,040,653  |
| GOLDMAN SACHS GROUP INC                            | Common stock | 1,108,988 | 1,210,556  |
| GOLDMAN SACHS GROUP INC                            | Common stock |           | 42,365     |
| GOODYEAR TIRE AND RUBBER                           | Common stock | 459,773   | 392,959    |
| GOOGLE INC   | Common stock | 5,288,544 | 10,164,806 |
| GOOGLE INC CL A                                    | Common stock |           | 127,232    |
| GREY WOLF INC                                      | Common stock |           | 10,927     |
| GRUPO AEROPORTUARIO DEL SURESTE S A DE S V<br>SPON | Common stock |           | 3,367      |
| GSI GROUP INC CDA                                  | Common stock |           | 1,848      |
| GSI TECHNOLOGY INC                                 | Common stock |           | 1,275      |
| GTC BIOTHERAPEUTICS INC COM                        | Common stock |           | 6,160      |
| GUESS? INC   | Common stock |           | 1,364      |
| GULFPORT ENERGY CORP                               | Common stock |           | 12,143     |
| H & Q HEALTHCARE FD SH BEN INT                     | Common stock |           | 3,744      |
| HALLIBURTON CO                                     | Common stock | 638,793   | 688,878    |
| HALLIBURTON CO HOLDING CO                          | Common stock |           | 37,910     |
| HALOZYME THERAPEUTICS INC                          | Common stock |           | 331,056    |
|  | Common stock |           | 3,794      |

|   |              |           |           |
|---|--------------|-----------|-----------|
| HANCOCK JOHN PFD EQUITY INCOME FD SH BEN<br>INT                   |              |           |           |
| HANCOCK JOHN PFD INC ME FD III                                    | Common stock |           | 1,804     |
| HANDLEMAN COMPANY   | Common stock |           | 257       |
| HANSEN NATURAL CORP   | Common stock |           | 3,277     |
| HARLEY DAVIDSON INC WISC  | Common stock |           | 4,671     |
| HARRAH S ENTERTAINMENT INC NFSC IS<br>SPECIALIST IN THIS SECURITY | Common stock |           | 88,750    |
| HARRY WINSTON DIAMOND CORP ISIN<br>#CA41587B1004 SEDOL #2033178   | Common stock |           | 3,266     |
| HARTFORD FINANCIAL SVCS   | Common stock | 818,334   | 1,076,335 |
| HARVEST ENERGY TR UNITS ISIN #CA41752X1015<br>SEDOL #2154972      | Common stock |           | 8,634     |
| HB HOME   | Common stock | 936,229   | 497,027   |
| HEADWATERS INC  | Common stock |           | 14,675    |
| HEALTHSHARES INC DIAGNOSTICS INDEX FD                             | Common stock |           | 2,639     |
| HELIX ENERGY SOLUTIONS GROUP INC                                  | Common stock |           | 1,038     |
| HELLENIC TELECOMM ORG ADR REPRSTG 1/2 ORD<br>SHS                  | Common stock |           | 1,418     |
| HENRY JACK & ASSOCIATES INC                                       | Common stock |           | 4,527     |
| HERCULES OFFSHORE INC COM   | Common stock |           | 5,874     |
| HERSHEY FOODS CORP NFSC IS SPECIALIST IN<br>THIS SECURITY         | Common stock |           | 1,688     |
| HEWITT ASSOCIATES INC   | Common stock |           | 11,296    |
| HEWLETT PACKARD CO  | Common stock | 455,543   | 513,484   |
| HEWLETT PACKARD INC   | Common stock | 4,438,794 | 5,463,872 |
| HEWLETT PACKARD CO DE   | Common stock |           | 77,083    |
| HKN INC   | Common stock |           | 354       |
| HOLLIS-EDEN PHARMA INC  | Common stock |           | 110       |
| HOLLY CORP PAR \$0.01   | Common stock |           | 7,634     |
| HOLOGIC INC   | Common stock | 1,756,283 | 1,837,033 |
| HOME DEPOT INC  | Common stock |           | 83,521    |
| HOME INNS & HOTELS MGMT INC SPONSORED<br>ADR                      | Common stock |           | 1,781     |
| HOME SOLUTIONS AMER INC   | Common stock |           | 315       |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|   |              |           |           |
|---|--------------|-----------|-----------|
| HONDA MOTORS LTD ADR NEW                                | Common stock |           | 4,905     |
| HONEYWELL INTERNATIONAL INC                             | Common stock |           | 30,917    |
| HONEYWELL INTL INC                                      | Common stock | 3,356,286 | 3,782,074 |
| HORSEHEAD HLDG CORP                                     | Common stock |           | 6,194     |
| HOSPIRA INC   | Common stock |           | 27,076    |
| HOT TOPIC INC   | Common stock |           | 2,910     |
| HOVNANIAN ENTERPRISE INC CL A                           | Common stock |           | 21,510    |
| HSBC HOLDINGS PLC SPONS ADR                             | Common stock |           | 41,855    |
| HUANENG POWER INTL INC ADR                              | Common stock |           | 4,130     |
| HUNTSMAN CORP   | Common stock |           | 7,740     |
| I TRAX INC NEW FORMERLY I TRAX COM<br>INC TO 02/05/2001 | Common stock |           | 22,507    |
| IAC / INTERACTIVECRP COM NEW                            | Common stock |           | 6,084     |
| ICON PLC CORP ADR REPRSTG 1 ORD SHR                     | Common stock |           | 13,609    |
| IDEARC INC COM DELAWARE                                 | Common stock |           | 1,005     |
| IDM PHARMA INC COM                                      | Common stock |           | 798       |
| I-FLOW CORP COM NEW                                     | Common stock |           | 8,679     |
| IGI INC   | Common stock |           | 1,833     |
| II VI INC   | Common stock |           | 13,167    |
| IMA EXPLORATION INC                                     | Common stock |           | 420       |
| IMMUNOMEDICS INC  | Common stock |           | 4,640     |
| INCYTE GENOMICS INC                                     | Common stock |           | 55,225    |
| INDEVUS PHARMACEUTICALS INC                             | Common stock |           | 27,800    |
| INDIA FD INC  | Common stock |           | 40,469    |
| INFOSONICS CORP   | Common stock |           | 2,860     |
| INFOSYS TECHNOLOGIES LIMITED ADR                        | Common stock |           | 2,268     |
| ING PRIME RATE TR SH BEN INT NFS LLC                    | Common stock |           | 6,240     |
| INGERSOLL RAND COMPANY                                  | Common stock | 1,065,010 | 1,229,922 |
| INNODATA CORP   | Common stock |           | 883       |
| INSMED INC COM NEW                                      | Common stock |           | 2,050     |
| INTEGRATED DEVICE TECH INC                              | Common stock |           | 2,601     |
| INTEGRATED SILICON SOLUTION INC                         | Common stock |           | 1,655     |
| INTEL CORP  | Common stock | 1,478,029 | 1,516,537 |
| INTEL CORP  | Common stock |           | 131,940   |
| INTERACTIVE BROKERS GROUP INC COM                       | Common stock |           | 25,856    |
| INTERCONTINENTALEXCH INTL                               | Common stock |           | 9,625     |
| INTERLIANT INC  | Common stock |           | 3         |
| INTERNATIONAL COAL GROUP INC NEW                        | Common stock |           | 5,360     |
| INTERNATIONAL GAME TECHNOLOGY                           | Common stock |           | 5,491     |
| INTERNET CAP GROUP INC COM NEW                          | Common stock |           | 3,816     |
| INTEROIL CORP   | Common stock |           | 117,486   |
| INTERPUBLIC GROUP COS                                   | Common stock | 1,180,198 | 750,466   |
| INTL BUSINESS MACH                                      | Common stock |           | 20,885    |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|  |              |         |           |
|--|--------------|---------|-----------|
| INTL FUEL TECH INC NEW                 | Common stock |         | 800       |
| INTL SPEEDWAY CL A                     | Common stock |         | 1,647     |
| INVENTIV HEALTH INC COM                | Common stock |         | 3,096     |
| INVESCO LTD                            | Common stock | 846,183 | 1,031,972 |
| ION MEDIA NETWORKS INC CL A COM        | Common stock |         | 1,330     |
| ION NETWORKS INC                       | Common stock |         | 30        |
| IOWA TELECOMMUNICATION SVCS INC        | Common stock |         | 2,980     |
| IRVINE SENSORS CORPORATION NEW         | Common stock |         | 800       |
| ISIS PHARMACEUTICALS                   | Common stock |         | 4,725     |
| ISTAR FINL INC                         | Common stock | 8,683   | 8,731     |
| IVANHOE ENERGY COM                     | Common stock |         | 10,998    |
| J P MORGAN CHASE & CO                  | Common stock |         | 50,067    |
| JA SOLAR HLDGS CO LTD SPONSORED<br>ADR | Common stock |         | 3,072     |
| JABIL CIRCUIT INC                      | Common stock |         | 16,308    |
| JAMBA INC COM                          | Common stock |         | 10,730    |
| JAMES RIV COAL CO COM NEW              | Common stock |         | 2,012     |
| JAVELIN PHARMACEUTICALS INC COM        | Common stock |         | 7,480     |
| JDS UNIPHASE CORP COM PAR \$0.001      | Common stock |         | 21,599    |
| JENSEN PORTFOLIO, INC.                 | Common stock |         | 70,491    |
| JETBLUE AWYS CORP                      | Common stock |         | 4,750     |
| JOHNSON & JOHNSON                      | Common stock |         | 117,382   |
| JONES SODA CO                          | Common stock |         | 1,860     |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|   |              |           |           |
|---|--------------|-----------|-----------|
| JOY GLOBAL INC                                | Common stock |           | 4,937     |
| JPMORGAN CHASE & CO                           | Common stock | 3,232,889 | 3,530,521 |
| JUNIPER NETWORKS INC                          | Common stock |           | 8,964     |
| KAMAN CORP COM FORMERLY CL A TO<br>10/11/2005 | Common stock |           | 36,956    |
| KERYX BIOPHARMACEUTICALS INC                  | Common stock |           | 840       |
| KIMBERLY CLARK                                | Common stock | 344,052   | 342,393   |
| KIMBERLY CLARK CORP                           | Common stock |           | 13,868    |
| KINDER MORGAN MGMT LLC SHS                    | Common stock |           | 2,382     |
| KINETIC CONCEPTS INC                          | Common stock | 571,479   | 677,051   |
| KING PHARMACEUTICALS INC                      | Common stock |           | 451       |
| KINROSS GOLD CORP NEW COM                     | Common stock |           | 34,960    |
| KINTERA INC                                   | Common stock |           | 1,490     |
| KNIGHTSBRIDGE TANK COM                        | Common stock |           | 14,973    |
| KOHL S CORP                                   | Common stock | 259,464   | 180,923   |
| KOHL S CORP                                   | Common stock |           | 144,728   |
| KONGZHONG CORP SPONS ADR                      | Common stock |           | 183       |
| KOREA EQUITY FD INC                           | Common stock |           | 2,620     |
| KRAFT FOODS INC CL A                          | Common stock |           | 34,281    |
| KRISPY KREME DOUGHNUTS INC                    | Common stock |           | 2,054     |
| KROGER CO                                     | Common stock | 608,532   | 833,550   |
| KRONOS WORLDWIDE INC                          | Common stock |           | 36        |
| KUBOTA LTD ADR                                | Common stock |           | 6,720     |
| L-3 COMMUNICATIONS HLDGS INC                  | Common stock |           | 50,436    |
| LABORATORY CORP OF AMERICA HLDGS<br>NEW       | Common stock |           | 22,659    |
| LADISH COMPANY INC NEW                        | Common stock |           | 2,591     |
| LANDAMERICA FINL GRP                          | Common stock |           | 6,690     |
| LAS VEGAS SANDS CORP                          | Common stock | 286,862   | 234,069   |
| LAW ENFORCEMENT ASSOCIATES CORP               | Common stock |           | 1,760     |
| LDK SOLAR CO LTD SPONSORED ADR                | Common stock |           | 9,637     |
| LEHMAN BROS HLDGS CORP                        | Common stock |           | 13,120    |
| LEHMAN BROTHERS HLDGS                         | Common stock | 929,602   | 937,091   |
| LENNOX INTL INC                               | Common stock |           | 20,710    |
| LEVEL 3 COMMUNICATIONS INC                    | Common stock |           | 11,522    |
| LIBERTY ALL STAR EQUITY FD SBI                | Common stock |           | 142       |
| LIFECCELL CORP                                | Common stock |           | 9,829     |
| LILLY ELI & CO                                | Common stock |           | 3,203     |
| LINUX GOLD CORP ISIN #CA53612Q1019            | Common stock |           | 210       |
| LOCKHEED MARTIN CORP                          | Common stock |           | 8,039     |
| LODGIAN INC COM PAR \$.01                     | Common stock |           | 885,036   |
| LOOPNET INC COM                               | Common stock |           | 7,025     |
| LOWES COMPANIES                               | Common stock |           | 69,093    |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                                |              |           |           |
|--------------------------------|--------------|-----------|-----------|
| LSI LOGIC CORP                 | Common stock |           | 2,575     |
| LUNDIN MNG CORP                | Common stock |           | 806       |
| MACYS INC                      | Common stock | 2,497,174 | 1,535,471 |
| MANDALAY MEDIA INC             | Common stock |           | 122       |
| MANHATTAN PHARMACEUTICALS INC  |              |           |           |
| COM NEW                        | Common stock |           | 225       |
| MANITOWOC INC                  | Common stock |           | 19,044    |
| MARATHON OIL CORP              | Common stock | 2,330,026 | 2,608,509 |
| MARATHON OIL CORP              | Common stock |           | 24,917    |
| MARKEL CORP HLDG CO            | Common stock |           | 7,858     |
| MARSH & MCLENNAN COS           | Common stock | 563,218   | 530,665   |
| MARVELL TECHNOLOGY GROUP LTD   | Common stock |           | 18,174    |
| MASSMUTUAL PARTN INVS          | Common stock |           | 26,360    |
| MASTERCARD INC CL A            | Common stock |           | 17,216    |
| MATTEL INC                     | Common stock |           | 9,864     |
| MBIA INC                       | Common stock | 465,610   | 125,110   |
| MCDERMOTT INTL INC             | Common stock | 730,154   | 740,367   |
| MCDERMOTT INTL INC             | Common stock |           | 36,599    |
| MCDONALDS CORP                 | Common stock |           | 38,375    |
| MCKESSON CORP                  | Common stock | 1,289,425 | 1,500,950 |
| MEDAREX INC                    | Common stock |           | 68,512    |
| MEDCO HEALTH SOLUTIONS         | Common stock | 2,524,134 | 3,134,389 |
| MEDICAL ACTION INDS INC        | Common stock |           | 1,564     |
| MEDIFAST INC                   | Common stock |           | 606       |
| MEDTRONIC INC                  | Common stock |           | 146,753   |
| MELCO PBL ENTMNT LTD ADR       | Common stock |           | 8,439     |
| METLIFE INC                    | Common stock | 1,793,888 | 2,841,903 |
| MEMC ELECTRONICS MATERIALS INC | Common stock |           | 13,274    |
| MERCADOLIBRE INC               | Common stock |           | 739       |



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                                       |              |           |           |
|---------------------------------------|--------------|-----------|-----------|
| MERCK & CO INC                        | Common stock | 716,723   | 1,268,276 |
| MERCK & CO INC                        | Common stock |           | 143,895   |
| MERIDIAN RESOURCE CORP                | Common stock |           | 1,177     |
| MERIX CORP                            | Common stock |           | 1,395     |
| MERRILL LYNCH & CO                    | Common stock | 1,927,754 | 1,632,803 |
| METALICO INC                          | Common stock |           | 8,486     |
| METLIFE INC COM                       | Common stock |           | 616       |
| MFRI INC                              | Common stock |           | 1,707     |
| MGI PHARMA INC                        | Common stock |           | 150,772   |
| MGM MIRAGE                            | Common stock |           | 3,781     |
| MGM MIRAGE INC                        | Common stock | 1,152,560 | 1,153,369 |
| MGP INGREDIENTS INC                   | Common stock |           | 1,413     |
| MICROMET INC COM                      | Common stock |           | 2,060     |
| MICRON TECHNOLOGY                     | Common stock |           | 3,988     |
| MICROSOFT CORP                        | Common stock | 2,397,584 | 2,432,914 |
| MICROSOFT CORP                        | Common stock | 587,347   | 762,922   |
| MICROSOFT CORP                        | Common stock |           | 74,526    |
| MICROTUNE INC DEL                     | Common stock |           | 15,378    |
| MICROVISION INC WASH                  | Common stock |           | 78,000    |
| MILACRON INC COM NEW                  | Common stock |           | 1,026     |
| MILLER HERMAN INC                     | Common stock |           | 3,239     |
| MILLICOM INTL CELLULAR SA REG SHS     | Common stock |           | 3,538     |
| MINDRAY MED INTL LTD                  | Common stock |           | 3,438     |
| MINDSPEED TECHNOLOGIES INC            | Common stock |           | 40        |
| MINEFINDERS LTD CORP                  | Common stock |           | 11,300    |
| MIRAMAR MNG CORP COM I                | Common stock |           | 18,870    |
| MKS INSTRUMENTS INC                   | Common stock |           | 1,914     |
| MOBILITY ELECTRONICS INC              | Common stock |           | 78        |
| MODERN ENERGY CORP NEW COM NEW        | Common stock |           | 1         |
| MONEYGRAM INTL INC                    | Common stock |           | 1,537     |
| MONOGRAM BIOSCIENCES INC COM          | Common stock |           | 1,420     |
| MONOLITHIC PWR SYS INC COM            | Common stock |           | 10,735    |
| MONSANTO CO NEW                       | Common stock |           | 20,351    |
| MONSANTO CORP                         | Common stock | 2,078,576 | 4,731,972 |
| MONTPELIER REINSURANCE HOLDINGS LTD   | Common stock |           | 9,696     |
| MORGAN STANLEY                        | Common stock | 2,249,246 | 1,924,921 |
| MORGAN STANLEY CHINA A SHARE FUND INC | Common stock |           | 35,862    |
| MORGAN STANLEY DEAN WITTER & CO       | Common stock |           | 18,589    |
| MOTOROLA INC                          | Common stock |           | 51,408    |
| MRV COMMUNICATIONS                    | Common stock |           | 6,493     |
| MULTIBAND CORP COM NEW                | Common stock |           | 542       |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|   |              |           |           |
|---|--------------|-----------|-----------|
| MYLAN INC                                 | Common stock |           | 703       |
| NABI BIOPHARMACEUTICALS                   | Common stock |           | 11,068    |
| NANOGEN INC                               | Common stock |           | 900       |
| NASHUA CORP                               | Common stock |           | 17,475    |
| NATIONAL OILWELL VARCO INC                | Common stock |           | 30,266    |
| NEENAH PAPER INC                          | Common stock |           | 175       |
| NEOPHARM INC                              | Common stock |           | 1,180     |
| NEOSE TECH INC                            | Common stock |           | 268       |
| NETFLIX COM INC COM                       | Common stock |           | 13,310    |
| NETGEAR INC                               | Common stock |           | 3,567     |
| NETWORK APPLIANCE CORP                    | Common stock |           | 1,997     |
| NEUROCRINE BIOSCIENCES INC                | Common stock |           | 22,700    |
| NEW CENTY FINL CORP MD COM                | Common stock |           | 9         |
| NEW FRONTIER MEDIA INC                    | Common stock |           | 5,500     |
| NEW ORIENTAL ED & TECHNOLOGY<br>GROUP INC | Common stock |           | 4,030     |
| NEWCASTLE INVT CORP                       | Common stock |           | 2,592     |
| NEWFIELD EXPLORATION CO                   | Common stock |           | 3,162     |
| NEWMARKET CORP                            | Common stock |           | 1,949     |
| NEWMONT MNG CORP                          | Common stock | 393,478   | 453,299   |
| NEWMONT MNG CORP HLDG CO                  | Common stock |           | 2,447     |
| NICHOLAS APPLGATE CONV & INCOME<br>FD     | Common stock |           | 7,058     |
| NII HLDGS INC NEW                         | Common stock |           | 15,366    |
| NVIDIA CORP                               | Common stock | 2,417,340 | 2,536,599 |
| NOKIA CORP                                | Common stock | 3,283,052 | 3,324,975 |
| NOKIA CORP                                | Common stock | 365,378   | 727,931   |
| NOKIA CORP ADR                            | Common stock |           | 204,977   |
| NORDSTROM INC                             | Common stock |           | 11,089    |
| NORSK HYDRO A S SPONSORED ADR             | Common stock |           | 7,146     |

**Table of Contents****Baxter International Inc. and Subsidiaries  
Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)  
December 31, 2007****Schedule I**

|  |              |           |           |
|--|--------------|-----------|-----------|
| NORTEL NETWORKS CORP NEW COM                         | Common stock |           | 3,141     |
| NORTHFIELD LABORATORIES INC                          | Common stock |           | 17,211    |
| NORTHGATE EXPL LTD                                   | Common stock |           | 9,090     |
| NORTHROP GRUMMAN CORP                                | Common stock | 1,677,941 | 1,902,743 |
| NOVA BIOSOURCE FUELS INC COM                         | Common stock |           | 1,450     |
| NOVAGOLD RESOURCES                                   | Common stock |           | 16,320    |
| NOVAMED EYECARE INC                                  | Common stock |           | 1,275     |
| NOVARTIS AG ADR                                      | Common stock |           | 23,408    |
| NOVATEL WIRELESS INC                                 | Common stock |           | 16,200    |
| NOVAVAX INC  | Common stock |           | 2,664     |
| NPS PHARMACEUTICALS INC                              | Common stock |           | 11,873    |
| NRG ENERGY INC COM NEW                               | Common stock |           | 16,643    |
| NUANCE COMMUNICATIONS INC COM                        | Common stock |           | 29,421    |
| NUCRYST PHARMACEUTICALS CORP COM                     | Common stock |           | 2,800     |
| NUTRACEA COM NEW                                     | Common stock |           | 1,400     |
| NUTRI SYS INC NEW COM                                | Common stock |           | 944       |
| NUVEEN MULTI CURRENCY SHORT TERM<br>GOVT INCOME FD   | Common stock |           | 8,801     |
| NUVELO INC COM NEW                                   | Common stock |           | 3,569     |
| NVIDIA CORP  | Common stock |           | 27,216    |
| NXSTAGE MED INC COM                                  | Common stock |           | 3,034     |
| NYSE EURONEXT  | Common stock | 1,340,671 | 1,499,556 |
| NYSE EURONEXT  | Common stock |           | 29,253    |
| OCCIDENTAL PETROLEUM CORP                            | Common stock |           | 3,850     |
| OCEANEERING INTL INC                                 | Common stock |           | 6,735     |
| OFFICE DEPOT   | Common stock | 366,619   | 303,592   |
| OIL SVC HOLDRS TR OIL SVC HOLDERS<br>DEPOSITARY RCPT | Common stock |           | 132,314   |
| OLIN CORP NEW  | Common stock |           | 9,665     |
| OMEGA NAVIGATION ENTERPRISES INC                     | Common stock |           | 3,160     |
| OMNITURE INC COM                                     | Common stock |           | 3,329     |
| OMNIVISION TECHNOLOGIES INC                          | Common stock |           | 423       |
| ON2.COM INC  | Common stock |           | 31,008    |
| ONCOLYTICS BIOTECH INC                               | Common stock |           | 119,024   |
| ONCOTHYREON INC COM                                  | Common stock |           | 370       |
| ONSCREEN TECHNOLOGIES INC                            | Common stock |           | 135       |
| OPEN JT STK CO VIMPEL COMMS SPONS<br>ADR             | Common stock |           | 67,184    |
| OPENTV CORP CL A                                     | Common stock |           | 231       |
| OPLINK COMMUNICATIONS INC COM<br>NEW                 | Common stock |           | 26,095    |
| OPNEXT INC   | Common stock |           | 2,213     |
| OPTIONSXPRESS HLDGS INC                              | Common stock |           | 3,991     |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|   |              |           |           |
|---|--------------|-----------|-----------|
| ORACLE CORP                                   | Common stock | 760,098   | 760,412   |
| ORACLE CORP                                   | Common stock |           | 114,752   |
| ORCHID CELLMARK INC                           | Common stock |           | 400       |
| O REILLY AUTOMOTIVE INC                       | Common stock |           | 75,011    |
| OTELCO INC INCOME DEP SECS IDS                | Common stock |           | 1,422     |
| OYO GEOSPACE CORP                             | Common stock |           | 13,188    |
| P F CHANGS CHINA BISTRO INC                   | Common stock |           | 799       |
| PACIFIC ETHANOL INC                           | Common stock |           | 5,337     |
| PACIFIC RIM MINING CORP COM NEW               | Common stock |           | 10,800    |
| PALATIN TECHNOLOGIES INC                      | Common stock |           | 3,100     |
| PALM INC NEW COM                              | Common stock |           | 15,913    |
| PANACOS PHARMACEUTICALS INC                   | Common stock |           | 158       |
| PARAGON SHIPPING INC                          | Common stock |           | 27,746    |
| PATTERSON-UTI ENERGY INC                      | Common stock |           | 5,856     |
| PAYCHEX INC                                   | Common stock |           | 3,622     |
| PDI INC                                       | Common stock |           | 937       |
| PDL BIOPHARMA INC COM                         | Common stock |           | 385       |
| PEABODY ENERGY CORP                           | Common stock |           | 6,196     |
| PENGROWTH ENERGY TR UNIT NEW                  | Common stock |           | 30,794    |
| PENN NATIONAL GAMING INC                      | Common stock |           | 26,202    |
| PENN WEST ENERGY TR TR UNIT                   | Common stock |           | 619       |
| PENNEY J C CO INC                             | Common stock |           | 22,026    |
| PEPISCO INC                                   | Common stock | 2,173,376 | 2,428,608 |
| PEPSICO INC                                   | Common stock |           | 23,006    |
| PETROCHINA CO LTD SPON ADR                    | Common stock |           | 2,106     |
| PETROLEO BRASILEIRO SA PETROBRAS<br>SPONS ADR | Common stock |           | 5,762     |
| PETSMART INC                                  | Common stock |           | 1,647     |
| PFF BANCORP INC                               | Common stock |           | 12,040    |
| PFIZER INC                                    | Common stock | 5,427,640 | 4,920,516 |
| PFIZER INC                                    | Common stock | 953,763   | 893,415   |
| PFIZER INC                                    | Common stock |           | 278,299   |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|  |              |           |           |
|--|--------------|-----------|-----------|
| PHARMOS CORP COM PAR \$.03                           | Common stock |           | 11        |
| PHAZAR CORP  | Common stock |           | 3,250     |
| PILGRIMS PRIDE CORP                                  | Common stock |           | 123,761   |
| PIONEER DRILLING CO                                  | Common stock |           | 59,400    |
| PIONEER NAT RES CO                                   | Common stock | 679,881   | 689,735   |
| PITNEY BOWES INC                                     | Common stock |           | 26,628    |
| PLUM CREEK TIMBER CO INC                             | Common stock |           | 33,100    |
| PMC-SIERRA INC                                       | Common stock |           | 4,578     |
| POINT BLANK SOLUTIONS INC                            | Common stock |           | 365       |
| POLYMET MINING CORP                                  | Common stock |           | 63,621    |
| POLYONE CORP   | Common stock |           | 6,580     |
| PORTFOLIO RECOVERY ASSOCS INC                        | Common stock |           | 9,124     |
| POTASH CORP SASK INC                                 | Common stock |           | 67,717    |
| PRECISION CASTPARTS CORP                             | Common stock |           | 95,995    |
| PRESSTEK INC   | Common stock |           | 20,480    |
| PRICESMART INC                                       | Common stock |           | 5,411     |
| PRIMEWEST ENERGY TR                                  | Common stock |           | 26,136    |
| PRINCETON REVIEW INC                                 | Common stock |           | 8,747     |
| PROCTER & GAMBLE CO                                  | Common stock |           | 106,233   |
| PROCTER & GAMBLE INC                                 | Common stock | 2,009,387 | 2,327,502 |
| PROGRESS ENERGY INC                                  | Common stock |           | 24,215    |
| PROSPECT ENERGY CORP                                 | Common stock |           | 2,610     |
| PULTE HOMES INC FORMERLY PULTE<br>CORP TO 05/17/2001 | Common stock |           | 3,162     |
| PUTNAM HIGH INCOME CONV & BD FD S B<br>I             | Common stock |           | 20,100    |
| QLOGIC CORP  | Common stock |           | 6,390     |
| QUADRAMED CORP                                       | Common stock |           | 20,757    |
| QUALCOMM INC   | Common stock |           | 21,275    |
| QUALITY SYSTEMS                                      | Common stock |           | 13,111    |
| QUANTUM FUEL SYS TECHNOLOGIES<br>WORLDWIDE INC       | Common stock |           | 1,223     |
| QUEST CAP CORP NEW COM                               | Common stock |           | 14,042    |
| QUEST DIAGNOSTICS INC                                | Common stock |           | 31,740    |
| QUESTAR CORP COM                                     | Common stock |           | 18,935    |
| QUINTANA MARITIME LTD SHS                            | Common stock |           | 22,980    |
| QWEST COMM INTL INC                                  | Common stock |           | 70        |
| RADIAN GROUP INC                                     | Common stock |           | 3,504     |
| RADYNE COMSTREAM INC                                 | Common stock |           | 920       |
| RAMBUS INC   | Common stock |           | 20,940    |
| RAYONIER INC   | Common stock |           | 7,479     |
| RED HAT INC  | Common stock |           | 8,336     |
| REDDY ICE HLDGS INC COM                              | Common stock |           | 7,593     |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                                   |              |           |           |
|-----------------------------------|--------------|-----------|-----------|
| REGENERATION TECHNOLOGIES INC DEL | Common stock |           | 2,170     |
| REGIONS FINL CORP                 | Common stock |           | 4,788     |
| RENAISSANCERE HOLDINGS            | Common stock | 552,141   | 749,593   |
| REPLIGEN CORP                     | Common stock |           | 2,293     |
| RESEARCH IN MOTION LTD            | Common stock | 3,615,374 | 3,930,889 |
| RESEARCH IN MOTION LTD            | Common stock |           | 184,842   |
| REYNOLDS AMERN INC                | Common stock |           | 2,638     |
| RF MICRO DEVICES INC              | Common stock |           | 1,142     |
| RITE AID CORP                     | Common stock |           | 23,548    |
| RIVERBED TECHNOLOGY INC COM       | Common stock |           | 53,480    |
| RMK ADVANTAGE INCOME FD INC       | Common stock |           | 17,927    |
| ROCKWELL AUTOMATION INC           | Common stock |           | 27,584    |
| ROCKWELL MEDICAL TECH INC         | Common stock |           | 1,817     |
| ROSETTA RES INC COM               | Common stock |           | 992       |
| ROYAL DUTCH SHELL                 | Common stock | 404,091   | 557,131   |
| ROYAL DUTCH SHELL PLC             | Common stock | 1,600,948 | 1,671,394 |
| ROYCE VALUE TR INC                | Common stock |           | 9,921     |
| RUBICON MINERALS CORP             | Common stock |           | 4,410     |
| S & P500 COVERED CALL FD INC      | Common stock |           | 5,458     |
| S1 CORP                           | Common stock |           | 226       |
| SABA SOFTWARE INC COM NEW         | Common stock |           | 643       |
| SANDISK CORP                      | Common stock |           | 79,608    |
| SANGAMO BIOSCIENCES INC           | Common stock |           | 5,859     |
| SANOFI-SYNTHELABO ADR             | Common stock |           | 11,383    |
| SANTARUS INC                      | Common stock |           | 11,762    |
| SARA LEE CORP                     | Common stock | 1,557,141 | 1,505,159 |
| SASOL LTD SPNSRD ADR              | Common stock |           | 10,652    |
| SATYAM COMPUTER SVCS LTD AMERN    |              |           |           |
| DEPOSITORY RCPT                   | Common stock |           | 748       |
| SAVIENT PHARMACEUTICALS INC       | Common stock |           | 22,970    |
| SCHERING PLOUGH CORP              | Common stock | 1,051,722 | 1,002,374 |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                                      |              |           |           |
|--------------------------------------|--------------|-----------|-----------|
| SCHERING PLOUGH CORP                 | Common stock |           | 23,976    |
| SCHLUMBERGER INC                     | Common stock | 4,912,836 | 6,236,893 |
| SCHLUMBERGER LTD                     | Common stock |           | 49,804    |
| SEABRIDGE GOLD INC                   | Common stock |           | 18,400    |
| SEAGATE TECHNOLOGY HOLDINGS          | Common stock |           | 7,650     |
| SEARS HLDGS CORP                     | Common stock |           | 52,964    |
| SECTOR SPDR TR SHS BEN INT           |              |           |           |
| CONSUMER SERVICES                    | Common stock |           | 22,451    |
| SECTOR SPDR TR SHS BEN INT FINANCIAL | Common stock |           | 8,679     |
| SECTOR SPDR TR SHS BEN INT UTILITIES | Common stock |           | 21,165    |
| SELECT COMFORT CORP                  | Common stock |           | 4,557     |
| SENSIENT TECHNOLOGIES CORP COM       | Common stock |           | 28,467    |
| SEQUENOM INC COM NEW                 | Common stock |           | 5,472     |
| SHIP FINANCE INTERNATIONAL LIMITED   | Common stock |           | 2,390     |
| SHUFFLE MASTER                       | Common stock |           | 6,019     |
| SILICON IMAGE INC                    | Common stock |           | 4,520     |
| SILVER WHEATON CORP COM              | Common stock |           | 52,607    |
| SIMULATIONS PLUS INC                 | Common stock |           | 1,528     |
| SINA.COM SHS ISIN #KYG814771047      | Common stock |           | 48,741    |
| SINOVAC BIOTECH LTD SHS              | Common stock |           | 25,599    |
| SIRIUS SATELLITE RADIO INC           | Common stock |           | 223,541   |
| SIX FLAGS INC                        | Common stock |           | 2,030     |
| SK TELECOM CO LTD ADR                | Common stock |           | 8,984     |
| SKYWORKS SOLUTIONS INC COM           | Common stock |           | 298       |
| SL INDUSTRIES INC                    | Common stock |           | 2,000     |
| SLM CORP COM                         | Common stock |           | 4,028     |
| SMALL CAP PREM & DIVID INCOME FD     |              |           |           |
| INC COM                              | Common stock |           | 5,018     |
| SMITH & WESSON HLDG CORP             | Common stock |           | 9,364     |
| SMITH INTL INC                       | Common stock |           | 7,385     |
| SMTC CORP COM NEW                    | Common stock |           | 3,160     |
| SOCKET COMM INC                      | Common stock |           | 410       |
| SOHU.COM INC                         | Common stock |           | 27,260    |
| SONIC CORP                           | Common stock |           | 7,775     |
| SONUS NETWORKS INC                   | Common stock |           | 2,332     |
| SONUS PHARMACEUTICAL INC             | Common stock |           | 170       |
| SOURCEFORGE INC COM                  | Common stock |           | 5,464     |
| SOUTHERN CO                          | Common stock |           | 112,375   |
| SOUTHERN COPPER CORP DEL COM         | Common stock |           | 62,884    |
| SOUTHWEST AIRLINES CO                | Common stock |           | 12,200    |
| SOUTHWEST AIRLS CO                   | Common stock | 837,494   | 696,399   |
| SOUTHWESTERN ENERGY                  | Common stock |           | 11,144    |
| SPECTRA ENERGY CORP                  | Common stock | 762,789   | 790,476   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                                   |              |           |           |
|-----------------------------------|--------------|-----------|-----------|
| SPECTRA ENERGY CORP COM           | Common stock |           | 15,630    |
| SPECTRANETICS CORP                | Common stock |           | 35,566    |
| SPIRIT AEROSYSTEMS HLDGS          | Common stock | 2,299,801 | 2,027,247 |
| SPIRIT AEROSYSTEMS HLDGS INC CL A | Common stock |           | 2,588     |
| SPREADTRUM COMMUNICATIONS INC     |              |           |           |
| SPONSORED ADR                     | Common stock |           | 24,520    |
| SPRINT CORP                       | Common stock |           | 9,427     |
| SPRINT NEXTEL                     | Common stock | 1,758,801 | 1,216,293 |
| ST JOE CORP                       | Common stock |           | 3,591     |
| ST JUDE MEDICAL INC               | Common stock |           | 23,205    |
| STANTEC INC                       | Common stock |           | 11,706    |
| STARBUCKS CORP                    | Common stock |           | 204,700   |
| * STATE STREET CORP               | Common stock |           | 237       |
| STEM CELL INNOVATIONS INC COM     | Common stock |           | 100       |
| STEMCELLS INC                     | Common stock |           | 1,200     |
| STRATEGIC RES LTD COM             | Common stock |           | 210       |
| STRYKER CORP                      | Common stock |           | 24,882    |
| SULPHCO INC COM                   | Common stock |           | 8,263     |
| SUN MICROSYSTEMS INC              | Common stock | 691,844   | 568,028   |
| SUN MICROSYSTEMS INC COM NEW      | Common stock |           | 30,803    |
| SUNOPTA INC                       | Common stock |           | 26,700    |
| SUNTECH PWR HLDGS CO LTD ADR      | Common stock |           | 21,650    |
| SUNTRUST BANKS INC                | Common stock |           | 12,851    |
| SUPERVALU                         | Common stock | 792,265   | 785,542   |
| SUREWEST COMMUNICATIONS           | Common stock |           | 892       |
| SYMANTEC CORP                     | Common stock | 588,223   | 481,372   |
| SYNAPTICS INC                     | Common stock |           | 1,029     |
| SYNCHRONOSS TECHNOLOGIES INC COM  | Common stock |           | 8,151     |
| SYNERON MEDICAL LTD ORD SHS       | Common stock |           | 22,728    |



Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                                  |              |           |           |
|----------------------------------|--------------|-----------|-----------|
| SYNTAX BRILLIAN CORP COM         | Common stock |           | 8,932     |
| SYNVISTA THERAPEUTICS INC        | Common stock |           | 1,606     |
| SYSCO CORP                       | Common stock |           | 17,478    |
| TAIWAN FD INC                    | Common stock |           | 5,310     |
| TALBOTS INC                      | Common stock |           | 1,182     |
| TARGET CORP                      | Common stock | 966,595   | 859,191   |
| TARGET CORP                      | Common stock |           | 62        |
| TARGETED GENETICS CORP COM NEW   | Common stock |           | 339       |
| TASEKO MINES LTD                 | Common stock |           | 34,447    |
| TASER INTERNATIONAL INC          | Common stock |           | 66,194    |
| TATA MTRS LTD SPONSORED ADR      | Common stock |           | 3,622     |
| TECH DATA CORP                   | Common stock | 738,754   | 696,601   |
| TECK COMINCO LTD CL B SUB VTG    | Common stock |           | 3,571     |
| TELLABS INC                      | Common stock |           | 256,845   |
| TELSTRA CORP ADR REPRTG 20       |              |           |           |
| INSTALMENT RECEIPTS              | Common stock |           | 5,718     |
| TEMPLETON DRAGON FUND INC        | Common stock |           | 6,591     |
| TENARIS SA SPONS ADR             | Common stock |           | 2,684     |
| TEREX CORP NEW                   | Common stock | 920,694   | 718,785   |
| TEREX CORP NEW                   | Common stock |           | 3,147     |
| TESORO PETE CORP                 | Common stock |           | 11,066    |
| TEVA PHARMACEUTICAL              | Common stock | 2,898,972 | 3,249,900 |
| TEXAS INSTRS INC                 | Common stock | 792,639   | 867,507   |
| TEXTAINER GROUP HOLDINGS LTD SHS | Common stock |           | 727       |
| TEXTRON INC                      | Common stock | 2,263,052 | 2,436,331 |
| THAI FD INC                      | Common stock |           | 6,705     |
| THE9 LTD ADR                     | Common stock |           | 21,320    |
| THERAGENICS CORP                 | Common stock |           | 3,580     |
| THERMAGE INC COM                 | Common stock |           | 6,578     |
| THERMOGENESIS CORP NEW           | Common stock |           | 1,130     |
| THORNBERG MTG ASSET CORP         | Common stock |           | 1,155     |
| THRESHOLD PHARMACEUTICALS INC    | Common stock |           | 159       |
| TIME WARNER INC                  | Common stock | 1,056,517 | 1,007,642 |
| TIME WARNER INC                  | Common stock | 937,139   | 971,771   |
| TIME WARNER INC                  | Common stock |           | 24,352    |
| TITANIUM METALS CORP COM NEW     | Common stock |           | 2,645     |
| TONGJITANG CHINESE MEDICINES CO  |              |           |           |
| SPONSORED ADR                    | Common stock |           | 739       |
| TOOTSIE ROLL INDS                | Common stock |           | 2,224     |
| TOUSA INC                        | Common stock |           | 250       |
| TOYOTA MTRS CORP SPON ADR        | Common stock |           | 25,415    |
| TPTX INC COM                     | Common stock |           | 27        |
| TRANSCANADA CORP                 | Common stock |           | 8,186     |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                                    |              |           |           |
|------------------------------------|--------------|-----------|-----------|
| TRANSGLOBE ENERGY CORP             | Common stock |           | 2,032     |
| TRANSMERIDIAN EXPL INC             | Common stock |           | 591       |
| TRANSOCEAN INC NEW SHS             | Common stock |           | 11,927    |
| TRANSWITCH CORP                    | Common stock |           | 7,040     |
| * TRAVELERS COS INC                | Common stock | 2,058,699 | 2,502,498 |
| * TRAVELERS COS INC COM            | Common stock |           | 1,453     |
| TREX INC                           | Common stock |           | 8,510     |
| TRI CONTINENTAL CORP COM           | Common stock |           | 4,317     |
| TRI ISTHMUS GROUP INC COM          | Common stock |           | 3         |
| TRIMEDYNE INC                      | Common stock |           | 6,100     |
| TRONOX INC COM CL B                | Common stock |           | 346       |
| TRUEBLUE INC COM                   | Common stock |           | 1,448     |
| TXCO RES INC                       | Common stock |           | 12,060    |
| TYCO ELECTRONICS                   | Common stock | 530,098   | 519,779   |
| TYCO ELECTRONICS LTD SHS           | Common stock |           | 817       |
| TYCO INTERNATIONAL LTD             | Common stock | 719,962   | 555,056   |
| TYCO INTERNATIONAL LTD BERMUDA SHS | Common stock |           | 872       |
| TYSON FOODS INC CL A               | Common stock |           | 3,066     |
| UBS AG SHS NEW                     | Common stock |           | 7,360     |
| UGI CORP NEW                       | Common stock |           | 18,213    |
| UMPQUA HOLDINGS CORP               | Common stock |           | 3,835     |
| UNILEVER N V                       | Common stock | 388,445   | 604,918   |
| UNION PACIFIC CORP                 | Common stock |           | 2,136     |
| UNITED PARCEL SVC INC CL B         | Common stock |           | 7,072     |
| UNITED RENTALS INC                 | Common stock |           | 36,720    |
| UNITED STS OIL FD LP UNITS         | Common stock |           | 15,152    |
| UNITED TECHNOLOGIES CORP           | Common stock | 1,451,356 | 1,496,664 |
| UNITEDHEALTH GROUP INC             | Common stock |           | 29,100    |
| UNIVERSAL DISPLAY CORP             | Common stock |           | 4,754     |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                                      |              |           |           |
|--------------------------------------|--------------|-----------|-----------|
| UNUM GROUP                           | Common stock | 818,328   | 975,019   |
| URANERZ ENERGY CORP COM              | Common stock |           | 1,179     |
| URANIUM ONE INC                      | Common stock |           | 1,017     |
| URON INC COM                         | Common stock |           | 20        |
| US BANCORP DEL COM NEW               | Common stock |           | 6,502     |
| US GLOBAL INVESTORS INC CL A         | Common stock |           | 1,666     |
| USEC INC                             | Common stock |           | 7,200     |
| USG CORP COM NEW                     | Common stock |           | 8,948     |
| UTSTARCOM INC                        | Common stock |           | 24,613    |
| VAIL RESORTS INC                     | Common stock |           | 5,381     |
| VALERO ENERGY CORP                   | Common stock |           | 154,462   |
| VALUECLICK INC                       | Common stock |           | 9,855     |
| VAN KAMPEN AMERN CAP SR INCOME TR    | Common stock |           | 44,816    |
| VARIAN SEMICONDUCTOR EQUIP ASSOC INC | Common stock |           | 1,702     |
| VASCO DATA SECURITY INTL             | Common stock |           | 949       |
| VASO ACTIVE PHARMACEUTICALS INC CL A | Common stock |           | 240       |
| VCG HLDG CORP                        | Common stock |           | 13,560    |
| VEOLIA ENVIRONNEMENT SPON ADR        | Common stock |           | 51,859    |
| VERASUN ENERGY CORP COM              | Common stock |           | 15,280    |
| VERICHIP CORP                        | Common stock |           | 1,125     |
| VERIFONE HLDGS INC COM               | Common stock |           | 2,325     |
| VERISIGN INC                         | Common stock |           | 376       |
| VERIZON COMMUNICATIONS               | Common stock | 735,742   | 906,091   |
| VERIZON COMMUNICATIONS               | Common stock |           | 54,973    |
| VERMILLION INC                       | Common stock |           | 81,112    |
| VERSANT CORP COM NEW                 | Common stock |           | 5,818     |
| VERTEX PHARMACEUTCLS INC             | Common stock |           | 2,788     |
| VERTICALNET INC COM NEW 2007         | Common stock |           | 134       |
| VIA NET WORKS INC                    | Common stock |           | 980       |
| VIA PHARMACEUTICALS INC              | Common stock |           | 34        |
| VIRAGEN INC COM NEW                  | Common stock |           | 1         |
| VIREXX MED CORP                      | Common stock |           | 495       |
| VIROPHARMA INC                       | Common stock |           | 794       |
| VIVO PARTICIPACOES S A SPONSORED ADR |              |           |           |
| REPSTG PFD                           | Common stock |           | 651       |
| VMWARE INC CL A COM                  | Common stock |           | 66,207    |
| VODAFONE GROUP PLC                   | Common stock | 2,007,940 | 2,480,432 |
| VODAFONE GROUP PLC NEW SPONSORED ADR |              |           |           |
| NEW                                  | Common stock |           | 2,986     |
| VULCAN MATERIALS CO                  | Common stock |           | 7,801     |
| WACHOVIA CORP2ND NEW                 | Common stock |           | 88,093    |
| WAL MART STORES INC                  | Common stock |           | 16,238    |
| WALGREEN COMPANY                     | Common stock |           | 1,183,078 |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|   |              |           |           |
|---|--------------|-----------|-----------|
| WASHINGTON MUTUAL INC                   | Common stock |           | 32,142    |
| WASHINGTON POST CO                      | Common stock | 896,776   | 937,135   |
| WASTE MANAGEMENT INC of DELWARE         | Common stock |           | 2,384     |
| WASTE MGMT INC DEL                      | Common stock | 724,487   | 738,848   |
| WATTS WATER TECHNOLOGIES CL A           | Common stock |           | 2,990     |
| WELLCARE HEALTH PLANS INC FORMERLY      |              |           |           |
| WELLCARE GROUP INC                      | Common stock |           | 6,362     |
| WELLPOINT INC                           | Common stock | 2,838,865 | 3,647,547 |
| WELLS FARGO & CO NEW                    | Common stock |           | 4,529     |
| WESCO INTERNATIONAL INC                 | Common stock |           | 1,189     |
| WESTELL TECHNOLOGIES INC CL A           | Common stock |           | 1,440     |
| WESTERN DIGITAL CORP                    | Common stock | 446,185   | 620,561   |
| WESTERN DIGITAL CORP                    | Common stock |           | 45,315    |
| WESTERN UNION CO COM                    | Common stock |           | 9,724     |
| WESTWOOD ONE INC                        | Common stock |           | 295       |
| WHITE MOUNTAINS INSURANCE GRP LTD SHS   | Common stock |           | 2,570     |
| WHOLE FOODS MKT INC                     | Common stock |           | 5,508     |
| WIMM BILL DANN FOODS OJSC SPONS ADR     | Common stock |           | 3,276     |
| WISDOMTREE TR DEFA HIGH YIELDING EQUITY |              |           |           |
| FD                                      | Common stock |           | 9,938     |
| WISDOMTREE TR INTL DIVID TOP 100 FD     | Common stock |           | 14,368    |
| WMS INDS INC                            | Common stock |           | 9,160     |
| WOORI FIN HLDGS CO LTD AMERN DEP RCPTS  | Common stock |           | 44,842    |
| WRIGLEY WM JR CO                        | Common stock | 2,206,284 | 2,179,911 |
| WRIGLEY WM JR CO                        | Common stock |           | 19,339    |
| WUXI PHARMATECH CAYMAN INC SPONSORED    |              |           |           |
| ADR REPSTG ORD SHS                      | Common stock |           | 2,924     |
| WYNDHAM WORLDWIDE CORP COM              | Common stock |           | 3,328     |
| XILINX INC                              | Common stock |           | 29,634    |
| XL CAPITAL LTD                          | Common stock | 1,052,386 | 725,400   |
| XM SATELLITE RADIO HOLDINGS INC CL A    | Common stock |           | 12,240    |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****December 31, 2007****Schedule I**

|                                   |              |           |           |
|-----------------------------------|--------------|-----------|-----------|
| XOMA LTD                          | Common stock |           | 4,254     |
| XTO ENERGY INC N/C FROM 227573102 | Common stock |           | 20,339    |
| YAHOO INC                         | Common stock |           | 24,702    |
| YAMANA GOLD INC                   | Common stock |           | 26,945    |
| YM BIOSCIENCES INC                | Common stock |           | 4,303     |
| YORK WATER CO COM                 | Common stock |           | 29,755    |
| YUM BRANDS INC                    | Common stock | 1,034,428 | 1,054,467 |
| YUM! BRANDS INC                   | Common stock |           | 50,478    |
| Z TRIM HLDGS COM                  | Common stock |           | 1,260     |
| ZAP COM NEW                       | Common stock |           | 3,316     |
| ZIMMER HOLDINGS INC               | Common stock |           | 66        |
| ZOLTEK COS INC                    | Common stock |           | 15,005    |
| ZUMIEZ INC                        | Common stock |           | 22,655    |

|              |  |  |                |
|--------------|--|--|----------------|
| Common Stock |  |  | \$ 490,726,541 |
|--------------|--|--|----------------|

**U.S Government and Government Agency Issues:**

|                          |              |           |           |
|--------------------------|--------------|-----------|-----------|
| FED HM LN PC POOL A37176 | 5.00001SEP35 | 2,065,231 | 2,042,689 |
| FED HM LN PC POOL A46049 | 5.00001JUL35 | 919,131   | 936,828   |
| FED HM LN PC POOL C48827 | 6.00001MAR31 | 31,504    | 32,143    |
| FED HM LN PC POOL G01843 | 6.00001JUN35 | 1,079,528 | 1,071,876 |
| FED HM LN PC POOL G12334 | 5.00001SEP21 | 2,058,698 | 2,096,089 |
| FEDERAL HOME LN MTG      | 5.00015JAN30 | 317,596   | 326,091   |
| FEDERAL HOME LN MTG CORP | 5.00015DEC23 | 93,267    | 94,687    |
| FEDERAL HOME LN MTG CORP | 5.00015MAR19 | 610,185   | 625,149   |
| FEDERAL HOME LN MTG CORP | 5.00015SEP18 | 163,946   | 167,037   |
| FNMA POOL 256398         | 6.00001SEP21 | 476,237   | 483,428   |
| FNMA POOL 323887         | 6.00001DEC13 | 124,728   | 124,413   |
| FNMA POOL 581043         | 6.00001MAY16 | 56,025    | 56,305    |
| FNMA POOL 615005         | 6.00001DEC16 | 83,721    | 84,126    |
| FNMA POOL 694448         | 5.50001APR33 | 827,364   | 819,653   |
| FNMA POOL 725690         | 6.00001AUG34 | 553,153   | 548,759   |
| FNMA POOL 735897         | 5.50001OCT35 | 1,389,621 | 1,403,799 |
| FNMA POOL 745515         | 5.00001MAY36 | 729,394   | 744,149   |
| FNMA POOL 748115         | 6.00001OCT33 | 177,994   | 176,327   |
| FNMA POOL 815316         | 5.50001MAY35 | 814,606   | 806,174   |
| FNMA POOL 821890         | 5.00001JUN35 | 495,964   | 505,399   |
| FNMA POOL 822979         | 5.50001APR35 | 818,995   | 810,391   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                         |              |           |           |
|-------------------------|--------------|-----------|-----------|
| FNMA POOL 885504        | 6.00001JUN21 | 338,034   | 344,632   |
| FNMA POOL 898832        | 5.50001NOV36 | 658,124   | 670,669   |
| FNMA POOL 902793        | 6.50001NOV36 | 988,765   | 996,561   |
| FNMA POOL 928075        | 6.00001FEB37 | 769,236   | 777,572   |
| UNITED STATES TREAS NTS | 4.62515FEB17 | 4,970     | 5,157     |
| UNITED STATES TREAS NTS | 4.87530JUN09 | 1,671,334 | 1,715,113 |
| UNITED STATES TREAS NTS | 4.62531JUL12 | 415,789   | 429,904   |
| UNITED STATES TREAS NTS | 4.00031AUG09 | 2,535,295 | 2,572,764 |

U.S Government and Government Agency  
Issues \$ 21,467,884

**Corporate and Other Obligations:**

|                               |              |           |           |
|-------------------------------|--------------|-----------|-----------|
| AES CORP                      | 8.00015OCT17 | 295,975   | 302,635   |
| AES CORP                      | 7.75015OCT15 | 147,988   | 150,208   |
| AGILENT TECHNOLOGIES INC      | 6.50001NOV17 | 628,889   | 641,409   |
| ALBERTSONS INC                | 6.62501JUN28 | 20,076    | 21,699    |
| ALBERTSONS INC                | 7.75015JUN26 | 45,128    | 48,792    |
| ALLTEL CORP                   | 7.87501JUL32 | 413,925   | 362,274   |
| ALTERNATIVE LN TR             | 6.50025JUN36 | 727,250   | 729,163   |
| AMERICAN GEN FIN CORP         | 6.90015DEC17 | 1,185,292 | 1,194,962 |
| AMERICAN STORES CO NEW        | 8.00001JUN26 | 18,684    | 19,782    |
| ANADARKO PETE CORP            | 6.45015SEP36 | 79,646    | 80,374    |
| BANK AMER CORP                | 5.37511SEP12 | 863,883   | 879,403   |
| BEAR STEARNS COML MTG SECS TR | 5.33111FEB44 | 892,804   | 880,263   |
| BEAR STEARNS COS INC          | 5.30030OCT15 | 549,918   | 519,721   |
| BEAR STEARNS COS INC MED TERM | 6.95010AUG12 | 1,723,531 | 1,739,707 |
| BELL CANADA                   | 6.10016MAR35 | 137,879   | 141,949   |
| BELL CANADA                   | 5.00015FEB17 | 113,702   | 116,171   |
| BELL CDA                      | 7.30023FEB32 | 76,744    | 78,005    |
| BELL CDA MEDIUM TERM NTS CDS  | 6.55001MAY29 | 65,431    | 68,002    |

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                             |              |           |           |
|-----------------------------|--------------|-----------|-----------|
| CD                          | 5.32211DEC49 | 545,298   | 541,986   |
| CD MTG TR                   | 5.61715OCT48 | 986,540   | 1,000,757 |
| CHESAPEAKE ENERGY CORP      | 6.50015AUG17 | 13,909    | 14,281    |
| CIT GROUP INC NEW           | 5.60027APR11 | 91,381    | 90,246    |
| CIT GROUP INC NEW           | 5.85015SEP16 | 78,572    | 69,683    |
| CIT GROUP INC REORGANIZED   | 5.65013FEB17 | 77,179    | 69,285    |
| CIT GROUP INC REORGANIZED   | 7.62530NOV12 | 1,269,516 | 1,300,011 |
| * CITIGROUP                 | 5.20511DEC49 | 337,113   | 335,633   |
| * CITIGROUP INC             | 5.00015SEP14 | 770,528   | 761,450   |
| CITIZENS COMMUNICATIONS CO  | 7.87515JAN27 | 286,110   | 272,519   |
| COLORADO INTST GAS CO       | 5.95015MAR15 | 19,220    | 20,497    |
| COLORADO INTST GAS CO       | 6.80015NOV15 | 15,228    | 15,405    |
| COLUMBIA HEALTHCARE CORP    | 7.50015DEC23 | 19,047    | 20,197    |
| COLUMBIA/HCA HEALTHCARE     | 7.58015SEP25 | 7,542     | 8,031     |
| COLUMBIA/HCA HEALTHCARE     | 7.69015JUN25 | 34,251    | 36,756    |
| COMCAST CORP NEW            | 6.45015MAR37 | 281,327   | 296,334   |
| COMCAST CORP NEW            | 6.95015AUG37 | 1,437,389 | 1,554,598 |
| COMMERCIAL MTG TR           | 5.38110MAR39 | 1,626,084 | 1,628,613 |
| CORNING INC                 | 6.85001MAR29 | 15,309    | 15,634    |
| CORNING INC                 | 7.25015AUG36 | 59,192    | 64,433    |
| COVIDIEN INTL FIN S A       | 6.00015OCT17 | 453,498   | 464,348   |
| CSC HLDGS INC               | 7.87515FEB18 | 151,567   | 142,981   |
| CSC HLDGS INC               | 7.62501APR11 | 85,013    | 83,650    |
| D R HORTON INC              | 5.25015FEB15 | 12,634    | 11,755    |
| DELHAIZE GROUP SA           | 6.50015JUN17 | 393,760   | 403,721   |
| DELTA AIR LINES INC         | 6.82110AUG22 | 473,561   | 454,618   |
| DUKE ENERGY CO              | 6.25015JAN12 | 31,341    | 31,209    |
| DYNEGY HOLDINGS INC         | 7.75001JUN19 | 37,577    | 36,405    |
| EMBARQ CORP                 | 7.99501JUN36 | 809,847   | 821,362   |
| ENEL FIN INTL S A           | 6.25015SEP17 | 1,314,601 | 1,332,782 |
| ENRON CAP RES L P PFD SER A | 9%           |           | 12        |
| EQUIFAX INC                 | 7.00001JUL37 | 191,926   | 182,543   |
| ERAC USA FIN CO             | 6.37515OCT17 | 684,476   | 662,441   |
| FORD MTR CO DEL             | 6.50001AUG18 | 3,909     | 3,632     |
| FORD MTR CO DEL             | 6.62501OCT28 | 14,743    | 13,122    |
| FORD MTR CO DEL             | 7.45016JUL31 | 879,879   | 831,432   |
| FORD MTR CO DEL             | 7.25025OCT11 | 303,202   | 277,725   |
| FORD MTR CO DEL             | 7.00001OCT13 | 302,185   | 280,222   |
| FORD MTR CO DEL             | 8.00015DEC16 | 132,102   | 113,132   |
| GEN ELEC CAP CORP (CONFED)  | 2.96018MAY12 | 194,360   | 204,856   |
| GEN ELEC CP CORP            | 3.48508MAR12 | 1,682,818 | 1,783,997 |
| GENERAL MOTORS CORP SR NT   | 7.37515MAY48 |           | 16,000    |
| GENERAL MTRS ACCEP CORP     | 6.87515SEP11 | 79,050    | 75,962    |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                               |              |           |           |
|-------------------------------|--------------|-----------|-----------|
| GENERAL MTRS ACCEP CORP       | 8.00001NOV31 | 21,821    | 20,691    |
| GENERAL MTRS ACCEP CORP       | 6.87528AUG12 | 103,974   | 95,900    |
| GENERAL MTRS ACCEP CORP       | 6.75001DEC14 | 232,733   | 211,664   |
| GEORGIA PAC CORP              | 7.37501DEC25 | 107,557   | 104,183   |
| GEORGIA PAC CORP              | 7.25001JUN28 | 165,368   | 160,616   |
| GEORGIA PAC CORP              | 7.75015NOV29 | 518,315   | 505,526   |
| GEORGIA PAC CORP              | 8.87515MAY31 | 5,315     | 4,760     |
| GEORGIA PAC CORP              | 8.00015JAN24 | 9,971     | 9,175     |
| GMAC LLC                      | 6.00015DEC11 | 473,776   | 438,537   |
| GMAC LLC                      | 6.62515MAY12 | 134,311   | 123,025   |
| GOLDMAN SACHS GROUP INC       | 4.75015JUL13 | 410,047   | 415,532   |
| GOLDMAN SACHS GROUP INC       | 5.12515JAN15 | 270,662   | 271,368   |
| GOLDMAN SACHS GROUP INC       | 5.62515JAN17 | 340,712   | 346,851   |
| GOLDMAN SACHS GROUP INC       | 6.75001OCT37 | 272,073   | 280,324   |
| GOLDMAN SACHS GROUP INC       | 5.15015JAN14 | 99,936    | 102,541   |
| GREENWICH CAPITAL COMM FND    | 5.44410MAR39 | 1,287,784 | 1,286,507 |
| HARRAHS OPER INC              | 5.7500OCT17  | 113,860   | 80,209    |
| HCA INC FORMERLY HCA          | 6.50015FEB16 | 342,887   | 333,466   |
| HOME DEPOT INC                | 5.78516DEC36 | 278,753   | 270,588   |
| HOSPIRA INC                   | 6.05030MAR17 | 167,454   | 168,525   |
| ICICI BANK LIMITED            | 1.00030APR22 | 339,685   | 308,110   |
| INCYTE CORP                   | 3.50015FEB11 | 223,797   | 261,716   |
| INDYMAC INDX MTG LN 2006 AR25 | 1.00025SEP36 | 130,401   | 128,999   |
| INTERNATIONAL BUSINESS MACHS  | 4.25015SEP09 | 486,233   | 496,434   |
| INTERNATIONAL LEASE FIN CORP  | 3.50001APR09 | 14,146    | 14,546    |
| INTERNATIONAL LEASE FIN CORP  | 4.87501SEP10 | 190,485   | 191,686   |
| INTL LEASE FIN CORP MTN       | 5.75015JUN11 | 133,017   | 134,859   |



Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                               |              |           |           |
|-------------------------------|--------------|-----------|-----------|
| INTL LEASE FIN CORP MTN       | 5.45024MAR11 | 57,111    | 57,665    |
| ISTAR FINL INC                | 5.15001MAR12 | 153,828   | 149,209   |
| ISTAR FINL INC                | 5.37515APR10 | 17,808    | 18,267    |
| ISTAR FINL INC                | 5.80015MAR11 | 8,781     | 8,838     |
| ISTAR FINL INC                | 5.87515MAR16 | 27,156    | 24,161    |
| ISTAR FINL INC                | 5.65015SEP11 | 113,437   | 110,204   |
| ISTAR FINL INC                | 5.95015OCT13 | 46,636    | 47,284    |
| ISTAR FINL INC                | 5.85015MAR17 | 67,790    | 60,819    |
| ISTAR FINL INV                | 5.12501APR11 | 8,879     | 8,795     |
| J P MORGAN CHASE + CO         | 3.62501MAY08 | 207,405   | 201,114   |
| JC PENNEY CORPORATION INC     | 6.37515OCT36 | 243,786   | 229,223   |
| JP MORGAN CHASE               | 0.01001NOV12 | 316,903   | 310,599   |
| JP MORGAN CHASE + CI          | 0.01001NOV12 | 333,659   | 339,561   |
| JP MORGAN CHASE COML MTG SECS | 1.00015APR45 | 697,429   | 728,818   |
| JP MORGAN CHASE COML MTG SECS | 5.42015JAN49 | 1,378,150 | 1,372,624 |
| KRAFT FOOD INC                | 6.50011AUG17 | 323,665   | 336,820   |
| KROGER CO                     | 6.40015AUG17 | 175,082   | 180,579   |
| KULICKE + SOFFA INDS INC      | 0.50030NOV08 | 103,453   | 111,731   |
| LB UBS COML MTG TR            | 4.64715JUL30 | 490,794   | 480,069   |
| LB UBS COML MTG TR            | 1.00015MAR39 | 381,710   | 389,013   |
| LB UBS COML MTG TR            | 1.00015JUN38 | 89,231    | 92,662    |
| LEHMAN BROS HLDGS INC         | 6.50019JUL17 | 489,227   | 499,141   |
| LEHMAN BROS HLDGS INC         | 6.75028DEC17 | 251,393   | 259,302   |
| LEHMAN BROS HLDGS INC         | 5.50004APR16 | 420,267   | 401,203   |
| LEHMAN BROS HLDGS INC         | 4.80013MAR14 | 156,320   | 156,096   |
| LEHMAN BROS HLDGS INC         | 6.00019JUL12 | 186,602   | 190,869   |
| LEHMAN BROS HLDGS INC         | 6.20026SEP14 | 675,243   | 688,291   |
| LENNAR CORP                   | 5.50001SEP14 | 59,944    | 52,325    |
| MANDALAY RESORT GROUP         | 6.37515DEC11 | 256,555   | 261,716   |
| MERRILL LYNCH + CO INC        | 6.05015AUG12 | 181,405   | 180,994   |
| MERRILL LYNCH + CO INC        | 6.40028AUG17 | 358,931   | 355,827   |
| MERRILL LYNCH + CO INC        | 6.05016MAY16 | 718,467   | 693,113   |
| MERRILL LYNCH MTG INVS INC    | 1.00025FEB35 | 345,699   | 352,657   |
| MEXICO(UTD MEX ST)            | 8.00017DEC15 | 314,776   | 313,246   |
| ML CFC COML MTG TR            | 1.00012MAR51 | 292,639   | 293,621   |
| ML CFC COML MTG TR            | 1.00012JUN46 | 208,317   | 216,237   |
| ML CFC COML MTG TR            | 1.00012FEB39 | 565,440   | 567,303   |
| MORGAN STANLEY                | 5.37515OCT15 | 315,960   | 311,711   |
| MORGAN STANLEY                | 4.75001APR14 | 291,059   | 286,529   |
| MORGAN STANLEY CAP I INC      | 1.00025JUL35 | 223,026   | 227,598   |
| MORGAN STANLEY CAP I INC      | 4.89012JUN47 | 724,128   | 699,295   |
| MORGAN STANLEY GROUP INC      | 5.55027APR17 | 527,765   | 529,147   |
| MORGAN STANLEY GROUP INC      | 5.75031AUG12 | 174,073   | 176,237   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                           |              |           |           |
|---------------------------|--------------|-----------|-----------|
| NEKTAR THERAPEUTICS       | 3.25028SEP12 | 167,126   | 142,438   |
| NEWMONT MNG CORP          | 5.87501APR35 | 100,286   | 99,746    |
| NEWS AMER INC             | 6.15001MAR37 | 789,149   | 791,015   |
| OWENS CORNING NEW         | 7.00001DEC36 | 96,708    | 90,079    |
| PENNY J C INC MEDIUM TERM | 6.87515OCT15 | 103,265   | 101,393   |
| PETROBRAS INTL FIN CO     | 5.87501MAR18 | 359,970   | 363,029   |
| PETROPLUS FIN LTD         | 6.75001MAY14 | 73,994    | 68,907    |
| PETROPLUS FIN LTD         | 7.00001MAY17 | 73,994    | 67,704    |
| QWEST CORP                | 6.50001JUN17 | 1,226,902 | 1,186,486 |
| RAILI TR                  | 5.75025SEP21 | 753,310   | 737,655   |
| RALI SER 2006 QS6 TR      | 6.00025JUN21 | 387,166   | 383,751   |
| RESIDENTIAL CAP CORP      | 8.37530JUN15 | 7,584     | 5,969     |
| RESIDENTIAL CAP CORP      | 1.00017APR13 | 1,283,096 | 825,179   |
| REYNOLDS AMERN INC        | 7.25015JUN37 | 627,683   | 664,563   |
| SLM COPR                  | 5.37515MAY14 | 38,926    | 39,472    |
| SLM CORP                  | 5.37515JAN13 | 13,356    | 13,238    |
| SLM CORP                  | 5.00001OCT13 | 141,872   | 138,360   |
| SLM CORP MEDIUM TERM NTS  | 5.62501AUG33 | 391,007   | 369,845   |
| SLM CORP MTN              | 5.05014NOV14 | 138,655   | 136,440   |
| SLM CORP MTN              | 5.00015APR15 | 215,369   | 218,759   |
| SLM CORP MTN              | 5.00015JUN18 | 103,864   | 102,563   |
| SOUTHERN NAT GAS CO       | 7.35015FEB31 | 222,930   | 242,086   |
| SPRINT CAP CORP           | 6.87515NOV28 | 1,954,440 | 1,857,244 |
| STANDARD CHARTERED BK     | 6.40026SEP17 | 216,573   | 225,677   |
| TALISMAN ENERGY INC       | 5.85001FEB37 | 30,721    | 32,286    |
| TALISMAN ENERGY INC       | 6.25001FEB38 | 87,461    | 91,341    |
| TELECOM ITALIA CAP        | 6.37515NOV33 | 147,998   | 153,156   |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****December 31, 2007****Schedule I**

|                              |              |           |           |
|------------------------------|--------------|-----------|-----------|
| TELECOM ITALIA CAP           | 6.00030SEP34 | 53,752    | 57,562    |
| TELECOM ITALIA CAP           | 7.20018JUL36 | 449,418   | 473,181   |
| TELEFONICA EMISSIONS S A U   | 7.04520JUN36 | 838,019   | 904,288   |
| TELUS CORP                   | 4.95015MAR17 | 247,046   | 273,783   |
| TENNESSEE GAS PIPELINE CO    | 7.00015OCT28 | 53,939    | 54,777    |
| TIME WARNER CABLE INC        | 6.55001MAY37 | 485,069   | 498,466   |
| TIME WARNER INC              | 6.62515MAY29 | 511,792   | 475,945   |
| UNITED STS STL CORP NEW      | 6.65001JUN37 | 402,841   | 369,632   |
| USG CORP                     | 7.75015JAN18 | 398,576   | 397,371   |
| VALE OVERSEAS LTD            | 6.87521NOV36 | 166,342   | 169,667   |
| VALERO ENERGY CORP           | 6.62515JUN37 | 772,272   | 779,947   |
| VODAFONE GROUP               | 6.15027FEB37 | 1,223,774 | 1,227,706 |
| WACHOVIA BK NATL ASSN MEDIUM | 6.60015JAN38 | 1,363,578 | 1,373,278 |
| WAMU MTG PASS THROUGH CTFS   | 1.00025AUG35 | 253,904   | 257,325   |
| WASHINGTON MUT INC           | 7.25001NOV17 | 340,708   | 304,122   |
| WASHINGTON MUT MTG SECS CORP | 1.00025MAR35 | 167,510   | 170,744   |
| WELLS FARGO MTG BACKED SECS  | 1.00025SEP36 | 896,597   | 900,499   |
| WELLS FARGO MTG BKD SECS     | 1.00025OCT35 | 803,846   | 803,352   |
| WESTERN UN CO                | 5.93001OCT16 | 345,173   | 344,569   |
| XEROX CORP                   | 6.40015MAR16 | 455,299   | 482,567   |

|                                 |  |  |               |
|---------------------------------|--|--|---------------|
| Corporate and Other Obligations |  |  | \$ 63,542,158 |
|---------------------------------|--|--|---------------|

**Synthetic Guaranteed Investment Contracts:****Cash and Cash Equivalents**

|                                 |                            |           |           |
|---------------------------------|----------------------------|-----------|-----------|
| ALLIANCE BERNSTEIN PRIME STIF   | Short-Term Investment Fund | 46,079    | 46,078    |
| * STATE STREET BANK & TRUST CO. | Short-Term Investment Fund | 2,301,591 | 2,301,590 |
| * STATE STREET BANK & TRUST CO. | Short-Term Investment Fund | 1,776,604 | 1,776,603 |
| * STATE STREET BANK & TRUST CO. | Short-Term Investment Fund | 2,560,047 | 2,560,046 |
| * STATE STREET BANK + TRUST CO  | Short-Term Investment Fund | 7,242,339 | 7,242,339 |
| * STATE STREET BANK + TRUST CO. | Short-Term Investment Fund | 3,064,269 | 3,064,269 |

16,990,925

**U.S. Government and Government Agency  
Issues**

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                                |               |           |           |
|--------------------------------|---------------|-----------|-----------|
| CREDIT SUISSE FIRST BOSTON MTG | 1.000025JAN36 | 127,583   | 126,089   |
| FED HM LN POOL 1N1385          | 1.00001DEC36  | 412,559   | 414,571   |
| FED HM LN PC POOL              | 1.0 01SEP35   | 594,018   | 597,975   |
| FED HM LN PC POOL              | 5.5 01SEP19   | 528,248   | 517,815   |
| FED HM LN PC POOL A34902       | 5.5 01MAY35   | 2,149,811 | 2,161,149 |
| FED HM LN PC POOL E01343       | 5.0 01APR18   | 899,359   | 873,051   |
| FED HM LN PC POOL E01377       | 4.5 01MAY18   | 1,712,966 | 1,635,308 |
| FED HM LN PC POOL E96852       | 4.50 01JUN13  | 489,815   | 500,281   |
| FED HM LN PC POOL G01843       | 6.0 01JUN35   | 2,640,140 | 2,621,426 |
| FED HM LN PC POOL G11441       | 4.0 01AUD13   | 302,752   | 312,390   |
| FED HM LN PC POOL G12021       | 4.50 01MAY14  | 717,482   | 738,229   |
| FED HM LN PC POOL G12022       | 4.50 01NOV13  | 191,801   | 196,889   |
| FED HM LN PC POOL G12024       | 4.50 01AUG18  | 1,048,879 | 1,087,057 |
| FED HM LN PC POOL G12743       | 5.5 01AUG22   | 1,243,140 | 1,255,455 |
| FED HM LN PC POOL M80770       | 5.0 01SEP09   | 1,142,953 | 1,149,329 |
| FED HM LN PC POOL M80790       | 4.0 01OCT09   | 351,137   | 352,716   |
| FED HM LN PC POOL M80817       | 4.0 01MAY10   | 803,917   | 813,559   |
| FED HM LN PC POOL M80843       | 3.50001SEP10  | 79,858    | 81,236    |
| FED HM LN PC POOL M80845       | 4.50 01SEP10  | 378,543   | 388,210   |
| FED HM LN PC POOL M90952       | 4.00001OCT09  | 118,145   | 115,221   |
| FED HM LN PC POOL M90954       | 4.00001APR09  | 305,392   | 299,667   |
| FED HM LN PC POOL M90966       | 4.00001APR10  | 322,320   | 318,173   |
| FED HM LN POOL 1N0346          | 1.00001DEC36  | 560,898   | 563,463   |
| FED HM LN POOL 1N1417          | 1.00001FEB37  | 572,587   | 577,652   |
| FED HM LN POOL A46675          | 4.50001AUG35  | 588,288   | 587,041   |
| FED HM LN POOL A47055          | 4.50001SEP35  | 723,390   | 723,526   |
| FED HM LN POOL G01953          | 4.50001OCT35  | 838,580   | 836,802   |
| FED HM LN POOL G02682          | 7.00001FEB37  | 1,368,629 | 1,386,153 |
| FED HM LN POOL G3205           | 5.50001JUL35  | 470,143   | 479,679   |
| FEDERAL HOME LN MTG            | 6.5 15AUG08   | 27,473    | 26,770    |
| FEDERAL HOME LN MTG            | 5.0 15JUL25   | 1,150,717 | 1,169,728 |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)  
December 31, 2007****Schedule I**

|                             |               |           |           |
|-----------------------------|---------------|-----------|-----------|
| FEDERAL HOME LN MTG         | 5.0 15SEP27   | 2,064,425 | 2,112,471 |
| FEDERAL HOME LN MTG         | 5.0 15DEC27   | 2,109,322 | 2,161,045 |
| FEDERAL HOME LN MTG         | 1.0 15DEC27   | 2,286,237 | 2,273,898 |
| FEDERAL HOME LN MTG         | 6.0 15NOV22   | 70,584    | 76,618    |
| FEDERAL HOME LN MTG         | 6.0 15FEB11   | 337,206   | 362,912   |
| FEDERAL HOME LN MTG CORP    | 5.12517NOV17  | 4,886,817 | 4,975,687 |
| FEDERAL HOME LOAD BANK      | 5.00017NOV17  | 973,535   | 988,839   |
| FEDERAL NATL MTG ASSN       | 5.50 25SEP11  | 439,488   | 440,734   |
| FEDERAL NATL MTG ASSN       | 1.0 25MAY30   | 3,617,247 | 3,624,147 |
| FEDERAL NATL MTG ASSN       | 4.76825APR12  | 436,113   | 431,425   |
| FEDERAL NATL MTG ASSN       | 5.13925DEC11  | 482,235   | 470,237   |
| FEDERAL NATL MTG ASSN REMIC | 5.70325MAY11  | 597,633   | 565,699   |
| FEDERAL NATL MTG ASSN REMIC | 6.08825MAY11  | 1,100,493 | 976,655   |
| FHLMC TBA JAN 30            | 5.5 01DEC99   | 984,432   | 981,052   |
| FINANCING CORP CPN FICO     | 0.01 07SEP09  | 2,091,192 | 2,462,859 |
| FNMA POOL 125420            | 5.5 01MAY11   | 16,462    | 17,376    |
| FNMA POOL 254088            | 5.5 01DEC16   | 142,788   | 147,482   |
| FNMA POOL 254140            | 5.5 01JAN17   | 423,382   | 434,813   |
| FNMA POOL 254503            | 5.00001OCT09  | 1,067,744 | 1,075,239 |
| FNMA POOL 254548            | 5.50 01DEC32  | 1,501,229 | 1,514,313 |
| FNMA POOL 254693            | 5.50001APR33  | 1,038,497 | 1,030,651 |
| FNMA POOL 254722            | 5.5 01MAY18   | 929,417   | 906,543   |
| FNMA POOL 254753            | 4.00001MAY10  | 360,615   | 354,576   |
| FNMA POOL 254836            | 4.0 01JULY 10 | 730,582   | 743,475   |
| FNMA POOL 255364            | 6.00001SEP34  | 923,317   | 940,940   |
| FNMA POOL 255765            | 5.0 01JUL20   | 305,663   | 312,756   |
| FNMA POOL 255770            | 5.5 01JUL35   | 723,947   | 717,452   |
| FNMA POOL 256101            | 5.5 01FEB36   | 3,350,800 | 3,381,648 |
| FNMA POOL 256269            | 5.5 01JUN36   | 2,868,825 | 2,924,793 |
| FNMA POOL 323348            | 8.50001JUN12  | 15,422    | 15,646    |
| FNMA POOL 323586            | 5.50 01FEB14  | 523,977   | 538,305   |
| FNMA POOL 343347            | 5.5 01APR11   | 166,756   | 172,261   |
| FNMA POOL 357586            | 4.50 01MAY11  | 406,221   | 414,769   |
| FNMA POOL 386255            | 3.53001JUL10  | 497,029   | 510,312   |
| FNMA POOL 386284            | 3.64001JUN10  | 476,620   | 484,519   |
| FNMA POOL 456654            | 5.5 01FEB14   | 91,230    | 88,924    |
| FNMA POOL 545696            | 6.0 01JUN22   | 765,015   | 750,311   |
| FNMA POOL 545904            | 5.5 01SEP17   | 787,105   | 771,055   |
| FNMA POOL 555541            | 1.0 01APR33   | 267,964   | 269,659   |
| FNMA POOL 623505            | 6.0 01DEC11   | 426,821   | 417,248   |
| FNMA POOL 722999            | 5.0 01JUL18   | 1,965,418 | 1,945,527 |
| FNMA POOL 725027            | 5.00001NOV33  | 457,790   | 468,434   |
| FNMA POOL 725423            | 5.50001MAY34  | 872,479   | 865,017   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                  |               |            |            |
|------------------|---------------|------------|------------|
| FNMA POOL 725424 | 5.50001APR34  | 457,300    | 453,880    |
| FNMA POOL 725690 | 6.0 01AUG34   | 331,311    | 328,679    |
| FNMA POOL 725946 | 5.50 01NOV34  | 5,174,777  | 5,179,919  |
| FNMA POOL 725946 | 5.50001NOV34  | 1,175,369  | 1,186,819  |
| FNMA POOL 735224 | 5.50001FEB35  | 2,234,809  | 2,218,183  |
| FNMA POOL 735227 | 5.0 1FEB35    | 331,440    | 328,685    |
| FNMA POOL 735654 | 1.0 01OCT44   | 238,473    | 246,152    |
| FNMA POOL 743132 | 5.0 01OCT18   | 1,893,309  | 1,874,609  |
| FNMA POOL 745054 | 1.00001SEP35  | 309,846    | 320,805    |
| FNMA POOL 745275 | 5.00001FEB36  | 3,112,362  | 3,147,444  |
| FNMA POOL 745336 | 5.0 01MAR36   | 10,193,219 | 10,338,235 |
| FNMA POOL 745569 | 4.0 01NOV13   | 535,220    | 556,162    |
| FNMA POOL 759866 | 5.5 01FEB34   | 469,654    | 466,106    |
| FNMA POOL 786225 | 5.0 01JUL19   | 316,161    | 317,041    |
| FNMA POOL 791404 | 5.0 01OCT19   | 264,021    | 260,961    |
| FNMA POOL 808277 | 5.5 01AUG35   | 421,002    | 417,435    |
| FNMA POOL 815039 | 5.5 01MAY35   | 397,187    | 393,822    |
| FNMA POOL 821398 | 5.5 01MAY35   | 587,829    | 582,692    |
| FNMA POOL 822298 | 1.000 01MAY36 | 150,473    | 152,639    |
| FNMA POOL 823293 | 5.5 01JUL35   | 448,588    | 444,788    |
| FNMA POOL 825308 | 5.5 01MAY35   | 432,369    | 428,773    |
| FNMA POOL 825803 | 5.5 01SEP35   | 653,284    | 647,423    |
| FNMA POOL 826522 | 5.5 01JUL35   | 455,378    | 451,591    |
| FNMA POOL 830735 | 5.5 01JUL35   | 364,669    | 361,397    |
| FNMA POOL 830763 | 5.5 01AUG35   | 386,240    | 382,834    |
| FNMA POOL 830784 | 5.5 01AUG35   | 764,333    | 757,594    |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                          |               |             |             |
|--------------------------|---------------|-------------|-------------|
| FNMA POOL 831540         | 6.0 01JUN36   | 2,248,368   | 2,282,048   |
| FNMA POOL 831800         | 6.50001SEP36  | 9,075,603   | 9,123,404   |
| FNMA POOL 833350         | 5.5 01AUG35   | 807,008     | 799,768     |
| FNMA POOL 835164         | 5.5 01AUG35   | 771,704     | 764,900     |
| FNMA POOL 835268         | 5.5 01AUG35   | 474,005     | 469,989     |
| FNMA POOL 835687         | 5.5 01NOV34   | 309,938     | 307,362     |
| FNMA POOL 837220         | 4.5 01AUG20   | 6,092,245   | 6,178,790   |
| FNMA POOL 837589         | 5.5 01SEP34   | 418,275     | 414,799     |
| FNMA POOL 841068         | 1.0 01NOV34   | 1,008,981   | 1,016,878   |
| FNMA POOL 848647         | 5.5 01JAN36   | 1,928,184   | 1,951,092   |
| FNMA POOL 871117         | 5.5 01DEC36   | 3,167,367   | 3,183,343   |
| FNMA POOL 872502         | 1.00001JUN36  | 386,467     | 391,167     |
| FNMA POOL 880626         | 5.5 01MAR36   | 1,466,385   | 1,475,870   |
| FNMA POOL 881670         | 1.00001MAR36  | 550,768     | 561,857     |
| FNMA POOL 884865         | 6.5 01APR36   | 1,899       | 1,908       |
| FNMA POOL 888789         | 5.00001JUL36  | 505,342     | 518,518     |
| FNMA POOL 902397         | 1.00001NOV36  | 444,297     | 449,148     |
| FNMA POOL 902715         | 6.5 01SEP36   | 5,712       | 5,741       |
| FNMA POOL 906576         | 1.000 01JAN37 | 602,392     | 608,754     |
| FNMA POOL 910333         | 5.5 01MAR37   | 290,508     | 294,600     |
| FNMA POOL 920602         | 5.5 01APR36   | 5,942,655   | 6,065,118   |
| FNMA POOL 920602         | 6.5 01NOV37   | 4,063,895   | 4,095,512   |
| FNMA POOL 928373         | 4.500 01MAR36 | 731,304     | 767,603     |
| FNMA POOL 940525         | 6.0 01JUL37   | 3,650,668   | 3,769,608   |
| FNMA POOL 944499         | 5.5 01JUL37   | 2,482,533   | 2,566,973   |
| FNMA POOL 947624         | 6.0 01OCT37   | 1,592,951   | 1,609,937   |
| FNMA POOL 950813         | 6.0 01OCT37   | 1,370,946   | 1,385,565   |
| FNMA POOL255276          | 4.0 01JUN11   | 323,729     | 333,399     |
| FNMA POOL45571           | 4.0 01JAN19   | 1,928,077   | 1,994,665   |
| FNMA TBA JAN 30          | 5.0 01DEC99   | 1,898,197   | 1,918,476   |
| FNMA TBA JAN 30          | 5.0 01DEC99   | (7,747,643) | (7,673,903) |
| FNMA TBA JAN 30          | 5.5 01DEC99   | (3,901,167) | (3,927,898) |
| FNMA TBA JAN 30          | 6.0 01DEC99   | 992,363     | 998,258     |
| FREDDIE MAC              | 1.0 15DEC29   | 78,707      | 78,823      |
| GOV NATL MTG ASSN        | 3.02216JAN19  | 191,804     | 191,511     |
| GOVERNMENT NATIONAL MTGE | 3.94716NOV30  | 1,196,561   | 1,210,355   |
| GOVERNMENT NATL MTG ASSN | 2.91416JUN18  | 148,895     | 148,332     |
| GOVERNMENT NATL MTG ASSN | 3.60716AUG18  | 97,951      | 96,926      |
| GOVERNMENT NATL MTG ASSN | 4.05416JUN27  | 344,884     | 351,213     |
| GOVERNMENT NATL MTG ASSN | 4.04416MAY21  | 176,514     | 174,634     |
| GOVERNMENT NATL MTG ASSN | 4.38516AUG30  | 335,814     | 337,324     |
| GOVERNMENT NATL MTG ASSN | 4.01616JUL27  | 227,410     | 229,165     |
| GOVERNMENT NATL MTG ASSN | 4.04516JUL20  | 474,924     | 472,469     |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                               |              |           |           |
|-------------------------------|--------------|-----------|-----------|
| GOVERNMENT NATL MTG ASSN      | 4.01516NOV10 | 382,931   | 380,642   |
| GOVERNMENT NATL MTG ASSN      | 4.44916MAR25 | 604,048   | 613,341   |
| GOVERNMENT NATL MTG ASSN      | 3.13716NOV29 | 245,057   | 248,157   |
| GOVERNMENT NATL MTG ASSN      | 4.14516FEB18 | 554,639   | 549,499   |
| GOVERNMENT NATL MTG ASSN      | 4.24116JUL29 | 369,112   | 373,560   |
| GOVERNMENT NATL MTG ASSN      | 2.71216FEB20 | 407,536   | 404,359   |
| GOVERNMENT NATL MTG ASSN      | 3.20616APR18 | 175,563   | 174,039   |
| GOVERNMENT NATL MTG ASSN      | 3.11016JAN19 | 295,548   | 289,279   |
| GOVERNMENT NATL MTG ASSN      | 2.94616MAR19 | 836,021   | 850,834   |
| GOVERNMENT NATL MTG ASSN      | 2.82216DEC19 | 400,703   | 402,741   |
| GOVERNMENT NATL MTG ASSN      | 3.08416APR22 | 291,925   | 290,232   |
| GOVERNMENT NATL MTG ASSN      | 4.24816JUL29 | 530,775   | 539,152   |
| GOVERNMENT NATL MTG ASSN GTD  | 4.27216NOV26 | 705,437   | 716,166   |
| GOVERNMENT NATL MTG ASSN GTD  | 3.76016SEP28 | 423,609   | 431,807   |
| GOVERNMENT NATL MTG ASSN GTD  | 4.21216JAN28 | 519,441   | 525,479   |
| GOVERNMENT NATL MTG ASSN GTD  | 4.04516OCT23 | 105,662   | 106,719   |
| GOVERNMENT NATL MTG ASSN GTD  | 4.20116AUG26 | 1,061,744 | 1,082,416 |
| GOVERNMENT NATL MTG ASSN GTD  | 3.77216JUN25 | 981,388   | 1,005,875 |
| GOVERNMENT NATL MTG ASSN GTD  | 4.08716AUG30 | 300,249   | 305,146   |
| GOVERNMENT NATL MTG ASSN GTD  | 3.88816JUL26 | 602,333   | 611,992   |
| GVMNT NATL MTG ASSN REMIC MTG | 3.37716JAN23 | 70,255    | 68,953    |
| SMALL BUSINESS ADMIN          | 7.19 01DEC19 | 522,102   | 551,020   |
| UNITED STATES TREAS BDS       | 8.75 15AUG20 | 1,552,245 | 1,609,900 |
| UNITED STATES TREAS BDS       | 8.75015MAY17 | 1,090,574 | 1,116,911 |
| UNITED STATES TREAS BDS       | 6.25015MAY30 | 1,158,113 | 1,227,007 |
| UNITED STATES TREAS BDS       | 5.00015MAY37 | 6,006,880 | 6,055,697 |



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)  
December 31, 2007****Schedule I**

|                           |               |             |             |
|---------------------------|---------------|-------------|-------------|
| UNITED STATES TREAS BILLS | .01 15MAY08   |             | 485,637     |
| UNITED STATES TREAS BILLS | 8.875 15AUG17 | 662,097     | 676,413     |
| UNITED STATES TREAS BILLS | 8.125 15MAY21 | 1,189,464   | 1,215,746   |
| UNITED STATES TREAS BILLS | 2.375 15JAN27 | 208,114     | 215,432     |
| UNITED STATES TREAS BILLS | 4.75 15FEB37  | 6,287,473   | 6,482,595   |
| UNITED STATES TREAS BILLS | 3.875 15JAN09 | 256,761     | 257,900     |
| UNITED STATES TREAS BILLS | 4.25 15JAN10  | 897,001     | 911,926     |
| UNITED STATES TREAS BILLS | 4.25 15AUG14  | 1,121,116   | 1,118,278   |
| UNITED STATES TREAS BILLS | 2.375 15APR11 | 842,475     | 862,969     |
| UNITED STATES TREAS BILLS | 5.125 15MAY16 | 942,466     | 957,748     |
| UNITED STATES TREAS BILLS | 5.125 30JUN11 | 1,033,576   | 1,044,577   |
| UNITED STATES TREAS BILLS | 4.625 15FEB17 | (941,128)   | (1,027,909) |
| UNITED STATES TREAS BILLS | 4.50 15MAY 17 | (899,448)   | (917,167)   |
| UNITED STATES TREAS BILLS | 4.75 15AUG17  | (606,499)   | (623,059)   |
| UNITED STATES TREAS BILLS | 4.125 31AUG12 | (877,364)   | (911,084)   |
| UNITED STATES TREAS BILLS | 4.25 15NOV17  | (1,376,667) | (1,400,466) |
| UNITED STATES TREAS NTS   | 4.0 15NOV12   | 627,416     | 631,065     |
| UNITED STATES TREAS NTS   | 4.625 15FEB17 | 2,724,607   | 2,837,028   |
| UNITED STATES TREAS NTS   | 4.75 15AUG17  | 4,142,136   | 4,309,493   |
| UNITED STATES TREAS NTS   | 4.87531MAY11  | 2,895,135   | 2,901,371   |
| UNITED STATES TREAS NTS   | 4.25015NOV17  | 5,836,051   | 5,826,939   |
| UNITED STATES TREAS NTS   | 4.62515NOV16  | 125,875     | 126,650     |
| UNITED STATES TREAS NTS   | 4.62531DEC11  | 3,003,808   | 3,008,267   |
| UNITED STATES TREAS NTS   | 4.87530APR12  | 444,844     | 453,622     |
| UNITED STATES TREAS NTS   | 4.62531JUL12  | 4,829,282   | 4,826,300   |
| UNITED STATES TREAS NTS   | 4.75015AUG17  | 139,176     | 140,188     |
| UNITED STATES TREAS NTS   | 4.12531AUG12  | 412,010     | 425,172     |
| UNITED STATES TREAS NTS   | 3.87531OCT12  | 6,813,249   | 6,836,935   |
| UNITED STATES TREAS NTS   | 4.25015NOV17  | 6,893,625   | 7,003,330   |
| UNITED STATES TREAS NTS   | 3.12530NOV09  | 1,655,197   | 1,658,510   |
| UNITED STATES TRES BD     | 0.01 15FEB15  | 4,167,845   | 4,364,384   |
| US TREASURY BDS           | 4.50015FEB36  | 881,207     | 864,672     |
| US TREASURY BDS           | 4.50015FEB36  | 3,070,752   | 3,322,316   |

227,680,302

**Corporate and Other Obligations**

|                     |                 |         |         |
|---------------------|-----------------|---------|---------|
| 317504LP1 OTC USD   | SEP08 4.75 CALL | 75,249  | 327,263 |
| 9CDXIG9KL0          | 0.45020DEC10    | 3,683   | 3,683   |
| ABBOTT LABORATORIES | 5.15 30NOV12 NT | 859,968 | 879,270 |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                              |                         |         |         |
|------------------------------|-------------------------|---------|---------|
| ACCREDITED MTG LN TR         | 1.00025APR36            | 43,033  | 42,771  |
| ACE INA HLDG INC             | 5.70015FEB17            | 299,646 | 297,178 |
| * AEGON FDG CORP             | 5.75015DEC20            | 496,071 | 475,211 |
| AETNA INC                    | 7.875 01MAR11           | 983,171 | 931,583 |
| AGILENT TECHNOLOGIES         | 6.5 01NOV17             | 494,532 | 504,377 |
| AIG                          | 5.85 16JAN18 TRANCHE TR | 743,117 | 752,128 |
| ALLSTATE LIFE GLOBAL         | 4.25 10SEP08 TRANCHE SR | 520,543 | 504,998 |
| ALTERNATIVE LN TR 2007       | 1.00025APR47            | 186,522 | 122,912 |
| AMERADA HESS CORP            | 6.65015AUG11            | 609,516 | 627,814 |
| AMERADA HESS CORP            | 6.65015AUG11            | 300,048 | 290,559 |
| AMERICAN EXPRESS             | 6.15 28AUG17            | 524,657 | 539,834 |
| AMERICAN EXPRESS CENTURION   | 5.55 17OCT12 TRANCHE TR | 711,931 | 725,340 |
| AMERICAN EXPRESS CO          | 4.75017JUN09            | 142,771 | 142,607 |
| AMERICAN EXPRESS CR CORP     | 1.00009NOV09            | 206,471 | 202,983 |
| AMERICAN GEN FIN             | 4.875 15MAY10           | 237,216 | 242,082 |
| AMERICAN INTL GROUP INC      | 5.37518OCT11            | 265,977 | 269,699 |
| AMERICAN INTL GROUP INC      | 5.05001OCT15            | 287,083 | 284,851 |
| AMERICREDIT AUTOMOBILE       | 3.43 06JUL11            | 448,681 | 444,760 |
| AMERICREDIT AUTOMOBILE       | 5.66 06JAN11            | 924,208 | 925,586 |
| AMERICREDIT PRIME AUTOMOBILE | 5.35009SEP13            | 103,217 | 103,299 |
| AMERICREDIT PRIME AUTOMOBILE | 5.43008JUL11            | 113,053 | 111,884 |
| AMERIPRISE FINL INC          | 5.65015NOV15            | 87,456  | 87,964  |
| AMGEN INC                    | 4.00 18NOV09 SR NT      | 588,760 | 585,572 |
| AMVESCAP PLC                 | 5.37515DEC14            | 149,899 | 142,849 |
| ANHEUSER BUSCH COS INC       | 5.50 15JAN18 NT         | 235,001 | 240,896 |
| AOL TIME WARNER INC          | 6.75015APR11            | 598,907 | 563,224 |
| ARDEN RLTY LTD PARTNERSHIP   | 5.20001SEP11            | 255,383 | 262,851 |
| ASTRAZENECA                  | 5.40 15SEP12            | 848,847 | 879,258 |

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                               |                                   |           |           |
|-------------------------------|-----------------------------------|-----------|-----------|
| AT + T CORP                   | 7.30015NOV11                      | 472,121   | 479,389   |
| AT + T INC                    | 1.00015MAY08                      | 196,641   | 196,458   |
| AT + T WIRELESS SVCS INC      | 8.75001MAR31                      | 209,702   | 222,988   |
| AT&T INC                      | 4.95 15JAN13 GLOBAL NT            | 712,224   | 716,622   |
| AT+T WIRELESS SVCS INC        | 7.87501MAR11                      | 184,080   | 191,660   |
| AVALONBAY CMNTYS INC          | 6.62515SEP11                      | 248,135   | 251,591   |
| AVALONBAY CMNTYS INC          | 5.50015JAN12                      | 311,010   | 309,133   |
| BA CR CARD                    | 5.59 17NOV14 2007 8 NT            | 602,191   | 607,779   |
| BA CR CARD TR                 | 1.00015JUN14                      | 1,160,180 | 1,069,450 |
| BALL CORP                     | 6.87515DEC12                      | 79,541    | 79,836    |
| * BANC AMER COML MTG          | 5.334 10SEP45                     | 662,060   | 662,814   |
| * BANC AMER COML MTG INC      | 4.16110DEC42                      | 553,364   | 546,426   |
| * BANC AMER COML MTG INC      | 5.78711MAY35                      | 343,956   | 350,852   |
| * BANC AMER COML MTG INC      | 4.12810JUL42                      | 424,902   | 419,364   |
| * BANC AMER COML MTG INC      | 4.24710JUL43                      | 433,829   | 433,197   |
| * BANC AMER COML MTG TR       | 5.49210FEB51                      | 632,709   | 632,709   |
| * BANK AMER CORP              | 5.49 15MAR19 SUB NT 144A          | 556,839   | 563,714   |
| * BANK AMER CORP              | 5.375 11SEP12 SR NT FD            | 367,791   | 375,595   |
| * BANK AMER CORP              | 5.75 01DEC17 SR NT                | 268,480   | 271,001   |
| * BANK AMER CORP              | 4.50001AUG10                      | 643,052   | 644,314   |
| * BANK AMER FDG CORP          | 2005 PASS THRU CTF 1.0<br>25MAY35 | 417,340   | 414,997   |
| BANK NEW YORK INC             | 4.95 01NOV12 TRANCHE TR           | 832,680   | 835,714   |
| BANK ONE TEX                  | 6.25 15FEB08 TRANCHE SB           | 571,708   | 566,068   |
| BARCLAYS BK PLC               | 5.45 12SEP12                      | 883,237   | 906,202   |
| * BAXTER FINCO BV             | 4.75015OCT10                      | 138,561   | 138,358   |
| BAYVIEW FINL SECS CO LLC      | 1.00028DEC35                      | 457,168   | 451,189   |
| BAYVIEW FINL SECS CO LLC      | 5.20828APR39                      | 442,428   | 443,106   |
| BEAR STEARNS                  | 5.53312OCT41                      | 202,654   | 203,717   |
| BEAR STEARNS ALT A TR         | 1.00025FEB36                      | 507,070   | 490,763   |
| BEAR STEARNS ALT A TR         | 1.00025MAY36                      | 231,137   | 224,451   |
| BEAR STEARNS ALT A TR         | 1.00025JAN47                      | 306,641   | 301,129   |
| BEAR STEARNS ARM              | 2003 PASSTHRU 1.0<br>25AUG33      | 363,549   | 366,343   |
| BEAR STEARNS ARM              | SER 2005 1.0 25OCT35              | 457,480   | 457,031   |
| BEAR STEARNS COML MTG SECS    | 4.24013AUG39                      | 430,036   | 423,898   |
| BEAR STEARNS COML MTG SECS    | 1.00012OCT42                      | 617,859   | 615,270   |
| BEAR STEARNS COML MTG SECS    | 1.00011SEP38                      | 222,426   | 226,580   |
| BEAR STEARNS COML MTG SECS    | 5.51811SEP41                      | 128,513   | 127,987   |
| BEAR STEARNS COML MTG SECS TR | 1.00011SEP38                      | 251,951   | 258,961   |
| BEAR STEARNS COMMERCIAL MTG   | 5.17101DEC38                      | 573,367   | 566,299   |
| BEAR STEARNS COS              | 5.35 01FEB12                      | 1,027,427 | 1,000,661 |
| BEAR STEARNS COS INC          | 3.25025MAR09                      | 612,241   | 618,832   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                                 |                           |           |           |
|---------------------------------|---------------------------|-----------|-----------|
| BEAR STEARNS COS INC            | 5.50015AUG11              | 489,680   | 485,404   |
| BEAR STERNS COS INC             | 7.62507DEC09              | 319,192   | 318,373   |
| BEAR STERNS COS INC             | 5.55022JAN17              | 309,054   | 295,189   |
| BERKSHIRE HATHAWAY              | 4.125 15JAN10 GTD SR NT   | 551,052   | 557,516   |
| BERKSHIRE HATHAWAY FIN CORP     | 4.20015DEC10              | 270,454   | 271,780   |
|                                 | 4.28 25FEB10 2005 ASSET   |           |           |
| BMW VEH OWNER TR                | BKD                       | 195,159   | 194,834   |
| BOEING CAP CORP                 | 7.37527SEP10              | 460,903   | 432,759   |
| BOEING CO                       | 5.125 15FEB13 NT          | 442,589   | 457,054   |
| BOSTON PPTYS LTD PARTNERSHIP    | 6.25015JAN13              | 307,022   | 296,257   |
| BOSTON PPTYS LTD PARTNERSHIP    | 5.00001JUN15              | 161,875   | 154,840   |
| BOSTON PPTYS LTD PATNERSHIP     | 5.62515APR15              | 127,686   | 123,609   |
| BRAZIL FEDERATIVE REP           | 8.25020JAN34              | 1,623,918 | 1,672,847 |
| BRITISH SKY BROADCASTING GROUP  | 6.87523FEB09              | 200,253   | 195,451   |
| BRITISH SKY BROADCASTING GROUP  | 8.20015JUL09              | 1,054,966 | 925,754   |
| BRITISH TELECOMMUNICATIONS      | 1.00 15DEC10 NT           | 680,352   | 674,323   |
| BRITISH TELECOMMUNICATIONS      | 1.00015DEC10              | 167,622   | 156,443   |
| BSKYB FIN U K PLC               | 5.62515OCT15              | 258,084   | 256,358   |
| BUNGE LTD FIN CORP              | 5.10015AUG15              | 125,820   | 129,440   |
| C BASS SER 2006 CB2 TR          | 1.00025DEC36              | 20,670    | 20,612    |
| C BASS TR                       | 1.00025NOV35              | 155,054   | 154,072   |
| C10 CAPITAL SPV LIMITED         | DEBS 2006 1.0 18DEC49     | 287,077   | 272,706   |
| CADBURY SCHWEPPE US FINANCE     | 5.12501OCT13              | 309,966   | 319,355   |
| CAPCO AMER SECURIZATION         | 6.26015OCT30              | 788,901   | 749,623   |
| CAPITAL AUTO MULTI ASSET EXECUT | 4.40 15AUG11 2005 8 NT CL | 462,021   | 462,024   |
| CAPITAL AUTO MULTI ASSET EXECUT | 5.75 15JUL20 SER 2007     | 688,006   | 703,396   |
|                                 | 5.23 15FEB09 2006 ASSET   |           |           |
| CAPITAL AUTO REC                | BKD                       | 167,133   | 167,112   |
| CAPITAL AUTO REC TR             | 5.39 15FEB14 NT CL        | 579,944   | 588,753   |
| CAPITAL AUTO RECEIVABLES        | 3.58 15JAN09              | 396,131   | 395,847   |

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                                |                           |           |           |
|--------------------------------|---------------------------|-----------|-----------|
| CAPITAL AUTO RECEIVABLES       | 3.75 15JUL09              | 93,382    | 93,008    |
|                                | 5.30 15MAY14 2007 4 ASSET |           |           |
| CAPITAL AUTO RECEIVABLES ASST  | BKD                       | 294,960   | 298,446   |
| CAPITAL ONE PRIME AUTO RECEIV  | 4.32015AUG09              | 132,236   | 132,217   |
| CAPITAL ONE AUTO FIN TR        | 5.13016APR12              | 560,359   | 559,725   |
| CAPITAL ONE BK                 | 5.125 15FEB14             | 658,414   | 640,967   |
| CAPITAL ONE BK                 | 5.00015JUN09              | 297,473   | 297,118   |
| CAPITAL ONE FINL CORP          | 5.55001JUN15              | 54,129    | 53,506    |
| CAPITAL ONE FINL CORP          | 6.75015SEP17              | 61,492    | 61,296    |
| CAPITAL ONE FINL CORP          | 1.00010SEP09              | 566,811   | 534,344   |
| CAPMARK FINL GROUP INC         | 5.87510MAY12              | 574,927   | 455,287   |
| CAROLINA PWR & LT              | 6.5 15JUL12               | 1,139,970 | 1,088,306 |
| CAROLINA PWR + LT CO           | 6.50015JUL12              | 205,643   | 214,522   |
| CARRINGTON MTG LN TR           | 1.00025MAY36              | 63,014    | 62,653    |
| CASE NEW HOLLAND INC           | 7.12501MAR14              | 201,803   | 196,149   |
| CATERPILLAR FINL SVCS          | 4.85 07DEC12 TRANCHE TR   | 294,805   | 295,470   |
| CATERPILLAR FINL SVCS          | 4.85 07DEC12              | 599,436   | 600,790   |
| CATERPILLAR FINL SVCS CORP     | 4.50015JUN09              | 167,283   | 167,205   |
| CATERPILLAR FINL TR            | 5.57 25MAY10 SER 2006     | 520,820   | 523,066   |
| CENTAX HOME EQUITY LN TR       | 1.00025JUN36              | 22,349    | 22,264    |
| CHASE ISSUANCE TR              | 4.65 17DEC12 2005 10 NT   | 646,626   | 661,792   |
| CHASE ISSUANCE TR              | 4.96 17SEP12 2007 15 NT   | 786,486   | 799,326   |
| CHASEFLEX TRUST                | 1.00025SEP46              | 102,948   | 103,356   |
| CHESAPEAKE ENGERYCORP          | 7.50015JUN14              | 61,647    | 60,025    |
| CHEVY CHASE BK FSB             | 6.87501DEC13              | 199,740   | 187,300   |
| CHUBB CORP                     | 5.47216AUG08              | 564,614   | 566,021   |
| CIT GROUP INC                  | 5.65 13FEB17              | 940,654   | 841,519   |
| CIT GROUP INC                  | 5.85 15SEP16              | 83,196    | 73,784    |
| CIT GROUP INC NEW              | 5.85015SEP16              | 292,674   | 269,096   |
| CIT GROUP INC REORGANIZED      | 5.65013MAR17              | 310,223   | 289,137   |
| * CITIBANK CR CARD ISSUANCE TR | 4.75 22OCT12 2005 A7 NT   | 295,812   | 304,157   |
| * CITIBANK CR CARD ISSUANCE TR | 5.45 10MAY13 SER 2006     | 295,611   | 304,692   |
| * CITIBANK CR CARD ISSUANCE TR | 5.50 22JUN12 SERIES 2007  | 593,563   | 606,259   |
| * CITIBANK CR CARD ISSUANCE TR | 5.65 20SEP19 SER 2007     | 537,707   | 543,905   |
| * CITIBANK CR CARD ISSUANCE TR | 1.00009JAN12              | 1,175,194 | 1,128,299 |
| * CITICORP RESIDENTIAL MRG TR  | 1.00025JUN37              | 93,839    | 18,238    |
| * CITIFINANCIAL MTG SECS INC   | 3.36025JAN33              | 126,514   | 125,103   |
| * CITIGROUP CAP                | 1.0 21DEC77               | 294,250   | 307,996   |
| * CITIGROUP COML MTG TR        | 1.00015APR40              | 652,286   | 665,475   |
| * CITIGROUP INC                | 6.125 21NOV17 GLOBAL SR   | 494,393   | 510,020   |
| * CITIGROUP INC                | 6.125 21NOV17             | 1,468,493 | 1,514,911 |
| * CITIGROUP INC                | 5.3 17OCT12               | 1,017,300 | 1,030,855 |
| * CITIGROUP INC                | 6.50018JAN11              | 639,482   | 641,671   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                                 |                    |           |           |
|---------------------------------|--------------------|-----------|-----------|
| * CITIGROUP INC                 | 4.62503AUG10       | 294,923   | 293,353   |
| * CITIGROUP INC                 | 5.30017OCT12       | 814,533   | 826,676   |
| * CITIGROUP MTG LN TR           | 1.00025MAY35       | 554,997   | 560,605   |
| * CITIGROUP MTG LN TR           | 1.00025MAY36       | 651,100   | 652,012   |
| * CITIGROUP MTG LN TR           | 1.00025AUG35       | 516,166   | 478,221   |
| * CITIGROUP MTG LN TR           | 1.00001MAR36       | 1,206     | 1,206     |
| * CITIGROUP MTG LN TR 2007 AMC4 | 1.00025MAY37       | 309,709   | 260,972   |
| * CITIGROUP RESIDENTIAL MTG TR  | 1.00025SEP36       | 1,228,967 | 1,211,722 |
| * CITIGROUP RESIDENTIAL MTG TR  | 1.00025JUN37       | 569,291   | 564,582   |
| * CITIGROUP/DEUTSCHE BANK       | 5.408 15JAN46      | 459,471   | 460,623   |
| * CITIGROUP/DEUTSCHE BANK       | 5.40815JAN46       | 197,622   | 198,117   |
| CITY NATL CORP                  | 5.12515FEB13       | 239,288   | 240,382   |
| CLEVELAND ELEC ILLUM CO         | 5.70001APR17       | 392,656   | 384,038   |
| CLOROX                          | 5.95 15OCT17 SR NT | 472,733   | 465,254   |
| CNH EQUIP TR 2007               | 5.46 15JUN10       | 1,174,858 | 1,180,436 |
| CNH EQUIP TR 2007 C             | 5.42 17MAR14 NT CL | 348,991   | 357,545   |
| CNH EQUIPTR 2007 B              | 5.40 17OCT11 NT CL | 427,662   | 435,178   |
| COCA COLA                       | 5.35 15NOV17       | 368,152   | 377,750   |
| COCA COLA ENTERPRISES           | 8.50001FEB22       | 139,625   | 154,108   |
| COLONIAL BK MONTGOMERY AL       | 8.00015MAR09       | 88,790    | 86,359    |
| COLONIAL BK NATL ASSN           | 6.37501DEC15       | 275,207   | 267,222   |
| COLONIAL RLTY LTD               | 4.75 01FEB10       | 196,631   | 191,980   |
| COMCAST CABLE COMM INC          | 6.87515JUN09       | 262,092   | 247,767   |
| COMCAST CORP NEW                | 5.85 15NOV15       | 929,819   | 930,846   |
| COMCAST CORP NEW                | 6.30 15NOV17       | 632,638   | 657,965   |
| COMCAST CORP NEW                | 5.50015MAR11       | 156,609   | 158,816   |
| COMCAST CORP NEW                | 6.50015JAN17       | 260,635   | 256,285   |
| COMCAST NEW                     | 6.30 15NOV 17 NT   | 294,250   | 306,030   |

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                                |                        |           |           |
|--------------------------------|------------------------|-----------|-----------|
| COMEIO TRANSITIONAL            | 5.74 25DEC10 SER 1998  | 495,240   | 454,119   |
| COMMERCIAL MTG ASSET TR        | 1.00017NOV32           | 247,984   | 248,977   |
| COMMERCIAL NET LEASE RLTY INC  | 6.15015DEC15           | 176,516   | 176,827   |
| COMMONWEALTH EDISON CO         | 4.74015AUG10           | 461,468   | 461,656   |
| COMPASS BK BIRMINGHAM AL       | 5.50001APR20           | 418,845   | 402,399   |
| CONAGRA INC                    | 7.87515SEP10           | 120,533   | 113,975   |
| CONNECTICUT LT + PWR CO        | 5.37501MAR17           | 534,319   | 520,018   |
| CONOCO FDG CO                  | 6.35015OCT11           | 815,272   | 777,997   |
| CONOCOPHILIPS AUSTRALIA        | 5.50 15APR13 GTD NT    | 470,907   | 483,418   |
| CONOCOPHILLIPS CDA FDG CO I    | 5.62515OCT16           | 737,344   | 760,254   |
| CONSOLIDATED EDISON CO NY INC  | 5.30001DEC16           | 784,329   | 773,713   |
| CONSUMERS ENERGY CO            | 5.37515APR13           | 324,035   | 303,950   |
| COORS BREWING CO               | 6.37515MAY12           | 32,963    | 33,518    |
| CORNING INC                    | 6.2 15MAR16            | 170,280   | 172,209   |
|                                | 2007 HY 4 MTG PASS 1.0 |           |           |
| COUNTRYWIDE ALTERNATIVE LN TR  | 25JUN47                | 543,201   | 536,628   |
| COUNTRYWIDE CORP MTN           | 5.80007JUN12           | 284,579   | 208,286   |
| COUNTRYWIDE FDG CORP MTN       | 3.25021MAY08           | 287,753   | 270,989   |
| COUNTRYWIDE FINL CORP          | 6.25015MAY16           | 183,296   | 107,521   |
| COUNTRYWIDE FINL CORP          | 5.80007JUN12           | 163,935   | 129,281   |
| COUNTRYWIDE HOME LNS INC       | 4.00022MAR11           | 338,748   | 246,344   |
| COVENTRY HEALTH CARE INC       | 5.87515JAN12           | 130,847   | 129,940   |
| COVENTRY HEALTH CARE INC       | 5.95015MAR17           | 156,730   | 154,247   |
| COX COMMUNICATIONS INC         | 5.45 15DEC14           | 1,332,217 | 1,349,001 |
| CREDIT SUIS USA                | 5.50016AUG11           | 680,737   | 702,134   |
| CREDIT SUISSE COML MTG TR      | 1.00015JUN38           | 230,836   | 240,035   |
| CREDIT SUISSE COML MTG TR      | 5.46715SEP39           | 750,971   | 753,073   |
| CREDIT SUISSE FIRST BOSTON     | 6.38 18DEC35 SER 2001  | 841,307   | 846,335   |
| CREDIT SUISSE FIRST BOSTON     | 6.30 15NOV30           | 165,790   | 164,268   |
| CREDIT SUISSE FIRST BOSTON     | 4.12515JAN10           | 619,769   | 636,032   |
| CREDIT SUISSE FIRST BOSTON MTG | 3.86115MAR36           | 262,758   | 259,220   |
| CREDIT SUISSE FIRST BOSTON MTG | 1.00015JAN37           | 294,445   | 310,988   |
| CREDIT SUISSE FIRST BOSTON MTG | 1.00025AUG32           | 99,654    | 94,488    |
| CSMC MTG BACKED TR             | 1.00025JAN37           | 383,449   | 355,076   |
| CSX CORP                       | 6.75 15MAR11           | 664,696   | 660,307   |
| CSX CORP                       | 6.25015OCT08           | 138,642   | 138,863   |
| CVS CAREMARK                   | 5.75 01JUN17           | 648,061   | 662,986   |
| CVS CORP                       | 4.00015SEP09           | 151,993   | 149,535   |
| CVS CORP                       | 5.75015AUG11           | 137,401   | 140,999   |
| CWABS ASSET                    | 1.00025OCT46           | 480,933   | 443,172   |
| CWABS INC                      | 3.872 25MAR20          | 113,419   | 109,993   |
| CWABS INC                      | 4.615 25FEB35          | 491,584   | 435,048   |
| CWALT ALTERNATIVE LN TR        | 1.0 25JUL21            | 933,877   | 929,804   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                                |                          |         |         |
|--------------------------------|--------------------------|---------|---------|
| CWALT INC                      | 1.00025DEC35             | 206,166 | 198,276 |
| CWHEQ HOME EQUITY LN TR        | 1.00025JUN35             | 315,702 | 308,205 |
| DAIMLERCHRYSLER AUTO           | 3.710 08OCT09 SER 2004   | 392,761 | 392,255 |
|                                | 5.28 08MAR13 2007 ASSET  |         |         |
| DAIMLERCHRYSLER AUTO           | BKD                      | 565,220 | 570,500 |
| DAIMLERCHRYSLER NORTH AMER     | 4.87515JUN10             | 151,959 | 151,719 |
| DB MASTER FIN LLC              | 5.77920JUN31             | 98,319  | 94,761  |
| DEERE JOHN CAP CORP MTN BK     | 1.00001SEP09             | 285,129 | 285,683 |
| DELHAIZZE GROUP SA             | 6.50015JUN17             | 73,487  | 75,438  |
| DETROIT EDISON                 | 6.19 01MAR13 SER 2001    | 824,912 | 831,235 |
| DEUTSCHE BANK AG               | 5.375 12OCT12 TRANCHE TR | 678,030 | 695,139 |
| DEUTSCHE BK FINL INC           | 7.50025APR09             | 315,869 | 315,800 |
| DEUTSCHE MTG & ASSET RECEIVING | 6.861 15JUN31            | 167,936 | 165,118 |
| DEUTSCHE TELEKOM               | 8.00 15JUN10 GTD NT      | 420,170 | 419,864 |
| DIAEGO FIN BV                  | 5.50 01APR13 GTD NT      | 402,581 | 408,978 |
| DIAGEO PLC                     | 4.375 03MAY10 GTD NT     | 298,866 | 299,056 |
| DISNEY WALT COMPANY            | 4.70 01DEC12 GLOBAL NT   | 637,625 | 641,614 |
| DLJ COML MTG CORP              | 6.24012NOV31             | 699,379 | 632,643 |
| DLJ COML MTG CORP              | 1.00012NOV31             | 291,039 | 274,917 |
| DLJ MTG CORP                   | 7.18 10NOV33             | 668,454 | 679,432 |
| DOMINION RES INC DEL           | 5.70017SEP12             | 439,215 | 444,232 |
| DONNELLEY R R + SONS CO        | 4.95001APR14             | 78,943  | 83,427  |
| DONNELLEY R R + SONS CO        | 5.50015MAY15             | 316,543 | 326,377 |
| DU PONT                        | 5.0 15JAN13 NT           | 269,792 | 272,086 |
| DUK CAP CORP                   | 8.0 01OCT19              | 398,867 | 396,439 |
| DUKE CAP LLC                   | 5.668 15AUG14            | 652,811 | 659,507 |
| DUKE ENERGY FIELD SVCS LLC     | 7.87516AUG10             | 89,617  | 84,375  |
| DUKE RLTY CORP                 | 5.87515AUG12             | 244,761 | 248,314 |



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                                    |  |           |           |
|------------------------------------|--|-----------|-----------|
| DUKE WEEKS RLTY LTD PRTNSHP        | 7.75015NOV09                           | 316,605   | 284,046   |
| DUKE WEEKS RLTY LTD PRTNSHP        | 6.95015MAR11                           | 98,853    | 103,068   |
| EHOSTAR DBS CORP                   | 6.62501OCT14                           | 34,624    | 35,218    |
| EHOSTAR DBS CORP                   | 7.12501FEB16                           | 92,143    | 94,270    |
| EDISON MISSION ENEGRY              | 7.00015MAY17                           | 105,424   | 106,260   |
| EL PASO CORP                       | 7.75 15JUN10                           | 401,485   | 410,607   |
| ELELCTRONIC DATA SYS CORP NEW      | 6.500101AUG13                          | 363,272   | 367,843   |
| EMBARQ CORP                        | 7.995 01JUN36                          | 621,225   | 657,946   |
| EMBARQ CORP                        | 7.08201JUN16                           | 493,925   | 506,537   |
| EMBARQ CORP                        | 6.73801JUN13                           | 24,579    | 25,425    |
| ENTERGY GULF STS                   | 5.510 01OCT13 SR SECD<br>TRANSITION BD | 270,320   | 278,197   |
| ENTERPRISE PRODS OPER LP           | 5.60015OCT14                           | 131,834   | 127,560   |
| ENTERPRISE PRODS OPER LP           | 5.60015OCT14                           | 467,015   | 470,991   |
| EQUIFAX INC                        | 7.0 01JUL37                            | 299,163   | 284,537   |
| EQUITY RESIDENTIAL                 | 5.12515MAR16                           | 343,732   | 320,170   |
| ERAC USA FIN CO                    | 7.35 15JUN08                           | 981,552   | 991,595   |
| ERIE CNTY NY TOB ASSET SECURIT TAX | 6.00001JUN28                           | 311,716   | 276,272   |
| ERP OPER CTD PARTNERSHIP           | 6.62515MAR12                           | 85,186    | 76,545    |
| ERP OPER CTD PARTNERSHIP           | 5.37501AUG16                           | 117,410   | 111,285   |
| ERP OPER CTD PARTNERSHIP           | 5.50001OCT12                           | 254,288   | 253,411   |
| EUROPEAN INVT BK                   | 5.12530MAY17                           | 320,174   | 323,103   |
| EXELON CORP                        | 6.75001MAY11                           | 276,147   | 272,314   |
| EXXON CAPITAL CORP                 | 6.12508SEP08                           | 415,051   | 372,881   |
| FEDERAL RALTY INVT                 | 5.4 01DEC13                            | 634,166   | 626,926   |
| FEDERAL RLTY INVT TR               | 5.65001JUN16                           | 275,297   | 265,007   |
| FEDERAL RLTY INVT TR               | 6.00015JUL12                           | 122,779   | 126,139   |
| FEDERATED RETAIL HLDGS             | 5.35 15MAR12                           | 786,044   | 766,345   |
| FEDERATED RETAIL HLDGS INC         | 5.90001DEC16                           | 157,206   | 148,156   |
| FEDERATED RETAIL HLDGS INC         | 5.35015MAR12                           | 78,604    | 76,634    |
| FINANCING CORP CPN FICO            | 0.01 11MAY13                           | 178,854   | 227,715   |
| FINANCING CORP CPN FICO            | 0.01 06JUN13                           | 623,114   | 728,222   |
| FIRST NLC TR                       | 1.00025DEC35                           | 66,511    | 66,325    |
| FIRST UN CORP                      | 6.37515JAN09                           | 378,960   | 379,628   |
| FIRSTENERGY CORP                   | 6.45015NOV11                           | 1,148,777 | 1,096,493 |
| FISHER SCIENTIFIC INTL INC         | 6.75015AUG14                           | 56,153    | 57,441    |
| FISHER SCIENTIFIC INTL INC         | 6.12501JUL15                           | 373,617   | 371,126   |
| FORD CR AUTO                       | 4.38 15JAN10                           | 1,205,821 | 1,204,052 |
| FORD CR AUTO OWNER TR              | 4.64015APR10                           | 339,196   | 339,207   |
| FORD CR AUTO OWNER TR              | 5.80015FEB13                           | 98,289    | 95,233    |
| FORD CREDIT AUTO                   | 5.26 15OCT10 2006 B NT                 | 747,094   | 748,169   |
| FORD CREDIT AUTO                   | 5.40 15AUG11 2007 A NT                 | 835,603   | 845,593   |
| FORTUNE BRANDS INC                 | 5.37515JAN16                           | 160,219   | 163,914   |

|                           |                          |           |           |
|---------------------------|--------------------------|-----------|-----------|
|                           | 7.795 15APR15 200 COML   |           |           |
| FOUR TIME SQUARE TR       | MTG                      | 342,879   | 344,060   |
| FPL GROUP CAP INC         | 5.62501SEP11             | 589,421   | 604,065   |
| FRANCE TELECOM SA         | 8.50001MAR31             | 493,772   | 484,454   |
| FRANKLIN RES INC          | 3.70 15APR08 SR NT       | 443,521   | 441,392   |
| GANNETT CO INC            | 5.75001JUN11             | 320,167   | 329,420   |
| GAZ CAPITAL SA            | 6.21222NOV16             | 618,312   | 615,268   |
| GE COML MTG CORP          | 3.915 10NOV38 2004 C1    | 568,140   | 558,525   |
| GE COML MTG CORP          | 4.68310JUL45             | 513,819   | 509,198   |
| GENERAL ELEC CAP CORP     | 7.375 19JAN10 TRANCHE TR | 483,274   | 442,913   |
| GENERAL ELEC CAP CORP     | 6.125 22FEB11 TRANCHE TR | 125,988   | 128,472   |
| GENERAL ELEC CAP CORP     | 6.0 15JUN12 TRANCHE TR   | 670,687   | 649,360   |
| GENERAL ELEC CAP CORP MTN | 1.00021OCT10             | 630,112   | 628,978   |
| GENERAL ELEC CAP CORP MTN | 3.50002FEB09             | 318,435   | 322,291   |
| GENERAL MILLS             | 5.65 10SEP12             | 327,131   | 329,751   |
| GENERAL MILLS INC         | 5.65 10SEP12             | 898,210   | 914,310   |
| GENERAL MTRS ACCEP CORP   | 7.25 02MAR11             | 93,650    | 86,182    |
| GENERAL MTRS ACCEP CORP   | 7.0 01FEB12              | 189,758   | 166,835   |
| GENERAL MTRS ACCEP CORP   | 5.85 14JAN09             | 97,583    | 94,027    |
| GENWORTH GLOBAL FDG TRS   | 5.20008OCT10             | 294,760   | 299,195   |
| GMAC LLC                  | 1.0 15MAY09              | 98,320    | 91,213    |
| GMAC LLC                  | 6.625 15MAY12            | 195,903   | 163,471   |
| GOLDMAN SACHS GROUP       | 5.70 01SEP12 SR NT       | 750,894   | 733,367   |
| GOLDMAN SACHS GROUP       | 5.25 01APR13 SR NT       | 502,322   | 498,498   |
| GOLDMAN SACHS GROUP       | 6.75 01OCT37             | 1,423,880 | 1,463,793 |
| GOLDMAN SACHS GROUP       | 6.25 01SEP17             | 392,585   | 409,131   |
| GOLDMAN SACHS GROUP INC   | 4.5 15JUN10              | 1,344,062 | 1,362,158 |
| GOLDMAN SACHS GROUP INC   | 5.62515JAN17             | 177,272   | 182,433   |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                              |                            |           |           |
|------------------------------|----------------------------|-----------|-----------|
| GOLDMAN SACS GROUP INC       | 4.75015JUL13               | 526,088   | 534,488   |
| GREENWICH CAP COML           | 4.883 10JUN36              | 380,425   | 380,362   |
| GREENWICH CAP COML FDG CORP  | 4.02205JAN36               | 411,985   | 414,058   |
| GREENWICH CAP FDG CORP       | 4.30510AUG42               | 544,704   | 548,618   |
| GREENWICH CAPITAL COMM FND   | 5.44410MAR39               | 416,122   | 425,274   |
| GS MTG SECS CORP             | 1.00025MAR46               | 181,581   | 179,967   |
| GS MTG SECS CORP II          | 4.751 10JUL39              | 744,757   | 706,854   |
| GS MTG SECS CORP II          | 1.00006MAR20               | 157,313   | 150,967   |
| GS MTG SECS CORP II          | 1.00010AUG38               | 351,117   | 366,456   |
| GS MTG SECS TR               | 5.479 10NOV39              | 1,294,398 | 1,300,729 |
| GSAMP TR                     | 1.00025MAY36               | 45,599    | 36,735    |
| GULF PWR CO                  | 5.30001DEC16               | 933,838   | 928,500   |
| HALCYON SECURITIZED PRODS    | 1.00013MAY46               | 189,967   | 189,967   |
| HANOVER INS GROUP INC        | 7.62515OCT25               | 141,845   | 128,916   |
|                              | 4.30 15MAY10 2005 3        |           |           |
| HARLEY DAVIDSON MOTORCYCLE   | CONTRACT BKD               | 13,567    | 13,658    |
|                              | 5.060 15JUN10 2006 1 CONTR |           |           |
| HARLEY DAVIDSON MOTORCYCLE   | BKD                        | 69,431    | 69,401    |
|                              | 5.52 15NOV13 2007 3        |           |           |
| HARLEY DAVIDSON MOTORCYCLE   | MOTOCYCLE                  | 235,943   | 239,333   |
| HARRAHS OPER INC             | 5.62501JUN15               | 47,605    | 45,218    |
| HARRAHS OPER INC             | 5.57001OCT17               | 16,358    | 14,655    |
| HARRAHS OPER INC             | 6.50001JUN16               | 58,630    | 54,936    |
| HARTFORD FINL SVCS GROUP INC | 5.55016AUG08               | 260,559   | 261,150   |
| HEALTHCARE RLTY TR IN        | 8.12501MAY11               | 327,013   | 311,298   |
| HEINZ                        | 6.0 15MAR12                | 334,201   | 332,874   |
| HOME EQUITY MORTGAGE TRUST   | 1.00025MAY36               | 142,562   | 101,501   |
|                              | 4.85 19OCT09 2005 6 ASSET  |           |           |
| HONDA AUTO RECEIVABLE        | BKD                        | 271,958   | 271,050   |
| HONDA AUTO RECEIVABLES       | 3.28 18FEB10               | 946,173   | 941,689   |
| HOSPIRA INC                  | 5.55 30MAR12               | 956,831   | 974,799   |
| HOUSEHOLD FIN CORP           | 4.125 15DEC08 NT           | 855,064   | 842,683   |
| HOUSEHOLD FIN GROUP          | 5.87501FEB09               | 312,404   | 312,326   |
| HOUSEHOLD FIN GROUP          | 4.12515DEC08               | 316,646   | 316,615   |
| HRPT PPTYS TR                | 1.00016MAR11               | 135,682   | 130,995   |
| HSBC FIN CORP                | 5.25014JAN11               | 981,473   | 982,871   |
| HSBC FIN CORP                | 5.50019JAN16               | 424,261   | 436,592   |
| HSI ASSET SECURITIZATION     | 1.00025JAN36               | 211,521   | 148,822   |
| HUNTINGTON NATL BK           | 4.37515JAN10               | 247,782   | 244,322   |
| HUTCHISON WHAMPOA INTL       | 6.50013FEB13               | 354,259   | 361,755   |
| HYUNDAI AUTO RECEIVABLES TR  | 5.25015MAY13               | 545,642   | 536,726   |
| HYUNDAI AUTO RECEIVABLES TR  | 5.04017JAN12               | 181,884   | 182,372   |
| IBM                          | 5.7 14SEP17                | 587,881   | 609,839   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                              |                  |           |           |
|------------------------------|------------------|-----------|-----------|
| ICI WILMINGTON INC           | 4.37501DEC08     | 428,080   | 441,832   |
| ILLINOIS EDL FACS            | 5.0 01JUL33      | 918,887   | 965,710   |
| ILLINOIS TOOL WKS INC        | 5.75001MAR09     | 130,024   | 129,971   |
| ILLINOISE PWR SPL            | 5.65 25DEC10     | 697,723   | 644,077   |
| ILLIONOIS PWR CO             | 6.12515NOV17     | 191,514   | 193,700   |
| INDYMAC INDX MTG LN 2006     | 1.0 25SEP36      | 2,290,440 | 2,265,820 |
| INDYMAC INDX MTG LN TR       | 1.00025SEP36     | 461,376   | 465,729   |
| INDYMAC MBS INC              | 1.00025MAY36     | 292,088   | 289,432   |
| INTERNATIONAL LEASE FIN CORP | 6.37515MAR09     | 321,836   | 318,182   |
| INTERNATIONAL LEASE FIN CORP | 3.50001APR09     | 202,535   | 202,941   |
| INTERNATIONAL LEASE FIN CORP | 4.75013JAN12     | 371,996   | 368,575   |
| INTERNATIONAL PAPER CO       | 5.30001APR15     | 288,441   | 287,886   |
| INTL BK FOR RECON + DEV      | 9.25015SEP17     | 170,791   | 164,663   |
| INTL LEASE FINL CORP         | 5.75 15JUN11     | 98,194    | 99,553    |
| ISTAR FINL INC               | 5.15001MAR12     | 127,608   | 110,461   |
| ISTAR FINL INC               | 5.95015OCT13     | 304,996   | 282,729   |
| ISTAR FINL INC               | 1.00009MAR10     | 417,861   | 374,709   |
| ITT CORP NEW                 | 7.37515NOV15     | 356,256   | 360,336   |
| J P MORGAN CHASE COML MTG    | 4.30215JAN38     | 413,977   | 421,867   |
| J P MORGAN CHASE COML MTG    | 4.79015OCT42     | 419,939   | 415,063   |
| J P MORGAN CHASE COML MTG    | 5.19815DEC44     | 419,949   | 418,782   |
| J P MORGAN CHASE COML MTG    | 5.43712DEC44     | 543,465   | 545,398   |
| J P MORGAN MTG ACQUISTION    | 1.00025NOV36     | 98,316    | 75,058    |
| JANUS CAP GROUP INC          | 6.25015JUN12     | 348,549   | 357,370   |
| JEFFERIES GROUP INC NEW      | 7.75015MAR12     | 201,259   | 218,858   |
| JEFFERIES GROUP INC NEW      | 6.25015JAN36     | 341,946   | 307,598   |
| JP MORGAN CHASE              | 1.00015APR45     | 255,382   | 263,827   |
| JP MORGAN CHASE CAN CO       | 5.375 01OCT12 NT | 515,733   | 525,365   |
| JP MORGAN CHASE COML MTG     | 4.184 12JAN37    | 835,473   | 848,894   |
| JP MORGAN CHASE COML MTG     | 4.625 15MAR46    | 405,114   | 399,789   |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                               |                     |           |           |
|-------------------------------|---------------------|-----------|-----------|
| JP MORGAN CHASE COML MTG      | 1.00 15AUG42        | 568,154   | 558,146   |
| JP MORGAN CHASE COML MTG      | 6.26 15MAR33        | 701,826   | 740,838   |
| JP MORGAN CHASE COML MTG      | 1.0 15APR45         | 1,128,580 | 1,152,487 |
| JP MORGAN CHASE COML MTG SECS | 4.85115AUG42        | 449,578   | 444,997   |
| JP MORGAN CHASE COML MTG SECS | 4.79015OCT42        | 419,939   | 415,063   |
| JP MORGAN CHASE COML MTG SECS | 1.00012DEC44        | 232,194   | 233,725   |
| JP MORGAN CHASE COML MTG SECS | 1.00012JUN43        | 459,444   | 469,537   |
| JP MORGAN CHASE MTG SECS      | 4.30215JAN38        | 513,764   | 504,301   |
| JP MORGAN MTG ACQUISITION TR  | 1.00025NOV36        | 122,897   | 94,115    |
| JPMORGAN CHASE + CO           | 5.12515SEP14        | 681,632   | 669,782   |
| KELLOGG                       | 5.125 03DEC12 SR NT | 466,858   | 470,932   |
| KELLOGG CO                    | 5.125 03DEC12       | 653,601   | 659,305   |
| KELLOGG CO                    | 5.12503DEC12        | 481,601   | 485,804   |
| KFW INTERNATIONAL FIN INC     | 1.75023MAR10        | 6,491,683 | 6,635,570 |
| KINDER MORGAN ENERGY          | 5.0 15DEC13         | 667,911   | 677,257   |
| KRAFT FOODS                   | 7.00 11AUG37 BD     | 409,114   | 402,739   |
| KRAFT FOODS                   | 6.50 11AUH17 NT     | 244,360   | 254,292   |
| KRAFT FOODS                   | 4.0 01OCT08         | 838,017   | 829,015   |
| KRAFT FOODS INC               | 6.875 01FEB18       | 97,682    | 102,075   |
| KRAFT FOODS INC               | 6.125 01FEB18       | 489,217   | 495,360   |
| KRAFT FOODS INC               | 6.00011FEB13        | 117,632   | 121,300   |
| KRAFT FOODS INC               | 6.12501FEB18        | 415,835   | 421,056   |
| KREDITANSTALT FUR WIEDERUFBAU | 4.87517JAN17        | 279,980   | 283,630   |
| KROGER                        | 6.40 15AUG17 SR NT  | 112,435   | 118,260   |
| KROGER CO                     | 6.75 15APR12        | 407,583   | 401,795   |
| KROGER CO                     | 6.2 15JUN12         | 274,197   | 271,500   |
| KROGER CO                     | 6.4 15AUG17         | 144,570   | 149,110   |
| LB UBS                        | 5.37215SEP39        | 706,465   | 705,412   |
| LB UBS COML MTG TR            | 5.3 15NOV38         | 642,266   | 641,649   |
| LB UBS COML MTG TR            | 4.647 15JUL30       | 839,889   | 821,536   |
| LB UBS COML MTG TR            | 1.00015JUL40        | 410,069   | 422,772   |
| LB UBS COML MTG TR            | 1.00015JUN29        | 176,820   | 186,865   |
| LB UBS COML MTG TR            | 4.20115DEC29        | 439,707   | 434,628   |
| LB UBS COML MTG TR            | 1.00015JUN38        | 721,535   | 723,363   |
| LB UBS COML MTG TR            | 6.36515DEC28        | 396,571   | 403,099   |
| LEHMAN BROS HLDGS             | 6.75 28DEC17        | 392,990   | 405,355   |
| LEHMAN BROS HLDGS INC         | 6.50019JUL17        | 103,863   | 107,445   |
| LEHMAN BROTHERS HLDGDS INC    | 4.25027JAN10        | 621,910   | 627,967   |
| LEHMAN BROTHERS HLDGDS INC    | 6.00019JUL12        | 800,493   | 815,922   |
| LEHMAN BROTHERS HLDGS         | 5.25 06FEB12        | 1,013,800 | 1,006,918 |
| LEHMAN BROTHERS HLDGS INC     | 4.80013MAR14        | 76,371    | 77,780    |
| LEHMAN BROTHERS HLDGS INC     | 6.20026SEP14        | 128,494   | 130,177   |
| LEHMAN BROTHERS HOLDINGS      | 7.87501NOV09        | 136,890   | 136,291   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                               |                        |           |           |
|-------------------------------|------------------------|-----------|-----------|
| LEUCADIA NATL CORP            | 7.00015AUG13           | 234,273   | 221,233   |
| LIBERTAS PFD FDG III          | 1.00009APR47           | 424,808   | 424,808   |
| LIBERTY PPTY LTD PARTNERSHIP  | 5.50015DEC26           | 122,017   | 114,989   |
| LIMITED INC                   | 5.25001NOV14           | 293,740   | 282,399   |
| LIMITED INC                   | 6.90015JUL17           | 41,431    | 41,799    |
| LINCOLN NATL CORP IN          | 1.00012MAR10           | 265,465   | 260,702   |
| LOWES COS INC                 | 5.60015SEP12           | 127,600   | 131,272   |
| LUBRIZOL CORP                 | 4.62501OCT09           | 133,031   | 133,297   |
| LUBRIZOL CORP                 | 4.62501OCT09           | 235,759   | 236,973   |
| M + I MARSHALL + ILSLEY BK    | 1.00004DEC12           | 1,002,868 | 945,783   |
| M + T BK CORP                 | 5.37524MAY12           | 216,229   | 215,734   |
| MACK CALI REALTY LP           | 5.05015APR10           | 137,397   | 139,493   |
| MACK CALI RLTY LP             | 5.12515JAN15           | 195,431   | 193,465   |
| MACK CALI RLTY LP             | 5.25015JAN12           | 195,304   | 199,405   |
| MANUFACTURERS + TRADERS TR CO | 1.00028DEC20           | 254,036   | 232,415   |
| MARSHALL + ILSLEY CORP        | 4.37501AUG09           | 136,990   | 136,315   |
| MASCO CORP                    | 1.00012MAR10           | 152,397   | 147,206   |
| MASTR ASSET BACKED SECS TR    | 1.00025AUG36           | 624,334   | 577,022   |
| MASTR ASSET BACKED SECS TR    | 1.00025OCT36           | 306,999   | 180,443   |
| MBNA CORP SR MTN              | 6.12501MAR13           | 105,971   | 102,449   |
| MBNA CR CARD MASTER NT TR     | 2.75 15OCT10 2003 6 NT | 259,640   | 268,435   |
| MBNA CR CARD MASTER NT TR     | 4.20 15SEP10 2005 1 NT | 1,299,840 | 1,315,490 |
| MBNA CR CARD MASTER NT TR     | 4.50 15JAN13 2005 6 NT | 727,392   | 742,406   |
| MBNA CR CARD MASTER NT TR     | 2.75015OCT10           | 276,472   | 287,958   |
| McGRAW HILL COS               | 6.55 15NOV237 SR NT    | 269,313   | 268,235   |
| MEDCO HEALTH SOLUTIONS INC    | 7.25015AUG13           | 92,425    | 91,550    |

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                                |                                       |           |           |
|--------------------------------|---------------------------------------|-----------|-----------|
| MERILL LYNCH                   | 6.4 28AUG17                           | 687,238   | 699,225   |
| MERRIL LYNCH & CO              | 4.25 08FEB10                          | 495,103   | 486,735   |
| MERRILL LYNCH + CO INC         | 4.12515JAN09                          | 35,929    | 35,904    |
| MERRILL LYNCH + CO INC         | 4.12510SEP09                          | 322,219   | 324,091   |
| MERRILL LYNCH + CO INC         | 6.05016MAY16                          | 588,693   | 584,471   |
| MERRILL LYNCH + CO INC         | 5.70002MAY17                          | 240,909   | 238,957   |
| MERRILL LYNCH MTG INVS INC     | 1.00025AUG36                          | 348,186   | 334,848   |
| MERRILL LYNCH MTG TR           | 4.80612SEP42                          | 1,202,480 | 1,234,782 |
| MERRILL LYNCH MTG TR           | 1.00012NOV37                          | 334,222   | 333,208   |
| MERRILL LYNCH MTG TR           | 5.40312JUL34                          | 385,322   | 389,555   |
| MERRILL LYNCH MTG TR           | 4.96012JUL38                          | 271,865   | 269,811   |
| MERRILL LYNCH MTG TR           | 1.00012NOV37                          | 197,717   | 197,684   |
| METLIFE INC                    | 5.37515DEC12                          | 98,607    | 99,098    |
| METLIFE INC                    | 5.00015JUN15                          | 931,512   | 903,918   |
| MEXICO (UNITED MEXICAN STATES) | 8.00019DEC13                          | 2,464,833 | 2,442,100 |
| MICHIGAN TOB SETTLEMENT FIN    | 7.30901JUN34                          | 1,166,058 | 1,086,942 |
| MID ST TR IV                   | 8.33 01APR30                          | 646,224   | 623,379   |
| MIDAMERICAN ENERGY HLDGS CO    | 5.87501OCT12                          | 142,532   | 147,766   |
| MIDAMERICAN PLC                | 6.75 01MAR11 SR SECD NT               | 507,432   | 471,114   |
| ML CFC COML MTG TR             | 1.0 12FEB39                           | 2,734,227 | 2,740,973 |
| ML CFC COML MTG TR             | 1.00012UN46                           | 380,631   | 389,946   |
| MOHAWK INDS INC                | 6.12515JAN16                          | 421,814   | 423,164   |
| MORGAN J P + CO                | 6.00015JAN09                          | 174,098   | 173,798   |
| MORGAN J P + CO INC            | 6.25015JAN09                          | 320,213   | 318,424   |
| MORGAN STANELY CAPITOL I       | 5.32515DEC43                          | 247,139   | 245,854   |
| MORGAN STANELY MTG LN TR 2006  | 1.00025NOV36                          | 275,297   | 246,348   |
| MORGAN STANLEY                 | 5.95 28DEC17 SR MEDIUM<br>NTS         | 357,854   | 358,613   |
| MORGAN STANLEY                 | 5.25 02NOV12 GLOBAL<br>MEDIUM TERM NT | 613,144   | 614,298   |
| MORGAN STANLEY                 | 5.45009JAN17                          | 310,853   | 319,515   |
| MORGAN STANLEY                 | 5.45009JAN17                          | 313,400   | 320,164   |
| MORGAN STANLEY                 | 5.75018OCT16                          | 578,545   | 586,967   |
| MORGAN STANLEY CAP I           | 4.890 12JJUN47                        | 1,230,753 | 1,188,545 |
| MORGAN STANLEY CAP I           | 4.989 13AUG42                         | 1,000,223 | 1,004,897 |
| MORGAN STANLEY CAP I           | 1.0 12AUG41                           | 652,480   | 662,367   |
| MORGAN STANLEY CAP I INC       | 4.78013DEC41                          | 617,588   | 614,411   |
| MORGAN STANLEY CAP I INC       | 1.00013JUN42                          | 414,397   | 423,700   |
| MORGAN STANLEY CAP I INC       | 5.56915DEC44                          | 607,978   | 607,978   |
| MORGAN STANLEY CAP I INC       | 1.00015MAR30                          | 537,344   | 490,694   |
| MORGAN STANLEY CAP I INC       | 1.00015DEC31                          | 468,842   | 475,123   |
| MORGAN STANLEY CAP I INC       | 4.80914JAN42                          | 449,447   | 450,722   |
| MORGAN STANLEY CAP I INC       | 5.09012OCT52                          | 326,235   | 324,510   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                              |                         |         |         |
|------------------------------|-------------------------|---------|---------|
| MORGAN STANLEY CAP I TR 2006 | 5.71212JUL44            | 608,268 | 604,331 |
| MORGAN STANLEY GROUP         | 6.25 28AUG17            | 98,176  | 99,953  |
| MORGAN STANLEY GROUP         | 5.3 01MAR13             | 648,574 | 652,185 |
| MORGAN STANLEY GROUP INC     | 6.75015APR11            | 466,430 | 474,047 |
| MORGAN STANLEY GROUP INC     | 5.75031AUG12            | 98,314  | 100,362 |
| MOTOROLA INC                 | 7.62515NOV10            | 29,189  | 27,382  |
| NATIONAL CITY BK CLEVELAND   | 6.25015MAR11            | 285,775 | 283,093 |
| NATIONAL GRID PLC            | 6.30001AUG16            | 490,545 | 501,875 |
| NATIONAL SEMICONDUCTOR CORP  | 6.6 15JUN17             | 614,465 | 637,184 |
| NATIONSLINK FDG CORP         | 6.47620AUG30            | 143,243 | 142,987 |
| NAVISTAR FINANCIAL CORP      | 3.53 15OCT12            | 960,121 | 973,133 |
| NEVADA PWR CO                | 6.75001JUL37            | 167,034 | 167,695 |
| NEW YORK LIFE GLOBAL         | 5.25 16OCT12 TRANCHE TR | 373,457 | 382,278 |
| NEWCASTLE MTG SECS TR        | 1.00025MAR36            | 75,270  | 74,800  |
| NEWS AMER HLDGS INC          | 7.70030OCT25            | 465,017 | 430,744 |
| NEWS AMER INC                | 6.4 15DEC35             | 82,668  | 84,546  |
| NIAGARA MOHAWK PWR CORP      | 7.75001OCT08            | 268,710 | 250,697 |
| NISOURCE FIN CORP            | 7.875 15NOV10           | 645,552 | 641,446 |
| NISOURCE FIN CORP            | 7.87515NOV10            | 226,287 | 208,600 |
| NISOURCE FIN CORP            | 1.00023NOV09            | 113,537 | 111,977 |
| NISOURCE FIN CORP            | 5.25015SEPT17           | 342,869 | 316,355 |
| NOMURA ASSET ACCEP CORP      | 1.00025FEB35            | 221,215 | 208,599 |
| NOMURA ASSET ACCEP CORP      | 5.15925MAR35            | 285,123 | 262,869 |
| NOMURA ASSET ACCEP CORP      | 1.00025MAY35            | 589,898 | 562,787 |
| NORFOLK SOUTHN CORP          | 6.75015FEB11            | 159,808 | 152,766 |
| NORSK HYDRO A S              | 6.36015JAN09            | 94,434  | 93,885  |
| NORTHROP GRUMMAN CORP        | 7.12515FEB11            | 167,429 | 162,416 |
| NUCOR GROUP                  | 5.00 01DEC12 NT         | 342,549 | 344,552 |



Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                          |                                     |           |           |
|--------------------------|-------------------------------------|-----------|-----------|
| OHIO PWR CO              | 1.00005APR10                        | 319,541   | 316,741   |
| OWNIT MTG LN TR          | 1.00025DEC36                        | 181,899   | 180,507   |
| PACIFIC GAS & ELEC CO    | 4.20 01MAR11 1ST MTG BD             | 269,678   | 266,060   |
| PACIFIC GAS & ELEC CO    | 5.625 30NOV17 SR NT                 | 293,362   | 295,854   |
| PACIFIC GAS + ELEC CO    | 3.60001MAR09                        | 176,805   | 175,063   |
| PANAMA REP               | 9.37501APR29                        | 616,840   | 625,207   |
| PECO ENERGY TRANS        | 6.13 01MAR09                        | 317,587   | 310,778   |
| PECO ENERGY TRANS        | 6.52 31DEC10 SER 2001               | 426,303   | 437,815   |
| PEMEX PROJ FDG           | 6.125 15AUG08                       | 40,282    | 40,436    |
| PEMEX PROJ FDG MASTER TR | 5.75001MAR18                        | 375,944   | 377,587   |
| PENNY J C INC            | 7.95001APR17                        | 256,850   | 250,181   |
| PENNY JC CORP            | 5.75 15FEB18                        | 189,876   | 180,090   |
| PEPISCO INC              | 4.65 15FEB13                        | 491,149   | 494,903   |
| PERU REP                 | 8.75021NOV33                        | 326,329   | 345,227   |
| PERU REP                 | 7.35021JUL25                        | 618,317   | 627,677   |
| PETRA CRE CDO 2007       | 1.00025FEB47                        | 239,746   | 239,746   |
| PETRO CDA                | 9.25015OCT21                        | 569,855   | 572,249   |
|                          | 3.87 25JUN11 2005 1 ENERGY RECOVERY | 302,759   | 300,776   |
| PG&E ENERGY RECOVERY     | 4.85 25JUN11 2005 2 EVERGY          | 112,811   | 112,911   |
| PHILLIP MORRIS CO INC    | 7.75015JAN27                        | 479,371   | 538,368   |
| PHILLIPS PETE CO         | 6.65015JUL18                        | 135,511   | 163,011   |
| PHOENIX COS INC NEW      | 6.67516FEB08                        | 114,197   | 113,202   |
| PITNEY BROWES INC        | 5.25 15JAN37                        | 659,395   | 654,186   |
| POLAND GOVT OF           | 6.00024NOV10                        | 1,292,151 | 1,291,886 |
| POTASH CORP SASK INC     | 4.87501MAR13                        | 317,745   | 316,238   |
| PRAXAIR INC              | 6.37501APR12                        | 415,985   | 447,523   |
| PROGRESS ENERGY INC      | 7.10001MAR11                        | 105,258   | 100,447   |
| PROLOGIS                 | 5.5 01APR12                         | 1,295,566 | 1,298,233 |
| PRUDENTIAL FINL INC      | 5.10014DEC11                        | 216,249   | 218,805   |
|                          | 6.45 15MAR13 2001 1 TRANSITION      | 696,830   | 704,308   |
| PSE&G TRANSITION         | 7.87501OCT12                        | 154,593   | 165,504   |
| PUBLIC SVC CO COLO       | 4.37501OCT08                        | 157,124   | 156,521   |
| QWEST CORP               | 8.87515MAR12                        | 293,929   | 294,568   |
| QWEST CORP               | 8.87515MAR12                        | 16,149    | 15,780    |
| QWEST CORPORATION        | 7.50001OCT14                        | 309,107   | 309,365   |
| QWEST CORPORATION        | 5.62515NOV08                        | 318,828   | 317,943   |
| QWEST CORPORATION        | 7.50001OCT14                        | 190,981   | 190,609   |
| RAAC                     | 1.00025AUG36                        | 129,792   | 127,863   |
|                          | MTG ASSET BKD 6.0 25JUN             |           |           |
| RALI SER 2006            | 36                                  | 544,759   | 533,648   |
| RASC                     | 1.00025JUN36                        | 170,513   | 168,062   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                                |                      |           |           |
|--------------------------------|----------------------|-----------|-----------|
| RAYTHEON CO                    | 6.400 15DEC18 DEB    | 233,760   | 239,160   |
| RAYTHEON CO                    | 5.50015NOV12         | 120,810   | 127,963   |
| REGENCY CTRS LP                | 5.25001AUG15         | 132,816   | 125,807   |
| REGENCY CTRS LP                | 5.87515JUN17         | 141,890   | 137,766   |
| RENAISSANCE HOME EQUITY        | 1.0 25NOV34          | 573,763   | 563,445   |
| REPUBLIC SVCS INC              | 6.75015AUG11         | 344,970   | 350,424   |
| RESIDENTIAL ASSET SEC MTG PASS | 1.00025MAY33         | 18,839    | 18,495    |
| RESIDENTIAL CAP CORP           | 1.0 17APR13          | 651,947   | 402,106   |
| RESIDENTIAL FDG MTG SECS I     | 1.0025AUG35          | 371,209   | 369,834   |
| RESIDENTIAL FDG MTG SECS II    | 4.46025MAY35         | 128,499   | 127,637   |
| RESIDENTIAL FDG MTG SECS II    | 1.00025MAR36         | 98,312    | 96,707    |
| REYNOLDS AMERN INC             | 7.62501JUN16         | 310,986   | 313,542   |
| REYNOLDS AMERN INC             | 7.25001JUN12         | 321,557   | 321,758   |
| ROHM & HAAS CO                 | 5.60 15MAR13 NT      | 226,103   | 234,979   |
| ROHM + HAAS CO                 | 5.60015MAR13         | 172,035   | 178,788   |
| ROYAL BK CDA MONTREAL          | 26JAN10 SR NT        | 545,567   | 548,507   |
| ROYAL BK SCOTLAND GROUP PLC    | 6.40001APR09         | 199,942   | 199,224   |
| ROYAL BK SCOTLAND GROUP PLC    | 5.00001OCT14         | 348,517   | 346,391   |
| ROYAL KPN NV                   | 8.00001OCT10         | 62,828    | 63,267    |
| ROYAL KPN NV                   | 8.37501OCT30         | 63,511    | 64,839    |
| RSB BONDCO LLC                 | 5.469 01OCT14        | 1,106,661 | 1,137,041 |
| RUSSELL CO                     | 5.625 15JAN09 GTD NT | 1,092,398 | 990,249   |
| RUSSIAN FEDERATION             | 3.00014MAY11         | 1,971,568 | 2,028,406 |
| SAFEWAY INC                    | 6.50001MAR11         | 78,050    | 77,145    |
| SAFEWAY INC                    | 5.80015AUG12         | 235,012   | 228,891   |
| SAFEWAY INC                    | 4.12501NOV08         | 267,993   | 267,474   |
| SALOMAN BROS MTG SECS VII INC  | 1.00025JAN33         | 278,956   | 280,130   |
| SANWA BK LTD N Y BRH           | 7.40015JUN11         | 111,778   | 106,338   |
| SAXON ASSET SECS               | 1.0 25AUG32          | 9,188     | 9,087     |

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                                |                        |           |           |
|--------------------------------|------------------------|-----------|-----------|
| SBC                            | 5.30 15NOV10 GLOBAL NT | 785,060   | 800,542   |
| SBC COMMUNICATIONS             | 5.30 15NOV10           | 1,355,334 | 1,405,951 |
| SIERRA PAC PWR CO              | 6.75001JUL37           | 86,384    | 86,388    |
| SIMON PPTY GROUP LP            | 5.75001MAY12           | 269,729   | 271,998   |
| SIMON PPTY GROUP LP            | 5.00001MAR12           | 421,103   | 412,382   |
| SLM CORP                       | 4.50026JUL10           | 348,056   | 320,136   |
| SLM CORP                       | 5.37515JAN13           | 287,099   | 290,242   |
| SMALL BUSINESS ADMIN           | 7.06 01NOV19           | 275,955   | 289,493   |
| SOUNDVIEW HOME LN TR           | 1.00025MAY35           | 83,092    | 48,573    |
| SOUTH AFRICA REP               | 5.87530MAY22           | 181,229   | 185,051   |
| SOUTHERN CA EDISON CO          | 4.65001APR15           | 210,666   | 203,149   |
| SOUTHERN CO                    | 5.30015JAN12           | 63,837    | 65,068    |
| SOUTHERN CORP                  | 5.80015JUN14           | 117,800   | 121,836   |
| SOUTHWESTERN ELEC PWR          | 5.875 01MAR18 SR NT    | 759,209   | 751,673   |
| SOVEREIGN BANCORP INC          | 1.00001SEPT10          | 455,010   | 465,278   |
| SOVEREIGN BANCORP INC          | 1.00023MAR10           | 113,068   | 110,982   |
| SPECIALTY UNDERWRITING         | 1.00025FEB37           | 141,504   | 140,199   |
| SPRINT CAP CORP                | 6.875 15NOV28          | 193,476   | 214,460   |
| SPRINT CAP CORP                | 7.62530JAN11           | 355,637   | 358,608   |
| SPRINT CAP CORP                | 8.37515MAR12           | 280,035   | 260,884   |
| SPRINT CAP CORP                | 6.87515NOV28           | 279,571   | 275,068   |
| SPRINT NEXTEL CORP             | 6.0 01DEC16            | 433,633   | 423,767   |
| STARWOOD HOTELS + RESORTS WORL | 7.87501MAY12           | 259,985   | 265,368   |
| STEEL DYNAMICS INC             | 7.37501NOV12           | 167,145   | 167,980   |
| STRUCTURED ASSET INVESTMENT    | 1.00025JAN36           | 45,222    | 45,053    |
| SWAPTION (317504LI7)           | DEC08 4.75 CALL        | 10,412    | 60,873    |
| SWAPTION (317504LN6)           | SEP08 4.95 CALL        | (75,793)  | (247,675) |
| SWAPTION (317504MD7)           | DEC08 5 CALL           | (10,127)  | (39,223)  |
| SWAPTION (317504MX3)           | DEC08 5 CALL           | 121,352   | 754,256   |
| SWAPTION (317504MY1)           | DEC 5.2 CALL           | (115,483) | (494,325) |
| SWAPTION (317504SK5)           | MAR08 4.75 CALL        | 81,394    | 291,550   |
| SWAPTION (317504UC0)           | FEB 4.75 CALL          | 10,741    | 28,550    |
| SWAPTION (317504UD8)           | FEB 4.9 CALL           | (9,793)   | (26,383)  |
| SWAPTION (317504UN6)           | MAR08 4.9 CALL         | (78,740)  | (218,750) |
| SWAPTION (317504XX1)           | SEP08 4.95 CALL        | (20,594)  | (94,699)  |
| SWAPTION (317504XY9)           | SEP08 4.75 CALL        | 20,500    | 125,069   |
| SWAPTION (317504YT9)           | SEP08 4.95 CALL        | (24,187)  | (109,268) |
| SWAPTION (317504YU6)           | SEP 4.75 CALL          | 24,253    | 143,829   |
| SWAPTION 317504FF0             | FEB 5 CALL             | 19,014    | 90,611    |
| SWAPTION 317504X45             | FEB 5.1 CALL           | (20,057)  | (70,643)  |
| SWAPTION 317504Z50             | FEB08 5.1 CALL         | (9,680)   | (45,710)  |
| SWAPTION 317504Z68             | FEB08 5.0 CALL         | 9,525     | 58,084    |
| SWP098320 PIMCO                | 1.0 20DEC26            | 8,273,300 | 7,570,667 |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                             |                        |              |              |
|-----------------------------|------------------------|--------------|--------------|
| SWP098320 PIMCO             | 5.0 20DEC26            | (7,570,667)  | (7,584,763)  |
| SWU0282CO IRS USD           | 4.0 18JUN10            | 4,642,775    | 4,650,347    |
| SWU0282CO IRS USD           | 1.0 18JUN10            | (4,621,056)  | (4,621,056)  |
| SWU0301C7 IRS USD           | 1.0 18JUN18            | 5,899,221    | 5,899,221    |
| SWU0301C7 IRS USD           | 5.0 18JUN18            | (5,958,213)  | (6,026,390)  |
| SWU0309C9 IRS USD           | 4.0 18JUN13            | 2,163,048    | 2,163,048    |
| SWU0309C9 IRS USD           | 1.0 18JUN13            | (2,193,449)  | (2,180,433)  |
| SWU0342C8 IRS USD           | 4.0 18JUN10            | 6,527,559    | 6,530,274    |
| SWU0342C8 IRS USD           | 1.0 18JUN10            | (6,489,143)  | (6,489,143)  |
| SWU0389B4 IRS USD           | 1.0 18JUN18            | 3,736,173    | 3,736,173    |
| SWU0389B4 IRS USD           | 5.0 18JUN18            | (3,820,364)  | (3,816,714)  |
| SWU0405C2 IRS USD           | 5.0 18JUN15            | 1,081,524    | 1,117,743    |
| SWU0405C2 IRS USD           | 1.0 18JUN15            | (1,117,765)  | (1,081,524)  |
| SWU0448C1 IRS USD           | 1.0 18JUN38            | 6,704,842    | 6,552,293    |
| SWU0448C1 IRS USD           | 5.0 18JUN38            | (6,489,143)  | (6,489,143)  |
| SWUO434C7 IRS USD           | 4.0 18JUN13            | 26,054,892   | 26,054,892   |
| SWUO434C7 IRS USD           | 1.0 18JUN13            | (26,551,976) | (26,264,304) |
| TARGET CORP                 | 5.375 01MAY17          | 735,426      | 720,709      |
| TCI COMMUNICATIONS INC      | 7.87515FEB26           | 67,910       | 83,330       |
| TELECOM ITALIA              | 4.95 30SEP14 GTD SR NT | 278,847      | 298,275      |
| TELECOM ITALIA CAP          | 5.25015NOV13           | 357,943      | 354,681      |
| TELECOM ITALIA CAP          | 4.00015JAN10           | 544,216      | 534,456      |
| TELEFONICA EMIISIONES S A U | 5.98420JUN11           | 319,541      | 328,708      |
| TELEFONICA EMIISIONES S A U | 5.85504FEB13           | 157,313      | 161,863      |
| TELEFONICA EMISIONES        | 5.984 30JUN11 SR NT    | 688,242      | 707,987      |
| TELEFONOS DE MEXICO S A     | 4.50019NOV08           | 286,017      | 285,689      |

**Table of Contents****Baxter International Inc. and Subsidiaries  
Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)  
December 31, 2007****Schedule I**

|                                |                       |           |           |
|--------------------------------|-----------------------|-----------|-----------|
| TEVA PHARMACEUTICAL FIN CO     | 6.15001FEB36          | 304,750   | 302,679   |
| TIAA GLOBAL MARKETS            | 5.125 10OCT12 TRANCHE | 589,303   | 601,288   |
| TIAA SEASONED COML MTG TR      | 1.00015AUG39          | 207,329   | 212,629   |
| TIME WARNER                    | 5.500 15NOV11 NT      | 392,384   | 394,893   |
| TIME WARNER CABLE INC          | 5.85001MAY17          | 176,568   | 177,413   |
| TIME WARNER ENTMT CO LP        | 7.25001SEP08          | 611,454   | 622,749   |
| TIME WARNER INC                | 6.625 15MAY29         | 1,291,908 | 1,263,224 |
| TIME WARNER INC                | 6.5 15NOV36           | 127,715   | 124,366   |
| TOBACCO SETTLEMENT             | Asset BKD Ser B       | 225,483   | 284,142   |
| TOBACCO SETTLEMENT AUTH IA     | 6.50001JUN23          | 113,068   | 107,873   |
| TOBACCO SETTLEMENT FIN AUTH    | 7.46701JUN47          | 565,342   | 542,954   |
| TOBACCO SETTLEMENT REV MGMT    | Ser B 6.375 15MAY28   | 252,056   | 297,970   |
| TOLL BROS FIN CORP             | 6.87515NOV12          | 123,771   | 120,045   |
| TOYOTA MTR CR                  | 5.45 18MAY11 NT       | 357,669   | 373,623   |
| * TRAVELERS COS INC            | 5.75 15DEC17 SR NT    | 362,832   | 357,844   |
| TXU AUSTRALIA HLDGS PTY LTD    | 6.15015NOV13          | 262,645   | 250,812   |
| TYCO INTL GROUP S A            | 6.00015NOV13          | 182,536   | 181,904   |
| TYSON FOODS INC                | 6.85001APR16          | 375,995   | 368,255   |
| TYSON FOODS INC                | 6.85001APR16          | 166,971   | 171,516   |
| U S DEPT VETERAN AFFAIRS REMIC | 6.00015APR09          | 206,643   | 194,435   |
| UBS AG STAMFORD                | 5.875 20DEC17         | 491,012   | 495,065   |
| UFK FIN ARUBA A E C            | 6.75015JUL13          | 790,228   | 774,389   |
| UNION BK CALIF                 | 5.95011MAY16          | 282,677   | 273,698   |
| UNION PAC CORP                 | 5.45 31JAN13 NT       | 446,367   | 451,259   |
| UNION PAC CORP                 | 5.75 15NOV17          | 682,834   | 680,732   |
| UNION PAC CORP                 | 3.87515FEB09          | 392,137   | 389,929   |
| UNION PAC CORP                 | 3.62501JUN10          | 131,818   | 128,903   |
| UNITED AIRLS PASS THRU TRS     | 9.56 19OCT18          | 542,512   | 292,797   |
| UNITED HEALTH GROUP            | 5.125 15NOV10 NT 144A | 240,615   | 243,570   |
| UNITED TECHNOLOGIES CORP       | 5.375 15DEC17 NT      | 490,653   | 495,891   |
| UNITEDHEALTH GROUP INC         | 4.12515AUG09          | 117,082   | 117,285   |
| UNITEDHEALTH GROUP INC         | 5.25015MAR11          | 217,572   | 218,725   |
| UNTIEDHEALTH GROUP INC         | 5.37515MAR16          | 293,846   | 289,103   |
| USA WASTE SVCS INC             | 7.00015JUL28          | 92,353    | 93,877    |
| VALE OVERSEAS LTD              | 6.25 23JAN17          | 292,799   | 295,877   |
| VALE OVERSEAS LTD              | 6.25 23JAN17          | 600,238   | 606,548   |
| VALERO ENERGY CORP NEW         | 6.87515APR12          | 339,701   | 330,476   |
| VENTAS RLTY LTD PARTNERSHIP    | 8.75 01MAY09          | 417,370   | 403,113   |
| VERIZON GLOBAL FDG CORP        | 5.85015SEP35          | 307,498   | 302,949   |
| VERIZON GLOBAL FDG             | 6.875 15JUN12 BD      | 419,027   | 420,296   |
| VERIZON GLOBAL FDG CORP        | 4.90015APR12          | 164,706   | 167,386   |
| VERIZON NEW JERSEY INC         | 5.87517JAN12          | 197,762   | 202,500   |
| VERIZON VA INC                 | 4.625 15MAR13         | 668,809   | 712,267   |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|                            |                         |           |           |
|----------------------------|-------------------------|-----------|-----------|
| VIRGINIA ELEC & PWR CO     | 5.95 15SEP17 SR NT 2007 | 342,786   | 354,720   |
| VIRGINIA ELEC & PWR CO     | 5.10 30NOV12 SR NT 2007 | 294,861   | 296,229   |
| VIRGINIA ELEC & PWR CO     | 5.10 30NOV12            | 1,002,527 | 1,007,178 |
| VODAFONE GROUP             | 5.35 27FEB12            | 624,010   | 628,691   |
| VODAFONE GROUP PLC NEW     | 5.50015JUN11            | 274,479   | 278,218   |
| WACHOVIA BK COML MTG TR    | 1.00015JUN49            | 801,274   | 818,739   |
| WACHOVIA CORP              | 5.3 15OCT11             | 1,624,549 | 1,630,819 |
| WACHOVIA CORP 2ND NEW      | 4.87515FEB14            | 821,449   | 788,349   |
| WACHOVIA CORP NEW          | 5.62515DEC08            | 138,048   | 136,400   |
| WACHOVIA CORP NEW          | 5.35015MAR11            | 294,943   | 298,675   |
| WAL MART STORES INC        | 4.550 01MAY13 NT        | 263,190   | 273,995   |
| WAL MART STORES INC        | 5.25 01SEP35 NT         | 259,581   | 261,635   |
| WALT DISNEY CO             | 5.70 15JUL11            | 951,876   | 994,114   |
| WAMU MTG                   | 1.00025OCT33            | 492,351   | 488,732   |
| WAMU MTG PASS THROUGH CTFS | 1.00025APR35            | 122,612   | 121,957   |
| WAMU MTG PASS THROUGH CTFS | 1.00025AUG34            | 329,659   | 331,384   |
| WAMU MTG THROUGH CTFS      | 1.00025OCT45            | 291,734   | 252,718   |
| WASHINGTON MUT INC         | 4.00015JAN09            | 344,112   | 328,670   |
| WASHINGTON MUT INC         | 4.20015JAN10            | 25,674    | 23,716    |
| WASHINGTON MUT INC         | 1.00015JAN10            | 286,540   | 265,080   |
| WASTE MGMT INC DEL         | 7.37515MAY29            | 54,427    | 53,724    |
| WASTE MGMT INC DEL         | 7.37501AUG10            | 110,677   | 103,856   |
| WELLPOINT INC              | 4.25015DEC09            | 416,796   | 422,729   |
| WELLPOINT INC              | 5.87515JUN17            | 297,724   | 301,917   |
| WELLS FARGO & CO NEW       | 5.00 15NOV14 SUB NT     | 87,310    | 87,636    |
| WELLS FARGO & CO NEW       | 4.95 16OCT13 SUB NT     | 431,118   | 444,188   |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|                          |                 |         |         |
|--------------------------|-----------------|---------|---------|
| WELLS FARGO + CO NEW     | 6.37507AUG11    | 292,567 | 267,208 |
| WESTERN FINL BK          | 9.62515MAY12    | 176,765 | 169,196 |
| WESTERN UN CO            | 5.93 01OCT16 NT | 417,703 | 416,971 |
| WFS FINAL 2004           | 3.54 21NOV11    | 912,112 | 903,958 |
| WFS FINL 2004 4 OWNER TR | 3.21017MAY12    | 105,611 | 104,279 |
| WFS FINL 2005 2 ONER TR  | 4.57019NOV12    | 172,053 | 171,979 |
| WILLIAMS COS INC         | 7.875 01SEP21   | 102,991 | 109,013 |
| WILLIS NORTH AMER INC    | 6.20028MAR17    | 284,562 | 284,501 |
| WPP FIN UK               | 5.87515JUN14    | 171,564 | 183,115 |
| WYETH                    | 5.50001FEB14    | 228,711 | 225,685 |
| WYETH                    | 5.50001FEB14    | 230,886 | 229,679 |
| XEROX CORP               | 6.4 15MAR16     | 616,745 | 628,810 |
| XEROX CORP               | 9.75015JAN09    | 222,672 | 220,988 |
| XEROX CORP               | 7.62515JUN13    | 61,426  | 61,561  |
| XL CAP LTD               | 5.250 15SEP14   | 315,829 | 320,290 |
| XTO ENERGY INC           | 4.9 01FEB14     | 646,987 | 663,561 |
| ZIONS BANCORP            | 5.50016NOV15    | 156,037 | 147,527 |
| ZIONS BANCORPORATION     | 6.00015SEP15    | 412,136 | 400,936 |
| ZIONS BANCORPORATION     | 1.00015APR08    | 235,969 | 234,247 |

289,324,366

**Registered Investment Companies**

|                                    |                       |            |            |
|------------------------------------|-----------------------|------------|------------|
| *                                  | Registered Investment |            |            |
| PIMCO FDS SHORT TERM PORTFOLIO     | Company               | 2,293,556  | 2,229,158  |
| *                                  | Registered Investment |            |            |
| PIMCO FDS US GOVT SECTOR PORT      | Company               | 10,007,642 | 10,637,603 |
| *                                  | Registered Investment |            |            |
| PIMCO FDS MTG PORTFOLIO            | Company               | 16,562,159 | 16,495,757 |
| *                                  | Registered Investment |            |            |
| PIMCO FDS PRIVATE ACCT PORTFOLIOS  | Company               | 249,056    | 240,726    |
| *                                  | Registered Investment |            |            |
| PIMCO FDS REAL RETURN BD PORTFOLIO | Company               | 2,826,707  | 2,657,434  |
| *                                  | Registered Investment |            |            |
| PIMCO FDS EMERGING MKTS PORTFOLIO  | Company               | 5,528,038  | 5,200,746  |
| *                                  | Registered Investment |            |            |
| PIMCO FDS INTL PORTFOLIO INSTL     | Company               | 8,703,116  | 8,342,931  |
| *                                  | Registered Investment |            |            |
| PIMCO FDS HIGH YIELD PORTFOLIO     | Company               | 3,647,052  | 3,662,165  |
| *                                  | Registered Investment |            |            |
| PIMCO FDS INVT GRADE CORP PORT     | Company               | 8,399,040  | 8,137,616  |

Registered Investment  
Company

57,604,136

**Benefit Responsive Interest Rate Wrapper Contracts**

|                               |                     |
|-------------------------------|---------------------|
| * AEGON INSTITUTIONAL MARKETS | Open Ended Maturity |
| * BANK OF AMERICA NT & SA     | Open Ended Maturity |

Synthetic Guaranteed Investment Contracts (contract  
value equals \$580,016,183)

\$ 591,599,729

**Commingled Funds:**

|   |                 |             |
|---|-----------------|-------------|
| AMERICAN HOME MTG INVESTMENTS REIT                          | Commingled Fund | 3           |
| ANNALY MORTGAGE MANAGEMENT INC                              | Commingled Fund | 4,545       |
| ANWORTH MTG ASSET CORP                                      | Commingled Fund | 7,434       |
| BLACKSTONE GROUP L P COM UNIT REPSTG<br>LTD PARTNERSHIP INT | Commingled Fund | 41,316      |
| CHENIERE ENERGY PARTNERS LP                                 | Commingled Fund | 9,636       |
| CROSS TIMBERS ROYALTY TRUST                                 | Commingled Fund | 4,916       |
| * INTERNATIONAL EAFE EQUITY INDEX FUND                      | Commingled Fund | 129,156,514 |
| ENBRIDGE ENERGY PARTNERS LP                                 | Commingled Fund | 2,527       |
| ENERGY TRANSFER PARTNERS LP UT LTD<br>PARTNERSHIP INT       | Commingled Fund | 43,414      |
| ENTERPRISE GP HLDGS L P UNIT LTD<br>PARTNERSHIP INT         | Commingled Fund | 2,962       |
| ENTERPRISE PRODUCTS PPTNS LP                                | Commingled Fund | 43,704      |
| FUNDX ETF UPGRADER FUND                                     | Commingled Fund | 2,141       |
| HCP INC COM   | Commingled Fund | 7,012       |
| HUGOTON RTY TR TEX UNIT BEN INT                             | Commingled Fund | 5,869       |
| ISHARES INC MCSI BRIC INDEX FD                              | Commingled Fund | 8,152       |
| ISHARES INC MSCI AUSTRALIA INDEX FUND                       | Commingled Fund | 9,265       |
| ISHARES INC MSCI AUSTRIA INDEX FD                           | Commingled Fund | 11,223      |
| ISHARES INC MSCI BELGIUM INDEX FD N/C<br>FROM 92923H301     | Commingled Fund | 7,745       |
| ISHARES INC MSCI BRAZIL FREE INDEX FU ND                    | Commingled Fund | 36,884      |
| ISHARES INC MSCI CANADA INDEX FD                            | Commingled Fund | 13,474      |
| ISHARES INC MSCI HONG KONG INDEX FD N/C<br>FROM 92923H707   | Commingled Fund | 12,062      |



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|   |                 |        |
|---|-----------------|--------|
| ISHARES INC MSCI JAPAN INDEX FD                             | Commingled Fund | 26,580 |
| ISHARES INC MSCI MALAYSIA FREE INDEX FD                     | Commingled Fund | 10,948 |
| ISHARES INC MSCI PACIFIC EX JAPAN INDEX FD                  | Commingled Fund | 8,040  |
| ISHARES INC MSCI SINGAPORE INDEX FD                         | Commingled Fund | 42,749 |
| ISHARES INC MSCI SOUTH KOREA INDEX FD                       | Commingled Fund | 10,481 |
| ISHARES INC MSCI SPAIN INDEX FD                             | Commingled Fund | 6,365  |
| ISHARES INC MSCI SWITZERLAND INDEX FD                       | Commingled Fund | 5,198  |
| ISHARES S&P GSCI COMMODITY INDEXED TR                       | Commingled Fund | 21,096 |
| ISHARES S&P GSTI SOFTWARE INDEX FUND                        | Commingled Fund | 10,320 |
| ISHARES SILVER TR ISHARES                                   | Commingled Fund | 7,349  |
| ISHARES TR DOW JONES U S BASIC MATERIALS<br>SECTOR INDEX FD | Commingled Fund | 10,774 |
| ISHARES TR DOW JONES US AEROSPACE & DEF<br>INDEX FD         | Commingled Fund | 27,172 |
| ISHARES TR DOW JONES US BROKER DEALERS<br>INDEX FD          | Commingled Fund | 10,232 |
| ISHARES TR DOW JONES US HOME CONSTN<br>INDEX FD             | Commingled Fund | 12,870 |
| ISHARES TR DOW JONES US MEDICAL DEVICES<br>INDEX FD         | Commingled Fund | 12,124 |
| ISHARES TR DOW JONES US OIL & GAS EXPL<br>PROD INDEX FD     | Commingled Fund | 19,950 |
| ISHARES TR DOW JONES US TECHNOLOGY<br>SECTOR INDEX FD       | Commingled Fund | 4,997  |
| ISHARES TR MSCI EMERGING MKTS INDEX FD                      | Commingled Fund | 34,223 |
| ISHARES TR RUSSELL 1000 GROWTH INDEX FD                     | Commingled Fund | 4,862  |
| ISHARES TR RUSSELL MIDCAP INDEX FD                          | Commingled Fund | 1,450  |
| ISHARES TR S&P500/ VALUE INDEX FD                           | Commingled Fund | 17,755 |
| ISHARES TR S&P GLOBAL 100 INDEX FD                          | Commingled Fund | 10,121 |
| ISHARES TR S&P LATIN AMER 40 INDEX FD                       | Commingled Fund | 29,869 |
| ISHARES TR S&P MIDCAP 400/ GROWTH INDEX<br>FUND             | Commingled Fund | 8,912  |
| ISHARES TR S&P MIDCAP 400/ VALUE INDEX FD                   | Commingled Fund | 45,586 |
| ISHARES TR U S TREAS INFLATION PROTECTED<br>SECS FD         | Commingled Fund | 93,739 |
| KINDER MORGAN ENERGY PARTNERS L P                           | Commingled Fund | 30,257 |
| LEGACY RESVS LP UNIT LTD PARTNERSHIP INT                    | Commingled Fund | 2,070  |
| MARKET VECTORS ETF TR AGRIBUSINESS ETF                      | Commingled Fund | 4,596  |
| NOVASTAR FINL INC COM NEW                                   | Commingled Fund | 107    |
| POWERSHARES DB MULTI SECTOR COMMODITY<br>TR POWER SHARES    | Commingled Fund | 54,598 |
| POWERSHARES EXCHANGE TRADED FD TR<br>DYNAMIC BUYBACK        | Commingled Fund | 5,484  |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|  |                 |                |
|--|-----------------|----------------|
| POWERSHARES EXCHANGE TRADED FD TR INTL     | Commingled Fund |                |
| DIVID ACHIEVERS PORT                       |                 | 5,145          |
| POWERSHARES QQQ TR UNIT SER 1              | Commingled Fund | 90,505         |
| POWERWAVE TECHNOLOGIES INC.                | Commingled Fund | 2,015          |
| PROLOGIS TRUST                             | Commingled Fund | 6,385          |
| PROSHARES TR ULTRA SHORT 100 FD            | Commingled Fund | 66,465         |
| PROSHARES TR ULTRA SHORT 500 FD            | Commingled Fund | 54,180         |
| PROSHARES TR ULTRASHORT RUSSELL 2000       | Commingled Fund |                |
| GROWTH PROSHARES                           |                 | 86,372         |
| REALTY INCOME CORP (MARYLAND)              | Commingled Fund | 7,610          |
| REDWOOD TRUST INC                          | Commingled Fund | 3,082          |
| S & P500 DEPOSITORY RECEIPT                | Commingled Fund | 132,297        |
| * S&P500 Flagship Fund                     | Commingled Fund | 192,376,320    |
| SAN JUAN BASIN RTY TR UNIT BEN INT         | Commingled Fund | 7,161          |
| * SPDR INDEX SHS FDS S&P BRIC 40 ETF       | Commingled Fund | 16,025         |
| * SPDR INDEX SHS FDS S&P CHINA ETF         | Commingled Fund | 26,955         |
| * SPDR SER TR DJ WILSHIRE LARGE GROWTH ETF | Commingled Fund | 5,871          |
| * SPDR SER TR DJ WILSHIRE MID CAP GROWTH   | Commingled Fund |                |
| ETF N/C FROM 86330E828                     |                 | 6,591          |
| * SPDR SER TR DJ WILSHIRE REIT ETF         | Commingled Fund | 58,348         |
| * SPDR SER TR KBW REGL BKG ETF             | Commingled Fund | 7,416          |
| * SPDR SER TR S&P SEMICONDUCTOR ETF N/C    | Commingled Fund |                |
| FROM 86330E737                             |                 | 4,651          |
| * STREETTRACKS GOLD TR GOLD SHS            | Commingled Fund | 64,318         |
| TERRA NITROGEN CO L P COM UNIT             | Commingled Fund | 7,028          |
| * SMALL CAP FUND                           | Commingled Fund | 70,440,158     |
| VANGUARD EMERGING MKTS VIPERS              | Commingled Fund | 7,969          |
| VANGUARD INDEX FDS MID-CAP GROWTH          | Commingled Fund |                |
| INDEX VIPER SHS                            |                 | 6,480          |
| VANGUARD INDEX FDS VANGUARD GROWTH         | Commingled Fund |                |
| VIPERS                                     |                 | 9,672          |
| VANGUARD INDEX FDS VANGUARD TOTAL STK      | Commingled Fund |                |
| MKT ETF                                    |                 | 98,905         |
| VANGUARD INTL EQUITY INDEX FD INC FTSE     | Commingled Fund |                |
| ALL-WORLD                                  |                 | 2,956          |
| VANGUARD SECTOR INDEX FDS VANGUARD         | Commingled Fund |                |
| INFORMATION                                |                 | 12,024         |
| WEINGARTEN RLTY INVS SH BEN INT            | Commingled Fund | 15,720         |
| WINTHROP REALTY TR SH BEN INT              | Commingled Fund | 23,611         |
| Commingled Funds                           |                 | \$ 393,673,907 |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007****Registered Investment Companies:**

|  |                               |         |
|--|-------------------------------|---------|
| AEGIS VALUE FUND INC                         | Registered Investment Company | 7,441   |
| AIM EUROPEAN GROWTH INVESTORS                | Registered Investment Company | 974     |
| AIM REAL ESTATE CLASS C                      | Registered Investment Company | 40,558  |
| ALLIANCEBERNSTEIN GREATER CHINA<br>97-ADV    | Registered Investment Company | 57,939  |
| ALLIANZ OCC VALUE INSTITUTIONAL N/C          | Registered Investment Company | 350     |
| ALLIANZ RCM TECH INSTL CL                    | Registered Investment Company | 14,407  |
| ALPINE INTERNATIONAL REAL ESTATE<br>EQUITY Y | Registered Investment Company | 18,445  |
| AMER CENTURY TARGET MATURITIES TR<br>2010    | Registered Investment Company | 22,210  |
| AMERICAN AADVANTAGE SMALL CAP<br>VAL INSTL   | Registered Investment Company | 35,543  |
| AMERICAN AMCAP CL R2                         | Registered Investment Company | 13,988  |
| AMERICAN CAPITAL INCOME BUILDER CL<br>F      | Registered Investment Company | 35,499  |
| AMERICAN CAPITAL INCOME BUILDER CL<br>R2     | Registered Investment Company | 36,146  |
| AMERICAN CAPITAL WORLD GR & INC R2           | Registered Investment Company | 15,882  |
| AMERICAN CAPITAL WORLD GRWTH &<br>INC R5     | Registered Investment Company | 8,823   |
| AMERICAN CENTURY EQUITY INCOME               | Registered Investment Company | 32,483  |
| AMERICAN CENTURY HERITAGE                    | Registered Investment Company | 4,610   |
| AMERICAN EUROPACIFIC GROWTH CLASS<br>F       | Registered Investment Company | 113,116 |
| AMERICAN FUNDAMENTAL INVESTORS<br>CL F       | Registered Investment Company | 16,864  |
| AMERICAN GROWTH FUND OF AMERICA<br>CLASS F   | Registered Investment Company | 47,165  |
| AMERICAN HIGH-INCOME CLASS F                 | Registered Investment Company | 30,714  |
| AMERICAN INCOME FUND OF AMERICA<br>CLASS F   | Registered Investment Company | 29,542  |
| AMERICAN INVESTMNT CO OF AMERICA<br>CL A     | Registered Investment Company | 15,787  |
| AMERICAN NEW PERSPECTIVE CLASS A             | Registered Investment Company | 291     |
| AMERICAN NEW PERSPECTIVE R2                  | Registered Investment Company | 15,458  |
| AMERICAN NEW WORLD FUND R2                   | Registered Investment Company | 21,440  |
| AMERISTOCK MUTUAL FUND                       | Registered Investment Company | 63,143  |
| ARIEL APPRECIATION                           | Registered Investment Company | 252,360 |
| ARIEL GROWTH CLASS A                         | Registered Investment Company | 15,610  |
| ARTISAN INTERNAT L                           | Registered Investment Company | 194,905 |

|   |                               |         |
|---|-------------------------------|---------|
| ARTISAN INTL VALUE FUND                     | Registered Investment Company | 4,954   |
| ARTISAN MID CAP                             | Registered Investment Company | 26,129  |
| ATLANTIC WHITEHALL GROWTH N/C               | Registered Investment Company | 2,896   |
| BARON ASSET                                 | Registered Investment Company | 10,681  |
| BARON GROWTH & INC                          | Registered Investment Company | 2,005   |
| BARON PARTNERS FUND                         | Registered Investment Company | 38,572  |
| BLACK ROCK ALL CAP GLOBAL RES PORT<br>CL A  | Registered Investment Company | 9,565   |
| BLACKROCK LATIN AMERICA FD-INSTL            | Registered Investment Company | 1,806   |
| BRANDYWINE BLUE                             | Registered Investment Company | 22,391  |
| BRIDGEWAY AGGRESSIVE INVESTOR 1             | Registered Investment Company | 34,255  |
| BRIDGEWAY AGGRESSIVE INVESTOR 2             | Registered Investment Company | 388,756 |
| BRIDGEWAY SMALL CAP GROWTH CL N             | Registered Investment Company | 12,846  |
| BROWN CAPITAL MGMT SMALL COMPANY<br>INST.   | Registered Investment Company | 3,819   |
| BUFFALO BALANCED FUND                       | Registered Investment Company | 136,443 |
| BUFFALO MID CAP FUND                        | Registered Investment Company | 5,489   |
| BUFFALO SMALL CAP GROWTH                    | Registered Investment Company | 35,762  |
| CALAMOS GROWTH CLASS A                      | Registered Investment Company | 81,635  |
| CALAMOS GROWTH FUND CLASS C                 | Registered Investment Company | 82,338  |
| CALIFORNIA INVST TR S & P MID CAP           | Registered Investment Company | 9,813   |
| CALVERT SOCIAL INVST MANAGED<br>GROWTH CL A | Registered Investment Company | 33,117  |
| CAMBIAR OPPORTUNITY INVESTOR CL             | Registered Investment Company | 29,164  |
| CHESAPEAKE CORE GROWTH FUND                 | Registered Investment Company | 18,677  |
| CLIPPER                                     | Registered Investment Company | 52,192  |
| COHEN & STEERS ASIA PACIFIC REALTY<br>CL A  | Registered Investment Company | 5,051   |
| COHEN & STEERS INSTL REALTY SHARES          | Registered Investment Company | 7,011   |
| COLUMBIA ACORN CLASS Z N/C                  | Registered Investment Company | 43,130  |
| COLUMBIA GREATER CHINA FD CL Z              | Registered Investment Company | 41,547  |
| COLUMBIA HIGH YIELD OPPORTUNITY Z           | Registered Investment Company | 32,439  |
| COLUMBIA MARSICO 21ST CENTURY CL Z          | Registered Investment Company | 23,828  |
| CRM MID CAP VALUE INVESTOR SHARES           | Registered Investment Company | 145     |
| CRM MID-CAP VALUE FD-INSTITUTIONAL          | Registered Investment Company | 8,065   |
| DELAFIELD FUND INC                          | Registered Investment Company | 478     |
| DIREXION LATIN AMERICA BULL 2X INV          | Registered Investment Company | 3       |
| DIREXION S&P500 BEAR 1X FUND                | Registered Investment Company | 13,732  |
| DODGE & COX BALANCE                         | Registered Investment Company | 44,161  |
| DODGE & COX INCOME                          | Registered Investment Company | 164,033 |
| DODGE & COX INTERNATL STOCK FUND            | Registered Investment Company | 217,504 |
| DODGE & COX STOCK                           | Registered Investment Company | 188,838 |
| DREYFUS EMERGING MARKETS                    | Registered Investment Company | 40,319  |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|   |                               |         |
|---|-------------------------------|---------|
| DREYFUS MIDCAP VALUE FUND                     | Registered Investment Company | 13,677  |
| DREYFUS PREMIER GREATER CHINA CL A            | Registered Investment Company | 12,027  |
| DREYFUS PREMIER GREATER CHINA CL R            | Registered Investment Company | 60,906  |
| DREYFUS PREMIER LTD TERM INCOME CL R          | Registered Investment Company | 3,558   |
| EATON VANCE WORLDWIDE HEALTH SCIENCES CLASS A | Registered Investment Company | 1,650   |
| EXCELSIOR REAL ESTATE                         | Registered Investment Company | 46,900  |
| EXCELSIOR VALUE AND RESTRUCTURING             | Registered Investment Company | 179,828 |
| FAIRHOLME FUND                                | Registered Investment Company | 47,291  |
| FAM VALUE                                     | Registered Investment Company | 59,536  |
| FBR SMALL CAP CLASS A N/C                     | Registered Investment Company | 29,228  |
| FIDELITY BALANCED                             | Registered Investment Company | 9,823   |
| FIDELITY CANADA                               | Registered Investment Company | 23,927  |
| FIDELITY CAPITAL APPRECIATION                 | Registered Investment Company | 27,048  |
| FIDELITY CAPITAL & INCOME                     | Registered Investment Company | 37,815  |
| FIDELITY CHINA REGION                         | Registered Investment Company | 27,664  |
| FIDELITY CONTRAFUND                           | Registered Investment Company | 265,075 |
| FIDELITY CONVERTIBLE SECURITIES               | Registered Investment Company | 38,941  |
| FIDELITY DIVERSIFIED INTERNATIONAL            | Registered Investment Company | 144,264 |
| FIDELITY DIVIDEND GROWTH                      | Registered Investment Company | 123,718 |
| FIDELITY EMERGING MARKETS                     | Registered Investment Company | 12,338  |
| FIDELITY EUROPE CAPITAL APPRECIATION          | Registered Investment Company | 11,712  |
| FIDELITY EXPORT & MULTINATIONAL               | Registered Investment Company | 29,310  |
| FIDELITY FOUR-IN-ONE INDEX                    | Registered Investment Company | 10,681  |
| FIDELITY FREEDOM 2025                         | Registered Investment Company | 6,513   |
| FIDELITY GROWTH DISCOVERY FUND                | Registered Investment Company | 2,743   |
| FIDELITY INTERNAT L REAL ESTATE FUND          | Registered Investment Company | 29,988  |
| FIDELITY INT L DISCOVERY                      | Registered Investment Company | 31,120  |
| FIDELITY INTL SMALL CAP OPP FUND              | Registered Investment Company | 12,569  |
| FIDELITY LARGE CAPITAL STOCK                  | Registered Investment Company | 10,862  |
| FIDELITY LATIN AMERICA                        | Registered Investment Company | 36,700  |
| FIDELITY LEVERAGED COMPANY STOCK              | Registered Investment Company | 71,672  |
| FIDELITY LOW PRICED STOCK                     | Registered Investment Company | 12,280  |
| FIDELITY MID CAP STOCK                        | Registered Investment Company | 45,354  |
| FIDELITY MID CAP GROWTH                       | Registered Investment Company | 10,411  |
| FIDELITY NEW MARKETS INCOME                   | Registered Investment Company | 11,993  |
| FIDELITY OVERSEAS                             | Registered Investment Company | 28,545  |
| FIDELITY REAL ESTATE INVESTMENT               | Registered Investment Company | 24,678  |
| FIDELITY SELECT BROKERAGE & INVS MGT          | Registered Investment Company | 8,268   |
| FIDELITY SELECT DEFENSE & AEROSPACE           | Registered Investment Company | 932     |

|   |                               |         |
|---|-------------------------------|---------|
| FIDELITY SELECT ENERGY SERVICE              | Registered Investment Company | 11,006  |
| FIDELITY SELECT GOLD                        | Registered Investment Company | 1,319   |
| FIDELITY SELECT NATURAL RESOURCES           | Registered Investment Company | 41,084  |
| FIDELITY SELECT PHARMACEUTICAL              | Registered Investment Company | 1,850   |
| FIDELITY SELECT TECHNOLOGY                  | Registered Investment Company | 2,318   |
| FIDELITY SELECT UTILITIES GROWTH            | Registered Investment Company | 2,168   |
| FIDELITY SMALL CAP STOCK                    | Registered Investment Company | 19,275  |
| FIDELITY SOUTHEAST ASIA                     | Registered Investment Company | 43,974  |
| FIDELITY STRATEGIC REAL RETURN              | Registered Investment Company | 5,472   |
| FIDELITY US BOND INDEX                      | Registered Investment Company | 23,991  |
| FIDELITY UTILITIES                          | Registered Investment Company | 2,992   |
| FIDELITY VALUE                              | Registered Investment Company | 26,266  |
| FIDELITY VALUE DISCOVERY                    | Registered Investment Company | 1,478   |
| FIDELITY WORLDWIDE                          | Registered Investment Company | 24,237  |
| FIRST AMERICAN TAX FREE CL Y                | Registered Investment Company | 712     |
| FIRST EAGLE GLOBAL CLASS C                  | Registered Investment Company | 7,477   |
| FORWARD GLOBAL EMERG MARKETS<br>INSTL CL    | Registered Investment Company | 2,011   |
| FORWARD INTERNATIONAL EQUITY FUND           | Registered Investment Company | 56,478  |
| FRANKLIN INCOME CLASS C                     | Registered Investment Company | 47,058  |
| FRANKLIN REAL ESTATE SECURITIES<br>CLASS C  | Registered Investment Company | 43,664  |
| FUND*X UPGRADER FUND                        | Registered Investment Company | 39,189  |
| FUNDAMENTAL INVESTORS                       | Registered Investment Company | 29,709  |
| FUNDX STOCK UPGRADE FUND                    | Registered Investment Company | 1,264   |
| GABELLI EQUITY INCOME FUND                  | Registered Investment Company | 114,576 |
| GABELLI UTILITIES FUND CLASS C              | Registered Investment Company | 8,924   |
| GAMCO GROWTH FUND                           | Registered Investment Company | 19,091  |
| GAMCO WESTWOOD EQUITY FD AAA                | Registered Investment Company | 115,717 |
| GOLDMAN SACHS ASSET ALLOC GROWTH<br>STRAT C | Registered Investment Company | 16,573  |
| GREENSPRING FUND                            | Registered Investment Company | 15,998  |
| GROWTH FUND OF AMERICA                      | Registered Investment Company | 32,175  |

**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|  |                               |         |
|--|-------------------------------|---------|
| GUINNESS ATKINSON CHINA & HONG KONG      | Registered Investment Company | 4,868   |
| HANCOCK HORIZON BURKENROAD FUND CL D     | Registered Investment Company | 41,410  |
| HARBOR BOND INST.                        | Registered Investment Company | 564     |
| HARBOR INTERNATIONAL                     | Registered Investment Company | 80,291  |
| HARBOR INTERNATIONAL INVESTOR SHARES     | Registered Investment Company | 10,039  |
| HEARTLAND VALUE                          | Registered Investment Company | 16,388  |
| HENNESSY CORNERSTONE GROWTH FD SERIES II | Registered Investment Company | 6,851   |
| HENNESSY CORNERSTONE GROWTH N/C          | Registered Investment Company | 17,148  |
| HENNESSY FOCUS 30 FUND                   | Registered Investment Company | 4,906   |
| HUSSMAN STRATEGIC GROWTH                 | Registered Investment Company | 22,095  |
| HUSSMAN STRATEGIC TOTAL RETURN           | Registered Investment Company | 5,683   |
| ICON ENERGY                              | Registered Investment Company | 46,466  |
| ICON HEALTHCARE                          | Registered Investment Company | 9,019   |
| INVESCO LEISURE N/C                      | Registered Investment Company | 366     |
| IVY ASSET STRATEGY CL Y                  | Registered Investment Company | 7,680   |
| IVY CAPITAL APPRECIATION CL Y            | Registered Investment Company | 4,854   |
| IVY GLOBAL NATURAL RESOURCES CLASS C     | Registered Investment Company | 12,776  |
| JANUS ADVISER CONTRARIAN FUND CL I       | Registered Investment Company | 4,874   |
| JANUS ADVISER LONG/SHORT CL I            | Registered Investment Company | 5,003   |
| JANUS CONTRARIAN FUND                    | Registered Investment Company | 12,393  |
| JANUS EQUITY INCOME                      | Registered Investment Company | 74,843  |
| JANUS MERCURY                            | Registered Investment Company | 4,310   |
| JANUS ORION FUND                         | Registered Investment Company | 44,281  |
| JANUS OVERSEAS                           | Registered Investment Company | 165,713 |
| JANUS RISK MANAGED STOCK FUND            | Registered Investment Company | 25,739  |
| JP MORGAN MID CAP VALUE INSTL            | Registered Investment Company | 24,122  |
| JPMORGAN SMALL CAP EQUITY FND SELECT CL  | Registered Investment Company | 14,695  |
| JULIUS BAER INT L EQUITY                 | Registered Investment Company | 61,136  |
| KINETICS PARADIGM FUND                   | Registered Investment Company | 4,710   |
| KINETICS SMALL CAP OPPORTUNITIES         | Registered Investment Company | 28,061  |
| LAUDUS INTERNATIONAL                     | Registered Investment Company |         |
| MARKETMASTERS INV CL                     |                               | 50,469  |
| LEUTHOLD ASSETT ALLOCATION FD            | Registered Investment Company | 40,489  |
| LEUTHOLD SELECT INDUSTRIES               | Registered Investment Company | 51,057  |
| LONGLEAF PARTNERS                        | Registered Investment Company | 42,847  |
| * LOOMIS SAYLES BOND RETAIL SHARES       | Registered Investment Company | 47,201  |
| * LOOMIS SAYLES GLOBAL BOND RETAIL       | Registered Investment Company | 5,158   |

|   |                               |         |
|---|-------------------------------|---------|
| * LOOMIS SAYLES INVST GRADE BOND CL Y       | Registered Investment Company | 11,379  |
| MAINSTAY ICAP SELECT EQUITY FD CL I         | Registered Investment Company | 53,828  |
| MANAGERS FREMONT MICRO-CAP FUND<br>N/C      | Registered Investment Company | 41,566  |
| MANAGERS INTERMEDIAT DURATION<br>GOVERNMENT | Registered Investment Company | 25,702  |
| MANNING & NAPIER PRO BLEND MAX<br>TERM SER  | Registered Investment Company | 916     |
| MARSICO 21ST CENTURY FUND                   | Registered Investment Company | 258,975 |
| MARSICO FOCUS                               | Registered Investment Company | 38,405  |
| MARSICO GROWTH AND INCOME                   | Registered Investment Company | 128,791 |
| MARSICO INTERNAT L OPPORTUNITIES            | Registered Investment Company | 41,647  |
| MASTERS SELECT EQUITY                       | Registered Investment Company | 69,632  |
| MATRIX ADVISORS VALUE                       | Registered Investment Company | 35,861  |
| MATTHEWS DRAGON CENTURY CHINA               | Registered Investment Company | 13,220  |
| MATTHEWS INDIA FUND                         | Registered Investment Company | 37,400  |
| MATTHEWS PACIFIC TIGER                      | Registered Investment Company | 196,604 |
| MERIDIAN FUND                               | Registered Investment Company | 161,424 |
| MERIDIAN VALUE FUND                         | Registered Investment Company | 5,120   |
| METROPOLITAN WEST TOT RETURN BOND<br>CL M   | Registered Investment Company | 102,719 |
| METZLER PAYDEN EURO EMERGING<br>MKTS CL     | Registered Investment Company | 20,207  |
| MFS HIGH YIELD OPPORTUNITIES CL C           | Registered Investment Company | 44,690  |
| MFS INTERNATIONAL NEW DISCOVERY CL<br>C     | Registered Investment Company | 38,395  |
| MFS RESEARCH BOND CL C                      | Registered Investment Company | 49,405  |
| MFS TOTAL RETURN CLASS C                    | Registered Investment Company | 36,224  |
| NATIONWIDE CHINA OPP INSTIL CL              | Registered Investment Company | 15,878  |
| NATIONWIDE MICRO CAP EQUITY CL A<br>N/C     | Registered Investment Company | 6,144   |
| NEEDHAM GROWTH FUND                         | Registered Investment Company | 1,171   |
| NEUBERGER BERMAN INT L TRUST CLASS          | Registered Investment Company | 13,167  |
| NEUBERGER BERMAN PARTNERS<br>INVESTOR       | Registered Investment Company | 17,969  |
| NEW ALTERNATIVES FD                         | Registered Investment Company | 24,181  |
| NUVEEN QUALITY PFD INCOME FD 2              | Registered Investment Company | 167,555 |
| OAKMARK EQUITY & INCOME FD                  | Registered Investment Company | 228,622 |
| OAKMARK FUND                                | Registered Investment Company | 175,633 |
| OAKMARK INTERNAT L                          | Registered Investment Company | 66,679  |
| OAKMARK INTERNAT L SMALL CAP                | Registered Investment Company | 6,991   |



**Table of Contents****Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2007**

|   |                               |         |
|---|-------------------------------|---------|
| OAKMARK SELECT                              | Registered Investment Company | 17,083  |
| OLD MUTUAL MID CAP FUND CL Z N/C            | Registered Investment Company | 4,994   |
| OPPENHEIMER INT L BOND CLASS C              | Registered Investment Company | 48,503  |
| OPPENHEIMER LIMITED TERM GOV T CLASS C      | Registered Investment Company | 31,876  |
| OPPENHEIMER SMALL & MID CAP VALUE CL C      | Registered Investment Company | 28,308  |
| PERRITT EMERGING OPPORTUNITIES FUND         | Registered Investment Company | 1,169   |
| PERRITT MICROCAP OPPORTUNITIES              | Registered Investment Company | 908     |
| PHOENIX MID CAP VALUE CLASS C               | Registered Investment Company | 25,491  |
| * PIMCO ALL ASSET INST CLASS                | Registered Investment Company | 72,220  |
| * PIMCO COMMODITY REAL RETURN INST          | Registered Investment Company | 52,665  |
| * PIMCO FOREIGN BOND F D (UNHEDGED) INST CL | Registered Investment Company | 22,137  |
| * PIMCO REAL RETURN CLASS D                 | Registered Investment Company | 37,180  |
| * PIMCO SHORT TERM INSTITUTIONAL            | Registered Investment Company | 41,646  |
| * PIMCO TOTAL RETURN CLASS D                | Registered Investment Company | 8,344   |
| PRUDENT GLOBAL INC FUNDS                    | Registered Investment Company | 51,284  |
| RAINIER MID CAP EQ PORTFOLIO                | Registered Investment Company | 21,634  |
| RAINIER SMALL MID CAP EQUITY                | Registered Investment Company | 8,343   |
| ROWE T PRICE HIGH YIELD FD INC              | Registered Investment Company | 39,882  |
| ROYCE LOW PRICED STOCK FUND                 | Registered Investment Company | 195,071 |
| ROYCE MICROCAP                              | Registered Investment Company | 79,975  |
| ROYCE OPPORTUNITY FUND                      | Registered Investment Company | 47,708  |
| ROYCE PA MUTUAL                             | Registered Investment Company | 147,406 |
| ROYCE PREMIER SERIES                        | Registered Investment Company | 41,915  |
| ROYCE SPECIAL EQUITY                        | Registered Investment Company | 8,475   |
| ROYCE TOTAL RETURN FUND                     | Registered Investment Company | 136,156 |
| ROYCE VALUE FUND SERVICE CL                 | Registered Investment Company | 25,496  |
| ROYCE VALUE PLUS SERVICE CLASS              | Registered Investment Company | 33,002  |
| RYDEX EUROPE ADVANTAGE CL H                 | Registered Investment Company | 1,268   |
| RYDEX INVERSE DYNAMI RUSSELL 2000 CL H      | Registered Investment Company | 44,188  |
| SELECT ENERGY                               | Registered Investment Company | 46,072  |
| SELECT MEDICAL DELIVERY                     | Registered Investment Company | 48,497  |
| SELECTED AMERICAN SHARES                    | Registered Investment Company | 74,912  |
| SKYLINE SPECIAL EQUITIES                    | Registered Investment Company | 1,072   |
| SKYLINE SPECIAL EQUITIES N/C                | Registered Investment Company | 5,407   |
| SPARTAN 500 INDEX FID ADVANTAGE CLASS       | Registered Investment Company | 103,201 |
| SPARTAN MARKET INDEX                        | Registered Investment Company | 14,918  |
| SPARTAN TOTAL MARKET INDEX                  | Registered Investment Company | 42,203  |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|   |                               |           |
|---|-------------------------------|-----------|
| * SSGA AGGRESSIVE EQUITY                  | Registered Investment Company | 9,061     |
| * SSGA CORE OPPORTUNITIES                 | Registered Investment Company | 1,065     |
| * SSGA EMERGING MARKETS                   | Registered Investment Company | 69,024    |
| * SSGA INTERNATIONAL GROWTH OPPORTUNITIES | Registered Investment Company | 26,761    |
| * SSGA INTERNATIONAL STOCK SELECTION      | Registered Investment Company | 107,412   |
| * SSGA LIFE SOLUTIONS GROWTH FUND         | Registered Investment Company | 11,399    |
| T ROWE PRICE EQUITY INCOME                | Registered Investment Company | 282,850   |
| T ROWE PRICE INTERNATIONAL BOND           | Registered Investment Company | 4         |
| T ROWE PRICE MID CAP GROWTH               | Registered Investment Company | 1,701     |
| T ROWE PRICE BLUE CHIP GROWTH INC         | Registered Investment Company | 21,576    |
| T ROWE PRICE CAP APPRECIATION             | Registered Investment Company | 148,014   |
| T ROWE PRICE CORPORATE INCOME             | Registered Investment Company | 84,440    |
| T ROWE PRICE EMERG EURO & MEDITERRANEAN   | Registered Investment Company | 140,712   |
| T ROWE PRICE EMERGING MKTS STOCK          | Registered Investment Company | 46,870    |
| T ROWE PRICE GROWTH STOCK                 | Registered Investment Company | 33,306    |
| T ROWE PRICE GROWTH STOCK ADVISOR CL      | Registered Investment Company | 2,833     |
| T ROWE PRICE HEALTH SCIENCES              | Registered Investment Company | 23,403    |
| T ROWE PRICE INTL DISCOVERY FUND          | Registered Investment Company | 222,762   |
| T ROWE PRICE INT L EMERGING MARKET BOND   | Registered Investment Company | 5,566     |
| T ROWE PRICE INT L GROWTH & INCOME        | Registered Investment Company | 2,041     |
| T ROWE PRICE INT L JAPAN                  | Registered Investment Company | 2,403     |
| T ROWE PRICE LATIN AMERICA FUND           | Registered Investment Company | 20,560    |
| T ROWE PRICE MEDIA & TELECOMMUNICATIONS   | Registered Investment Company | 21,551    |
| T ROWE PRICE MID CAP VALUE                | Registered Investment Company | 175,850   |
| T ROWE PRICE NEW ASIA                     | Registered Investment Company | 29,100    |
| T ROWE PRICE NEW ERA                      | Registered Investment Company | 40,702    |
| T ROWE PRICE NEW HORIZONS FD INC          | Registered Investment Company | 3,456     |
| T ROWE PRICE RETIREMENT 2025 FD           | Registered Investment Company | 4,066     |
| T ROWE PRICE SMALL CAP STOCK              | Registered Investment Company | 4,392     |
| TARGET MODERATE ALLOCATION CL C N/C       | Registered Investment Company | 16,888    |
| TARGET RETIREMENT 2020 FD                 | Registered Investment Company | 7,771,996 |
| TARGET RETIREMENT 2025 FD                 | Registered Investment Company | 4,931,411 |

**Table of Contents****Baxter International Inc. and Subsidiaries  
Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)  
December 31, 2007****Schedule I**

|  |                               |           |
|--|-------------------------------|-----------|
| TARGET RETIREMENT 2030 FD                  | Registered Investment Company | 6,027,014 |
| TARGET RETIREMENT 2035 FD                  | Registered Investment Company | 3,510,137 |
| TARGET RETIREMENT 2040 FD                  | Registered Investment Company | 1,583,469 |
| TARGET RETIREMENT 2045 FD                  | Registered Investment Company | 1,483,517 |
| TARGET RETIREMENT 2050 FD                  | Registered Investment Company | 1,734,780 |
| TARGET RETIREMENT 2110 FD                  | Registered Investment Company | 6,817,109 |
| TEMPLETON DEVELOPING MARKETS<br>ADVISOR CL | Registered Investment Company | 40,498    |
| THE CONTRARIAN FUND N/C                    | Registered Investment Company | 21,529    |
| THIRD AVE SMALL CAP VALUE FD               | Registered Investment Company | 42,119    |
| THIRD AVENUE INTL VALUE                    | Registered Investment Company | 27,927    |
| THIRD AVENUE REAL ESTATE VALUE             | Registered Investment Company | 56,566    |
| THIRD AVENUE VALUE                         | Registered Investment Company | 162,812   |
| THOMPSON PLUMB GROWTH FUND                 | Registered Investment Company | 14,850    |
| THORNBURG CORE GROWTH FUND CL I            | Registered Investment Company | 4,887     |
| THORNBURG INCOME BUILDER CL I              | Registered Investment Company | 8,886     |
| TIMOTHY PLAN CONSERV GROWTH CL C           | Registered Investment Company | 19,915    |
| TIMOTHY PLAN FIXED INCOME CLASS C          | Registered Investment Company | 3,447     |
| TIMOTHY PLAN STRATEG IC GROWTH CL<br>C     | Registered Investment Company | 11,659    |
| TOCQUEVILLE FUND                           | Registered Investment Company | 19,982    |
| TOCQUEVILLE GOLD FUND                      | Registered Investment Company | 73,721    |
| TOUCHSTONE SMALL CAP VALUE OPPORT<br>CL Z  | Registered Investment Company | 9,370     |
| TRANSAMERICA PREMIER BALANCED              | Registered Investment Company | 400       |
| TWEEDY BROWN GLOBAL VALUE FUND             | Registered Investment Company | 208,287   |
| UMB SCOUT INTERNATIONAL                    | Registered Investment Company | 1,051     |
| UNDISCOVERED MGRS BEHAVIOR VALUE<br>INSTL  | Registered Investment Company | 7,606     |
| US GLOBAL REGION EAST EUROPEAN             | Registered Investment Company | 42,925    |
| US GLOBAL RESOURCES                        | Registered Investment Company | 7,512     |
| US WORLD PRECIOUS MINERALS                 | Registered Investment Company | 38,312    |
| VALUE LINE SMALL CAP GROWTH                | Registered Investment Company | 27,021    |
| VAN KAMPEN EQUITY AND INCOME<br>CLASS C    | Registered Investment Company | 16,829    |
| VANGAURD MID CAP VALUE INDEX FD            | Registered Investment Company | 5,596     |
| VANGUARD BALANCED INDEX                    | Registered Investment Company | 5,974     |
| VANGUARD CHESTER FDS                       | Registered Investment Company | 4,472,552 |
| VANGUARD CHESTER FDS                       | Registered Investment Company | 7,681,794 |
| VANGUARD EQUITY INCOME                     | Registered Investment Company | 9,797     |
| VANGUARD EXTENDED MARKET INDEX<br>TRUST    | Registered Investment Company | 32,964    |
| VANGUARD FIXED INC HIGH YIELD CORP         | Registered Investment Company | 65,556    |

Edgar Filing: BAXTER INTERNATIONAL INC - Form 11-K

|   |                               |         |
|---|-------------------------------|---------|
| VANGUARD GLOBAL EQUITY                  | Registered Investment Company | 46,231  |
| VANGUARD GNMA                           | Registered Investment Company | 1,138   |
| VANGUARD GROWTH INDEX                   | Registered Investment Company | 6,729   |
| VANGUARD INDEX TRUST S&P 500 PORT       | Registered Investment Company | 179,256 |
| VANGUARD INDEX TRUST SMALL CAP GROWTH   | Registered Investment Company | 47,343  |
| VANGUARD INFLATION PROTECTED SECS       | Registered Investment Company | 87,195  |
| VANGUARD INTERNATL VALUE PORTFOLIO      | Registered Investment Company | 15,125  |
| VANGUARD INTER-TERM BOND INDEX PORT     | Registered Investment Company | 55,286  |
| VANGUARD INTL EQUITYEUROPEAN            | Registered Investment Company | 5,678   |
| VANGUARD INTL EQUITYPACIFIC             | Registered Investment Company | 67,813  |
| VANGUARD LIFE STRAT MODERATE GROWTH     | Registered Investment Company | 79,984  |
| VANGUARD MID CAP INDEX                  | Registered Investment Company | 158,015 |
| VANGUARD MID-CAP GROWTH FUND            | Registered Investment Company | 6,615   |
| VANGUARD MUNI BOND INTERMEDIATE TM PORT | Registered Investment Company | 1,081   |
| VANGUARD PRECIOUS METALS & MINING FUND  | Registered Investment Company | 26,386  |
| VANGUARD SHORT TERM BOND INDEX          | Registered Investment Company | 114,382 |
| VANGUARD SMALL CAP STOCK INDEX TRUST    | Registered Investment Company | 56,530  |
| VANGUARD SPECIALIZED ENERGY PORT        | Registered Investment Company | 230,477 |
| VANGUARD SPECIALIZED REIT INDEX FUND    | Registered Investment Company | 71,565  |
| VANGUARD STRATEGIC EQUITY               | Registered Investment Company | 37,148  |
| VANGUARD TARGET RET 2025 FD INVESTOR CL | Registered Investment Company | 1,027   |
| VANGUARD TARGET RET 2035 FD INVESTOR CL | Registered Investment Company | 278,038 |
| VANGUARD TOTAL INTL STOCK INDEX FUND    | Registered Investment Company | 56,538  |
| VANGUARD TOTAL STOCK MARKET             | Registered Investment Company | 32,827  |
| VANGUARD UTILITIES INCOME               | Registered Investment Company | 4,436   |
| VANGUARD VALUE INDEX                    | Registered Investment Company | 12,087  |
| VANGUARD WELLINGTON FUND                | Registered Investment Company | 188,749 |
| VANGUARD WINDSOR II                     | Registered Investment Company | 86,842  |
| VANGUARD WINDSOR II ADMIRAL             | Registered Investment Company | 139,949 |
| VANGUARD/WELLESLEY INCOME               | Registered Investment Company | 86,059  |
| WASATCH HERITAGE GROWTH FUND            | Registered Investment Company | 21,218  |
| WASATCH SMALL CAP VALUE                 | Registered Investment Company | 52,123  |

**Table of Contents****Baxter International Inc. and Subsidiaries  
Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)  
December 31, 2007****Schedule I**

|   |  |                  |
|---|--|------------------|
| WEITZ PARTNERS VALUE  | Registered Investment Company            | 39,760           |
| WEITZ VALUE   | Registered Investment Company            | 12,618           |
| WELLS FARGO ASIA PACIFIC<br>FD-INVESTOR   | Registered Investment Company            | 24,592           |
| WELLS FARGO C&B MID CAP VALUE FD<br>CL D N/C  | Registered Investment Company            | 132              |
| WILLIAM BLAIR INT L GROWTH FUND   | Registered Investment Company            | 12,802           |
| WINTERGREEN FUND  | Registered Investment Company            | 16,573           |
| YACKTMAN FUND   | Registered Investment Company            | 36,791           |
| Registered Investment Companies   |  | \$ 61,058,770    |
| * <b>Participant Loans</b>  | Interest Rates Range from 5%<br>to 10.5% | \$ 29,686,366    |
| * <b>Collateral Held on Loaned Securities:</b>  |  |                  |
| * QUALITY D SHORT-TERM INVESTMENT<br>FUND   |  | \$ 152,922,183   |
| <b>Total Investments</b>  |  | \$ 1,839,088,358 |
| * Party-in-interest   |  |                  |
| ** While the Stable Income<br>Fund, General Equity<br>Fund and Composite<br>Fund investment options<br>are participant-directed,<br>investments underlying<br>these funds are<br>considered<br>non-participant-directed<br>for purposes of reporting<br>cost information within |  |                  |

this schedule. All other investments are considered to be participant-directed, for which cost information is not required to be reported.

**Table of Contents**

**Baxter International Inc. and Subsidiaries  
 Incentive Investment Plan  
 Schedule H, Line 4j Schedule of Reportable Transactions**

**Year Ended December 31, 2007**

**Schedule II**

| Identity of Party Involved   | Description of Asset | Purchase Price | Sale Price    | Date          | Current Value of Asset on Cost Basis |        | Net Gain or (Loss) |
|--|----------------------|----------------|---------------|---------------|--------------------------------------|--------|--------------------|
|  |                      |                |               |               | Cost                                 | Net    |                    |
| State Street Bank and Trust Company<br>Short-Term Investment Fund<br>Interest-bearing cash |                      | \$250,036,018  | \$243,644,922 | \$243,644,922 | \$243,644,922                        | \$     |                    |
| United States Treasury<br>U.S. government securities                                       |                      | 91,122,247     | 84,904,055    | 84,834,775    | 84,904,055                           | 69,280 |                    |

**Table of Contents**

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

BAXTER INTERNATIONAL INC. AND SUBSIDIARIES  
INCENTIVE INVESTMENT PLAN

Date: June 27, 2008

By: /s/ Robert M. Davis  
Robert M. Davis  
Member of the Administrative  
Committee