

BAXTER INTERNATIONAL INC
Form 11-K
June 29, 2009

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, 2008
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

**Baxter International Inc.
and Subsidiaries
Incentive Investment Plan
Financial Statements and Supplemental Schedules
December 31, 2008 and 2007**

**Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Index
December 31, 2008 and 2007**

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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, 2008 and 2007, 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 26, 2009

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Statements of Net Assets Available for Benefits
December 31, 2008 and 2007

| | 2008 | 2007 |
|--|------------------|------------------|
| Assets | | |
| Investments | | |
| Cash and cash equivalents | \$ 66,961,790 | \$ 34,410,820 |
| Common stock (including securities on loan of \$18,399,870 in 2008 and \$59,207,343 in 2007) | 340,479,494 | 490,726,541 |
| U.S. government and government agency issues (including securities on loan of \$1,290,325 in 2008 and \$4,762,485 in 2007) | 14,829,298 | 21,467,884 |
| Corporate and other obligations (including securities on loan of \$2,432,308 in 2008 and \$11,196,452 in 2007) | 39,195,637 | 63,542,158 |
| Commingled funds | 212,980,228 | 392,249,360 |
| Registered investment companies | 59,457,424 | 62,483,317 |
| Participant loans | 31,325,947 | 29,686,366 |
| Synthetic guaranteed investment contracts (including securities on loan of \$82,975,181 in 2008 and \$81,416,421 in 2007) | 659,502,094 | 591,599,729 |
| Collateral held on loaned securities | 99,545,271 | 152,922,183 |
| Total investments at fair value | 1,524,277,183 | 1,839,088,358 |
| Receivables | | |
| Sponsor contribution | 9,752,268 | 5,599,496 |
| Accrued interest and dividends | 1,962,089 | 2,010,852 |
| Due from brokers for securities sold | 39,577 | 840,899 |
| | 11,753,934 | 8,451,247 |
| Total assets | 1,536,031,117 | 1,847,539,605 |
| Liabilities | | |
| Accounts payable | 2,203,915 | 2,915,049 |
| Due to brokers for securities purchased | 689,464 | 1,823,566 |
| Collateral to be paid on loaned securities | 107,838,014 | 152,922,183 |
| Total liabilities | 110,731,393 | 157,660,798 |
| Net assets available for benefits, at fair value | 1,425,299,724 | 1,689,878,807 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (26,014,601) | (11,583,546) |
| Net assets available for benefits | \$ 1,399,285,123 | \$ 1,678,295,261 |

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

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Statements of Changes in Net Assets Available for Benefits
For the Years Ended December 31, 2008 and 2007

| | 2008 | 2007 |
|--|------------------|------------------|
| Additions to net assets attributed to | | |
| Investment (loss) income | | |
| Net (depreciation) appreciation in fair value of investments | \$ (339,546,642) | \$ 72,706,714 |
| Interest | 37,416,536 | 37,847,865 |
| Dividends | 9,723,969 | 8,814,508 |
| Participant loan interest | 2,353,627 | 2,248,233 |
| Net investment (loss) income | (290,052,510) | 121,617,320 |
| Contributions | | |
| Sponsor | 45,653,065 | 31,891,497 |
| Participant | 80,374,823 | 75,726,553 |
| | 126,027,888 | 107,618,050 |
| Net additions | (164,024,622) | 229,235,370 |
| Deductions from net assets attributed to | | |
| Benefits paid | 110,153,382 | 145,725,779 |
| Plan expenses | 4,832,134 | 4,958,996 |
| Total deductions | 114,985,516 | 150,684,775 |
| Net (decrease) increase | (279,010,138) | 78,550,595 |
| Net assets available for benefits | | |
| Beginning of year | 1,678,295,261 | 1,599,744,666 |
| End of year | \$ 1,399,285,123 | \$ 1,678,295,261 |

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

**Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Notes to Financial Statements
December 31, 2008 and 2007**

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 of up to 50% of their eligible annual compensation within certain limitations. The Plan sponsor, Baxter International Inc. (Baxter or the Company), matches participant contributions up to a maximum of 3.5% of the employee's compensation. Participant contributions and Plan sponsor matching contributions are fully vested and nonforfeitable at all times. The Company also contributes an additional non-matching 3% of compensation for employees that are not eligible to participate in the Company's U.S. qualified defined benefit pension plan, which includes all new employees hired on or after January 1, 2007, or elected to cease earning additional service in the pension plan and participate in the higher level of Company contributions in the Plan. The additional non-matching contribution becomes fully vested after three years of service. Forfeitures of nonvested accounts are used to reduce future employer contributions.

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, but may make transfers out of these funds at any time.

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.

Baxter International Inc. and Subsidiaries
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New Accounting Standard

On January 1, 2008, the Plan adopted 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. Adoption of SFAS No. 157 did not have a material impact on the Plan's financial statements. Refer to Note 5 for disclosures related to SFAS No. 157.

Valuation of Investments and Collateral

The fair value of Plan investments and collateral is determined as follows:

| | |
|--|---|
| Cash and cash equivalents | Value based on cost which approximates fair value |
| Common stock | Value based on closing prices on the valuation date in an active market on national and international securities exchanges |
| 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 plus accrued interest, which approximates fair value |
| Synthetic guaranteed investment contracts | Value based on the fair value of the underlying securities on the valuation date plus the fair value of wrapper contracts which is calculated using a replacement cost approach |
| Collateral held on loaned securities | Value based upon the net asset value per unit of the fund where the collateral is invested |
| Collateral to be paid on loaned securities | Value based on the fair value of the underlying securities loaned on the valuation date |

Baxter International Inc. and Subsidiaries
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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 obligations, 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 values of the wrapper contracts were \$1,478,751 and zero at December 31, 2008 and 2007, respectively.

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 \$633,487,493 and \$580,016,183 at December 31, 2008 and 2007, 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 (0.18)% and 6.37% at December 31, 2008 and 2007, respectively. The average interest rate credited to participants on the synthetic GICs was approximately 4.82% and 4.91%, respectively, for the years ended December 31, 2008 and 2007. The credit rating for Aegon Institutional Markets was AA at both December 31, 2008 and 2007 and the credit ratings for Bank of America N.A. were AA- and AA at December 31, 2008 and 2007, respectively.

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.

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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. Recently, global financial markets have been volatile and, in some cases, have significantly declined. 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 values, delinquencies and/or defaults and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

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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 ING Institutional Plan Services, LLC (formerly known as 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. Fair Value Measurements

The fair value hierarchy under SFAS No. 157 consists of the following three levels:

Level 1 Quoted prices in active markets that the Company has the ability to access for identical assets or liabilities;

Level 2 Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuations in which all significant inputs are observable in the market; and

Level 3 Valuations using significant inputs that are unobservable in the market and include the use of judgment by the Company's management about the assumptions market participants would use in pricing the asset or liability.

Baxter International Inc. and Subsidiaries
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The following tables summarize the bases used to measure the Plan's financial instruments and liabilities that are carried at fair value on a recurring basis.

| | Balance at December 31, 2008 | Basis of Fair Value Measurement | | |
|---|------------------------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets | | | | |
| Cash and cash equivalents | \$ 66,961,790 | \$ | \$ 66,961,790 | \$ |
| Common stock | 340,479,494 | 340,479,494 | | |
| U.S. government and government agency issues | 14,829,298 | | 14,829,298 | |
| Corporate and other obligations | 39,195,637 | | 39,195,637 | |
| Commingled funds | 212,980,228 | | 212,980,228 | |
| Registered investment companies | 59,457,424 | 59,457,424 | | |
| Participant loans | 31,325,947 | | | 31,325,947 |
| Synthetic guaranteed investment contracts | 659,502,094 | 42,757,944 | 615,265,399 | 1,478,751 |
| Collateral held on loaned securities | 99,545,271 | | 99,545,271 | |
| Total assets | \$ 1,524,277,183 | \$ 442,694,862 | \$ 1,048,777,623 | \$ 32,804,698 |

| | Balance at December 31, 2008 | Basis of Fair Value Measurement | | |
|--|------------------------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Liability | | | | |
| Collateral to be paid on loaned securities | \$ 107,838,014 | \$ 18,467,870 | \$ 89,370,144 | \$ |

See Valuation of Investments and Collateral in Note 2 above for a discussion of the methodologies used to determine the fair values of the Plan's investments and collateral.

The following table sets forth a summary of changes in the fair values of the Plan's level 3 financial instruments for the year ended December 31, 2008.

| | Participant Loans | Synthetic Guaranteed Investment Contracts |
|---|------------------------------|--|
| Beginning balance | \$ 29,686,366 | \$ |
| Unrealized gains (losses) | | 1,478,751 |
| Purchases, sales, issuances and settlements (net) | 1,639,581 | |
| Ending balance | \$ 31,325,947 | \$ 1,478,751 |

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Incentive Investment Plan
Notes to Financial Statements
December 31, 2008 and 2007

6. Investments

Investments representing five percent or more of the Plan's net assets available for benefits at December 31, 2008 and 2007 are summarized as follows:

| | 2008 | 2007 |
|--|----------------|----------------|
| Baxter Common Stock, 2,994,818 shares and 2,902,771 shares at December 31, 2008 and 2007, respectively | \$ 160,492,320 | \$ 168,505,844 |
| S&P 500 Flagship Fund | 112,007,447 | 192,376,320 |
| International EAFE Equity Index Fund | * | 129,156,514 |
| State Street Bank Short-Term Investment Fund | 79,735,100 | * |
| Quality D Short-Term Investment Fund (Collateral held on loaned securities) | 99,545,271 | 152,922,183 |

* Does not meet 5% threshold.

Investments as of December 31, 2008 and 2007 are segregated into various investment fund options as follows:

| | 2008 | 2007 |
|---|------------------|------------------|
| Cash (available for investment) | \$ 5,596,164 | \$ 4,301,955 |
| Stable Income Fund | 701,010,677 | 605,560,228 |
| Baxter Common Stock Fund | 163,038,527 | 170,337,601 |
| Composite Fund | 105,989,479 | 164,046,004 |
| General Equity Fund | 108,085,903 | 207,540,018 |
| Cardinal Health Common Stock Fund | 5,410,042 | 10,072,880 |
| S&P 500 Flagship Fund | 112,188,634 | 192,376,320 |
| International EAFE Equity Index Fund | 59,492,812 | 129,156,514 |
| Edwards Lifesciences Common Stock Fund | 9,747,177 | 9,380,048 |
| Small Cap Fund | 41,479,969 | 70,440,158 |
| Self-Managed Fund | 31,764,148 | 47,254,306 |
| Target Retirement Funds | 49,602,433 | 46,013,777 |
| Participant Loans | 31,325,947 | 29,686,366 |
| Collateral held on loaned securities | 99,545,271 | 152,922,183 |
| Total investments at fair value | 1,524,277,183 | 1,839,088,358 |
| Adjustment from fair value to contract value for Stable Income Fund | (26,014,601) | (11,583,546) |
| Total investments | \$ 1,498,262,582 | \$ 1,827,504,812 |

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

| | 2008 | 2007 |
|--|------------------|---------------|
| Baxter common stock | \$ (13,221,835) | \$ 35,540,239 |
| Other common stock | (137,322,856) | 13,929,227 |
| U.S. government and government agency issues | 361,524 | 515,579 |
| Corporate and other obligations | (11,579,043) | (632,387) |
| Commingled funds | (142,670,970) | 22,975,929 |
| Registered investment companies | (26,820,719) | 378,127 |
| Collateral held on loaned securities | (8,292,743) | |
| | \$ (339,546,642) | \$ 72,706,714 |

7. 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 non-cash 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 fair value of the investment of cash collateral received pursuant to securities lending transactions is reflected on the Statements of Net Assets Available for Benefits as an asset and the obligation to return the original amount received is reflected as a liability.

As of December 31, 2008 and 2007, the Plan had securities on loan with a market value of \$105,097,684 and \$156,582,701, respectively, with cash collateral received of \$107,838,014 and \$152,922,183, respectively. Cash collateral was invested in a short-term commingled investment fund (Quality D Short-Term Investment Fund) as of December 31, 2008 and 2007. While as of December 31, 2008 this fund was transacting on a dollar-for-dollar basis, the net asset value of the fund's underlying securities was \$0.9231 per unit. Accordingly, the fair value of the cash collateral held is \$99,545,271. The decrease of \$8,292,743 from the cash collateral received of \$107,838,014 to the fair value of the cash collateral of \$99,545,271 is reflected in the 2008 Statement of Changes in Net Assets Available for Benefits. At December 31, 2007, the fund's net asset value approximated \$1 per unit.

Non-cash collateral of \$7,699,971 received for securities on loan at December 31, 2007 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. The Plan did not hold any non-cash collateral at December 31, 2008. Non-cash

collateral is not included with the collateral balance on the 2007 Statement of Net Assets Available for Benefits because it is not sold or repledged. A portion of the

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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 \$1,225,085 and \$335,683 for 2008 and 2007, respectively. Securities lending income is classified as interest income in the Statements of Changes in Net Assets Available for Benefits.

8. 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. In the event the Plan terminates, the interest of each participating employee in the Plan shall become fully vested and such 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.

9. 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.

10. Related Parties

At December 31, 2008 and 2007, the Plan held units of participation in certain commingled funds, shares of common stock, units of registered investment companies, and short-term investment funds of State Street Bank and Trust Company, the Plan trustee, shares of common stock and bonds of Baxter, the Plan sponsor, loans with participants, units of registered investment companies managed by Pacific Investment Management Company, an investment manager for the Plan, units of registered investment companies managed by Loomis Sayles, an investment manager for the Plan, shares of common stock, bonds, and interest rate wrapper contracts of Bank of America, issuer of the Plan's fully benefit-responsive contracts, interest rate wrapper contracts of Aegon Institutional Markets, issuer of the Plan's fully benefit-responsive contracts and units of registered investment companies in various affiliates of ING Institutional Plan Services, LLC, the recordkeeper. These transactions are allowable party-in-interest transactions under ERISA and the regulations promulgated thereunder.

SUPPLEMENTAL SCHEDULES

**Baxter International Inc. and Subsidiaries
Incentive Investment Plan**

**Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008**

Schedule I

| Identity of Issue | Description of Investment | Cost** | Current Value |
|--------------------------------------|----------------------------|-----------|---------------|
| Cash and Cash Equivalents: | | | |
| * SSGA MONEY MARKET FUND | Short-Term Investment Fund | | 10,267,541 |
| * STATE STREET BANK + TRUST CO | Short-Term Investment Fund | | 56,694,249 |
| Cash and Cash Equivalents | | | \$ 66,961,790 |
| Common Stock: | | | |
| 3COM CORP | Common stock | | 456 |
| 3DICON CORP | Common stock | | 225 |
| 3M COMPANY N/C FROM 604059105 | Common stock | | 12,254 |
| 8X8 INC NEW N/C FROM 64111F108 | Common stock | | 478 |
| ABB LTD SPONSORED ADR | Common stock | | 12,670 |
| ABBOTT LABORATORIES | Common stock | | 40,721 |
| ABBOTT LABS | Common stock | 3,003,604 | 2,958,334 |
| ABBOTT LABS | Common stock | 627,216 | 664,439 |
| ACCENTIA BIOPHARMACEUTICALS INC | Common stock | | 6,250 |
| ACTIVISION BLIZZARD INC | Common stock | 1,451,207 | 986,013 |
| ADAPTIVE BROADBAND CORP | Common stock | | 7 |
| ADC TELECOMMUNICATNS INC COM NEW | Common stock | | 777 |
| ADEPT TECHNOLOGY INC COM NEW | Common stock | | 1,838 |
| ADOBE SYS INC | Common stock | | 9,325 |
| ADOLOR CORP | Common stock | | 830 |
| ADVANCED LIFE SCIENCES HLDGS INC COM | Common stock | | 51 |
| ADVANCED MICRO DEVICES INC | Common stock | | 4,536 |
| ADVANSOURCE BIOMATERIALS CORP COM | Common stock | | 125 |
| ADVANTA CORP CL B | Common stock | | 6,326 |
| AERCAP HOLDINGS N V SHS | Common stock | | 13,545 |
| AEROVIRNMENT INC | Common stock | | 18,405 |
| AES CORP | Common stock | 1,121,490 | 571,546 |
| AETNA INC | Common stock | 699,189 | 709,631 |
| AFFYMETRIX INC | Common stock | | 299 |
| AFLAC INC | Common stock | 905,482 | 955,684 |
| AGILYSYS INC COM | Common stock | | 5,586 |
| AGNICO EAGLE MINES LTD | Common stock | | 95,653 |

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| | | | |
|-----------------------------------|--------------|-----------|-----------|
| AGRIUM INC | Common stock | | 4,300 |
| AIR PRODS + CHEMS INC | Common stock | 610,362 | 476,834 |
| AK STEEL HLDG CORP | Common stock | | 1,864 |
| AKAMAI TECHNOLOGIES INC | Common stock | | 845 |
| AKSYS LTD | Common stock | | 1 |
| ALADDIN KNOWLEDGE SYSTEMS LTD ORD | Common stock | | 1,232 |
| ALCATEL LUCENT SPON ADR | Common stock | | 10,010 |
| ALCOA INC | Common stock | | 3,404 |
| ALCON INC | Common stock | 1,936,257 | 1,718,454 |
| ALEXCO RESOURCE CORP COM I | Common stock | | 4,118 |
| ALJ REGL HLDGS INC COM | Common stock | | 280 |
| ALKERMES INC | Common stock | | 5,325 |
| | 13 | | |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--|--------------|-----------|-----------|
| ALLEGHENY TECH INC | Common stock | | 2,579 |
| ALLIANCE PHARMACEUTICAL CORP COM NEW | Common stock | | 9 |
| ALLIED CAPITAL CORP | Common stock | | 538 |
| ALLIED HEALTHCARE INTL INC COM | Common stock | | 1,090 |
| ALLIED IRISH BANKS PLC ADR | Common stock | | 2,227 |
| ALLOS THERAPEUTICS INC | Common stock | | 33,354 |
| ALLSTATE CORP | Common stock | 1,223,910 | 899,862 |
| ALMADEN MINERALS LTD | Common stock | | 3,250 |
| ALON USA ENERGY INC COM | Common stock | | 5,033 |
| ALTAIR NANOTECH INC COM | Common stock | | 1,281 |
| ALTRIA GROUP INC | Common stock | 942,135 | 944,900 |
| ALTRIA GROUP INC | Common stock | | 31,596 |
| ALUMINUM CORP CHINA LTD SPON ADR REPSTG H SHS | Common stock | | 230 |
| ALVARION LTD | Common stock | | 1,815 |
| AMAZON.COM INC | Common stock | | 5,128 |
| AMBAC FINL GROUP INC FRMLY AMBAC INC | Common stock | | 565 |
| AMDOCS LTD ORD | Common stock | | 3,658 |
| AMER INTL GROUP INC | Common stock | | 103,502 |
| AMERICAN CAP LTD COM | Common stock | | 3,622 |
| AMERICAN DAIRY INC | Common stock | | 2,406 |
| AMERICAN EAGLE OUTFITTERS | Common stock | | 5,948 |
| AMERICAN EXPRESS CO | Common stock | | 4,206 |
| AMERICAN HOME MTG INVESTMENTS REIT | Common stock | | 2 |
| AMERICAN INTL GROUP INC | Common stock | 4,314,437 | 110,140 |
| AMERICAN ORIENTAL BIOENGINEERING INC | Common stock | | 4,760 |
| AMERICAN SAFETY INS GROUP LTD | Common stock | | 13,210 |
| AMERIGAS PARTNERS LP UTS RPSTG COM LTD | Common stock | | 5,063 |
| AMERN SUPERCONDUCTOR CORP | Common stock | | 1,631 |
| AMGEN INC | Common stock | 392,655 | 439,369 |
| AMGEN INC | Common stock | | 82,409 |
| AMR CORP DEL | Common stock | | 42,680 |
| AMREP CORP NEW FRMLY OLD | Common stock | | 1,251 |
| AMYLIN PHARM INC | Common stock | | 5,805 |
| ANADARKO PETE CORP | Common stock | | 1,928 |
| ANDREA ELECTRONICS CORP FRMLY ANDREA RADIO CORP | Common stock | | 31 |
| ANIKA THERAPEUTICS INC FRMLY ANIKA RESEARCH INC | Common stock | | 16,346 |
| ANNALY MORTGAGE MANAGEMENT INC | Common stock | | 25,204 |
| ANTIGENICS INC DEL | Common stock | | 60 |
| AON CORP | Common stock | 512,465 | 595,782 |
| APACHE CORP | Common stock | 1,911,383 | 1,170,888 |

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| | | | |
|---|--------------|-----------|-----------|
| APACHE CORP | Common stock | | 15,582 |
| APOLLO GROUP INC | Common stock | 350,284 | 355,817 |
| APOLLO GROUP INC | Common stock | | 4,597 |
| APOLLO INVT CORP COM SH BEN INT | Common stock | | 8,656 |
| APPLE COMPUTER INC | Common stock | | 450,392 |
| APPLE INC | Common stock | 5,020,277 | 4,146,166 |
| APPLIED MATERIALS INC | Common stock | | 5,166 |
| APPLIED MICRO CIRCUITS CORP COM NEW | Common stock | | 71 |
| APT SATELLITE HOLDING LTD | Common stock | | 270 |
| AQUA AMERICA INC | Common stock | | 4,652 |
| ARCELORMITTAL SA LUXEMBOURG N Y REGISTRY SHS | Common stock | | 41 |
| ARCH COAL INC | Common stock | | 25,396 |
| ARCHER DANIELS MIDLAND | Common stock | | 11,241 |
| ARENA PHARMACEUTICAL S INC | Common stock | | 8,590 |
| ARIES MARITIME TRANSPORT LIMITED SHS | Common stock | | 165 |
| ARROW ELECTRONICS INC | Common stock | | 7,536 |
| ASSURANT INC | Common stock | | 3,007 |
| ASSURED GUARANTY LTD | Common stock | | 14,905 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--|--------------|-----------|-------------|
| ASTRAZENECA PLC-SPONS ADR | Common stock | | 1,846 |
| AT&T INC COM | Common stock | | 54,519 |
| AT+T INC | Common stock | 3,709,289 | 2,520,316 |
| ATHENAHEALTH INC DELAWARE | Common stock | | 150 |
| ATP OIL & GAS CORP | Common stock | | 8,834 |
| ATSI COMMUNICATIONS INC COM NEW | Common stock | | 110 |
| AUDICODES LTD | Common stock | | 348 |
| AURIZON MINES LTD | Common stock | | 6,480 |
| AUTODESK INC | Common stock | | 590 |
| AUTOLIV | Common stock | 626,554 | 231,123 |
| AUTOMATIC DATA PROCESSING INC | Common stock | | 20,654 |
| AUXILIUM PHARMACEUTICALS INC | Common stock | | 8,532 |
| AVANEX CORP COM NEW | Common stock | | 69 |
| AVANIR PHARMACEUTICALS CL A NEW | Common stock | | 283 |
| AVI BIOPHARMA INC | Common stock | | 197 |
| AVIS BUDGET GROUP INC COMMON | Common stock | | 35 |
| BACKWEB TECHNOLOGIES LTD | Common stock | | 9 |
| BAIDU COM INC SPON ADR RESTG ORD SHS CL A | Common stock | | 36,560 |
| BANCO BRADESCO S A SPONS ADR REPSTG PFD SHS NEW 2004 | Common stock | | 4,969 |
| * BANK AMER CORP | Common stock | 2,535,349 | 973,840 |
| * BANK OF AMERICA CORP | Common stock | | 169,696 |
| BARCLAYS PLC ADR | Common stock | | 18,620 |
| * BAXTER INTL INC | Common stock | | 159,746,514 |
| * BAXTER INTL INC | Common stock | | 745,806 |
| BAYER AG SPONSORED ADR SEDOL #4087117 | Common stock | | 14,799 |
| BAYTEX ENERGY TR UNIT | Common stock | | 5,976 |
| BCE INC COM NEW | Common stock | | 20,750 |
| BEACON PWR CORP COM | Common stock | | 8,480 |
| BECTON DICKINSON + CO | Common stock | 1,511,822 | 1,229,847 |
| BED BATH & BEYOND INC | Common stock | | 4,398 |
| BENCHMARK ELECTRS INC COM | Common stock | | 1,532 |
| BERKSHIRE HATHAWAY INC DEL CL B | Common stock | | 179,984 |
| BERKSHIRE HATHAWAY INC DEL | Common stock | 1,167,741 | 954,474 |
| BEST BUY INC | Common stock | | 14,901 |
| BHP BILLITON LTD SPON ADR | Common stock | | 81,510 |
| BIOCRYST PHARMACEUTICALS INC | Common stock | | 2,740 |
| BIOGEN IDEC INC | Common stock | | 23,815 |
| BIOMARIN PHARMACEUTICAL INC | Common stock | | 16,020 |
| BIOMERICA INC | Common stock | | 7,280 |
| BJ SERVICES CO COM | Common stock | | 8,169 |
| BLACK + DECKER CORPORATION | Common stock | 928,138 | 475,078 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|---|--------------|-----------|---------|
| BLACK BOX CORP | Common stock | | 1,306 |
| BLACKBAUD INC | Common stock | | 13,500 |
| BLACKSTONE GROUP L P COM UNIT REPSTG | Common stock | | 12,940 |
| BLOCK (H&R) INC | Common stock | | 10,356 |
| BLOCKBUSTER INC CL A | Common stock | | 221 |
| BOEING CO | Common stock | | 16,769 |
| BOOKHAM INC COM | Common stock | | 45 |
| BORDERS GROUP MICHIGAN INC | Common stock | | 2,760 |
| BOSTON SCIENTIFIC | Common stock | | 3,096 |
| BOSTON SCIENTIFIC CORP | Common stock | 1,810,665 | 923,836 |
| BP AMOCO PLC SPON ADR REPSNTG 6 ORD SHRS | Common stock | | 1,428 |
| BP PLC | Common stock | 1,349,526 | 988,302 |
| BRIGHAM EXPL CO | Common stock | | 4,800 |
| BRISTOL MYERS SQUIBB | Common stock | | 16,245 |
| BRISTOL MYERS SQUIBB CO | Common stock | 365,637 | 429,588 |
| BROADCOM CORP CL A | Common stock | | 9,843 |
| BROADRIDGE FINANCIAL SOLUTIONS LLC | Common stock | | 941 |
| BROOKFIELD ASSET MGMT INC COM VOTING SHS CL A | Common stock | | 19,393 |
| BROOKFIELD HOMES CORP | Common stock | | 9 |
| BROOKFIELD INFRASTRUCTURE PARTNERS LP PARTNERSHIP UNITS | Common stock | | 258 |
| BT GROUP PLC ADR | Common stock | | 3,175 |
| BUCYRUS INTL INC NEW COM | Common stock | | 2,226 |
| BUFFALO WILD WINGS INC | Common stock | | 10,824 |
| BUNGE LIMITED | Common stock | 305,535 | 398,988 |
| BURLINGTON NORTHERN SANTA FE CORP | Common stock | | 1,851 |
| C S X CORP | Common stock | | 2,882 |
| CAL MAINE FOODS INC | Common stock | | 1,492 |
| CALAMP CORP N/C FROM #129900106 | Common stock | | 11,831 |
| CALPINE CORP COM NEW | Common stock | | 9,828 |
| CAMECO CORP ISIN #CA13321L1085 SEDOL #2166160 | Common stock | | 863 |
| CAMERON INTL CORP | Common stock | 855,733 | 826,421 |
| CAMERON INTL CORP COM | Common stock | | 1,599 |
| CANADIAN NATURAL RESOURCES LTD | Common stock | | 3,998 |
| CANADIAN SOLAR INC COM | Common stock | | 97 |
| CAPITALSOURCE INC | Common stock | | 7,756 |
| CAPITOL BANCORP LTD | Common stock | | 5,744 |
| CAPSTONE TURBINE CORP | Common stock | | 6,216 |
| CARDIAC SCIENCE CORP | Common stock | | 225 |
| CARDINAL HEALTH INC | Common stock | 1,113,111 | 776,539 |
| CARDINAL HEALTH INC | Common stock | 1,392,875 | 827,627 |

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|---|--------------|---------|-----------|
| CARDINAL HEALTH INC | Common stock | | 5,540,984 |
| CARMAX INC | Common stock | | 1,576 |
| CARNIVAL CORP PAIRED CTF 1 COM CARNIVAL CORP | Common stock | | 7,903 |
| CASTLEPOINT HOLDINGS LTD | Common stock | | 4,068 |
| CATERPILLAR INC | Common stock | 461,431 | 472,266 |
| CATERPILLAR INC | Common stock | 413,591 | 242,754 |
| CATERPILLAR INC | Common stock | | 36,014 |
| CB RICHARD ELLIS GROUP INC CL A | Common stock | | 1,944 |

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Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--|--------------|-----------|-----------|
| CBIZ INC COM | Common stock | | 10,380 |
| CBS CORP NEW | Common stock | 1,442,726 | 462,069 |
| CDC CORPORATION SHS A | Common stock | | 5,750 |
| CELGENE CORP | Common stock | 3,010,486 | 2,736,484 |
| CELGENE CORP | Common stock | | 12,659 |
| CELL GENESYS INC | Common stock | | 123 |
| CELLCOM ISRAEL LTD SHS | Common stock | | 4,948 |
| CEMEX S A SPONS ADR NEW REP ORD | Common stock | | 11,608 |
| CENTRAL FD CDA CL A | Common stock | | 11,220 |
| CERAGON NETWORKS LTD REG SHS | Common stock | | 758 |
| CHARTER COMM INC DEL CL A | Common stock | | 14,965 |
| CHECK POINT SOFTWARE TECH LTD SHS | Common stock | | 9,495 |
| CHESAPEAKE ENERGY CORPORATION OKLAHOMA | Common stock | | 557,805 |
| CHEVRON CORP | Common stock | 1,143,400 | 1,600,615 |
| CHEVRONTEXACO CORP | Common stock | | 59,737 |
| CHINA DIRECT INC COM NEW | Common stock | | 161 |
| CHINA FIN ONLINE CO LTD SPONSORED ADR | Common stock | | 6,538 |
| CHINA LIFE INS CO LTD SPON ADR REPSTG H SHS | Common stock | | 4,640 |
| CHINA MED TECHNOLOGIES INC SPONS ADR | Common stock | | 4,052 |
| CHINA MOBILE LTD SPONS ADR | Common stock | | 20,340 |
| CHINA SUNERGY CO LTD SPONSORED ADR | Common stock | | 158 |
| CHINA YUCHAI INTERNATIONAL LTD SEDOL #2186191 | Common stock | | 11,520 |
| CHIPOTLE MEXICAN GRILL INC CL B | Common stock | | 6,187 |
| CHUBB CORP | Common stock | 521,810 | 564,385 |
| CHURCH & DWIGHT INC | Common stock | | 5,629 |
| CHURCHILL DOWNS INC | Common stock | | 4,042 |
| CIENA CORP COM NEW DELAWARE | Common stock | | 13 |
| CIGNA CORP | Common stock | 614,968 | 389,586 |
| CINTAS CORP | Common stock | | 1,858 |
| CIRCUIT CITY STORES INC | Common stock | | 130 |
| CIRRUS LOGIC INC | Common stock | | 268 |
| CISCO SYS INC | Common stock | 3,473,978 | 2,301,479 |
| CISCO SYS INC | Common stock | | 321,061 |
| CIT GROUP INC NEW COM | Common stock | | 970 |
| CITADEL BROADCASTING CORP | Common stock | | 15 |
| CITIGROUP INC | Common stock | 3,278,103 | 687,525 |
| CITIGROUP INC | Common stock | | 63,214 |
| CME GROUP INC | Common stock | 4,152,087 | 2,159,083 |
| CME GROUP INC | Common stock | | 20,928 |
| COCA COLA CO | Common stock | 885,114 | 697,786 |
| COCA COLA CO | Common stock | 480,656 | 483,083 |

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|------------------------------------|--------------|-----------|-----------|
| COCA COLA CO | Common stock | | 17,162 |
| COEUR D ALENE MINES CORP | Common stock | | 4,840 |
| COGENT INC | Common stock | | 679 |
| COGNIZANT TECHNOLOGY SOLUTIONS INC | Common stock | | 7,224 |
| COLDWATER CREEK INC | Common stock | | 570 |
| COLFAX CORP COM | Common stock | | 5,195 |
| COLGATE PALMOLIVE CO | Common stock | 2,352,626 | 2,292,397 |
| COLONIAL BANCGROUP | Common stock | | 2,691 |
| COMBIMATRIX CORP DEL | Common stock | | 700 |
| COMCAST CORP NEW | Common stock | 951,960 | 732,190 |
| COMCAST CORP NEW CL A | Common stock | | 4,220 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****December 31, 2008****Schedule I**

| | | | |
|--|-----------------|-----------|-----------|
| COMCAST CORP NEW CL A SPL | Common stock | | 6,532 |
| COMMTOUCH SOFTWARE LIMITED SHS NEW | Common stock | | 254 |
| COMPANHIA VALE DO RIO DOCE SPONS ADR | Common stock | | 8,477 |
| COMPASS MINERALS INTL INC | Common stock | | 13,584 |
| COMPUCREDIT CORP | Common stock | | 520 |
| CONEXANT SYS INC COM NEW | Common stock | | 178 |
| CONOCOPHILLIPS | Common stock | 1,872,918 | 1,765,777 |
| CONOCOPHILLIPS | Common stock | | 7,252 |
| CONSOL ENERGY INC | Common stock | | 720 |
| CONSTELLATION ENERGY GROUP | Common stock | | 8,556 |
| CONSTELLATION ENERGY PARTNERS LLC COM UNIT | Common stock | | 11,120 |
| CONTANGO OIL & GAS INC COM NEW | Common stock | | 10,416 |
| COOPER TIRE & RUBBER CO | Common stock | | 3,080 |
| COPART INC | Common stock | | 1,740 |
| CORNING INC | Common stock | 269,227 | 312,621 |
| CORNING INC | Common stock | | 6,012 |
| CORPORATE EXECUTIVE BRD CO | Common stock | | 1,235 |
| COSTCO WHOLESALE CORP | Common stock | | 11,697 |
| COSTCO WHSL CORP NEW | Common stock | 1,551,381 | 1,571,770 |
| COVIDIEN LIMITED COM SHS | Common stock | | 797 |
| COWEN GROUP INC COM | Common stock | | 1,018 |
| CREDIT SUISSE GROUP | | 1,284,302 | 686,901 |

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| | | | |
|---|--------------|-----------|---------|
| | Common stock | | |
| CREE INC | Common stock | | 10,316 |
| CROCS INC COM | Common stock | | 9,046 |
| CROSS TIMBERS ROYALTY TRUST | Common stock | | 418 |
| CTRIP COM INTL LTD AMERICAN DEP SHS | Common stock | | 333 |
| CVR ENERGY INC COM | Common stock | | 1,600 |
| CVS CORP DEL | Common stock | | 9,427 |
| D R HORTON INC | Common stock | | 14,140 |
| DAIMLERCHRYSLER AG ORD | Common stock | | 975 |
| DANAHER CORP | Common stock | | 566 |
| DATALINK CORP | Common stock | | 672 |
| DAWSON GEOPHYSICAL COMPANY | Common stock | | 2,672 |
| DAYSTAR TECHNOLOGIES INC | Common stock | | 94 |
| DEERE & CO | Common stock | | 17,252 |
| DELEK US HLDGS INC | Common stock | | 5,290 |
| DELL INC N/C FROM 247025109 | Common stock | | 2,028 |
| DELPHI AUTOMOTIVE SYSTEMS | Common stock | | 3 |
| DENDREON CORP | Common stock | | 10,030 |
| DENISON MINES CORP COM | Common stock | | 1,180 |
| DEUTSCHE BANK AG | Common stock | 1,491,675 | 498,536 |
| DEUTSCHE BK AG LON BRH GOLD DOUBLE LONG EXCHANGE TRADED NTS | Common stock | | 1,357 |
| DEVON ENERGY CORP NEW | Common stock | | 8,542 |
| DEVON ENERGY CORPORATION NEW | Common stock | 850,832 | 603,812 |
| DEVON ENERGY CORPORATION NEW | Common stock | 623,529 | 610,304 |
| DIAGEO PLC | Common stock | | 8,912 |
| DIAMOND OFFSHORE DRILLING INC | | | 884 |

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|--------------------|----|------------------------------------|-------|
| DIANA SHIPPING INC | 18 | Common stock Common stock | 8,034 |
|--------------------|----|------------------------------------|-------|

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|---|--------------|-----------|-----------|
| DIGI INTL INC | Common stock | | 527 |
| DIGITAL ANGEL CORP NEW COM NEW | Common stock | | 68 |
| DIGITAL LIGHTWAVE INC | Common stock | | 68 |
| DISCOVER FINL SVCS | Common stock | | 3,002 |
| DISCOVERY LAB INC | Common stock | | 930 |
| DISNEY WALT CO | Common stock | 1,305,817 | 1,154,593 |
| DISNEY WALT CO DEL (HOLDING COMPANY) | Common stock | | 48,089 |
| DOLBY LABORATORIES INC CL A | Common stock | | 4,914 |
| DORAL FINL CORP COM NEW | Common stock | | 375 |
| DOUBLE TAKE SOFTWARE COM | Common stock | | 2,691 |
| DOW CHEMICAL CO | Common stock | | 21,428 |
| DOWNEY FINL CORP | Common stock | | 37 |
| DR PEPPER SNAPPLE GROUP INC | Common stock | 760,012 | 590,865 |
| DR PEPPER SNAPPLE GROUP INC COM | Common stock | | 3,250 |
| DRDGOLD LTD SPONSORED ADR REPSTG 10 SHS | Common stock | | 557 |
| DRUGSTORE.COM INC | Common stock | | 930 |
| DRYSHIPS INC | Common stock | | 1,079 |
| DU PONT E I DE NEMOURS & CO | Common stock | | 49,766 |
| DUKE ENERGY CORP NEW COM | Common stock | | 41,599 |
| DUKE ENERGY HLDG CORP | Common stock | 666,559 | 630,314 |
| DUKE REALTY CORP | Common stock | | 2,370 |
| DXP ENTERPRISES INC NEW | Common stock | | 14,610 |
| DYNAMIC MATERIALS CORP | Common stock | | 676 |
| DYNEGY INC DEL CL A | Common stock | | 4,250 |
| E M C CORP MASS | Common stock | | 8,952 |
| E TRADE GROUP INC. | Common stock | | 2,691 |
| EAGLE BULK SHIPPING INC | Common stock | | 2,765 |
| EARTHLINK INC | Common stock | | 4,009 |
| EASTMAN CHEM CO | Common stock | 427,067 | 350,915 |
| EBAY INC | Common stock | | 13,737 |
| EDGE PETE CORP | Common stock | | 16 |
| EDWARDS LIFESCIENCES CORP | Common stock | | 9,598,625 |
| EL PASO CORP | Common stock | 1,099,385 | 623,568 |
| EL PASO CORP | Common stock | | 1,801 |
| ELAN CORP PLC ADR | Common stock | | 10,920 |
| ELDORADO GOLD CORP NEW | Common stock | | 7,950 |
| ELECTRONIC ARTS INC | Common stock | | 5,614 |
| ELITE PHARM INC | Common stock | | 1,750 |
| EMBARQ CORP COM | Common stock | | 2,337 |
| EMCORE CORP | Common stock | | 1,950 |
| EMERGENT BIOSOLUTIONS INC COM | Common stock | | 7,833 |
| EMERSON ELEC CO | Common stock | 1,629,764 | 1,667,584 |
| EMERSON ELECTRIC CO | Common stock | | 4,576 |

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|--------------------------------------|--------------|-----------|---------|
| EMULEX CORP COM NEW | Common stock | | 803 |
| ENBRIDGE ENERGY PARTNERS LP | Common stock | | 1,275 |
| ENBRIDGE INC | Common stock | | 1,624 |
| ENERGY CONVERSION DEVICES INC | Common stock | | 2,773 |
| ENERGY TRANSFER PARTNERS LP UT | Common stock | | 44,728 |
| ENERGYSOLUTIONS INC DEPOSITARY SH | Common stock | | 565 |
| ENERPLUS RES FD TR UNIT SER G NEW | Common stock | | 3,686 |
| ENTERPRISE GP HLDGS L P UNIT | Common stock | | 1,394 |
| ENTERPRISE PRODUCTS PPTNS LP | Common stock | | 25,913 |
| ENTRAVISION COMMUNICATIONS CORP CL A | Common stock | | 234 |
| ENTREMED INC | Common stock | | 67 |
| ENVIRONMENTAL PWR CORP COM NEW | Common stock | | 2,048 |
| EOG RESOURCES INC | Common stock | 1,136,486 | 960,470 |
| EPIX PHARMACEUTICALS INC COM NEW | Common stock | | 16,454 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|---------------------------------------|--------------|-----------|-----------|
| ERICSSON L M TEL CO | Common stock | 620,141 | 641,267 |
| EV3 INC | Common stock | | 27,450 |
| EVERGREEN SOLAR INC | Common stock | | 7,497 |
| EXELIXIS INC | Common stock | | 8,730 |
| EXELON CORP | Common stock | 591,220 | 670,347 |
| EXELON CORP | Common stock | | 27,805 |
| EXETER RESOURCE CORP | Common stock | | 15,405 |
| EXPEDIA INC DEL COM | Common stock | | 519 |
| EXPRESS 1 EXPEDITED SOLUTIONS INC COM | Common stock | | 2,300 |
| EXPRESSJET HLDGS INC COM NEW | Common stock | | 1,020 |
| EXXON MOBIL CORP | Common stock | 1,378,156 | 1,751,081 |
| EXXON MOBIL CORP | Common stock | | 12,255 |
| FACET BIOTECH CORP COM | Common stock | | 38 |
| FAIRPOINT COMMUNICATIONS INC | Common stock | | 3,410 |
| FASTENAL CO | Common stock | | 2,614 |
| FAVRILLE INC | Common stock | | 290 |
| FEDERAL NATL MTG ASSN | Common stock | | 26,045 |
| FEDEX CORP | Common stock | | 3,208 |
| FIDELITY NATL FINL INC | Common stock | 481,439 | 322,265 |
| FIELDPOINT PETROLEUM CORP | Common stock | | 230 |
| FIFTH THIRD BANCORP | Common stock | 342,522 | 341,965 |
| FINISAR CORP | Common stock | | 892 |
| FIRST AMERICAN CORP | Common stock | | 1,445 |
| FIRST MARBLEHEAD CORP | Common stock | | 155 |
| FIRST SOLAR INC COM | Common stock | | 8,967 |
| FLAGSTAR BANCORP INC | Common stock | | 43 |
| FLANDERS CORP | Common stock | | 9,380 |
| FLEXTRONICS INTERNATIONAL LTD | Common stock | 1,687,018 | 424,190 |
| FLUOR CORP NEW | Common stock | 183,333 | 159,605 |
| FLUOR CORP NEW | Common stock | | 12,878 |
| FMC TECHNOLOGIES INC | Common stock | | 2,383 |
| FOCUS MEDIA HLDG LTD SPONSORED ADR | Common stock | | 10,090 |
| FOOD TECHNOLOGY SVC INC | Common stock | | 475 |
| FORBES MEDI TECH INC NEW COM | Common stock | | 1 |
| FORD MTR CO DEL COM | Common stock | | 36,503 |
| FOREST LABS INC CL A | Common stock | | 5,094 |
| FORTUNE BRANDS INC | Common stock | | 2,683 |
| FOSTER WHEELER LTD SHS NEW | Common stock | | 20,458 |
| FOUNDATION COAL HLDGS INC | Common stock | | 1,402 |
| FPL GROUP INC | Common stock | | 5,608 |
| FRANKLIN RES INC | Common stock | 1,136,807 | 990,974 |
| FRANKLIN RES INC | Common stock | | 3,214 |
| FREDDIE MAC | Common stock | | 36,500 |

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| FREEPORT MCMORAN COPPER & GOLD INC. | Common stock | | 13,480 |
| FRONTEER DEV GROUP INC (CANADA) | Common stock | | 1,960 |
| FRONTIER OIL CORP | Common stock | | 16,419 |
| FUEL SYS SOLUTIONS INC COM | Common stock | | 4,095 |
| FUEL TECH INC COM | Common stock | | 826 |
| FUNDTECH LTD | Common stock | | 1,131 |
| GAMESTOP CORP NEW CL A | Common stock | | 17,545 |
| GAMING PARTNERS INTL CORP | Common stock | | 1,310 |
| GAMMON GOLD INC | Common stock | | 27,339 |
| GANNETT INC | Common stock | 885,190 | 239,508 |
| GARMIN LTD REG SHS | Common stock | | 2,729 |
| GASTAR EXPL LTD | Common stock | | 3,340 |
| GENENTECH INC | Common stock | 3,965,734 | 4,169,767 |
| GENENTECH INC | Common stock | | 112,094 |
| GENERAL DYNAMICS CORP | Common stock | | 2,880 |
| GENERAL ELEC CO | Common stock | 955,963 | 477,000 |
| GENERAL ELECTRIC CO | Common stock | | 299,346 |
| GENERAL MILLS INC | Common stock | | 54,675 |
| GENERAL MLS INC | Common stock | 695,906 | 660,277 |
| GENERAL MOTORS CORP | Common stock | | 8,640 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|---|--------------|-----------|-----------|
| GENEREX BIOTECHNOLOGY CORP | Common stock | | 1,860 |
| GENETIC TECHNOLOGIES LTD SPONS ADR | Common stock | | 11 |
| GENOPTIX INC COM | Common stock | | 20,448 |
| GENTA INC COM PAR \$0.001 | Common stock | | 1 |
| GENWORTH FINL INC | Common stock | 1,494,365 | 131,423 |
| GEOPHARMA INC | Common stock | | 400 |
| GIANT INTERACTIVE GROUP INC ADR | Common stock | | 1,298 |
| GIGAMEDIA LTD | Common stock | | 16,890 |
| GILEAD SCIENCES INC | Common stock | 3,893,890 | 5,891,778 |
| GILEAD SCIENCES INC | Common stock | | 70,931 |
| GLADSTONE CAP CORP | Common stock | | 3,581 |
| GLAXOSMITHKLINE PLC SPONSORED ADR | Common stock | | 1,864 |
| FORMERLY GLAXO PLC | | | |
| GLOBAL SOURCES LTD | Common stock | | 1,363 |
| GOLDCORP INC NEW | Common stock | | 37,836 |
| GOLDEN STAR RES LTD CDA COM | Common stock | | 1,000 |
| GOLDMAN SACHS GROUP INC | Common stock | 1,020,918 | 1,113,581 |
| GOLDMAN SACHS GROUP INC | Common stock | 1,114,417 | 725,433 |
| GOLDMAN SACHS GROUP INC | Common stock | | 1,435 |
| GOOGLE INC | Common stock | 7,606,400 | 5,775,607 |
| GOOGLE INC CL A | Common stock | | 113,215 |
| GRAHAM CORP | Common stock | | 9,754 |
| GRAND PACARAIMA GOLD CORP | Common stock | | 1 |
| GREAT WOLF RESORTS INC | Common stock | | 154 |
| GREENHUNTER ENERGY INC COM | Common stock | | 984 |
| GRUPO AEROPORTUARIO DEL SURESTE S A DE S V | Common stock | | 2,056 |
| GSI TECHNOLOGY INC | Common stock | | 1,370 |
| GTC BIOTHERAPEUTICS INC COM | Common stock | | 2,266 |
| GUESS? INC | Common stock | | 553 |
| GULFPORT ENERGY CORP | Common stock | | 2,627 |
| H & Q HEALTHCARE FD SH BEN INT | Common stock | | 3,577 |
| HALLIBURTON CO HOLDING CO | Common stock | | 9,090 |
| HALOZYME THERAPEUTICS INC | Common stock | | 116,099 |
| HANCOCK HOLDING CO | Common stock | | 45,460 |
| HANSEN NATURAL CORP | Common stock | | 19,246 |
| HARLEY DAVIDSON INC WISC | Common stock | | 1,697 |
| HARRY WINSTON DIAMOND CORP | Common stock | | 465 |
| HARTFORD FINANCIAL SVCS GRP | Common stock | 1,489,813 | 368,287 |
| HARTFORD FINL SVCS GROUP INC | Common stock | | 25,123 |
| HCP INC COM | Common stock | | 5,966 |
| HEADWATERS INC | Common stock | | 8,438 |
| HECLA MINING CO | Common stock | | 2,660 |

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|---|--------------|-----------|-----------|
| HELIX ENERGY SOLUTIONS GROUP INC | Common stock | | 181 |
| HELLENIC TELECOMM ORG ADR REPRSTG 1/2 ORD SHS | Common stock | | 670 |
| HENRY JACK & ASSOCIATES INC | Common stock | | 3,610 |
| HERSHEY FOODS CORP NFSC IS SPECIALIST IN THIS SECURITY | Common stock | | 1,537 |
| HESS CORP COM | Common stock | | 2,467 |
| HEWLETT PACKARD CO | Common stock | 7,033,410 | 5,984,535 |
| HEWLETT PACKARD CO DE | Common stock | | 49,010 |
| HKN INC | Common stock | | 131 |
| HOLLIS-EDEN PHARMA INC | Common stock | | 48 |
| HOLLY CORP PAR \$0.01 | Common stock | | 2,735 |
| HOLOGIC INC | Common stock | | 2,091 |
| HOME DEPOT INC | Common stock | 226,952 | 266,120 |
| HOME DEPOT INC | Common stock | | 90,555 |
| HOME INNS & HOTELS MGMT INC SPONSORED ADR | Common stock | | 429 |
| HOME SOLUTIONS AMER INC | Common stock | | 22 |
| HONDA MOTORS LTD ADR NEW | Common stock | | 3,158 |
| HONEYWELL INTERNATIONAL INC | Common stock | | 16,662 |
| HONEYWELL INTL INC | Common stock | 367,921 | 389,260 |
| HORSEHEAD HLDG CORP | Common stock | | 1,716 |
| HOSPIRA INC | Common stock | | 3,460 |
| HOT TOPIC INC | Common stock | | 4,635 |
| HOVNANIAN ENTERPRISE INC CL A | Common stock | | 5,160 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|---|--------------|---------|---------|
| HSBC HOLDINGS PLC SPONS ADR | Common stock | | 29,310 |
| HSN INC DEL COM | Common stock | | 87 |
| HUANENG POWER INTL INC ADR | Common stock | | 3,100 |
| HUGOTON RTY TR TEX UNIT BEN INT | Common stock | | 112 |
| HUNTINGTON BANCSHARES INC COM | Common stock | | 3,830 |
| IAC / INTERACTIVECRP COM PAR \$.001 | Common stock | | 488 |
| ICON PLC CORP ADR REPRSTG 1 ORD SHR | Common stock | | 8,664 |
| IDEARC INC COM DELAWARE | Common stock | | 770 |
| IDM PHARMA INC COM | Common stock | | 1,596 |
| I-FLOW CORP COM NEW | Common stock | | 5,040 |
| IGO INC COM | Common stock | | 35 |
| ILLINOIS TOOL WORKS | Common stock | | 1,067 |
| IMA EXPLORATION INC | Common stock | | 240 |
| IMMUNOMEDICS INC | Common stock | | 3,400 |
| INCYTE GENOMICS INC | Common stock | | 20,826 |
| INDEVUS PHARMACEUTICALS INC | Common stock | | 17,270 |
| INDIA FD INC | Common stock | | 9,150 |
| INDIA GLOBALIZATION CAP INC | Common stock | | 4,171 |
| INDYMAC BANCORP INC | Common stock | | 73 |
| INERGY LP | Common stock | | 3,408 |
| INFINERA CORP | Common stock | | 10,367 |
| INFOSYS TECHNOLOGIES LIMITED ADR | Common stock | | 1,229 |
| INNODATA CORP | Common stock | | 413 |
| INSMED INC COM NEW | Common stock | | 1,163 |
| INTEGRAL SYS INC MD | Common stock | | 1,205 |
| INTEGRATED DEVICE TECH INC | Common stock | | 1,290 |
| INTEL CORP | Common stock | | 74,481 |
| INTERCONTINENTALEXCH INTL | Common stock | | 3,957 |
| INTERNATIONAL COAL GROUP INC NEW | Common stock | | 2,300 |
| INTERNATIONAL GAME TECHNOLOGY | Common stock | | 832 |
| INTERNET CAP GROUP INC COM NEW | Common stock | | 409 |
| INTEROIL CORP | Common stock | | 110,000 |
| INTERVAL LEISURE GROUP INC COM | Common stock | | 65 |
| INTL BUSINESS MACH NFSC IS SPECIALIST IN THIS SECURITY | Common stock | | 16,342 |
| INTL FUEL TECH INC NEW | Common stock | | 1,100 |
| INTL SPEEDWAY CL A | Common stock | | 1,149 |
| INTUIT | Common stock | 388,726 | 413,708 |
| INTUITIVE SURGICAL INC COM NEW | Common stock | | 1,270 |
| INVENTIV HEALTH INC COM | Common stock | | 1,154 |
| ION NETWORKS INC | Common stock | | 13 |
| IOWA TELECOMMUNICATION SVCS INC | Common stock | | 2,783 |
| IPG PHOTONICS CORP COM | Common stock | | 9,015 |

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|-------------------------------------|--------------|-----------|-----------|
| IRVINE SENSORS CORP COM PAR \$ | Common stock | | 32 |
| IVANHOE ENERGY COM | Common stock | | 5,807 |
| J C PENNEY INC | Common stock | 1,093,251 | 687,113 |
| J P MORGAN CHASE & CO | Common stock | | 26,706 |
| JA SOLAR HLDGS CO LTD SPONSORED ADR | Common stock | | 4,947 |
| JABIL CIRCUIT INC | Common stock | | 17,213 |
| JACOBS ENGR GROUP INC | Common stock | 556,694 | 513,282 |
| JAKKS PACIFIC INC | Common stock | | 2,063 |
| JAMES RIV COAL CO COM NEW | Common stock | | 6,132 |
| JDS UNIPHASE CORP COM PAR \$0.001 | Common stock | | 5,701 |
| JENSEN PORTFOLIO, INC. | Common stock | | 50,072 |
| JETBLUE AWYS CORP | Common stock | | 9,266 |
| JOHN BEAN TECHNOLOGIES CORP COM | Common stock | | 173 |
| JOHNSON & JOHNSON | Common stock | | 112,584 |
| JONES LANG LASALLE INC | Common stock | | 252 |
| JOY GLOBAL INC | Common stock | | 3,562 |
| JPMORGAN CHASE + CO | Common stock | 1,982,492 | 1,794,459 |
| JPMORGAN CHASE + CO | Common stock | 1,990,462 | 1,570,152 |
| JUNIPER NETWORKS INC | Common stock | 925,905 | 906,577 |
| JUNIPER NETWORKS INC | Common stock | | 2,977 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|---|--------------|-----------|-----------|
| KAMAN CORP COM FORMERLY CL A TO 10/11/2005 | Common stock | | 18,582 |
| KB HOME | Common stock | 816,091 | 273,187 |
| KEEGAN RES INC | Common stock | | 1,840 |
| KERYX BIOPHARMACEUTICALS INC | Common stock | | 132 |
| KEY TECH INC | Common stock | | 9,445 |
| KHD HUMBOLDT WEDAG INTL LTD COM | Common stock | | 4,233 |
| KIMBERLY CLARK CORP | Common stock | 767,153 | 625,329 |
| KIMBERLY CLARK CORP | Common stock | | 10,548 |
| KINDER MORGAN ENERGY PARTNERS L P | Common stock | | 14,650 |
| KINDER MORGAN MGMT LLC SHS | Common stock | | 3,438 |
| KING PHARMACEUTICALS INC | Common stock | | 3,144 |
| KINROSS GOLD CORP NEW COM NO PAR | Common stock | | 35,006 |
| KKR FINL HLDGS LLC | Common stock | | 1,580 |
| KNIGHTSBRIDGE TANK COM USD 0.01 | Common stock | | 11,281 |
| KOHL S CORP | Common stock | 729,411 | 826,243 |
| KOHL S CORP | Common stock | | 38,372 |
| KRAFT FOODS INC CL A | Common stock | | 21,816 |
| KRISPY KREME DOUGHNUTS INC | Common stock | | 2,688 |
| KROGER CO | Common stock | 1,176,255 | 1,163,832 |
| KRONOS WORLDWIDE INC | Common stock | | 24 |
| L-3 COMMUNICATIONS HLDGS INC | Common stock | | 35,587 |
| LABORATORY CORP OF AMERICA HLDGS NEW | Common stock | | 19,323 |
| LADISH COMPANY INC NEW | Common stock | | 6,316 |
| LAS VEGAS SANDS CORP | Common stock | | 10,971 |
| LAW ENFORCEMENT ASSOCIATES CORP | Common stock | | 384 |
| LDK SOLAR CO LTD SPONSORED ADR | Common stock | | 10,811 |
| LEAR CORP | Common stock | | 1,410 |
| LEE ENTERPRISES INC | Common stock | | 1,230 |
| LEGACY RESVS LP UNIT | Common stock | | 931 |
| LEGG MASON | Common stock | | 6,970 |
| LEHMAN BROS HLDGS CORP | Common stock | | 69 |
| LENNOX INTL INC | Common stock | | 8,073 |
| LEVEL 3 COMMUNICATIONS INC | Common stock | | 2,653 |
| LIBBEY INC | Common stock | | 566 |
| LIFE TECHNOLOGIES CORP COM | Common stock | | 2,051 |
| LILLY ELI & CO | Common stock | | 2,416 |
| LIMITED BRANDS INC | Common stock | 27,591 | 29,761 |
| LINEAR TECHNOLOGY CORP | Common stock | | 79,632 |
| LINUX GOLD CORP | Common stock | | 58 |
| LOCKHEED MARTIN CORP | Common stock | 1,864,286 | 1,478,767 |
| LOWES COMPANIES | Common stock | | 42,784 |
| LOWES COS INC | Common stock | | 261,538 |

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|---|--------------|-----------|---------|
| LSI LOGIC CORP | Common stock | | 872 |
| LUNDIN MNG CORP | Common stock | | 81 |
| MACYS INC | Common stock | 1,691,941 | 416,219 |
| MAHANAGAR TEL NIGAM LTD SPON ADR REPSTG 2 ORD SHS 2001 | Common stock | | 685 |
| MANDALAY MEDIA INC COM N/C FROM 58448J106 | Common stock | | 28 |
| MANHATTAN PHARMACEUTICALS INC COM NEW | Common stock | | 20 |
| MANITOWOC INC | Common stock | | 1,645 |
| MARATHON OIL CORP | Common stock | 745,753 | 516,341 |
| MARATHON OIL CORP | Common stock | | 5,883 |
| MARKEL CORP HLDG CO | Common stock | | 10,465 |
| MARSH + MCLENNAN COS INC | Common stock | 788,294 | 719,413 |
| MARVEL ENTMT INC COM | Common stock | | 738 |
| MARVELL TECHNOLOGY GROUP LTD | Common stock | | 4,669 |
| MASSMUTUAL PARTN INVS | Common stock | | 18,100 |
| MASTERCARD INC CL A | Common stock | | 15,726 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|---|--------------|-----------|-----------|
| MCDONALDS CORP | Common stock | 3,188,098 | 3,275,178 |
| MCDONALDS CORP | Common stock | | 63,015 |
| MCKESSON CORP | Common stock | 233,547 | 160,725 |
| MCKESSON CORP | Common stock | 222,339 | 237,261 |
| MECHEL OAO SPONSORED ADR | Common stock | | 4,560 |
| MEDCO HEALTH SOLUTIONS INC | Common stock | 1,923,033 | 1,863,448 |
| MEDIFAST INC | Common stock | | 690 |
| MEDTRONIC INC | Common stock | | 136,834 |
| MELCO PBL ENTMNT LTD ADR | Common stock | | 1,522 |
| MERCADOLIBRE INC | Common stock | | 164 |
| MERCK & CO INC | Common stock | | 196,094 |
| MERCK + CO INC | Common stock | 2,067,313 | 1,742,163 |
| MERIDIAN RESOURCE CORP | Common stock | | 371 |
| MERRILL LYNCH & CO INC | Common stock | | 7,176 |
| METALICO INC | Common stock | | 911 |
| METLIFE INC | Common stock | 1,073,195 | 1,202,098 |
| METLIFE INC COM | Common stock | | 70,069 |
| MFRI INC | Common stock | | 693 |
| MGIC INVST CORP WIS COM | Common stock | | 876 |
| MGP INGREDIENTS INC | Common stock | | 101 |
| MICRON TECHNOLOGY | Common stock | | 1,320 |
| MICROSOFT CORP | Common stock | | 50,811 |
| MICROTUNE INC DEL | Common stock | | 4,804 |
| MICROVISION INC WASH | Common stock | | 33,600 |
| MILLENNIUM INDIA ACQUISITION CO INC COM | Common stock | | 3,600 |
| MILLER HERMAN INC | Common stock | | 1,303 |
| MINDRAY MED INTL LTD SPONSORED ADR | Common stock | | 1,224 |
| REPSTG CL A | | | |
| MINDSPEED TECHNOLOGIESINC COM NEW | Common stock | | 5 |
| MINEFINDERS LTD CORP | Common stock | | 5,150 |
| MITCHAM INDS INC | Common stock | | 206 |
| MKS INSTRUMENTS INC | Common stock | | 1,479 |
| MOLSON COORS BREWING CO | Common stock | 791,651 | 913,556 |
| MONOLITHIC PWR SYS INC COM | Common stock | | 6,305 |
| MONSANTO CO NEW | Common stock | 3,284,772 | 2,718,908 |
| MONSANTO CO NEW | Common stock | | 20,815 |
| MORGAN STANLEY | Common stock | 2,422,876 | 654,548 |
| MORGAN STANLEY DEAN WITTER & CO | Common stock | | 42,609 |
| MORNINGSTAR INC | Common stock | | 4,615 |
| MOTOROLA INC | Common stock | 716,342 | 525,695 |
| MOTOROLA INC | Common stock | | 28,914 |
| MULTIBAND CORP COM NEW | Common stock | | 238 |
| MVC CAP INC | Common stock | | 3,738 |

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| NANOGEN INC | Common stock | 350 |
| NANOSPHERE INC | Common stock | 357 |
| NASHUA CORP | Common stock | 8,003 |
| NATIONAL CITY CORP | Common stock | 6,335 |
| NATIONAL OILWELL VARCO INC | Common stock | 4,668 |
| NATIONWIDE HEALTH PPTYS INC | Common stock | 2,111 |
| NAVIOS MARITIME HOLDINGS INC COM | Common stock | 2,259 |
| NCI INC CL A | Common stock | 6,026 |
| NEOPHARM INC | Common stock | 324 |
| NETAPP INC COM | Common stock | 1,118 |
| NETFLIX COM INC COM | Common stock | 13,749 |
| NETGEAR INC | Common stock | 3,423 |
| NETSUITE INC COM | Common stock | 2,220 |
| NEW FRONTIER MEDIA INC | Common stock | 1,700 |
| NEW ORIENTAL ED & TECHNOLOGY GROUP INC | Common stock | 2,746 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--|--------------|---------|---------|
| NEWCASTLE INVT CORP | Common stock | | 420 |
| NEWELL RUBBERMAID INC | Common stock | | 5,714 |
| NEWMONT MNG CORP | Common stock | 430,684 | 398,122 |
| NEWS CORP | Common stock | 214,462 | 238,909 |
| NEXMED INC COM EXCHANGED FOR .05 SHARES OF NEXMED INC | Common stock | | 6,930 |
| NOKIA CORP | Common stock | 305,301 | 322,150 |
| NOKIA CORP ADR | Common stock | | 21,116 |
| NORDSTROM INC | Common stock | | 15,972 |
| NORSK HYDRO A S SPONSORED ADR | Common stock | | 1,985 |
| NORTEL NETWORKS CORP NEW | Common stock | | 447 |
| NORTEL NETWORKS CORP NEW COM | Common stock | | 15 |
| NORTHFIELD LABORATORIES INC | Common stock | | 34,897 |
| NORTHGATE EXPL LTD | Common stock | | 2,490 |
| NOVA BIOSOURCE FUELS INC COM | Common stock | | 45 |
| NOVAGOLD RESOURCES | Common stock | | 1,176 |
| NOVAMED EYECARE INC | Common stock | | 1,038 |
| NOVARTIS AG | Common stock | 544,029 | 575,246 |
| NOVARTIS AG ADR | Common stock | | 7,540 |
| NOVASTAR FINL INC COM NEW | Common stock | | 10 |
| NOVATEL WIRELESS INC | Common stock | | 4,640 |
| NOVAVAX INC | Common stock | | 1,512 |
| NPS PHARMACEUTICALS INC | Common stock | | 6,831 |
| NRG ENERGY INC COM NEW | Common stock | | 20,624 |
| NUCOR CORP | Common stock | | 63,756 |
| NUCRYST PHARMACEUTICALS CORP COM | Common stock | | 1,800 |
| NUTRACEA COM NEW | Common stock | | 400 |
| NUTRI SYS INC NEW COM | Common stock | | 1,532 |
| NVIDIA CORP | Common stock | 572,288 | 424,999 |
| NVIDIA CORP | Common stock | | 13,719 |
| NYSE EURONEXT | Common stock | | 14,554 |
| OCEANEERING INTL INC | Common stock | | 2,914 |
| OCEANFREIGHT INC | Common stock | | 446 |
| OILSANDS QUEST INC COM | Common stock | | 982 |
| OLYMPIC STEEL INC | Common stock | | 20,370 |
| OMEGA NAVIGATION ENTERPRISES INC | Common stock | | 1,274 |
| OMNITURE INC COM | Common stock | | 1,064 |
| ON2.COM INC | Common stock | | 6,080 |
| ONCOGENEX PHARMACEUTICALS INC COM | Common stock | | 51 |
| ONCOLYTICS BIOTECH INC | Common stock | | 83,732 |
| ONCOTHYREON INC COM | Common stock | | 132 |
| ONEOK PARTNERS L P UNIT | Common stock | | 5,020 |
| ONYX PHARMACEUTICALS INC | Common stock | | 13,664 |

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|---------------------------------------|--------------|--------|
| OPEN JT STK CO VIMPEL COMMS SPONS ADR | Common stock | 11,769 |
| OPENTV CORP CL A | Common stock | 215 |
| OPNEXT INC | Common stock | 438 |
| ORACLE CORP. | Common stock | 88,331 |
| ORCHID CELLMARK INC | Common stock | 54 |
| O REILLY AUTOMOTIVE INC | Common stock | 56,500 |
| OTELCO INC INCOME DEP SECS IDS | Common stock | 858 |
| OWENS ILL INC COM NEW | Common stock | 2,733 |
| P F CHANGS CHINA BISTRO INC | Common stock | 733 |
| PACER INTL INC TENN COM | Common stock | 2,086 |
| PACIFIC ETHANOL INC | Common stock | 286 |
| PACIFIC RIM MINING CORP COM NEW | Common stock | 2,100 |
| PALATIN TECHNOLOGIES INC | Common stock | 45 |
| PALM INC NEW COM | Common stock | 7,706 |
| PANACOS PHARMACEUTICALS INC | Common stock | 27 |
| PATTERSON-UTI ENERGY INC | Common stock | 1,151 |
| PAYCHEX INC | Common stock | 2,628 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|---|--------------|-----------|-----------|
| PDI INC | Common stock | | 401 |
| PDL BIOPHARMA INC COM | Common stock | | 136 |
| PEABODY ENERGY CORP | Common stock | | 36,443 |
| PENGROWTH ENERGY TR UNIT NEW | Common stock | | 9,239 |
| PENN WEST ENERGY TR TR UNIT | Common stock | | 712 |
| PEPSICO INC | Common stock | 2,354,062 | 1,953,606 |
| PEPSICO INC | Common stock | | 16,727 |
| PERRIGO CO | Common stock | | 19,447 |
| PETROCHINA CO LTD SPON ADR | Common stock | | 1,068 |
| PETROHAWK ENERGY CORP | Common stock | | 57,831 |
| PETROLEO BRASILEIRO SA PETROBRAS SPONS ADR | Common stock | | 7,347 |
| PETSMART INC | Common stock | | 1,292 |
| PFF BANCORP INC | Common stock | | 7 |
| PFIZER INC | Common stock | 3,079,344 | 2,175,088 |
| PFIZER INC | Common stock | 1,215,161 | 932,680 |
| PFIZER INC | Common stock | | 194,529 |
| PHARMOS CORP COM PAR \$.03 | Common stock | | 3 |
| PHILIP MORRIS INTL INC COM | Common stock | | 55,679 |
| PHILIP MORRIS INTL ORD SHR | Common stock | 1,143,505 | 1,023,183 |
| PHILIP MORRIS INTL ORD SHR | Common stock | 565,267 | 1,117,763 |
| PILGRIMS PRIDE CORP | Common stock | | 5,103 |
| PIONEER DRILLING CO | Common stock | | 557 |
| PITNEY BOWES INC | Common stock | | 17,836 |
| PLUM CREEK TIMBER CO INC | Common stock | | 25,585 |
| PMC-SIERRA INC | Common stock | | 3,402 |
| PMI GROUP INC | Common stock | | 7,849 |
| POINT BLANK SOLUTIONS INC N/C FROM 23321E103 | Common stock | | 47 |
| POLYMET MINING CORP | Common stock | | 14,245 |
| PORTFOLIO RECOVERY ASSOCS INC | Common stock | | 10,152 |
| POTASH CORP SASK INC | Common stock | | 52,115 |
| PRECISION CASTPARTS CORP | Common stock | | 12,610 |
| PREMIER EXHIBITIONS INC | Common stock | | 19,210 |
| PRESSTEK INC | Common stock | | 12,840 |
| PRICESMART INC | Common stock | | 3,719 |
| PRIMUS GUARANTY LTD SHS | Common stock | | 1,368 |
| PROCTER & GAMBLE CO | Common stock | | 70,535 |
| PROCTER AND GAMBLE CO | Common stock | 1,924,677 | 1,795,823 |
| PROGRESS ENERGY INC | Common stock | | 20,033 |
| PROGRESSIVE CORP OHIO | Common stock | 515,348 | 556,065 |
| PROVIDENT ENERGY TR | Common stock | | 2,410 |
| QUALCOMM INC | Common stock | 3,397,636 | 2,821,579 |

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| | | |
|-------------------------------|--------------|--------|
| QUALCOMM INC | Common stock | 12,541 |
| QUALITY SYSTEMS | Common stock | 15,093 |
| QUANTUM FUEL SYS TECHNOLOGIES | Common stock | 5,100 |
| WORLDWIDE INC | | |
| QUEST DIAGNOSTICS INC | Common stock | 18,169 |
| QUESTAR CORP COM | Common stock | 11,442 |
| RADIAN GROUP INC | Common stock | 2,961 |
| RAIT FINANCIAL TRUST | Common stock | 1,300 |
| RAMBUS INC | Common stock | 15,920 |
| REDWOOD TRUST INC | Common stock | 4,473 |
| REGIONS FINL CORP | Common stock | 5,738 |
| REPLIGEN CORP | Common stock | 1,323 |
| RESEARCH IN MOTION LTD | Common stock | 40,986 |
| RF MICRO DEVICES INC | Common stock | 156 |
| RITE AID CORP | Common stock | 10,328 |
| RIVERBED TECHNOLOGY INC COM | Common stock | 22,780 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--|--------------|-----------|-----------|
| ROCKWELL AUTOMATION INC | Common stock | | 12,896 |
| ROCKWELL MEDICAL TECH INC | Common stock | | 1,060 |
| ROSETTA RES INC COM | Common stock | | 354 |
| ROYAL BK SCOTLAND GROUP PLC SPONSORED ADR | Common stock | | 1,138 |
| ROYAL CARRIBBEAN CRUISES LTD | Common stock | | 1,519 |
| ROYAL DUTCH SHELL PLC | Common stock | 1,601,746 | 1,051,398 |
| ROYAL DUTCH SHELL PLC | Common stock | 906,536 | 695,701 |
| RRI ENERGY INC | Common stock | 388,326 | 200,457 |
| RTI BIOLOGICS INC COM | Common stock | | 690 |
| RUBICON MINERALS CORP | Common stock | | 55,680 |
| S1 CORP | Common stock | | 245 |
| SABA SOFTWARE INC COM NEW | Common stock | | 194 |
| SADIA SA SPONSORED ADR | Common stock | | 8 |
| SAMSON OIL & GAS LTD SPONSORED ADR | Common stock | | 370 |
| SANDISK CORP | Common stock | | 32,400 |
| SANTARUS INC | Common stock | | 785 |
| SATYAM COMPUTER SVCS LTD AMERN DEPOSITORY RCPT | Common stock | | 253 |
| SAVIENT PHARMACEUTICALS INC | Common stock | | 5,790 |
| SCHERING PLOUGH CORP | Common stock | 693,370 | 607,448 |
| SCHERING PLOUGH CORP | Common stock | | 22,139 |
| SCHLUMBERGER LTD | Common stock | 4,108,067 | 2,402,843 |
| SCHLUMBERGER LTD | Common stock | 482,868 | 476,804 |
| SCHLUMBERGER LTD | Common stock | | 7,873 |
| SCHWAB CHARLES CORP | Common stock | 881,652 | 771,692 |
| SEABRIDGE GOLD INC | Common stock | | 10,464 |
| SEAGATE TECHNOLOGY HOLDINGS | Common stock | | 939 |
| SEARS HLDGS CORP | Common stock | | 20,174 |
| SECTOR SPDR TR SHS BEN INT CONSUMER SERVICES | Common stock | | 19,329 |
| SECTOR SPDR TR SHS BEN INT FINANCIAL | Common stock | | 1,252 |
| SECTOR SPDR TR SHS BEN INT UTILITIES | Common stock | | 10,995 |
| SELECT COMFORT CORP | Common stock | | 38 |
| SENIOR HSG PPTYS TR | Common stock | | 4,480 |
| SEQUENOM INC COM NEW | Common stock | | 3,968 |
| SHAW GROUP INC | Common stock | | 4,094 |
| SHIP FINANCE INTERNATIONAL LIMITED | Common stock | | 6,524 |
| SIGMA DESIGNS | Common stock | | 11,400 |
| SILICON IMAGE INC | Common stock | | 1,260 |
| SILICON MOTION TECHNOLOGY CORP SPONS ADR REPSTG SHS | Common stock | | 1,374 |
| SILVER WHEATON CORP COM | Common stock | | 33,618 |

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| | | |
|--|--------------|---------|
| SIMULATIONS PLUS INC | Common stock | 368 |
| SINA.COM SHS | Common stock | 23,150 |
| SINOVAC BIOTECH LTD SHS | Common stock | 6,900 |
| SIRIUS XM RADIO INC COM | Common stock | 11,358 |
| SKYWORKS SOLUTIONS INC COM N/C FROM 020753109 | Common stock | 194 |
| SLM CORP COM N/C FROM 90390U102 | Common stock | 3,560 |
| SMITH & WESSON HLDG CORP | Common stock | 1,135 |
| SMURFIT STONE CONTAINER CORP | Common stock | 2,397 |
| SOCIEDAD QUIMICA MINERA DE CHILE S A SPONS | Common stock | 2,439 |
| SOCKET MOBILE INC COM NEW | Common stock | 92 |
| SOHU.COM INC | Common stock | 23,670 |
| SOLARFUN PWR HLDGS CO LTD SPONSORED ADR | Common stock | 117,159 |
| SONUS NETWORKS INC | Common stock | 632 |
| SOTHEBYS HLDGS INC DELAWARE | Common stock | 555 |
| SOURCEFORGE INC COM | Common stock | 2,007 |
| SOUTHERN CO | Common stock | 70,300 |
| SOUTHERN COPPER CORP DEL COM | Common stock | 19,804 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|-----------------------------------|--------------|-----------|---------|
| SOUTHWEST AIRLINES CO | Common stock | | 2,155 |
| SOUTHWEST AIRLS CO | Common stock | 580,300 | 426,709 |
| SPECTRA ENERGY CORP | Common stock | 1,019,983 | 699,849 |
| SPECTRA ENERGY CORP COM | Common stock | | 9,637 |
| SPECTRANETICS CORP | Common stock | | 6,055 |
| SPIRIT AEROSYSTEMS HLDGS INC CL A | Common stock | | 763 |
| SPREADTRUM COMMUNICATIONS INC | Common stock | | 1,980 |
| SPONSORED ADR | | | |
| SPRINT CORP | Common stock | | 503 |
| SPRINT NEXTEL CORP | Common stock | 2,595,258 | 401,232 |
| ST JUDE MEDICAL INC | Common stock | | 18,820 |
| STAR BULK CARRIERS CORP SHS | Common stock | | 646 |
| STARBUCKS CORP | Common stock | | 5,194 |
| * STATE STREET CORP | Common stock | | 116 |
| STEIN MART INC | Common stock | | 848 |
| STEM CELL INNOVATIONS INC COM | Common stock | | 70 |
| STEMCELLS INC N/C FROM 232923102 | Common stock | | 1,088 |
| STERLITE INDS INDIA LTD ADS | Common stock | | 397 |
| STRATEGIC RES LTD COM | Common stock | | 78 |
| STRYKER CORP | Common stock | | 7,785 |
| SULPHCO INC COM | Common stock | | 94 |
| SUN MICROSYSTEMS INC COM NEW | Common stock | | 6,586 |
| SUNOPTA INC | Common stock | | 1,570 |
| SUNTECH PWR HLDGS CO LTD ADR | Common stock | | 8,389 |
| SUNTRUST BANKS INC | Common stock | | 6,480 |
| SUPERVALU INC | Common stock | 504,760 | 194,748 |
| SUREWEST COMMUNICATIONS | Common stock | | 623 |
| SYMANTEC CORP | Common stock | 882,313 | 690,644 |
| SYNAPTICS INC | Common stock | | 621 |
| SYNERON MEDICAL LTD ORD SHS | Common stock | | 834 |
| SYNTAX BRILLIAN CORP COM | Common stock | | 3 |
| SYNVISTA THERAPEUTICS INC | Common stock | | 642 |
| SYSCO CORP | Common stock | | 7,111 |
| TALBOTS INC | Common stock | | 239 |
| TARGET CORP | Common stock | | 43 |
| TARGETED GENETICS CORP COM NEW | Common stock | | 4 |
| TASEKO MINES LTD | Common stock | | 4,098 |
| TASER INTERNATIONAL INC | Common stock | | 23,232 |
| TATA MTRS LTD SPONSORED ADR | Common stock | | 4,748 |
| TECK COMINCO LTD CL B SUB VTG | Common stock | | 740 |
| TELLABS INC | Common stock | | 163,453 |
| TEREX CORP NEW | Common stock | | 831 |
| TERRA INDS INC | Common stock | | 3,535 |

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|---------------------------------------|--------------|-----------|-----------|
| TESORO PETE CORP | Common stock | | 82,075 |
| TEVA PHARMACEUTICAL INDS LTD | Common stock | 3,934,360 | 3,960,145 |
| TEVA PHARMACEUTICAL INDS LTD ADR | Common stock | | 2,980 |
| TEXAS INSTRS INC | Common stock | 1,387,912 | 760,607 |
| THE STEAK N SHAKE COMPANY | Common stock | | 13,816 |
| THERAGENICS CORP | Common stock | | 1,170 |
| THORNBURG MTG INC COM NEW | Common stock | | 2 |
| THRESHOLD PHARMACEUTICALS INC COM NEW | Common stock | | 29 |
| TICKETMASTER ENTMT INC COM | Common stock | | 77 |
| TIME WARNER CABLE INC | Common stock | 505,154 | 517,135 |
| TIME WARNER INC N/C FROM 00184A105 | Common stock | | 14,839 |
| TIME WARNER INC NEW | Common stock | 1,408,329 | 1,002,943 |
| TIME WARNER INC NEW | Common stock | 1,296,871 | 867,759 |
| TITANIUM METALS CORP COM NEW | Common stock | | 5,286 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|---|--------------|---------|---------|
| TJX COMPANIES INC | Common stock | | 6,171 |
| TJX COS INC NEW | Common stock | 311,848 | 325,193 |
| TONGJITANG CHINESE MEDICINES CO SPONSORED ADR | Common stock | | 3,000 |
| TORO CO | Common stock | | 8,323 |
| TOUSA INC | Common stock | | 40 |
| TOYOTA MTR CO | Common stock | 289,945 | 193,978 |
| TOYOTA MTRS CORP SPON ADR | Common stock | | 13,088 |
| TPTX INC COM | Common stock | | 3 |
| TRANSCANADA CORP | Common stock | | 5,374 |
| TRANSGLOBE ENERGY CORP | Common stock | | 988 |
| TRANSMERIDIAN EXPL INC | Common stock | | 5 |
| TRANSOCEAN LTD ZUG NAMEN -AKT | Common stock | | 29,215 |
| TRANSWITCH CORP | Common stock | | 2,240 |
| TRAVELERS COS INC | Common stock | 953,334 | 973,603 |
| TRAVELERS COS INC COM | Common stock | | 1,040 |
| TREE COM INC COM | Common stock | | 5 |
| TRI CONTINENTAL CORP COM | Common stock | | 4,598 |
| TRI ISTHMUS GROUP INC COM N/C FROM 92908B303 | Common stock | | 4 |
| TRIMEDYNE INC | Common stock | | 1,250 |
| TRINITY INDS INC DEL FRMLY TEXAS | Common stock | | 788 |
| TRONOX INC COM CL B | Common stock | | 2 |
| TRUEBLUE INC COM N/C FROM 505401208 | Common stock | | 957 |
| TURKCELL ILETISIM HIZMETLERI A.S. SPON ADR NEW | Common stock | | 751 |
| TURKISH INVT FD INC | Common stock | | 11,800 |
| TYCO ELECTRONICS LTD SHS | Common stock | | 357 |
| TYCO INTERNATIONAL LTD BERMUDA | Common stock | 720,321 | 302,527 |
| TYCO INTERNATIONAL LTD BERMUDA SHS | Common stock | | 475 |
| TYSON FOODS INC (DEL) | Common stock | 236,456 | 140,219 |
| TYSON FOODS INC CL A | Common stock | | 1,752 |
| U S AWYS GROUP INC COM | Common stock | | 3,865 |
| U S SHIPPING PARTNER L P COM UNIT | Common stock | | 88 |
| UBS AG SHS NEW | Common stock | | 2,401 |
| ULTRA PETROLEUM CORP | Common stock | | 4,140 |
| UMPQUA HOLDINGS CORP | Common stock | | 2,170 |
| UNDER ARMOUR INC CL A | Common stock | | 12,634 |
| UNILEVER N V | Common stock | 641,170 | 531,229 |
| UNION PAC CORP | Common stock | 203,418 | 153,495 |
| UNITED PARCEL SVC INC CL B | Common stock | | 8,873 |
| UNITED RENTALS INC | Common stock | | 18,239 |
| UNITED STATES STEEL CORP | Common stock | | 7,439 |

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|--------------------------------------|--------------|---------|---------|
| UNITED TECHNOLOGIES CORP | Common stock | | 5,359 |
| UNITEDHEALTH GROUP INC | Common stock | | 20,029 |
| UNIVERSAL DISPLAY CORP | Common stock | | 2,173 |
| UNUM GROUP | Common stock | 416,849 | 417,181 |
| URANERZ ENERGY CORP COM | Common stock | | 278 |
| URANIUM ONE INC | Common stock | | 166 |
| US BANCORP DEL COM NEW | Common stock | | 5,427 |
| US GLOBAL INVESTORS INC CL A | Common stock | | 5,378 |
| USEC INC | Common stock | | 3,591 |
| USG CORP COM NEW | Common stock | | 2,009 |
| VALERO ENERGY CORP | Common stock | | 73,757 |
| VANDA PHARMACEUTICALS INC COM | Common stock | | 499 |
| VARIAN SEMICONDUCTOR EQUIP ASSOC INC | Common stock | | 833 |
| VASCO DATA SECURITY INTL | Common stock | | 350 |
| VASO ACTIVE PHARMACEUTICALS INC CL A | Common stock | | 99 |
| VEOLIA ENVIRONNEMENT SPON ADR | Common stock | | 4,756 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|---|--------------|-----------|-----------|
| VERASUN ENERGY CORP COM | Common stock | | 54 |
| VERENIUM CORP | Common stock | | 219 |
| VERIFONE HLDGS INC COM | Common stock | | 489 |
| VERISIGN INC | Common stock | | 191 |
| VERIZON COMMUNICATIONS | Common stock | 568,853 | 545,977 |
| VERIZON COMMUNICATIONS | Common stock | | 44,478 |
| VERMILLION INC COM NEW | Common stock | | 6,620 |
| VERTEX PHARMACEUTCLS INC | Common stock | | 15,797 |
| VIA NET WORKS INC | Common stock | | 734 |
| VIA PHARMACEUTICALS INC | Common stock | | 2 |
| VIRAGEN INC COM NEW | Common stock | | (1) |
| VIREXX MED CORP | Common stock | | 5 |
| VIROPHARMA INC | Common stock | | 1,302 |
| VISA INC | Common stock | 358,629 | 352,405 |
| VISA INC COM CL A | Common stock | | 33,518 |
| VISIONCHINA MEDIA INC SPONSORED ADR | Common stock | | 5,460 |
| VISTA GOLD CORP REORGANIZATION SHS | Common stock | | 11,200 |
| VMWARE INC CL A COM | Common stock | | 11,134 |
| VODAFONE GROUP PLC NEW | Common stock | 399,997 | 270,628 |
| VULCAN MATERIALS CO | Common stock | | 2,435 |
| WACHOVIA CORP 2ND NEW | Common stock | | 19,565 |
| WAL MART STORES INC | Common stock | 3,369,695 | 3,392,707 |
| WAL MART STORES INC | Common stock | | 32,916 |
| WALGREEN COMPANY | Common stock | | 82,177 |
| WASHINGTON MUTUAL INC | Common stock | | 553 |
| WASHINGTON POST CO | Common stock | 1,353,283 | 698,310 |
| WASTE MANAGEMENT INC of DELWARE | Common stock | | 2,496 |
| WAYTRONX INC COM N/C FROM 68283P109 | Common stock | | 50 |
| WEINGARTEN RLTY INVS SH BEN INT | Common stock | | 10,345 |
| WELLCARE HEALTH PLANS INC FORMERLY | Common stock | | 1,929 |
| WELLCARE GROUP INC | | | |
| WELLS FARGO & CO NEW | Common stock | | 35,845 |
| WESCO INTERNATIONAL INC | Common stock | | 577 |
| WESTELL TECHNOLOGIES INC CL A | Common stock | | 265 |
| WESTERN CAP RES INC COM N/C FROM 917276205 | Common stock | | 6 |
| WESTERN DIGITAL CORP | Common stock | 1,190,848 | 460,455 |
| WESTERN DIGITAL CORP | Common stock | | 8,588 |
| WESTERN PAC MINERALS LTD | Common stock | | |
| WESTERN SIZZLIN CORP DEL COM NEW | Common stock | | 11,461 |
| WESTERN UNION CO COM | Common stock | | 1,434 |
| WHOLE FOODS MKT INC | Common stock | | 12,673 |
| WILLBROS GROUP INC | Common stock | | 1,355 |

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| | | | |
|--|--------------|-----------|---------|
| WIMM BILL DANN FOODS OJSC SPONS ADR | Common stock | | 658 |
| WINTHROP RLTY TR SH BEN INT NEW | Common stock | | 15,740 |
| WMS INDS INC | Common stock | | 2,018 |
| WUXI PHARMATECH CAYMAN INC SPONSORED ADR REPSTG ORD SHS | Common stock | | 3,196 |
| WYETH | Common stock | 540,637 | 478,106 |
| WYNDHAM WORLDWIDE CORP COM | Common stock | | 672 |
| XILINX INC | Common stock | | 24,146 |
| XINYUAN REAL ESTATE CO LTD SPONSORED ADR | Common stock | | 366 |
| XL CAPITAL LTD | Common stock | 1,263,626 | 100,902 |
| XOMA LTD | Common stock | | 4,835 |
| XTO ENERGY INC | Common stock | 731,126 | 700,469 |
| XTO ENERGY INC N/C FROM 227573102 | Common stock | | 35,806 |
| YAHOO INC | Common stock | | 25,498 |
| YAMANA GOLD INC | Common stock | | 18,161 |
| YINGLI GREEN ENERGY HLDG CO LTD ADR | Common stock | | 61,000 |
| YTB INTL INC CL A | Common stock | | 380 |
| YUM! BRANDS INC | Common stock | | 50,300 |
| ZAP COM NEW | Common stock | | 1,036 |
| ZIMMER HOLDINGS INC | Common stock | | 40 |
| ZION OIL & GAS INC COM ISSUE | Common stock | | 3,414 |
| ZOLTEK COS INC | Common stock | | 17,979 |

Common Stock

\$ 340,479,494

Baxter International Inc. and Subsidiaries**Incentive Investment Plan**

Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008

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

| | | | |
|--------------------------|--------------------|-----------|-----------|
| FED HM LN PC POOL A37176 | 5% 01 SEP 2035 | 900,085 | 933,102 |
| FED HM LN PC POOL A46049 | 5% 01 JUL 2035 | 813,490 | 869,052 |
| FED HM LN PC POOL C48827 | 6% 01 MAR 2031 | 25,212 | 26,112 |
| FED HM LN PC POOL G01843 | 6% 01 JUN 2035 | 942,625 | 951,076 |
| FED HM LN PC POOL G12334 | 5% 01 SEP 2021 | 1,248,462 | 1,306,868 |
| FEDERAL HOME LN MTG | 5% 15 JAN 2030 | 260,224 | 270,775 |
| FEDERAL HOME LN MTG CORP | 5% 15 DEC 2023 | 66,432 | 68,227 |
| FEDERAL HOME LN MTG CORP | 5% 15 MAR 2019 | 223,452 | 232,888 |
| FEDERAL HOME LN MTG CORP | 5% 15 SEP 2018 | 111,624 | 114,969 |
| FNMA POOL 256398 | 6% 01 SEP 2021 | 130,674 | 134,570 |
| FNMA POOL 323887 | 6% 01 DEC 2013 | 89,264 | 90,539 |
| FNMA POOL 581043 | 6% 01 MAY 2016 | 41,470 | 42,365 |
| FNMA POOL 615005 | 6% 01 DEC 2016 | 69,530 | 71,020 |
| FNMA POOL 694448 | 5.5% 01 APR 2033 | 741,689 | 754,455 |
| FNMA POOL 725690 | 6% 01 AUG 2034 | 481,293 | 484,541 |
| FNMA POOL 745418 | 5.5% 01 APR 2036 | 1,937,093 | 1,960,609 |
| FNMA POOL 745515 | 5% 01 MAY 2036 | 670,802 | 716,698 |
| FNMA POOL 748115 | 6% 01 OCT 2033 | 156,681 | 157,534 |
| FNMA POOL 815316 | 5.5% 01 MAY 2035 | 716,949 | 728,587 |
| FNMA POOL 821890 | 5% 01 JUN 2035 | 447,590 | 477,649 |
| FNMA POOL 822979 | 5.5% 01 APR 2035 | 727,479 | 739,214 |
| FNMA POOL 885504 | 6% 01 JUN 2021 | 265,695 | 274,827 |
| FNMA POOL 888102 | 5.5% 01 MAY 2036 | 47,831 | 48,404 |
| FNMA POOL 888129 | 5.5% 01 FEB 2037 | 262,046 | 268,213 |
| FNMA POOL 888131 | 5.5% 01 FEB 2037 | 487,914 | 499,396 |
| FNMA POOL 898832 | 5.5% 01 NOV 2036 | 571,230 | 598,030 |
| FNMA POOL 902793 | 6.5% 01 NOV 2036 | 600,595 | 612,279 |
| UNITED STATES TREAS NTS | 3.125% 31 AUG 2013 | 193,567 | 207,585 |
| US TREASURY SECURITY | 2.625% 15 JUL 2017 | 1,266,746 | 1,189,714 |

U.S Government and Government Agency Issues

\$ 14,829,298

Corporate and Other Obligations:

| | | | |
|-------------------------------|--------------------|---------|---------|
| ABU DHABI NATL ENERGY CO PJSC | 7.25% 01 AUG 2018 | 315,455 | 271,211 |
| AES CORP | 8% 15 OCT 2017 | 167,845 | 137,633 |
| AES CORP | 7.75% 15 OCT 2015 | 148,099 | 124,403 |
| AGILENT TECHNOLOGIES INC | 6.5% 01 NOV 2017 | 457,270 | 315,591 |
| ALBERTSONS INC | 6.625% 01 JUN 2028 | 20,091 | 13,082 |

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| | | | |
|-------------------------------|----------------------|-----------|---------|
| ALLTEL CORP | 7.875% 01 JUL 2032 | 284,787 | 317,672 |
| ALTERNATIVE LN TR | 6.5% 25 JUN 2036 | 649,615 | 317,843 |
| ALTRIA GROUP INC | 9.95% 10 NOV 2038 | 434,118 | 483,755 |
| AMERICAN GEN FIN CORP | 6.9% 15 DEC 2017 | 1,191,138 | 559,798 |
| AMERICAN GEN FIN CORP MTN | 6.5% 15 SEP 2017 | 125,027 | 65,050 |
| ANHEUSER BUSCH COS INC | 6.5% 01 MAY 2042 | 10,889 | 12,234 |
| ANHEUSER BUSCH COS INC | 4.95% 15 JAN 2014 | 16,967 | 18,122 |
| ANHEUSER BUSCH COS INC | 6.45% 01 SEP 2037 | 38,049 | 44,457 |
| APACHE CORP | 6% 15 JAN 2037 | 14,045 | 19,148 |
| AT+T CORP | 6.5% 15 MAR 2029 | 19,751 | 19,126 |
| BA CR CARD TR | 0.85125% 15 JAN 2016 | 66,546 | 28,373 |
| BA CR CARD TR | 0.74125% 15 JUN 2014 | 83,442 | 52,326 |
| * BANK CORP AMER | 4.75% 15 AUG 2013 | 210,689 | 197,818 |
| BANK ONE ISSUANCE TR | 4.77% 16 FEB 2016 | 89,569 | 50,452 |
| BEAR STEARNS COS INC | 5.3% 30 OCT 2015 | 550,331 | 546,196 |
| BEAR STEARNS COS INC MED TERM | 6.95% 10 AUG 2012 | 246,404 | 251,226 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|---|----------------------|---------|---------|
| BELL CANADA | 6.1% 16 MAR 2035 | 137,983 | 103,736 |
| BELL CDA | 7.3% 23 FEB 2032 | 90,555 | 64,770 |
| BELL CDA MEDIUM TERM NTS CDS | 6.55% 01 MAY 2029 | 65,480 | 48,119 |
| CAPITAL ONE MULTI ASS EXE TR | 0.49125% 20 JUN 2012 | 95,980 | 56,778 |
| CAPITAL ONE MULTI ASSET EXECUT CD | 0.53125% 15 SEP 2015 | 244,363 | 229,545 |
| CD | 5.322% 11 DEC 2049 | 545,708 | 372,859 |
| CD MTG TR | 5.617% 15 OCT 2048 | 987,282 | 782,491 |
| CHESAPEAKE ENERGY CORP | 6.5% 15 AUG 2017 | 13,919 | 11,330 |
| CIA PARANAENSE DE ENERGIA SPONS ADR REPSTG | PFD CL B NON VTG | | 10,540 |
| CIT EQUIP COLL | 6.59% 22 DEC 2014 | 330,677 | 311,994 |
| CIT GROUP INC | 4.75% 15 DEC 2010 | 63,868 | 65,183 |
| CIT GROUP INC MT SR NTS 1 CH | 5.8% 01 OCT 2036 | 55,814 | 52,819 |
| CIT GROUP INC NEW | 5% 13 FEB 2014 | 8,092 | 7,176 |
| CIT GROUP INC NEW | 5.125% 30 SEP 2014 | 8,797 | 7,752 |
| CIT GROUP INC NEW | 5.6% 27 APR 2011 | 91,450 | 79,191 |
| CIT GROUP INC NEW | 5.85% 15 SEP 2016 | 29,334 | 21,551 |
| CIT GROUP INC NEW | 5% 01 FEB 2015 | 23,079 | 20,157 |
| CIT GROUP INC NEW | 5.4% 30 JAN 2016 | 11,192 | 9,624 |
| CIT GROUP INC NEW | 5.4% 13 FEB 2012 | 4,097 | 3,983 |
| CIT GROUP INC NEW | 12% 18 DEC 2018 | 735,558 | 566,380 |
| CIT GROUP INC REORGANIZED | 5.65% 13 FEB 2017 | 43,520 | 35,700 |
| CIT GROUP INC REORGANIZED AS | 7.625% 30 NOV 2012 | 257,026 | 219,203 |
| CITIBANK CR CARD ISSUANCE TR | 1% 20 JUN 2014 | 599,953 | 402,181 |
| CITIGROUP | 5.205% 11 DEC 2049 | 337,367 | 253,958 |
| CITIGROUP INC | 5% 15 SEP 2014 | 556,911 | 508,034 |
| CITIZENS COMMUNICATIONS CO | 7.875% 15 JAN 2027 | 286,325 | 166,068 |
| COLONIAL BANCGROUP INC DELAWARE | 8.875% 03/15/2038 | | 13,751 |
| COLORADO INTST GAS CO | 5.95% 15 MAR 2015 | 19,234 | 17,258 |
| COLORADO INTST GAS CO | 6.8% 15 NOV 2015 | 15,239 | 12,759 |
| COLUMBIA / HCA HEALTHCARE CORP | 7.58% 15 SEP 2025 | 7,548 | 4,561 |
| COLUMBIA HEALTHCARE CORP | 7.5% 15 DEC 2023 | 19,061 | 11,592 |
| COLUMBIA/HCA HEALTHCARE CORP | 7.69% 15 JUN 2025 | 34,277 | 20,858 |
| COMCAST CORP NEW | 5.65% 15 JUN 2035 | 76,432 | 78,121 |
| COMCAST CORP NEW | 6.45% 15 MAR 2037 | 90,665 | 93,338 |
| COMCAST CORP NEW | 6.4% 15 MAY 2038 | 172,737 | 187,154 |
| COMCAST CORP NEW | 6.95% 15 AUG 2037 | 911,359 | 961,728 |
| CORNING INC | 6.85% 01 MAR 2029 | 15,321 | 11,443 |
| CORNING INC | 7.25% 15 AUG 2036 | 59,237 | 47,723 |
| COVIDIEN INTL FIN S A | 6% 15 OCT 2017 | 327,553 | 323,369 |
| CREDIT SUISSE N Y | 6% 15 FEB 2018 | 413,313 | 380,808 |
| CSC HLDGS INC | 7.875% 15 FEB 2018 | 151,681 | 120,133 |
| CSC HLDGS INC | 7.625% 01 APR 2011 | 85,077 | 79,097 |

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|-------------------------------|----------------------|---------|---------|
| D R HORTON INC | 5.25% 15 FEB 2015 | 12,644 | 9,330 |
| DELHAIZE GROUP SA | 6.5% 15 JUN 2017 | 394,056 | 358,595 |
| DELTA AIR LINES INC | 6.821% 10 AUG 2022 | 265,973 | 158,254 |
| DISCOVER CARD | 0.50125% 16 APR 2012 | 262,402 | 221,481 |
| DISCOVER CARD EXECUTION NT TR | 3.14% 15 JUN 2015 | 604,387 | 488,822 |
| DUKE ENERGY CO | 6.25% 15 JAN 2012 | 31,365 | 30,691 |
| DYNEGY HOLDINGS INC | 7.75% 01 JUN 2019 | 37,605 | 27,250 |
| EMBARQ CORP | 7.995% 01 JUN 2036 | 970,810 | 646,452 |
| ENEL FIN INTL S A | 6.25% 15 SEP 2017 | 426,704 | 361,016 |
| ENEL FIN INTL S A | 6.8% 15 SEP 2037 | 178,035 | 181,937 |
| ENRON CAP RES L P PFD SER A | 9% MIP | | 1 |
| EQUIFAX INC | 7% 01 JUL 2037 | 192,070 | 120,462 |
| ERAC USA FIN CO | 6.375% 15 OCT 2017 | 734,503 | 513,912 |
| ERAC USA FIN CO | 7% 15 OCT 2037 | 8,244 | 5,438 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|-------------------------------|----------------------|---------|---------|
| EUROFIMA | 11% 05 FEB 2010 | 146,849 | 91,268 |
| EUROPEAN INVESTMENT BANK | 0% 24 APR 2013 | 175,911 | 144,342 |
| FORD MTR CO DEL | 6.5% 01 AUG 2018 | 3,912 | 1,185 |
| FORD MTR CO DEL | 6.625% 01 OCT 2028 | 14,754 | 4,344 |
| FORD MTR CO DEL | 7.45% 16 JUL 2031 | 430,573 | 153,431 |
| FORD MTR CR CO | 7.25% 25 OCT 2011 | 303,430 | 234,407 |
| FORD MTR CR CO | 7% 01 OCT 2013 | 302,412 | 231,938 |
| FORD MTR CR CO | 8% 15 DEC 2016 | 132,202 | 86,820 |
| GEN ELEC CP CORP | 3.485% 08 MAR 2012 | 777,269 | 745,024 |
| GENERAL ELEC CAP CORP | 2.96% 18 MAY 2012 | 194,506 | 207,037 |
| GENERAL MTRS ACCEP CORP | 7.25% 02 MAR 2011 | 38,395 | 37,758 |
| GENERAL MTRS ACCEP CORP | 6.875% 15 SEP 2011 | 79,110 | 71,944 |
| GENERAL MTRS ACCEP CORP | 8% 01 NOV 2031 | 21,837 | 14,442 |
| GENERAL MTRS ACCEP CORP | 6.875% 28 AUG 2012 | 104,052 | 86,845 |
| GENERAL MTRS ACCEP CORP | 6.75% 01 DEC 2014 | 243,620 | 188,995 |
| GEORGIA PAC CORP | 7.375% 01 DEC 2025 | 107,638 | 75,827 |
| GEORGIA PAC CORP | 7.25% 01 JUN 2028 | 165,492 | 111,420 |
| GEORGIA PAC CORP | 7.75% 15 NOV 2029 | 263,984 | 177,274 |
| GEORGIA PAC CORP | 8.875% 15 MAY 2031 | 5,319 | 3,406 |
| GEORGIA PAC CORP | 8% 15 JAN 2024 | 9,978 | 6,664 |
| GMAC LLC | 6% 15 DEC 2011 | 270,034 | 238,811 |
| GMAC LLC | 6.625% 15 MAY 2012 | 166,402 | 144,579 |
| GOLDMAN SACHS GROUP | 5.95% 18 JAN 2018 | 443,666 | 421,270 |
| GOLDMAN SACHS GROUP INC | 6.125% 15 FEB 2033 | 21,919 | 27,003 |
| GOLDMAN SACHS GROUP INC | 4.75% 15 JUL 2013 | 28,629 | 26,618 |
| GOLDMAN SACHS GROUP INC | 5.125% 15 JAN 2015 | 270,866 | 253,634 |
| GOLDMAN SACHS GROUP INC | 5.625% 15 JAN 2017 | 298,347 | 267,180 |
| GOLDMAN SACHS GROUP INC | 6.75% 01 OCT 2037 | 333,132 | 316,624 |
| GOLDMAN SACHS GROUP INC | 5.15% 15 JAN 2014 | 100,011 | 93,368 |
| HCA INC FORMERLY HCA | 6.5% 15 FEB 2016 | 248,780 | 176,090 |
| HKCG FIN LTD | 6.25% 07 AUG 2018 | 279,472 | 294,753 |
| HOME DEPOT INC | 5.4% 01 MAR 2016 | 31,055 | 30,925 |
| HOME DEPOT INC | 5.875% 16 DEC 2036 | 522,463 | 481,530 |
| HOSPIRA INC | 6.05% 30 MAR 2017 | 167,580 | 136,327 |
| ICICI BANK LIMITED | 6.375% 30 APR 2022 | 241,407 | 127,022 |
| INDYMAC INDX MTG LN 2006 AR25 | 6.40071% 25 SEP 2036 | 120,305 | 55,837 |
| INGERSOLL RAND GLOBAL HLDG CO | 6.875% 15 AUG 2018 | 172,535 | 165,235 |
| INTERNATIONAL BUSINESS MACHS | 4.25% 15 SEP 2009 | 350,351 | 360,491 |
| INTERNATIONAL LEASE FIN CORP | 3.5% 01 APR 2009 | 14,157 | 14,062 |
| INTERNATIONAL PAPER CO | 7.95% 15 JUN 2018 | 221,133 | 175,577 |
| INTL LEASE FIN CORP MTN | 5.75% 15 JUN 2011 | 133,117 | 97,206 |
| INTL LEASE FIN CORP MTN | 5.45% 24 MAR 2011 | 57,154 | 42,045 |
| JC PENNEY CORPORATION INC | 6.375% 15 OCT 2036 | 150,135 | 95,620 |

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| | | | |
|-------------------------------|--------------------------|-----------|---------|
| | 6.065278% 15 APR 2045 | 72,364 | 94,518 |
| JP MORGAN CHASE COML MTG SECS | | | |
| JP MORGAN CHASE COML MTG SECS | 5.42% 15 JAN 2049 | 1,379,186 | 970,280 |
| KRAFT FOODS INC | 6.5% 01 NOV 2031 | 55,507 | 61,594 |
| KRAFT FOODS INC | 6.5% 11 AUG 2017 | 323,908 | 327,493 |
| KREDITANST FUR WIE | 10.75% 01 FEB 2010 | 15,351 | 9,614 |
| LB UBS COML MTG TR | 4.647% 16 DEC 2011 | 491,163 | 427,639 |
| LB UBS COML MTG TR | 5.661% 15 MAR 2039 | 381,997 | 309,618 |
| LENNAR CORP | 5.5% 01 SEP 2014 | 59,989 | 43,541 |
| MANDALAY RESORT GROUP | 6.375% 15 DEC 2011 | 256,748 | 186,605 |
| | 0.81625% 16 AUG 2021 | 210,930 | 128,341 |
| MBNA CR CARD MASTER NT TR | | | |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|----------------------------|--------------------|---------|---------|
| MERRILL LYNCH + CO INC | 6.05% 15 AUG 2012 | 408,777 | 413,982 |
| MERRILL LYNCH + CO INC | 6.4% 28 AUG 2017 | 359,201 | 351,155 |
| MERRILL LYNCH + CO INC | 5.45% 05 FEB 2013 | 17,992 | 18,981 |
| MERRILL LYNCH + CO INC | 6.875% 25 APR 2018 | 335,402 | 351,142 |
| MERRILL LYNCH CO INC | 6.11% 29 JAN 2037 | 137,036 | 150,881 |
| | 4.484376% 25 FEB | 303,208 | 181,351 |
| MERRILL LYNCH MTG INVS INC | 2035 | | |
| MEXICO(UTD MEX ST) | 8% 17 DEC 2015 | 126,005 | 100,231 |
| ML CFC COML MGT | 5.172% 12 DEC 2049 | 97,863 | 129,951 |
| ML CFC COML MTG TR | 5.485% 12 MAR 2051 | 14,258 | 16,994 |
| MORGAN STANLEY | 5.45% 09 JAN 2017 | 113,345 | 113,937 |
| MORGAN STANLEY | 5.375% 15 OCT 2015 | 160,531 | 140,233 |
| MORGAN STANLEY | 4.75% 01 APR 2014 | 600,121 | 485,190 |
| | 5.588322% 25 JUL | 214,152 | 156,857 |
| MORGAN STANLEY CAP I INC | 2035 | | |
| MORGAN STANLEY GROUP INC | 5.55% 27 APR 2017 | 528,162 | 448,426 |
| NEWMONT MNG CORP | 5.875% 01 APR 2035 | 100,361 | 69,833 |
| NEWS AMER INC | 6.15% 01 MAR 2037 | 380,599 | 368,481 |
| NEXTEL COMMUNICATIONS | 7.375% 01 AUG 2015 | 285,516 | 180,385 |
| NEXTEL COMMUNICATIONS INC | 6.875% 31 OCT 2013 | 108,433 | 69,236 |
| NEXTEL COMMUNICATIONS INC | 5.95% 15 MAR 2014 | 132,968 | 89,156 |
| OWENS CORNING NEW | 7% 01 DEC 2036 | 96,781 | 63,601 |
| PENNEY J C INC MEDIUM TERM | 6.875% 15 OCT 2015 | 103,342 | 78,630 |
| PEPSICO INC | 7.9% 01 NOV 2018 | 73,870 | 90,759 |
| PETROBRAS INTL FIN CO | 5.875% 01 MAR 2018 | 903,883 | 816,648 |
| PETROPLUS FIN LTD | 6.75% 01 MAY 2014 | 74,049 | 47,021 |
| PETROPLUS FIN LTD | 7% 01 MAY 2017 | 74,049 | 45,170 |
| PROLOGIS CUM | PFD SER G 6.75% | | 264 |
| QWEST CORP | 6.5% 01 JUN 2017 | 885,676 | 661,991 |
| RAILI TR | 5.75% 25 SEP 2021 | 624,462 | 416,903 |
| RALI SER 2006 QS6 TR | 6% 25 JUN 2021 | 310,941 | 236,321 |
| REYNOLDS AMERN INC | 7.25% 15 JUN 2037 | 431,856 | 308,441 |
| RIO TINTO FIN USA LTD | 6.5% 15 JUL 2018 | 322,986 | 238,880 |
| SHELL INTL FIN B V | 6.375% 15 DEC 2038 | 412,475 | 466,507 |
| SLM CORP | 5.375% 15 MAY 2014 | 85,909 | 66,632 |
| SLM CORP | 5.375% 15 JAN 2013 | 13,366 | 10,858 |
| SLM CORP | 5% 01 OCT 2013 | 158,813 | 127,161 |
| SLM CORP | 8.45% 15 JUN 2018 | 672,674 | 542,518 |
| SLM CORP MEDIUM TERM NTS | 5.625% 01 AUG 2033 | 108,919 | 80,859 |
| SLM CORP MTN | 5.05% 14 NOV 2014 | 138,759 | 105,129 |
| SLM CORP MTN | 5% 15 APR 2015 | 215,531 | 162,856 |
| SLM CORP MTN | 5% 15 JUN 2018 | 103,942 | 84,717 |
| SOUTHERN NAT GAS CO | 7.35% 15 FEB 2031 | 223,098 | 180,347 |

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| | | | |
|----------------------------|--------------------|-----------|---------|
| SPRINT CAP CORP | 6.875% 15 NOV 2028 | 1,056,739 | 643,318 |
| SPRINT CAP CORP | 6.9% 01 MAY 2019 | 155,742 | 129,685 |
| STANDARD CHARTERED BK | 6.4% 26 SEP 2017 | 118,220 | 102,189 |
| TALISMAN ENERGY INC | 5.85% 01 FEB 2037 | 48,015 | 44,640 |
| TALISMAN ENERGY INC | 6.25% 01 FEB 2038 | 121,445 | 107,533 |
| TELECOM ITALIA CAP | 5.25% 15 NOV 2013 | 15,452 | 15,057 |
| TELECOM ITALIA CAP | 6.375% 15 NOV 2033 | 148,110 | 107,125 |
| TELECOM ITALIA CAP | 6% 30 SEP 2034 | 53,792 | 40,875 |
| TELECOM ITALIA CAP | 7.2% 18 JUL 2036 | 216,090 | 158,890 |
| TELEFONICA EMISIONES S A U | 7.045% 20 JUN 2036 | 240,987 | 274,813 |
| TELUS CORP | 4.95% 15 MAR 2017 | 247,232 | 202,045 |
| TENNESSEE GAS PIPELINE CO | 7% 15 OCT 2028 | 53,980 | 41,549 |
| TIME WARNER CABLE INC | 5.85% 01 MAY 2017 | 76,713 | 81,178 |
| TIME WARNER CABLE INC | 6.55% 01 MAY 2037 | 147,101 | 141,898 |
| TIME WARNER INC | 6.625% 15 MAY 2029 | 512,177 | 429,022 |
| UNITED STS STL CORP NEW | 6.65% 01 JUN 2037 | 283,161 | 148,643 |
| UNITED TECHNOLOGIES CORP | 6.125% 01 FEB 2019 | 295,718 | 316,900 |
| USG CORP | 1% 15 JAN 2018 | 413,929 | 265,406 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--------------------------------|----------------------|---------|-----------|
| VALE OVERSEAS LTD | 6.875% 21 NOV 2036 | 166,467 | 152,353 |
| VALERO ENERGY CORP | 6.625% 15 JUN 2037 | 546,412 | 403,031 |
| VERIZON COMMUNICATIONS INC | 8.75% 01 NOV 2018 | 260,171 | 306,964 |
| VERIZON WIRELESS CAP | 8.5% 15 NOV 2018 | 229,551 | 271,855 |
| VODAFONE GROUP | 6.15% 27 FEB 2037 | 320,753 | 322,049 |
| WACHOVIA BK NATL ASSN MEDIUM | 6.6% 15 JAN 2038 | 970,494 | 1,055,191 |
| WACHOVIA CORP | 5.75% 01 FEB 2018 | 132,719 | 133,554 |
| WAMU MTG PASS THROUGH CTFS | 1% 25 AUG 2035 | 226,659 | 135,442 |
| WASHINGTON MUT MTG SECS CORP | 4.63564% 25 MAR 2035 | 150,185 | 100,830 |
| WELLS FARGO MTG BACKED SECS TR | 1% 25 SEP 2036 | 760,104 | 449,991 |
| WELLS FARGO MTG BKD SECS | 1% 25 OCT 2035 | 668,241 | 432,803 |
| WESTERN UN CO | 5.93% 01 OCT 2016 | 246,738 | 210,946 |
| XEROX CORP | 6.4% 15 MAR 2016 | 331,722 | 268,000 |

| | | | |
|---------------------------------|--|--|---------------|
| Corporate and Other Obligations | | | \$ 39,195,637 |
|---------------------------------|--|--|---------------|

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

| | | | |
|--------------------------------|----------------------------|-------------|-------------|
| CREDIT SUISSE SEC (USD) LLC | U.S. Dollar Collateral | (2,596,642) | (2,596,643) |
| J P MORGAN TERM REPO | U.S. Dollar Collateral | 678,863 | 678,862 |
| J P MORGAN TERM REPO | U.S. Dollar Collateral | 6,271,136 | 6,271,135 |
| J P MORGAN TERM REPO | U.S. Dollar Collateral | 2,989,568 | 2,989,567 |
| J P MORGAN TERM REPO | U.S. Dollar Collateral | 9,798,650 | 9,798,649 |
| JENNSION FIXED INCOME FUND | Short-Term Investment Fund | 1,054,885 | 1,054,884 |
| * STATE STREET BANK & TRUST CO | Short-Term Investment Fund | 1,910,024 | 1,910,023 |
| * STATE STREET BANK + TRUST CO | Short-Term Investment Fund | 12,170,729 | 12,170,729 |
| * STATE STREET BANK + TRUST CO | Short-Term Investment Fund | 5,901,880 | 5,901,880 |
| * STATE STREET BANK + TRUST CO | Short-Term Investment Fund | 3,058,219 | 3,058,219 |
| SWAP BARCLAYS BOC | U.S. Dollar Collateral | (489,933) | (489,933) |
| SWAP CSFB COC | U.S. Dollar Collateral | 1,117,046 | 1,117,046 |
| SWAP DEUTSCHE COC | U.S. Dollar Collateral | 274,362 | 274,362 |
| SWAP MORGAN STANLEY COC | U.S. Dollar Collateral | 2,547,649 | 2,547,649 |
| SWAP RBOS COC | U.S. Dollar Collateral | 1,714,764 | 1,714,764 |

46,401,193

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008****U.S. Government and Government Agency Issues**

| | | | |
|--------------------------------|---------------------|-----------|-----------|
| CREDIT SUISSE FIRST BOSTON MTG | 1% 25 JAN 2036 | 43,825 | 41,331 |
| FANNIE MAE | 5.375% 12 JUN 2017 | 2,755,092 | 3,033,699 |
| FANNIE MAE | 5.375% 12 JUN 2017 | 829,576 | 875,766 |
| FED HM LN PC POOL 1J1214 | 5.351% 01 SEP 2035 | 512,428 | 520,413 |
| FED HM LN PC POOL 1N1417 | 6.005% 01 FEB 2037 | 505,862 | 513,738 |
| FED HM LN PC POOL A34902 | 5.5% 01 MAY 2035 | 1,905,474 | 1,966,491 |
| FED HM LN PC POOL A46675 | 4.5% 01 AUG 2035 | 541,006 | 579,437 |
| FED HM LN PC POOL A47055 | 4.5% 01 SEP 2035 | 664,930 | 713,812 |
| FED HM LN PC POOL B16497 | 5.5% 01 SEP 2019 | 438,668 | 438,531 |
| FED HM LN PC POOL E01343 | 5% 01 APR 2018 | 739,780 | 741,088 |
| FED HM LN PC POOL E01377 | 4.5% 01 MAY 2018 | 1,433,616 | 1,437,688 |
| FED HM LN PC POOL E96852 | 4.5% 01 JUN 2013 | 352,127 | 366,426 |
| FED HM LN PC POOL G01843 | 6% 01 JUN 2035 | 2,295,772 | 2,316,354 |
| FED HM LN PC POOL G01953 | 4.5% 01 OCT 2035 | 776,517 | 830,416 |
| FED HM LN PC POOL G02682 | 7% 01 FEB 2037 | 1,079,855 | 1,097,727 |
| FED HM LN PC POOL G03205 | 5.5% 01 JUL 2035 | 425,618 | 446,078 |
| FED HM LN PC POOL G04121 | 5.5% 01 APR 2038 | 3,088,084 | 3,230,402 |
| FED HM LN PC POOL G04587 | 5.5% 01 AUG 2038 | 937,588 | 990,338 |
| FED HM LN PC POOL G11441 | 4% 01 AUG 2013 | 221,708 | 233,769 |
| FED HM LN PC POOL G12021 | 4% 01 MAY 2014 | 539,370 | 574,541 |
| FED HM LN PC POOL G12022 | 4.5% 01 NOV 2013 | 136,936 | 144,729 |
| FED HM LN PC POOL G12024 | 4.5% 01 AUG 2018 | 883,940 | 958,561 |
| FED HM LN PC POOL G12743 | 5.5% 01 AUG 2022 | 995,383 | 1,024,419 |
| FED HM LN PC POOL G13235 | 4.5% 01 AUG 2020 | 1,168,269 | 1,239,372 |
| FED HM LN PC POOL G18268 | 5% 01 AUG 2023 | 3,503,877 | 3,705,583 |
| FED HM LN PC POOL M80770 | 5% 09 SEP 2009 | 763,944 | 770,787 |
| FED HM LN PC POOL M80790 | 4% 01 OCT 2009 | 241,879 | 246,968 |
| FED HM LN PC POOL M80817 | 4% 01 MAY 2010 | 669,166 | 688,047 |
| FED HM LN PC POOL M80843 | 3.5% 01 SEP 2010 | 67,945 | 70,037 |
| FED HM LN PC POOL M80845 | 4.5% 01 SEP 2010 | 296,777 | 303,880 |
| FED HM LN PC POOL M90952 | 4% 01 OCT 2009 | 90,472 | 89,093 |
| FED HM LN PC POOL M90954 | 4% 01 NOV 2009 | 243,105 | 240,593 |
| FED HM LN PC POOL M90966 | 4% 01 JAN 2010 | 250,131 | 249,090 |
| FEDERAL HOME LN MTG CORP | 5% 15 SEP 2027 | 696,421 | 714,105 |
| FEDERAL HOME LN MTG CORP | 3.0475% 15 FEB 2019 | 1,879,577 | 1,805,934 |
| FEDERAL HOME LN MTG CORP | 6% 15 FEB 2011 | 30,594 | 32,878 |
| FEDERAL HOME LN MTG CORP | 5.125% 17 NOV 2017 | 1,123,720 | 1,196,017 |
| FEDERAL HOME LN MTG CORP | 5.125% 17 NOV 2017 | 2,831,759 | 3,201,618 |
| FEDERAL HOME LN MTG CORP | 4.125% 21 DEC 2012 | 1,509,522 | 1,561,975 |
| FEDERAL HOME LOAD BANK | 5% 17 NOV 2017 | 285,067 | 320,173 |
| FEDERAL HOME LOAN MTG CORP | 5% 15 SEP 2027 | 1,670,238 | 1,733,477 |

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|-----------------------------|----------------------|-----------|-----------|
| FEDERAL HOME LOAN MTG TR | 5% 15 DEC 2027 | 1,740,019 | 1,807,950 |
| FEDERAL NATL MTG ASSN | 5.503% 25 SEP 2011 | 437,996 | 456,647 |
| FEDERAL NATL MTG ASSN | 6.318% 15 JUN 2027 | 1,537,776 | 1,612,143 |
| FEDERAL NATL MTG ASSN | 3.25% 09 APR 2013 | 1,451,787 | 1,541,739 |
| FEDERAL NATL MTG ASSN | 5.139% 25 DEC 2011 | 373,222 | 375,588 |
| FEDERAL NATL MTG ASSN | 4.76878% 25 APR 2012 | 346,557 | 348,580 |
| FEDERAL NATL MTG ASSN | 3.25% 09 APR 2013 | 6,072,227 | 6,366,056 |
| FEDERAL NATL MTG ASSN REMIC | 5.97% 25 MAY 2030 | 2,940,120 | 2,864,413 |
| FEDERAL NATL MTG ASSN REMIC | 5.703% 25 MAY 2011 | 437,581 | 422,470 |
| FEDERAL NATL MTG ASSN REMIC | 6.088% 25 MAY 2011 | 1,096,756 | 1,003,571 |

Baxter International Inc. and Subsidiaries
Incentive Investment Plan

Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008

Schedule I

| | | | |
|--------------------------------|--------------------|-------------|-------------|
| FHLMC TBA JAN 30 GOLD SINGLE | 5.5% 01 DEC 2099 | 6,998,023 | 7,019,818 |
| FHLMC TBA JAN 30 GOLD SINGLE | 5.5% 01 DEC 2099 | 4,081,286 | 4,126,650 |
| FINANCING CORP CPN FICO STRIPS | 0.01% 07 SEP 2009 | 2,084,091 | 2,579,840 |
| FNMA TBA APR 30 SINGLE FAM | 6% 01 DEC 2099 | (28,937) | |
| FNMA TBA DEC 15 SINGLE FAM | 5.5% 01 DEC 2099 | (71) | |
| FNMA TBA DEC 30 SINGLE FAM | 5% 01 DEC 2099 | 2,450 | |
| FNMA TBA DEC 30 SINGLE FAM | 5.5% 01 DEC 2099 | 7,521 | |
| FNMA TBA FEB 30 SINGLE FAM | 4.5% 01 DEC 2099 | 1,985,145 | 1,977,489 |
| FNMA TBA FEB 30 SINGLE FAM | 5% 01 DEC 2099 | 4,952,577 | 4,986,592 |
| FNMA TBA JAN 30 SINGLE FAM | 5% 01 DEC 2099 | 6,411,763 | 6,502,480 |
| FNMA TBA JAN 30 SINGLE FAM | 5.5% 01 DEC 2099 | (3,930,560) | (4,017,447) |
| FNMA TBA JAN 30 SINGLE FAM | 5.5% 01 DEC 2099 | 5,998,023 | 6,026,170 |
| FNMA TBA JAN 30 SINGLE FAM | 5% 01 DEC 2099 | 4,623,383 | 4,671,781 |
| FNMA TBA MAR 30 SINGLE FAM | 6% 01 DEC 2099 | 2,572 | |
| FNMA TBA MAR 30 SINGLE FAM | 4.5% 01 DEC 2099 | 1,110,189 | 1,112,438 |
| FNMA TBA OCT 30 SINGLE FAM | 4.5% 01 DEC 2099 | (4,790) | |
| FNMA TBA OCT 30 SINGLE FAM | 5.5% 01 DEC 2099 | 2,894 | |
| FNMA POOL 125420 | 5.5% 01 MAY 2011 | 9,782 | 10,617 |
| FNMA POOL 254088 | 5.5% 01 DEC 2016 | 109,879 | 115,920 |
| FNMA POOL 254140 | 5.5% 01 JAN 2017 | 324,979 | 340,896 |
| FNMA POOL 254503 | 4% 01 MAY 2010 | 743,667 | 748,609 |
| FNMA POOL 254693 | 0.99% 01 MAR 2033 | 930,209 | 947,906 |
| FNMA POOL 254722 | 5.5% 01 MAY 2018 | 782,200 | 777,847 |
| FNMA POOL 254753 | 4% 01 MAY 2010 | 275,270 | 272,834 |
| FNMA POOL 254836 | 4% 01 JUL 2010 | 592,511 | 607,810 |
| FNMA POOL 255276 | 4% 01 JUN 2011 | 275,918 | 286,684 |
| FNMA POOL 255364 | 6% 01 SEP 2034 | 783,544 | 810,325 |
| FNMA POOL 255765 | 5% 01 JUL 2020 | 253,712 | 266,916 |
| FNMA POOL 256101 | 5.5% 01 FEB 2036 | 2,929,824 | 3,036,390 |
| FNMA POOL 256269 | 5.5% 01 JUN 2036 | 2,554,093 | 2,675,275 |
| FNMA POOL 323348 | 8.5% 01 JUN 2012 | 7,735 | 7,933 |
| FNMA POOL 323586 | 5.5% 01 FEB 2014 | 373,505 | 393,727 |
| FNMA POOL 343347 | 5.5% 01 APR 2011 | 84,200 | 89,442 |
| FNMA POOL 357585 | 4.5% 01 MAY 2011 | 347,353 | 357,124 |
| FNMA POOL 386255 | 3.53% 01 JUL 2010 | 484,331 | 506,102 |
| FNMA POOL 456654 | 5.5% 01 FEB 2014 | 71,022 | 71,000 |
| FNMA POOL 545696 | 6% 01 JUN 2022 | 638,244 | 634,120 |
| FNMA POOL 545904 | 5.5% 01 SEP 2017 | 614,239 | 613,678 |
| FNMA POOL 555541 | 4.613% 01 APR 2033 | 111,324 | 108,923 |
| FNMA POOL 623505 | 6% 01 DEC 2011 | 259,008 | 256,865 |
| FNMA POOL 722999 | 5% 01 JUL 2018 | 1,623,274 | 1,659,807 |
| FNMA POOL 725027 | 5% 01 NOV 2033 | 418,078 | 448,125 |
| FNMA POOL 725222 | 5.5% 01 FEB 2034 | 1,122,541 | 1,138,516 |

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| | | | |
|------------------|------------------|-----------|-----------|
| FNMA POOL 725423 | 5.5% 01 MAY 2034 | 777,712 | 791,710 |
| FNMA POOL 725424 | 5.5% 01 APR 2034 | 409,011 | 416,824 |
| FNMA POOL 725690 | 6% 01 AUG 2034 | 287,076 | 289,014 |
| FNMA POOL 725946 | 5.5% 01 NOV 2034 | 1,048,583 | 1,087,238 |
| FNMA POOL 735224 | 5.5% 01 FEB 2035 | 1,994,982 | 2,033,171 |
| FNMA POOL 735654 | 1% 01 OCT 2044 | 170,304 | 165,912 |
| FNMA POOL 743132 | 5% 01 OCT 2018 | 1,563,191 | 1,593,793 |
| FNMA POOL 745275 | 5% 01 FEB 2036 | 3,384,666 | 3,598,703 |
| FNMA POOL 745327 | 6% 01 MAR 2036 | 558,810 | 574,240 |
| FNMA POOL 745336 | 5% 01 MAR 2036 | 1,803,480 | 1,915,536 |
| FNMA POOL 745569 | 4% 01 MAY 2016 | 391,033 | 415,259 |
| FNMA POOL 745571 | 4% 01 MAY 2021 | 1,649,889 | 1,819,791 |
| FNMA POOL 759866 | 5.5% 01 FEB 2034 | 439,732 | 448,098 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--------------------------------|--------------------|-----------|-----------|
| FNMA POOL 786225 | 5% 01 JUL 2019 | 249,061 | 256,885 |
| FNMA POOL 791404 | 5% 01 OCT 2019 | 224,120 | 227,846 |
| FNMA POOL 831540 | 6% 01 JUN 2036 | 1,923,147 | 1,980,733 |
| FNMA POOL 831800 | 6.5% 01 SEP 2036 | 7,315,256 | 7,438,201 |
| FNMA POOL 837220 | 4.5% 01 AUG 2020 | 5,177,386 | 5,472,861 |
| FNMA POOL 841068 | 4.347% 01 NOV 2034 | 684,845 | 684,464 |
| FNMA POOL 844444 | 5% 01 DEC 2035 | 2,462,828 | 2,566,485 |
| FNMA POOL 848647 | 5.5% 01 JAN 2036 | 1,698,258 | 1,764,692 |
| FNMA POOL 871117 | 5.5% 01 DEC 2036 | 2,757,032 | 2,846,869 |
| FNMA POOL 871288 | 6% 01 MAY 2036 | 1,231,739 | 1,244,035 |
| FNMA POOL 880611 | 5.5% 01 MAR 2036 | 1,333,995 | 1,379,414 |
| FNMA POOL 880611 | 5.5% 01 MAR 2036 | 5,419,563 | 5,682,364 |
| FNMA POOL 880626 | 5.5% 01 APR 2036 | 5,334,276 | 5,593,388 |
| FNMA POOL 888021 | 6% 01 DEC 2036 | 448,368 | 459,819 |
| FNMA POOL 888789 | 5% 01 JUL 2036 | 456,485 | 490,539 |
| FNMA POOL 888795 | 5.5% 01 NOV 2036 | 1,616,387 | 1,669,319 |
| FNMA POOL 889040 | 5% 01 JUN 2037 | 2,277,932 | 2,373,066 |
| FNMA POOL 889072 | 6.5% 01 DEC 2037 | 901,853 | 905,068 |
| FNMA POOL 889106 | 6.5% 01 JAN 2038 | 1,362,745 | 1,380,196 |
| FNMA POOL 902397 | 5.891% 01 NOV 2036 | 391,567 | 398,341 |
| FNMA POOL 920602 | 6.5% 01 NOV 2037 | 3,581,267 | 3,650,741 |
| FNMA POOL 928373 | 4.5% 01 MAR 2036 | 695,665 | 782,916 |
| FNMA POOL 940525 | 6% 01 JUL 2037 | 3,219,678 | 3,373,853 |
| FNMA POOL 944499 | 5.5% 01 JUL 2037 | 973,966 | 1,034,683 |
| FNMA POOL 995217 | 5.5% 01 DEC 2023 | 1,856,295 | 1,881,284 |
| FREDDIE MAC | 0.801% 15 DEC 2029 | 65,638 | 63,652 |
| GNMA I TBA JAN 30 SINGLE FAM | 6.5% 01 DEC 2099 | 2,000,762 | 2,037,508 |
| GOV NATL MTG ASSN | 3.022% 16 AUG 2009 | 176,197 | 178,980 |
| GOVERNMENT NATL MTG ASSN GTD | 3.772% 16 JUN 2025 | 917,992 | 958,123 |
| GOVERNMENT NATIONAL MTGE ASSOC | 3.947% 06 OCT 2011 | 1,101,706 | 1,134,771 |
| GOVERNMENT NATL MTG ASSN | 3.137% 16 NOV 2029 | 229,861 | 236,276 |
| GOVERNMENT NATL MTG ASSN | 4.054% 16 JUN 2027 | 332,082 | 343,685 |
| GOVERNMENT NATL MTG ASSN | 2.914% 16 JUN 2018 | 119,030 | 120,807 |
| GOVERNMENT NATL MTG ASSN | 4.145% 16 FEB 2018 | 483,567 | 485,487 |
| GOVERNMENT NATL MTG ASSN | 4.385% 16 AUG 2030 | 313,052 | 319,169 |
| GOVERNMENT NATL MTG ASSN | 4.016% 16 JUL 2027 | 217,931 | 223,518 |
| GOVERNMENT NATL MTG ASSN | 4.449% 16 MAR 2025 | 552,661 | 569,761 |
| GOVERNMENT NATL MTG ASSN | 4.241% 16 JUL 2029 | 329,915 | 339,561 |
| GOVERNMENT NATL MTG ASSN | 2.712% 16 FEB 2020 | 300,519 | 302,957 |
| GOVERNMENT NATL MTG ASSN | 3.206% 16 APR 2018 | 133,668 | 134,448 |
| GOVERNMENT NATL MTG ASSN | 3.11% 16 JAN 2019 | 261,593 | 260,726 |
| GOVERNMENT NATL MTG ASSN | 2.822% 16 DEC 2019 | 351,423 | 359,673 |
| GOVERNMENT NATL MTG ASSN | 2.946% 16 MAR 2019 | 696,426 | 722,706 |

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| | | | |
|-------------------------------|--------------------|---------|---------|
| GOVERNMENT NATL MTG ASSN | 3.084% 16 APR 2022 | 273,478 | 276,107 |
| GOVERNMENT NATL MTG ASSN | 4.248% 16 JUL 2029 | 497,968 | 514,853 |
| GOVERNMENT NATL MTG ASSN GTD | 4.272% 16 NOV 2026 | 681,074 | 701,847 |
| GOVERNMENT NATL MTG ASSN GTD | 3.76% 16 JUL 2028 | 341,684 | 354,667 |
| GOVERNMENT NATL MTG ASSN GTD | 4.212% 16 JAN 2028 | 433,865 | 446,152 |
| GOVERNMENT NATL MTG ASSN GTD | 4.201% 16 AUG 2026 | 960,619 | 995,242 |
| GOVERNMENT NATL MTG ASSN GTD | 4.087% 16 JAN 2030 | 291,478 | 300,797 |
| GOVERNMENT NATL MTG ASSN GTD | 3.888% 16 JUL 2026 | 581,743 | 601,869 |
| GVNMT NATL MTG ASSN REMIC MTG | 3.377% 16 JAN 2023 | 50,597 | 50,514 |

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Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****December 31, 2008****Schedule I**

| | | | |
|--------------------------------|--------------------|-------------|-------------|
| SMALL BUSINESS ADMIN | 7.19% 01 DEC 2019 | 385,291 | 406,460 |
| SOVEREIGN BANK FDIC GTD TLGP | 2.75% 17 JAN 2012 | 1,762,082 | 1,809,370 |
| UNITED STATES TREAS | 1.625% 15 JAN 2018 | 3,462,787 | 3,693,169 |
| UNITED STATES TREAS BD STRP | 0% 15 FEB 2023 | 1,257,440 | 1,529,241 |
| UNITED STATES TREAS BDS | 8.75% 15 AUG 2020 | 5,191,614 | 5,644,451 |
| UNITED STATES TREAS BDS | 4.375% 15 FEB 2038 | 287,125 | 328,102 |
| UNITED STATES TREAS BDS | 8.875% 15 AUG 2017 | 262,661 | 291,740 |
| UNITED STATES TREAS BDS | 8.125% 15 MAY 2021 | 1,174,602 | 1,337,700 |
| UNITED STATES TREAS BDS | 2.375% 15 JAN 2025 | 531,003 | 553,416 |
| UNITED STATES TREAS BDS | 2% 15 JAN 2026 | 175,588 | 201,494 |
| UNITED STATES TREAS BDS | 4.75% 15 FEB 2037 | 6,665,521 | 8,601,902 |
| UNITED STATES TREAS BDS | 5% 15 MAY 2037 | 4,602,261 | 5,534,117 |
| UNITED STATES TREAS BDS | 4.375% 15 FEB 2038 | 450,793 | 603,707 |
| UNITED STATES TREAS BDS | 4.5% 15 MAY 2038 | 2,727,243 | 3,519,939 |
| UNITED STATES TREAS NTS | 5.125% 15 MAY 2016 | 974,052 | 1,067,831 |
| UNITED STATES TREAS NTS | 5.125% 30 JUN 2011 | 1,069,135 | 1,084,512 |
| UNITED STATES TREAS NTS | 4.75% 15 AUG 2017 | (657,809) | (702,931) |
| UNITED STATES TREAS NTS | 4.125% 31 AUG 2012 | (978,101) | (975,303) |
| UNITED STATES TREAS NTS | 4.25% 15 NOV 2017 | (2,886,334) | (3,081,959) |
| UNITED STATES TREAS NTS | 3.875% 15 MAY 2018 | 595,241 | 670,411 |
| UNITED STATES TREAS NTS | 4% 15 AUG 2018 | 3,890,528 | 4,412,908 |
| UNITED STATES TREAS NTS | 2% 15 APR 2012 | 1,123,343 | 1,162,963 |
| UNITED STATES TREAS NTS | 4.25% 15 NOV 2017 | 1,629,832 | 1,832,053 |
| UNITED STATES TREAS NTS | 3.625% 31 DEC 2012 | 4,992,880 | 5,285,077 |
| UNITED STATES TREAS NTS | 2.625% 31 MAY 2010 | 3,520,905 | 3,628,778 |
| UNITED STATES TREAS NTS | 2% 15 JAN 2016 | 2,343,853 | 2,376,290 |
| UNITED STATES TREAS NTS | 4.75% 15 AUG 2017 | 10,631,770 | 11,393,335 |
| UNITED STATES TRES BD STRP PRN | 0.01% 15 FEB 2015 | 2,129,303 | 2,491,443 |
| UNITES STATES TREAS NTS | 3.75% 15 NOV 2018 | 6,719,112 | 6,988,191 |
| US TREASURY BDS | 6.25% 15 AUG 2023 | 4,655,967 | 5,245,542 |
| US TREASURY N/B | 3.5% 31 MAY 2013 | 43,036 | 42,930 |
| US TREASURY NTS | 3% 15 JUL 2012 | 2,891,207 | 2,568,846 |
| US TREASURY NTS | 4.875% 30 APR 2011 | 317,284 | 316,905 |

273,797,577

Corporate and Other Obligations

| | | | |
|------------------------------|------------------------|----------|----------|
| 317509DW4 ECAL FN 5 3 39 94 | FEB 09 94.3046875 CALL | 119,421 | 352,312 |
| 317U834A2 USD 2Y P 2 950 | DEC 09 2.95 PUT | (74,117) | (33,774) |
| 317U835A1 USD 10Y P 3.65 RYL | DEC 09 3.65 PUT | 93,038 | 60,423 |

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|--------------------------------|--------------------|-----------|-----------|
| 317U836A0 USD 2Y P 2.95 DEC 09 | DEC 09 2.95 PUT | (7,996) | (3,322) |
| 317U837A9 USD 5Y P 2.75 05 22 | MAY 09 2.75 PUT | (13,493) | (18,995) |
| 317U838A8 USD 5Y P 2.7500 | MAY 09 2.75 PUT | (11,751) | (18,995) |
| ABBOTT LABORATORIES | 5.15% 30 NOV 2012 | 857,048 | 915,044 |
| ABBOTT LABS | 3.5% 17 FEB 2009 | 323,731 | 323,948 |
| ACE INA HLDG INC | 5.7% 15 FEB 2017 | 298,629 | 267,970 |
| ACE INA HLDG INC | 5.6% 15 MAY 2015 | 180,552 | 164,560 |
| AGILENT TECHNOLOGIES INC | 6.5% 01 NOV 2017 | 492,853 | 340,149 |
| ALCOA INC | 6% 15 JUL 2013 | 141,230 | 128,467 |
| ALLIED WORLD ASSURN CO HLDGS | 7.5% 01 AUG 2016 | 165,252 | 113,980 |
| ALLSTATE CORP | 6.125% 15 MAY 2037 | 322,351 | 204,879 |
| ALLSTATE LIFE GBL FDG SECD | 5.375% 30 APR 2013 | (167) | |
| ALTERNATIVE LN TR 2007 OA3 | 1% 25 APR 2047 | 185,889 | 11,757 |
| ALTRIA GROUP INC | 9.7% 10 NOV 2018 | 1,263,154 | 1,366,197 |
| AMERADA HESS CORP | 6.65% 15 AUG 2011 | 607,447 | 592,584 |
| AMERADA HESS CORP | 6.65% 15 AUG 2011 | 299,029 | 274,254 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|-------------------------------|----------------------|---------|---------|
| AMERICAN EXPRESS BK | 5.55% 17 OCT 2012 | 351,505 | 372,327 |
| AMERICAN EXPRESS CENTURION BK | 5.55% 17 OCT 2012 | 795,969 | 767,925 |
| AMERICAN EXPRESS CENTURION BK | 0.61% 12 JUN 2012 | 533,292 | 564,718 |
| AMERICAN EXPRESS CO | 5.5% 12 SEP 2016 | 337,528 | 319,176 |
| AMERICAN EXPRESS CO | 6.15% 28 AUG 2017 | 175,921 | 170,036 |
| AMERICAN EXPRESS CO | 4.75% 17 JUN 2009 | 142,286 | 141,349 |
| AMERICAN EXPRESS CR CORP | 0.52938% 09 NOV 2009 | 205,770 | 191,353 |
| AMERICAN GEN FIN CORP MTN | 5.375% 01 SEP 2009 | 661,409 | 630,690 |
| AMERICAN GEN FIN CORP MTN | 4.875% 15 MAY 2010 | 236,411 | 142,877 |
| AMERICAN GEN FIN CORP MTN | 4.875% 15 JUL 2012 | 183,389 | 78,671 |
| AMERICAN HONDA FIN CORP | 4.625% 02 APR 2013 | 538,592 | 501,904 |
| AMERICAN HONDA FIN CORP | 7.625% 01 OCT 2018 | 494,832 | 525,941 |
| AMERICAN INTL GROUP INC | 5.85% 16 JAN 2018 | 740,594 | 499,160 |
| AMERICREDIT AUTOMOBILE REC TR | 3.43% 06 JUL 2011 | 216,630 | 204,170 |
| AMERICREDIT AUTOMOBILE RECEIV | 4.47% 12 JAN 2012 | 157,699 | 152,747 |
| AMERICREDIT AUTOMOBILE RECV | 5.19% 06 OCT 2011 | 275,905 | 270,934 |
| AMERICREDIT AUTOMOBILES REC | 1% 06 JAN 2011 | 190,680 | 190,590 |
| AMERICREDIT PRIME AUTOMOBILE | 5.13% 08 MAR 2011 | 102,866 | 85,913 |
| AMERICREDIT PRIME AUTOMOBILE | 5.29% 08 JUL 2011 | 112,669 | 80,589 |
| AMERIPRISE FINL INC | 5.65% 15 NOV 2015 | 87,159 | 72,694 |
| AMGEN INC | 4.85% 18 NOV 2014 | 589,792 | 589,238 |
| AMGEN INC | 6.9% 01 JUN 2038 | 175,817 | 201,390 |
| AMVESCAP PLC | 5.375% 15 DEC 2014 | 149,390 | 128,624 |
| ANHEUSER BUSCH COS INC | 6.45% 01 SEP 2037 | 638,992 | 710,354 |
| ARCELORMITTAL | 6.125% 01 JUN 2018 | 424,413 | 291,872 |
| ARCELORMITTAL | 6.125% 01 JUN 2018 | 360,995 | 248,259 |
| ARDEN RLTY LTD PARTNERSHIP | 5.2% 01 SEP 2011 | 254,516 | 244,582 |
| ASSURANT INC | 5.625% 15 FEB 2014 | 189,214 | 152,654 |
| AT+T CORP | 7.3% 15 NOV 2011 | 470,517 | 458,121 |
| AT+T INC | 5.6% 15 MAY 2018 | 781,434 | 798,115 |
| AT+T WIRELESS SVCS INC | 7.875% 01 MAR 2011 | 183,455 | 182,592 |
| AT+T WIRELESS SVCS INC | 8.75% 01 MAR 2031 | 208,990 | 214,360 |
| AVALONBAY CMNTYS INC | 5.5% 15 JAN 2012 | 309,954 | 246,738 |
| BA CR CARD TR | 5.59% 17 NOV 2014 | 600,146 | 545,617 |
| BA CR CARD TR | 1.65125% 16 DEC 2013 | 994,563 | 884,100 |
| BAKER HUGHES INC | 7.5% 15 NOV 2018 | 623,627 | 695,255 |
| BALL CORP | 6.875% 15 DEC 2012 | 79,271 | 77,605 |
| * BANC AMER COML MTG INC | 5.334% 10 SEP 2045 | 659,812 | 568,566 |
| * BANC AMER COML MTG INC | 4.161% 10 DEC 2042 | 537,125 | 517,176 |
| * BANC AMER COML MTG INC | 5.787% 11 MAY 2035 | 333,303 | 316,960 |
| * BANC AMER COML MTG INC | 4.128% 10 JUL 2042 | 423,459 | 413,438 |
| * BANC AMER COML MTG TR | 5.492% 10 FEB 2051 | 630,561 | 458,834 |
| * BANK AMER CORP | 5.42% 15 MAR 2017 | 289,921 | 261,293 |

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|-------------------------------|-----------------------|-----------|-----------|
| * BANK AMER CORP | 5.49% 15 MAR 2019 | 554,949 | 506,339 |
| * BANK AMER CORP | 5.75% 01 DEC 2017 | 1,854,336 | 1,956,675 |
| * BANK AMER CORP | 4.5% 01 AUG 2010 | 640,868 | 641,591 |
| * BANK AMER FDG CORP | 4.117597% 25 MAY 2035 | 360,826 | 259,382 |
| * BANK AMER FDG CORP | 5.65% 01 MAY 2018 | 701,728 | 709,689 |
| BANK NEW YORK INC MED TERM SR | 4.5% 01 APR 2013 | 230,557 | 243,576 |
| BANK NEW YORK INC MEDIUM | 4.95% 01 NOV 2012 | 829,853 | 845,601 |
| * BANKAMERICA CORP | 5.875% 15 FEB 2009 | 325,707 | 319,013 |
| BARNETT CAP III | 3.8175% 01 FEB 2027 | 465,436 | 440,953 |
| * BAXTER INTL INC | 5.375% 01 JUN 2018 | 475,116 | 496,793 |
| BAYVIEW FINL SECS CO LLC | 5.402% 28 DEC 2035 | 273,853 | 233,471 |
| BAYVIEW FINL SECS CO LLC | 5.208% 28 APR 2039 | 412,963 | 393,656 |
| | 40 | | |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--------------------------------|-----------------------|-----------|---------|
| BEAR STEARNS | 5.533% 12 OCT 2041 | 201,966 | 149,555 |
| BEAR STEARNS ALT A TR | 5.313717% 25 FEB 2036 | 452,710 | 214,668 |
| BEAR STEARNS ALT A TR | 1% 25 MAY 2036 | 194,813 | 88,015 |
| BEAR STEARNS ALT A TR | 5.693303% 24 JAN 2047 | 281,377 | 134,005 |
| BEAR STEARNS ARM TR | 4.5365% 25 AUG 2033 | 301,526 | 246,979 |
| BEAR STEARNS ARM TR | 4.625% 25 OCT 2035 | 409,477 | 317,769 |
| BEAR STEARNS COML MTG SEC TR | 5.518% 11 SEP 2041 | 128,077 | 90,630 |
| BEAR STEARNS COML MTG SECS INC | 4.49% 13 AUG 2039 | 428,576 | 414,580 |
| BEAR STEARNS COML MTG SECS INC | 4.484% 11 JUN 2041 | 242,727 | 223,318 |
| BEAR STEARNS COML MTG SECS TR | 5.90885% 11 JUN 2040 | 897,826 | 774,398 |
| BEAR STEARNS COML MTG SECS TR | 5.718168% 11 SEP 2038 | 251,095 | 203,264 |
| BEAR STEARNS COML MTG SECS TR | 5.876694% 11 SEP 2038 | 221,671 | 179,868 |
| BEAR STEARNS COS INC | 5.3% 30 OCT 2015 | 695,234 | 754,182 |
| BEAR STEARNS COS INC | 5.35% 01 FEB 2012 | 509,520 | 499,917 |
| BEAR STEARNS COS INC | 7.625% 07 DEC 2009 | 318,109 | 314,833 |
| BEAR STEARNS COS INC | 5.55% 22 JAN 2017 | 308,005 | 312,494 |
| BEAR STEARNS TR | 5.54% 11 SEP 2041 | 537,595 | 526,512 |
| BELLSOUTH TELECOMMUNICATIONS | 5.875% 15 JAN 2009 | 124,867 | 122,529 |
| BERKSHIRE HATHAWAY FIN CORP | 5.4% 15 MAY 2018 | 569,714 | 584,208 |
| BERKSHIRE HATHAWAY FIN CORP | 4.2% 15 DEC 2010 | 269,536 | 273,337 |
| BHP FIN USA LTD | 7.25% 01 MAR 2016 | 264,294 | 236,966 |
| BK OF SCOTLAND PLC | 4.625% 04 NOV 2011 | 268,482 | 260,297 |
| BK OF SCOTLAND PLC | 4.625% 04 NOV 2011 | 872,311 | 829,858 |
| BOEING CAP CORP | 7.375% 27 SEP 2010 | 459,338 | 419,354 |
| BOEING CO | 5.125% 15 FEB 2013 | 441,086 | 445,406 |
| BOSTON PPTYS LTD PARTNERSHIP | 6.25% 15 JAN 2013 | 305,980 | 218,223 |
| BOSTON PPTYS LTD PARTNERSHIP | 5% 01 JUN 2015 | 161,325 | 104,894 |
| BOSTON PPTYS LTD PARTNERSHIP | 5.625% 15 APR 2015 | 127,253 | 84,833 |
| BOTTLING GROUP LLC | 6.95% 15 MAR 2014 | 709,492 | 755,399 |
| BRAZIL FEDERATIVE REP | 8.25% 20 JAN 2034 | 869,373 | 994,245 |
| BRITISH SKY BROADCASTING GROUP | 6.875% 23 FEB 2009 | 320,913 | 310,073 |
| BRITISH SKY BROADCASTING GROUP | 8.2% 15 JUL 2009 | 1,051,384 | 896,467 |
| BRITISH TELECOMMUNICATIONS PLC | 1% 15 DEC 2010 | 678,042 | 629,991 |
| BRITISH TELECOMMUNICATIONS PLC | 1% 15 DEC 2010 | 167,052 | 146,158 |
| BUNGE LTD FIN CORP | 5.875% 15 MAY 2013 | 116,819 | 76,511 |
| BURLINGTON RES FIN CO | 6.5% 01 DEC 2011 | 220,353 | 210,143 |
| C BASS TR | 1% 25 NOV 2035 | 34,157 | 33,128 |
| CADBURY SCHWEPPE US FINANCE | 5.125% 01 OCT 2013 | 308,913 | 298,966 |
| CALIFORNIA ST | 5% 01 NOV 2037 | 582,487 | 499,196 |
| CANADIAN NAT RES LTD | 5.15% 01 FEB 2013 | 93,060 | 86,277 |
| CANADIAN NATL RY CO | 5.55% 15 MAY 2018 | 485,902 | 479,404 |
| CANADIAN PAC RY CO NEW | 5.75% 15 MAY 2013 | 658,929 | 612,109 |
| CANADIAN PAC RY CO NEW | 6.5% 15 MAY 2018 | 78,066 | 69,135 |

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|--------------------------------|---------------------|---------|---------|
| CAPITAL AUTO RECEIV TR 2007 2 | 5.39% 15 FEB 2014 | 577,975 | 534,850 |
| CAPITAL AUTO RECEIVABLES ASSET | 5.42% 15 MAR 2011 | 568,225 | 414,786 |
| CAPITAL AUTO RECEIVABLES ASST | 5.3% 15 MAY 2014 | 293,958 | 265,783 |
| CAPITAL ONE AUTO FIN TR | 5.33% 15 NOV 2010 | 26,241 | 26,240 |
| CAPITAL ONE AUTO FIN TR | 0.4613% 15 JUL 2011 | 142,431 | 139,192 |
| CAPITAL ONE AUTO FIN TR | 5.13% 16 APR 2012 | 558,456 | 509,458 |
| CAPITAL ONE BK | 5% 15 JUN 2009 | 296,463 | 294,481 |
| CAPITAL ONE FINL CORP | 4.8% 21 FEB 2012 | 228,871 | 227,958 |
| CAPITAL ONE FINL CORP | 5.5% 01 JUN 2015 | 53,945 | 50,443 |
| CAPITAL ONE FINL CORP | 6.75% 15 SEP 2017 | 61,283 | 61,690 |
| CAPITAL ONE FINL CORP | 1.5725% 10 SEP 2009 | 564,887 | 536,679 |
| CAPITAL ONE MULTI ASSET | 5.05% 16 FEB 2016 | 708,976 | 597,465 |
| CAPITAL ONE MULTI ASSET EXECUT | 5.75% 15 JUL 2020 | 685,670 | 515,336 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--------------------------------|-----------------------|-----------|-----------|
| CAPMARK FINANCIAL GROUP | 7.875% 10 MAY 2012 | 572,975 | 195,463 |
| CAROLINA PWR + LT CO | 6.5% 15 JUL 2012 | 699,138 | 617,508 |
| CAROLINA PWR + LT CO | 6.5% 15 JUL 2012 | 134,964 | 130,255 |
| CATERPILLAR FINL SVCS | 4.85% 07 DEC 2012 | 293,804 | 278,906 |
| CATERPILLAR FINL SVCS | 7.05% 01 OCT 2018 | 278,348 | 293,931 |
| CATERPILLAR FINL SVCS | 4.85% 07 DEC 2012 | 597,401 | 567,108 |
| CATERPILLAR FINL SVCS CORP | 4.5% 15 JUN 2009 | 166,715 | 166,093 |
| CATERPILLAR FINL TR | 5.57% 25 MAY 2010 | 38,125 | 38,051 |
| CENTERPOINT ENERGY TRANS BD CO | 5.17% 01 AUG 2019 | 347,689 | 350,913 |
| CENTERPOINT ENERGY TRANSITION | 5.09% 01 AUG 2015 | 1,201,475 | 1,245,393 |
| CHASE ISSUANCE TR | 5.4% 15 JUL 2015 | 783,865 | 720,181 |
| CHASE ISSUANCE TR | 1% 16 JUN 2014 | 1,073,336 | 1,047,820 |
| CHASEFLEX TRUST | 5.59% 25 SEP 2046 | 41,797 | 40,174 |
| CHESAPEAKE ENERGYCORP | 7.5% 15 JUN 2014 | 61,438 | 49,679 |
| CHEVY CHASE BK FSB | 6.875% 01 DEC 2013 | 199,062 | 162,398 |
| CIT GROUP INC | 1.39375% 08 JUN 2009 | 88,678 | 95,652 |
| CIT GROUP INC NEW | 5.85% 15 SEP 2016 | 25,362 | 17,939 |
| CIT GROUP INC NEW | 12% 18 DEC 2018 | 482,160 | 371,212 |
| CIT GROUP INC NEW | 5.85% 15 SEP 2016 | 291,681 | 213,885 |
| CIT GROUP INC REORGANIZED | 5.65% 13 FEB 2017 | 283,642 | 200,998 |
| CIT GROUP INC REORGANIZED | 5.65% 13 FEB 2017 | 309,170 | 228,252 |
| CITIBANK CR CARD ISSUANCE TR | 5.7% 20 SEP 2019 | 688,199 | 573,307 |
| CITIBANK CR CARD ISSUANCE TR | 5.35% 07 FEB 2020 | 926,459 | 735,149 |
| CITIBANK CR CARD ISSUANCE TR | 1% 20 JUN 2014 | 934,994 | 626,777 |
| CITICORP RESIDENTIAL MTG TR | 5.557% 25 SEP 2036 | 1,224,795 | 1,156,509 |
| CITICORP RESIDENTIAL MTG TR | 5.983% 25 JUN 2037 | 289,786 | 268,960 |
| CITIFINANCIAL MTG SECS INC | 3.36% 25 JAN 2033 | 118,434 | 86,898 |
| CITIGROUP INC | 6.125% 25 AUG 2036 | 710,237 | 860,203 |
| CITIGROUP | 5.5% 15 FEB 2017 | 431,609 | 490,314 |
| CITIGROUP CAP | 8.3% 21 DEC 2057 | 293,251 | 226,712 |
| CITIGROUP COML MTG TR | 5.356422% 15 APR 2040 | 650,071 | 560,497 |
| CITIGROUP INC | 6.625% 15 JUN 2032 | 4,383 | 4,673 |
| CITIGROUP INC | 6% 31 OCT 2033 | 244,057 | 262,919 |
| CITIGROUP INC | 6.125% 21 NOV 2017 | 2,433,304 | 2,574,501 |
| CITIGROUP INC | 5.5% 11 APR 2013 | 194,977 | 190,816 |
| CITIGROUP INC | 5.3% 17 OCT 2012 | 1,013,846 | 977,373 |
| CITIGROUP INC | 6.5% 18 JAN 2011 | 637,310 | 615,102 |
| CITIGROUP INC | 4.625% 03 AUG 2010 | 293,921 | 289,112 |
| CITIGROUP INC | 6.5% 19 AUG 2013 | 261,503 | 276,855 |
| CITIGROUP INC | 6% 31 OCT 2033 | 45,289 | 51,722 |
| CITIGROUP INC | 5.85% 02 JUL 2013 | 1,052,814 | 1,002,366 |
| CITIGROUP INC | 6.125% 15 MAY 2018 | 801,296 | 871,872 |
| CITIGROUP MTG LN TR | 1% 25 OCT 2035 | 407,257 | 261,338 |

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|-------------------------------|--------------------|-----------|-----------|
| CITIGROUP MTG LN TR | 5.5% 25 MAR 2036 | 570,106 | 306,834 |
| CITIGROUP MTG LN TR | 1% 25 MAY 2035 | 505,113 | 375,015 |
| CITIGROUP MTG LN TR | 1% 25 AUG 2035 | 507,404 | 322,286 |
| CITIGROUP MTG LN TR 2007 AMC4 | 1% 25 MAY 2037 | 308,657 | 51,387 |
| CITIGROUP/DEUTSCHE BANK | 5.408% 15 JAN 2046 | 457,911 | 395,574 |
| CITY NATL CORP | 5.125% 15 FEB 2013 | 238,475 | 205,612 |
| CLARK CNTY NEV SCH DIST | 5.5% 15 JUN 2017 | 53,039 | 54,328 |
| CLARK CNTY NEV SCH DIST | 5.5% 15 JUN 2018 | 31,823 | 32,597 |
| CLEVELAND ELEC ILLUM CO | 5.7% 01 APR 2017 | 391,323 | 317,771 |
| CLOROX CO | 5.95% 15 OCT 2017 | 471,128 | 440,435 |
| CNH EQUIP TR 2007 B | 5.4% 17 OCT 2011 | 426,210 | 413,121 |
| CNH EQUIP TR 2007 B | 5.46% 15 JUN 2010 | 276,535 | 275,979 |
| CNH EQUIP TR 2007 C | 5.42% 17 MAR 2014 | 347,806 | 310,621 |
| COCA COLA ENTERPRISES INC | 7.375% 03 MAR 2014 | 1,125,684 | 1,237,394 |
| COCA COLA ENTERPRISES INC | 8.5% 01 FEB 2022 | 139,151 | 142,996 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--------------------------------|-----------------------|-----------|-----------|
| COLONIAL BK NATL ASSN | 6.375% 01 DEC 2015 | 274,273 | 179,697 |
| COLONIAL RLTY LTD PARTNERSHIP | 4.8% 01 APR 2011 | 461,144 | 390,574 |
| COMCAST CABLE COMM INC | 6.875% 15 JUN 2009 | 261,202 | 241,192 |
| COMCAST CORP NEW | 4.95% 15 JUN 2016 | 321,975 | 313,564 |
| COMCAST CORP NEW | 4.95% 15 JUN 2016 | 589,023 | 569,715 |
| COMCAST CORP NEW | 5.85% 15 NOV 2015 | 926,662 | 871,238 |
| COMCAST CORP NEW | 5.5% 15 MAR 2011 | 169,397 | 163,052 |
| COMCAST CORP NEW | 5.3% 15 JAN 2014 | 304,407 | 293,216 |
| COMCAST CORP NEW | 5.5% 15 MAR 2011 | 156,078 | 153,461 |
| COMCAST CORP NEW | 6.5% 15 JAN 2017 | 259,750 | 241,957 |
| COMCAST CORP NEW | 6.3% 15 NOV 2017 | 460,458 | 448,330 |
| COMM MTG TR | 1% 10 DEC 2049 | 713,888 | 553,533 |
| COMMERCIAL MTG ASSET TR | 7.546% 17 NOV 2032 | 149,760 | 145,743 |
| COMMERCIAL MTG TR | 5.381% 10 MAR 2039 | 717,226 | 571,567 |
| COMMERCIAL NET LEASE RLTY INC | 6.15% 15 DEC 2015 | 175,917 | 129,948 |
| COMMONWEALTH EDISON CO | 4.74% 15 AUG 2010 | 459,901 | 453,364 |
| COMPASS BK BIRMINGHAM AL | 5.5% 01 APR 2020 | 417,422 | 261,815 |
| CONAGRA INC | 7.875% 15 SEP 2010 | 120,124 | 109,503 |
| CONNECTICUT LT + PWR CO | 5.375% 01 MAR 2017 | 532,504 | 522,791 |
| CONOCO FDG CO | 6.35% 15 OCT 2011 | 283,558 | 268,021 |
| CONOCOPHILLIPS | 5.2% 15 MAY 2018 | 286,247 | 276,552 |
| CONOCOPHILLIPS AUSTRALIA FDG C | 5.5% 15 APR 2013 | 469,308 | 475,152 |
| CONSOLIDATED EDISON CO NY INC | 5.3% 01 DEC 2016 | 781,666 | 766,552 |
| CONSUMERS ENERGY CO | 5.375% 15 APR 2013 | 322,934 | 298,937 |
| CORNING INC | 6.2% 15 MAR 2016 | 169,702 | 142,385 |
| COUNTRYWIDE ALTERNATIVE LN TR | 5.5% 25 JUN 2047 | 477,012 | 239,667 |
| COUNTRYWIDE FINL CORP | 6.25% 15 MAY 2016 | 70,185 | 67,918 |
| COUNTRYWIDE FINL CORP | 5.8% 07 JUN 2012 | 122,534 | 128,929 |
| COUNTRYWIDE HOME LNS INC | 4% 22 MAR 2011 | 256,847 | 246,266 |
| COVENTRY HEALTH CARE INC | 5.875% 15 JAN 2012 | 130,403 | 93,541 |
| COVENTRY HLTH CARE INC | 5.95% 15 MAR 2017 | 156,198 | 81,735 |
| COX COMMUNICATIONS INC NEW | 5.45% 15 DEC 2014 | 924,644 | 835,527 |
| CPL TRANSITION FDG LLC | 5.96% 15 JUL 2015 | 335,088 | 322,117 |
| CREDIT SUISSE USA | 5.5% 16 AUG 2011 | 678,425 | 677,028 |
| CREDIT SUISSE COML MTG TR | 5.311% 15 DEC 2039 | 334,573 | 258,502 |
| CREDIT SUISSE COML MTG TR | 6.020436% 15 JUN 2038 | 563,273 | 459,401 |
| CREDIT SUISSE COML MTG TR | 5.467% 15 SEP 2039 | 748,421 | 547,922 |
| CREDIT SUISSE FIRST BOSTON | 5% 15 MAY 2013 | 1,857,629 | 1,791,800 |
| CREDIT SUISSE FIRST BOSTON MTG | 6.38% 18 DEC 2035 | 745,822 | 708,269 |
| CREDIT SUISSE FIRST BOSTON MTG | 3.861% 15 MAR 2036 | 32,465 | 31,635 |
| CREDIT SUISSE FIRST BOSTON MTG | 1% 15 JAN 2037 | 293,445 | 269,631 |
| CREDIT SUISSE FIRST BOSTON MTG | 1% 15 FEB 2039 | 612,224 | 547,892 |
| CREDIT SUISSE FIRST BOSTON USA | 5.5% 15 AUG 2013 | 140,987 | 133,811 |

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|--------------------------------|--------------------|---------|---------|
| CREDIT SUISSE N Y | 6% 15 FEB 2018 | 424,839 | 391,428 |
| CSX CORP | 6.15% 01 MAY 2037 | 96,261 | 105,853 |
| CVS CAREMARK CORP | 5.75% 01 JUN 2017 | 645,861 | 618,083 |
| CVS CORP | 5.75% 15 AUG 2011 | 136,934 | 137,655 |
| CWABS ASSET | 5.826% 25 OCT 2036 | 479,300 | 276,826 |
| CWABS INC | 1% 25 MAR 2020 | 53,516 | 52,120 |
| CWABS INC | 1% 25 FEB 2035 | 489,915 | 332,515 |
| CWALT ALTERNATIVE LN TR | 1% 25 JUL 2021 | 780,306 | 594,934 |
| CWALT INC | 3.855% 25 DEC 2035 | 182,307 | 89,707 |
| CWHEQ HOME EQUITY LN TR | 5.483% 25 JUL 2036 | 134,834 | 126,411 |
| CYPRESS-FAIRBANKS TEX INDPT SC | 5.25% 15 FEB 2022 | 30,787 | 30,766 |

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Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--------------------------------|----------------------|---------|---------|
| DAIMLERCHRYSLER AUTO TR | 4.71% 10 SEP 2012 | 244,938 | 225,216 |
| DB MASTER FIN LLC | 5.779% 20 JUN 2031 | 97,985 | 72,696 |
| DEERE JOHN CAP CORP MTN BK ENT | 4.875% 16 MAR 2009 | 446,334 | 442,371 |
| DELHAIZE GROUP SA | 6.5% 15 JUN 2017 | 275,121 | 240,222 |
| DETROIT EDISON | 6.19% 01 MAR 2013 | 702,608 | 687,732 |
| DEUTSCHE BANK AG | 5.375% 12 OCT 2012 | 675,728 | 691,947 |
| DEUTSCHE BK FINL INC | 7.5% 25 APR 2009 | 314,797 | 304,501 |
| DEUTSCHE TELEKOM INTL | 8.5% 15 JUN 2010 | 418,743 | 403,733 |
| DIAGEO CAP PLC | 7.375% 15 JAN 2014 | 634,479 | 678,471 |
| DISCOVER CARD | 0.50125% 16 APR 2012 | 553,390 | 467,090 |
| DISNEY WALT COMPANY | 4.7% 01 DEC 2012 | 635,460 | 653,382 |
| DLJ COML MTG CORP | 7.18% 10 NOV 2033 | 641,786 | 616,692 |
| DLJ COML MTG CORP | 1% 12 NOV 2031 | 28,990 | 26,867 |
| DOMINION RES INC DEL | 5.7% 17 SEP 2012 | 437,724 | 426,907 |
| DOMINION RES INC VA NEW | 6.4% 15 JUN 2018 | 142,612 | 139,126 |
| DONNELLEY R R + SONS CO | 4.95% 01 APR 2014 | 78,675 | 66,847 |
| DONNELLEY R R + SONS CO | 5.5% 15 MAY 2015 | 315,468 | 252,724 |
| DU PONT E I DE NEMOURS + CO | 5% 15 JAN 2013 | 268,875 | 271,901 |
| DUKE CAP CORP | 8% 01 OCT 2019 | 397,512 | 355,898 |
| DUKE CAP LLC | 5.668% 15 AUG 2014 | 650,595 | 580,130 |
| DUKE ENERGY CAROLINAS LLC | 5.1% 15 APR 2018 | 488,409 | 495,308 |
| DUKE ENERGY CORP NEW | 5.65% 15 JUN 2013 | 537,864 | 528,628 |
| DUKE ENERGY CORP NEW | 5.65% 15 JUN 2013 | 684,554 | 672,799 |
| DUKE ENERGY FIELD SVCS LLC | 7.875% 16 AUG 2010 | 89,313 | 77,066 |
| DUKE WEEKS RLTY LTD PRTNSHP | 7.75% 15 NOV 2009 | 315,530 | 251,053 |
| DUKE WEKS REALTY CORP | 6.95% 15 MAR 2011 | 98,518 | 81,100 |
| EDISON MISSION ENERGY | 7% 15 MAY 2017 | 105,066 | 93,773 |
| EL PASO CORP | 7.75% 15 JUN 2010 | 400,122 | 363,323 |
| ELECTRONIC DATA SYS CORP NEW | 6% 01 AUG 2013 | 462,708 | 477,222 |
| EMBARQ CORP | 7.995% 01 JUN 2036 | 619,116 | 419,995 |
| EMBARQ CORP | 7.082% 01 JUN 2016 | 594,554 | 460,243 |
| EMBARQ CORP | 6.738% 01 JUN 2013 | 24,495 | 20,700 |
| ENERGY TRANSFER PARTNERS LP | 6% 01 JUL 2013 | 660,159 | 588,347 |
| ENERGY TRANSFER PARTNERS LP | 6.7% 01 JUL 2018 | 303,596 | 251,906 |
| ENERGY TRANSFER PARTNERS LP | 7.5% 01 JUL 2038 | 353,137 | 267,780 |
| ENTERGY GULF STS RECON FDG I L | 1% 01 OCT 2013 | 214,496 | 215,550 |
| ENTERPRISE PRODS OPER LP | 5.6% 15 OCT 2014 | 131,386 | 108,076 |
| ENTERPRISE PRODS OPER LP | 5.6% 15 OCT 2014 | 465,430 | 399,050 |
| ENTERPRISE PRODS OPER LLC | 9.75% 31 JAN 2014 | 636,912 | 648,560 |
| EQUIFAX INC | 7% 01 JUL 2037 | 298,148 | 186,992 |
| ERIE CNTY N Y TOB ASSET SECURI | 6% 01 JUN 2028 | 291,540 | 188,305 |
| ERP OPER LTD PARTNERSHIP | 5.25% 15 SEP 2014 | 389,736 | 271,684 |
| EUROPEAN INVT BK | 5.125% 30 MAY 2017 | 319,087 | 352,842 |

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| | | | |
|--------------------------------|--------------------|---------|---------|
| EXELON CORP | 6.75% 01 MAY 2011 | 275,210 | 253,424 |
| FEDERAL RLTY INVT TR | 5.4% 01 DEC 2013 | 632,013 | 452,287 |
| FEDERAL RLTY INVT TR | 5.65% 01 JUN 2016 | 274,362 | 180,310 |
| FEDERAL RLTY INVT TR | 6% 15 JUL 2012 | 122,362 | 98,097 |
| FEDEX CORP | 3.5% 01 APR 2009 | 47,721 | 47,848 |
| FINANCING CORP CPN FICO STRIPS | 0% 11 MAY 2013 | 178,247 | 253,425 |
| FINANCING CORP CPN FICO STRIPS | 0.01% 06 JUN 2013 | 620,998 | 811,409 |
| FIRST NATIONWIDE TRUST | 6.94% 25 AUG 2032 | 76,097 | 31,925 |
| FIRST UN CORP | 6.375% 15 JAN 2009 | 377,673 | 371,703 |
| FIRSTENERGY CORP | 6.45% 15 NOV 2011 | 747,350 | 652,987 |
| FIRSTENERGY CORP | 6.45% 15 NOV 2011 | 229,908 | 208,400 |
| FISHER SCIENTIFIC INTL INC | 6.75% 15 AUG 2014 | 55,962 | 52,780 |
| FISHER SCIENTIFIC INTL INC | 6.125% 01 JUL 2015 | 372,349 | 328,132 |
| FLEET NATL BK PROVIDENCE R I | 5.75% 15 JAN 2009 | 325,577 | 318,765 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|-----------------------------|---------------------|-----------|-----------|
| FORD CR AUTO OWNER TR | 5.16% 15 APR 2013 | 744,574 | 609,259 |
| FORD CR AUTO OWNER TR | 5.4% 15 AUG 2011 | 832,766 | 809,645 |
| FORD CR AUTO OWNER TR | 5.8% 16 MAY 2011 | 97,955 | 66,609 |
| FORTUNE BRANDS INC | 4.875% 01 DEC 2013 | 161,797 | 148,441 |
| FORTUNE BRANDS INC | 5.375% 15 JAN 2016 | 159,675 | 143,226 |
| FOUR TIMES SQUARE TR | 7.795% 15 APR 2015 | 341,715 | 330,755 |
| FPL GROUP CAP INC | 5.625% 01 SEP 2011 | 587,419 | 596,215 |
| FRANCE TELECOM SA | 8.5% 01 MAR 2031 | 492,096 | 467,481 |
| GAZ CAPITAL SA | 6.212% 22 NOV 2016 | 616,213 | 410,641 |
| GE COML MTG CORP | 3.915% 10 NOV 2038 | 271,565 | 253,180 |
| GE COML MTG CORP | 4.863% 10 JUL 2045 | 512,074 | 467,905 |
| GENERAL DYNAMICS CORP | 5.25% 01 FEB 2014 | 804,573 | 828,454 |
| GENERAL ELEC CAP CORP MTN | 5.875% 14 JAN 2038 | 2,486,078 | 2,623,277 |
| GENERAL ELEC CAP CORP MTN | 6.15% 07 AUG 2037 | 1,013,290 | 1,178,914 |
| GENERAL ELEC CAP CORP MTN | 5.875% 14 JAN 2038 | 579,682 | 575,490 |
| GENERAL ELEC CAP CORP MTN | 5.875% 14 JAN 2038 | 53,111 | 71,936 |
| GENERAL ELEC CAP CORP MTN | 4.875% 04 MAR 2015 | 677,821 | 749,224 |
| GENERAL ELEC CAP CORP MTN | 4.8% 01 MAY 2013 | 669,805 | 660,396 |
| GENERAL ELEC CAP CORP MTN | 5.875% 14 JAN 2038 | 2,103,535 | 2,124,519 |
| GENERAL MLS INC | 5.65% 10 SEP 2012 | 326,020 | 330,060 |
| GENERAL MLS INC | 5.65% 10 SEP 2012 | 895,160 | 915,167 |
| GENERAL MTRS ACCEP CORP | 7.25% 02 MAR 2011 | 181,902 | 166,545 |
| GENERAL MTRS ACCEP CORP | 7% 01 FEB 2012 | 189,114 | 154,862 |
| GENWORTH FINL INC | 5.231% 16 MAY 2009 | 110,544 | 106,538 |
| GENWORTH FINL INC | 4.75% 15 JUN 2009 | 124,298 | 121,299 |
| GENWORTH FINL INC | 6.515% 22 MAY 2018 | 338,343 | 117,222 |
| GENWORTH GLOBAL FDG TRS | 5.2% 08 OCT 2010 | 293,760 | 232,132 |
| GEORGIA PWR CO | 6% 01 NOV 2013 | 288,875 | 303,842 |
| GEORGIA PWR CO | 5.4% 01 JUN 2018 | 180,543 | 177,348 |
| GLAXOSMITHKLINE CAP INC | 6.375% 15 MAY 2038 | 683,807 | 774,960 |
| GLAXOSMITHKLINE CAP INC | 6.375% 15 MAY 2038 | 1,074,553 | 1,217,794 |
| GMAC LLC | 2.4875% 15 MAY 2009 | 97,987 | 93,577 |
| GMAC LLC | 6.625% 15 MAY 2012 | 195,238 | 151,038 |
| GOLDMAN SACHS GROUP | 5.95% 18 JAN 2018 | 709,912 | 836,173 |
| GOLDMAN SACHS GROUP INC | 5.7% 01 SEP 2012 | 748,345 | 677,395 |
| GOLDMAN SACHS GROUP INC | 6.75% 01 OCT 2037 | 464,874 | 417,649 |
| GOLDMAN SACHS GROUP INC | 6.75% 01 OCT 2037 | 1,419,045 | 1,207,179 |
| GOLDMAN SACHS GROUP INC | 6.25% 01 SEP 2017 | 889,955 | 950,112 |
| GOLDMAN SACHS GROUP INC | 4.5% 15 JUN 2010 | 1,339,499 | 1,342,112 |
| GOLDMAN SACHS GROUP INC | 4.75% 15 JUL 2013 | 600,136 | 559,154 |
| GOLDMAN SACHS GROUP INC | 5.625% 15 JAN 2017 | 176,670 | 159,938 |
| GOLDMAN SACHS GROUP INC | 6.75% 01 OCT 2037 | 172,285 | 206,835 |
| GREENWICH CAP COML FDG CORP | 4.883% 10 JUN 2036 | 379,134 | 353,951 |

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|-----------------------------|---------------------|-----------|-----------|
| GREENWICH CAP COML FDG CORP | 4.305% 10 AUG 2042 | 542,700 | 523,726 |
| GREENWICH CAP COML FDG CORP | 4.022% 05 JAN 2036 | 160,403 | 157,723 |
| GREENWICH CAPITAL COMM FND | 5.444% 10 MAR 2039 | 994,706 | 842,761 |
| GREENWICH CAPITAL COMM FND | 5.444% 10 MAR 2039 | 711,766 | 570,542 |
| GS MTG SECS CORP | 1% 25 DEC 2035 | 309,089 | 323,322 |
| GS MTG SECS CORP | 2.5625% 25 MAR 2046 | 79,477 | 73,765 |
| GS MTG SECS CORP II | 4.751% 10 JUL 2039 | 742,229 | 592,781 |
| GS MTG SECS CORP II | 5.76% 06 MAR 2020 | 156,778 | 100,429 |
| GS MTG SECS CORP II | 5.396% 10 AUG 2038 | 349,925 | 293,886 |
| GS MTG SECS TR | 5.479% 10 NOV 2039 | 1,290,003 | 1,067,511 |
| GULF PWR CO | 5.3% 01 DEC 2016 | 930,667 | 910,280 |

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**Baxter International Inc. and Subsidiaries
Incentive Investment Plan**

**Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008**

Schedule I

| | | | |
|--------------------------------|----------------------|-----------|---------|
| HANOVER INS GROUP INC | 7.625% 15 OCT 2025 | 141,363 | 80,030 |
| HARLEY DAVIDSON MOTORCYCLE | 5.52% 15 NOV 2013 | 235,142 | 221,398 |
| HEALTH CARE PPTY INVS INC | 5.95% 15 SEP 2011 | 321,595 | 272,044 |
| HEALTHCARE RLTY TR IN | 8.125% 01 MAY 2011 | 325,902 | 224,227 |
| HEALTHCARE RLTY TR INC | 5.125% 01 APR 2014 | 164,145 | 104,493 |
| HEINZ H J FIN CO | 6% 15 MAR 2012 | 333,066 | 325,822 |
| HONDA AUTO RECEIVABLES 2008 1 | 4.88% 18 SEP 2014 | 573,064 | 533,169 |
| HOSPIRA INC | 5.55% 30 MAR 2012 | 953,582 | 905,181 |
| HOUSEHOLD FIN CORP | 5.875% 01 FEB 2009 | 311,343 | 308,590 |
| HOUSEHOLD FIN CORP | 7% 15 MAY 2012 | 157,871 | 152,110 |
| HRPT PPTYS TR | 1% 16 MAR 2011 | 135,221 | 99,301 |
| HSBC FIN CORP | 6.75% 15 MAY 2011 | 833,926 | 804,886 |
| HSBC FIN CORP | 5.25% 14 JAN 2011 | 978,140 | 949,995 |
| HSBC FIN CORP | 5.5% 19 JAN 2016 | 241,611 | 241,950 |
| HSBC HLDGS PLC | 6.8% 01 JUN 2038 | 342,209 | 362,412 |
| HSI ASSET SECURITIZATION CORP | 1% 25 JAN 2036 | 210,803 | 38,763 |
| HUNTINGTON NATL BK | 4.375% 15 JAN 2010 | 246,941 | 234,345 |
| HUTCHISON WHAMPOA INTL 03 13 L | 6.5% 13 FEB 2013 | 353,056 | 336,337 |
| HYUNDAI AUTO RECEIVABLES TR | 5.25% 15 MAY 2013 | 543,789 | 476,102 |
| HYUNDAI AUTO RECEIVABLES TR | 5.04% 15 JAN 2012 | 181,266 | 176,119 |
| ILLINOIS EDL FACS AUTH REVS | 5% 01 JUL 2033 | 915,767 | 910,009 |
| ILLINOIS PWR CO | 6.125% 15 NOV 2017 | 190,864 | 171,416 |
| ILLINOIS TOOL WKS INC | 5.75% 01 MAR 2009 | 129,582 | 128,156 |
| INDYMAC INDX MTG LN 2006 AR25 | 6.40071% 25 SEP 2036 | 2,104,346 | 976,691 |
| INDYMAC MBS INC | 1% 25 MAY 2036 | 257,348 | 118,202 |
| INTERNATIONAL BUSINESS MACHS | 8% 15 OCT 2038 | 557,174 | 750,052 |
| INTERNATIONAL BUSINESS MACHS | 5.7% 14 SEP 2017 | 534,821 | 565,698 |
| INTERNATIONAL LEASE FIN CORP | 6.375% 15 MAR 2009 | 320,743 | 301,036 |
| INTERNATIONAL LEASE FIN CORP | 3.5% 01 APR 2009 | 201,848 | 195,381 |
| INTERNATIONAL PAPER CO | 5.3% 01 APR 2015 | 287,462 | 204,351 |
| INTERNATIONAL PAPER CO | 4.25% 15 JAN 2009 | 130,979 | 130,277 |
| INTERNATIONAL PAPER CO | 7.95% 15 JUN 2018 | 205,747 | 162,634 |
| INTERNATIONAL STL GROUP INC | 6.5% 15 APR 2014 | 199,181 | 139,342 |
| INTL BK FOR RECON + DEV | 9.25% 15 JUL 2017 | 170,211 | 179,575 |
| INTL LEASE FIN CORP MTN | 5.750% 15 JUN 2017 | 140,121 | 142,920 |
| INTL LEASE FIN CORP MTN | 5.4% 15 FEB 2012 | 413,013 | 410,506 |
| INTL LEASE FIN CORP MTN | 5.750% 15 JUN 2011 | 97,860 | 71,460 |
| INTL LEASE FIN CORP MTN | 6.375% 25 MAR 2013 | 365,946 | 269,575 |
| ITT CORP NEW | 7.375% 15 NOV 2015 | 440,659 | 261,624 |
| J P MORGAN CHASE + CO | 5.75% 02 JAN 2013 | 526,227 | 516,941 |
| J P MORGAN CHASE COML MTG | 5.8611% 15 APR 2045 | 1,124,748 | 959,481 |

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|--------------------------------|-----------------------|---------|---------|
| J P MORGAN CHASE COML MTG | 5.818767% 15 JUN 2049 | 709,062 | 525,925 |
| J P MORGAN CHASE COML MTG | 5.198% 15 DEC 2044 | 418,523 | 372,979 |
| J P MORGAN CHASE COML MTG | 5.437% 12 DEC 2044 | 541,620 | 479,640 |
| J P MORGAN CHASE COML MTG SEC | 4.625% 15 MAR 2046 | 403,739 | 378,914 |
| J P MORGAN CHASE COML MTG SECS | 4.184% 12 JAN 2037 | 832,636 | 825,868 |
| J P MORGAN CHASE COML MTG SECS | 6.26% 15 MAR 2033 | 670,891 | 667,283 |
| J P MORGAN CHASE COML MTG SECS | 4.302% 15 JAN 2038 | 512,020 | 468,953 |
| J P MORGAN CHASE COML MTG SECS | 4.79% 15 OCT 2042 | 386,023 | 350,591 |
| J P MORGAN CHASE COML MTG SECS | 5.814% 12 JUN 2043 | 689,152 | 530,207 |
| J P MORGAN CHASE COML MTG SECS | 4.302% 15 JAN 2038 | 412,572 | 392,297 |
| J P MORGAN MTG ACQUISITION TR | 6% 25 NOV 2036 | 97,982 | 15,154 |
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Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--------------------------------|-----------------------|---------|---------|
| JANUS CAP GROUP INC | 6.25% 15 JUN 2012 | 347,365 | 278,531 |
| JEFFERIES GROUP INC NEW | 7.75% 15 MAR 2012 | 200,575 | 168,166 |
| JEFFERIES GROUP INC NEW | 6.25% 15 JAN 2036 | 340,785 | 203,611 |
| JOHNSON + JOHNSON | 5.85% 15 JUL 2038 | 744,340 | 899,704 |
| JP MORGAN CHASE COML | 5.552% 12 MAY 2045 | 510,812 | 397,181 |
| JP MORGAN CHASE | 6.75% 01 FEB 2011 | 255,146 | 246,110 |
| JP MORGAN CHASE | 5.429% 12 DEC 2043 | 632,471 | 472,270 |
| JP MORGAN CHASE BANK | 6% 01 OCT 2017 | 442,659 | 494,185 |
| JP MORGAN CHASE COML MTG | 1% 15 AUG 2042 | 566,225 | 451,357 |
| JP MORGAN CHASE COML MTG SECS | 4.851% 15 AUG 2042 | 448,051 | 405,803 |
| JP MORGAN CHASE COML MTG SECS | 5.481% 12 DEC 2044 | 231,406 | 185,129 |
| JP MORGAN MTG ACQUISITION TR | 5.89% 25 NOV 2036 | 122,480 | 19,096 |
| JPMORGAN CHASE + CO | 6.4% 15 MAY 2038 | 803,903 | 962,087 |
| JPMORGAN CHASE + CO | 5.125% 15 SEP 2014 | 679,317 | 659,948 |
| JPMORGAN CHASE + CO | 6.4% 15 MAY 2038 | 303,012 | 365,129 |
| KELLOGG CO | 5.125% 03 DEC 2012 | 465,273 | 465,279 |
| KELLOGG CO | 5.125% 03 DEC 2012 | 651,382 | 651,390 |
| KELLOGG CO | 5.125% 03 DEC 2012 | 479,966 | 479,972 |
| KINDER MORGAN ENERGY PARTNERS | 5% 15 DEC 2013 | 665,643 | 606,685 |
| KRAFT FOODS INC | 7% 11 AUG 2037 | 407,724 | 387,814 |
| KRAFT FOODS INC | 6.5% 11 AUG 2017 | 243,531 | 246,226 |
| KRAFT FOODS INC | 6.875% 01 FEB 2038 | 97,351 | 97,918 |
| KRAFT FOODS INC | 6.125% 01 FEB 2018 | 487,556 | 480,083 |
| KRAFT FOODS INC | 6.75% 19 FEB 2014 | 650,933 | 676,219 |
| KRAFT FOODS INC | 6% 11 FEB 2013 | 117,232 | 119,492 |
| KRAFT FOODS INC | 6.125% 01 FEB 2018 | 843,794 | 820,943 |
| KREDITANSTALT FUR WIEDERAUFBAU | 4.875% 17 JAN 2017 | 279,029 | 306,677 |
| KROGER CO | 6.4% 15 AUG 2017 | 112,053 | 113,638 |
| KROGER CO | 6.75% 15 APR 2012 | 406,199 | 380,778 |
| KROGER CO | 6.2% 15 JUN 2012 | 273,266 | 264,245 |
| KROGER CO | 6.4% 15 AUG 2017 | 144,080 | 143,283 |
| KROGER CO | 6.8% 15 DEC 2018 | 130,732 | 128,610 |
| KROGER CO | 7.25% 01 JUN 2009 | 327,773 | 316,854 |
| KROGER CO | 6.15% 15 JAN 2020 | 327,432 | 319,030 |
| KROGER CO | 5% 15 APR 2013 | 151,875 | 146,212 |
| LAFARGE SA | 6.15% 15 JUL 2011 | 167,697 | 142,476 |
| LB UBS | 5.372% 15 SEP 2039 | 704,066 | 549,628 |
| LB UBS COML MTG | 5.424% 15 FEB 2040 | 377,591 | 301,686 |
| LB UBS COML MTG TR | 5.3% 15 NOV 2038 | 640,086 | 521,814 |
| LB UBS COML MTG TR | 4.647% 16 DEC 2011 | 837,037 | 728,781 |
| LB UBS COML MTG TR | 5.400344% 15 JUN 2029 | 176,219 | 153,075 |
| LB UBS COML MTG TR | 4.201% 15 DEC 2029 | 437,187 | 423,349 |
| LB UBS COML MTG TR | 1% 15 JUN 2038 | 719,085 | 568,265 |

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|------------------------------|---------------------|---------|---------|
| LB UBS COML MTG TR | 6.365% 15 DEC 2028 | 395,224 | 371,807 |
| LB UBS COML MTG TR 2008 C1 | 6.1498% 15 APR 2041 | 347,994 | 258,484 |
| LEHMAN BROS HLDGS INC | 6.75% 28 DEC 2017 | 391,656 | 39 |
| LEUCADIA NATL CORP | 7% 15 AUG 2013 | 233,478 | 183,063 |
| LIBERTY PPTY LTD PARTNERSHIP | 7.75% 15 APR 2009 | 303,168 | 290,472 |
| LIBERTY PPTY LTD PARTNERSHIP | 5.5% 15 DEC 2016 | 121,602 | 72,893 |
| LIBERTY PPTY LTD PARTNERSHIP | 6.625% 01 OCT 2017 | 181,094 | 126,355 |
| LIMITED INC | 5.25% 01 NOV 2014 | 292,743 | 180,882 |
| LIMITED INC | 6.9% 15 JUL 2017 | 41,290 | 26,162 |
| LINCOLN NATL CORP IN | 1% 12 MAR 2010 | 264,564 | 232,357 |
| LINCOLN NATL CORP IN | 6.05% 20 APR 2067 | 369,758 | 176,376 |
| LLOYDS TSB BANK | 4% 17 NOV 2011 | 210,098 | 203,402 |
| LOWES COS INC | 5.6% 15 SEP 2012 | 127,167 | 129,298 |
| LUBRIZOL CORP | 4.625% 01 OCT 2009 | 132,579 | 129,932 |
| LUBRIZOL CORP | 4.625% 01 OCT 2009 | 234,958 | 230,991 |
| M + I MARSHALL + ILSLEY BK | 6.375% 01 SEP 2011 | 328,338 | 283,860 |
| M + I MARSHALL + ILSLEY BK | 2.5% 04 DEC 2012 | 999,462 | 781,888 |
| M + T BK CORP | 5.375% 24 MAY 2012 | 215,495 | 198,116 |
| MACK CALI REALTY LP | 5.05% 15 APR 2010 | 136,930 | 120,969 |
| MACK CALI RLTY LP | 5.125% 15 JAN 2015 | 194,768 | 123,329 |
| MACK CALI RLTY LP | 5.25% 15 JAN 2012 | 194,640 | 152,152 |

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Baxter International Inc. and Subsidiaries
Incentive Investment Plan

Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008

Schedule I

| | | | |
|--------------------------------|-----------------------|-----------|-----------|
| MACYS RETAIL HLDGS INC | 5.35% 15 MAR 2012 | 783,375 | 582,254 |
| MANUFACTURERS + TRADERS TR CO | 1% 28 DEC 2020 | 253,174 | 179,283 |
| MARSHALL + ILSLEY CORP | 4.375% 01 AUG 2009 | 136,525 | 134,717 |
| MASCO CORP | 6.125% 03 OCT 2016 | 380,638 | 295,914 |
| MASCO CORP | 1% 12 MAR 2010 | 151,879 | 118,735 |
| MASTR ASSET BACKED SECS TR | 1% 25 AUG 2036 | 622,214 | 516,659 |
| MASTR ASSET BACKED SECS TR2006 | 5.55% 25 OCT 2036 | 305,957 | 11,235 |
| MBNA CORP SR MTN | 7.5% 15 MAR 2012 | 378,853 | 358,053 |
| MBNA CORP SR MTN | 6.125% 01 MAR 2013 | 105,611 | 94,597 |
| | 0.81625% 16 AUG 2021 | 479,728 | 291,892 |
| MBNA CR CARD MASTER NT TR | | | |
| MCGRAW HILL COS INC | 6.55% 15 NOV 2037 | 268,399 | 192,887 |
| MEDCO HEALTH SOLUTIONS INC | 6.125% 15 MAR 2013 | 652,735 | 612,197 |
| MEDCO HEALTH SOLUTIONS INC | 7.25% 15 AUG 2013 | 92,111 | 80,755 |
| MELLON FDG CORP | 3.25% 01 APR 2009 | 179,280 | 179,843 |
| MERRILL LYNCH + CO INC | 6.4% 28 AUG 2017 | 684,904 | 687,186 |
| MERRILL LYNCH + CO INC | 6.875% 25 APR 2018 | 1,087,744 | 1,229,957 |
| MERRILL LYNCH + CO INC | 5.45% 05 FEB 2013 | 988,377 | 951,310 |
| MERRILL LYNCH + CO INC | 6% 17 FEB 2009 | 329,922 | 323,450 |
| MERRILL LYNCH + CO INC | 4.125% 15 JAN 2009 | 35,807 | 36,239 |
| MERRILL LYNCH + CO INC | 4.125% 10 SEP 2009 | 321,125 | 325,409 |
| MERRILL LYNCH + CO INC | 6.05% 16 MAY 2016 | 489,720 | 462,901 |
| MERRILL LYNCH + CO INC | 6.875% 25 APR 2018 | 729,162 | 768,723 |
| MERRILL LYNCH MTG INVS INC | 5.25% 25 AUG 2036 | 294,553 | 230,224 |
| MERRILL LYNCH MTG TR | 4.806% 12 SEP 2042 | 1,198,397 | 1,171,670 |
| | 5.242321% 12 NOV 2037 | 333,087 | 274,979 |
| MERRILL LYNCH MTG TR | | | |
| MERRILL LYNCH MTG TR | 5.403% 12 JUL 2034 | 362,051 | 351,190 |
| | 5.393859% 12 NOV 2037 | 197,046 | 177,035 |
| MERRILL LYNCH MTG TR | | | |
| METLIFE INC | 5% 15 JUN 2015 | 928,349 | 871,939 |
| MICHIGAN TOB SETTLEMENT FIN | 7.309% 01 JUN 2034 | 1,132,428 | 651,020 |
| MID ST TR IV | 8.33% 01 APR 2030 | 544,228 | 455,631 |
| MIDAMERICAN ENERGY HLDGS CO | 6.5% 15 SEP 2037 | 304,988 | 373,031 |
| MIDAMERICAN ENERGY HLDGS CO | 5.875% 01 OCT 2012 | 142,048 | 141,727 |
| MIDAMERICAN FDG LLC | 6.75% 01 MAR 2011 | 505,709 | 443,654 |
| ML CFC COML MTG TR | 5.7% 12 SEP 2049 | 290,652 | 203,706 |
| | 5.434139% 12 FEB 2039 | 2,724,943 | 2,170,154 |
| ML CFC COML MTG TR | | | |
| ML CFC COML MTG TR | 5.7% 12 SEP 2049 | 727,366 | 502,474 |
| | 6.104334% 12 JUN 2046 | 379,339 | 298,331 |
| ML CFC COML MTG TR | | | |
| MOHAWK INDS INC | 1% 15 JAN 2016 | 353,621 | 285,770 |

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|---------------------------------|----------------------|-----------|-----------|
| MORGAN J P + CO | 6% 15 JAN 2009 | 318,727 | 313,670 |
| MORGAN J P + CO INC | 6.25% 15 JAN 2009 | 319,126 | 313,708 |
| MORGAN STANLEY | 5.95% 28 DEC 2017 | 356,639 | 296,843 |
| MORGAN STANLEY | 4.75% 01 APR 2014 | 987,704 | 1,045,168 |
| MORGAN STANLEY | 5.45% 09 JAN 2017 | 397,888 | 351,343 |
| MORGAN STANLEY | 5.750% 18 OCT 2016 | 312,336 | 271,707 |
| MORGAN STANLEY | 5.750% 18 OCT 2016 | 221,156 | 251,123 |
| MORGAN STANLEY CAP I INC | 4.89% 12 JUN 2047 | 1,226,575 | 993,577 |
| MORGAN STANLEY CAP I INC | 4.989% 13 AUG 2042 | 996,827 | 840,552 |
| MORGAN STANLEY CAP I INC | 4.78% 13 DEC 2041 | 615,491 | 525,309 |
| MORGAN STANLEY CAP I INC | 5.09% 12 OCT 2052 | 325,127 | 282,993 |
| MORGAN STANLEY CAP I INC | 1% 14 JAN 2042 | 400,380 | 390,385 |
| MORGAN STANLEY CAP I TR | 5.914% 12 AUG 2041 | 650,265 | 555,724 |
| MORGAN STANLEY CAP I TR | 5.80304% 13 JUN 2042 | 412,990 | 314,157 |
| MORGAN STANLEY CAP I TR HQ13 | 5.569% 15 DEC 2044 | 605,913 | 410,237 |
| MORGAN STANLEY CAPITOL I | 5.325% 15 DEC 2043 | 246,300 | 171,728 |
| MORGAN STANLEY DEAN W ITTER CAP | 8.162% 03 SEP 2015 | 593,896 | 597,650 |
| MORGAN STANLEY GROUP INC | 5.25% 02 NOV 2012 | 611,062 | 556,976 |
| MORGAN STANLEY GROUP INC | 6.625% 01 APR 2018 | 1,311,058 | 1,117,514 |
| MORGAN STANLEY GROUP INC | 6.25% 28 AUG 2017 | 97,842 | 83,473 |
| MORGAN STANLEY GROUP INC | 5.3% 01 MAR 2013 | 646,371 | 590,939 |
| MORGAN STANLEY GROUP INC | 6.75% 15 APR 2011 | 464,846 | 443,493 |
| MOTOROLA INC | 7.625% 15 NOV 2010 | 29,090 | 22,578 |
| NATIONAL CITY BK CLEVELAND | 6.25% 15 MAR 2011 | 284,804 | 263,530 |
| NATIONAL GRID PLC | 6.3% 01 AUG 2016 | 488,879 | 426,905 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--------------------------------|----------------------|-----------|-----------|
| NATIONAL SEMICONDUCTOR CORP | 6.6% 15 JUN 2017 | 612,379 | 433,424 |
| NATIONWIDE HEALTH PPTYS INC | 6.5% 15 JUL 2011 | 313,411 | 280,175 |
| NATL CITY BK CLEVELAND OH MTBN | 3.29875% 18 JUN 2010 | 262,359 | 275,317 |
| NAVISTAR FINANCIAL CORP OWNER | 3.53% 15 OCT 2012 | 417,956 | 423,751 |
| NEVADA PWR CO | 6.75% 01 JUL 2037 | 166,467 | 144,266 |
| NEVADA PWR CO | 6.5% 01 AUG 2018 | 245,542 | 237,636 |
| NEW YORK LIFE GLOBAL FDG | 5.25% 16 OCT 2012 | 372,189 | 365,257 |
| NEW YORK LIFE GLOBAL FDG | 4.65% 09 MAY 2013 | 660,245 | 639,124 |
| NEWELL RUBBERAMID INC | 5.5% 15 APR 2013 | 660,146 | 579,574 |
| NEWS AMER HLDGS INC | 9.25% 01 FEB 2013 | 229,308 | 216,287 |
| NEWS AMER HLDGS INC | 7.7% 30 OCT 2025 | 463,438 | 365,193 |
| NEWS AMER INC | 6.4% 15 DEC 2035 | 82,388 | 76,980 |
| NEWS AMER INC | 6.65% 15 NOV 2037 | 363,573 | 455,821 |
| NISOURCE FIN CORP | 7.875% 15 NOV 2010 | 643,360 | 551,449 |
| NISOURCE FIN CORP | 7.875% 15 NOV 2010 | 225,519 | 179,333 |
| NISOURCE FIN CORP | 6.8% 15 JAN 2019 | 355,904 | 227,954 |
| NISOURCE FIN CORP | 6.06438% 23 NOV 2009 | 113,152 | 101,534 |
| NISOURCE FIN CORP | 5.25% 15 SEP 2017 | 341,704 | 207,890 |
| NISSAN AUTO RECEIVABLES OWNER | 5.05% 17 NOV 2014 | 269,384 | 252,686 |
| NOMURA ASSET ACCEP CORP | 9.664% 25 FEB 2035 | 215,663 | 131,983 |
| NOMURA ASSET ACCEP CORP | 5.159% 25 MAR 2035 | 274,657 | 204,080 |
| NORFOLK SOUTHN CORP | 6.75% 15 FEB 2011 | 159,265 | 143,730 |
| NORFOLK SOUTHN CORP | 5.75% 01 APR 2018 | 98,122 | 95,346 |
| NORSK HYDRO A S | 6.36% 15 JAN 2009 | 94,113 | 92,180 |
| NORTHERN STS PWR CO MN | 6.2% 01 JUL 2037 | 362,225 | 378,145 |
| NORTHROP GRUMMAN CORP | 7.125% 15 FEB 2011 | 166,860 | 157,918 |
| NUCOR CORP | 5% 01 DEC 2012 | 341,385 | 334,765 |
| NYSE EURONEXT | 4.8% 28 JUN 2013 | 488,752 | 475,212 |
| NYSE EURONEXT | 4.8% 28 JUN 2013 | 219,603 | 213,845 |
| OHIO PWR CO | 5.53% 05 APR 2010 | 318,456 | 297,974 |
| ONTARIO PROV CDA | 4.5% 03 FEB 2015 | 1,232,502 | 1,262,958 |
| ORACLE CORP | 4.95% 15 APR 2013 | 318,341 | 328,323 |
| ORACLE CORP | 4.95% 15 APR 2013 | 153,783 | 158,605 |
| OWENS CORNING NEW | 6.5% 01 DEC 2016 | 184,403 | 148,312 |
| PACIFIC BELL | 6.625% 15 OCT 2034 | 360,876 | 295,037 |
| PACIFIC GAS + ELEC CO | 4.2% 01 MAR 2011 | 268,762 | 266,195 |
| PACIFIC GAS + ELEC CO | 5.625% 30 NOV 2017 | 292,366 | 301,071 |
| PACIFIC GAS + ELEC CO | 8.25% 15 OCT 2018 | 153,557 | 176,590 |
| PACIFIC GAS + ELEC CO | 3.6% 01 MAR 2009 | 327,311 | 327,344 |
| PACIFIC GAS + ELEC CO | 3.6% 01 MAR 2009 | 176,205 | 175,886 |
| PACKAGING CORP AMER | 5.75% 01 AUG 2013 | 33,573 | 30,355 |
| PARKER HANNIFIN CORP MEDIUM | 6.25% 15 MAY 2038 | 298,697 | 294,874 |

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|------------------------------|--------------------|---------|---------|
| PECO ENERGY TRANSITION TR | 6.52% 31 DEC 2010 | 424,856 | 414,710 |
| PENNEY J C INC | 7.95% 01 APR 2017 | 255,978 | 175,603 |
| PENNEY JC CORP INC | 5.75% 15 FEB 2018 | 189,232 | 126,835 |
| PERU REP | 9.875% 06 FEB 2015 | 473,177 | 495,812 |
| PERU REP | 8.375% 03 MAY 2016 | 198,031 | 211,161 |
| PETRA CRE CDO | 6.27% 31 DEC 2047 | 238,932 | 238,930 |
| PETRO CDA | 9.25% 15 OCT 2021 | 567,920 | 466,154 |
| PG+E ENERGY RECOVERY FDG LLC | 3.87% 25 JUN 2011 | 79,493 | 79,590 |
| PG+E ENERGY RECOVERY FDG LLC | 4.14% 25 SEP 2012 | 956,646 | 971,348 |
| PG+E ENERGY RECOVERY FDG LLC | 4.85% 25 JUN 2011 | 23,541 | 23,645 |
| PG+E ENERGY RECOVERY FDG LLC | 5.03% 25 MAR 2014 | 121,809 | 123,090 |
| PHILIP MORRIS INTL INC | 5.65% 16 MAY 2018 | 645,004 | 641,106 |
| PHILLIPS PETE CO | 6.65% 15 JUL 2018 | 135,050 | 153,615 |
| PITNEY BROWES INC GLOBAL | 5.25% 15 JAN 2037 | 282,334 | 250,177 |
| POTASH CORP SASK INC | 4.875% 01 MAR 2013 | 316,666 | 301,551 |
| POTOMAC ELEC PWR CO | 6.5% 15 NOV 2037 | 477,467 | 473,449 |
| PPG INDS INC | 5.75% 15 MAR 2013 | 651,278 | 644,401 |
| PPG INDS INC | 5.75% 15 MAR 2013 | 288,913 | 285,862 |

Baxter International Inc. and Subsidiaries
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Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008

Schedule I

| | | | |
|--------------------------------|-----------------------|-----------|-----------|
| PRAXAIR INC | 4.625% 30 MAR 2015 | 733,863 | 739,762 |
| PRAXAIR INC | 6.375% 01 APR 2012 | 414,573 | 436,865 |
| PREMCOR REFNG GROUP INC | 7.5% 15 JUN 2015 | 159,844 | 136,754 |
| PRESIDENT + FELLOWS HARVARD | 5% 15 JAN 2014 | 851,255 | 876,902 |
| PROGRESS ENERGY INC | 7.1% 01 MAR 2011 | 104,901 | 93,233 |
| PROLOGIS | 5.5% 01 APR 2012 | 774,700 | 469,342 |
| PROLOGIS | 6.625% 15 MAY 2018 | 482,972 | 229,659 |
| PRUDENTIAL FINL INC | 5.15% 15 JAN 2013 | 196,127 | 159,179 |
| PRUDENTIAL FINL INC | 5.1% 14 DEC 2011 | 215,514 | 192,864 |
| PSE+G TRANSITION FDG LLC | 6.45% 15 MAR 2013 | 694,464 | 673,587 |
| PUBLIC SVC CO COLO | 7.875% 01 OCT 2012 | 154,068 | 154,573 |
| QUEBEC PROV CDA | 4.6% 26 MAY 2015 | 1,225,076 | 1,195,373 |
| QWEST CORP | 8.875% 15 MAR 2012 | 292,931 | 253,785 |
| QWEST CORP | 8.875% 15 MAR 2012 | 16,094 | 13,596 |
| QWEST CORPORATION | 7.5% 01 OCT 2014 | 308,057 | 252,119 |
| RAAC | 1% 25 AUG 2036 | 56,479 | 52,056 |
| RALI SER 2006 QO6 TR | 3.315% 25 JUN 2046 | 60,137 | 29,598 |
| RALI SER 2006 QS7 TR | 6% 25 JUN 2036 | 474,610 | 292,297 |
| RAYTHEON CO | 6.4% 15 DEC 2018 | 232,966 | 238,661 |
| RAYTHEON CO | 5.5% 15 NOV 2012 | 120,400 | 123,814 |
| REGENCY CTRS LP | 5.25% 01 AUG 2015 | 132,365 | 87,668 |
| REGENCY CTRS LP | 5.875% 15 JUN 2017 | 141,408 | 89,980 |
| REGIONS FINL CORP | 6.375% 15 MAY 2012 | 325,498 | 275,644 |
| RELIANT ENERGY TRANS BD CO | 5.63% 15 SEP 2015 | 234,525 | 223,060 |
| | 5.17813% 25 NOV 2034 | 571,815 | 360,640 |
| RENAISSANCEHOME EQUITY LN TR | | | |
| REPUBLIC SVCS INC | 6.75% 15 AUG 2011 | 343,798 | 327,737 |
| RESIDENTIAL ASSET SEC MTG PASS | 1.6% 25 MAY 2033 | 15,560 | 11,320 |
| | 5.241773% 25 AUG 2035 | 323,831 | 194,514 |
| RESIDENTIAL FDG MTG SECS I INC | | | |
| RESIDENTIAL FDG MTG SECS II | 4.46% 25 MAY 2035 | 37,945 | 37,706 |
| REYNOLDS AMERN INC | 7.625% 01 JUN 2016 | 309,930 | 244,813 |
| REYNOLDS AMERN INC | 7.25% 01 JUN 2012 | 320,465 | 281,863 |
| RIO TINTO FIN USA LTD | 7.125% 15 JUL 2028 | 364,947 | 259,406 |
| RIO TINTO FIN USA LTD | 5.875% 15 JUL 2013 | 318,290 | 253,654 |
| ROGERS WIRELESS INC | 7.25% 15 DEC 2012 | 293,251 | 263,281 |
| ROHM + HAAS CO | 5.6% 15 MAR 2013 | 225,335 | 217,607 |
| ROYAL BANK OF SCOTLAND GRP PLC | 1% 31 AUG 2049 | 98,966 | 94,743 |
| ROYAL BK CDA MONTREAL QUE | 4.125% 26 JAN 2010 | 543,715 | 555,402 |
| ROYAL BK SCOTLAND GROUP PLC | 5% 01 OCT 2014 | 472,734 | 503,954 |
| ROYAL BK SCOTLAND GROUP PLC | 6.4% 01 APR 2009 | 199,263 | 195,269 |
| ROYAL BK SCOTLAND GROUP PLC | 5% 01 OCT 2014 | 347,333 | 302,373 |
| ROYAL KPN NV | 8% 01 OCT 2010 | 62,615 | 59,333 |

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|-------------------------------|--------------------|-----------|---------|
| ROYAL KPN NV | 8.375% 01 OCT 2030 | 63,296 | 60,871 |
| RSB BONDCO LLC | 5.469% 01 OCT 2014 | 874,550 | 877,662 |
| RSHB CAP S A | 7.75% 29 MAY 2018 | 1,058,857 | 679,414 |
| RSHB CAP SA (OJSC) | 6.299% 15 MAY 2017 | 332,368 | 190,052 |
| RUSSIAN FEDN | 7.5% 31 MAR 2030 | 739,691 | 727,923 |
| SAFEWAY INC | 6.5% 01 MAR 2011 | 77,785 | 73,706 |
| SAFEWAY INC | 6.35% 15 AUG 2017 | 492,373 | 460,172 |
| SALOMON BROS MTG SECS VII INC | 3.95% 25 JAN 2033 | 278,009 | 246,765 |
| SANWA BK LTD N Y BRH | 7.4% 15 JUN 2011 | 111,399 | 94,864 |

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Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|------------------------------|-------------------------|-----------|-----------|
| | 3.89625% 25 AUG 2032 | 5,516 | 5,409 |
| SAXON ASSET SECS TR | | | |
| SBC COMMUNICATIONS INC | 5.3% 15 NOV 2010 | 782,395 | 796,808 |
| SBC COMMUNICATIONS INC | 5.3% 15 NOV 2010 | 1,350,732 | 1,399,394 |
| SEARIVER MARITIME FINL HLDGS | 0.01% 01 SEP 2012 | 448,106 | 461,572 |
| SIERRA PAC PWR CO | 6.75% 01 JUL 2037 | 86,090 | 74,319 |
| SIMON PPTY GROUP LP | 5.625% 15 AUG 2014 | 240,822 | 166,001 |
| SIMON PPTY GROUP LP | 5% 01 MAR 2012 | 375,135 | 298,061 |
| SIMON PPTY GROUP LP | 5% 01 MAR 2012 | 419,673 | 332,900 |
| SIMON PPTY GROUP LP | 5.3% 30 MAY 2013 | 645,088 | 483,477 |
| SIMON PPTY GROUP LP | 5.75% 01 MAY 2012 | 268,813 | 215,406 |
| SLM CORP | 5% 01 OCT 2013 | 72,020 | 70,111 |
| SLM CORP | 8.45% 15 JUN 2018 | 288,570 | 309,881 |
| SLM CORP | 5.375% 15 MAY 2014 | 46,599 | 36,371 |
| SLM CORP | 5% 01 OCT 2013 | 12,530 | 10,517 |
| SLM CORP | 8.45% 15 JUN 2018 | 302,577 | 244,031 |
| SLM CORP | 5.125% 27 AUG 2012 | 152,565 | 131,992 |
| SLM CORP | 5.375% 15 JAN 2013 | 354,126 | 294,529 |
| SMALL BUSINESS ADMIN | 7.06% 01 NOV 2019 | 215,169 | 226,160 |
| SMALL BUSINESS ADMIN | 5.68% 01 JUN 2028 | 1,149,067 | 1,192,855 |
| SOUTHERN CA EDISON CO | 5.75% 15 MAR 2014 | 424,076 | 446,674 |
| SOUTHERN CA EDISON CO | 5.75% 15 MAR 2014 | 662,923 | 698,250 |
| SOUTHERN CA EDISON CO | 4.65% 01 APR 2015 | 209,950 | 210,093 |
| SOUTHERN CO | 5.3% 15 JAN 2012 | 63,620 | 64,315 |
| SOUTHWESTERN ELEC PWR CO | 5.875% 01 MAR 2018 | 756,631 | 699,876 |
| SOVEREIGN BANCORP INC | 1% 01 SEP 2010 | 453,465 | 417,491 |
| SOVEREIGN BANCORP INC | 1% 23 MAR 2010 | 112,684 | 99,733 |
| SOVEREIGN BK | 5.125% 15 MAR 2013 | 323,380 | 287,325 |
| SPRINT CAP CORP | 6.875% 15 NOV 2028 | 192,819 | 134,095 |
| SPRINT CAP CORP | 7.625% 30 JAN 2011 | 354,429 | 286,366 |
| SPRINT CAP CORP | 8.375% 15 MAR 2012 | 279,084 | 192,054 |
| SPRINT NEXTEL CORP | 6% 01 DEC 2016 | 432,160 | 310,862 |
| STARWOOD HOTELS + RESORTS | 1% 01 MAY 2012 | 259,102 | 185,420 |
| STEEL CAPITAL | 9.75% 29 JUL 2013 | 137,181 | 72,706 |
| SUNCOR ENERGY INC | 6.1% 01 JUN 2018 | 729,145 | 629,072 |
| SWAPTION 317U279A4 | FEB 09 3.5 CALL | 118,598 | 415,459 |
| SWAPTION 317U168A8 | JUL 09 4.2 CALL | (17,324) | (70,804) |
| SWAPTION 317U280A1 | FEB 09 4.3 CALL | (27,833) | (128,168) |
| SWAPTION 317U169A7 | JUL 09 3.6 CALL | 16,954 | 64,774 |
| SWAPTION 317U296A3 | FEB 08 4.6 CALL | (84,925) | (379,709) |
| SWAPTION 317U375A7 | AUG 09 3.45 CALL | 29,905 | 91,014 |
| SWAPTION 317U376A6 | AUG 09 4.15 CALL | (29,514) | (102,495) |
| SWAPTION 317U381A9 | AUG 09 3.45 CALL | 22,018 | 68,261 |

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| | | | |
|--------------------------------|------------------|-------------|-------------|
| SWAPTION 317U382A8 | AUG 09 4.4 CALL | (22,635) | (84,898) |
| SWAPTION 317U383A7 | AUG 09 3.45 CALL | 62,225 | 204,782 |
| SWAPTION 317U384A6 | AUG 09 4.4 CALL | (64,544) | (254,694) |
| SWU0111J2 IRS USD P F 3.00000 | 3% 17 JUN 2029 | (1,959,730) | (2,006,540) |
| SWU0111J2 IRS USD R V 03MLIBOR | 1% 17 JUN 2029 | 1,839,795 | 1,959,730 |
| SWU0113J0 IRS USD P F 3.00000 | 3% 17 JUN 2029 | (195,973) | (200,654) |
| SWU0113J0 IRS USD R V 03MLIBOR | 1% 17 JUN 2029 | 183,875 | 195,973 |
| SWU0143J4 IRS USD P F 3.00000 | 3% 17 JUN 2029 | (195,973) | (200,654) |
| SWU0143J4 IRS USD R V 03MLIBOR | 1% 17 JUN 2029 | 186,811 | 195,973 |
| SWU0252E2 IRS USD P F 5.00000 | 5% 17 DEC 2038 | (3,429,528) | (4,991,277) |
| SWU0252E2 IRS USD R V 03MLIBOR | 1% 17 DEC 2038 | 3,433,247 | 3,429,528 |
| SWU0260H5 IRS USD P V 03MLIBOR | 1% 17 JUN 2014 | (1,175,838) | (1,175,838) |
| SWU0260H5 IRS USD R F 4.00000 | 4% 17 JUN 2014 | 1,253,443 | 1,270,285 |
| SWU0261E1 IRS USD P F 5.00000 | 5% 17 DEC 2028 | (489,933) | (655,781) |
| SWU0261E1 IRS USD R V 03MLIBOR | 1% 17 DEC 2028 | 460,782 | 489,933 |
| SWU0274E6 IRS USD P V 03MLIBOR | 1% 17 DEC 2013 | (5,585,231) | (5,585,231) |
| SWU0274E6 IRS USD R F 4.00000 | 4% 17 DEC 2013 | 5,577,970 | 6,069,749 |
| SWU0279C5 IRS USD P F 4.00000 | 4% 17 JUN 2011 | (979,865) | (1,023,851) |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****December 31, 2008****Schedule I**

| | | | |
|--------------------------------|--------------------|-------------|-------------|
| SIMON PPTY GROUP LP | 5.3% 30 MAY 2013 | 645,088 | 483,477 |
| SIMON PPTY GROUP LP | 5.75% 01 MAY 2012 | 268,813 | 215,406 |
| SLM CORP | 5% 01 OCT 2013 | 72,020 | 70,111 |
| SLM CORP | 8.45% 15 JUN 2018 | 288,570 | 309,881 |
| SLM CORP | 5.375% 15 MAY 2014 | 46,599 | 36,371 |
| SLM CORP | 5% 01 OCT 2013 | 12,530 | 10,517 |
| SLM CORP | 8.45% 15 JUN 2018 | 302,577 | 244,031 |
| SLM CORP | 5.125% 27 AUG 2012 | 152,565 | 131,992 |
| SLM CORP | 5.375% 15 JAN 2013 | 354,126 | 294,529 |
| SMALL BUSINESS ADMIN | 7.06% 01 NOV 2019 | 215,169 | 226,160 |
| SMALL BUSINESS ADMIN | 5.68% 01 JUN 2028 | 1,149,067 | 1,192,855 |
| SOUTHERN CA EDISON CO | 5.75% 15 MAR 2014 | 424,076 | 446,674 |
| SOUTHERN CA EDISON CO | 5.75% 15 MAR 2014 | 662,923 | 698,250 |
| SOUTHERN CA EDISON CO | 4.65% 01 APR 2015 | 209,950 | 210,093 |
| SOUTHERN CO | 5.3% 15 JAN 2012 | 63,620 | 64,315 |
| SOUTHWESTERN ELEC PWR CO | 5.875% 01 MAR 2018 | 756,631 | 699,876 |
| SOVEREIGN BANCORP INC | 1% 01 SEP 2010 | 453,465 | 417,491 |
| SOVEREIGN BANCORP INC | 1% 23 MAR 2010 | 112,684 | 99,733 |
| SOVEREIGN BK | 5.125% 15 MAR 2013 | 323,380 | 287,325 |
| SPRINT CAP CORP | 6.875% 15 NOV 2028 | 192,819 | 134,095 |
| SPRINT CAP CORP | 7.625% 30 JAN 2011 | 354,429 | 286,366 |
| SPRINT CAP CORP | 8.375% 15 MAR 2012 | 279,084 | 192,054 |
| SPRINT NEXTEL CORP | 6% 01 DEC 2016 | 432,160 | 310,862 |
| STARWOOD HOTELS + RESORTS | 1% 01 MAY 2012 | 259,102 | 185,420 |
| STEEL CAPITAL | 9.75% 29 JUL 2013 | 137,181 | 72,706 |
| SUNCOR ENERGY INC | 6.1% 01 JUN 2018 | 729,145 | 629,072 |
| SWAPTION (317U279A4) | FEB 09 3.5 CALL | 118,598 | 415,459 |
| SWAPTION (317U168A8) | JUL 09 4.2 CALL | (17,324) | (70,804) |
| SWAPTION (317U280A1) | FEB 09 4.3 CALL | (27,833) | (128,168) |
| SWAPTION 317U169A7 | JUL 09 3.6 CALL | 16,954 | 64,774 |
| SWAPTION 317U296A3 | FEB 08 4.6 CALL | (84,925) | (379,709) |
| SWAPTION 317U375A7 | AUG 09 3.45 CALL | 29,905 | 91,014 |
| SWAPTION 317U376A6 | AUG 09 4.15 CALL | (29,514) | (102,495) |
| SWAPTION 317U381A9 | AUG 09 3.45 CALL | 22,018 | 68,261 |
| SWAPTION 317U382A8 | AUG 09 4.4 CALL | (22,635) | (84,898) |
| SWAPTION 317U383A7 | AUG 09 3.45 CALL | 62,225 | 204,782 |
| SWAPTION 317U384A6 | AUG 09 4.4 CALL | (64,544) | (254,694) |
| SWU0111J2 IRS USD P F 3.00000 | 3% 17 JUN 2029 | (1,959,730) | (2,006,540) |
| SWU0111J2 IRS USD R V 03MLIBOR | 1% 17 JUN 2029 | 1,839,795 | 1,959,730 |
| SWU0113J0 IRS USD P F 3.00000 | 3% 17 JUN 2029 | (195,973) | (200,654) |
| SWU0113J0 IRS USD R V 03MLIBOR | 1% 17 JUN 2029 | 183,875 | 195,973 |
| SWU0143J4 IRS USD P F 3.00000 | 3% 17 JUN 2029 | (195,973) | (200,654) |
| SWU0143J4 IRS USD R V 03MLIBOR | 1% 17 JUN 2029 | 186,811 | 195,973 |

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| | | | |
|--------------------------------|----------------|-------------|-------------|
| SWU0252E2 IRS USD P F 5.00000 | 5% 17 DEC 2038 | (3,429,528) | (4,991,277) |
| SWU0252E2 IRS USD R V 03MLIBOR | 1% 17 DEC 2038 | 3,433,247 | 3,429,528 |
| SWU0260H5 IRS USD P V 03MLIBOR | 1% 17 JUN 2014 | (1,175,838) | (1,175,838) |
| SWU0260H5 IRS USD R F 4.00000 | 4% 17 JUN 2014 | 1,253,443 | 1,270,285 |
| SWU0261E1 IRS USD P F 5.00000 | 5% 17 DEC 2028 | (489,933) | (655,781) |
| SWU0261E1 IRS USD R V 03MLIBOR | 1% 17 DEC 2028 | 460,782 | 489,933 |
| SWU0274E6 IRS USD P V 03MLIBOR | 1% 17 DEC 2013 | (5,585,231) | (5,585,231) |
| SWU0274E6 IRS USD R F 4.00000 | 4% 17 DEC 2013 | 5,577,970 | 6,069,749 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--------------------------------|--------------------|-----------|-----------|
| THOMSON REUTERS CORP | 5.95% 15 JUL 2013 | 667,838 | 624,913 |
| TIAA GLOBAL MKTS INC | 5.125% 10 OCT 2012 | 587,302 | 579,482 |
| TIAA SEASONED COML MTG TR | 1% 15 AUG 2039 | 206,625 | 177,216 |
| TIME WARNER CABLE INC | 7.3% 01 JUL 2038 | 586,191 | 610,770 |
| TIME WARNER CABLE INC | 6.2% 01 JUL 2013 | 650,229 | 616,355 |
| TIME WARNER CABLE INC | 5.85% 01 MAY 2017 | 175,968 | 161,129 |
| TIME WARNER CABLE INC | 6.75% 01 JUL 2018 | 509,542 | 485,861 |
| TIME WARNER INC | 9.125% 15 JAN 2013 | 433,641 | 388,421 |
| TIME WARNER INC | 6.625% 15 MAY 2029 | 1,287,522 | 1,133,963 |
| TIME WARNER INC NEW | 6.5% 15 NOV 2036 | 127,282 | 115,483 |
| TOBACCO SETTLEMENT AUTH IOWA | 6.5% 01 JUN 2023 | 102,886 | 74,457 |
| TOBACCO SETTLEMENT FIN AUTH WE | 7.467% 01 JUN 2047 | 553,624 | 316,595 |
| TOBACCO SETTLEMENT FING CORP | 5.875% 15 MAY 2039 | 224,717 | 183,025 |
| TOLL BROS FIN CORP | 6.875% 15 NOV 2012 | 123,350 | 102,564 |
| TRANSOCEAN INC | 6% 15 MAR 2018 | 305,141 | 272,201 |
| TRAVELERS COS INC | 5.75% 15 DEC 2017 | 361,600 | 348,591 |
| TXU AUSTRALIA HLDGS PTY LTD | 6.15% 15 NOV 2013 | 261,753 | 245,482 |
| TYCO INTL GROUP S A | 6% 15 NOV 2013 | 181,916 | 165,496 |
| U S DEPT VETERAN AFFAIRS REMIC | 6% 15 APR 2009 | 48,955 | 46,034 |
| UBS AG STAMFORD BRH | 5.875% 20 DEC 2017 | 489,345 | 450,074 |
| UBS AG STAMFORD BRH MEDIUM | 5.75% 25 APR 2018 | 486,885 | 444,660 |
| UFJ FIN ARUBA A E C | 6.75% 15 JUL 2013 | 787,545 | 694,346 |
| UNION BK CALIF | 5.95% 11 MAY 2016 | 281,717 | 228,068 |
| UNION PAC CORP | 5.45% 31 JAN 2013 | 444,851 | 432,445 |
| UNION PAC CORP | 5.75% 15 NOV 2017 | 680,516 | 645,736 |
| UNION PAC CORP | 3.875% 15 FEB 2009 | 390,805 | 392,668 |
| UNION PAC CORP | 3.625% 01 JUN 2010 | 131,370 | 131,127 |
| UNION PLANTERS CORP | 7.75% 01 MAR 2011 | 224,171 | 197,996 |
| UNITED AIRLS PASS THRU TRS | 9.56% 19 OCT 2018 | 435,820 | 159,748 |
| UNITED HEALTH GROUP INC | 5.25% 15 MAR 2011 | 370,626 | 345,499 |
| UNITED KINGDOM (GOVERNMENT OF) | 4.25% 07 MAR 2011 | 614,780 | 604,082 |
| UNITED KINGDOM TREASURY | 5% 07 MAR 2012 | 1,741,948 | 1,716,829 |
| UNITED PARCEL SVC INC | 6.2% 15 JAN 2038 | 427,164 | 469,911 |
| UNITED STATES CELLULAR CORP | 6.7% 15 DEC 2033 | 359,463 | 286,006 |
| UNITED STS STL CORP NEW | 5.65% 01 JUN 2013 | 222,116 | 170,033 |
| UNITED TECHNOLOGIES CORP | 5.375% 15 DEC 2017 | 288,502 | 292,210 |
| UNITED TECHNOLOGIES CORP | 6.125% 15 JUL 2038 | 415,222 | 451,908 |
| UNITEDHEALTH GROUP INC | 5.125% 15 NOV 2010 | 239,798 | 234,341 |
| UNITEDHEALTH GROUP INC | 6% 15 FEB 2018 | 293,692 | 271,217 |
| UNITEDHEALTH GROUP INC | 6.875% 15 FEB 2038 | 96,492 | 85,798 |
| UNITEDHEALTH GROUP INC | 4.125% 15 AUG 2009 | 116,684 | 115,755 |
| UNITEDHEALTH GROUP INC | 5.375% 15 MAR 2016 | 292,848 | 259,061 |
| UNITEDHEALTH GROUP INC | 5.5% 15 NOV 2012 | 179,315 | 165,192 |

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| | | | |
|----------------------------|--------------------|---------|---------|
| USA WASTE SVCS INC | 7% 15 JUL 2028 | 61,360 | 48,766 |
| VALE OVERSEAS LTD | 6.25% 23 JAN 2017 | 291,805 | 277,145 |
| VALE OVERSEAS LTD | 6.25% 23 JAN 2017 | 598,200 | 568,147 |
| VALERO ENERGY CORP NEW | 6.875% 15 APR 2012 | 338,547 | 310,395 |
| VEOLIA ENVIRONMENT | 6% 01 JUN 2018 | 229,393 | 203,099 |
| VEOLIA ENVIRONNEMENT | 5.25% 03 JUN 2013 | 478,689 | 439,215 |
| VERIZON COMMUNICATIONS INC | 8.95% 01 MAR 2039 | 200,592 | 265,793 |
| VERIZON COMMUNICATIONS INC | 5.25% 15 APR 2013 | 185,486 | 186,886 |
| VERIZON COMMUNICATIONS INC | 6.1% 15 APR 2018 | 438,416 | 435,443 |
| VERIZON COMMUNICATIONS INC | 8.95% 01 MAR 2039 | 152,832 | 202,509 |
| VERIZON GLOBAL FDG CORP | 6.875% 15 JUN 2012 | 417,604 | 399,270 |
| VERIZON GLOBAL FDG CORP | 4.9% 15 SEP 2015 | 164,147 | 161,190 |
| VERIZON GLOBAL FDG CORP | 5.85% 15 SEP 2035 | 306,454 | 307,099 |
| VERIZON NEW JERSEY INC | 5.875% 17 JAN 2012 | 197,090 | 192,926 |
| VERIZON VA INC | 4.625% 15 MAR 2013 | 666,539 | 657,655 |
| VERIZON WIRELESS CAP | 8.5% 15 NOV 2018 | 261,746 | 309,983 |
| VIACOM INC | 6.875% 30 APR 2036 | 632,722 | 654,338 |
| VIRGINIA ELEC + PWR CO | 5.95% 15 SEP 2017 | 341,622 | 345,229 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | | |
|--------------------------------|---------------------|---------|-----------|
| VIRGINIA ELEC + PWR CO | 5.1% 30 NOV 2012 | 293,860 | 287,381 |
| VIRGINIA ELEC + PWR CO | 5.1% 30 NOV 2012 | 656,286 | 641,818 |
| VIRGINIA ELEC + PWR CO | 5.4% 30 APR 2018 | 156,545 | 151,752 |
| VODAFONE AIRTOUCH PLC | 7.75% 15 FEB 2010 | 374,460 | 360,517 |
| VODAFONE GROUP PLC NEW | 5.35% 27 FEB 2012 | 621,891 | 614,281 |
| VODAFONE GROUP PLC NEW | 5.5% 15 JUN 2011 | 273,547 | 273,443 |
| VOLKSWAGEN AUTO LN ENHANCED TR | 4.5% 20 JUL 2012 | 230,257 | 217,028 |
| VULCAN MATLS CO | 5.6% 30 NOV 2012 | 317,796 | 271,064 |
| WACHOVIA BK COML MTG TR | 1% 15 JUN 2049 | 798,553 | 617,597 |
| WACHOVIA BK COML MTG TR | 1% 15 JUL 2045 | 727,246 | 567,406 |
| WACHOVIA BK COML MTG TR | 5.509% 15 APR 2047 | 712,807 | 521,876 |
| WACHOVIA BK COML MTG TR | 1% 15 JUN 2049 | 724,590 | 527,729 |
| WACHOVIA BK NATL ASSN | 4.875% 01 FEB 2015 | 481,660 | 548,802 |
| WACHOVIA BK NATL ASSN MED TERM | 4.8% 01 NOV 2014 | 339,033 | 365,055 |
| | 3.14875% 15 MAR | 955,368 | 921,142 |
| WACHOVIA BK NATL ASSN MTN SUB | 2016 | | |
| WACHOVIA CORP | 5.5% 01 MAY 2013 | 425,278 | 421,485 |
| WACHOVIA CORP | 5.5% 01 MAY 2013 | 327,513 | 324,592 |
| WACHOVIA CORP2ND NEW | 4.875% 15 FEB 2014 | 87,306 | 99,020 |
| WACHOVIA CORP NEW | 5.3% 15 OCT 2011 | 471,560 | 472,503 |
| WACHOVIA CORP NEW | 5.3% 15 OCT 2011 | 665,222 | 642,604 |
| WACHOVIA CORP NEW | 5.35% 15 MAR 2011 | 293,942 | 280,495 |
| WAL MART STORES INC | 5.25% 01 SEP 2035 | 185,468 | 209,757 |
| WALT DISNEY CO | 5.7% 15 JUL 2011 | 948,644 | 1,008,428 |
| WAMU MTG PASS THROUGH CTFS | 1% 25 OCT 2045 | 276,172 | 47,124 |
| WAMU MTG PASS THROUGH CTFS | 4.6697% 25 APR 2035 | 122,196 | 114,147 |
| WAMU MTG PASS THROUGH CTFS | 4.134% 25 AUG 2034 | 328,540 | 320,179 |
| WASTE MGMT INC DEL | 7.375% 15 MAY 2029 | 54,242 | 41,814 |
| WASTE MGMT INC DEL | 7.375% 01 AUG 2010 | 110,301 | 99,298 |
| WEATHERFORD INTL LTD | 5.15% 15 MAR 2013 | 127,120 | 112,169 |
| WEATHERFORD INTL LTD | 6% 15 MAR 2018 | 53,603 | 45,257 |
| WELLPOINT INC | 4.25% 15 DEC 2009 | 415,381 | 409,902 |
| WELLPOINT INC | 5.875% 15 JUN 2017 | 410,315 | 379,019 |
| WELLS FARGO + CO NEW | 4.95% 16 OCT 2013 | 429,655 | 435,266 |
| WELLS FARGO + CO NEW | 2% 01 APR 2009 | 326,055 | 328,801 |
| WELLS FARGO + CO NEW | 6.375% 01 AUG 2011 | 291,573 | 260,044 |
| WELLS FARGO BK N A | 6.45% 01 FEB 2011 | 275,687 | 284,388 |
| WELLS FARGO BK NATL ASSN | 4.75% 09 FEB 2015 | 458,067 | 495,904 |
| WELLS FARGO CAP XIII | 7.7% 29 DEC 2049 | 809,810 | 659,085 |
| WESTERN FINL BK | 9.625% 15 MAY 2012 | 176,165 | 154,460 |
| WESTERN UN CO | 5.93% 01 OCT 2016 | 416,284 | 355,899 |
| WFS FINL 2005 2 ONER TR | 4.57% 19 NOV 2012 | 171,468 | 168,679 |
| WILLIAMS COS INC | 7.875% 01 SEP 2021 | 102,641 | 74,960 |

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| | | | |
|------------------------------|--------------------|-----------|-----------|
| WILLIAMS COS INC | 7.875% 01 SEP 2021 | 131,663 | 93,700 |
| WILLIAMSON CNTY TEX | 6% 15 AUG 2014 | 26,422 | 26,210 |
| WILLIS NORTH AMER INC | 6.2% 28 MAR 2017 | 307,406 | 213,833 |
| WISCONSIN ST | 5% 01 MAY 2015 | 57,620 | 60,285 |
| WORLD SVGS BK FSB OAKLAND CA | 1% 22 MAR 2011 | 1,052,375 | 1,072,842 |
| WPP FIN UK | 5.875% 15 JUN 2014 | 170,981 | 180,214 |
| WYETH | 5.5% 01 FEB 2014 | 227,935 | 224,946 |
| WYETH | 5.5% 01 FEB 2014 | 230,102 | 228,927 |
| WYNDHAM WORLDWIDE CORP | 6% 01 DEC 2016 | 367,134 | 161,938 |
| XEROX CORP | 6.4% 15 MAR 2016 | 614,651 | 477,684 |
| XEROX CORP | 9.75% 15 JAN 2009 | 221,916 | 210,459 |
| XEROX CORP | 7.625% 15 JUN 2013 | 61,217 | 49,067 |
| XEROX CORP | 5.5% 15 MAY 2012 | 120,562 | 102,647 |
| XEROX CORP | 5.65% 15 MAY 2013 | 174,721 | 138,434 |
| XL CAP LTD | 5.25% 15 SEP 2014 | 314,757 | 182,295 |
| XTO ENERGY INC | 4.9% 01 FEB 2014 | 644,790 | 613,775 |
| YUM BRANDS INC | 6.875% 15 NOV 2037 | 62,086 | 73,768 |
| ZIONS BANCORP | 5.5% 16 NOV 2015 | 155,507 | 110,875 |

295,066,629

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008

Schedule I**Registered Investment Companies**

| | | | |
|--------------------------|-------------------------------|------------|-------|
| CO FDS PAC INV MGMT | Private Acct Portfolio | 6,246,940 | 5,50 |
| CO FDS PAC INVT MGMT SER | Short Term Portfolio Instl CL | 14,453,463 | 11,55 |
| CO FDS PAC INVT MGMT SER | US Govt Sector Port Instl CL | 31,135 | 2 |
| CO FDS PAC INVT MGMT SER | MTG Portfolio Instl CL | 1,246,950 | 1,19 |
| CO FDS PAC INVT MGMT SER | Emerging Mkts Portfolio | 2,762,405 | 2,03 |
| CO FDS PAC INVT MGMT SER | INTL Portfolio Instl CL | 5,446,953 | 5,13 |
| CO FDS PAC INVT MGMT SER | INVT Grade Corp Port Instl CL | 18,507,670 | 17,20 |

42,75

Profit Responsive Interest Rate Wrapper Contracts

| | | | |
|--------------------------|---------------------|--|----|
| ON INSTITUTIONAL MARKETS | Open Ended Maturity | | 7 |
| OF AMERICA NT & SA | Open Ended Maturity | | 70 |

1,47

Synthetic Guaranteed Investment Contracts (contract value equals \$633,487,493) \$ 659,50

Commingled Investments:

| | | | |
|--------------------------------------|------------------------|--|--------|
| INTERNATIONAL EAFE EQUITY INDEX FUND | Commingled Investments | | 59,45 |
| 500 FLAGSHIP FUND | Commingled Investments | | 112,00 |
| ALL CAP FUND | Commingled Investments | | 41,47 |

Commingled Investments \$ 212,98

Registered Investment Companies:

| | |
|----------------------------------|-------------------------------|
| RDEN ASIA PACIFIC INCOME FD INC | Registered Investment Company |
| RDEN CHINA OPPS INSTL SVC CL | Registered Investment Company |
| VANTAGE ENERGY INCOME FD TR UNIT | Registered Investment Company |
| IS VALUE FUND INC | Registered Investment Company |
| EUROPEAN GROWTH INVESTORS | Registered Investment Company |

| | | |
|---|-------------------------------|---|
| FRANCOIS BERNSTEIN GREATER CHINA 97-ADV | Registered Investment Company | 2 |
| FRANCOIS CCM MID-CAP L D | Registered Investment Company | |
| FRANCOIS OCC VALUE INSTITUTIONAL N/C | Registered Investment Company | |
| FRANCOIS GLOBAL PREMIER PPTYS FD COM SHS OF BEN INT | Registered Investment Company | |
| FRANCOIS INTERNATIONAL REAL ESTATE EQUITY Y | Registered Investment Company | |
| FRANCOIS CENTURY TARGET MATURITIES TR 2010 | Registered Investment Company | 2 |
| FRANCOIS CAPITAL INCOME BUILDER CL F | Registered Investment Company | 2 |
| FRANCOIS CAPITAL INCOME BUILDER CL R2 | Registered Investment Company | 1 |
| FRANCOIS CAPITAL WORLD GR & INC R2 | Registered Investment Company | |
| FRANCOIS CAPITAL WORLD GRTH & INC A | Registered Investment Company | |
| FRANCOIS CAPITAL WORLD GRWTH & INC F1 | Registered Investment Company | |
| FRANCOIS CAPITAL WORLD GRWTH & INC R5 | Registered Investment Company | |
| FRANCOIS CENTURY EQUITY INCOME | Registered Investment Company | 2 |
| FRANCOIS EUROPACIFIC GROWTH CLASS A | Registered Investment Company | 1 |
| FRANCOIS EUROPACIFIC GROWTH CLASS F | Registered Investment Company | 2 |
| FRANCOIS FUNDAMENTAL INVESTORS CL F | Registered Investment Company | |
| FRANCOIS GROWTH FUND OF AMERICA CLASS F | Registered Investment Company | 1 |
| FRANCOIS HIGH-INCOME CLASS F | Registered Investment Company | 1 |
| FRANCOIS INCOME FUND OF AMERICA CLASS F | Registered Investment Company | 2 |
| FRANCOIS INVESTMNT CO OF AMERICA CL A | Registered Investment Company | 1 |
| FRANCOIS NEW PERSPECTIVE CLASS A | Registered Investment Company | 1 |
| FRANCOIS NEW PERSPECTIVE R2 | Registered Investment Company | |
| FRANCOIS NEW WORLD FUND CLASS A | Registered Investment Company | |
| FRANCOIS NEW WORLD FUND R2 | Registered Investment Company | |

**Baxter International Inc. and Subsidiaries
Incentive Investment Plan**

**Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008**

Schedule I

| | | |
|---|-------------------------------|---------|
| ARIEL APPRECIATION | Registered Investment Company | 9,365 |
| ARIEL GROWTH CLASS A | Registered Investment Company | 8,078 |
| ARROW DWA BALANCED FUND CLASS C | Registered Investment Company | 10,938 |
| ARTISAN INTERNAT L | Registered Investment Company | 106,561 |
| ARTISAN INTL VALUE FUND | Registered Investment Company | 6,614 |
| BARCLAYS BK PLC IPATH ETNS LKD MSCI INDIA | Registered Investment Company | 6,676 |
| BARCLAYS BK PLC IPATH INDEX LKD SECS | Registered Investment Company | 3,723 |
| BARCLAYS BK PLC IPATH INDEX LKD SECS | Registered Investment Company | 9,361 |
| BARON ASSET | Registered Investment Company | 6,328 |
| BARON PARTNERS FUND | Registered Investment Company | 18,418 |
| BRANDYWINE BLUE | Registered Investment Company | 16,172 |
| BRIDGEWAY AGGRESSIVE INVESTOR 1 | Registered Investment Company | 474 |
| BRIDGEWAY AGGRESSIVE INVESTOR 2 | Registered Investment Company | 93,337 |
| BRIDGEWAY SMALL CAP GROWTH CL N | Registered Investment Company | 7,261 |
| BROWN CAPITAL MGMT SMALL COMPANY INST. | Registered Investment Company | 2,668 |
| BUFFALO BALANCED FUND | Registered Investment Company | 120,021 |
| BUFFALO MID CAP FUND | Registered Investment Company | 3,325 |
| BUFFALO SMALL CAP GROWTH | Registered Investment Company | 11,908 |
| CALAMOS CONV & HIGH INCOME FD COM SHS | Registered Investment Company | 3,392 |
| CALAMOS GROWTH CLASS A | Registered Investment Company | 32,569 |
| CALAMOS GROWTH FUND CLASS C | Registered Investment Company | 40,633 |
| CALIFORNIA INVST TR S & P MID CAP | Registered Investment Company | 6,194 |

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| | Registered Investment Company | |
| CALVERT SOCIAL INVST MANAGED GROWTH CL A | Registered Investment Company | 23,519 |
| CHINA FD INC | Registered Investment Company | 580 |
| CLAYMORE EXCHANGE TRADED FD TR BNY BRIC PTF | Registered Investment Company | 19,811 |
| CLIPPER | Registered Investment Company | 20,179 |
| CLOUGH GLOBAL OPPORTUNITIES FD SH BEN INT | Registered Investment Company | 52,038 |
| COHEN & STEERS ASIA PACIFIC REALTY CL A | Registered Investment Company | 2,798 |
| COLUMBIA ACORN CLASS Z N/C | Registered Investment Company | 25,645 |
| COLUMBIA GREATER CHINA FD CL Z | Registered Investment Company | 25,619 |
| COLUMBIA HIGH YIELD OPPORTUNITY Z | Registered Investment Company | 29,654 |
| COLUMBIA MARSICO 21ST CENTURY CL Z | Registered Investment Company | 32,789 |
| COLUMBIA MARSICO INTL OPP PRIM Z | Registered Investment Company | 37,665 |
| COLUMBIA REAL ESTATE EQUITY CL Z | Registered Investment Company | 30,508 |
| COLUMBIA VALUE AND RESTRUCTURING CL Z | Registered Investment Company | 30,332 |
| CRM MID CAP VALUE INVESTOR SHARES | Registered Investment Company | 10,869 |
| CRM MID-CAP VALUE FD-INSTITUTIONAL | Registered Investment Company | 5,240 |
| CULLEN HIGH DIVIDEND EQUITY FUND | Registered Investment Company | 24,209 |
| DELAFIELD FUND INC | Registered Investment Company | 1,370 |
| DIREXION SHS ETF TR SMALL CAP BEAR 3X SHS | Registered Investment Company | 16,762 |
| DODGE & COX BALANCE | Registered Investment Company | 10,558 |
| DODGE & COX GLOBAL STOCK FUND | Registered Investment Company | 15,320 |
| DODGE & COX INCOME | Registered Investment Company | 72,922 |
| DODGE & COX INTERNATL STOCK FUND | Registered Investment Company | 85,398 |
| DODGE & COX STOCK | Registered Investment Company | 189,795 |
| DREYFUS INTER-TERM INC CL I | Registered Investment Company | 3,395 |
| DREYFUS MIDCAP VALUE FUND | Registered Investment Company | 5,408 |

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| | Registered Investment Company | |
| DREYFUS PREMIER GREATER CHINA CL A | Registered Investment Company | 5,207 |
| DREYFUS PREMIER GREATER CHINA CL R | Registered Investment Company | 10,454 |
| EATON VANCE LARGE CAP VALUE FD CL R | Registered Investment Company | 24,106 |
| EATON VANCE LTD DURATION INCOME FD | Registered Investment Company | 4,945 |
| EATON VANCE WORLDWIDE HEALTH SCIENCES CLASS A | Registered Investment Company | 1,531 |
| FAIRHOLME FUND | Registered Investment Company | 89,687 |
| FAM VALUE | Registered Investment Company | 42,463 |
| FBR SMALL CAP CLASS A N/C | Registered Investment Company | 3,426 |
| FEDERATED KAUFMANN CLASS K | Registered Investment Company | 14,642 |
| FEDERATED PRUDENT BEAR FUND CLASS A | Registered Investment Company | 2,031 |
| FEDERATED PRUDENT GLOBAL INC FD A N/C | Registered Investment Company | 47,678 |
| FIDELITY CANADA | Registered Investment Company | 11,448 |
| FIDELITY CAPITAL APPRECIATION | Registered Investment Company | 13,857 |
| FIDELITY CAPITAL & INCOME | Registered Investment Company | 26,115 |
| FIDELITY CHINA REGION | Registered Investment Company | 15,258 |
| FIDELITY CONTRAFUND | Registered Investment Company | 43,358 |

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| FIDELITY DIVERSIFIED INTERNATIONAL | Registered Investment Company | 79,018 |
| FIDELITY DIVIDEND GROWTH | Registered Investment Company | 70,566 |
| FIDELITY EMERGING MARKETS | Registered Investment Company | 8,755 |
| FIDELITY EUROPE CAPITAL APPRECIATION | Registered Investment Company | 6,293 |
| FIDELITY FOUR-IN-ONE INDEX | Registered Investment Company | 7,186 |
| FIDELITY FREEDOM 2025 | Registered Investment Company | 4,321 |
| FIDELITY GROWTH DISCOVERY FUND | Registered Investment Company | 1,461 |
| FIDELITY HIGH INCOME | Registered Investment Company | 18,744 |
| FIDELITY INTERNAT L REAL ESTATE FUND | Registered Investment Company | 8,751 |
| FIDELITY INT L DISCOVERY | Registered Investment Company | 37,767 |
| FIDELITY INTL SMALL CAP OPP FUND | Registered Investment Company | 5,224 |
| FIDELITY LARGE CAPITAL STOCK | Registered Investment Company | 5,707 |
| FIDELITY LATIN AMERICA | Registered Investment Company | 21,244 |
| FIDELITY LEVERAGED COMPANY STOCK | Registered Investment Company | 19,134 |
| FIDELITY LOW PRICED STOCK | Registered Investment Company | 7,564 |
| FIDELITY MID CAP STOCK | Registered Investment Company | 24,509 |
| FIDELITY MID CAP GROWTH | Registered Investment Company | 5,278 |
| FIDELITY NEW MARKETS INCOME | Registered Investment Company | 9,806 |
| FIDELITY OVERSEAS | Registered Investment Company | 15,039 |
| FIDELITY REAL ESTATE INVESTMENT | Registered Investment Company | 15,249 |
| FIDELITY SELECT BROKERAGE & INVS MGT | Registered Investment Company | 4,191 |
| FIDELITY SELECT CHEMICALS | | 3,448 |

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| | Registered Investment Company | |
| FIDELITY SELECT ENERGY SERVICE | Registered Investment Company | 4,054 |
| FIDELITY SELECT NATURAL RESOURCES | Registered Investment Company | 13,001 |
| FIDELITY SELECT TECHNOLOGY | Registered Investment Company | 1,134 |
| FIDELITY SMALL CAP STOCK | Registered Investment Company | 11,004 |
| FIDELITY SOUTHEAST ASIA | Registered Investment Company | 9,918 |
| FIDELITY STRATEGIC REAL RETURN | Registered Investment Company | 4,194 |
| FIDELITY US BOND INDEX | Registered Investment Company | 24,893 |
| FIDELITY VALUE | Registered Investment Company | 14,047 |
| FIDELITY WORLDWIDE | Registered Investment Company | 11,279 |
| FIRST EAGLE GLOBAL CLASS A | Registered Investment Company | 30,222 |
| FIRST EAGLE GLOBAL CLASS C | Registered Investment Company | 5,857 |
| FIRST TR EXCHANGE TRADED FD DOW JONES INTERNET INDEX FD | Registered Investment Company | 5,614 |
| FORWARD GLOBAL EMERG MARKETS INSTL CL | Registered Investment Company | 870 |
| FORWARD INTERNATIONAL EQUITY FUND | Registered Investment Company | 26,420 |
| FRANKLIN REAL ESTATE SECURITIES CLASS C | Registered Investment Company | 26,818 |
| FUND*X UPGRADER FUND | Registered Investment Company | 26,017 |
| FUNDAMENTAL INVESTORS | Registered Investment Company | 50,873 |
| FUNDX AGGRESSIVE UPGRADER FUND | Registered Investment Company | 5,539 |
| FUNDX ETF UPGRADER FUND | Registered Investment Company | 1,250 |
| FUNDX STOCK UPGRADE FUND | Registered Investment Company | 697 |
| GABELLI ASSET FUND | Registered Investment Company | 1,076 |
| GABELLI EQUITY INCOME FUND | Registered Investment Company | 91,344 |
| GABELLI UTILITIES FUND CLASS C | Registered Investment Company | 7,009 |
| GAMCO GROWTH FUND | Registered Investment Company | 6,273 |
| GAMCO WESTWOOD EQUITY FD AAA | Registered Investment Company | 77,378 |

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| | Registered Investment Company | |
| GOLDMAN SACHS ASSET ALLOC GROWTH STRAT C | Registered Investment Company | 9,968 |
| GREENSPRING FUND | Registered Investment Company | 14,124 |
| GROWTH FUND OF AMERICA | Registered Investment Company | 31,709 |
| GUINNESS ATKINSON CHINA & HONG KONG | Registered Investment Company | 2,216 |
| HANCOCK HORIZON BURKENROAD FUND CL D | Registered Investment Company | 31,003 |
| HANCOCK JOHN PFD EQUITY INCOME FD SH BEN INT | Registered Investment Company | 2,772 |
| HARBOR BOND INST. | Registered Investment Company | 112,369 |
| HARBOR INTERNATIONAL | Registered Investment Company | 78,054 |
| HARBOR INTERNATIONAL INVESTOR SHARES | Registered Investment Company | 26,046 |

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| HEARTLAND VALUE | Registered Investment Company | 9,910 |
| HENNESSY FOCUS 30 FUND | Registered Investment Company | 3,282 |
| HODGES FUND | Registered Investment Company | 4,530 |
| HUSSMAN STRATEGIC GROWTH | Registered Investment Company | 23,227 |
| HUSSMAN STRATEGIC TOTAL RETURN | Registered Investment Company | 9,214 |
| ICON ENERGY | Registered Investment Company | 8,276 |
| ICON HEALTHCARE | Registered Investment Company | 6,321 |
| ICON MATERIALS | Registered Investment Company | 4,700 |
| * ING INTL HIGH DIVID EQUITY INCOME FD | Registered Investment Company | 42,000 |
| * ING PRIME RATE TR SH BEN INT NFS LLC | Registered Investment Company | 3,351 |
| INVESCO LEISURE N/C | Registered Investment Company | 210 |
| ISHARES COMEX GOLD TRUST ISHARES ETF | Registered Investment Company | 347 |
| ISHARES IBOXX \$ INVESTOP INVESTMENT GRADE CORP BD FUND | Registered Investment Company | 50,762 |
| ISHARES INC MCSI BRIC INDEX FD | Registered Investment Company | 6,542 |
| ISHARES INC MSCI BRAZIL FREE INDEX FU ND | Registered Investment Company | 16,712 |
| ISHARES INC MSCI HONG KONG INDEX FD N/C FROM 92923H707 | Registered Investment Company | 5,704 |
| ISHARES INC MSCI JAPAN INDEX FD | Registered Investment Company | 19,160 |
| ISHARES INC MSCI MALAYSIA FREE INDEX FD | Registered Investment Company | 6,269 |
| ISHARES INC MSCI SINGAPORE INDEX FD | Registered Investment Company | 23,350 |
| ISHARES INC MSCI SPAIN INDEX FD | Registered Investment Company | 3,783 |
| ISHARES INC MSCI SWITZERLAND INDEX FD | Registered Investment Company | 3,708 |
| ISHARES S&P GSCI COMMODITY INDEXED TR | Registered Investment Company | 17,166 |

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| | Registered Investment Company | |
| | Registered Investment Company | 6,354 |
| ISHARES S&P GSTI SOFTWARE INDEX FUND | Registered Investment Company | 13,440 |
| ISHARES SILVER TR ISHARES | Registered Investment Company | 17,814 |
| ISHARES TR COHEN & STEERS REALTY MAJORS INDEX FD | Registered Investment Company | 9,382 |
| ISHARES TR DOW JONES U S FINL SVCS COMPOSITE INDEX FD | Registered Investment Company | 5,369 |
| ISHARES TR DOW JONES U S HEALTHCARE SECTOR INDEX FD | Registered Investment Company | 12,387 |
| ISHARES TR DOW JONES SELECT DIVID INDEX FD | Registered Investment Company | 5,193 |
| ISHARES TR DOW JONES U S BASIC MATERIALS SECTOR INDEX FD | Registered Investment Company | 16,512 |
| ISHARES TR DOW JONES US AEROSPACE & DEF INDEX FD | Registered Investment Company | 7,656 |
| ISHARES TR DOW JONES US MEDICAL DEVICES INDEX FD | Registered Investment Company | 20,551 |
| ISHARES TR DOW JONES US OIL & GAS EXPL PROD INDEX FD | Registered Investment Company | 5,112 |
| ISHARES TR FTSE NAREIT MTG PLUS CAPPED INDEX FD | Registered Investment Company | 4,364 |
| ISHARES TR FTSE XINHUA HK CHINA 25 INDEX FD | Registered Investment Company | 45,953 |
| ISHARES TR MSCI EMERGING MKTS INDEX FD | Registered Investment Company | 7,105 |
| ISHARES TR NASDAQ BIOTECHNOLOGY INDEX FD | Registered Investment Company | 23,753 |
| ISHARES TR RUSSELL 1000 GROWTH INDEX FD | Registered Investment Company | 20,770 |
| ISHARES TR RUSSELL 1000 INDEX FD | Registered Investment Company | 25,543 |
| ISHARES TR RUSSELL 1000 VALUE INDEX FD | Registered Investment Company | 836 |
| ISHARES TR RUSSELL MIDCAP INDEX FD | Registered Investment Company | 22,578 |
| ISHARES TR S&P 500 INDEX FD | Registered Investment Company | 12,945 |
| ISHARES TR S&P 500/ VALUE INDEX FD | Registered Investment Company | 9,040 |
| ISHARES TR S&P GLOBAL INFRASTRUCTURE INDEX | Registered Investment Company | 22,923 |
| ISHARES TR S&P LATIN AMER 40 INDEX FD | Registered Investment Company | 5,545 |
| ISHARES TR S&P MICAP 400/ GROWTH INDEX FUND | Registered Investment Company | 22,665 |
| ISHARES TR S&P MIDCAP 400 INDEX FD | Registered Investment Company | 40,314 |
| ISHARES TR S&P MIDCAP 400/ VALUE INDEX FD | | |

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| | Registered Investment Company | |
| ISHARES TR U S TREAS INFLATION PROTECTED SECS FD | Registered Investment Company | 132,991 |
| ISHARES TRUST S&P SMALLCAP 600 INDEX FD | Registered Investment Company | 18,687 |
| IVY ASSET STRATEGY CL Y | Registered Investment Company | 14,850 |
| IVY GLOBAL NATURAL RESOURCES CLASS C | Registered Investment Company | 4,902 |
| JANUS BALANCED | Registered Investment Company | 12,562 |
| JANUS CONTRARIAN FUND | Registered Investment Company | 18,975 |
| JANUS ENTERPRISE | Registered Investment Company | 14,060 |
| JANUS GLOBAL RESEARCH FUND | Registered Investment Company | 8,326 |
| JANUS MERCURY | Registered Investment Company | 6,217 |
| JANUS ORION FUND | Registered Investment Company | 12,392 |
| JANUS OVERSEAS | Registered Investment Company | 44,275 |
| JP MORGAN MID CAP VALUE INSTL | Registered Investment Company | 16,186 |
| JPMORGAN SMALL CAP EQUITY FND SELECT CL | Registered Investment Company | 10,721 |

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| | Registered Investment Company | 529 |
| KINETICS PARADIGM FUND | Registered Investment Company | 11,820 |
| KINETICS SMALL CAP OPPORTUNITIES | Registered Investment Company | 1,143 |
| KOREA EQUITY FD INC | Registered Investment Company | 482 |
| KOREA FD INC COM NEW | Registered Investment Company | 18,827 |
| LAUDUS INTERNATIONAL MARKETMASTERS INV CL | Registered Investment Company | 33,355 |
| LEUTHOLD SELECT INDUSTRIES | Registered Investment Company | 72 |
| LIBERTY ALL STAR EQUITY FD SBI | Registered Investment Company | 167,418 |
| LODGIAN INC COM PAR \$.01 | Registered Investment Company | 21,167 |
| LONGLEAF PARTNERS | Registered Investment Company | 28,539 |
| * LOOMIS SAYLES BOND RETAIL SHARES | Registered Investment Company | 4,703 |
| * LOOMIS SAYLES GLOBAL BOND RETAIL | Registered Investment Company | 9,381 |
| * LOOMIS SAYLES INVST GRADE BOND CL Y | Registered Investment Company | 28,963 |
| MAINSTAY ICAP SELECT EQUITY FD CL I | Registered Investment Company | 25,696 |
| MANAGERS FREMONT MICRO-CAP FUND N/C | Registered Investment Company | 17,976 |
| MANAGERS INTERMEDIAT DURATION GOVERNMENT | Registered Investment Company | 30,856 |
| MANNING & NAPIER EQUITY SERIES | Registered Investment Company | 591 |
| MANNING & NAPIER PRO BLEND MAX TERM SER | Registered Investment Company | 104,238 |
| MARSICO 21ST CENTURY FUND | Registered Investment Company | 12,515 |
| MARSICO FOCUS | Registered Investment Company | 65,928 |
| MARSICO GROWTH AND INCOME | Registered Investment Company | 20,558 |
| MARSICO INTERNAT L OPPORTUNITIES | Registered Investment Company | 37,069 |
| MASTERS SELECT EQUITY | | |

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| | Registered Investment Company | |
| MATRIX ADVISORS VALUE | Registered Investment Company | 21,435 |
| MATTHEWS DRAGON CENTURY CHINA | Registered Investment Company | 606 |
| MATTHEWS INDIA FUND | Registered Investment Company | 8,340 |
| MATTHEWS PACIFIC TIGER | Registered Investment Company | 90,577 |
| MERIDIAN FUND | Registered Investment Company | 55,319 |
| MERIDIAN VALUE FUND | Registered Investment Company | 301 |
| METROPOLITAN WEST TOT RETURN BOND CL M | Registered Investment Company | 124,115 |
| METZLER PAYDEN EURO EMERGING MKTS CL | Registered Investment Company | 6,761 |
| MORGAN STANLEY CHINA A SHARE FUND INC | Registered Investment Company | 22,532 |
| NATIONWIDE MICRO CAP EQUITY CL A N/C | Registered Investment Company | 2,667 |
| NEEDHAM GROWTH FUND | Registered Investment Company | 698 |
| NEUBERGER BERMAN INT L TRUST CLASS | Registered Investment Company | 7,145 |
| NEUBERGER BERMAN PARTNERS INVESTOR | Registered Investment Company | 8,628 |
| NEUBERGER BERMAN REAL ESTATE TRUST CL | Registered Investment Company | 5,853 |
| NEW ALTERNATIVES FD | Registered Investment Company | 13,573 |
| NUVEEN MULTI CURRENCY SHORT TERM GOVT INCOME FD | Registered Investment Company | 8,065 |
| NUVEEN QUALITY PFD INCOME FD 2 | Registered Investment Company | 78,120 |
| OAKMARK EQUITY & INCOME FD | Registered Investment Company | 166,155 |
| OAKMARK FUND | Registered Investment Company | 72,467 |
| OAKMARK INTERNAT L | Registered Investment Company | 33,085 |
| OAKMARK INTERNAT L SMALL CAP | Registered Investment Company | 3,795 |
| OAKMARK SELECT | Registered Investment Company | 4,666 |
| OIL SVC HOLDRS TR OIL SVC HOLDERS DEPOSITARY RCPT | Registered Investment Company | 66,375 |
| PERMANENT PORTFOLIO FAMILY OF FDS | Registered Investment Company | 1,016 |
| PERRITT MICROCAP OPPORTUNITIES | | 1,710 |

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| | Registered Investment Company | |
| * PIMCO ALL ASSET INST CLASS | Registered Investment Company | 58,519 |
| * PIMCO COMMODITY REAL RETURN INST | Registered Investment Company | 20,735 |
| * PIMCO FOREIGN BOND F D (UNHEDGED) INST CL | Registered Investment Company | 21,231 |
| * PIMCO REAL RETURN CLASS D | Registered Investment Company | 34,735 |
| * PIMCO SHORT TERM INSTITUTIONAL | Registered Investment Company | 33,086 |
| * PIMCO STOCKS PLUS SHORT STRATEGY CL A | Registered Investment Company | 9,150 |
| * PIMCO TOTAL RETURN CLASS D | Registered Investment Company | 11,812 |
| POWERSHARES DB MULTI SECTOR COMMODITY TR | Registered Investment Company | 45,355 |
| POWERSHARES DB MULTI SECTOR COMMODITY TR | Registered Investment Company | 932 |
| POWERSHARES QQQ TR UNIT SER 1 | Registered Investment Company | 59,986 |
| POWERWAVE TECHNOLOGIES INC. | Registered Investment Company | 250 |
| PROSHARES SHORT QQQ PROSHARES | Registered Investment Company | 5,398 |
| PROSHARES TR ULTRA DOW 30 PROSHARES | Registered Investment Company | 9,627 |
| PROSHARES TR ULTRA SHORT 500 FD | Registered Investment Company | 3,547 |
| PROSHARES ULTRA FINLS PROSHARES | Registered Investment Company | 7,270 |
| PROSHARES ULTRA SEMICONDUCTORS PROSHARES | Registered Investment Company | 14,206 |
| PUTNAM HIGH INCOME CONV & BD FD S B I | Registered Investment Company | 12,500 |

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| RAINIER SMALL MID CAP EQUITY | Registered Investment Company | 4,272 |
| ROWE T PRICE HIGH YIELD FD INC | Registered Investment Company | 30,055 |
| ROYCE LOW PRICED STOCK FUND | Registered Investment Company | 121,289 |
| ROYCE MICROCAP | Registered Investment Company | 47,235 |
| ROYCE OPPORTUNITY FUND | Registered Investment Company | 10,304 |
| ROYCE PA MUTUAL | Registered Investment Company | 96,131 |
| ROYCE PREMIER SERIES | Registered Investment Company | 30,056 |
| ROYCE SPECIAL EQUITY | Registered Investment Company | 9,906 |
| ROYCE TOTAL RETURN FUND | Registered Investment Company | 47,164 |
| ROYCE VALUE FUND SERVICE CL | Registered Investment Company | 29,048 |
| ROYCE VALUE PLUS SERVICE CLASS | Registered Investment Company | 3,016 |
| RYDEX ENERGY INVESTOR CLASS | Registered Investment Company | 1,424 |
| RYDEX ENERGY SVCS INVESTOR CLASS | Registered Investment Company | 1,073 |
| RYDEX SECTOR ROTATION CLASS H | Registered Investment Company | 1,698 |
| S&P 500 COVERED CALL FD INC | Registered Investment Company | 3,853 |
| S&P 500 DEPOSITORY RECEIPT | Registered Investment Company | 128,953 |
| SCHRODER EMERGING MARKET EQUITY ADV CL | Registered Investment Company | 16,067 |
| SELECT ENERGY | Registered Investment Company | 10,597 |
| SELECT MEDICAL DELIVERY | Registered Investment Company | 26,887 |
| SELECT NATURAL GAS | Registered Investment Company | 1,592 |
| SELECTED AMERICAN SHARES | Registered Investment Company | 53,981 |
| SKYLINE SPECIAL EQUITIES N/C | | 3,877 |

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| | Registered Investment Company | |
| SPARTAN 500 INDEX FID ADVANTAGE CLASS | Registered Investment Company | 64,988 |
| SPARTAN MARKET INDEX | Registered Investment Company | 8,365 |
| SPARTAN TOTAL MARKET INDEX | Registered Investment Company | 26,512 |
| SPDR GOLD TR GOLD SHS | Registered Investment Company | 149,247 |
| SPDR INDEX SHS FDS DJ WILSHIRE INTL REAL ESTATE ETF | Registered Investment Company | 8,983 |
| SPDR INDEX SHS FDS S&P CHINA ETF | Registered Investment Company | 13,578 |
| SPDR SER TR DJ WILSHIRE LARGE GROWTH ETF | Registered Investment Company | 3,635 |
| SPDR SER TR DJ WILSHIRE MID CAP GROWTH ETF | Registered Investment Company | 3,822 |
| SPDR SER TR DJ WILSHIRE REIT ETF | Registered Investment Company | 19,864 |
| SPDR SER TR S&P PHARMACEUTICALS ETF | Registered Investment Company | 4,651 |
| SPDR SER TR S&P SEMICONDUCTOR ETF | Registered Investment Company | 2,415 |
| * SSGA EMERGING MARKETS | Registered Investment Company | 28,104 |
| * SSGA INTERNATIONAL GROWTH OPPORTUNITIES | Registered Investment Company | 13,286 |
| * SSGA INTERNATIONAL STOCK SELECTION | Registered Investment Company | 11,785 |
| * SSGA LIFE SOLUTIONS GROWTH FUND | Registered Investment Company | 7,964 |
| T ROWE PRICE EQUITY INCOME | Registered Investment Company | 9,595 |
| T ROWE PRICE INTERNATIONAL BOND | Registered Investment Company | 4 |
| T ROWE PRICE MID CAP GROWTH | Registered Investment Company | 1,026 |
| T ROWE PRICE BLUE CHIP GROWTH INC | Registered Investment Company | 61,636 |
| T ROWE PRICE CAP APPRECIATION | Registered Investment Company | 107,800 |
| T ROWE PRICE CORPORATE INCOME | Registered Investment Company | 75,931 |
| T ROWE PRICE EMERG EURO & MEDITERRANEAN | Registered Investment Company | 28,538 |
| T ROWE PRICE EMERGING MKTS STOCK | Registered Investment Company | 9,778 |
| T ROWE PRICE GLOBAL STOCK | Registered Investment Company | 2,577 |
| T ROWE PRICE GROWTH STOCK | Registered Investment Company | 21,590 |

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| | Registered Investment Company | |
| T ROWE PRICE GROWTH STOCK ADVISOR CL | Registered Investment Company | 1,632 |
| T ROWE PRICE HEALTH SCIENCES | Registered Investment Company | 16,670 |
| T ROWE PRICE INTL DISCOVERY FUND | Registered Investment Company | 41,157 |
| T ROWE PRICE INT L EMERGING MARKET BOND | Registered Investment Company | 4,570 |
| T ROWE PRICE INT L GROWTH & INCOME | Registered Investment Company | 1,125 |
| T ROWE PRICE INT L JAPAN | Registered Investment Company | 1,648 |
| T ROWE PRICE LATIN AMERICA FUND | Registered Investment Company | 8,003 |
| T ROWE PRICE MEDIA & TELECOMMUNICATIONS | Registered Investment Company | 1,310 |
| T ROWE PRICE MID CAP VALUE | Registered Investment Company | 32,988 |
| T ROWE PRICE NEW ASIA | Registered Investment Company | 5,122 |
| T ROWE PRICE NEW ERA | Registered Investment Company | 9,720 |
| T ROWE PRICE NEW HORIZONS FD INC | Registered Investment Company | 5 |
| T ROWE PRICE PERSNL STRATEGY INCOME | Registered Investment Company | 122,391 |
| T ROWE PRICE RETIREMENT 2025 FD | Registered Investment Company | 2,606 |

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| TAIWAN FD INC | Registered Investment Company | 529 |
| TARGET MODERATE ALLOCATION CL C N/C | Registered Investment Company | 11,949 |
| TARGET RETIREMENT 2020 FD | Registered Investment Company | 7,189,512 |
| TARGET RETIREMENT 2025 FD | Registered Investment Company | 6,019,563 |
| TARGET RETIREMENT 2030 FD | Registered Investment Company | 6,374,833 |
| TARGET RETIREMENT 2035 FD | Registered Investment Company | 5,531,264 |
| TARGET RETIREMENT 2040 FD | Registered Investment Company | 3,782,746 |
| TARGET RETIREMENT 2045 FD | Registered Investment Company | 3,336,874 |
| TARGET RETIREMENT 2050 FD | Registered Investment Company | 3,104,785 |
| TARGET RETIREMENT 2110 FD | Registered Investment Company | 4,444,622 |
| TCW TOTAL RETURN BOND CLASS I | Registered Investment Company | 28,052 |
| TEMPLETON DEVELOPING MARKETS ADVISOR CL | Registered Investment Company | 17,060 |
| THE CONTRARIAN FUND N/C | Registered Investment Company | 12,545 |
| THIRD AVE SMALL CAP VALUE FD | Registered Investment Company | 14,294 |
| THIRD AVENUE INTL VALUE | Registered Investment Company | 18,153 |
| THIRD AVENUE REAL ESTATE VALUE | Registered Investment Company | 10,887 |
| THIRD AVENUE VALUE | Registered Investment Company | 75,730 |
| THOMPSON PLUMB GROWTH FUND | Registered Investment Company | 170 |
| TIMOTHY PLAN CONSERV GROWTH CL C | Registered Investment Company | 14,049 |
| TIMOTHY PLAN FIXED INCOME CLASS C | Registered Investment Company | 3,422 |
| TIMOTHY PLAN STRATEG IC GROWTH CL C | Registered Investment Company | 6,966 |
| TOCQUEVILLE FUND | Registered Investment Company | 12,287 |

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| | Registered Investment Company | |
| TOCQUEVILLE GOLD FUND | Registered Investment Company | 30,661 |
| TOUCHSTONE SMALL CAP VALUE OPPORT CL Z | Registered Investment Company | 6,166 |
| TRANSAMERICA PREMIER BALANCED | Registered Investment Company | 267 |
| TWEEDY BROWN GLOBAL VALUE FUND | Registered Investment Company | 57,806 |
| UMB SCOUT INTERNATIONAL | Registered Investment Company | 651 |
| UNDISCOVERED MGRS BEHAVIOR VALUE INSTL | Registered Investment Company | 8,126 |
| UNITED STS OIL FD LP UNITS | Registered Investment Company | 3,310 |
| US GLOBAL REGION EAST EUROPEAN | Registered Investment Company | 6,565 |
| US GLOBAL RESOURCES | Registered Investment Company | 2,601 |
| US WORLD PRECIOUS MINERALS | Registered Investment Company | 477 |
| VALUE LINE SMALL CAP GROWTH | Registered Investment Company | 16,688 |
| VAN KAMPEN AMERN CAP SR INCOME TR | Registered Investment Company | 5,791 |
| VAN KAMPEN EQUITY AND INCOME CLASS C | Registered Investment Company | 12,566 |
| VANGAURD MID CAP VALUE INDEX FD | Registered Investment Company | 3,546 |
| VANGUARD BALANCED INDEX | Registered Investment Company | 4,647 |
| VANGUARD CHESTER FDS | Registered Investment Company | 3,195,531 |
| VANGUARD CHESTER FDS | Registered Investment Company | 6,622,704 |
| VANGUARD CHESTER FDS | Registered Investment Company | 61,203 |
| VANGUARD DIVERSIFIED EQUITY FD INV CL SHS | Registered Investment Company | 6,764 |
| VANGUARD EQUITY INCOME | Registered Investment Company | 2,361 |
| VANGUARD EXTENDED MARKET INDEX TRUST | Registered Investment Company | 51,496 |
| VANGUARD FIXED INC HIGH YIELD CORP | Registered Investment Company | 22,201 |
| VANGUARD GLOBAL EQUITY | Registered Investment Company | 1,220 |
| VANGUARD GNMA | Registered Investment Company | 4,150 |
| VANGUARD GROWTH INDEX | Registered Investment Company | 3,390 |

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|--|----------------------------------|--------|
| VANGUARD INDEX FDS MID-CAP GROWTH INDEX VIPER SHS | Registered Investment Company | |
| VANGUARD INDEX FDS VANGUARD GROWTH VIPERS | Registered Investment Company | 5,927 |
| VANGUARD INDEX FDS VANGUARD SMALL CAP VIPERS | Registered Investment Company | 10,618 |
| VANGUARD INDEX FDS VANGUARD TOTAL STK MKT ETF | Registered Investment Company | 37,575 |
| VANGUARD INDEX TRUST S&P 500 PORT | Registered Investment Company | 94,326 |

Baxter International Inc. and Subsidiaries**Incentive Investment Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****Schedule I****December 31, 2008**

| | | |
|---|-------------------------------|---------|
| VANGUARD INDEX TRUST SMALL CAP GROWTH | Registered Investment Company | 28,406 |
| VANGUARD INFLATION PROTECTED SECS | Registered Investment Company | 67,372 |
| VANGUARD INTERNATL VALUE PORTFOLIO | Registered Investment Company | 1,384 |
| VANGUARD INTER-TERM BOND INDEX PORT | Registered Investment Company | 58,022 |
| VANGUARD INTL EQUITY INDEX FD INC FTSE | Registered Investment Company | 6,519 |
| VANGUARD INTL EQUITYEUROPEAN | Registered Investment Company | 3,139 |
| VANGUARD INTL EQUITYPACIFIC | Registered Investment Company | 43,716 |
| VANGUARD LIFE STRAT MODERATE GROWTH | Registered Investment Company | 69,485 |
| VANGUARD MID CAP INDEX | Registered Investment Company | 95,195 |
| VANGUARD MID-CAP GROWTH FUND | Registered Investment Company | 3,996 |
| VANGUARD MUNI BOND INTERMEDIATE TM PORT | Registered Investment Company | 1,080 |
| VANGUARD PRECIOUS METALS & MINING FUND | Registered Investment Company | 11,606 |
| VANGUARD SECTOR INDEX FDS | Registered Investment Company | 1,157 |
| VANGUARD CONSUMER STAPLES | Registered Investment Company | 4,570 |
| VANGUARD SECTOR INDEX FDS | Registered Investment Company | 6,810 |
| VANGUARD HEALTH CARE VIPERS | Registered Investment Company | 6,810 |
| VANGUARD SECTOR INDEX FDS | Registered Investment Company | 6,810 |
| VANGUARD INFORMATION TECH | Registered Investment Company | 96,668 |
| VANGUARD SHORT TERM BOND INDEX | Registered Investment Company | 96,668 |
| VANGUARD SMALL CAP STOCK INDEX TRUST | Registered Investment Company | 40,339 |
| VANGUARD SPECIALIZED ENERGY PORT | Registered Investment Company | 120,269 |
| VANGUARD SPECUAIZED REIT INDEX FUND | Registered Investment Company | 45,053 |
| VANGUARD STRATEGIC EQUITY | Registered Investment Company | 6,260 |
| VANGUARD TARGET RET 2025 FD INVESTOR CL | Registered Investment Company | 133,243 |
| VANGUARD TARGET RET 2035 FD INVESTOR CL | Registered Investment Company | 168,897 |
| VANGUARD TOTAL INTL STOCK INDEX FUND | Registered Investment Company | 22,268 |
| VANGUARD TOTAL STOCK MARKET | Registered Investment Company | 12,860 |
| VANGUARD UTILITIES INCOME | Registered Investment Company | 3,301 |

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| | | |
|---|-------------------------------|---------|
| VANGUARD VALUE INDEX | Registered Investment Company | 7,739 |
| VANGUARD WELLINGTON FUND | Registered Investment Company | 190,338 |
| VANGUARD WINDSOR II | Registered Investment Company | 50,562 |
| VANGUARD WINDSOR II ADMIRAL | Registered Investment Company | 88,692 |
| VANGUARD/WELLESLEY INCOME | Registered Investment Company | 90,343 |
| WASATCH MICRO-CAP VALUE FUND | Registered Investment Company | 88,726 |
| WASATCH SMALL CAP VALUE | Registered Investment Company | 16,499 |
| WEITZ PARTNERS VALUE | Registered Investment Company | 22,397 |
| WELLS FARGO ASIA PACIFIC FD-INVESTOR | Registered Investment Company | 8,999 |
| WELLS FARGO C&B MID CAP VALUE FD CL D N/C | Registered Investment Company | 88 |
| WESTERN ASSET CLAYMORE INFLATION LINKED SEC & INCOME FUND | Registered Investment Company | 7,105 |
| WESTERN ASSET INFLATION MGMT FD INC COM | Registered Investment Company | 6,767 |
| WILLIAM BLAIR INT L GROWTH FUND | Registered Investment Company | 3,360 |
| WINTERGREEN FUND | Registered Investment Company | 40,354 |
| WISDOMTREE TR DEFA HIGH YIELDING EQUITY FD | Registered Investment Company | 5,113 |
| YACKTMAN FUND | Registered Investment Company | 14,352 |

Registered Investment Companies \$ 59,457,424

* **Participant Loans** Interest Rates Range from 5% to 11% \$ 31,325,947

Collateral Held on Loaned Securities

* QUALITY D SHORT-TERM INVESTMENT FUND \$ 99,545,271

Total Investments \$ **1,524,277,183**

* Party-in-interest

** While the Stable Income Fund, General Equity Fund and Composite Fund investment options are participant-directed, investments underlying these funds are considered non-participant-directed for purposes of reporting within this schedule. All

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

**Baxter International Inc. and Subsidiaries
 Incentive Investment Plan
 Schedule H, Line 4j Schedule of Reportable Transactions
 Year Ended December 31, 2008**

Schedule II

| Identity of Party Involved | Description of Asset | Purchase Price or Cost Basis (Loss) | Current Value of Asset on Cost Net Basis or (Loss) |
|---|---|---|--|
| State Street Bank and Trust Company Short-Term Investment Fund | Interest-bearing cash \$582,182,326 \$543,448,891 \$543,448,891 \$543,448,891 \$ | | |
| United States Treasury U.S. government | securities 74,833,136 74,998,718 74,433,739 74,998,718 564,979 | | |

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 29, 2009

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