BAXTER INTERNATIONAL INC
Form 11-K
June 30, 2008

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

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

For the year ended December 31, 2007
OR

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

For the transition period from __________to__________
Commission file number 1-4448

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

Baxter International Inc. and Subsidiaries
Incentive Investment Plan

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

Baxter International Inc.
One Baxter Parkway
Deerfield, IL 60015
(847) 948-2000

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

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Incentive Investment Plan
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Note: Other schedules required by Section 2520.103-10 of the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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

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

/s/ PricewaterhouseCoopers LLP
June 25, 2008

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

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

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

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

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

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

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

1. General Description of the Plan

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies

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

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

Valuation of Investments
The valuation of Plan investments is determined as follows:

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

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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 bonds, and registered investment companies.

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

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

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

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

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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.

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

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

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

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Baxter International Inc. and Subsidiaries
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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 Citistreet LLC serves as recordkeeper for the Plan.

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

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

5. Investments

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

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

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Baxter International Inc. and Subsidiaries
Incentive Investment Plan
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Investments as of December 31, 2007 and 2006 are segregated into various investment fund options as follows:

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

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

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

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

Baxter International Inc. and Subsidiaries
Incentive Investment Plan
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6. Securities Lending Transactions

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

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

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

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

7. Plan Termination

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

8. Tax Status of the Plan

The Internal Revenue Service has determined and informed the Plan sponsor by a letter dated July 19, 2006 that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (the IRC). The Plan has been amended since the date of the determination letter. The Plan sponsor believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan s financial statements.

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Baxter International Inc. and Subsidiaries
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9. Related Parties

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

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SUPPLEMENTAL SCHEDULES

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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, 2007

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

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

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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, 2007

AMEDISYS INC	Common stock		4,852
AMER INTL GROUP INC	Common stock		7,923
AMERICA MOVIL SAB DE CV	Common stock	1,514,619	1,782,443
AMERICA MOVIL SERIES L ADR	Common stock		23,594