

BAXTER INTERNATIONAL INC

Form 11-K

June 29, 2005

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 11-K

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

For the year ended December 31, 2004

OR

.. **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

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Deerfield, IL 60015

(847) 948-2000

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Baxter International Inc.

and Subsidiaries

Incentive Investment Plan

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December 31, 2004 and 2003

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* Other schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA) 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, 2004 and 2003, 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) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chicago, Illinois

June 27, 2005

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Statements of Net Assets Available for Benefits**

As of December 31, 2004 and 2003

| | <u>2004</u> | <u>2003</u> |
|--|-------------------------|-------------------------|
| Assets | | |
| Investments: | | |
| At fair value | | |
| Cash and cash equivalents | \$ 17,031,156 | \$ 18,305,854 |
| Common stock (including securities on loan of \$4,588,738 in 2004 and \$ 1,070,572 in 2003) | 443,706,240 | 426,344,970 |
| Fixed income securities (including securities on loan of \$27,263,093 in 2004 and \$20,909,386 in 2003) | 75,208,509 | 67,396,181 |
| Commingled investments | 293,316,377 | 237,176,048 |
| Participant loans | 28,645,973 | 30,196,773 |
| Collateral held on loaned securities | 179,421,136 | 62,173,854 |
| | <u>1,037,329,391</u> | <u>841,593,680</u> |
| At contract value | | |
| Guaranteed investment contracts (including securities on loan of \$144,401,414 in 2004 and \$53,225,167 in 2003) | 556,651,032 | 547,149,889 |
| | <u>1,593,980,423</u> | <u>1,388,743,569</u> |
| Receivables: | | |
| Accrued interest and dividends | 3,611,550 | 3,707,941 |
| Due from brokers for securities sold | 879,289 | 3,407,478 |
| | <u>4,490,839</u> | <u>7,115,419</u> |
| Total assets | <u>1,598,471,262</u> | <u>1,395,858,988</u> |
| Liabilities | | |
| Accounts payable | 2,522,813 | 3,055,001 |
| Due to brokers for securities purchased | 1,903,664 | 1,577,827 |
| Collateral to be paid on loaned securities | 179,421,136 | 62,173,854 |
| | <u>183,847,613</u> | <u>66,806,682</u> |
| Net assets available for benefits | <u>\$ 1,414,623,649</u> | <u>\$ 1,329,052,306</u> |

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

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Statements of Changes in Net Assets Available for Benefits****For the Years Ended December 31, 2004 and 2003**

| | <u>2004</u> | <u>2003</u> |
|--|-------------------------|-------------------------|
| Additions to net assets attributed to: | | |
| Investment income: | | |
| Interest | \$ 33,257,675 | \$ 33,836,243 |
| Participant loan interest | 1,710,343 | 2,041,464 |
| Dividends | 6,821,490 | 6,333,771 |
| Net appreciation in fair value of investments | 76,889,214 | 123,924,690 |
| | <u>118,678,722</u> | <u>166,136,168</u> |
| Contributions: | | |
| Employer s | 22,282,826 | 23,169,330 |
| Participants | 56,024,604 | 57,564,561 |
| | <u>78,307,430</u> | <u>80,733,891</u> |
| Transfers from other plans | 2,694,678 | 8,696,353 |
| Total additions | <u>199,680,830</u> | <u>255,566,412</u> |
| Deductions from net assets attributed to: | | |
| Benefits paid | 109,774,106 | 84,284,175 |
| Plan expenses | 4,335,381 | 4,447,003 |
| Total deductions | <u>114,109,487</u> | <u>88,731,178</u> |
| Net increase | 85,571,343 | 166,835,234 |
| Net assets available for benefits: | | |
| Beginning of year | <u>1,329,052,306</u> | <u>1,162,217,072</u> |
| End of year | <u>\$ 1,414,623,649</u> | <u>\$ 1,329,052,306</u> |

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, 2004 and 2003

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 agreement 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 20% of their eligible annual compensation, as defined in the Plan agreement. The Plan sponsor, Baxter International Inc. (Baxter), matches participant contributions up to a maximum of 3% of the employees' compensation. Participant contributions and Plan sponsor matching contributions are fully vested and nonforfeitable. 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 in any of eight investment options: Stable Income Fund, Baxter Common Stock Fund, Composite Fund, General Equity Fund, S&P 500 Equity Index Fund, International EAFE Equity Index Fund, Small Cap Fund 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 Group. Participants are not able to make contributions to the Cardinal Health Common Stock Fund or the Edwards Lifesciences Common Stock Fund.

Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Notes to Financial Statements****December 31, 2004 and 2003****2. Summary of Significant Accounting Policies**

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. The valuation of Plan investments is determined as follows:

| | |
|--|---|
| U.S. government and government agency issues | Value based on the last reported sale price from a national security exchange on the valuation date |
| Corporate and other bonds | Value based on the last reported sale price from a national security exchange on the valuation date |
| 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 |
| Commingled investments | Value based on closing prices of the underlying securities on the valuation date |
| Guaranteed investment contracts | Value based on contract value |
| Short-term investments | Value based on cost which approximates fair value |
| Loan fund | Value based on cost which approximates fair value |
| Collateral | Value based on cost which approximates fair value |

Plan investment return includes dividend and interest income, gains and losses on sales of investments and unrealized appreciation or depreciation of investments. 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.

The Plan's synthetic guaranteed investment contracts are credited monthly with earnings on the underlying investments and charged for Plan withdrawals and expenses. These contracts are fully benefit-responsive and are reported in the financial statements at contract value, which approximates fair value. Contract value represents contributions made under the contracts, plus earnings, less withdrawals and expenses. There are no reserves for credit risk of the contract issuer

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Baxter International Inc. and Subsidiaries

Incentive Investment Plan

Notes to Financial Statements

December 31, 2004 and 2003

or otherwise. The Plan's two contracts, Baxter Global Wrap Account and Pacific Investment Management Company, utilize wrapper contracts issued by Aegon Institutional Markets and Bank of America NT & SA, respectively. The average yield was 4.4% and 3.9% and the average crediting interest rate was 5.5% and 5.5% for the investment contracts for 2004 and 2003, respectively. The crediting interest rates are based on an agreed-upon formula with the issuers, Aegon Institutional Markets and Bank of America NT & SA, which are reset quarterly and monthly, respectively. These crediting interest rates cannot be less than zero percent.

Benefits are recorded when paid.

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

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.

Risks and Uncertainties

The Plan provides for various investment options in any combination of registered investment entities, which invest in U.S. government and government agency issues, corporate and other bonds, common stock, commingled investments, 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 fund values.

3. Eligibility Requirements

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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:

1. U.S. employees of Baxter or its subsidiaries which have adopted the Plan.
2. U.S. employees not covered by a collective bargaining agreement unless the agreement provides for coverage under the Plan.
3. U.S. employees who are not leased employees.

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Baxter International Inc. and Subsidiaries

Incentive Investment Plan

Notes to Financial Statements

December 31, 2004 and 2003

4. Administration of the Plan

State Street Bank and Trust Company (the Trustee) serves as trustee and CitiStreet LLC serves as record keeper 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, 2004 and 2003 are summarized as follows:

| | <u>2004</u> | <u>2003</u> |
|--|----------------|----------------|
| Baxter Common Stock, 3,670,951 shares and 4,223,772 shares at December 31, 2004 and 2003, respectively | \$ 126,794,642 | \$ 128,909,531 |
| S&P 500 Equity Index Fund | 170,580,611 | 150,059,044 |
| State Street Bank Short Term Investment Fund | 31,596,747 | 82,764,103 |

Investments as of December 31, 2004 and 2003 are segregated into various investment funds as follows:

| | <u>2004</u> | <u>2003</u> |
|--------------------------|--------------|--------------|
| Cash | \$ 1,352,665 | \$ 2,593,983 |
| Stable Income Fund | 562,575,780 | 556,179,424 |
| Baxter Common Stock Fund | 129,561,504 | 127,543,730 |
| Composite Fund | 167,332,809 | 158,816,346 |
| General Equity Fund | 185,698,581 | 168,792,569 |

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| | | |
|--|------------------|------------------|
| Cardinal Health Common Stock Fund | 14,874,428 | 18,023,560 |
| S&P 500 Equity Index Fund | 170,580,611 | 150,059,044 |
| International EAFE Equity Index Fund | 50,754,913 | 32,558,027 |
| Loan Fund | 28,645,973 | 30,196,773 |
| Edwards Lifesciences Common Stock Fund | 12,637,409 | 10,711,243 |
| Small Cap Fund | 57,508,895 | 42,677,228 |
| Self-Managed Fund | 33,035,719 | 28,417,788 |
| Collateral held on loaned securities | 179,421,136 | 62,173,854 |
| | <hr/> | <hr/> |
| Total Investments | \$ 1,593,980,423 | \$ 1,388,743,569 |
| | <hr/> | <hr/> |

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Table of Contents**Baxter International Inc. and Subsidiaries****Incentive Investment Plan****Notes to Financial Statements****December 31, 2004 and 2003**

The fund amounts above include \$15,678,491 and \$15,711,871 of cash and cash equivalents at December 31, 2004 and 2003, respectively, which are awaiting investment in their respective portfolios. These amounts are maintained in the State Street Bank Short Term Investment Fund.

Net appreciation (depreciation) for each respective year is comprised of:

| | <u>2004</u> | <u>2003</u> |
|--|----------------------|-----------------------|
| Baxter common stock unrealized appreciation, net | \$ 14,596,120 | \$ 11,308,627 |
| Other unrealized appreciation, net | 59,718,803 | 109,719,425 |
| Baxter common stock realized gain (loss), net | 240,957 | (1,260,241) |
| Other realized gain, net | 2,333,334 | 4,156,879 |
| | <u>\$ 76,889,214</u> | <u>\$ 123,924,690</u> |

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

| | <u>2004</u> | <u>2003</u> |
|--|----------------------|-----------------------|
| U.S. government and government agency issues | \$ (194,059) | \$ (396,974) |
| Corporate and other bonds | 2,537 | 1,695,092 |
| Common stock | 44,470,849 | 72,069,868 |
| Commingled investments | 32,609,887 | 50,556,704 |
| | <u>\$ 76,889,214</u> | <u>\$ 123,924,690</u> |

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 Borrowers, pursuant to a security loan agreement, to deliver collateral to secure each loan. The Plan bears the risk of loss with respect to the 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

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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.

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Incentive Investment Plan

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December 31, 2004 and 2003

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. The 2003 balances have been revised to conform to the 2004 presentation.

As of December 31, 2004 and 2003, the Plan had securities on loan with a market value of \$176,253,245 and \$75,205,125, respectively, with cash collateral held of \$179,421,136 and \$62,173,854, respectively. Non-cash collateral of \$147,600 and \$14,534,109 received for securities on loan at December 31, 2004 and 2003, respectively, consisted of U.S. government and government agency issues held by the Trustee on behalf of the Plan. 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 \$79,541 and \$155,585 for 2004 and 2003, respectively. Securities lending income allocated to the Trustee amounted to \$79,666 and \$155,722 for 2004 and 2003, 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 ERISA. In the event of Plan termination, such termination 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 October 1, 2003 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

Incentive Investment Plan

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9. Related Parties

At December 31, 2004 and 2003, 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, and shares of common stock and fixed income securities in CitiGroup Inc., CitiBank Mortgage Securities Inc., CitiBank Credit Card Issuance Trust, Travelers Property Casualty Corporation, and CitiBank Credit Card Master Trust I, which are all affiliated with CitiStreet LLC, the record keeper. These transactions are allowable party-in-interest transactions under ERISA and the regulations promulgated thereunder.

10. Plan Mergers

During 2000, Baxter acquired North American Vaccine, Inc. The North American Vaccine, Inc. Retirement and Savings 401(k) Plan and Trust was merged into the Plan effective November 2004. As a result of this merger, total assets of approximately \$2.7 million were transferred into the Plan.

During 2002, Baxter acquired Epic Therapeutics, Inc. The Epic Therapeutics, Inc. 401(k) Plan was merged into the Plan effective December 2003. As a result of this merger, total assets of approximately \$1.0 million were transferred into the Plan.

In December 2002, Baxter acquired ESI Lederle. The American Home Projects Corporation Savings Plan (Wyeth 401(k) Plan) was merged into the Plan effective February 2003. As a result of this merger, total assets of approximately \$7.7 million were transferred into the Plan.

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 1 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| <u>Identity of Issue</u> | <u>Description of Investment</u> | <u>Current Value</u> |
|-------------------------------------|----------------------------------|----------------------|
| Cash & Cash Equivalents: | | |
| * State Street Bank + Trust Co | Short-Term Investment Fund | \$ 17,031,156 |
| Common Stock: | | |
| 3Com Corp | Common Stock | 12,927 |
| 3M Company | Common Stock | 12,111 |
| 8X8 Inc | Common Stock | 35,409 |
| Abbott Laboratories | Common Stock | 287,663 |
| Abn Amro Hldg | Common Stock | 1,330 |
| Acacia Res Corp | Common Stock | 1,191 |
| Accenture Ltd Bermuda | Common Stock | 6,750 |
| Ace Comm Corp | Common Stock | 2,400 |
| Adams Express Company | Common Stock | 60,680 |
| Adaptive Broadband Corp | Common Stock | 6 |
| Adc Telecommunications Inc | Common Stock | 620,571 |
| Adept Technology Inc | Common Stock | 2,640 |
| Advanced Digital Information Corp | Common Stock | 5,010 |
| Advanced Micro Devices Inc | Common Stock | 1,205,464 |
| Advanced Optics Electronics Inc | Common Stock | 10 |
| Aeterna Zentaris Inc | Common Stock | 92,216 |
| Aetna Inc | Common Stock | 1,910,688 |
| Affymetrix Inc | Common Stock | 3,655 |
| Aflac Inc | Common Stock | 423,971 |
| Agere Sys Inc | Common Stock | 10,879 |
| Agilent Tech Inc | Common Stock | 1,361,020 |
| Airmet Communications Corp | Common Stock | 733 |
| Airspan Networks Inc | Common Stock | 3,801 |
| Akamai Tech | Common Stock | 4,339 |
| Aksys Ltd | Common Stock | 3,058 |
| Alamo Group Inc | Common Stock | 5,432 |
| Albertsons Inc | Common Stock | 2,388 |
| Alcoa Inc | Common Stock | 90,552 |
| Alcon Inc | Common Stock | 2,365,559 |
| Alderwoods Group Inc | Common Stock | 5,396 |
| Alkermes Inc | Common Stock | 14,090 |
| Alliance Pharmaceutical Corp | Common Stock | 428 |
| Allos Therapeutics Inc | Common Stock | 19,752 |
| Alloy Online Inc | Common Stock | 4,842 |
| Alstom Sa Spons Adr | Common Stock | 283 |
| Alteon Inc | Common Stock | 49,125 |
| Altria Group Inc | Common Stock | 2,420,191 |
| Alvarion Ltd | Common Stock | 2,652 |
| Amarin Corp | Common Stock | 1,084 |
| Ambac Finl Group Inc | Common Stock | 1,704,271 |

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| | | |
|-----------------------------|--------------|-----------|
| Amdocs Limited | Common Stock | 5,250 |
| Amedisys Inc | Common Stock | 4,859 |
| Amer Intl Group Inc | Common Stock | 4,925 |
| Ameren Corp | Common Stock | 10,028 |
| America Movil | Common Stock | 7,889 |
| American Access Techs | Common Stock | 2,200 |
| American Electric Power Inc | Common Stock | 2,295,782 |
| American Intl Group Inc | Common Stock | 3,569,006 |
| American Std Cos Inc | Common Stock | 612,448 |
| American West Hldg Corp | Common Stock | 1,875 |
| Americredit Corp | Common Stock | 7,580 |
| Amgen Inc | Common Stock | 3,380,015 |
| Amr Corp | Common Stock | 5,475 |
| Anadarko Pete Corp | Common Stock | 6,495 |
| Andrea Electronics Corp | Common Stock | 47 |

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| | | |
|---|--------------|-------------|
| Anheuser Busch Cos | Common Stock | 4,819 |
| Anooraq Res Corp | Common Stock | 1,300 |
| Apache Corp | Common Stock | 5,057 |
| Apex Silver Mines Limited | Common Stock | 1,718 |
| Apollo Group Inc | Common Stock | 2,906 |
| Apple Computer | Common Stock | 1,731,283 |
| Applera Corp Com Applied Biosystems Group | Common Stock | 24,807 |
| Applied Digital Solutions Inc | Common Stock | 76,363 |
| Applied Imaging Corp | Common Stock | 660 |
| Applied Materials Inc | Common Stock | 38,988 |
| Applied Micro Circuits Corp | Common Stock | 2,842 |
| Apt Satellite Holding Ltd | Common Stock | 930 |
| Aradigm Corp | Common Stock | 779 |
| Archer Daniels Midland | Common Stock | 6,880 |
| Ariba Inc | Common Stock | 8,549 |
| Arm Holdings Plc Spons Adr | Common Stock | 3,461 |
| Arotech Corp | Common Stock | 11,196 |
| Arrow Electrs Inc | Common Stock | 1,594,380 |
| Arrow Finl Corp | Common Stock | 4,915 |
| Artemis Intl Solutions Corp | Common Stock | 295 |
| Asia Pulp & Paper Co | Common Stock | 80 |
| Ask Jeeves Inc | Common Stock | 5,350 |
| Asta Funding Inc | Common Stock | 8,052 |
| Astropower Inc | Common Stock | 1 |
| At&T Corp | Common Stock | 32,402 |
| Ati Technologies Inc | Common Stock | 1,939 |
| Atlantis Plastics Inc | Common Stock | 4,272 |
| Atsi Communications Inc | Common Stock | 67 |
| Atx Communications Inc | Common Stock | 5 |
| Au Optronics Corp | Common Stock | 215 |
| Audiocodes Ltd | Common Stock | 3,322 |
| Autodesk Inc | Common Stock | 15,180 |
| Automatic Data Processing Inc | Common Stock | 13,305 |
| Avaya Inc | Common Stock | 1,720 |
| Avid Technology Inc | Common Stock | 1,853 |
| Avnet Inc | Common Stock | 782,226 |
| Avon Prods Inc | Common Stock | 2,107,076 |
| Axonyx Inc | Common Stock | 620 |
| Backweb Technologies Ltd | Common Stock | 3,074 |
| Baker Hughes Inc | Common Stock | 430,071 |
| Baker Hughes Inc | Common Stock | 14,935 |
| Ballard Pwr Sys Inc | Common Stock | 271 |
| Bank Amer Corp | Common Stock | 3,148,502 |
| Bank New York Inc | Common Stock | 7,618 |
| Bank Of America Corp | Common Stock | 16,447 |
| Bank Of The Ozarks | Common Stock | 3,743 |
| Barr Labs Inc | Common Stock | 10,201 |
| * Baxter Intl Inc | Common Stock | 126,794,642 |

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| | | |
|------------------------------|--------------|-----------|
| Bayer Ag Sponsored Adr | Common Stock | 6,921 |
| Bea Systems Inc | Common Stock | 89 |
| Bed Bath & Beyond Inc | Common Stock | 2,669 |
| Bema Gold Corp | Common Stock | 19,825 |
| Berkshire Hathaway Inc | Common Stock | 2,678,269 |
| Beverly Enterprises Inc | Common Stock | 9,150 |
| Biocryst Pharmaceuticals Inc | Common Stock | 11,560 |
| Biogen Idec Inc | Common Stock | 168,784 |
| Biomerica Inc | Common Stock | 5,460 |
| Biomet Inc | Common Stock | 47,729 |
| Biomira Inc | Common Stock | 482 |
| Bitstream Inc | Common Stock | 5,300 |
| Black & Decker Corp | Common Stock | 10,158 |
| Black Box Corp | Common Stock | 4,802 |
| Blackrock Divid Achievers | Common Stock | 5,984 |
| Block H & R Inc | Common Stock | 10,180 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 3 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|--------------------------------|--------------|------------|
| Blue Nile Inc | Common Stock | 3,176 |
| Boeing Co | Common Stock | 1,529,562 |
| Bonso Electrs Intl | Common Stock | 10,578 |
| Borg Warner Inc | Common Stock | 653,035 |
| Boston Scientific | Common Stock | 2,190,884 |
| Boyd Gaming Corp | Common Stock | 31,238 |
| Bp Amoco Plc | Common Stock | 12,369 |
| Bp Plc | Common Stock | 2,723,783 |
| Bradley Pharmacetls Inc | Common Stock | 1,164 |
| Brascan Corp | Common Stock | 4,501 |
| Briggs & Stratton Corp | Common Stock | 8,316 |
| Bristol Myers Squibb | Common Stock | 8,969 |
| Britesmile Inc | Common Stock | 487 |
| Broadcom Corp | Common Stock | 2,246,355 |
| Broadwing Corp | Common Stock | 35,201 |
| Brocade Communications Sys Inc | Common Stock | 2,368 |
| Brookfield Homes Corp | Common Stock | 67 |
| Bsi2000 Inc | Common Stock | 215 |
| Burlington Northn Santa Fe | Common Stock | 1,435,188 |
| C D W Corp | Common Stock | 23,471 |
| Cabelas Inc | Common Stock | 17,055 |
| Cable & Wireless Plc | Common Stock | 2,312 |
| Calamos Asset Mgmt Inc | Common Stock | 2,646 |
| Calamp Corp | Common Stock | 147,072 |
| Calavo Growers Inc | Common Stock | 2,974 |
| California Micro Devices Corp | Common Stock | 34,741 |
| Calpine Corp | Common Stock | 44,325 |
| Cambior Inc | Common Stock | 27,501 |
| Campbell Soup Co | Common Stock | 6,017 |
| Capstead Mtg Corp | Common Stock | 10,540 |
| Capstone Turbine Corp | Common Stock | 5,490 |
| Carbo Ceramics Inc | Common Stock | 6,900 |
| Cardiac Science Inc | Common Stock | 642 |
| Cardinal Health Inc | Common Stock | 15,238,162 |
| Career Education Crp | Common Stock | 6,000 |
| Caremark Rx Inc | Common Stock | 23,658 |
| Carmax Inc | Common Stock | 3,105 |
| Carnival Corp | Common Stock | 2,545,504 |
| Carreker Antinori Inc | Common Stock | 1,720 |
| Caterpillar Inc | Common Stock | 199,896 |
| Celgene Corp | Common Stock | 1,591 |
| Cell Genesys Inc | Common Stock | 486 |
| Celsion Corp | Common Stock | 570 |
| Central Securities Corp | Common Stock | 7,284 |
| Centurytel Inc | Common Stock | 1,699,889 |
| Cerus Corp | Common Stock | 12,611 |
| Charter Comm Inc | Common Stock | 10,304 |
| Chattem Inc | Common Stock | 7,348 |

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| | | |
|--|--------------|-----------|
| Check Point Software Tech Ltd | Common Stock | 2,463 |
| Chesapeake Energy Corporation Oklahoma | Common Stock | 829,868 |
| Chevrontexaco Corp | Common Stock | 2,085,987 |
| Chicago Mercantile Exchange Hldgs Inc | Common Stock | 26,987 |
| Chicos Fas Inc | Common Stock | 19,714 |
| China Fin Online Co | Common Stock | 1,708 |
| China Peteroleum & Chem Corp | Common Stock | 3,855 |
| China Southern Airlines | Common Stock | 7,448 |
| China Yuchai International Ltd | Common Stock | 3,984 |
| China.Com Corp | Common Stock | 9,220 |
| Chubb Corp | Common Stock | 4,984,801 |
| Ciena Corp | Common Stock | 11,072 |
| Cigna Corp | Common Stock | 1,974,759 |
| Ciphergen Biosystems Inc | Common Stock | 3,212 |
| Circle Group Hldgs Inc | Common Stock | 2,220 |
| Cisco Sys Inc | Common Stock | 2,200,263 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 4 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|--|--------------|-----------|
| * Citigroup Inc | Common Stock | 7,369,056 |
| Click Comm Inc | Common Stock | 19,043 |
| cmg Information Svcs Inc | Common Stock | 10,200 |
| Cms Energy Corp | Common Stock | 1,315 |
| Cnooc Ltd | Common Stock | 5,961 |
| Coca Cola Bottling Co | Common Stock | 5,705 |
| Coca Cola Co | Common Stock | 11,148 |
| Coeur D Alene Mines Corp | Common Stock | 590 |
| Cognizant Tech Solutions Corp | Common Stock | 5,249 |
| Cohen & Steers Prem Income Rlty Fd Inc | Common Stock | 11,543 |
| Colgate-Palmolive Co | Common Stock | 12,790 |
| Columbia Labs Inc | Common Stock | 2,647 |
| Comcast Corp | Common Stock | 2,263,585 |
| Comdisco Hldg Co Inc | Common Stock | 320 |
| Comerica Inc | Common Stock | 1,597,849 |
| CommTouch Software Ltd | Common Stock | 255 |
| Compass Bancshares Inc | Common Stock | 5,137 |
| Conagra Inc | Common Stock | 5,890 |
| Conexant Sys Inc | Common Stock | 4,677 |
| Conocophillips | Common Stock | 3,446,762 |
| Continental Airls Inc | Common Stock | 339 |
| Cooper Companies Inc | Common Stock | 7,483 |
| Cooper Industries Ltd | Common Stock | 717,806 |
| Cooper Tire & Rubr Co | Common Stock | 894,364 |
| Corautus Genetics Inc | Common Stock | 1,146 |
| Corinthian Colleges Inc | Common Stock | 2,902 |
| Corning Inc | Common Stock | 2,813,846 |
| Corporate Executive Brd Co | Common Stock | 3,682 |
| Cortex Pharmaceuticals Inc | Common Stock | 6,504 |
| Cotherix Inc | Common Stock | 1,192 |
| Covad Communications Group Inc | Common Stock | 213 |
| Coventry Health Care Inc | Common Stock | 5,308 |
| Cree Resh Inc | Common Stock | 8,016 |
| Crown Castle Intl Corp | Common Stock | 4,992 |
| Crown Hldgs Inc | Common Stock | 6,870 |
| Csx Corp | Common Stock | 2,807,964 |
| Curagen Corp | Common Stock | 7,160 |
| Curon Med Inc | Common Stock | 4,288 |
| Cyber-Care Inc | Common Stock | 40 |
| Cygnus Inc | Common Stock | 46 |
| Cytec Inds Inc | Common Stock | 6,428 |
| Cytogen Corp | Common Stock | 5,760 |
| D R Horton Inc | Common Stock | 4,353 |
| Dade Behring Hldgs Inc | Common Stock | 9,856 |
| Daimlerchrysler Ag Ord | Common Stock | 5,431 |
| Dan River Inc | Common Stock | 11 |
| Dana Corp | Common Stock | 1,036,028 |
| Data Race Inc | Common Stock | 2 |

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| | | |
|---------------------------|--------------|-----------|
| Datastream Systems Inc | Common Stock | 866 |
| Davita Inc | Common Stock | 20,358 |
| Deere & Company | Common Stock | 4,163 |
| Delcath Systems Inc | Common Stock | 6,020 |
| Dell Inc | Common Stock | 5,103,955 |
| Delphi Automotive Systems | Common Stock | 1,448 |
| Delta Air Lines Inc | Common Stock | 7,899 |
| Deltagen Inc | Common Stock | 550 |
| Deluxe Corp | Common Stock | 99 |
| Dendreon Corp | Common Stock | 37,730 |
| Devon Energy Corp | Common Stock | 1,078,392 |
| Digi Intl Inc | Common Stock | 3,696 |
| Digital Angel Corp | Common Stock | 1,391 |
| Digital Lightwave Inc | Common Stock | 32,010 |
| Diomed Hldgs Inc | Common Stock | 2,074 |
| Directtv Group Inc | Common Stock | 1,463,917 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 5 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|------------------------------------|--------------|------------|
| Disney Walt Co | Common Stock | 48,289 |
| Dobson Communcorp | Common Stock | 3,440 |
| Dollar Gen Corp | Common Stock | 5,204 |
| Dot Hill Sys Corp | Common Stock | 784 |
| Dow Chemical Co | Common Stock | 19,804 |
| Dr Reddys Labs Ltd Adr | Common Stock | 3,994 |
| Dreamworks Animation Skg Inc | Common Stock | 9,152 |
| Du Pont E I De Nemours & Co | Common Stock | 464 |
| Dynamex Inc | Common Stock | 4,169 |
| Dynegey Inc Hldg Co | Common Stock | 11,550 |
| E Loan Inc | Common Stock | 5,070 |
| E M C Corp Mass | Common Stock | 201,399 |
| E*Trade Group Inc. | Common Stock | 14,950 |
| Eastman Kodak Co | Common Stock | 22,575 |
| Eaton Vance Ltd Duration Income Fd | Common Stock | 9,759 |
| Eb2B Commerce Inc | Common Stock | 1 |
| Ebay Inc | Common Stock | 6,141,880 |
| Echostar Communications | Common Stock | 3,325 |
| Edge Pete Corp | Common Stock | 1,458 |
| Edwards Lifesciences Corp | Common Stock | 12,183,387 |
| El Paso Corp | Common Stock | 1,906,628 |
| Elan Corp Plc Adr | Common Stock | 8,175 |
| Eldorado Gold Corp | Common Stock | 5,900 |
| Electronic Arts Inc | Common Stock | 4,101,365 |
| Emc Corp | Common Stock | 962,432 |
| Emulex Corp | Common Stock | 19,147 |
| Enbridge Energy Mgmt Llc | Common Stock | 12,561 |
| Encore Medical Corp | Common Stock | 3,395 |
| Encysive Pharmaceuticals Inc | Common Stock | 1,192 |
| Enova Systems Inc | Common Stock | 2,200 |
| Enpro Inds Inc | Common Stock | 798 |
| Entergy Corp | Common Stock | 2,411,056 |
| Enterra Energy | Common Stock | 12,158 |
| Entravision Communications Corp | Common Stock | 1,253 |
| Eon Labs Inc Com | Common Stock | 4,050 |
| Epicor Software Corp | Common Stock | 7,045 |
| Epimmune Inc | Common Stock | 872 |
| Equifax Inc | Common Stock | 2,529 |
| Eresearch Technology Inc | Common Stock | 24,694 |
| Ericsson L M Tel Co | Common Stock | 441 |
| Escalade Inc | Common Stock | 4,676 |
| Espeed Inc | Common Stock | 6,185 |
| Euro Tech Holding Co | Common Stock | 21,550 |
| Euroweb Intl Corp | Common Stock | 7,920 |
| Exxon Mobil Corp | Common Stock | 20,928 |
| Eyetech Pharmaceuticals Inc | Common Stock | 45,500 |
| Factset Research Sys Inc | Common Stock | 1,753 |
| Famous Daves Amer Inc | Common Stock | 1,275 |

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| | | |
|---------------------------------------|--------------|-----------|
| Faro Technologies Inc | Common Stock | 2,183 |
| Federal Home Ln Mtg Corp | Common Stock | 3,539,332 |
| Federal National Mtg Association | Common Stock | 2,371,311 |
| Federated Dept Stores Inc | Common Stock | 936,514 |
| Fedex Corp | Common Stock | 55,554 |
| Fidelity Natl Finl Inc | Common Stock | 2,740 |
| Fifth Third Bancorp | Common Stock | 11,825 |
| Filenet Corp | Common Stock | 5,152 |
| First Data Corp | Common Stock | 3,956 |
| First Finl Fd Inc | Common Stock | 13,425 |
| Fiserv Inc | Common Stock | 5,064 |
| Flagstar Bancorp Inc | Common Stock | 2,260 |
| Flaherty & Crumrine Pfd Income Fd Inc | Common Stock | 5,639 |
| Flextronics International Ltd | Common Stock | 1,139,295 |
| Flyi Inc | Common Stock | 1,770 |
| Fonar Corp | Common Stock | 17,113 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 6 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|-----------------------------|--------------|-----------|
| Food Technology Svcs Inc | Common Stock | 2,540 |
| Forbes Medi-Tech Inc | Common Stock | 23,713 |
| Ford Mtr Co | Common Stock | 26,411 |
| Forest Laboratories Inc | Common Stock | 8,389 |
| Fortune Brands Inc | Common Stock | 2,315 |
| Foster Wheeler Ltd | Common Stock | 390 |
| Franklin Res Inc | Common Stock | 1,548,536 |
| Freescale Semiconductor Inc | Common Stock | 12,595 |
| Fresh Del Monte Produce Inc | Common Stock | 79 |
| Frontline Ltd | Common Stock | 19,529 |
| Futuremedia Plc | Common Stock | 1,020 |
| Gallagher Arthur J & Co | Common Stock | 16,250 |
| Gateway Inc | Common Stock | 8,414 |
| Gehl Co | Common Stock | 7,005 |
| Gemstar Tv Guide Intl Inc | Common Stock | 4,736 |
| Genentech Inc | Common Stock | 42,681 |
| General Dynamics | Common Stock | 3,243 |
| General Elec Co | Common Stock | 7,809,324 |
| General Mills Inc | Common Stock | 39,768 |
| General Motors Corp | Common Stock | 4,006 |
| Genesee And Wyoming Inc | Common Stock | 4,923 |
| Genesis Microchip Inc | Common Stock | 4,866 |
| Genta Inc | Common Stock | 7,814 |
| Georgia Gulf Corp | Common Stock | 7,470 |
| Georgia Pac Corp | Common Stock | 1,777,700 |
| Geron Corp | Common Stock | 3,985 |
| Getty Images Inc | Common Stock | 3,443 |
| Gigamedia Ltd | Common Stock | 3,620 |
| Gilead Sciences Inc | Common Stock | 27,502 |
| Glaxosmithkline Plc | Common Stock | 852,267 |
| Global High Inc Dlr Fd Inc | Common Stock | 10,939 |
| Golden Star Res Ltd | Common Stock | 4,010 |
| Goldman Sachs Group Inc | Common Stock | 1,629,192 |
| Goodrich B F Co | Common Stock | 4,849 |
| Google Inc | Common Stock | 1,833,892 |
| Guangshen Rly Co Ltd | Common Stock | 3,480 |
| Guilford Pharmaceutical Inc | Common Stock | 14,850 |
| Halliburton Co | Common Stock | 2,996,580 |
| Halozyme Therapeutics Inc | Common Stock | 2,200 |
| Hancock John Pfd | Common Stock | 17,409 |
| Hansen Natural Corp | Common Stock | 17,295 |
| Harken Energy Corp | Common Stock | 520 |
| Harley Davidson Inc | Common Stock | 8,201 |
| Hartford Financial Svcs Grp | Common Stock | 856,098 |
| Headwaters Inc | Common Stock | 34,200 |
| Henry Jack & Assoc Inc | Common Stock | 3,703 |
| Hewlett Packard Co | Common Stock | 5,938,460 |
| Hilton Hotels Corp | Common Stock | 1,706 |

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| | | |
|--|--------------|-----------|
| Hollis-Eden Pharma Inc | Common Stock | 659 |
| Home Depot Inc | Common Stock | 147,757 |
| Homestore.Com Inc | Common Stock | 1,818 |
| Honda Motor Ltd | Common Stock | 1,184,540 |
| Honeywell Intl Inc | Common Stock | 10,665 |
| Hospira Inc | Common Stock | 42,411 |
| Hovanian Enterprise Inc | Common Stock | 1,486 |
| Hsbc Holdings Plc Spons Adr | Common Stock | 22,732 |
| Huaneng Power Intl Inc Adr | Common Stock | 4,203 |
| I2 Tech Inc | Common Stock | 683 |
| Icoria Inc | Common Stock | 1,300 |
| Icos Corp | Common Stock | 56,560 |
| Icts Intl N V Frmlly Icts Holland Prod | Common Stock | 6,240 |
| Ikon Office Solution Inc | Common Stock | 347 |
| Imax Corp | Common Stock | 7,672 |
| Immersion Corp | Common Stock | 7,290 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 7 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|---------------------------------------|--------------|-----------|
| Immunogen Inc | Common Stock | 6,206 |
| Immunomedics Inc | Common Stock | 608 |
| Impac Mtg Hldgs Inc | Common Stock | 179 |
| Impco Technologies Inc | Common Stock | 7,550 |
| Inco Ltd | Common Stock | 7,356 |
| Incyte Pharmaceuticals Inc | Common Stock | 49,950 |
| Indevus Pharmaceuticals Inc | Common Stock | 107,280 |
| Ing Clarion Real Estate | Common Stock | 5,066 |
| Ingram Micro Inc | Common Stock | 762,526 |
| Innodata Corp | Common Stock | 1,624 |
| Insmid Inc | Common Stock | 275 |
| Integra Lifesciences Holdings Corp | Common Stock | 10,931 |
| Integrated Device Tech Inc | Common Stock | 2,659 |
| Intel Corp | Common Stock | 259,364 |
| Intellisync Corp | Common Stock | 2,040 |
| Intermagnetics Genl Corp | Common Stock | 7,623 |
| Internet Cap Group Inc | Common Stock | 2,925 |
| Interpharm Hldgs Inc | Common Stock | 2,450 |
| Interpublic Group Cos Inc | Common Stock | 1,873,608 |
| Intervoice Inc | Common Stock | 16,020 |
| Intl Fuel Tech Inc | Common Stock | 9,350 |
| Intl Game Technology | Common Stock | 27,584 |
| Intuitive Surgical Inc | Common Stock | 9,205 |
| Ion Networks Inc | Common Stock | 110 |
| Irvine Sensors Corporation | Common Stock | 2,620 |
| Isco Intl Inc | Common Stock | 1,656 |
| Ishares Inc Msci Australia Index Fund | Common Stock | 216,835 |
| Isonics Corp | Common Stock | 2,333 |
| Ivanhoe Energy | Common Stock | 10,710 |
| Ivillage Inc | Common Stock | 24,720 |
| J P Morgan Chase & Co | Common Stock | 1,296,321 |
| Jabil Circuit Inc | Common Stock | 5,116 |
| Jds Uniphase Corp N/C From 909149106 | Common Stock | 65,882 |
| Jetblue Awys Corp | Common Stock | 5,433 |
| Johnson & Johnson | Common Stock | 85,110 |
| Jones Apparel Group Inc | Common Stock | 1,022,655 |
| Jp Moragn Chase + Co | Common Stock | 2,833,224 |
| Juniper Networks Inc | Common Stock | 2,979,561 |
| Kana Software Inc | Common Stock | 20,790 |
| Kb Home | Common Stock | 4,176 |
| Key Tech Inc | Common Stock | 2,086 |
| Kimberly Clark Corp | Common Stock | 13,162 |
| King Pharmaceuticals Inc | Common Stock | 2,406 |
| Knightsbridge Tank Co | Common Stock | 8,358 |
| Knology Inc | Common Stock | 7,800 |
| Koala Corp | Common Stock | 5 |
| Kohls Corp | Common Stock | 103,257 |
| Kongzhong Corp Spons Adr | Common Stock | 4,565 |

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| | | |
|---------------------------------|--------------|-----------|
| Kopin Corp | Common Stock | 2,806 |
| Krispy Kreme Doughnuts Inc | Common Stock | 20,916 |
| Kronos Worldwide Inc | Common Stock | 41 |
| L 3 Communications Holding Corp | Common Stock | 289,485 |
| Labor Ready Inc | Common Stock | 1,692 |
| Laboratory Corp Amer Hldgs | Common Stock | 1,779,718 |
| Lannett Inc | Common Stock | 1,970 |
| Las Vegas Sands Corp | Common Stock | 142,292 |
| Lasercard Corp | Common Stock | 5,245 |
| Latin Amern Discovery Fd Inc | Common Stock | 1,863 |
| Leapfrog Enterprises Inc | Common Stock | 9,044 |
| Lear Corp | Common Stock | 1,097,211 |
| Legg Mason Inc | Common Stock | 311,281 |
| Lehman Brothers Hldgs Inc | Common Stock | 769,337 |
| Lennar Corp | Common Stock | 750,503 |
| Lexar Media Inc | Common Stock | 4,077 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 8 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|----------------------------------|--------------|-----------|
| Liberate Techs Inc | Common Stock | 430 |
| Liberty All Star Equity Fd Sbi | Common Stock | 153 |
| Liberty Media Corp | Common Stock | 2,182,288 |
| Lifecell Corp | Common Stock | 6,950 |
| Lifestream Technologies Inc | Common Stock | 120 |
| Lifeway Foods Inc | Common Stock | 9,140 |
| Lilly Eli & Co | Common Stock | 568 |
| Linear Technology Corp | Common Stock | 3,101 |
| Linux Gold Corp | Common Stock | 190 |
| Lipid Sciences Inc Ariz | Common Stock | 3,660 |
| Liquidmetal Technologies | Common Stock | 10,750 |
| Lj International Inc | Common Stock | 52,569 |
| Lockheed Martin Corp | Common Stock | 5,555 |
| Looksmart Ltd | Common Stock | 8,760 |
| Loral Space & Communications Ltd | Common Stock | 20 |
| Loudeye Tech Inc | Common Stock | 8,200 |
| Louisiana Pacific | Common Stock | 5,348 |
| Lowe's Companies | Common Stock | 3,763,486 |
| Lsi Logic Corp | Common Stock | 5,480 |
| Lucent Tech Inc | Common Stock | 155,363 |
| M 2003 Plc | Common Stock | 4 |
| Magna International Inc | Common Stock | 1,313,290 |
| Marconi Corp | Common Stock | 42 |
| Martha Stewart Living | Common Stock | 6,239 |
| Martin Marietta Matls Inc | Common Stock | 456,002 |
| Marvel Enterprises Inc | Common Stock | 12,370 |
| Marvell Technology Group Ltd | Common Stock | 2,393,864 |
| Massmutual Partn Invs | Common Stock | 26,620 |
| Maxim Pharmaceutical Inc | Common Stock | 5,859 |
| Maxtor Corp | Common Stock | 2,650 |
| Mbna Corp | Common Stock | 2,965,403 |
| Mcdata Corp Cl B | Common Stock | 5,630 |
| Mcdonalds Corp | Common Stock | 3,352,992 |
| Meadwestvaco Corp | Common Stock | 1,533,750 |
| Medarex Inc | Common Stock | 93,786 |
| Medco Health Solutions Inc | Common Stock | 2,051,216 |
| Medical Action Inds Inc | Common Stock | 5,910 |
| Medimmune Inc | Common Stock | 11,386 |
| Medtronic Inc | Common Stock | 276,165 |
| Merck & Co Inc | Common Stock | 174,906 |
| Merge Technologies Inc | Common Stock | 6,675 |
| Meritage Corp | Common Stock | 5,635 |
| Merrill Lynch & Co | Common Stock | 4,474 |
| Metlife Inc | Common Stock | 1,377,419 |
| Metromedia Fiber Network Inc | Common Stock | 1 |
| Micromuse Inc | Common Stock | 5,550 |
| Microsoft Corp | Common Stock | 4,984,208 |
| Middleby Corp | Common Stock | 7,666 |

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| | | |
|-------------------------------------|--------------|---------|
| Midway Games Inc | Common Stock | 5,250 |
| Milacron Inc | Common Stock | 6,780 |
| Millennium Pharm Inc | Common Stock | 35,995 |
| Mindspeed Technologies Inc | Common Stock | 75 |
| Minefinders Ltd Corp | Common Stock | 6,860 |
| Mirant Corp | Common Stock | 35 |
| Miravant Medical Technology | Common Stock | 162 |
| Mks Instruments Inc | Common Stock | 7,179 |
| Monarch Casino Resort Inc | Common Stock | 1,703 |
| Monarch Services Inc | Common Stock | 16,520 |
| Monsanto Co | Common Stock | 1,889 |
| Morgan St Dean Witter Discover & Co | Common Stock | 19,432 |
| Mothers Work Inc | Common Stock | 13,616 |
| Motorola Inc | Common Stock | 971,861 |
| Mpower Holding Corp | Common Stock | 151 |
| Multi Finline Electronix Inc | Common Stock | 21,487 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 9 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|-------------------------------------|--------------|-----------|
| Multiband Corp | Common Stock | 1,610 |
| Murphy Oil Corp | Common Stock | 4,023 |
| Nabors Industries Ltd | Common Stock | 2,681,056 |
| Nam Tai Electronics Inc | Common Stock | 674 |
| Nanogen Inc | Common Stock | 34,393 |
| Nara Bancorp Inc | Common Stock | 4,254 |
| Nasdaq 100 Tr Unit Ser 1 | Common Stock | 397,825 |
| National City Corp | Common Stock | 2,278,266 |
| National Grid Group Plc | Common Stock | 14,397 |
| Navteq Corp | Common Stock | 5,563 |
| Nec Corp ADR | Common Stock | 1,236 |
| Neenah Paper Inc | Common Stock | 196 |
| Neofoma Inc | Common Stock | 7,690 |
| Netflix Com Inc | Common Stock | 1,726 |
| Network Appliance Corp | Common Stock | 1,230,348 |
| New Brunswick Scientific Co | Common Stock | 1,290 |
| New Centy Finl Corp | Common Stock | 6,391 |
| Newell Rubbermaid Inc | Common Stock | 14,514 |
| Nextel Comm Inc | Common Stock | 45,105 |
| Nii Hldgs Inc | Common Stock | 7,545 |
| Nike Inc Class B | Common Stock | 1,814 |
| Nissan Mtr Ltd Sponsored ADR | Common Stock | 64 |
| NI Inds Inc | Common Stock | 4,641 |
| Nokia Corp ADR | Common Stock | 59,170 |
| Nordic American Tanker Shipping Ltd | Common Stock | 3,905 |
| Nordstrom Inc | Common Stock | 5,047 |
| Norfolk Southn Corp | Common Stock | 1,709,362 |
| Nortel Networks Corp | Common Stock | 476,812 |
| Northfield Laboratories Inc | Common Stock | 226,718 |
| Northgate Expl Ltd | Common Stock | 18,700 |
| Novagold Resources | Common Stock | 13,950 |
| Novamed Eyecare Inc | Common Stock | 1,974 |
| Novartis Ag ADR | Common Stock | 27,140 |
| Nps Pharmaceuticals Inc | Common Stock | 54,840 |
| Ns Group Inc | Common Stock | 9,730 |
| Ntl Inc | Common Stock | 5,472 |
| Nuveen Quality | Common Stock | 161,280 |
| Nve Corp | Common Stock | 13,925 |
| Nvidia Corp | Common Stock | 10,720 |
| O Reilly Automotive Inc | Common Stock | 22,525 |
| Occidental Pete Corp | Common Stock | 2,360,138 |
| Office Depot Inc | Common Stock | 1,128,738 |
| Om Group Inc | Common Stock | 486 |
| Omi Corporation | Common Stock | 44,702 |
| Omni Energy Svcs Crp | Common Stock | 3,880 |
| Omnicell Inc | Common Stock | 4,950 |
| Omnivision Technologies Inc | Common Stock | 17,066 |
| Oncolytics Biotech Inc | Common Stock | 222,386 |

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| | | |
|-----------------------------|--------------|---------|
| Onscreen Technologies Inc | Common Stock | 380 |
| Opentv Corp | Common Stock | 672 |
| Oplink Communication S Inc | Common Stock | 5,910 |
| Oracle Corporation | Common Stock | 146,530 |
| Orange 21 Inc | Common Stock | 5,225 |
| Orasure Technologies Inc | Common Stock | 17,472 |
| Orchid Biosciences Inc | Common Stock | 460 |
| Orezone Resources Inc | Common Stock | 3,024 |
| Oshkosh Truck C1 B | Common Stock | 2,051 |
| Overstock Com Inc | Common Stock | 19,665 |
| P F Changs China Bistro Inc | Common Stock | 1,972 |
| Paccar Inc | Common Stock | 171 |
| Pacific Rim Mining Corp | Common Stock | 20,126 |
| Pacific Sunwear Calif Inc | Common Stock | 6,010 |
| Pain Therapeutics Inc | Common Stock | 7,210 |
| Palmone Inc | Common Stock | 118,723 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 10 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|---|--------------|-----------|
| Palmsource Inc | Common Stock | 5,325 |
| Pan American Silver Corp | Common Stock | 3,596 |
| Paradyne Networks Inc | Common Stock | 5,385 |
| Parallel Pete Corp | Common Stock | 5,390 |
| Parametric Tech Corp | Common Stock | 5,890 |
| Parker Drilling Co | Common Stock | 1,179 |
| Patina Oil & Gas Crp | Common Stock | 15,132 |
| Patterson Cos Inc | Common Stock | 5,424 |
| Paychex Inc | Common Stock | 3,408 |
| Pdi Inc | Common Stock | 2,228 |
| Pengrowth Energy | Common Stock | 28,254 |
| Penn Natl Gaming Inc | Common Stock | 19,376 |
| Pepsico Inc | Common Stock | 1,601,321 |
| Peregrine Pharmaceut Icalcs Inc | Common Stock | 1,170 |
| Perficient Inc | Common Stock | 27,946 |
| Petrofund Energy | Common Stock | 456 |
| Petrokazakhstan Inc | Common Stock | 7,420 |
| Petroleo Brasileiro | Common Stock | 995 |
| Petroleum & Res Corp | Common Stock | 6,718 |
| Petroleum Dev Corp | Common Stock | 11,571 |
| Petsmart Inc | Common Stock | 2,487 |
| Pfizer Inc | Common Stock | 2,472,261 |
| Pharmaceutical Product Development Inc | Common Stock | 4,129 |
| Pharmos Corp | Common Stock | 234 |
| Physiometrix Inc | Common Stock | 1,744 |
| Pimco Corporate Opportunity Fund | Common Stock | 5,486 |
| Pioneer Drilling Co | Common Stock | 2,018 |
| Pixar Inc | Common Stock | 12,499 |
| Pmc-Sierra Inc | Common Stock | 13,500 |
| Point.360 | Common Stock | 5,794 |
| Polaris Inds Inc | Common Stock | 6,802 |
| Portalplayer Inc | Common Stock | 3,702 |
| Powerwave Tech Inc | Common Stock | 4,240 |
| Precision Drilling Corp | Common Stock | 2,512 |
| Priceline Com Inc | Common Stock | 3,916 |
| Primewest Energy | Common Stock | 27,057 |
| Procter & Gamble Co | Common Stock | 2,599,311 |
| Protein Design | Common Stock | 455 |
| Provident Energy | Common Stock | 9,678 |
| Proxim Corp | Common Stock | 2,290 |
| Pulte Homes Inc | Common Stock | 617,823 |
| Putnam High Income Conv | Common Stock | 20,100 |
| Qlogic Corp | Common Stock | 9,293 |
| Qualcomm Inc | Common Stock | 3,820,942 |
| Quanex Corp | Common Stock | 13,714 |
| Quantum Corp Dlt & Storage | Common Stock | 2,620 |
| Quantum Fuel Sys Technologies Worldwide Inc | Common Stock | 6,020 |
| Quest Diagnostics Inc | Common Stock | 7,166 |

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| | | |
|------------------------|--------------|-----------|
| Qwest Comm Intl Inc | Common Stock | 1,843 |
| Radioshack Corp | Common Stock | 6,576 |
| Radyne Comstream Inc | Common Stock | 748 |
| Rambus Inc | Common Stock | 28,750 |
| Rayonier Inc | Common Stock | 3,473 |
| Red Hat Inc | Common Stock | 5,340 |
| Redback Networks Inc | Common Stock | 107 |
| Redenvelope Inc | Common Stock | 2,573 |
| Renal Care Group Inc | Common Stock | 5,399 |
| Rent A Center Inc | Common Stock | 15,900 |
| Repligen Corp | Common Stock | 1,008 |
| Research In Motion Inc | Common Stock | 1,115,760 |
| Research In Motion Ltd | Common Stock | 57,694 |
| Reynolds Amern Inc | Common Stock | 1,572 |
| Rf Micro Devices Inc | Common Stock | 4,959 |
| Rita Med Sys Inc | Common Stock | 7,740 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 11 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|---|--------------|-----------|
| Rite Aid Corp | Common Stock | 15,617 |
| Rockwell Intl Corp | Common Stock | 19,820 |
| Rockwell Medical Tech Inc | Common Stock | 797 |
| Rocky Shoes & Boots Inc | Common Stock | 7,450 |
| Rogers Corp | Common Stock | 7,327 |
| Ross Stores Inc | Common Stock | 3,753 |
| Royal Dutch Pete Co | Common Stock | 1,219,036 |
| Royal Dutch Petroleum Co | Common Stock | 1,435 |
| Royce Value Tr Inc | Common Stock | 8,355 |
| Rpm Inc | Common Stock | 3,539 |
| Rubicon Minerals Corp | Common Stock | 1,020 |
| S & P 500 Depository Receipt | Common Stock | 193,996 |
| Saba Software Inc | Common Stock | 505 |
| Safenet Inc | Common Stock | 2,719 |
| Safeway Inc | Common Stock | 1,595,578 |
| Sandisk Corp | Common Stock | 118,108 |
| Sangamo Biosciences Inc | Common Stock | 36,600 |
| Sanmina Corp | Common Stock | 1,364 |
| Sanofi-Synthelabo Adr | Common Stock | 10,013 |
| Sap Aktiengesellschaft | Common Stock | 1,288,725 |
| Sara Lee Corp | Common Stock | 7,242 |
| Sasol Ltd Spnsrd Adr | Common Stock | 7,594 |
| Sbc Communications | Common Stock | 24,589 |
| Schering Plough Corp | Common Stock | 41,760 |
| Schlumberger Ltd | Common Stock | 198,468 |
| Schnitzer Stl Inds | Common Stock | 55,985 |
| Schwab Charles Corp | Common Stock | 848,926 |
| Scripps E.W. Co Oh | Common Stock | 1,674,526 |
| Seagate Technology Holdings | Common Stock | 7,772 |
| Sears Roebuck & Co | Common Stock | 6,889 |
| Sector Spdr | Common Stock | 40,324 |
| Seebeyond Technology Corp | Common Stock | 2,864 |
| Seitel Inc | Common Stock | 410 |
| Sempra Energy | Common Stock | 565,420 |
| Serena Software Inc | Common Stock | 4,322 |
| Ship Finance International Limited | Common Stock | 7,387 |
| Shuffle Master | Common Stock | 15,779 |
| Siebel Systems Inc | Common Stock | 24,232 |
| Silicon Image Inc | Common Stock | 6,584 |
| Silicon Storage Tech Inc | Common Stock | 5,950 |
| Silver Standard Res Inc | Common Stock | 4,231 |
| Sina.Com | Common Stock | 11,445 |
| Sinopec Beijing Yanhua Petrochemical Co Ltd | Common Stock | 2,337 |
| Sirius Satellite Radio Inc | Common Stock | 382,974 |
| Skyworks Solutions Inc | Common Stock | 1,150 |
| Slm Corp | Common Stock | 9,076 |
| Smucker J M Co | Common Stock | 99 |
| Smurfit Stone Container Corp | Common Stock | 1,332,698 |

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| | | |
|---------------------|--------------|-----------|
| Socket Comm Inc | Common Stock | 3,000 |
| Sohu.Com Inc | Common Stock | 4,605 |
| Solectron Corp | Common Stock | 1,083,039 |
| Sonicblue Inc | Common Stock | 5 |
| Sontra Med Corp | Common Stock | 21,400 |
| Sonus Networks Inc | Common Stock | 19,482 |
| Southern Co | Common Stock | 3,352 |
| Southwest Airlns Co | Common Stock | 6,512 |
| Southwestern Energy | Common Stock | 10,138 |
| Spacedev Inc | Common Stock | 1,750 |
| Spacehab Inc | Common Stock | 959 |
| Spectranetics Corp | Common Stock | 15,289 |
| Speedus.Com Inc | Common Stock | 5,720 |
| Spherix Inc | Common Stock | 1,950 |
| Sprint Corp | Common Stock | 902,076 |
| Spx Corp | Common Stock | 1,643,571 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 12 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|---|--------------|-----------|
| Ss&C Tech Inc | Common Stock | 9,127 |
| St Jude Med Inc | Common Stock | 2,976,653 |
| St Paul Cos Inc | Common Stock | 3,294 |
| Starbucks Corp | Common Stock | 1,589,803 |
| Starcraft Corp | Common Stock | 4,407 |
| * State Street Corp | Common Stock | 9,962 |
| Stemcells Inc | Common Stock | 2,115 |
| Stericycle Inc | Common Stock | 15,164 |
| Stocker And Yale Inc | Common Stock | 14,672 |
| Stratex Networks Inc | Common Stock | 452 |
| Stratos Lightwave Inc | Common Stock | 110 |
| Streettracks Dow Jones Global Titans Index Fund | Common Stock | 16,130 |
| Stryker Corp | Common Stock | 63,111 |
| Sun Microsystems Inc | Common Stock | 110,527 |
| Suncor Energy Inc Frmlly Suncor Inc | Common Stock | 30,792 |
| Suntrust Banks Inc | Common Stock | 1,752,087 |
| Superconductor Technologies Inc | Common Stock | 11,259 |
| Surebeam Corp | Common Stock | 245 |
| Sycamore Networks Inc | Common Stock | 16,240 |
| Symantec Corp | Common Stock | 1,050,028 |
| Symbol Tech Inc | Common Stock | 2,943 |
| Syngenta Ag Sponsored Adr | Common Stock | 21,350 |
| Synnex Corp | Common Stock | 7,218 |
| Sysco Corp | Common Stock | 21,375 |
| Taiwan Semicndctr Mfg Co Ltd | Common Stock | 836,595 |
| Talbots Inc | Common Stock | 2,723 |
| Talk Amer Hldgs Inc | Common Stock | 2,648 |
| Target Corp | Common Stock | 3,716,419 |
| Targeted Genetics Corp | Common Stock | 8,680 |
| Taser International Inc | Common Stock | 229,589 |
| Team Inc | Common Stock | 622 |
| Teamstaff Inc | Common Stock | 1,010 |
| Tech Data Corp | Common Stock | 838,909 |
| Tecumseh Prods Co | Common Stock | 14,340 |
| Telik Inc | Common Stock | 3,828 |
| Telkonet Inc | Common Stock | 11,120 |
| Tellabs Inc | Common Stock | 1,494,900 |
| Temple Inland | Common Stock | 698 |
| Tenet Healthcare Corp | Common Stock | 4,447 |
| Terayon Comm Sys | Common Stock | 1,355 |
| Teva Pharmaceutical Inds Ltd | Common Stock | 1,776,249 |
| Texas Instrs Inc | Common Stock | 1,017,316 |
| Textron Inc | Common Stock | 3,128,465 |
| The St Paul Travelers Cos Inc | Common Stock | 754,071 |
| Thermo Electron Corp | Common Stock | 1,551,258 |
| Third Wave Technologies Inc | Common Stock | 8,600 |
| Tikero Technologies Lts | Common Stock | 330 |
| Time Warner Inc | Common Stock | 4,441,309 |

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| | | |
|----------------------------|--------------|-----------|
| Titan Pharm Inc | Common Stock | 3,220 |
| Tivo Inc | Common Stock | 11,740 |
| Tom Online Inc Spon Adr | Common Stock | 6,867 |
| Torchmark Inc | Common Stock | 1,812,437 |
| Tractor Supply Co | Common Stock | 2,642 |
| Transcanada Corp | Common Stock | 2,487 |
| Transmeta Corp | Common Stock | 3,260 |
| Transwitch Corp | Common Stock | 12,320 |
| Travelzoo Inc | Common Stock | 9,543 |
| Tribune Co | Common Stock | 4,214 |
| Trimedyn Inc | Common Stock | 5,700 |
| Triquint Semiconductor Inc | Common Stock | 9,123 |
| Trm Corp | Common Stock | 14,238 |
| Trw Automotive Hldgs Corp | Common Stock | 184,090 |
| Tvi Corp | Common Stock | 2,225 |
| Tyco Intl Ltd | Common Stock | 3,167,429 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 13 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|---------------------------------|--------------|-----------|
| Tyson Foods Inc | Common Stock | 96,784 |
| Ual Corp | Common Stock | 1,107 |
| Ugi Corp | Common Stock | 8,561 |
| Ultimate Electrs Inc | Common Stock | 984 |
| Ultra Petroleum Corp | Common Stock | 2,407 |
| Unilever N V | Common Stock | 1,127,210 |
| United Parcel Svc Inc | Common Stock | 1,030,245 |
| Unitedhealth Group Inc | Common Stock | 3,414,084 |
| Ununprovidnt Corp | Common Stock | 735,679 |
| Urban Outfitters Inc | Common Stock | 13,320 |
| Us Bancorp | Common Stock | 1,939,072 |
| Usurf America Inc | Common Stock | 73 |
| Utstarcom Inc | Common Stock | 33,225 |
| V F Corp | Common Stock | 552,703 |
| V I Technologies Inc | Common Stock | 2,925 |
| Va Linux Sys Inc | Common Stock | 1,825 |
| Valero Energy Corp | Common Stock | 15,907 |
| Varian Inc | Common Stock | 1,230 |
| Vasco Data Security Intl | Common Stock | 6,620 |
| Vaso Active Pharmaceuticals Inc | Common Stock | 920 |
| Vasogen Inc | Common Stock | 3,465 |
| Ventiv Health Inc | Common Stock | 6,096 |
| Verisign Inc | Common Stock | 33,936 |
| Veritas Dgc Inc | Common Stock | 4,482 |
| Verizon Communications | Common Stock | 24,306 |
| Versant Object Tech | Common Stock | 2,880 |
| Verticalnet Inc | Common Stock | 8,050 |
| Via Net Works Inc | Common Stock | 10,200 |
| Vintage Pete Inc | Common Stock | 2,269 |
| Viragen Inc | Common Stock | 98 |
| Viryant Ltd | Common Stock | 59 |
| Visual Networks Inc | Common Stock | 31,320 |
| Vitesse Semiconductr Corp | Common Stock | 3,530 |
| Vsource Inc | Common Stock | 2 |
| Wachovia Corp | Common Stock | 2,967,833 |
| Wal Mart Stores Inc | Common Stock | 444,831 |
| Walgreen Company | Common Stock | 39,936 |
| Warnaco Group Inc | Common Stock | 4,320 |
| Washington Mutual Inc. | Common Stock | 30,111 |
| Waste Mgmt Inc | Common Stock | 1,641,959 |
| Watson Pharmaceuticals Inc | Common Stock | 1,734,513 |
| Wave Systems Corp Cl A | Common Stock | 2,288 |
| Webex Communications Inc | Common Stock | 3,567 |
| Wellpoint Inc | Common Stock | 1,045,450 |
| Wendys Intl Inc | Common Stock | 7,852 |
| Wesco International Inc | Common Stock | 7,410 |
| Westell Technologies Inc | Common Stock | 6,800 |
| Western Digital Corp | Common Stock | 28,184 |

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| | | |
|------------------------------|--------------|---------|
| Western Silver Corp | Common Stock | 4,520 |
| Wheaton River Minerals Ltd | Common Stock | 3,097 |
| Wild Oats Markets Inc | Common Stock | 881 |
| Williams Cos Inc | Common Stock | 4,887 |
| Winn Dixie Stores | Common Stock | 2,275 |
| Wireless Facilities Inc | Common Stock | 28,320 |
| Wisconsin Energy Corp | Common Stock | 29,979 |
| Wright Med Group Inc | Common Stock | 5,700 |
| Wyndham Intl | Common Stock | 3,808 |
| Wynn Resorts Ltd | Common Stock | 20,076 |
| Xenova Group Plc | Common Stock | 1,950 |
| Xerox Corp | Common Stock | 1,701 |
| Xilinx Inc | Common Stock | 40,203 |
| Xm Satellite Radio Hldgs Inc | Common Stock | 200,063 |
| Xoma Ltd | Common Stock | 2,538 |
| Xto Energy Inc | Common Stock | 29,656 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 14 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|--------------------------------|--------------|-----------|
| Xybernaut Corp | Common Stock | 42,189 |
| Yahoo Inc | Common Stock | 5,545,128 |
| Yamana Gold Inc | Common Stock | 3,020 |
| Youthstream Media Networks Inc | Common Stock | 390 |
| Zebra Technologies Corp | Common Stock | 44,321 |
| Zhone Technologies Inc | Common Stock | 712 |
| Zi Corp | Common Stock | 6,525 |
| Zimmer Hldgs Inc | Common Stock | 2,138,782 |
| Zomax Optical Media Inc | Common Stock | 4,110 |

| | | |
|---------------------|--|-----------------------|
| Common Stock | | \$ 443,706,240 |
|---------------------|--|-----------------------|

Fixed Income Securities:

| | | |
|--------------------------------|--|-----------|
| Altria Group Inc | NT 5.625 11/04/2008 | 768,469 |
| America Novil | Gtd SR NT 5.500 03/01/2014 | 150,966 |
| Americredit Automobile | Ser 2004 Df Cl A4 3.430 07/06/2011 | 281,508 |
| Axis Cap Hldgs Ltd | SR NT 5.750 12/01/2014 | 455,286 |
| Bank New York Inc | SR Hldg Co NT 5.200 07/01/2007 | 532,998 |
| Boeing Cap Corp | SR NT 5.650 05/15/2006 | 355,817 |
| Bowater Inc | NT 6.500 06/15/2013 | 690,227 |
| Capital Auto Receivables Asset | 2004 2 Asset Backed NT Cl A 3 3.580 01/15/2009 | 782,810 |
| Capital Auto Receivables Asset | Ser 2004 2 Asset Bkd NT Cl A4 3.750 07/15/2009 | 54,191 |
| Capital One Bk | Tranche TR 00174 4.875 05/15/2008 | 1,037,849 |
| Chesapeake Energy Corp | SR NT 6.875 01/15/2016 | 144,582 |
| Chesapeake Energy Corp | SR NT 144A 6.375 06/15/2015 | 313,932 |
| Cia Paranaense De Energia | Preferred Stock | 447 |
| * CitiGroup Inc | SR NT 3.375 04/01/2009 | 861,907 |
| * CitiGroup Inc | Global SR NT 5.750 05/10/2006 | 295,247 |
| Clear Channel Communications | SR NT 5.000 03/15/2012 | 976,618 |
| Comcast Corp | NT 5.500 03/15/2011 | 729,435 |
| Commercial Mtg Accep Corp | Ser 1998 C2 Cl A 2 6.030 09/15/2030 | 725,032 |
| Community Program Ln | Ser 87 A BD Cl A4 4.500 10/01/2018 | 572,605 |
| Continental Airls | Past Thru Ctf Ser 1997 4 6.900 01/02/2018 | 898,057 |
| Continental Airls Pass Thru | Ser 1998 1Pass Thru Cuf Cl A 6.648 09/15/2017 | 113,395 |
| Corning Inc | NT 6.200 03/15/2016 | 741,293 |
| Cox Communications Inc New | NT 144A 5.450 12/15/2014 | 167,596 |
| Cwabs Inc | 2004 S1 Asset Bkd Ctf Cl A 3 4.615 2/25/2035 | 285,900 |
| Cwabs Inc | 2004 S1 Cl A2 3.872 03/25/2020 | 266,189 |
| D R Horton Inc | NT 5.625 09/15/2014 | 98,343 |
| D R Horton Inc | SR NT 6.125 01/15/2014 | 60,929 |
| D R Horton Inc | SR NT 6.875 05/01/2013 | 373,532 |
| Daimlerchrysler Auto Tr | 2004 C Asset Backed NT Cl A 4 3.280 12/08/2009 | 527,204 |
| Deere John Cap Corp | Global NT 3.900 01/15/2008 | 595,742 |
| Deutsche Telekom Intl | Global NT 3.875 07/22/2008 | 590,521 |
| Dominion Res Inc Del | NT 5.700 09/17/2012 | 521,937 |
| Dominion Res Inc Va New | SR NT 2003 Serd 5.000 03/15/2013 | 133,914 |
| Dow Chem Co | NT 6.000 10/01/2012 | 538,570 |
| Du Pont E I De Nemours + Co | NT 4.125 04/30/2010 | 765,327 |

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| | | |
|--------------------------|------------------------------|-----------|
| Eastman Chem Co | NT 3.250 06/15/2008 | 865,962 |
| Enron Cap Res L P | Preferred Stock | 2 |
| Eop Oper Ltd Partnership | NT 6.800 01/15/2009 | 810,493 |
| Erac Usa Fin Co | Gtd NT 144A 7.350 06/15/2008 | 462,890 |
| Fed Hm Ln Pc Pool B11058 | 4.500 11/01/2018 | 1,266,840 |
| Fed Hm Ln Pc Pool B12373 | 4.500 02/01/2019 | 2,194,649 |
| Fed Hm Ln Pc Pool C48827 | 6.000 03/01/2031 | 99,677 |
| Fed Hm Ln Pc Pool E01344 | 4.500 04/01/2018 | 1,495,984 |
| Fed Hm Ln Pc Pool E01377 | 4.500 05/01/2018 | 1,050,977 |
| Fed Hm Ln Pc Pool E01378 | 5.000 05/01/2018 | 1,589,678 |
| Fed Hm Ln Pc Pool E01386 | 5.000 06/01/2018 | 1,422,834 |
| Firstenergy Corp | NT Ser B 6.450 11/15/2011 | 856,919 |
| Fnma Pool 254759 | 4.500 06/01/2018 | 1,968,957 |
| Fnma Pool 255080 | 5.500 02/01/2019 | 584,816 |
| Fnma Pool 323887 | 6.000 12/01/2013 | 328,757 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 15 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|-------------------------------|---|-----------|
| Fnma Pool 581043 | 6.000 05/01/2016 | 141,334 |
| Fnma Pool 615005 | 6.000 12/01/2016 | 188,658 |
| Fnma Pool 641791 | 6.000 05/01/2017 | 187,987 |
| Fnma Pool 725098 | 5.500 12/01/2018 | 1,624,868 |
| Fnma Pool 743346 | 5.500 10/01/2018 | 1,557,578 |
| Fnma Tba Jan 30 Single Fam | 6.000 12/01/2019 | 1,100,707 |
| Ford Mtr Co Del | Global Landmark Secs Globals 7.450 07/16/2031 | 793,245 |
| General Elec Cap Corp Mtn | Tranche Tr 00665 3.750 12/15/2009 | 1,125,513 |
| General Mtrs Accep Corp | NT 6.875 09/15/2011 | 1,222,514 |
| Goldman Sachs Group Inc | SR NT 4.125 01/15/2008 | 1,347,691 |
| Halliburton Co | SR NT Regs 5.500 10/15/2010 | 1,038,425 |
| Hca Inc | NT 6.25Pct13 6.250 02/15/2013 | 1,193,452 |
| Honda Auto Receivables | Asset Bkd NT Ser 2004 3 CI A 3.280 02/18/2010 | 715,074 |
| Household Fin Corp | NT 4.125 12/15/2008 | 1,138,420 |
| International Business Machs | NT 4.250 09/15/2009 | 498,780 |
| International Paper Co | NT 4.000 04/01/2010 | 966,573 |
| Istar Finl Inc | SR NT 4.875 01/15/2009 | 500,352 |
| J.P. Morgan Chase & Co | Global SR NT 3.625 05/1/2008 | 978,912 |
| Kraft Foods Inc | NT 5.250 06/01/2007 | 689,357 |
| Kroger Co | NT 5.500 02/01/2013 | 620,160 |
| Lehman Bros Hldg | 7.000 02/01/2008 | 996,393 |
| Lubrizol Corp | SR NT 5.500 10/01/2014 | 381,808 |
| Mbna Corp Sr Mtn | Tranche SR 00058 4.625 09/15/2008 | 1,101,465 |
| Midamerican Energy Hldgs Co | SR NT 5.875 10/01/2012 | 522,349 |
| Motorola Inc | NT 5.800 10/15/2008 | 156,712 |
| National Rural Utils Coop Fin | Global NT 5.750 08/28/2009 | 1,053,759 |
| Navistar Financial Corp Owner | Ser 2004 B CI A4 3.530 10/15/2012 | 593,868 |
| Nisource Fin Corp | SR NT 6.150 03/01/2013 | 935,166 |
| Pacific Gas + Elec Co | 1st Mtg BD 4.200 03/01/2011 | 779,836 |
| Pemex Proj Fdg Master Tr | Gtd NT 6.125 08/15/2008 | 627,032 |
| Penny J C Inc | Deb 7.125 11/15/2023 | 136,498 |
| Pioneer Nat Res Co | SR NT 6.500 01/15/2008 | 264,203 |
| Premcor Refng Group Inc | SR NT 6.750 02/01/2011 | 390,929 |
| Qwest Corp | NT 144A 7.875 09/01/2011 | 390,441 |
| Rogers Cable Inc | SR Secd 2nd Priority NT 144A 6.750 03/15/2015 | 252,020 |
| Salton Sea Fdg Corp | SR Secd Ser F BD 7.475 11/30/2018 | 235,021 |
| Sbc Communications Inc | Global NT 5.875 08/15/2012 | 265,515 |
| Shaw Communications Inc | SR NT 7.500 11/20/2013 | 119,778 |
| Simon Ppty Group Inc | NT 3.750 01/30/2009 | 679,194 |
| Southern Ca Edison Co | NT 6.650 04/01/2029 | 661,127 |
| Southwestern Pub Svc Co | NT Dtd 5.125 11/01/2006 | 243,107 |
| Sprint Cap Corp | NT 6.875 11/15/2028 | 771,735 |
| Telecom Italia Cap | Gtd SR NT Ser A 4.000 11/15/2008 | 736,596 |
| Telus Corp | NT 7.500 06/01/2007 | 985,485 |
| Texaco Cap Inc | GTDNT 7.090 02/01/2007 | 79,410 |
| Time Warner Inc | Deb 6.625 05/15/2029 | 531,158 |
| Transocean Sedco Forex Inc | NT 7.500 04/15/2031 | 928,329 |
| Txu Corp | SR NT Ser P 144A 5.550 11/15/2014 | 73,455 |

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| | | |
|--------------------------------|--|----------------------|
| Union Oil Co Ca | Gtd SR NT 5.050 10/01/2012 | 1,135,234 |
| Union Pac Corp | NT 3.625 06/01/2010 | 616,670 |
| United Mexican States | Tranche Tr 00012 4.625 10/08/2008 | 299,467 |
| United Mexican Sts Mtn | Tranche Tr 00008 7.500 01/14/2012 | 391,303 |
| United States Treas Bills | 0.010 01/13/2005 | 1,064,250 |
| United States Treas Nts | Inflation Index Bond 2.000 07/15/2014 | 762,175 |
| United States Treas Nts | Inflation Indexed 3.375 01/15/2007 | 2,264,235 |
| Usaa Auto Owner Tr | 2004 3 Asset Backed NT CI A 4 3.530 06/15/2011 | 873,442 |
| Verizon Global Fdg Corp | NT 4.000 01/15/2008 | 497,045 |
| Wellpoint Inc | NT 144A 3.750 12/14/2007 | 118,246 |
| Wells Fargo & Co New | Global NT 3.500 04/04/2008 | 979,710 |
| Wells Fargo & Co New | NT 3.125 04/01/2009 | 95,555 |
| Weyerhaeuser Co | NT 6.750 03/15/2012 | 1,110,942 |
| Wfs Finl 2004 4 Owner Tr | Auto Receivable Bkd NT CI A3 2.980 09/17/2009 | 411,903 |
| Wfs Finl 2004 4 Owner Tr | Auto Recvable SR 2004 4 C A4 3.440 05/17/2012 | 289,638 |
| Xto Energy Inc | SR NT 4.900 02/01/2014 | 368,895 |
| Fixed Income Securities | | \$ 75,208,509 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 16 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)****Guaranteed Investment Contracts:****Cash & Cash Equivalents**

| | | |
|----------------------------------|--|------------|
| ANZ Delaware Inc. | OTC MM1 Generic Cusip 2.015 2/14/2005 | 292,326 |
| Barclays U S Fdg LLC | DTC MM1 Generic Cusip 2.425 03/15/2005 | 1,365,241 |
| * Citigroup Global Mkts Hldgs In | Dtc MMI Generic ST Cusips 0.010 01/13/2005 | 1,395,072 |
| Danske Corp Disc 3/A3 Ser A | DTC MM1 Generic St Cusip 2.440 03/23/2005 | 780,002 |
| Dexia Delaware | DTC MM1 CP 2.360 03/03/2005 | 1,657,954 |
| Federal Home LN BK Mtg Disc NTS | Disc Nts 0.010 03/15/2005 | 780,164 |
| Federal Natl Mtg Assn | Disc Nts 0.010 01/24/2005 | 338,007 |
| Federal Natl Mtg Assn | Disc NTS 0.010 02/16/2005 | 975,723 |
| Federal Natl Mtg Assn Disc NTS | 0.010 01/24/2005 | 195,015 |
| General Elec Cap Corp Disc | DTC Generic CP Cusip 1.920 01/03/2005 | 196,193 |
| General Elec Cap Corp Disc | DTC Generic CP Cusip 2.040 02/04/2005 | 1,656,562 |
| HBOS Treas Svcs PLC | DTC MM1 Generic St IP 2.000 02/01/2005 | 487,290 |
| HBOS Treas Svcs PLC | DTC MM1 Generic St IP 2.370 03/08/2005 | 195,048 |
| * State Street Bank & Trust Co | Short-Term Investment Fund | 14,565,591 |
| SunTrust Bk Atlanta GA | DTC MMI Generics ST Cusip 4.415 06/15/2009 | 186,413 |
| UBS Fin Del LLC | DTC MM1 Generic Cusip 2.030 02/22/2005 | 1,948,299 |
| UBS Fin Del LLC | DTC MM1 Generic Cusip 2.200 01/03/2005 | 98,094 |
| UBS Fin Del LLC | DTC MM1 Generic Cusip 2.410 03/15/2005 | 1,365,292 |
| United States Treas Bills | 0.010 05/05/2005 | 582,335 |
| | | <hr/> |
| | | 29,060,621 |

Fixed Income Securities

| | | |
|--------------------------------|---|-----------|
| Advanta Mtg LN TR | CTF CL A 4 7.750 10/25/2026 | 23,546 |
| AID Inca Infrastructure | Fin Frn 1.000 03/26/2009 | 1,960,820 |
| AIG SunAmerica Global Fing XII | SR NT 144A 5.300 05/30/2007 | 305,683 |
| Albertsons Inc | NT 7.500 02/15/2011 | 164,765 |
| Alcoa Inc | NT 7.375 08/01/2010 | 737,886 |
| Allstate Life Global FDG II | Tranche SR 00002 4.250 09/10/2008 | 511,312 |
| Altria Group Inc | NT 5.625 11/4/2008 | 1,019,659 |
| Altria Group Inc | NT 7.000 11/04/2013 | 451,814 |
| AMB Pty LP | 2008 NT 7.100 06/30/2008 | 2,153,716 |
| Amerada Hess Corp | NT 6.650 08/15/2011 | 420,776 |
| Amerada Hess Corp | NT 7.300 08/15/2031 | 394,034 |
| American Gen Fin Corp Mtn | 4.625 05/15/2009 | 499,194 |
| American Gen Fin Corp MTN | Tranche TR 00389 2.750 06/15/2008 | 943,278 |
| American Intl Group Inc | Global SR NT 2.875 05/15/2008 | 1,045,896 |
| American Intl Group Inc | Global SR NT 2.875 05/15/2008 | 1,190,153 |
| American Std Inc | Shelf 2 7.375 02/01/2008 | 263,649 |
| Americredit Automobile Rec Tr | Ser 2004 Df CI A4 3.430 07/06/2011 | 483,005 |
| Ameritrust Mtg Secs Inc | Ser 2004 R4 CI A2 1.000 06/25/2034 | 157,420 |
| Amgen Inc | 4.0 Pct 18Nov09 SR NT 144A 4.000 11/18/2009 | 880,266 |
| Amoco Corp | Deb 6.500 08/01/2007 | 489,057 |
| Amsouth Bk NA Birmingham AL | Sub NT Accredited Invs 4.850 04/01/2013 | 303,819 |

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|----------------------------|------------------------------|---------|
| Amvescap Std Inc | SR NT 5.375 02/27/2013 | 425,645 |
| Anheuser Busch Cos Inc | DEB 4.375 01/15/2013 | 213,043 |
| AOL Time Warner Inc | 6.150 05/1/2007 | 518,991 |
| AOL Time Warner Inc | NT 6.750 04/15/2011 | 717,354 |
| Appalachian Pwr Co | SR NT Ser H 5.950 05/15/2033 | 94,171 |
| Aramark Svcs Inc | Gtd NT 7.000 07/15/2006 | 590,809 |
| Aramark Svcs Inc | NT 6.375 02/15/2008 | 157,450 |
| Aramark Svcs Inc | NT 7.000 05/01/2007 | 261,690 |
| Archstone Smith Oper Tr | SR NT 5.625 08/15/2014 | 81,544 |
| Archstone Smith Tr | SR NT 5.000 08/15/2007 | 378,167 |
| Arden Rlty Ltd Partnership | Deb 5.200 09/01/2011 | 257,355 |
| Arizona \Pub Svc Co | NT 6.500 03/01/2012 | 169,050 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 17 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|-----------------------------------|---|-----------|
| Asif Global FING XCIII | SR NT 144A 3.850 11/25/2007 | 310,233 |
| Associates Corp North Amer | SR NT 6.250 11/01/2008 | 1,063,530 |
| Assurant Inc | SR NT 5.625 03/01/2007 | 202,650 |
| AT&T Wireless Svcs Inc | SR NT 8.750 03/01/2031 | 231,500 |
| AT&T Wireless Svcs Inc | NT 7.500 05/01/2007 | 372,979 |
| AT&T Wireless Svcs Inc | SR NT 7.875 03/01/2011 | 208,146 |
| Avalonbay Cmnty | Tranche Tr 00006 5.000 08/01/2007 | 135,978 |
| Axis Cap Hldgs Ltd | SR NT 5.750 12/01/2014 | 773,189 |
| Badger TOB Asset Securitization | Asset Bkd 6.125 06/01/2027 | 273,203 |
| Bank Amer Coml Mtg Inc | 2004 1 Coml Mtg Pass Ctf Cl A 4.037 11/10/2039 | 436,634 |
| Bank Amer Coml Mtg Inc | 2004 1 Coml Mtg Pass Ctf Cl A 4.760 11/10/2039 | 612,592 |
| Bank Amer Coml Mtg Inc | 2004 3 Coml Mtg Pastr Ctf Cl A 1.000 06/10/2039 | 693,511 |
| Bank Amer Coml Mtg Inc | 2004 6 Coml Mtg Ctf Cl A 2 4.161 12/10/2042 | 549,694 |
| Bank Amer Coml Mtg Inc | Ser 2004 4 Coml Mtg Ctf Cl A 4.128 07/10/2042 | 421,712 |
| Bank Amer Corp | SR NT 3.875 01/15/2008 | 1,779,789 |
| Bank Amer Corp | Sub NT 7.400 01/15/2011 | 681,905 |
| Bank Boston NA MTN | 6.375 03/25/2008 | 527,943 |
| Bank of America | NT DTD 7.800 02/15/2010 | 716,079 |
| Bank of America | SR NT 6.250 04/15/2012 | 162,533 |
| Bank One Corp | 7.875 08/01/2010 | 503,539 |
| BB&T Corp | Sub NT 4.750 10/01/2012 | 419,092 |
| Bear Stearns Coml Mtg Secs Inc | 2003 Top 12 Pass Ctf Cl A 4.240 08/13/2039 | 424,202 |
| Bear Stearns Coml Mtg Secs Inc | 2004 PWR5 Mtg Ctf Cl A5 1.000 07/11/2042 | 654,700 |
| Bear Stearns Cos Inc | Global NT 3.000 3/30/2005 | 979,093 |
| Bear Stearns Cos Inc | Global NT 4.500 10/28/2010 | 262,224 |
| BellSouth Corp | 4.200 09/15/2009 | 172,144 |
| Berkshire Hathaway Fin Corp | 4.200 12/15/2010 | 268,076 |
| BHP Billiton Fin USA Ltd | Gtd SR NT 4.800 04/15/2013 | 422,455 |
| BMW Veh Owner Tr | 2004 A Asset Bkd NT Cl A 4 3.320 02/25/2009 | 1,123,395 |
| Boeing Cap Corp | SR NT 4.750 08/25/2008 | 152,208 |
| Boeing Cap Corp | SR NT 4.750 08/25/2008 | 60,883 |
| Boeing Cap Corp | SR NT 7.375 09/27/2010 | 373,281 |
| Boeing Cap Corp | SR NT 6.500 02/15/2012 | 689,090 |
| Bombardier Inc | NT 144A 6.300 05/01/2014 | 144,691 |
| Boston Pptys Ltd Partnership | NT 5.000 06/01/2015 | 162,648 |
| Boston Pptys Ltd Partnership | SR NT 5.25 04.15.2015 | 131,470 |
| British Sky Broadcasting Group | Gtd NT 6.875 02/23/2009 | 64,578 |
| British Sky Broadcasting Group | USD NT 8.200 07/15/2009 | 1,020,680 |
| British Telecommunications PLC | NT 1.000 12/15/2010 | 341,674 |
| British Telecommunications PLC NT | PLC NT 1.000 12/15/2010 | 732,857 |
| Burlington Norhtn Santa Fe Co | NT 7.875 04/15/2007 | 536,552 |
| Burlington Res Fin Co | GTD NT 5.600 12/01/2006 | 723,339 |
| Cabot Fin BV | NT 144A 5.250 09/01/2008 | 186,613 |
| Cadbury Schweppes US Finance | GTD SR Note 144A 3.875 10/01/2008 | 439,451 |
| Caesar s Entertainment Inc | SR NT 144A 4.700 06/01/2009 | 166,668 |
| Calwest Indl TR | 2002 Calw Coml Mtg 144A CL A 6.127 02/15/2017 | 277,497 |
| Capco Amer Securitization Corp | Coml Mtg Ctf 1998 D7 A 1B 6.260 10/15/2030 | 243,135 |
| Capital Auto Receivables Asset | 2003 2 Asset Backed NT Cl A3A 1.440 02/15/2007 | 749,399 |

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|--------------------------------|--|-----------|
| Capital Auto Receivables Asset | 2004 2 Asset Backed Nt Cl A 3 3.580 01/15/2009 | 1,327,756 |
| Capital Auto Receivables Asset | Ser 2004 1 Asset Bkd NT Cl A 2.640 11/17/2008 | 538,965 |
| Capital Auto Receivables Asset | Ser 2004 2 Asset Bkd Nt Cl A4 3.750 07/15/2009 | 93,148 |
| Capital One BK | Tranche TR 00174 4.875 05/15/2008 | 2,116,019 |
| Capital One Bk | Tranche TR 00174 4.875 05/15/2008 | 216,640 |
| Capital One Prime Auto | 2004 1 Nt Cl A 3 2.020 11/15/2007 | 170,020 |
| Carnival Corp | Gtd SR NT 3.750 11/15/2007 | 245,569 |
| Carolina Power + Lt Co | NT 6.500 07/15/2012 | 707,362 |
| Carolina Pwr + Lt Co | NT 6.500 07/15/2012 | 223,091 |
| Centex Home Equity Ln Tr | 2003 C Asset Bkd Ctf Cl AV 1.000 09/25/2033 | 189,507 |
| Chase Coml Mtg Secs Corp | 1996 1 MTG CTF CL E 7.600 07/18/2028 | 360,619 |
| Chase Coml Mtg Secs Corp | 1997 1 Mtg Passthru Ctf Cl D 7.370 06/19/2029 | 423,186 |
| Chase Coml Mtg Secs Corp | 1997 2 Mtg Passthru Ctf Cl C 6.600 12/19/2029 | 368,825 |
| Chase Manhattan Auto Owner | 2003 A Asset Bkd NT Cl A3 1.520 05/15/2007 | 768,946 |
| Chase Manhattan Corp New | 6.000 11/01/2005 | 1,004,316 |
| Chec Ln Tr | 2004 2 Asset Bkd Ctf A1 1.000 01/25/2025 | 413,223 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 18 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|----------------------------------|---|-----------|
| Chevrontexaco Cap Co | Gtd NT 3.500 09/17/2007 | 763,743 |
| Chevy Chase Bk FSB | Sub Deb 6.875 12/01/2013 | 202,601 |
| Cincinnati Financial Corp | SR NT 144A 6.125 11/01/2034 | 394,404 |
| CIT Group Inc Mtn | Tranche SR 00079 1.000 05/18/2007 | 186,414 |
| CIT Group Inc Reorganized | SR NT DTD 11/08/2003 3.875 11/03/2008 | 2,043,843 |
| * Citibank Cr Card Issuance TR | 2003 A 6 CL A6 NT 2.900 05/17/2010 | 1,146,991 |
| * Citibank Cr Card Issuance TR | 2003 A2 CI A2 NT 2.700 01/15/2008 | 1,103,734 |
| * Citibank Cr Card Issuance TR | 2003 A3 NT CL 2003 A3 3.100 03/10/2010 | 1,156,557 |
| * Citibank Cr Card Issuance TR | 2004 A8 NT 4.900 12/12/2016 | 780,288 |
| * CitiGroup Inc | Global SR NT 1.000 06/09/2009 | 171,957 |
| * CitiGroup Inc | Global Sub NT 5.625 08/27/2012 | 485,848 |
| * CitiGroup Inc | Sub NT 144A 5.000 09/15/2014 | 1,186,967 |
| City Natl Corp | SR NT 5.125 02/15/2013 | 356,741 |
| Clear Channel Communications | Global NT 4.250 05/15/2009 | 437,036 |
| Clorox Co | SR NT 144A 4.200 01/05/2010 | 544,574 |
| Coastal Corp | NT DTD 7.750 06/15/2010 | 410,108 |
| Coca Cola Enterprises Inc | 8.500 01FEB22 8.500 02/01/2022 | 163,524 |
| Coca Cola Enterprises Inc | Deb 6.750 01/15/2038 | 143,446 |
| Comcast Cable Comm Inc | SR NT 6.875 06/15/2009 | 555,885 |
| Comcast Cable Communications | Exchanged NT 8.375 05/01/2007 | 487,683 |
| Comcast Corp | NT 7.050 03/15/2033 | 312,569 |
| Comcast Corp | NT 5.500 03/15/2011 | 1,622,904 |
| ComEd Transitional Funding Trust | Ser 1998 1 NT CL A 6 5.630 06/25/2009 | 2,230,180 |
| ComEd Transitional Funding Trust | Ser 1998 NT CL A 7 5.740 12/25/2010 | 719,040 |
| Community Program LN TR 1987 A | Ser 87 A Bd CI A4 4.500 10/01/2018 | 1,272,620 |
| Connecticut RRB SPL Purp TR | CL&P CTF CL A5 6.210 12/30/2011 | 429,220 |
| Conoco Fdg Co | NT 6.350 10/15/2011 | 815,852 |
| Consumers Energy Co | 1st Mtg Bd Ser C | 133,748 |
| Consumers Energy Co | 1st Mtg BD SER D 5.375 04/15/2013 | 314,548 |
| Consumers Energy Co | SR NT DTD 6.250 09/15/2006 | 220,235 |
| Countrywide FDB Corp Mtn | Tranche TR 00304 3.250 05/21/2008 | 2,206,541 |
| Countrywide Fdg Corp | Tranche Tr 00313 4.000 03/22/2032 | 925,287 |
| Countrywide Fdg Corp Mtn | Tranche Tr 00313 4.000 03/22/2011 | 324,327 |
| Credit Suisse First Boston Mtg | 2001 CF2 MTG Passthru CTF CL A 6.505 02/15/2034 | 641,034 |
| Credit Suisse First Boston Mtg | 2002 HE4 CF2 MTG Passthru CTF CL A 6.505 02/15/2034 | 151,446 |
| Credit Suisse First Boston Mtg | 2003 CK2 Coml Mtg Cft CI A 2 3.861 03/15/2036 | 362,649 |
| Credit Suisse First Boston Mtg | 2004 5 Coml Mtg Cft CI A 2 1.000 12/19/2033 | 466,010 |
| Credit Suisse First Boston USA | NT 5.500 08/15/2013 | 277,391 |
| Credit Suisse First Boston USA | NT 5.750 04/15/2007 | 1,028,365 |
| CSX Corp | NT 6.250 10/15/2008 | 148,095 |
| CSX Corp | SR NT 6.750 03/15/2011 | 411,808 |
| CVS Corp | NT 4.000 09/15/2009 | 151,359 |
| CWABS Inc | 2004 14 Asset Bkd Ctf CI A 1 1.000 09/25/2022 | 637,828 |
| CWABS Inc | 2004 S1 Asset Bkd Ctf CI A 3 4.615 02/25/2035 | 490,542 |
| CWABS Inc | 2004 S1 CI A2 3.875 03/25/2020 | 446,403 |
| CWABS Inc | 2003 49 CHL MTG CTF A 1 1.000 12/19/2033 | 181,458 |
| D R Horton Inc | SR NT 8.500 04/15/2012 | 120,334 |
| Daimler Chrysler Holdings | NT 8.500 01/18/2031 | 232,914 |

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|------------------------------|--|-----------|
| Daimlerchrysler Auto Tr | 2003B NT CL A4 2.850 03/09/2009 | 222,837 |
| Daimlerchrysler Auto Tr | SER 2004 B CL A4 | 741,672 |
| Daimlerchrysler Auto Tr | Ser 2004 CI A4 2.580 04/08/2009 | 534,114 |
| Deere John Cap Corp | Global NT 3.900 01/15/2008 | 1,185,709 |
| Deluxe Corp | NT 144A 3.500 10/01/2007 | 184,012 |
| Deutsch Telekom Intl Fin B V | Global NT 5.250 07/22/2013 | 267,435 |
| Deutsche Ausgleichsbank | 1.85 Pct 20Sep10 | 2,563,743 |
| Deutsche Mtg Secs Inc Mtg Tr | 2004 4 Mtg Pass CI I A 1 1.000 04/25/2034 | 183,017 |
| Deutsche Telekom Intl | Gtd NT 1.000 06/15/2010 | 403,264 |
| Deutsche Telekom Intl Fin BV | Gtd NT 1.000 06/15/2030 | 330,360 |
| Diabeo Fin BV | NT 3.000 12/15/2008 | 583,681 |
| Diageo Cap PLC | Global NT 3.375 03/20/2008 | 435,437 |
| Diageo Fin BV | NT 3.000 12/15/2006 | 296,215 |
| DJL Coml Corp | Coml Mtg Passthru Ctf 1999 CG 6.080 03/10/2032 | 232,426 |
| DLJ Coml Mtg Corp | 2025 Coml Mtg Ctf 98 CF2 A1B 6.240 11/12/2031 | 755,224 |
| DLJ Coml Mtg Corp | Coml Mtg Ctf 1998 CF2 B 1 1.000 11/12/2031 | 160,487 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 19 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|---------------------------------|--|-----------|
| Dominion Res Inc Del | SR NT Ser F 5.250 08/01/2033 | 378,414 |
| Dominion Res Inc Del | SR NT Ser G 3.660 11/15/2006 | 73,710 |
| Domtar Inc | NT 5.375 12/01/2013 | 228,271 |
| Donaldson Lufkin & Jenrette Inc | 2005 SR NT 5.875 11/01/2005 | 836,868 |
| Donnelley R R & Sons Co | SR NT 3.750 04/01/2009 | 168,718 |
| Donnelley R R & Sons Co | SR NT 4.950 04/01/2014 | 615,410 |
| Donohue Fst Prods Inc | SR NT 7.625 05/15/2007 | 311,023 |
| Dow Chem Co | Global NT 5.750 12/15/2008 | 365,753 |
| Duke Cap Corp | SR NT 8.000 10/01/2019 | 257,419 |
| Duke Rlty Corp | NT 5.875 08/15/2012 | 258,928 |
| Duke Rlty Ltd Partnership | Med Tern NT 3.500 11/01/2007 | 122,276 |
| Duke Weeks Rlty Ltd Prtnshp | Ser NT 7.750 11/15/2009 | 308,839 |
| Duke Weks Realty Corp | NT 6.950 03/15/2011 | 109,607 |
| Eastman Chem Co | NT 3.250 06/15/2008 | 1,532,026 |
| EOP Oper Ltd Partnership | Gtd NT 7.000 07/15/2011 | 492,371 |
| EOP Oper Ltd Partnership | Gtd NT 4.650 10/01/2010 | 98,560 |
| EOP Oper Ltd Partnership | NT 6.800 10/01/2008 | 1,505,587 |
| Equity One ABS Inc | 2004 3 Mtg Passthru Ctf Cl AF 1.000 07/25/2034 | 258,006 |
| ERAC USA Fin Co | GTD NT 144A 7.350 06/15/2008 | 1,083,875 |
| ERAC USA Fin Co | NT 144A 3C7 7.950 05/12/15/2009 | 250,637 |
| ERP Oper Ltd Partnership | NT 6.625 03/15/2012 | 191,512 |
| ERP Oper Ltd Partnership | SR NT 4.750 06/15/2009 | 140,254 |
| Exxon Capital Corp | 6 1/8 BDS 8SEP2008 USD1000 6.125 09/08/2008 | 396,260 |
| Fairfax Cnty VA | Ref + Pub Impt Ser A 5.250 04/01/2013 | 668,131 |
| Fed HM LN PC Pool B16497 | 5.500 09/01/2019 | 1,003,929 |
| Fed HM LN PC Pool E01341 | 5.500 3/01/2018 | 538,830 |
| Fed HM LN PC Pool E01343 | 5.000 4/01/2018 | 1,516,599 |
| Fed HM LN PC Pool E01345 | 5.500 4/01/2018 | 1,754,545 |
| Fed HM LN PC Pool E01377 | 4.500 5/01/2018 | 2,630,318 |
| Fed Hm Ln PC Pool M90952 | 4.000 10/01/2009 | 193,400 |
| Fed Hm Ln PC Pool M90954 | 4.000 11/01/2009 | 490,487 |
| Fed Home Ln Mtge Corp | Deb DTD 06 04 2004 4.250 07/15/2009 | 1,167,862 |
| Federal Farm CR Bks | 2.375 10/02/2006 | 1,547,938 |
| Federal Home LN Mtg Corp | Preassign 00249 6.000 7/15/2027 | 1,106,038 |
| Federal Home LN MTG Corp | Preassign 00329 Ser T59 CL 1A 6.000 10/15/2032 | 878,927 |
| Federal Home LN MTG Corp | Preassign 00329 Ser T59 CL 1A 7.500 10/25/2043 | 242,252 |
| Federal Home Ln Mtg Corp | Preassign 00891 5.125 11/07/2013 | 1,364,287 |
| Federal Home LN Mtg Corp | Ser 1819 Cl 1819 E 6.000 2/15/2011 | 2,695,848 |
| Federal Home LN MTG Corp | Ser 2677 CL MJ 3.500 06/15/2017 | 7,302,775 |
| Federal Home Ln Mtg Corp Mtn | Tranche Tr 00396 3.750 08/03/2007 | 1,709,462 |
| Federal Home LN Mtg PC GTD | Ser 1404 FA 4.500 11/15/2007 | 299,606 |
| Federal Home LN Mtg PC GTD | Ser 1629 Cl 1629 HA 3.500 12/15/2021 | 173,282 |
| Federal Home LN Mtg PC GTD | Ser 1673 Cl 1673 H 6.000 11/16/2022 | 1,354,805 |
| Federal Natl Mtg Assn | 2003 92 BR 5.000 04/25/2014 | 986,354 |
| Federal Natl Mtg Assn | Pfd Ser O 144A | 111,234 |
| Federal Natl Mtg Assn | Preassign 00361 3.250 06/28/2006 | 951,363 |
| Federal Natl Mtg Assn | Preassign 00371 3.410 08/30/2007 | 2,635,197 |
| Federal Natl Mtg Assn | Preassign 00387 3.550 11/16/2028 | 1,006,368 |

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|--------------------------------|--|-----------|
| Federal Natl Mtg Assn | Preassign 00533/2002 T11 CL A 4.768 04/25/2012 | 677,727 |
| Federal Natl Mtg Assn | Remic Tt 2002 T3 Cl A Prin on 5.139 12/25/2011 | 774,237 |
| Federal Natl MTG Assn Disc Nts | 0.010 03/16/2005 | 1,560,823 |
| Federal Natl Mtg Assn Disc Nts | 0.010 01/18/2005 | 1,788,655 |
| Federal Natl MTG Assn Disc Nts | Disc Nts 0.010 01/05/2005 | 2,050,154 |
| Federal Natl MTG Assn Disc Nts | Disc Nts 0.010 01/07/2005 | 1,271,246 |
| Federal Natl MTG Assn Disc Nts | Disc Nts 0.010 02/23/2005 | 195,103 |
| Federal Natl MTG Assn Disc Nts | Disc Nts 0.010 03/02/2005 | 487,702 |
| Federal Natl MTG Assn Disc Nts | Disc Nts 0.010 03/09/2005 | 2,535,896 |
| Federal Natl MTG Assn Disc Nts | Disc Nts 0.010 03/30/2005 | 779,996 |
| Federal Natl MTG Assn Disc Nts | Disc Nts 0.010 04/15/2005 | 1,167,339 |
| Federal Natl Mtg Assn Remic | PREASSIGN 00860 SER 2001 T6 A 5.703 05/25/2011 | 999,149 |
| Federal Natl Mtg Assn Remic | PREASSIGN 00861 6.088 05/25/2011 | 1,022,347 |
| FedEx Corp | NT 2.650 04/01/2007 | 350,741 |
| Financement Que | NT 5.000 10/25/2012 | 197,582 |
| Financing Corp | 9.800 04/06/2018 | 1,501,258 |

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| | | |
|--------------------------------|---|------------|
| Financing Corp CPN Fico Strips | Generic Int Pmt 0.010 04/06/2007 | 762,316 |
| Financing Corp CPN Fico Strips | Ser 1 Int Pmt on 10 2018 0.010 11/11/2006 | 439,140 |
| Financing Corp CPN Fico Strips | Ser 1 Int Pmt on 10 Pct 2018 0.010 05/11/2013 | 189,181 |
| Financing Corp CPN Fico Strips | Ser 15 Int Pmt on 9.65 2019 0.010 03/07/2007 | 442,315 |
| Financing Corp CPN Fico Strips | Ser 15 Int Pmt on 9.65 2019 0.010 09/07/2009 | 2,159,564 |
| First Data Corporation | SR NT 5.625 11/01/2011 | 299,070 |
| First Energy Corp | NT Ser B 6.450 11/15/2011 | 90,606 |
| First Energy Corp | NT Ser C 7.375 11/15/2031 | 140,053 |
| Firstbank PR | SUB CAP NT 7.625 12/20/2006 | 1,811,023 |
| FirstEnergy Corp | NT Ser B 6.450 11/15/2011 | 1,598,936 |
| FMR Corp | NT 144A 4.750 03/01/2013 | 762,041 |
| FNMA Pool 125420 | 5.500 5/01/2011 | 58,803 |
| FNMA Pool 254088 | 5.500 12/01/2016 | 312,243 |
| FNMA Pool 254140 | 5.500 1/01/2017 | 883,362 |
| FNMA Pool 254722 | 5.500 5/01/2018 | 1,780,782 |
| FNMA Pool 254753 | 4.000 05/01/2010 | 670,092 |
| FNMA Pool 313709 | 1.000 06/01/2007 | 264,482 |
| FNMA Pool 323348 | 8.500 06/01/2012 | 93,873 |
| FNMA Pool 343347 | 5.500 4/01/2011 | 442,055 |
| FNMA Pool 386225 | 3.530 07/1/2010 | 532,036 |
| FNMA Pool 386284 | 3.640 06/01/2010 | 471,482 |
| FNMA Pool 412590 | 6.500 02/01/2028 | 150,279 |
| FNMA Pool 415766 | 6.000 5/01/2028 | 386,696 |
| FNMA Pool 446562 | 6.500 10/01/2028 | 67,485 |
| FNMA Pool 456585 | 6.500 12/01/2028 | 41,986 |
| FNMA Pool 456654 | 5.500 02/01/2014 | 215,889 |
| FNMA Pool 479439 | 6.500 01/01/2029 | 15,033 |
| FNMA Pool 480021 | 6.500 02/01/2029 | 4,436 |
| FNMA Pool 499035 | 6.500 06/01/2029 | 2,122 |
| FNMA Pool 545296 | 6.000 11/01/2016 | 542,008 |
| FNMA Pool 545696 | 6.000 06/01/2022 | 1,428,426 |
| FNMA Pool 545904 | 5.500 9/01/2017 | 1,558,022 |
| FNMA Pool 555541 | 1.000 04/01/2033 | 972,370 |
| FNMA Pool 623505 | 6.000 12/01/2011 | 1,383,317 |
| FNMA Pool 627288 | 6.500 04/01/2032 | 477,240 |
| FNMA Pool 645836 | 6.500 06/01/2032 | 162,833 |
| FNMA Pool 687069 | 5.500 01/01/2013 | 1,434,769 |
| FNMA Pool 720947 | 6.500 07/01/2033 | 514,663 |
| FNMA Pool 722999 | 5.000 7/01/2018 | 3,254,113 |
| FNMA Pool 725098 | 5.500 12/01/2018 | 3,078,130 |
| FNMA Pool 725231 | 5.000 02/01/2034 | 2,532,150 |
| FNMA Pool 743132 | 5.000 10/01/2018 | 3,410,534 |
| FNMA TBA Jan 15 Single Fam | 4.500 12/01/2099 | 6,228,249 |
| FNMA TBA Jan 15 Single Fam | 5.500 12/01/2099 | 4,520,744 |
| FNMA TBA Jan 15 Single Fam | 5.000 12/1/2099 | 996,450 |
| FNMA TBA Jan 30 Single Fam | 5.000 12/01/2099 | 5,872,951 |
| FNMA TBA Jan 30 Single Fam | 5.500 12/01/2099 | 16,097,704 |
| FNMA TBA Jan 30 Single Fam | 6.000 12/01/2099 | 9,635,213 |

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|--------------------------------|--|------------|
| FNMA TBA Jan 30 Single Fam | 6.500 12/01/2099 | 10,245,290 |
| FNMA TBA Jan 30 Single Fam | 5.000 12/1/2100 | 9,244,911 |
| FNMA TBA Jan 30 Single Fam | 6.000 12/01/2099 | 289,056 |
| Ford Cr Auto Owner Tr | 2004 A NT Cl A 4 3.540 11/15/2008 | 318,035 |
| Ford Cr Floorplan Master Ow Tr | Ser 2004 1 Asset Bk NT Cl A 1.000 07/15/2009 | 436,925 |
| Ford Mtr Co Del | BD 6.375 02/01/2029 | 220,203 |
| Ford Mtr Cr Co | 5.700 01/15/2010 | 44,552 |
| Ford Mtr Cr Co | CDT 5.800 01/12/2009 | 1,303,697 |
| Ford Mtr Cr Co | Global Landmark Secs | 541,442 |
| Ford Mtr Cr Co | Global Landmark Secs 7.875 06/15/2010 | 216,192 |
| Ford Mtr Cr Co | Global Landmark Secs Globls 7.250 10/25/2011 | 526,089 |
| Ford Mtr Cr Co | Global Landmark Secs Globls 7.375 02/01/2011 | 486,405 |
| Ford Mtr Cr Co | Global NT 5.625 10/01/2008 | 847,424 |
| Ford Mtr Cr Co | Global NT 7.000 10/01/2013 | 161,218 |
| Ford Mtr Cr Co | NT 7.200 06/15/2007 | 701,160 |
| Fortune Brands Inc | NT 2.875 12/01/2006 | 165,228 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 21 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|----------------------------------|--|-----------|
| Fosters Fin Corp | NT 144A 6.875 6/15/2011 | 527,072 |
| France Telecom SA | NT 7.750 03/11/2011 | 234,076 |
| France Telecom SA | NT 700.750 03/01/2011 | 733,599 |
| Franklin Res Inc | SR NT 3.700 04/15/2008 | 438,992 |
| Freddie Mac | Ser 2411 CL FJ 1.000 12/15/2029 | 197,345 |
| Freescale Semiconductor Inc | SR NT 6.875 07/15/2011 | 99,964 |
| GE Coml Mtg Corp | 2004 C1 Coml Mtg Ctf CL A 2 3.915 11/10/2038 | 558,221 |
| GE Coml Mtg Corp | Ser 2004 C3 CI A4 5.189 07/10/2039 | 474,155 |
| General Dynamics Corp | Global NT 4.500 08/15/2010 | 325,815 |
| General Elec Cap Corp Mtn | Tranche Tr 00482 6.125 02/22/2011 | 521,234 |
| General Elec Cap Corp Mtn | Tranche TR 00443 7.375 01/19/2010 | 478,171 |
| General Elec Cap Corp Mtn | Tranche TR 00551 6.000 06/15/2012 | 676,044 |
| General Elec Cap Corp Mtn | Tranche TR 00605 3.500 08/15/2007 | 1,958,271 |
| General Elec Cap Corp Mtn | Tranche TR 00605 3.500 08/15/2007 | 680,499 |
| General Elec Cap Corp Mtn | Tranche TR 00635 3.125 04/01/2009 | 394,439 |
| General Elec Cap Corp Mtn | Tranche TR 00644 1.000 06/22/2007 | 1,084,732 |
| General Mls Inc | NT 6.000 2/15/2012 | 874,167 |
| General Motors Accep Corp Medium | Tranche Tr 00626 1.000 03/04/2005 | 589,939 |
| General Mtrs Accep Corp | Global BD 7.250 03/02/2011 | 363,137 |
| General Mtrs Accep Corp | Global NT 6.750 12/01/2014 | 353,686 |
| General Mtrs Accep Corp | NT 6.150 04/05/2007 | 761,244 |
| General Mtrs Accep Corp | NT 6.875 09/1/2011 | 698,784 |
| General Mtrs Accep Corp | NT 6.875 09/15/2011 | 653,539 |
| General Mtrs Accep Corp | SR NT 5.625 09/15/2006 | 1,177,387 |
| General Mtrs Corp | 7.125 07/15/2013 | 215,862 |
| General Mtrs Corp | SR Deb 8.375 07/15/2033 | 344,456 |
| Georgia Pac Corp | SR NT 8.000 01/15/2024 | 318,668 |
| Georgia Pac Corp | SR NT 8.875 02/01/2010 | 274,027 |
| Glencore Fdg LLC | Gtd NT 144A 6.000 04/15/2014 | 555,289 |
| Glolden St Tob Securitization | Asset Bkd Ser A CI 1 5.000 06/01/2021 | 231,672 |
| GNMA I TBA Jan 30 Single Fam | 5.000 12/15/2099 | 2,672,718 |
| GNMA I TBA Jan 30 Single Fam | 6.000 12/01/2099 | 1,473,750 |
| Goldman Sachs Group Inc | NT 6.875 01/15/2011 | 349,515 |
| Goldman Sachs Group Inc | SR NT 3.875 01/15/2009 | 234,935 |
| Goldman Sachs Group Inc | SR NT 4.125 01/15/2008 | 2,483,627 |
| Goldman Sachs Group Inc | SR NT 5.700 09/01/2012 | 218,401 |
| Goldman Sachs Group Inc | SR NT 5.250 04/01/2013 | 511,638 |
| Goldman Sachs Group Inc | SR NT 5.700 09/01/2012 | 757,894 |
| Gov Natl Mtg Assn | 2004 057 Remic CI A 3.022 01/06/2019 | 259,516 |
| Government Natl Mtg Assn | 2003 088 Passthru Ctf CI AC 2.914 06/16/2018 | 243,878 |
| Government Natl Mtg Assn | 2003 72 Remic Passthru CI A 3.206 04/16/2018 | 414,021 |
| Government Natl Mtg Assn | 2004 012 Remic Pass Ctf CI AC 3.110 01/16/2019 | 489,744 |
| Government Natl Mtg Assn | 2004 097 Remic Pssthr Ctf Cla 3.084 04/16/2022 | 358,029 |
| Government Natl Mtg Assn | REMIC 2004 51 PASSTHRU CTF CL A 4.145 02/16/2018 | 966,607 |
| Government Natl Mtg Assn | Remic Tr 2003 096 CI B 3.607 08/16/2018 | 263,013 |
| Government Natl Mtg Assn | Ser 2004 43 CI A 2.822 12/16/2019 | 514,669 |
| Government Natl Mtg Assn | Series 2003 48 Ctf Class AC 2.712 02/16/2020 | 692,319 |
| Govt Natl MTG Assn Std Remic | Remic TR 1999 38 Sec CI CB 6.750 5/16/2026 | 47,635 |

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|--------------------------------|--|-----------|
| Green Tree Finl Corp | 1999 2 MFD HSG SR Sub PA 6.080 12/01/2030 | 338,936 |
| Greenwich Cap Coml Fdg Corp | 2004 GG1 Coml Mtg Ctf CL A 5 4.883 06/10/2036 | 387,010 |
| Greenwich Capital Commercial | Ser 2003 C1C0ml Mtg Ctf CI A4 4.111 07/05/2035 | 430,767 |
| Gvnmnt Natl Mtg Assn Remic Mtg | 2004 025 Remic Pass Ctf CI AC 3.377 01/16/2023 | 96,486 |
| Halliburton Co | SR NT Regs 5.500 10/15/2010 | 124,007 |
| HBOS PLC | Tranche 00007 144A 1.000 12/29/2049 | 437,588 |
| HCA Inc | NT 5.250 11/6/2008 | 1,480,256 |
| Healthcare Rlty TR IN | SR NT 8.125 05/01/2011 | 331,450 |
| Heinz HJ Co | Dealer Remarkable Secs 144A 1.000 12/01/2005 | 462,393 |
| Honda Auto Receivables | Asset Bkd NT Ser 2004 3 CI A 3.280 02/18/2010 | 1,006,901 |
| Honda Auto Receivables | Ser 2003 4 CI A 3 2.190 11/20/2006 | 243,455 |
| Honda Auto Receivables 2002 1 | NT CI A4 4.220 04/16/2007 | 231,788 |
| Hospira Inc | NT 5.900 06/15/2014 | 185,527 |
| Household Fin Corp | NT 6.375 10/15/2011 | 780,153 |
| Household Fin Corp | NT 6.500 11/15/2008 | 437,488 |
| Household Fin Corp | NT 7.000 05/15/2012 | 224,083 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 22 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|---------------------------------|---|-----------|
| Household Fin Corp | NT 4.125 12/15/2008 | 1,228,668 |
| Huntington Natl Bank | Tranche Tr 00138 4.375 01/05/2010 | 246,108 |
| Hutchinson Whampoa Intl 03 13 L | Gtd NT 144A 6.500 02/13/2013 | 370,072 |
| Illinois EDL Facs Auth Revs | Univ Chicago Ser A 5.000 07/01/2033 | 1,000,831 |
| Illinois Pwr Co | 7.500 06/15/2009 | 443,595 |
| Illinois St | Taxable Pension 5.100 06/01/2033 | 1,244,014 |
| Illinoise Pwr SPL Purp TR | 1998 1 Transitional Fdg Cl A 5.650 12/25/2010 | 1,089,046 |
| Indianapolis Pwr + Lt Co | 1st Mtg Bd 144A 6.600 01/01/2034 | 73,576 |
| International Business Machs | Tranche Tr 00113 4.375 06/01/2009 | 84,843 |
| International Flavors & Frag | NT 6.450 05/15/2006 | 198,946 |
| International Paper Co | NT 3.800 04/01/2008 | 683,962 |
| International Paper Co | NT 4.000 04/01/2010 | 1,250,455 |
| International Paper Co | NT 5.300 04/01/2015 | 456,611 |
| International Paper Co | NT 5.300 04/01/2015 | 208,453 |
| International STL Group | SR NT 6.500 04/15/2014 | 242,018 |
| IRS 3ML USD | SWPV41140/SWP041148 1.000 06/15/2006 | (98,799) |
| IRS 3ML USD Swap | SWPV23171/SWP023179 1.000 06/15/2010 | (314,369) |
| IRS 3ML USD Swap | SWPV23205/SWP023203 1.000 06/15/2010 | (21,479) |
| IRS 3ML USD Swap | SWPV23346/SWP023344 1.000 06/15/2010 | (96,654) |
| IRS 3ML USD Swap | SWPV41546/SWP041544 1.000 06/15/2010 | (9,763) |
| IRS USD | SWP023310 5.000 06/15/2015 | (103,294) |
| IRS USD | SWP023716 4.000 06/15/2007 | 16,569 |
| IRS USD | SWP023740 6.000 06/15/2025 | (493,321) |
| IRS USD | SWP023898 6.000 06/15/2025 | (208,713) |
| IRS USD Swap | SWP0233401 5.000 06/15/2015 | (10,329) |
| IRS USD Swap | SWP023518 5.000 06/15/2015 | (103,294) |
| J P Morgan Chase Mtg Secs | 2004 C1 Pass Ctf Cl A 2 4.302 01/15/2038 | 505,507 |
| Jefferies Group Inc New | SR NT 5.500 03/15/2016 | 341,379 |
| Jefferies Group Inc New | SR NT 7.750 03/15/2012 | 228,210 |
| JP Morgan & Chase Co | Global Sub Hldg Co NT 5.125 09/05/2014 | 686,352 |
| JP Morgan Chase | 6.75 Pct 01Feb11 6.750 02/1/2011 | 826,648 |
| JP Morgan Chase Coml Mtg Secs | 2001 CIBC1 Mtb Passthru CL A3 6.260 3/15/2033 | 808,722 |
| Keyspan Corp | NT 6.150 06/01/2006 | 459,628 |
| Kraft Foods Inc | NT 4.000 10/01/2008 | 834,615 |
| Kraft Foods Inc | NT 4.125 11/12/2009 | 565,936 |
| Kraft Foods Inc | NT 5.250 06/01/2007 | 1,931,008 |
| Kraft Foods Inc | NT 5.250 10/01/2013 | 368,441 |
| Kroger Co | NT 8.050 02/01/2010 | 28,712 |
| Kroger Co | SR Deb 8.000 09/15/2029 | 219,901 |
| Kroger Co | SR NT Ser B 7.250 06/01/2009 | 247,265 |
| L 3 Communications Corp | SR Sub NT 7.625 06/15/2012 | 172,285 |
| Laboratory Corp Amer Hldgs | SR NT 5.500 02/01/2013 | 167,852 |
| Lasmo USA Inc | Gtd NT 7.500 06/03/2006 | 312,365 |
| LB UBS Coml Mtg Tr | 2004 C7 Mtg Pass Ctf Cl A 2 3.992 10/15/2029 | 599,201 |
| LB UBS Coml Mtg Tr | 2004 C8 Coml Mtg Ctf Cl A2 4.201 12/15/2029 | 437,625 |
| Lehman Bros Inc | NT 6.500 4/15/2008 | 741,212 |
| Leucadia Natl Corp | SR NT 144A 7.000 08/15/2013 | 237,480 |
| Lockheed Martin Corp | Deb 8.500 1/01/2029 | 366,725 |

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| | | |
|------------------------------|---|-----------|
| Long Beach Mtg Ln Tr | Ser 2004 4 C1 IIA2 Asset Bkd 1.000 10/25/2034 | 716,220 |
| Lubrizol Corp | SR NT 4.625 10/01/2009 | 235,106 |
| Lubrizol Corp | SR NT 6.500 10/01/2034 | 344,734 |
| Mach One 2004 1 LLC | Coml Mtg Passthru Ctf Cl A1 144A 3.890 05/28/2040 | 321,590 |
| Massmutual Global FDB II Mtn | Tranche Tr 00016 144A 3.800 04/15/2009 | 145,844 |
| May Dept Stores Co | SR NT 6.650 07/15/2024 | 462,522 |
| May Dept Stores Co | SR NT 6.650 07/15/2024 | 283,900 |
| MBNA Corp Sr Mtn | Tranche SR 00058 4.625 09/15/2008 | 1,494,718 |
| MBNA Corp SR Mtn | Tranche SR 00058 4.625 09/15/2008 | 303,926 |
| MeadWestvaco Corp | NT 6.800 11/15/2032 | 230,586 |
| Merey Sweeny LP | SV BD 144A 8.850 12/18/2019 | 1,169,021 |
| Merrill Lynch + Co Inc | Tranche TR 00355 3.700 4/21/2008 | 1,467,685 |
| Merrill Lynch + Co Inc | Tranche Tr 00453 5.000 01/05/2015 | 166,137 |
| Merrill Lynch Mtg Invs Inc | 2004 S11 Mtg Ln Asset Bkd Cl 1.000 04/25/2035 | 144,128 |
| Merrill Lynch Mtg TR | Ser 2004 Key2 Coml Mtg Cl A2 4.166 08/12/2039 | 347,005 |
| Metlife Inc | NT 5 11/24/2013 | 221,715 |

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| | | |
|--------------------------------|--|-----------|
| Metlife Inc | SR NT 5.375 12/15/2012 | 101,741 |
| MGM Grand Inc | SR Call BD 6.950 02/01/2005 | 152,454 |
| MGM Mirage | SR NT 6.000 10/01/2009 | 100,565 |
| Mid ST TR IV | Asset Backed NT 8.330 04/01/2030 | 1,235,341 |
| Midamerican Energy Hldgs Co | SR NT 5.875 10/01/2012 | 150,747 |
| MidAmerican Energy Hldgs Co | SR NT 3.5 5/15/2008 | 443,885 |
| MidAmerican Fdg LLC | SR Secd NT 6.570 03/01/2011 | 489,955 |
| Minnesota St | 5.000 8/01/2012 | 548,113 |
| Monongahela Pwr Co | 1st Mtg BD 144A 6.700 06/15/2014 | 59,783 |
| Morgan JP Coml Mtg Fin Corp | Mtg Passthr Ctf 97 C5 Cl A 2 7.088 09/15/2029 | 215,953 |
| Morgan Stanley Cap I Inc | 2004 TP13 Coml Mtg Pass Cl A2 3.940 09/13/2045 | 518,072 |
| Morgan Stanley Cap I Inc | Coml Mtg Ctf 1998 HF1 Cl E 1.000 03/15/2030 | 538,543 |
| Morgan Stanley Cap I Inc | Coml Mtg Ctf 1999 RM1 CL E 1.000 12/15/2031 | 514,551 |
| Morgan Stanley Cap I Inc | Ser 2003 IQ6 Mtg Cl A 4 4.970 12/15/2041 | 329,293 |
| Morgan Stanley Group Inc | 5.800 04/01/2007 | 432,004 |
| Morgan Stanley Group Inc | 5.800 04/01/2007 | 282,830 |
| Morgan Stanley Group Inc | Global NT 6.750 04/15/2011 | 506,212 |
| Morgan Stanley Group Inc | Global NT 5.300 03/01/2013 | 538,582 |
| Motorola Inc | 8.000 11/01/2011 | 1,232,048 |
| National City Bk | Tranche SB 00003 6.200 12/15/2011 | 307,400 |
| National City Corp | Sub Deb 6.875 05/15/2019 | 112,120 |
| National Westminster Bk PLC | Reset Sub NT 7.750 04/29/2049 | 805,170 |
| Nationwide Mut Ins Co | Surplus NT 6.600 04/15/2034 | 304,499 |
| Nationwide Mut Ins Co | Surplus NT 8.250 12/01/2031 | 254,635 |
| Navistar Finl 2002 A Owner TR | Asset Bkd NT Cl A4 4.760 04/15/2009 | 1,789,738 |
| Nevada Pwr Co | Gen + Ref Mtg NT Ser L 144A 5.875 01/15/2015 | 64,251 |
| New York Life Global Fdg Mtn | Tanche TR 00002 144A 3.875 01/15/2009 | 761,637 |
| New York St Environmental Facs | Revolving FDS 2nd Resolution 5.000 6/15/2033 | 303,737 |
| News Amer Hldgs Inc | STD SR DEB 9.5 07.15.2010 | 290,810 |
| News Amer Inc | BD 144A 5.300 12/15/2014 | 129,051 |
| News Amer Inc | Gtd SR NT 4.750 03/15/2010 | 339,916 |
| Niagara Mohawk Pwr Corp | SR NT Ser G 7.750 10/01/2008 | 275,936 |
| Nisource Fin Corp | Gtd NT 7.875 11/15/2010 | 230,677 |
| Nisource Fin Corp | Gtd NT 7.875 11/15/2010 | 374,850 |
| Nissan Auto Receivables | SER 2003 C NT CL A5 3.210 03/16/2009 | 92,532 |
| Nordea Bk Sweden A B | Sub NT 144A 5.250 11/30/2012 | 650,173 |
| Norfolk Southn Corp | SR NT 6.750 02/15/2011 | 160,326 |
| Northern Rock PLC Medium Term | Tranche SR 00021 5.600 04/30/2049 | 212,730 |
| Northrop Grumman Corp | NT 7.125 02/15/2011 | 174,522 |
| NWA TR | No 1 SR Aircraft NT Cl A 8.260 3/10/2006 | 180,705 |
| NWA TR | No 1 SR Aircraft NT Cl B 9.360 03/10/2006 | 114,323 |
| Pacific Gas & Elec Co | 1st Mtg BD 1.000 04/03/2006 | 607,813 |
| Pacific Gas & Electric Co | 1st Mtg BD 4.200 03/01/2011 | 266,906 |
| Pacific Gas + Elec Co | 1st Mtg BD 3.600 03/01/2009 | 173,669 |
| Pacific Gas + Electric | 1st Mtg Bd 4.800 03/01/2014 | 395,961 |
| Park Placr Ent | NT 8.500 11/15/2006 | 116,827 |
| PC Financial Partnership | Gtd SR NT 5.000 11/15/2014 | 439,880 |
| Pearson DLR Fin PLC | Gtd SR NT 144A 4.700 06/01/2009 | 299,987 |

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|--------------------------|---|-----------|
| Pemex Proj FDG Master TR | GTD NT 144A 6.125 08/15/2008 | 1,247,985 |
| Pepco Hldgs Inc | NT 5.500 08/15/2007 | 51,014 |
| Phillips Pete Co | Deb 6.650 07/15/2018 | 168,636 |
| Pioneer Nat Res Co | SR NT 6.500 01/15/2008 | 1,577,535 |
| Potash Corp Sask Inc | NT 4.875 03/01/2013 | 320,507 |
| Praxair Inc | NT 6.375 04/01/2012 | 465,524 |
| Prdential Finl Inc | Tranche Tr 00005 5.100 09/20/2014 | 369,683 |
| Private Expt Fdg Corp | Secd NT Ser M 5.340 03/15/2006 | 367,573 |
| PSE&G Transition FDG LLC | 2001 1 Transition BD CL A5 6.450 03/15/2013 | 1,101,731 |
| Public Svc Co Colo | 1st Coll TR BD Ser 14 4.375 10/01/2008 | 159,176 |
| Public Svc Co Colo | 1st Coll Tr Bd Ser No 8 7.785 10/01/2012 | 178,270 |
| Rabobank Cap Fdg III Tr | Gtd Tr Pfd Secs 144A 1.000 12/29/2049 | 541,562 |
| Railcar Leasing LLC | SR Secd NT CL A1 144A 6.750 07/15/2006 | 595,543 |
| Raytheon Co | DEB 6.000 12/15/2010 | 135,889 |
| Raytheon Co | NT 5.500 11/15/2012 | 129,483 |
| Raytheon Co | NT 6.750 08/15/2007 | 107,811 |

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| | | |
|---------------------------------|--|-----------|
| Regions Finl Corp | Sub NT 6.375 05/15/2012 | 243,370 |
| Renaissance Equity Ln Tr | 2004 3 Home Ln Eqty CL AV 2A 1.000 11/25/2034 | 3,147,036 |
| Residential Asset Mtg Prods | 2004 RS2 Ctf Cl AII 1.000 01/25/2024 | 132,858 |
| Residential Asset Mtg Prods In | Ser 2004 RS6 Cl AII 1.000 08/25/2022 | 166,645 |
| Residential Asset Mtg Prods Inc | 2004 SP1 Ln Bkd Ctf Cl AI 1 1.000 06/25/2013 | 153,191 |
| Residential Asset Mtg Prodsinc | 2004 RS12 Mtg Ctf A II 1 1.000 05/25/2027 | 819,235 |
| Residential Asset Sec Mtg Pass | 2004 KS10 Home Equity Cl AII 1.000 10/25/2013 | 348,509 |
| Residential Asset Sec Mtg Pass | 2004 KS7 Mtg Ctf Cl AI 1 1.000 10/25/2021 | 210,033 |
| Residential Asset Sec Mtg Pass | Ser 2002 KS7 Ctf Cl A II 1.000 11/25/2032 | 261,088 |
| Residential Fdg Mtg Secs II IN | Ser 2003 K23 Cl A2 1.000 05/25/2033 | 336,293 |
| Residential Fdg Mtg Secs Inc | 2004 HS2 Ln Bkd Nt Cl AI 1 1.000 12/25/2018 | 222,891 |
| Rogers Wireless Inc | SR Secd NT 144A 7.250 12/15/2012 | 77,999 |
| Rogers Wireless Inc | SR Secd NT 144A 7.500 03/15/2015 | 25,877 |
| Royal BK Scotland Group PLC | Global NT 5.000 10/01/2014 | 584,710 |
| Royal Caribbean Cruises Ltd | SR NT 8.750 02/02/2011 | 243,379 |
| RPM Intl Inc (formerly RPM Inc) | SR NT 6.250 10/12/15/2013 | 326,580 |
| Russell Frank Co | Gtd NT 144A 5.625 01/15/2009 | 1,042,293 |
| Sacramento Cnty CA Pension Fdg | Cars Taxable SR C1 0.010 07/10/2030 | 418,104 |
| Safeway Inc | NT 4.950 08/16/2010 | 229,710 |
| Safeway Inc | NT 5.8 08/15/2012 | 233,037 |
| Safeway Inc | NT 6.150 03/01/2006 | 389,615 |
| Sapi Papier Hldg AG | Gtd NT 144A 6.750 06/15/2012 | 267,082 |
| Saxon Asset Secs Tr | 2002 2 Mtg Ln Ast Bk Ctf Clav 1.000 08/25/2032 | 80,854 |
| SBC Communications Inc | Global NT 5.100 09/15/2014 | 302,023 |
| SBC Communications Inc | Global NT 5.625 06/15/2016 | 50,677 |
| SBC Communications Inc | Global NT 5.625 06/15/2016 | 278,725 |
| SBC Communications Inc | Global NT 4.125 09/15/2009 | 166,419 |
| Simon Pty Group LP | NT 144A 4.875 08/15/2010 | 390,014 |
| SLM Corp | Tranche 000031 5.000 10/01/2013 | 779,911 |
| Small Business Admin | Deb Ser 1999 2D K 7.060 11/01/2019 | 588,829 |
| Small Business Admin | Deb Ser 1999 2D L 7.190 12/01/2019 | 1,044,330 |
| South Africa Rep | NT 8.500 06/23/2017 | 2,708,873 |
| Southern CA Edison Co | 1st + Ref Mtg Ser 2004 F 4.650 04/01/2015 | 206,936 |
| Southern CA Edison Co | 1st Mtg BD Ser 2003B 8.000 02/15/2007 | 411,342 |
| Southtrust Corp | Sub NT 5.800 06/15/2014 | 124,676 |
| Speciality Underwriting + Resid | 2004 BC4 Mtg Ctf A2A 1.000 10/25/2035 | 671,752 |
| Sprint Cap Corp | 6.375 05/01/2009 | 740,538 |
| Sprint Cap Corp | 7.625 01/30/2011 | 398,692 |
| Sprint Cap Corp | Gtd NT 6.000 01/15/2007 | 359,393 |
| Sprint Cap Corp | NT 6.875 11/15/2028 | 537,059 |
| Sprint Cap Corp | NT 8.750 03/15/2032 | 941,152 |
| Sprint Cap Corp | NT 8.375 03/15/2012 | 173,296 |
| St George Bk Ltd | Sub NT 144A 5.300 10/15/2015 | 194,796 |
| Station Casinos Inc | SR NT 6.000 04/01/2012 | 219,894 |
| Suprior Whsl Inventory Fing | 2004 A 9 Bkd Term NT Cl A 1.000 05/15/2009 | 623,592 |
| Swap Option 3MO Libor | Sep 4 Call 0.000 9/23/2005 | (16,615) |
| Swap Option 3MO Libor 7 | Sep. 7 Put 0.000 9/23/2005 | (777) |
| Swap Option 3MO Libor P032097 | Jan 4.0 Call 0.000 1/7/2005 | (3) |

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|--------------------------------------|---|-----------|
| TCI Communications Inc | DEB 7.875 02/15/2026 | 90,363 |
| Teck Cominco Ltd | NT 7.000 09/15/2012 | 266,424 |
| Telecom Italia Cap | Gtd SR Global NT 144B 4.000 01/15/2010 | 533,897 |
| Telecom Italia Cap | Gtd SR Global NT SER B 5.250 11/15/2013 | 361,953 |
| Telecom Italia Cap | Gtd SR NT SER A 4.000 11/15/2008 | 1,270,578 |
| Telecom Italia Cap | Gts SR NT SER A 4.000 11/15/2008 | 585,447 |
| Telekom Malaysia Berhad | Deb 144A 7.875 08/01/2025 | 2,562,528 |
| Texas Eastn Transmission Corp | NT 7.3 12/1/2010 | 503,164 |
| TIAA Global Mkts Inc | NT 144A 3.875 01/22/2008 | 982,299 |
| Time Warner Entmt Co LP | SR Deb 7.250 09/01/2008 | 1,068,207 |
| Time Warner Inc | DEB 6.625 5/15/2029 | 845,100 |
| Time Warner Inc | NT 6.875 05/01/2012 | 553,090 |
| Tobacco Settlement Fing Corp | Asset Bkd Ser B 5.875 5/15/2039 | 265,815 |
| Tobacco Settlement Rev Mgmt AU Ser B | Ser B 6.375 5/1/2028 | 287,131 |
| Tosco Corp | NT 7.250 01/01/2007 | 450,052 |
| TXU Australia Hldgs Pty Ltd | Gtd SR NT 144A 6.150 11/15/2013 | 95,381 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 25 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|----------------------------------|---|------------|
| TXU Corp | SR NT Ser Q 144A 6.500 11/15/2024 | 280,086 |
| TXU Energy Co LLC | SR NT Fltg Rate 144A 1.000 01/17/2006 | 295,142 |
| Tyco Intl Group S A | Gtd NT 6.750 02/15/2011 | 468,207 |
| Tyco Intl Group S A | SR NT 6.375 10/15/2011 | 509,109 |
| U S Bk Natl Assn Minneapolis | 6.375 08/01/2011 | 654,515 |
| UFJ Fin Aruba A E C | Gtd NT 6.750 07/15/2013 | 792,666 |
| Union Oil Co CA | Gtd SR NT 5.050 10/01/2012 | 1,506,307 |
| Union Pac Corp | NT 3.625 06/01/2010 | 127,457 |
| Union Pac Corp | NT 3.875 02/15/2009 | 389,622 |
| Union Pac Corp | NT 6.625 2/1/2008 | 716,161 |
| Union Planters Corp | SR NT 4.375 12/01/2010 | 318,292 |
| Union Planters Corp | Sub NT 7.750 03/01/2011 | 522,734 |
| United Airlys Pass Thru Trs | Pass Thru CTF Ser 1995 A2 9.560 10/19/2018 | 306,139 |
| United Mexican Sts | Tranche TR 00012 4.525 10/08/2008 | 804,540 |
| United Mexican Sts Mtn | Tranche TR 00008 7.500 01/14/2012 | 745,435 |
| United States Treas Bds | 6.250 05/15/2030 | 10,375,304 |
| United States Treas Bds | 12.750 11/15/2010 | 1,048,095 |
| United States Treas Bds | 6.125 08/15/2029 | 235,856 |
| United States Treas Bds | Dtd 2/15/85 11.250 02/15/2015 | 2,474,736 |
| United States Treas Bds | Dtd 8/15/83 8/15/13 08 12.000 08/15/2013 | 7,005,345 |
| United States Treas Bds Strp Prn | Stripped Prin Pmt 10.75 0.010 08/15/2005 | 7,539,046 |
| United States Treas Bills | 0.010 01/13/2005 | 279,483 |
| United States Treas Bills | 0.010 01/06/2005 | 15,594,201 |
| United States Treas Bills | 0.010 01/20/2005 | 20,380,415 |
| United States Treas Bills | 0.010 02/17/2005 | 17,098,783 |
| United States Treas Bills | 0.010 03/10/2005 | 15,293,498 |
| United States Treas Bills | 0.010 3/03/2005 | 975,897 |
| United States Treas Bills | 0.010 3/17/2005 | 243,919 |
| United States Treas Nts | 1.625 01/31/2005 | 4,399,637 |
| United States Treas Nts | 1.625 03/31/2005 | 2,811,416 |
| United States Treas Nts | 2.000 05/15/02006 | 8,512,613 |
| United States Treas Nts | 2.000 07/15/2014 | 2,188,320 |
| United States Treas Nts | 2.500 09/30/2006 | 3,355,643 |
| United States Treas Nts | 3.000 07/15/2012 | 3,405,327 |
| United States Treas Nts | 4.250 08/15/2013 | 1,849,172 |
| United States Treas Nts | 00042 3.375 12/15/2008 | 8,019,730 |
| United States Treas Nts | 1.625 04/30/2005 | 2,740,376 |
| United States Treas Nts | 4.875 02/15/2012 | 829,598 |
| United States Treas Nts | DTD 00865 6.500 02/15/2010 | 2,999,088 |
| United States Treas Nts | DYD 00039 3.375 11/15/2008 | 2,935,428 |
| United States Treas Nts | Inflation Index Bond 2.000 07/15/2014 | 307,492 |
| United States Treas Nts | Inflation Index Bond 2.000 07/15/2014 | 1,296,592 |
| United States Treas Nts | Inflation Indexed 3.375 01/15/2007 | 1,439,583 |
| United States Treas Nts | Inflation Indexed 3.625 1/15/2008 | 126,260 |
| United States Treas Nts | Inflation Indexed 4.250 1/15/2010 | 516,434 |
| United States Treas Nts | Inflation Indexed NT 3.500 01/15/2011 | 244,393 |
| Univision Communications Inc | SR NT 7.850 07/15/2011 | 410,940 |
| UPM Kymmene Corp | Global Med Term NT 2014 144A 5.625 12/01/2014 | 168,844 |

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|-------------------------------|--|-----------|
| US Bk Natl Assn Minneapolis | 6.375 08/01/2011 | 435,834 |
| US Dept Veteran Affairs Remic | Vendee Mtg Tr 2002 3 CI J 6.000 04/15/2009 | 602,549 |
| USA Waste Svcs Inc | 7.000 07/15/2028 | 99,594 |
| USAA Auto Owner Tr | 2004 3 Asset Backed NT CI A 1 2.336 11/15/2005 | 486,625 |
| Valero Energy Corp New | NT 6.875 04/15/2012 | 350,541 |
| Verizon Global FDG Corp | BD 6.875 06/15/2012 | 546,488 |
| Verizon Global Fdg Corp | NT 7.750 06/15/2032 | 214,223 |
| Verizon Global Fdg Corp | NT 4.000 01/15/2008 | 2,077,472 |
| Verizon Global Fdg Corp | NT 4.375 06/01/2013 | 640,537 |
| Verizon Global FDG Corp | NT 7.250 12/01/2010 | 364,531 |
| Verizon Wireless Cap LLC | NT 5.375 12/15/2006 | 532,857 |
| Vodafone Airtouch PLC | NT 7.750 02/15/2010 | 193,553 |
| Vodafone Airtouch PLC | NT 7.750 2/15/2010 | 1,070,712 |
| Wachovia Corp 2nd New | NT 3.500 08/15/2008 | 524,505 |
| Wachovia Corp 2nd New | NT 4.875 02/15/2014 | 816,514 |
| WAMU Mtg Pass Through CTFS | 2004 AR10 Passthru Ctf CI A2C | 365,316 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 26 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|---|---|--------------|
| WAMU Mtg | 2003 AR10 Ctf Cl A 6 1.000 10/25/2033 | 486,485 |
| WAMU Mtg Pass Through CTFS | 2004 AR9 Mtg Ctf Cl A 7 1.000 08/25/2034 | 333,844 |
| Washington Mut Inc | Sub NT 4.625 04/01/2014 | 853,583 |
| Waste Mgmt Inc Del | SR NT 6.875 05/15/2009 | 548,965 |
| Waste Mgmt Inc Del | SR NT 7.375 05/15/2029 | 40,340 |
| Waste Mgmt Inc Del | SR NT 7.375 08/01/2010 | 112,461 |
| Wellpoint Inc | NT 144A 3.750 12/14/2007 | 84,332 |
| Wells Fargo & Co New | Global NT 5.125 2/15/2007 | 213,158 |
| Wells Fargo & Co New | Sub Global NT 6.375 08/01/2011 | 282,423 |
| Wells Fargo & Co New | Sub NT 5.000 11/15/2014 | 545,767 |
| Wells Fargo + Co New | Global New 3.500 04/04/2008 | 1,169,954 |
| Wells Fargo + Co New | NT 4.200 01/15/2010 | 206,873 |
| Wells Fargo BK N A | NT DTD 6.450 2/1/2011 | 956,318 |
| Weyerhaeuser Co | NT 6.750 03/15/2012 | 409,056 |
| Weyerhaeuser Co | NT 6.750 03/15/2012 | 1,934,726 |
| WFS Finl 2003 2 Owner TR | 2003 2 CL A4 NT 2.410 12/20/2010 | 406,406 |
| WFS Finl 2003 4 Owner TR | Auto Receivable Bkd NT Cl C 3.210 05/17/2012 | 488,343 |
| WFS Finl 2004 2 Owner Tr | Auto Receivable Bkd Nt Cl A 4 | 1,960,668 |
| WFS Finl Owner TR | Auto Rec Bkd Cl A 2 Ser 2004 2.500 12/17/2007 | 341,791 |
| Whole Auto Ln Tr | 2004 1 Cl A1 2.150 11/15/2005 | 868,426 |
| WPP Fin UK | NT 144A 5.875 06/15/2014 | 178,691 |
| Wyeth | SR NT 5.500 02/01/2014 | 233,463 |
| Xcel Energy Inc | SR NT 7.000 12/01/2010 | 237,779 |
| XTO Energy Inc | SR NT 7.500 04/15/2012 | 487,948 |
| Zions Bancorporation | Sub NT 6.000 09/15/2015 | 439,269 |
| | | 556,559,391 |
| Commingled Investments | | |
| Mellon Instl FDS Invt Tr | Standish Mellon Intl Fxd Inc | 3,399,835 |
| Pimco FDS Pac Invt Mgmt | Private Acct Portfolio | 215,942 |
| Pimco FDS Pac Invt Mgmt Ser | Emerging Mkts Portfolio | 5,717,530 |
| Pimco FDS Pac Invt Mgmt Ser | Intl Porpfolio Instl Cl | 6,555,279 |
| Pimco FDS Pac Invt Mgmt Ser | Invt Grade Corp Port Instl Cl | 6,745,387 |
| Pimco FDS Pac Invt Mgmt Ser | Mtg Portfolio Instl CL | 16,239,079 |
| Pimco FDS Pac Invt Mgmt Ser | Real Return BD Portfolio CL | 4,409,083 |
| Pimco FDS Pac Invt Mgmt Ser | U S Govt Sector Port Instl CL | 8,465,362 |
| | | 51,747,497 |
| Benefit Responsive Interest Rate Wrapper Contracts | | |
| Aegon Institutional Markets | Open Ended Maturity | (48,185,089) |
| Bank of America NT & SA | Open Ended Maturity | (32,531,388) |
| | | (80,716,477) |

| | |
|--|-----------------------|
| Guaranteed Investment Contracts | \$ 556,651,032 |
|--|-----------------------|

Commingled Investments:

| | | |
|---|------------------------|--------|
| Abn Amro Talon Mid Cap CI N N/C | Commingled Investments | 11,261 |
| Aegis Value Fund Inc | Commingled Investments | 67,651 |
| Aim Real Estate Class C | Commingled Investments | 31,317 |
| Alliance Resource Partners | Commingled Investments | 7,400 |
| Alpine Dynamic Divid Fund | Commingled Investments | 532 |
| Alpine Us Real Estate Equity Y | Commingled Investments | 3,600 |
| American Aadvantage Small Cap Val Instl | Commingled Investments | 27,867 |
| American Capital World Grwth & Inc F | Commingled Investments | 10,465 |
| American Century 20Th Century Ultra | Commingled Investments | 7,101 |
| American Century Benham Euro Gov T Bd | Commingled Investments | 13,950 |
| American Century Equity Income | Commingled Investments | 3,829 |
| American Europacific Growth Class F | Commingled Investments | 26,441 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 27 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|---|------------------------|------------|
| American High-Income Class F | Commingled Investments | 16,745 |
| Ameristock Mutual Fund | Commingled Investments | 54,827 |
| Annaly Mortgage Management Inc | Commingled Investments | 8,829 |
| Ariel Appreciation Class B | Commingled Investments | 210,106 |
| Ariel Growth Class A | Commingled Investments | 122,134 |
| Artisan Internat L | Commingled Investments | 43,277 |
| Artisan Mid Cap | Commingled Investments | 28,607 |
| Atlantic Whitehall Growth N/C | Commingled Investments | 2,297 |
| Baron Growth & Inc | Commingled Investments | 419 |
| Berkshire Focus Fund | Commingled Investments | 33,961 |
| Bjurman Micro Cap Growth | Commingled Investments | 4,203 |
| Black Oak Emerging Technology Fund | Commingled Investments | 185 |
| Boston Partners Sml Cap Val Ii Instl | Commingled Investments | 7,937 |
| Brazos Micro Cap Growth | Commingled Investments | 562 |
| Bridgeway Aggressive Growth | Commingled Investments | 63,075 |
| Bridgeway Aggressive Investor 2 | Commingled Investments | 86,493 |
| Brown Capital Mgmt Small Company Inst. | Commingled Investments | 2,599 |
| Buffalo Small Cap Growth | Commingled Investments | 68,470 |
| Calamos Growth And Income Class C | Commingled Investments | 52,659 |
| Calamos Growth Class A | Commingled Investments | 61,651 |
| Calamos Growth Fund Class C | Commingled Investments | 39,346 |
| Calvert Social Invst Managed Growth Cl A | Commingled Investments | 50,630 |
| Clipper | Commingled Investments | 298,280 |
| Columbia Acorn Class Z N/C | Commingled Investments | 4,100 |
| Cross Timbers Royalty Trust | Commingled Investments | 20,873 |
| Daily Eafe Fund | Commingled Investments | 50,754,913 |
| Delaware Emerging Markets Class A | Commingled Investments | 10,556 |
| Dodge & Cox Balance | Commingled Investments | 113,338 |
| Dodge & Cox Income | Commingled Investments | 103,723 |
| Dodge & Cox Internatl Stock Fund | Commingled Investments | 84,302 |
| Dodge & Cox Stock | Commingled Investments | 232,406 |
| Dreyfus Emerging Markets | Commingled Investments | 18,267 |
| Dreyfus Midcap Value Fund | Commingled Investments | 10,865 |
| Dreyfus Premier Enterprise Cl B | Commingled Investments | 5,541 |
| Dreyfus Premier Ltd Term Income Cl R | Commingled Investments | 3,220 |
| Driehaus European Opportunity | Commingled Investments | 11,677 |
| Duke Realty Invst Co New | Commingled Investments | 10,242 |
| Eaton Vance Worldwide Health Sciences Class A | Commingled Investments | 1,439 |
| Excelsior Income Business & Indl Restructing Fd | Commingled Investments | 11,921 |
| Excelsior Real Estate | Commingled Investments | 37,973 |
| Exeter Maximum Horizon | Commingled Investments | 3,568 |
| Fbr Small Cap Class A N/C | Commingled Investments | 23,707 |
| Fbr Small Cap Financial Class A N/C | Commingled Investments | 24,201 |
| Federated Market Opportunity Cl A | Commingled Investments | 30,527 |
| Fidelity Advisor Diversified Int L I | Commingled Investments | 11,165 |
| Fidelity Advisor Short Fixed Inc Cl A | Commingled Investments | 3 |
| Fidelity Capital Appreciation | Commingled Investments | 22,672 |
| Fidelity Contrafund | Commingled Investments | 209,287 |

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| | | |
|-------------------------------------|------------------------|---------|
| Fidelity Convertible Securities | Commingled Investments | 17,464 |
| Fidelity Diversified International | Commingled Investments | 89,903 |
| Fidelity Dividend Growth | Commingled Investments | 279,307 |
| Fidelity Intern T1 Small Cap | Commingled Investments | 1,328 |
| Fidelity Japan Small Companies | Commingled Investments | 1,288 |
| Fidelity Large Capital Stock | Commingled Investments | 7,911 |
| Fidelity Leveraged Company Stock | Commingled Investments | 14,522 |
| Fidelity Low Priced Stock | Commingled Investments | 68,553 |
| Fidelity Mid Cap Stock | Commingled Investments | 37,705 |
| Fidelity Real Estate Investment | Commingled Investments | 50,154 |
| Fidelity Select Wireless Portfolios | Commingled Investments | 1,157 |
| Fidelity Short Term Bond | Commingled Investments | 8,460 |
| Fidelity Small Cap Stock | Commingled Investments | 11,286 |
| Fidelity Strategic Income | Commingled Investments | 16,413 |
| Fidelity Us Bond Index | Commingled Investments | 5,606 |
| Fidelity Worldwide | Commingled Investments | 6,688 |

Table of Contents**Baxter International Inc. and Subsidiaries****Exhibit I****Incentive Investment Plan****Page 28 of 30****Schedule of Assets (Held at End of Year) at December 31, 2004****(Schedule H, Part IV, Line 4i on Form 5500)**

| | | |
|--|------------------------|---------|
| Firsthand Global Technology | Commingled Investments | 238 |
| Firsthand Technology Value | Commingled Investments | 372 |
| Foster Wheeler Ltd | Commingled Investments | 300 |
| Franklin Income Class C | Commingled Investments | 27,498 |
| Franklin Large Cap Value Class C | Commingled Investments | 22,541 |
| Franklin Real Estate Securities Class C | Commingled Investments | 45,023 |
| Fremont Us Micro Capital | Commingled Investments | 58,768 |
| Fundamental Investors | Commingled Investments | 17,264 |
| Gabelli Westwood Equity Retail Class | Commingled Investments | 76,531 |
| Gartmore Micro Cap Equity Class A | Commingled Investments | 5,707 |
| Growth Fund Of America | Commingled Investments | 9,391 |
| Hancock Horizon Burkenroad Fund Cl D | Commingled Investments | 68,450 |
| Harbor International | Commingled Investments | 26,858 |
| Heartland Group Value Income | Commingled Investments | 16,461 |
| Hennessy Cornerstone Growth N/C | Commingled Investments | 14,180 |
| Hussman Strategic Growth | Commingled Investments | 12,576 |
| Icon Energy | Commingled Investments | 23,220 |
| Icon Technology | Commingled Investments | 40,337 |
| Invesco Leisure N/C | Commingled Investments | 301 |
| Janus Flexible Income | Commingled Investments | 67,233 |
| Janus Inv T Equity Income | Commingled Investments | 52,209 |
| Janus Inv T Growth & Income | Commingled Investments | 9,932 |
| Janus Inv T Mercury | Commingled Investments | 2,035 |
| Janus Mid Cap Value Invst Shs N/C | Commingled Investments | 78,453 |
| Janus Risk Managed Stock Fund | Commingled Investments | 19,557 |
| Jensen Portfolio, Inc. | Commingled Investments | 54,508 |
| Jp Morgan Mid Cap Value Instl | Commingled Investments | 27,706 |
| Julius Baer Int L Equity | Commingled Investments | 13,999 |
| Kinder Morgan Energy Partners L P | Commingled Investments | 22,396 |
| Kinetics Small Cap Opportunities | Commingled Investments | 4,057 |
| Leuthold Grizzly Short Fund | Commingled Investments | 25,000 |
| Longleaf Partners | Commingled Investments | 34,148 |
| Loomis Sayles Bond Instl N/C | Commingled Investments | 7,297 |
| Lord Abbett Affiliated Class C | Commingled Investments | 26,480 |
| Lord Abbett Research Small Cap Class C | Commingled Investments | 37,695 |
| Magellan Midstream Partners Lp Com Unit | Commingled Investments | 1,467 |
| Managers Intermediat Duration Government | Commingled Investments | 15,743 |
| Marsico Focus | Commingled Investments | 28,546 |
| Marsico Growth And Income | Commingled Investments | 54,675 |
| Masters Select Equity | Commingled Investments | 58,022 |
| Matrix Advisors Value | Commingled Investments | 5,282 |
| Matthews Dragon Century China | Commingled Investments | 32,668 |
| Matthews Intl Fds Pac Tiger Fd | Commingled Investments | 42,293 |
| Meridian Fund | Commingled Investments | 149,847 |
| Meridian Value Fund | Commingled Investments | 9,519 |
| Mfs High Yield Opportunities Cl C | Commingled Investments | 26,758 |
| Mfs International New Discovery Cl C | Commingled Investments | 23,589 |
| Mfs Research Bond Cl C | Commingled Investments | 25,723 |

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| | | |
|---|------------------------|---------|
| Mills Corp | Commingled Investments | 6,444 |
| Needham Growth Fund | Commingled Investments | 1,681 |
| Neuberger & Berman Genesis Trust | Commingled Investments | 32,632 |
| Novastar Financial Inc | Commingled Investments | 693 |
| Oakmark Balanced | Commingled Investments | 187,188 |
| Oakmark Fund | Commingled Investments | 359,500 |
| Oakmark Internat L | Commingled Investments | 68,354 |
| Oakmark Internat L Small Cap | Commingled Investments | 4,660 |
| Oakmark Select | Commingled Investments | 53,174 |
| Oppenheimer Int L Bond Class C | Commingled Investments | 28,553 |
| Pbhg Mid Cap Value | Commingled Investments | 4,074 |
| Pimco All Asset Inst Class | Commingled Investments | 7,636 |
| Pimco Commodity Real Return Cl D | Commingled Investments | 22,725 |
| Pimco Rcm Biotechnology Cl D N/C | Commingled Investments | 385 |
| Pimco Rcm Global Healthcare Class D N/C | Commingled Investments | 57,406 |
| Pimco Rcm Global Technology Class D N/C | Commingled Investments | 1,408 |

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| | | |
|--|------------------------|-------------|
| Pimco Rcm Global Technology Instl N/C | Commingled Investments | 12,088 |
| Pimco Real Return Class C | Commingled Investments | 50,472 |
| Pimco Value Institutional | Commingled Investments | 5,600 |
| Pin Oak Aggressive Stock | Commingled Investments | 434 |
| Pioneer High Yield Class A | Commingled Investments | 6,078 |
| Potomac Us Short | Commingled Investments | 6,024 |
| Pro Funds Ultra Shrt Small Cap-Serv Shs | Commingled Investments | 1,334 |
| Red Oak Technology Select | Commingled Investments | 299 |
| Redback Networks Inc \$5.00 Wts Exp 01/02/2010 | Commingled Investments | 57 |
| Redback Networks Inc \$9.50 Wts Exp 01/02/2010 | Commingled Investments | 54 |
| Rowe T Price High Yield Fd Inc | Commingled Investments | 6,301 |
| Royce Low Priced Stock Fund | Commingled Investments | 144,526 |
| Royce Microcap | Commingled Investments | 44,636 |
| Royce Opportunity Fund | Commingled Investments | 65,798 |
| Royce Pa Mutual | Commingled Investments | 106,564 |
| Royce Premier Series | Commingled Investments | 30,194 |
| Royce Special Equity | Commingled Investments | 43,067 |
| Royce Total Return | Commingled Investments | 133,959 |
| Rydex Biotechnology Inv Class | Commingled Investments | 346 |
| Rydex Juno Fund Advisor Class | Commingled Investments | 22,667 |
| S&P 500 Flagship Fund | Commingled Investments | 170,580,611 |
| San Juan Basin Rty Tr Unit Ben Int | Commingled Investments | 4,447 |
| Select Energy | Commingled Investments | 1,096 |
| Select Medical Equipment & Systems | Commingled Investments | 10,879 |
| Select Natural Gas | Commingled Investments | 47,951 |
| Selected American Shares | Commingled Investments | 65,009 |
| Shurgard Storage Ctr Inc Cl A Wash Frmly Del | Commingled Investments | 47,797 |
| Skyline Special Equities | Commingled Investments | 5,463 |
| Spartan Market Index | Commingled Investments | 8,594 |
| Spartan Total Market Index | Commingled Investments | 25,423 |
| Ssga Aggressive Equity | Commingled Investments | 7,438 |
| Ssga Life Solutions Growth Fund | Commingled Investments | 4,904 |
| Ssga Life Solutions Income & Growth Fd | Commingled Investments | 790 |
| Ssga Money Market Fund | Commingled Investments | 5,943,309 |
| Ssga Small Cap Equity | Commingled Investments | 275,990 |
| Strong Asia Pacific | Commingled Investments | 12,829 |
| T Rowe Price Cap Appreciation | Commingled Investments | 57,378 |
| T Rowe Price Equity Income | Commingled Investments | 127,260 |
| T Rowe Price Health Sciences | Commingled Investments | 10,203 |
| T Rowe Price International Bond | Commingled Investments | 55 |
| T Rowe Price Mid Cap Growth | Commingled Investments | 3,930 |
| T Rowe Price Mid Cap Value | Commingled Investments | 169,742 |
| T Rowe Price New Era | Commingled Investments | 13,856 |
| T Rowe Price Small Cap Stock | Commingled Investments | 3,655 |
| Tew Galileo Conv Secs Cl I | Commingled Investments | 7,049 |
| Third Ave Small Cap Value Fd | Commingled Investments | 13,197 |
| Third Avenue Real Estate Value | Commingled Investments | 65,181 |
| Third Avenue Value Fd | Commingled Investments | 32,928 |

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| | | |
|---------------------------------------|------------------------|------------|
| Thompson Plumb Growth Fund | Commingled Investments | 29,703 |
| Thornberg Mtg Asset Corp | Commingled Investments | 146 |
| Timothy Small Cap Value Cl C | Commingled Investments | 8,000 |
| Tocqueville Gold Fund | Commingled Investments | 16,685 |
| Transamerica Premier Balanced | Commingled Investments | 309 |
| Tweedy Browne Global Value Fund | Commingled Investments | 142,385 |
| Ultra Bear Pro Fund Investors Shares | Commingled Investments | 13,142 |
| US Global Region East European | Commingled Investments | 12,056 |
| US Small Cap Index Futures Fd | Commingled Investments | 57,508,895 |
| Value Line Leveraged Growth Income | Commingled Investments | 43,183 |
| Value Line Small Cap Growth | Commingled Investments | 36,661 |
| Vanguard Bond Index Total Market | Commingled Investments | 62,970 |
| Vanguard Explorer Income | Commingled Investments | 13,797 |
| Vanguard Global Equity | Commingled Investments | 22,546 |
| Vanguard Gnma Fixed Income Securities | Commingled Investments | 22,678 |
| Vanguard High Yield Bond Fixed Income | Commingled Investments | 3,896 |

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| | | |
|---|---|-------------------------|
| Vanguard High Yield Tax Exempt | Commingled Investments | 3,008 |
| Vanguard Index Trust S&P 500 Port | Commingled Investments | 231,929 |
| Vanguard Index Trust Small Cap Growth | Commingled Investments | 28,513 |
| Vanguard Inflation Protected Secs | Commingled Investments | 33,867 |
| Vanguard Intl Equity Index Europe Port | Commingled Investments | 3,414 |
| Vanguard Intl Equity Index Pacific Port Fund | Commingled Investments | 2,993 |
| Vanguard Mid Cap Index | Commingled Investments | 61,281 |
| Vanguard Muni Bond Intermediate Tm Port | Commingled Investments | 3,970 |
| Vanguard Reit Index Fund | Commingled Investments | 54,889 |
| Vanguard Short Term Corp Fixed Inc Secs | Commingled Investments | 18,284 |
| Vanguard Specialized Energy Port | Commingled Investments | 107,402 |
| Vanguard Specialized Utilities Port | Commingled Investments | 3,326 |
| Vanguard Strategic Equity | Commingled Investments | 16,018 |
| Vanguard Total Intl Stock Index Fund | Commingled Investments | 10,744 |
| Vanguard Total Stock Market | Commingled Investments | 40,378 |
| Vanguard Us Growth Portfolio | Commingled Investments | 2,033 |
| Vanguard Us Value | Commingled Investments | 11,615 |
| Vanguard/Wellesley Income | Commingled Investments | 11,465 |
| Vanguard/Wellington Income | Commingled Investments | 88,758 |
| Vanguard/Windsor Ii Portfolio | Commingled Investments | 70,376 |
| Vice Fund | Commingled Investments | 11,213 |
| Wasatch Aggressive Equity | Commingled Investments | 14,720 |
| Wasatch Growth | Commingled Investments | 16,240 |
| Wasatch Heritage Growth Fund | Commingled Investments | 7,018 |
| Wasatch Microcap Value | Commingled Investments | 44,667 |
| Weitz Partners Value | Commingled Investments | 5,671 |
| Weitz Value | Commingled Investments | 126,955 |
| Wells Fargo C&B Mid Cap Value Fd | Commingled Investments | 6,520 |
| White Oak Growth Stock | Commingled Investments | 1,054 |
| William Blair Int L Growth Fund | Commingled Investments | 7,239 |
| Commingled Investments | | \$ 293,316,377 |
| * Participant Loans | Interest rates range from 5.00% to 10.00% | \$ 28,645,973 |
| * Collateral Held on Loaned Securities | | \$ 179,421,136 |
| Total Investments | | \$ 1,593,980,423 |

* Party-in-interest

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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 28, 2005

By: */s/* JOHN J. GREISCH
John J. Greisch

Corporate Vice President and

Chief Financial Officer